BUILDING A *sustainable*, HIGHLY *productive* AND DEEPLY *humane* COMPANY

GRUPO BIMBO

2016 INTEGRATED ANNUAL REPORT

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ABOUT GRUPO BIMBO

G4-3, G4-4, G4-6, G4-8

Grupo Bimbo is the largest baking Company in the world[1], generating US$13.5 billion[2] in net sales in 2016. We produce and distribute fresh and frozen sliced bread, buns, cookies, snack cakes, English muffins, bagels, pre-packaged foods, tortillas, salted snacks and confectionery products, among others, in 22 countries throughout the Americas, Europe and Asia. Our 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. We are included in the IPC and the Sustainability BMV Indexes, as well as in the FTSE4Good Emerging Index.

[1] *Source: IBISWorld Global Bakery Goods Manufacturing Report, August2016*

[2] *1 US dollar = 18.66 pesos; 2016 average exchange rate*

Building a sustainable, highly productive and deeply humane company

This is our Purpose. It echoes our founders' core commitment to create value for all stakeholders, now and for generations to come. It is embodied in our enduring brands, efficient and low-cost operations, culture of innovation and continuous improvement, and above all, our People.

IN MEMORIAM

With sadness and profound gratitude for his legacy, we mourn the passing of Don Lorenzo Servitje Sendra, one of the Company's founders, on February 3rd, 2017, at the age of 98.

Grupo Bimbo was founded in 1945, by Don Lorenzo, Jaime Jorba, José Mata, Jaime Sendra and Alfonso Velasco. The Company began with ten vehicles, one brand, four products and 38 associates, the first of whom was his brother Roberto Servitje. Don Lorenzo was Manager, CEO, and Chairman of the Board of Directors of Grupo Bimbo. He left his management position and sat on the Board from 1980 until 1994; he continued to be an inspiring presence for the Company thereafter, until his passing.

He had a great love for Mexico and for every country where we have operations. He always considered that each country has great opportunities and people capable of achieving success.

Grupo Bimbo still promotes the values and Philosophy that Don Lorenzo instilled over 70 years ago. We will always remember him as a great man, leader and source of inspiration.

MISSION

Delicious and nutritious baked goods in the hands of all.

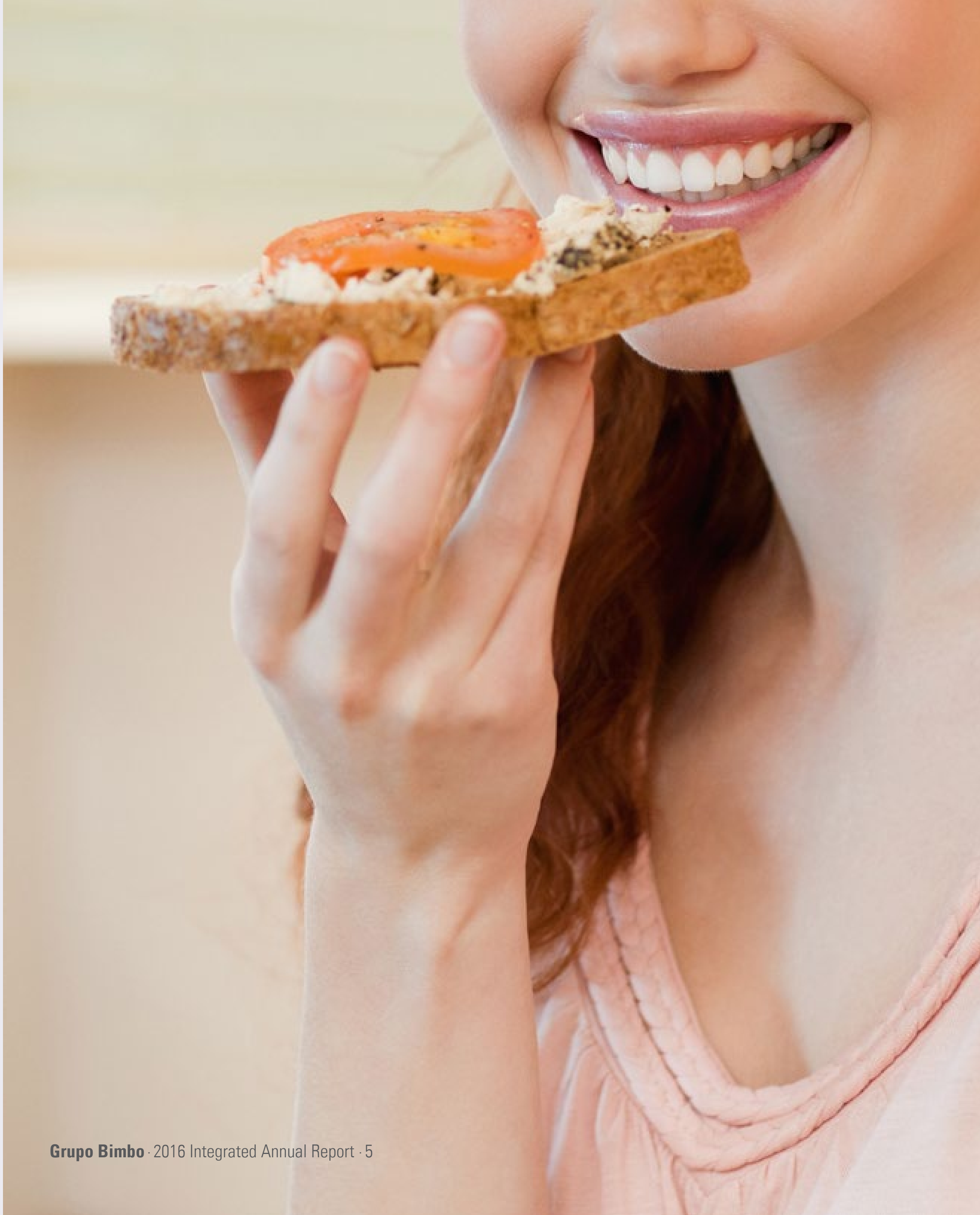
VISION

2020 we transform the baking industry and expand our global leadership to better serve more consumers.

OUR BELIEFS

G4-4, G4-6, G4-8

- We Value the Person
- We are One Community
- We Get Results
- We Compete and Win
- We are Sharp Operators
- We Act with Integrity
- We Transcend and Endure



Organic volume growth and market share gains in key categories and brands

Completion of the Panrico acquisition in Portugal and Spain, and two frozen bread businesses in Latin America

Net majority margin contracted 10 bps, due to a higher effective tax rate and non-cash items

Successful issuance of Ps. 8,000 million in domestic bonds due 2026

Greater logistics and supply chain productivity, reaching savings of more than US$ 170 million

Double-digit growth in: net sales 15%, operating income 28%, and adjusted EBITDA 25%

Establishment of a sponsored Level 1 American Depositary Receipt (ADR) program in the US, under the ticker symbol BMBOY

2016 HIGHLIGHTS

Better raw materials use and over 12% waste reduction

Manufactured 350 electric vehicles which are part of our distribution fleet

Grupo Bimbo was confirmed as a FTSE4Good Emerging Index constituent, which measures the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices

123 plants were certified for compliance with the Global Food Safety Initiative (GFSI) Standards

Record-setting participation in our second Global Energy Race: 36 cities, 21 countries, 79,000+ participants and +1m bread slices donated to local food banks

Named one of the "World's Most Ethical Companies in 2017" by The Ethisphere Institute

FINANCIAL (millions of Mexican pesos, except EPS)

Consolidated net sales
252,141
vs 219,186 in 2015
15.0% increase

Operating income
18,084
vs 14,121 in 2015
28.1% increase

Net majority income
5,898
vs 5,171 in 2015
14.1% increase

Earnings per share (pesos)
1.25
vs 1.10 in 2015

Adjusted EBITDA
29,298
vs 23,369 in 2015
25.4% increase

Market capitalization
at December 31st
221,097

ENVIRONMENTAL

Electricity consumption (kWh/ton)
231.97
vs 233.23 in 2015
1% reduction

Water consumption (m^3/ton)
1.0415
vs 1.1120 in 2015
6.3% reduction

56%
of waste generated in our production processes was recycled

SOCIAL

Total associates worldwide
130,913
vs 127,152 in 2015
3.0% increase

Accidents frequency rate*
2.0
vs 2.1 in 2015
5.0% reduction

Donations (millions of pesos)
114.6
vs 90 in 2015
27.3% increase

Good Neighbor projects
129
vs 116 in 2015
11.2% increase

**The accidents frequency rate is related to the collective working time in one year (it does not include first aid accidents).*


Marinela

GRUPO BIMBO TODAY

We are a global branded consumer goods Company and the leader in the baking industry

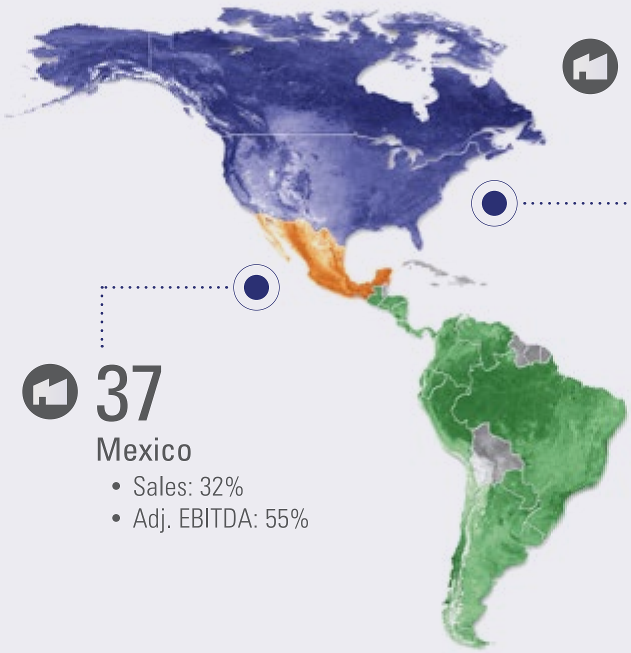
G4-9

OUR FOOTPRINT

171 Plants

130,000+ Associates

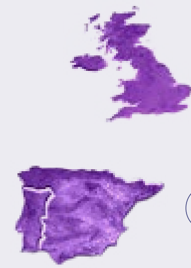
2.7+ millions of points of sale



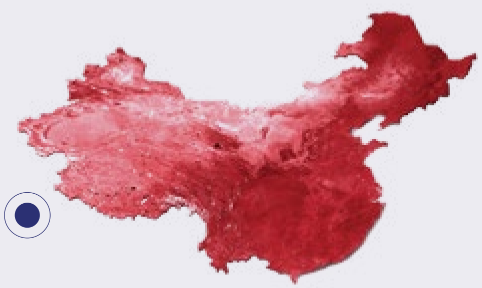
83
North America
- Sales: 53%
- Adj. EBITDA: 43%

37
Mexico
- Sales: 32%
- Adj. EBITDA: 55%

33
Latin America
- Sales: 11%
- Adj. EBITDA: 1%



17
Europe
- Sales: 4%
- Adj. EBITDA: 1%



1
Asia
Results are included in Mexico

CORE CATEGORIES

G4-4

Commercial bread: traditional sliced bread, premium, buns & rolls, breakfast (english muffins & bagels) and frozen bread

Sweet baked goods: cakes and pastries

Cookies and crackers

Salty snacks

Confectionery

Solutions: tortillas, pitas, wraps, pizza base, tostadas and *totopos*

Prepackaged foods

Others

OUR KEY BRANDS

Bimbo, Marinela, Arnold, Brownberry, Oroweat, Barcel

Thomas', Entenmann's, Sara Lee, Tía Rosa, Ricolino, Donuts

Dempster's Bakery, Pullman, Ball Park Hot Dog & Burger Buns, Artesano, Mrs Baird's, Vachon

POM, Stroehmann, Ideal, PlusVita, Villaggio, Milpa Real


Sara Lee
nuti

LETTER FROM THE CHAIRMAN & CEO

G4-1, G4-2

Dear Shareholders,

On behalf of the Board of Directors and Executive Management, I am pleased to report a year in which we delivered good operating and financial results, enhanced our international profile, and strengthened our brands and market share across key categories.

We launched our new and ambitious 2020 Vision, looking to *transform the baking industry and expand our global leadership to better serve more consumers.* We renewed our Beliefs and Purpose, and defined concrete Transformational Objectives, aligned to our key Capabilities.

Our priorities in 2016 were: organic growth, market share gains, sustainable profitability, and organizational effectiveness. In this regard, we made significant advances.

I would like to share the following highlights:

- 1.9% volume growth and market share gains in key categories, in part driven by investment in our brands as we continue to hone our focus on global power brands, as well as emerging and regional brands.
- During 2016, Thomas' exceeded US $1 billion in retail sales, positioning itself as one of the Group's five best-selling brands.
- We completed three acquisitions that strengthen our global presence; two of them in the frozen bread category: *Panettiere* in Colombia and the General Mills business in Argentina; and one in the sweet baked goods category, Panrico, which we renamed Donuts Iberia after divesting the bread business. This latter acquisition doubles our size and expands our product portfolio in the Iberian Peninsula.
- With the aim of being a low cost producer and fulfilling our commitment to our consumers, we undertook some actions:

» Greater logistics and supply chain productivity, reaching savings of more than US$ 170 million.

» The startup of a new plant in Cordoba, Argentina, which brings us closer to consumers beyond the capital cities.

» A new high-volume bread line in Rio de Janeiro.

» We achieved better raw materials utilization and over 12% waste reduction.

» We launched the Zero Based Budgeting initiative (a tool to efficiently manage our expenses), which will be gradually replicated in all our operations.

- In order to better position Grupo Bimbo within the competitive environment and optimize our manufacturing footprint, we closed three facilities, one in the US and two in Canada, and reallocated some production lines.

- Our capital investment exceeded US$ 650 million.

- Focused R&D investments were primarily allocated to innovation, some examples, the internal development of 350 electric vehicles, and the launch of new products: our *Latte* snack cake, the introduction of *Artesano* bread in almost all our markets, and *The Rustik Bakery*, among others. It is worth noting that 14% of our net sales in 2016 came from product launches in the past 24 months.

- We strengthened our Talent Management platform to provide more career path visibility and professional development to our associates. We trained more than 7,000 associates on Diversity and Inclusion, for a total of more than 13,500 associates trained since the initiative was implemented.

- To further strengthen our culture of regulatory compliance, we trained approximately 100,000 associates on ethics and integrity and enhanced our control systems and internal audit processes. We were recently named "World's Most Ethical Company 2017" by Ethisphere Institute, as one of the Companies with most ethical reputation globally.

- We had some changes in our Board of Directors. Henry Davis, who served as a board member for 17 years and as the Audit and Corporate Practices Committee Chairman, retired; Maria Luisa Jordá joined as new board member.

- Our commitment to generate healthier lifestyles was reflected in events like *Futbolito Bimbo*, in which more than 77,000 girls and boys participated in six countries. Also, our second Global Energy Race that set a Guinness Record for the most number of cities participating in a simultaneous race: 36 cities, in 21 countries, with over 79,000 participants. In conjunction with this event, we donated one million slices of bread to local food banks.

- Despite changing industry dynamics and macroeconomic conditions that continue to be tough in some of our markets, we generated healthy results during the year.

  » In Mexico, a turnaround in the sweet baked goods category; in North America, growth in strategic brands and a notable expansion in the adjusted EBITDA margin; in Latin America, volume and sales good performance in local currency in most countries. Finally, in Europe, the acquisition of Panrico, that helped generate positive adjusted EBITDA for the first time since 2011.

  » Consolidated net sales in 2016 rose 15% over 2015, to Ps. 252.1 billion, reflecting an FX rate benefit in North America, Latin America and Europe, organic growth in Mexico, and the acquisition of Panrico.

» Gross margin expansion of 70 basis points to 54% was driven by lower raw material costs in North America, Latin America and Europe.

» Operating income increased 28.1% to Ps. 18.1 billion, with an 80 basis point expansion in the margin to 7.2%

» Adjusted EBITDA rose 25.4% to Ps. 29.3 billion, resulting in an 11.6% margin. Net majority income rose 14.1% to Ps. 5.9 billion and the margin contracted by 10 basis points, due to a higher effective tax rate and some non-cash charges.

» The balance sheet remains solid and flexible. Total debt at December 31, 2016 was Ps. 82.5 billion, compared to Ps. 67.8 billion in December 2015, primarily reflecting the 20% US dollar revaluation that increased the Mexican peso value of US dollar-denominated debt. Total debt to adjusted EBITDA ratio was 2.8 times, compared to 2.9 times at December 2015.

» We successfully issued a 10 year Ps. 8,000 million domestic bonds paying a fixed interest rate of 7.56% annually. Proceeds from the transaction were used to repay a committed long-term revolving credit facility.

• With the aim of developing our sustainability strategy, this year we formed a Central Sustainability Committee, which will continue to report our sustainability performance via the four pillars (Wellbeing, Planet, Associates and Community) and ensure that sustainability becomes a key factor in the way of thinking, decision-making, and operating in everything we do.

• Since 2014, we signed our commitment to the United Nations Global Compact and the 10 principles established by the initiative. During 2016, we continue to work on Grupo Bimbo's Sustainability programs that add value and contribute to these principles. We are proud of our participation on the Sustainable Development Objectives definition committee for the Mexican Network. Today, the commitment of our company, welcomes several of the topics raised by these goals. We understand that only a common front, an ecological vision, and an awareness of our reality, will generate a profound change on the wellbeing, dignity and health of the global population. This will help to create a tangible concept of sustainable development, and achieve a more equitable and fair world for all.

Despite our size and global profile, we remain energized by the challenges of the marketplace. Ours is still a highly fragmented industry, and low rates of household penetration provide an attractive runway for growth.

As Don Lorenzo said, the Company's success is not of only one person, each one of us contributes with a "small grain of flour". I am grateful for the commitment and efforts of our more than 130,000 associates worldwide, who contribute daily to our Purpose of *building a sustainable, highly productive and deeply humane Company.*

Sincerely,
Daniel Servitje
Chairman and Chief Executive Officer

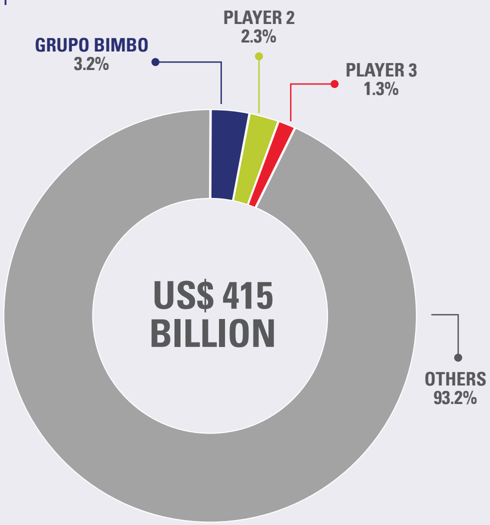

Dempster's
BAKERY

THE OPPORTUNITY: OUR MARKET AND INDUSTRY

INDUSTRY OVERVIEW

G4-DMA Market Presence

We participate in the US$400+ billion global baking industry, in terms of sales. Although we are the leader, we still hold less than a 5% share of this highly fragmented sector in which local and artisanal bakers in aggregate are the leading participants.



Grupo Bimbo represents
3.2%
of the global market

The potential for growth is significant in terms of consolidation, market penetration and consumer adoption of branded and packaged goods. Furthermore, given that we operate in only 22 out of the more than 190 countries with a commercial baking industry, geographic expansion continues to represent an important growth opportunity.

We also participate in the snacks industry. While our share in this market is small on a relative basis, snacks provide product portfolio diversification, add more value to our sales channels, expand our consumer base and provide access to additional consumption occasions. Growth within certain segments and geographies of this industry far outpaces the food & beverage category as a whole.

MARKET DRIVERS AND CONSUMER TRENDS

While consumption of mainstream packaged bread has slowed in some mature markets such as North America and Europe, demand from markets like Latin America, Asia, the Middle East and Africa is higher and expected to continue to rise, driven by factors such as rising discretionary income and changing consumer habits. In snacks, consumer demand has grown as eating between meals has become more popular, and there are more choices between brands and varieties than ever before.

A number of megatrends continue to shape both industries:

- Convenient, ready-to-eat products
- Responsible consumption: authentic, "better for you", artisanal, clean labels, "all natural", organic and portion control
- Indulgence
- Premium quality
- Authenticity, variety and differentiation
- New ingredients and biotechnology

LEVERAGING THE OPPORTUNITY

Grupo Bimbo is well balanced geographically, spanning mature and high-growth markets and holding strong local leadership positions in each. Our presence in 22 countries is one of our competitive advantages. We leverage our global presence to share innovative products, processes and capabilities. The size and scale of our operations provide a natural advantage in mitigating some of the inherent challenges of the industry. We have the resources to invest across our business in: market and consumer research; product innovation and development; food safety and quality control; advertising, marketing and sales platforms; and talent development. Furthermore, building on the strength of our strategic global brands and powerful national and regional brands, we can leverage cross-market opportunities in category development, while our increasingly efficient production platform and extensive distribution assets support profitable growth and market penetration.

**Source: IBISWorld Global Bakery Goods Manufacturing Report, August 2016*


THOMAS'
THOMAS'
THOMAS'
ORIGINAL

BUILDING A SUSTAINABLE, HIGHLY PRODUCTIVE AND DEEPLY HUMANE COMPANY

We are working to transform the baking industry and expand our global leadership to better serve more consumers. To do so, we are leveraging our five Key Capabilities.

1 OUR ASSOCIATES' ENGAGEMENT AND COMMITMENT TO OUR VISION

G4-DMA Salud y Seguridad en el trabajo
G4-LA6, G4-LA12

Our associates contribute with their time, talent and commitment. In Grupo Bimbo they find opportunities to achieve their full potential.

To be the preferred place to work in our industry, we must lead with safety and superior organizational health.

We monitor and measure workplace satisfaction, and we focus on building leadership skills with professional training and development starting with an associate´s onboarding. At Grupo Bimbo a safety culture with measurable outcomes and accountability is of the highest importance, as is our support for our associates´ healthy lifestyles.

- GB University, our multiplatform training and development system, is available to all our associates globally; it is accessible in five languages, has web-based and instructor-led curricula covering an extensive range of global and local content, as well as leadership and technical skills.
- On our safety journey, during 2016 we had a 12% reduction in disabling days and 8% fewer injuries vs. 2015.
- During 2016 our journey to become a more diverse and inclusive Company continued, with more women being promoted to senior management roles as well as at the Board of Directors. We have now trained more than 13,000 associates on our seminar: "leading in a diverse and inclusive Company".
- We have finalized the deployment of a global digital platform to manage our talent, which provides greater visibility into our people´s potential and their needs, and allows them to explore career opportunities and lends transparency to employment decisions.

2 ENDURING MEANINGFUL BRANDS

Our brands hold strong leadership positions in each market where we operate, and 20 of our top-selling brands hold the #1 or #2 position in their category. We continue to build global brands so that they are available in multiple countries, as well as sharing best practices, leveraging ideas, developing and "pushing" regional brands to reach more countries.

- Quality and brand image consistency are a key priority.
- Snacking: Growing our snacks business by delighting consumers with great choices for any time of consumption.
- Ensuring our breads are the global reference for healthy nutrition and delivering superior quality always.
  - Billion dollar brands*: Bimbo, Marinela, Oroweat/Brownberry/Arnold, Barcel and Thomas'
  - >500 million US dollar brands*: Entenmann's and Sara Lee

3 UNIVERSAL PRESENCE WITH SUPERIOR EXECUTION

Our distribution capabilities include one of the largest fleets in the Americas that exceptionally serve distribution channels. We aim to extend our reach, be the preferred supplier to our customers, and profitably penetrate each channel, while enhancing route productivity through point of sale intelligence, and the deployment of new technologies.

**Retail sales price*

- We travel the equivalent to 79+ trips around the earth every day
- 350 electric vehicles developed internally
- 62 tract trucks with AdBlue post-combustion that only emit air vapor as emissions
- Superior execution at the point of sale that allows us to better manage drop size and reduce returns
- 40 million packages are produced daily

4 WINNING INNOVATION IN PRODUCTS AND PROCESSES

We have been developing products and categories that adapt to current megatrends, and our increasing use of new digital tools will make our innovation process more robust by accelerating product development and enabling us to adapt more quickly to consumer trends. Furthermore, innovation in production –from automation and advanced engineering, to better resource utilization and packaging applications– is enhancing product freshness and quality while boosting productivity and reducing costs.

- 14% of total revenues in 2016 were derived from SKUs launched within the previous 24 months
- In 2016, as a result of 5 years of improvements in our products, 37% have improved their nutritional profile, as we aim to increase our share in the health & wellness product categories
- This year we reassessed and emphasized our commitment towards superior quality always as we improved our supply chain processes, from field to consumers, enhancing productivity
- 7 innovation centers: 2 in the US, 1 in Canada, 1 in Mexico, 1 in Latin America and 2 in Europe
- We created a Food and a Kitchen Lab that enrich creativity among our teams through fast prototyping

5 OUR CULTURE OF CONTINUOUS IMPROVEMENT

G4-DMA Economic performance

We lead with world-class efficiency through a lean culture execution that drives labor productivity and reduces waste and our carbon footprint. Through technology and with the digital transformation underway across the entire organization, we can increasingly leverage all our Capabilities.

- Lean supply chain efforts in 2016 generated savings of over US$170 million
- We reduced manufacturing waste over 12% vs. 2015
- Virtual sales centers in Latin America
- Zero Based Budgeting initiative: an enabler tool, cultural change for world class efficiency that makes us think differently
- Process innovation and productivity improvement across the supply chain
- Closed three plants, opened one in Argentina and one line in Brazil
- US $678 million in capital investments
- Environmental Management plan deployment; climate change, water and waste strategies


PULLMAN

RISK MANAGEMENT

G4-14, G4-EC2

At Grupo Bimbo we are convinced that each one of the risks inherent to our business, is an opportunity for improvement and growth, so we have focused on identifying the risks to which we are exposed.

OPERATIONAL AND EXECUTION RISKS

Competitive environment, changing consumer preferences, our reputation, talent and labor management, potential business interruptions and compromised trade relationships, among others.

MITIGATION

Market and consumer research; product innovation and development; advertising, marketing and sales; quality and safety controls; talent development, retention and succession; fair labor practices; redundancies, etc.

ECONOMIC AND FINANCIAL RISKS

Commodity and raw material costs, supply chain disruptions, labor costs, foreign exchange and interest rates, debt and currency exposure, asset and brand impairments, access to financing and economic pressure on consumers, among others.

MITIGATION

Procurement strategy, productivity and efficiency iniciatives, risk coverage considering different variables, and a responsible financial management, among others.

LEGAL, POLITICAL AND REGULATORY RISKS

Health and product liability, contingent and civil liabilities, potential changes to laws and regulations regarding health, environment, disclosure and accounting standards, and security matters, as well as political events and governmental controls, among others.

MITIGATION

Quality and safety controls, conduct and ethics requirements, compliance and experience on corporate affairs, etc.

OUR STAKEHOLDERS

G4-17, G4-24, G4-25, G4-26, G4-27

We seek to create long-term and sustainable value for all our stakeholders through an integrated approach that considers their contributions and requirements. To do so, we must ensure that our actions across the entire value chain are responsible, sustainable and geared towards value creation.

According to the policy GB.SUS.PO01AN01 "Definition of Stakeholders", at Grupo Bimbo we have identified a set of related groups that are closest to our company's operations.

Shareholders/Partners
We seek to provide a reasonable and consistent return.

Associates
We guarantee respect for their dignity and individuality and promote a climate that supports their wellness and development.

Labor Representation
We support authentic representation of our workers, with full respect for their freedom of association and a continuing relationship of collaboration and mutual trust.

INTERNAL STAKEHOLDERS

Consumers
We offer healthy food and variety in our products, through ongoing improvement.

Society
We promote universal ethical values and support economic and social growth in the communities where we are located.

Government
We abide by all existing legislation in the countries where we operate, promote close and respectful relations and communication, and collaborate in projects and initiatives that benefit the community.

Clients
Providing an exemplary service and seeking to support them in their growth and development through the value of our brands.

Suppliers
We maintain cordial relationships, promote their development and cover the cost of their services in accordance with the terms of the contracts we have signed with them.

Distributors
We establish working procedures that meet the objectives of the business and are beneficial to both parties.

Competitors
We compete vigorously and fairly, based on legal trade practices.

EXTERNAL STAKEHOLDERS

Business and/or International Organizations
We share experiences and best practices in a climate of cordiality and respect.

Communications Media
We provide accurate, clear, and prompt information.

Social Organizations
We contribute to the advancement and development of the communities where we operate, by working together with nonprofit social organizations.

Educational Institutions
We share good practices and build a close communication seeking to contribute to continuous improvement of education in the world.


Entenmann's
Entenmann's
Little Bites
BLUEBERRY MUFFIN

Through the year we maintain a constant dialogue with them, seeking for alternatives to integrate them into our business management. Some of the communication channels for dialogue were:

SHAREHOLDER

G4-26

Internal Stakeholders — Communications channel

Shareholders/Partners

- » Meetings and direct interviews with Investor Relations.
- » Shareholder annual meeting
- » Corporate Secretary

Associates

- » Through the labor relations management

Labor Representation

- » Intranet (GBON): shares news from around the Group, sections to comment and talk about, blog
- » Labor Environment Survey
- » Internal Communication
- » Speak Up Line
- » Satellite transmission with the CEO
- » Through the Labor Relations management

External Stakeholders — Communications channel

Clients

- » Through the Sales VP
- » SATECC (Client and Consumers attention line)

Suppliers

- » Suppliers website
- » Suppliers' annual meeting.
- » Speak Up Line

Consumers

- » Satisfaction survey
- » SATECC (Client and Consumers attention line)

Society

- » Sports events: Global Energy, Futbolito Bimbo
- » Volunteering and Good Neighbor program
- » Product Promotion Activities

External stakeholders	Communication channels
Government	» Relations with government entities through the Corporate Affairs department
Business and/ or International Organizations	» Through the Corporate Affairs department
Communications media	» Through the Corporate Affairs department
Social Organizations	» Through Institutional Relations department: » Requests and requirements attention, (by telephone or email) » General Annual Meeting with Civil Associations » Activity Evaluation Form
Educational Institutions	» Plant visit
College and Research Educational Institutions	» Trade Fairs and student congresses » Chats with students in educational institutions, through the Human Relations Department.

(For more information about our stakeholders please visit: www.grupobimbo.com/informe

SUSTAINABILITY STRATEGY

Our way of working and thinking is in constant evolution as we know it is the only way to accomplish competitiveness and growth. This philosophy has allowed us to reach new territories with the quality and love with which we share delicious and nutritious baked goods and snacks in the hands of all families worldwide.

Regarding sustainability, we also evolved through several changes we implemented in 2016.
Sustainability management remains as a responsibility of the Institutional Relations Department, which reports to the Global Human Relations and Corporate Affairs VP.

Back in 2015, our Social Responsibility platform was embodied under the concept of *Sembrando Juntos*. Now, in 2016 it evolved to *Sustainability at Grupo Bimbo*, aimed at fulfilling our 2020 Vision. But more than just a difference in terminology, it is a comprehensive concept by which we expect to generate an ecological awareness, that is, a vision that goes beyond the individual in order to understand people in harmony with their environment. We want to foster this awareness among our associates and thus shape sustainable individuals who will make a difference in our world.

The first steps to achieve this goal were taken to understand how to integrate sustainability into the business strategy. We work to incorporate environmental, social, and economic sense into every element of our philosophy. We start by the mission, which today includes a sense of equality by declaring that our products are for everybody and that besides delighting, they also aim to nourish consumers. Our purpose is the principle that gives meaning to our actions and which is in itself an explicit call for sustainability: "Building a sustainable, highly productive and deeply humane company".

The definition of this philosophy, is made tangible by the Transformational Objectives, that is, the projects that will guide our actions towards our 2020 vision. Today, the sustainability indicators run through the Transformational Objectives in order to generate awareness and measure the actions implemented to improve environmental care, contribute to social development, and adequately manage the company resources.

Our pillars remain valid and maintain the specialized management that has been reported:

- **WELLBEING:** Specialized in responsible marketing communications, transparency in the nutritional content of products, promotion of healthy lifestyles that include physical activity and good eating habits, as well as in product innovation and improvement of nutritional profiles through the reduction of sodium, fats and sugar, among other aspects.

- **PLANET:** Establishes the activities and the evaluation of the operations to measure, control and reduce our environmental footprint. This strategy is divided in four strategic lines of action: reduction of the carbon and water footprint, comprehensive management of waste, and environmental care.

- **COMMUNITY:** We work to become an agent of change that will contribute to the welfare of the people of communities in which we operate. With programs such as volunteering, donations and "Good Neighbor", at Grupo Bimbo we work to improve the quality of life of those who are in most need.

- **ASSOCIATES:** Sustainability is effective when it starts with a strategy to improve conditions inside the organization. Through this pillar we foster actions that protect and favor a good work environment and human rights, as well as personal and professional development of our associates, their health and safety and good relations with their superiors.

The Wellbeing, Planet and Associates pillars cover of one or more of the Transformational Objectives providing visibility and jurisdiction to the leaders of the pillar in order to incorporate sustainability into every project.

Teamwork is essential in order to make sustainability a reality. A well-informed, well-communicated and well-aligned team allows for consistent understanding and management. To mitigate deviations, the Sustainability Central Committee was created in 2016, with two meetings held regarding its performance. The committee is integrated by three members from the Board of Directors and the Executive Committee. With this measure, alignment is achieved from the highest levels of the company. Through the projects it is moved to the operations, crossing all levels.

Sustainability is reinforced by wording in the document framework the policies of Sustainability, Donations, Diversity and Inclusion; the three basic guidelines used to permeate the culture throughout our company.

Data collection achieves greater scope and support through the CR360 Sustainability technological platform, which works as an element of interaction between our regions and countries, besides guaranteeing safekeeping of the documents, evidences and a more organized management.

At Grupo Bimbo we continue to work with the conviction of being a sustainable, highly productive and deeply humane company; one worthy of the confidence of its consumers and that symbolizes wellbeing, safety and prosperity to the world.

WELLBEING

A SUSTAINABLE COMPANY:
FOR YOUR WELLBEING

G4-DMA Customer Health and Safety

At Grupo Bimbo we maintain our commitment to work continuously in actions that foster the adoption of healthy lifestyles through the improvement of our products, promotion of adequate diets, and frequent practice of physical activity in order to become a local and global benchmark regarding health and wellbeing initiatives.

Globally, the issues of health, nutrition and wellbeing are not only relevant, but a priority. Therefore, as the leading baking company in the world, we work to harness all the factors that have a positive impact on the wellbeing of our consumers and associates

The problem of obesity, as well as its coincidence with important nutritional deficiencies, challenges us to develop alternatives that will cover the different needs of a market ever more committed to the solution of this problem. To accomplish this, a sum of efforts is required from the industrial and government sectors, as well as from civil organizations (NGOs) and society in general, who must provide the tools for aiding consumers to make well-informed decisions about nutrition, health and wellness (NHW).

Always thinking of our consumers, we have created a wide range of delicious and nutritious products, accessible to everybody, everywhere that can become a part of healthy lifestyles.

MANAGEMENT MODEL

G4-DMA Customer Health and Safety

Grupo Bimbo has implemented the *"Modelo Grupo Bimbo"* Management Model which consists of ten processes and is complemented with mapping of general activities as well as summaries. For each process we define standards, methodology, guidelines and procedures. The steps established to carry it out are the following:

1. **Planning.** We establish the strategies and general guidelines to develop the business plans, policies and manuals, and we follow up on their compliance for achievement of our mission and vision.

2. **Product innovation.** We understand, translate and anticipate the needs of consumers for their satisfaction and wellbeing through value-added, differentiated and relevant products that allow us to maintain leadership in the food sector. We define the processes of: Design, Concept organization, Viability, Development, Scaling, Implementation and Performance evaluation.

3. **Products and services.** We satisfy the demand for high-quality products and services required by clients and consumers at the lowest unit cost in the industry. Aligned with the strategies of Grupo Bimbo, we define the processes of: Supply Chain planning, Negotiation and procurement, Manufacturing, Dispatching-Factory-Sales agency, Primary and Secondary Transportation.

4. **Clients and Consumers.** We create win-win relations with our clients, providing the best service and excellence-in-execution for them guaranteeing availability of our products at all times and places. This includes the processes for category management, ensuring moment and place, trade marketing, excellence of execution at the point of sale, and client and consumer relations.

5. **Our people.** Faithful to our objective of being a sustainable, highly productive and deeply humane company, we have updated our health and wellbeing program, integrating new actions to monitor the physical fitness of associates and promote among them the adoption of healthy lifestyles.

6. **Sustainability.** We promote well-being and share knowledge, actions and suggestions that contribute to maintaining an adequate state of health of consumers. We establish the processes of sustainability strategy planning, execution, impact assessment and management of external relations.

7. **Information systems.** We provide and efficiently manage information technology solutions that allow us to become an innovative and competitive company.

8. **Knowledge management.** We capitalize and harness information, knowledge, learning and experience as the basis for growth.

9. **New products.** We identify, suggest and consolidate the trends and preferences of our consumers that will allow us to achieve the objective of being one of the leading food companies in the world, integrating them efficiently and generating value.

By means of a manual of indicators and automated management platforms, we assess system and process performance. Next, we analyze the obtained data and generate a ranking by organization, in addition to carrying out systematic monitoring by which we evaluate the adherence to processes, which in turn are improved through several methodologies:

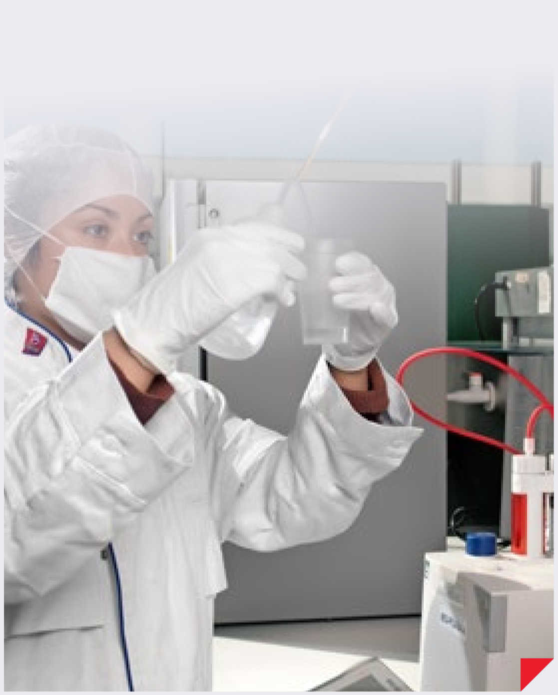
- **Grupo Bimbo Lean System.** We strive every day to be more competitive, generate value and innovate. The system is focused on eliminating overload and waste, and on reducing variability.
- **Risk management.** We ensure the compliance with controls that mitigate risks we are exposed to.

Our pillar of Health and Wellness is built into the sustainability process (6); it is managed by a multidisciplinary team led by the Marketing and New Wellbeing Businesses department with the support of the Global Research and Development department. Both collaborate to continuously improve our business axes.

Management of the Health and Safety action platforms is done by means of four management lines applicable to all brands and categories in our portfolio.

Management Lines	**Action Platforms**
1. **Product Portfolio.** Actions focused on improving nutritional quality of our product portfolio through reformulations and development of packaging with clear nutritional information easily accesible to consumers.	• Products » Reformulation of current portfolio » Launching of new products with healthy profiles. • Nutrient labeling
2. **Brands and categories.** Development of healthy brands and categories as well as measurable actions to promote physical activity associated to brand strategies.	• Responsible children-aimed marketing • Promotion of physical activity and healthy lifestyles among consumers and associates
3. **Communication.** Communication strategies and interaction with key players (consumers, government, opinion leaders) and alliances with research institutions.	• Strategic alliances
4. **Sustainability.** Permanent interaction with our other Sustainability pillars impacted by health and wellbeing actions (Community and Associates).	

Since we are a company in continuous evolution, greatly defined by the new requirements of our stakeholders, we have reconsidered the approach of some of the categories in our action platforms, in particular, product improvement.



PRODUCT AND SERVICE PORTFOLIO

DMA Customer Health and Safety
G4-FP5

Improvement of nutritional profiles of our product portfolio innovations in technology, processes and ingredients, continues to be one of the most relevant action lines of our health and wellbeing strategy management.

INNOVATION AND REFORMULATION

G4-PR1, G4-PR2, G4-FP6, G4-FP7

As part of the transformation of this strategy, we reconsidered specific guidelines for nutritional quality assessment of our product portfolio and the reformulation goals we want to achieve in the medium-term.

We continue to have three key lines of action:

1. Increase of positive-perception nutrients;
2. Elimination of negative-perception nutrients and ingredients
3. Increase in launch of newly-developed products with better nutritional characteristics.

DMA Customer Health and Safety

Due to the new acquisitions that Grupo Bimbo has made, and the accomplishments of the last five years, we required to determine where to focus our improvement actions. Thus, in 2016 we evaluated the nutritional profile of our product portfolio in order to first determine the nutritional quality of the products of our current offer, and, in this way, redefine the efforts to eliminate nutrients of negative impact on Public Health (fats, saturated fats, trans-fatty acids, sugar and sodium) and increase positive nutrients and ingredients such as fiber, whole grains, vitamins and minerals, among others.

The evaluation of the nutritional profile of our product portfolio allows us to know the current offer status and based on it, to define goals for its increase on products with healthier profiles.

The methodology for this evaluation is based on a point-based system:

- **Base points:** They are assigned by content of nutrients with more positive impact on public health such as fats, sugar and sodium, as well as positive nutrients such as fiber, proteins, vitamins and minerals. A profile with an optimal balance would be graded 100.
- **Disqualifying levels:** Presence of undesirable levels of fats, saturated fats, cholesterol, sugar and sodium. Excessive presence of these nutrients will not allow adding additional points.
- **Additional points:** These consider the addition of functional ingredients, prepared from fruits and vegetables, milk, as well as the elimination or substitution of additives for natural components.

Our nutrient profiling system classifies products in four categories. This categorization follows an internal classification based on the analysis of different international science-based nutritional standards. The classification is as follows:

1. **Healthy:** This is the highest quality standard of class product.
2. **Better for you:** These are products of good nutritional quality, part of a healthy offer.
3. **Good for you:** These are products that require improvement of their nutritional characteristics.
4. **Indulgent:** These are products in the product portfolio with the lowest grade and which are focused on moments of specific consumption (Occasional).

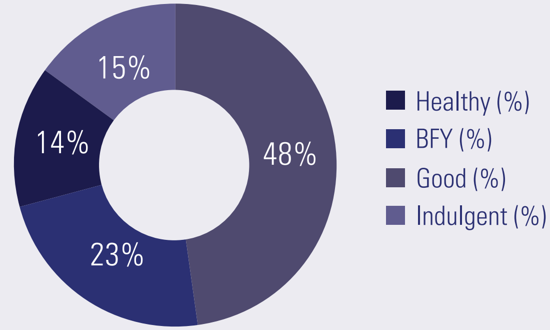

Nuevo
BIMBO
Pan
Artesano
500 g

G4-PR1

In 2016 we evaluated the product portfolio classification that reported 80% of the sales of the organization; based on this, the results are as shown in the table below:

Number of products by region				
Organization	**Healthy**	**Better for you**	**Good for you**	**Indulgent**
Canada and the US	84	136	91	22
Mexico	20	35	163	73
Latin America	103	158	244	22
Europe	3	18	199	77
Asia	0	0	9	22
	210	**347**	**706**	**216**

Global distribution nutrient profile product portfolio Grupo Bimbo 2016



Our 2020 goal is that 50% of our product portfolio falls in the *Healthy and Better for you* categories, according to our internal classification.

NUTRIENT PROFILE IMPROVEMENT

In 2016 we began to evaluate the compliance with the maximum levels of negative impact nutrients (saturated fats, trans-fatty acids, sugar and sodium) established in 2015 of each category of our products. The redefinition of the goals in the rate of reduction of nutrients at maximum limits, allows us to ensure that the most important products achieve a significant improvement of their nutritional quality. Limits were defined for breads, buns, cookies, pastries, sweet bread, tortillas and salted snacks.

G4-FP6, G4-PR1

Number of products in compliance with maximum levels[5]

	Total SKUs	Sodium	Sugars	Fats	Saturated fats
Breads and buns	726	565	481	NA	NA
Sweet bread (cookies, pastries and sweet bread)	451	NA	283	NA	350
Tortillas	53	27	NA	NA	48
Snacks	78	27	NA	55	66
	1308	**619**	**764**	**55**	**464**

We also determined the number of our products that are a good source of fiber, whole grains, vitamins and minerals, or any other outstanding element.

	Fiber[1]	Whole grains[2]	Vitamins and minerals[3]	Positive ingredients[4]
Canada and the US	73	71	56	42
Mexico	44	16	36	40
Latin America	47	54	45	49
Europe	25	0	1	6
Asia	1	3	1	34

1 Products containing at least 3g of fiber/serving
2 Products containing at least 8g of whole grains/serving
3 Products containing at least 1 vitamin contributing more than 20% of the Daily Value
4 Products with fruits, milk, grains or other
5 Product portfolio which reported 80% of sales in each organization

REGULATION AND LEGISLATION

G4-15, G4-FP5, G4-PR6

At Grupo Bimbo, our vision is to be a company of leading and trustworthy brands for our consumers, therefore we fully comply with the applicable regulatory framework and strive at all times to improve our products and services. Grupo Bimbo commercializes only those products which are permitted by local regulations and adheres 100% to the all legal requirements.

In 2016 we launched the *Bimbo Standard*, which defined important procedures and policies by which we seek to standardize management processes to guarantee the above.

The *Bimbo Standard* consists of six policies and guidelines based on global policies for Food Quality and Safety Assurance:

1. Product Code Policy: It establishes the most relevant information to be included in the package codes of finished products; this information is relevant since it determines the *"best before"* date during which products retain their quality characteristics and/or adequate food safety for our consumers.
2. Food Safety and Quality Assurance Policy: It is the Group's policy that every organization and plant should have a program related to this matter.
3. Nutritional value of the finished product: Provide the guidelines to define the methods that determine the nutritional value of products; ensure that these are included in the label, and that they are carried out according to a certified procedure based on updated and reliable information.
4. Best practices of production and equipment: Establish the minimum best practices requirements for hygiene and sanitary conditions needed to obtain safe products.
5. Regulatory compliance: Provide the organizations of Grupo Bimbo with the basic guidelines to guarantee regulatory compliance.
6. Product Design Validation: Establish the necessary guidelines to validate the design of our products and determine and monitor their lifecycle.

To ensure compliance with the procedures established by the *Bimbo Standard*, we encourage a culture of control self-assessment. As a control and assurance measure in the implementation of the processes that comply with local and international requirements, we certified 123 of our plants under any system complying with standards of the *Global Food Safety Initiative* GSFI (BRC, SQF, FSSC, among others). This advance represents 76% of all our plants.

The work with institutions, doctors and experts, as well as with food and health regulatory authorities is important to achieve continuous improvement of the nutrient profile of our products. We maintain strategic alliances with research centers such as the International Maize and Wheat Improvement Center (CIMMYT); recognized institutes like the Whole Grains Council, Consumer Goods Forum and the International Food and Beverage Alliance (IFBA). In addition, the Health and Welfare action platforms remain aligned to those defined by the World Health Organization (WHO) in order to adopt internationally-recognized strategies and best practices. We participate in the Access to Nutrition Index (ATNI) which evaluates the strategy of the world's major food and beverage producers regarding their nutrition-related commitments, practices and performance. In 2015 we were positioned sixth in the world.

LABELING

G4-DMA Product and service labeling
G4-PR3, G4-PR4, G4-FP4, G4-FP6, G4-FP8

We acknowledge that nutrient labeling plays a key role in the dissemination of essential information about our products and that it is an important tool in the purchase, consumption and decision-making of our consumers. Our global commitment is to continue with our efforts to provide them with transparent, easily accessible and understandable nutritional information towards that end.

Grupo Bimbo has a Nutrition Labeling Global Policy based on its compliance with the Bimbo Standard.

Our specific obligations on this matter are applicable to 100% of the product categories of the Group and are the following:

1. Include in all our products, as a minimum, nutritional information by serving of the most important Public Health nutrients (fat content, carbohydrates, sugar, protein, fats, saturated fats, trans-fatty acids, sodium and any other nutrient declared). In case this is not possible, due to insufficient package space, we make sure that this information reaches our consumers through other channels.
2. Continue to fully comply with all applicable norms and regulations regarding labeling of every country in which we commercialize our products.
3. Wherever there are no applicable regulations regarding a specific matter, Grupo Bimbo shall be governed by international regulations (Codex) or by the best practices of those countries in which we operate.
4. Incorporate into all our products, additionally to the basic nutritional information, simple and understandable front-of-pack labeling.

In 2017 we shall be incorporating into our Labeling Policy, guidelines for the definition of serving size in those countries in which there is no clear regulation regarding this matter. Furthermore, we will also verify full compliance with the policy in organizations recently acquired (Europe).

Based on the applicable legal framework, we include in the labeling of our products, the ingredients and additives used in their elaboration; moreover, we clearly indicate the presence (direct or incidental) of any components which may cause allergic reactions or hyper-sensibility in some of our consumers.

In compliance, in compliance with local regulations, we also include coding with the minimum necessary information to show our consumers the date by which our products conserve their optimal quality and food safety consumption characteristics.

G4-DMA Product and service labeling

UNDERSTANDING OUR CONSUMER

Every year we study the trends, tastes and needs of our consumers in each one of our markets using state-of-the-art tools in order to develop and implement actions to allow us to support correct diets, always consistent with and respectful of local regulations of the countries in which we operate and any applicable global guidelines.

As part of the analysis, we carry out market studies and information analysis aimed at achieving an In-depth Consumer Understanding (ICU), which we reinforce with an approach on understanding the consumers of different channels. This approach allows us to understand the evolution of our markets at different levels and provides us with elements to respond with greater precision to the needs and motivations of clients and consumers.

In 2016, we carried out a study in ten countries to find out the foods that consumers –in each of them- consider healthy. One of the variables included the identification of local health regulations and programs.

Another study carried out in different geographical regions, focused on finding out consumer perception and differences regarding the term "wellbeing". The results allowed us to learn that consumers relate it to positive life experiences like happiness, relaxing, harmony and pleasure. In addition, these experiences relate to a state of well-being that may be:

- **Physical.** A health-related state: care of the body, a balanced diet and the search for spaces for physical activity.
- **Emotional.** For adults it represents peace of mind, tranquility and safety; for the young, relaxing, disconnection and rest.
- **Social.** For adults, it means the immediate family and meals with friends; for the young, peers and immediate family.
- **Environmental.** For adults it is focused on work issues, in other words, having a stable economy; and for the young, on school matters and access to academic development.

Furthermore, we carried out ethnographic research whose importance lies in understanding consumption habits in a more complete way, being present in the environment in which consumers make everyday decisions about products. By these efforts we have identified aspects relevant to the offer of our different packages and types of products.

In addition, we carried out customer satisfaction studies through which we defined diverse distribution channels and identified their priorities for providing the best service. We maintain permanent monitoring and open distribution channels, by phone as well as on social networks that complement the information we obtain directly from consumers and clients.

These efforts will allow for the development of better-aimed communications in order to generate more efficient impact on suggestions, advice and the media through which we approach our consumers and clients, thus allowing for a better promotion of healthy lifestyles.

RESPONSIBLE ADVERTISING

G4-DMA Marketing communications
G4-PR7

Grupo Bimbo has a Code of Ethics that requires all our advertising campaigns to be truthful and reinforcing of universal ethical values; these are understood to be family unity, physical and emotional integrity of the individuals, respect for universal children rights, people with special needs, senior citizens or for any ethnic or social condition. Thus, we advertise in programs that place a positive focus on good morals, and ethnic, religious or political differences.

Additionally, we signed all our commitments with the World Health Organization, through the International Food and Beverage Alliance (IFBA) related to advertising aimed at children under 12. Through our commitments related to children-aimed advertising, we ensure that it complies with the highest international standards regarding sustainable marketing practices and promotes healthy lifestyles as well as the adoption of good eating practices among our consumers.

PROMOTION OF HEALTHY LIFESTYLES

G4-DMA Occupational Health and Safety
G4-FP4

At Grupo Bimbo we are committed with promoting healthy lifestyles among our consumers and associates, to this end, we have fostered alliances and developed tools to allow us to affect changes in the eating habits and patterns that show tangible benefits.

NUTRITION CONSULTATIONS

Concerned by the health and wellbeing of all our associates, in 2016 we made available personal nutrition consultations at different work centers in Mexico City, Toluca and other cities in the State of Mexico in order to provide nutritional advice to our associates and promote healthy lifestyles related to an improvement on their eating habits.

432.4 vs **291.9**

Lost kilograms

2016-2015 **48%** more

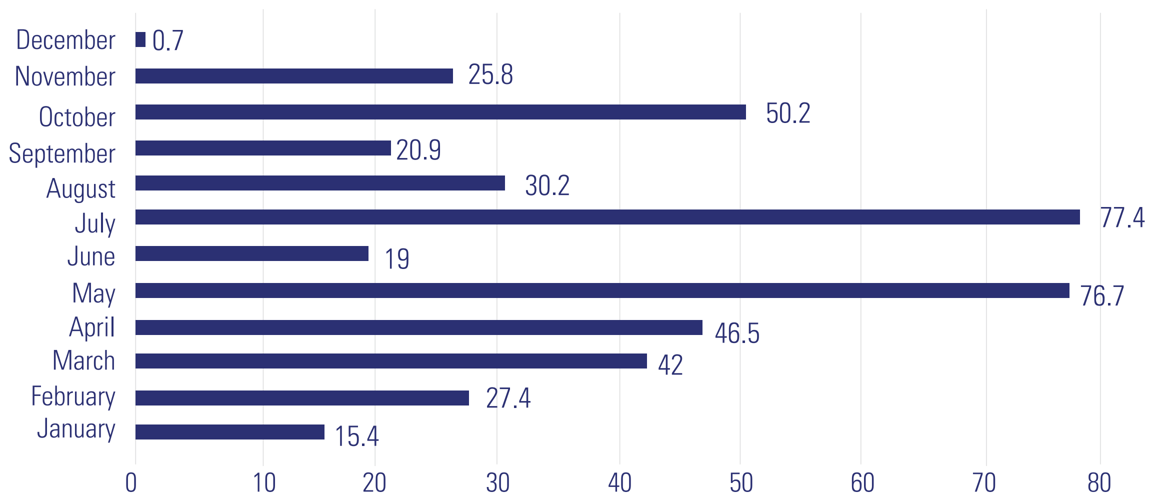
Patients attended

This year we attended 457 patients, 128 more with respect to 2015, and increased by 38% our number of personalized consultations reaching 1,865 with respect to 1,357 of the previous year.

Indicator	2015	2016	Difference (#)	Difference (%)
Consultations	1,357	1,865	508	38%
Patients	329	457	128	38%

2016 Results

Lost kilograms



In 2016, there was a total loss of 432.4 kilograms among patients who attended the Nutrition Consultation service.

**13% (457) of a universe of 3,539 total associates.*

"HEALTHY DINERS" PROGRAM

Through the strategic Health and Wellness initiative and together with our Safety model, we seek to consolidate the company as a Best place to work, raising awareness among our associates and their families by encouraging them to adopt healthy lifestyles and improving their quality of life.

As part of the improvements of the different spaces at our work centers, in 2009 we started the "Healthy Diners" program which has remained ongoing up to date. Its aim is to provide information regarding nutrition aspects, in addition to actively participating in the development of healthy recipes. The efforts include the goal of increasing consumption of fruits and vegetables that provide the necessary nutrients, as well carrying out certifications and re-certifications.

The program considers that all Grupo Bimbo diners offer more attractive and healthy menus low in sodium and sugar. Food preparation is recommended using low-fat cooking methods or preferably fat substitutes.

In Mexico we achieved the following results in the opening, certification and re-certification of healthy diners:

24 certified
vs 15 in 2015

8 re-certified
vs 10 in 2015

25 subsidized
vs 21 in 2015

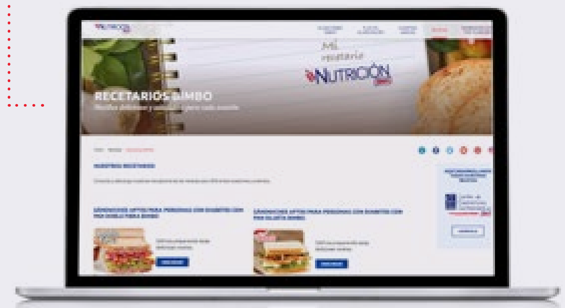
35 diners
in total vs 34 in 2015

NUTRITION WEBSITE

G4-FP4

1'656,320
vs **734,290**

visits to our website
2015-2016
125% increase

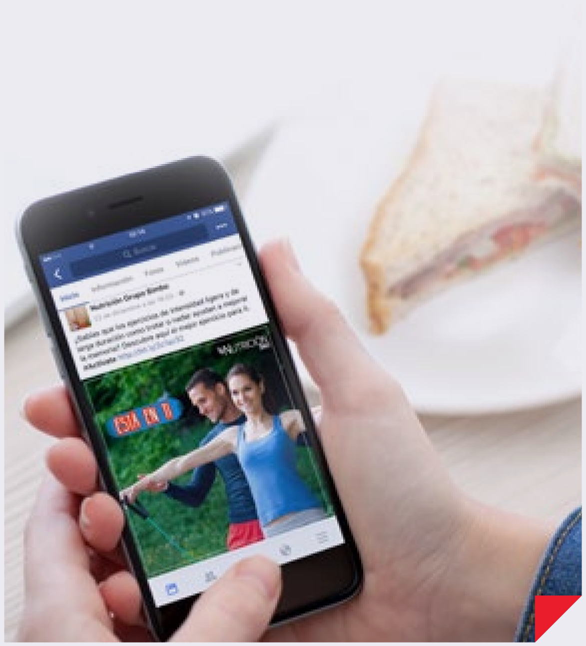


The main objective of our website is to provide updated, verified and responsible health information to our different stakeholders. In it, we also share dietary guidance in addition to the nutritional benefits of our brands and categories. Through different contents such as articles about health and well-being, diet plans, online dieticians and recipes for different consumption moments, we share science-based information to keep consumers informed about health and nutrition.

In addition to the website, *Nutrición Grupo Bimbo* is present on Facebook, Twitter, Pinterest, YouTube and Instagram.

For more information, go to:
www.nutriciongrupobimbo.com

330,531
vs **282,973**
Facebook followers
2016-2015



MEDICAL VISITS

In Mexico, we have implemented, for several years, a medical visit program in order to share with health professionals the nutrient profiles of our products and how they can be integrated into a healthy diet.

In 2016, we visited 4,320 doctors, in Mexico's metropolitan area, from four specialties:

General Doctors, Nutritionists, Gastroenterologists and Endocrinologists, who managed to identify the main benefits of our brands during the second visit.

PRESENCE AT CONGRESSES AND CONFERENCES

In 2016, in order to share information relevant to health and nutrition-related matters of our brands, we were present at the following congresses:

- AMMFEN (Mexican Association of Members of Faculties and Schools of Nutrition, A.C.) Guatemala, April.
- XXVII National Conference of the Mexican Federation of Diabetes, A.C. (FMD), Mexico City, May.
- XVII Conference of the Mexican Association of Pediatrics, A.C., Mexico City, July.
- XIII Obesity course of the National Institute of Medical Science and Nutrition Salvador Zubiran (INNCMSZ) Mexico City, September.
- World Heart Day; only company in the food and beverage industry to participate in this important event in Mexico City in October.
- National Conference of Gastroenterology, Mazatlan, Sinaloa; November.

PHYSICAL ACTIVITY

G4-SO1, G4-FP4

FUTBOLITO BIMBO

We have been organizing this soccer tournament for boys and girls in Mexico since 1959. In 2016 we celebrated its 54th edition with the participation of 77,000 boys and girls from five countries: Chile, Guatemala, El Salvador, Costa Rica, the United States and Mexico. As part of the prize we organized a friendly match between the winners from Mexico and the United States in Philadelphia.

Futbolito Bimbo continues to fulfill and exceed its objective of promoting the good habit of physical activation and healthy lifestyles among boys and girls. In addition, it encourages good dietary habits through talks and the promotion of values such as teamwork, friendship, fair play and respect, among many others.

77 thousand
boys and girls
of 5 countries

GLOBAL ENERGY

As part of our commitment with society, we organized this family race for second consecutive year, with the aim of promoting the adoption of a more active and healthier lifestyle, moving families all over the world.

Global Energy 2016

79,000 runners

21 countries

36 cities

3,5 and 10 runs

This year, *Global Energy Race* set the Guinness Record for the 10km race with most participating cities in the same day.

The 2016 edition was a race "with a cause" for Grupo Bimbo since thanks to the participation of thousands of families, we donated more than one million slices of bread worldwide to food Banks in the venue cities. Moreover, we developed programs that accompanied runners during training which included physical training health and motivational advice. For the dissemination of this event we used all digital communication platforms available to us and complemented them with local communication actions.

Grupo Bimbo called on associates and their families to participate in the race through a scheme of discounts and promotions. The two associates (male and female) who obtained the best time worldwide in the 10km race, won a direct pass to the Bimbo 2017 *Global Energy Race* in Beijing, including a pass for an accompanying person.

In 2017, we will repeat the event with the goal of reaching 120,000 participants in 22 countries and 38 cities.

MORE GLOBAL ACTIONS

In the different countries in which we operate we carried out local events that included communication campaigns sponsored by our healthy-profile brands that promoted healthy lifestyles and health actions.

IBERIA

- Plan HAVISA. Mass media health messages on TV.

In Latin America:

PERU

- Comprehensive Bimbo campaigns, including programs aimed at nutritionists and sampling.

URUGUAY

- Launch of the *"Verano 0% con Bimbo Cero"* (Summer 0% with Bimbo Zero") campaign. Creation of a Pita bread made with active fiber, which was supported by radio, digital media and point of sale materials including samplings.

CHILE

- *"Alimenta tu día"* (Nourish your day) program.
- Launch of the *"Ideal Estar Bien"* (Ideal: Be Good) bread brand.

MEXICO

- We made 30 information sheets on issues of health and nutrition on Television, newspaper, interviews with nutritionists.
- We carried out television, point-of-sale and digital platform campaigns for Bimbo Mexico to communicate and highlight the benefits of functional ingredients, contributing to the consumer perception of healthiness of our Pan Blanco, Pan Integral, Pan Cero Cero, Pan Linaza, Pan Silueta, Tortillas Integrales de Tía Rosa, and Saníssimo brands.
- For Physical Activity we bought TV and Digital air time for Global Energy and *Futbolito Bimbo.*
- We disseminated the contributions and benefits offered by the consumption of bread and its role in a healthy diet through different digital information platforms.

PLANET

A SUSTAINABLE COMPANY: FOR OUR PLANET

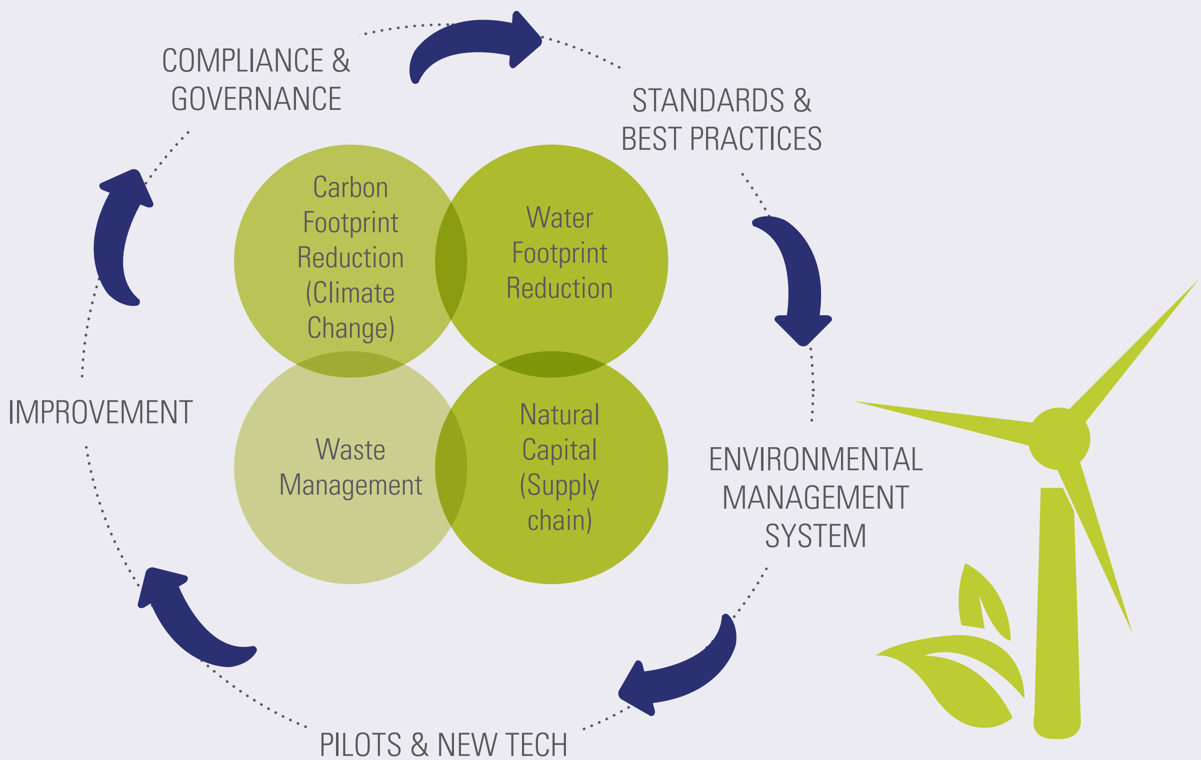
G4-EC2

Global development based on environmental awareness is nowadays one of the main challenges that the world faces.

The passion we feel for our planet is the strong motivation that drives comprehensive actions which contribute to its preservation while we continue to improve and develop our business. Over time, we have learned and applied actions and technologies recognized as best practices which have allowed us to build a sustainable company in continuous progress, but one that at the same time takes care of the environment.

Permanent dialog with our stakeholders has allowed perfecting the model and adding to it some aspects that highlight the special relevance of the sector we belong to in order to keep it grounded and enabling the definition of the path to be followed.

Permanent Road Map



G4-DMA Products and services

Our conviction is based on principles and values; this guarantees the honesty of our actions and its goal of making a tangible impact on the reduction of our environmental footprint.

One way of proving this, is through certifications; with them we show that we adhere to standards that certify our current actions. In Mexico, 32 of our plants have been certified by the *Programa Nacional de Auditoría Ambiental* (National Environmental Audit Program) designated Clean Industry and coordinated by the Federal Environmental Agency (PROFEPA). Companies obtain certification when they demonstrate satisfactory compliance with the requirements established in the General Law for Ecological Balance and Environmental Care through Self-regulation and Environmental Audits, and the Mexican NMX-AA-162-SCFI-2012 and NMX-AA-163-SCFI-2012 environmental standards. We continue on the road to having all of our operations in Mexico comply with this standard.

In addition, our plants at Villahermosa (Tabasco), and Atitalaquia (Hidalgo) in Mexico, established its commitment with obtaining the *Certificado de Excelencia Ambiental* (Certificate of Environmental Excellence) given by PROFEPA for two levels of environmental performance (NDA1 y NDA2). This commitment derives from a direct invitation made by the government institution in recognition of the good environmental performance shown by the plant between 2014 and 2016.

In Europe, 3 plants were certified under ISO:14001 guaranteeing compliance with the management system that complements our model and which integrates Bimbo's universal standards regarding environmental care and production efficiency.

In the United Kingdom, we obtained the *"Rotterdam Energy Award Winner"* award in the "Electrical energy impact" category *(Lighting Energy Impact Award)*, for savings in electrical energy additionally certified under ISO:14001.

The challenge facing us of achieving the best standards at all our plants, is still considerable. We know that to achieve it we must remain alert to the technological options in the market, or even go beyond.

Our philosophy pushes us to believe and create, therefore fostering a winning mentality that permits the exploration of alternatives and plans to realize them when the market is still getting ready to offer an option. In this way, at Grupo Bimbo we do not only adapt our business to the trends, but we also develop technology to fit it into a company that lives sustainability and carries it in its genes.

REDUCTION OF CARBON FOOTPRINT (CLIMATE CHANGE)

G4-EN3

To achieve such a reduction, we have developed a comprehensive plan which is complemented every year by new actions. First, we had to connect our operation in Mexico to the windfarm Piedra Larga, which now supplies renewable electrical energy to 55 facilities, 131 sales centers, 57 *El Globo* branches, 2 distribution centers and the corporate headquarters buildings. Through the windfarm we generate 825,732 GJ of clean energy, equal to stopping the production of 104.400 tons of CO_2e. This would be equivalent to taking more than 25,000 cars* out of circulation for a year.

**This example considers annual travel of 20,000 kms per car with an efficiency of 11 km/l and annual consumption of 1818.18 liters. The value of CO_2 emitted per vehicle is estimated to be 4.13 TCO_2e.*

The next step was to take advantage of the wind energy using it on our fleet. Thus, we incorporated electric vehicles and a management system within our operations that would allow us to have an improved efficiency in resource use.

SUSTAINABLE FLEET

G4-DMA Transport
G4-EN27

Since 2012, we have developed electric vehicles through our Moldex subsidiary in Mexico. We began conversion of 73 conventional units to electric and we now have more than 350 vehicles distributed in four sales centers (Mexico City, Monterrey, Guadalajara).

In 2015, driven by the progress of our electrical vehicle project, we integrated to our fleet a new type of distribution vehicle with a one-ton load capacity and 100-kilometer autonomy. In early 2016 we carried out performance improvements of this vehicle, managing to incorporate 17 units to the distribution routes in Guadalajara in Mexico.

The experience we have acquired in production, design and innovation of electric vehicles allowed us to enter into an collaboration group, with the *Monterrey Institute of Technology and Higher Education* (ITESM) and GIANT Motors Latin America, which has the goal of developing a public transportation electric vehicle called "taxi" with an autonomy of 150 kms and maximum speed of 100 km/hour for urban use. This project was commissioned by the *Ministry of Science, Technology and Innovation of Mexico City (SECITI)* and we are currently in the phase of prototype development.

Moreover, by the end of 2017 we will finish the development of a BAJAJ chassis that will allow the production of electric cars destined to the activities of Grupo Bimbo supervisors.

FLEET CONTROL

G4-EN30
G4-DMA Transport
G4-DMA Emissions

At Grupo Bimbo we recognize how important it is to have control of our fleet in order to increase positive environmental impact and decrease CO_2e emissions. Therefore, we use an information-gathering system that considers the number of electric, diesel and gasoline vehicles operating at each Sales Center, as well as the number of natural gas vehicles of the secondary fleet and their respective fuel efficiency. We also registered the equipment used to achieve a reduction on water.

With the information gathered, we obtain performance rates and the reduction of emissions and search for actions to improve these rates. The result of this improvement in the last year was an increase of 5% in the efficiency of all the Grupo Bimbo fleet.

Efficiency [km/l]		
Fuel Type	**2015**	**2016**
Diesel	4.694059945	4.96106979
LPG	3.984049928	3.75436801
Unleaded	5.074315168	5.24946695
General Total	**4.826031176**	**5.06224233**

In addition to this initiative, we have worked on the fuel efficiency, which measures consumption per distribution route, improving our control management and performance.

G4-EN27

The possibility of building our own electric vehicles, allowed the creation of Ecological Sales Centers, that is, spaces for commercial management that integrate features such as: rainwater collection, treated water car washing, electric vehicles, Aeolian electricity, green walls, and natural lighting, among others. We currently have 4 ecological sales centers taking up 13,797.75 m^2 and together account for an annual decrease of 1,177.79 tons of CO_2e.

G4-EN4, G4-EN27

We continue to strengthen our alliances with vehicle producers in order to find efficient technologies such as those for using natural gas, diesel and gasoline. In this respect, we have managed to measure our own emissions and also those of third-party vehicles, with the following results.

Own			
	Sum of GJ	Sum of MT CO_2e	Sum of Kilometers
Natural Gas	62,111.72	3,466.49	7,147,358.57
Diesel	4,423,089.98	319,152.91	576,523,751.57
LP	35,077.38	2,221.86	5,303,005.82
Gasoline	2,524,158.28	168,442.55	383,689,219.25

Third parties		
Row label	Sum of GJ	Sum of MT CO_2e
Cng	105,832	5,948.90
Diesel	3,465,172	250,161.67
LPG	222	14.37
Unleaded	12	0.79
General Total	**3,571,238**	**256,125.73**

Among other projects in Mexico, we have carried out the installation of particulate filters in vehicles, which significantly reduces emissions to the environment, with a higher performance in fuel efficiency. Another action was the incorporation of 40 trucks with technologies Euro 3, Euro 4 and Euro 5 systems of post-treatment of the exhaust gases with Urea transforming the nitrogen oxide (NOx) into nitrogen and water vapor, reducing significantly the levels of pollutant emissions.

In 2016, our operations in Mexico completed a redesign of their management processes of the supply chain incorporating a sustainable vision. The objective is to achieve greater efficiency and aim it at increase of operating value that will decrease, both the number of transportation vehicles and the kilometers they travel. With this, we intend to increase the lifecycle of our vehicles while also reducing the carbon footprint they generate.

Thanks to these innovations and contributions of our fleet, for fifth consecutive year we have been recognized by the Clean Transportation program in Mexico. This is a voluntary program that aims to make both cargo and passenger transport more environmentally efficient, safe, competitive and friendly. This has allowed us to replicate some of the best practices in all Grupo Bimbo.

In the case of our U.S. fleet, we have acquired and converted tracto-trucks to natural gas and LP gas in both primary and secondary distribution.

ENERGY

G4-DMA Energy
G4-EN6

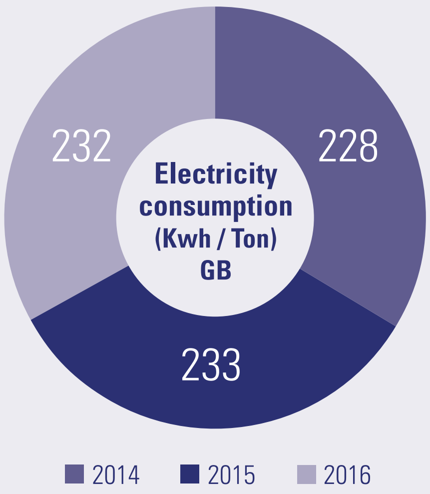
Due to the nature of our operations and the sector of the industry to which we belong, reduction of energy consumption is another top-priority sustainability issue.

Obtaining these results, was a task that implicated a pathway of more than 10 years of work. The first projects began in our plants, with the incorporation of technologies that had to prove their effectiveness before being replicated as part of the environmentally sustainable model.

In order to reduce carbon footprint, our model focused on decreasing electric and thermal energy.

In accordance to our model, our operations are working in the following initiatives and innovations:

- Reduction of inactive equipment and use of programmable logic controllers (PLCs)
- Use of electric capacitors to improve the power factor
- Substitution of motors for high efficiency ones
- Lighting: substitution for LED and magnetic induction lighting
- Installation of conveyor belt inverters
- Substitution of compressed air applications for high-efficiency air blowers
- Use of natural light



Our operations in Brazil accomplished a reduction in their energy consumption of more than 14% with respect to the previous year in the actions mentioned.

In the Mexico and US operations we have maintained our performance level in spite of the growth in both countries.

Indirect electricity consumption

Grupo Bimbo in GJ	2010	2011	2012	2013	2014	2015	2016
Total indirect consumption of energy from suppliers.	2,260,513.13	2,271,171.27	3,072,959.12	2,473,933.00	1,932,634	3,099,895	2,958,957
Wind energy	0	0	136,185.58	758,391.86	678,441	799,490	825,732
Total	**2,260,513.13**	**2,271,171.27**	**3,209,144.70**	**3,232,324.86**	**2,611,075**	**3,899,385**	**3,784,689**

ENERGY STAR

In the U.S. we have continued our participation in the Energy Star program which is voluntary and endorsed by the Environmental Protection Agency (EPA). Our company was one of the first to obtain this certification in the food industry in the commercial bread and bun category. With this initiative, we achieved savings of 14,365 tons of CO_2e.

Furthermore, we maintain 9 plants that remain in the programs The Challenge for Industry and the Energy Performance Indicator for the Baking Industry, an indicator of energy performance of the baking industry.

G4-EN6

In addition to that program, several of our plants in the U.S. achieved an energy reduction through installation of LED lighting, which meant savings of 3,015,831 kWh in the year.

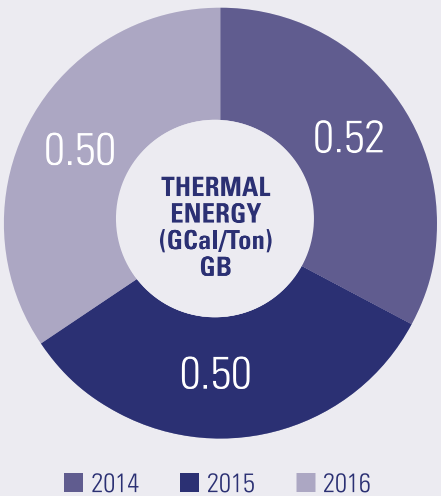
We concluded a project to install solar cells in parking lots and the roof of the plant at Escondido, California. With this system, we produced the equivalent to 32.2% of electric energy the plant uses, which generates important savings of emissions.

In our Mexicali plant, in Mexico, we used the pedestrian access and walkways to install a structure with photovoltaic cells, generating electric energy and providing shadow for passing pedestrians. This generates electric energy, taking advantage of the 10 hour-solar daily energy, in average, during the summer.

Energy Consumption

Grupo Bimbo in GJ	2010	2011	2012	2013	2014	2015	2016
Natural gas in plants	6,308,151.37	6,095,813.33	8,038,092.18	8,124,528.58	6,216,706	8,217,035	8,502,842
LP gas in plants	424,985.32	465,626.59	453,960.32	464,720.13	419,313	590,921	611,796
Diesel in plants	62,086.06	66,603.61	24,866.67	13,827.22	52,185	60,851	48,587
Other fuels in plants (fuel oil)	97,950.19	74,638.08	92,566.54	120,108.49	110,792	118,370	139,339
GJ Sub-total in Plants	6,893,172.94	6,702,681.61	8,609,485.71	8,723,184.42	6,798,996	8,987,177	9,302,564
Natural gas in vehicles	-	-	-	122.58	2,805	21,204	62,112
LP gas in vehicles	89,991.08	66,080.26	44,759.30	25,692.52	23,022	28,445	35,077
Diesel in vehicles	6,145,778.60	6,315,369.12	9,650,926.42	6,461,792.57	4,548,479	4,680,394	4,423,090
Gasoline in vehicles	1,933,510.29	1,984,229.19	2,108,443.12	2,135,382.42	2,057,527	2,419,516	2,524,158
Other fuels in vehicles (ethanol)	0	0	0	0	236	51	0
GJ Sub-total in vehicles	8,169,279.97	8,365,678.57	11,804,128.84	8,622,990.09	6,632,069	7,149,609	7,044,437
Natural gas in 3rd party vehicles						111,140	105,832
Diesel in 3rd party vehicles	0	0	0	0	860,009	3,506,800	3,465,172
LP gas 3rd party vehicles							222
Gasoline 3rd party vehicles							12
GJ Sub-total in 3P Vehicles	-	-	-	-	860,009	3,617,940	3,571,238
Direct consumption of energy from non-renewable primary sources (purchased)	15,062,452.91	15,068,360.18	20,413,614.55	17,346,174.51	14,291,074	19,754,726	19,918 ,239

G4-EN3, G4-EN4



In the case of thermal energy consumption we achieved savings for 4% in the Barcel operation and a little more than 9% in Brazil.

For gas consumption reduction, our operations have guidelines for the implementation of initiatives and replication of best practices. The most relevant innovations which are to be replicated at other work centers are:

- Installation of two oven heat recovery systems at Hamilton, Canada. One of them was installed at the bread production line and the other one in the bun production line, avoiding the installation of a plant heater and thus reducing gas consumption. This allowed to earn a LEED certification.
- In Mexico, we carried out a pilot program for the use of hot water generated by gas and vapor recovery in the fryers, for water pre-heating.
- In Mexico we started the Project for free-boiler plants improving the use of vapor inside the plants.
- At one of our plants in the Canary Islands, we substituted propane for natural liquid gas, generating savings of up to 11.5% of the energy used.

WASTE MANAGEMENT

G4-DMA Effluents and waste
G4-DMA Products and services
G4-DMA Materials
G4-EN27

One of the greatest effects suffered by our planet derives from waste generation. In recent decades, technology for material recycling and reuse, has allowed the generation of a change in mentality with respect to what is commonly known as trash. At Grupo Bimbo we understand the impact of landfills on the environment and so, we are committed to finding alternatives for improved use of resources and for improving the processes for recycling the materials we use.

Adequate harnessing of resources begins by optimizing resource use to allow fewer inputs in our processes. In this sense, we have implemented diverse actions to foster a change in both our way of thinking and in our everyday actions.

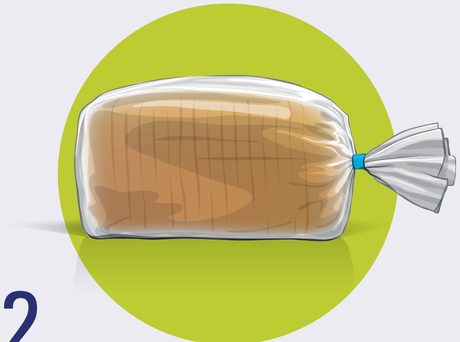
ZERO WASTE

GRUPO BIMBO WASTE STRATEGY

1

POST-CONSUMER PACKAGE MANAGEMENT

» Ally in material handling
» Marketing in product and schools



2

PRE-CONSUMER MATERIAL MANAGEMENT

» Caliber reduction
» Standardization of caliber / material
» Size in proportion to the product
» Reduction on product packaging

3

MANAGEMENT OF RETURNED AND WASTE MATERIALS

Evaluation and development of the Business Plan for:

» Recycling Service Suppliers
» Implementation of technology and management capacity.
» Analysis of mixed scenarios that imply internal and third party management handling.

POST-CONSUMPTION PACKAGE MANAGEMENT

In addition to caliber reduction, in 2016 we started working together with ECOCE, a collection and recycling company. Using their experience in waste collection and management, we joined their process to ensure that by 2020 none of our packages end in landfills and that they are used as raw materials in the production of other products.

The ECOCE process has integrated benefits such as:

» Communication campaigns to promote package separation and collection.
» Environmental education programs to promote adequate waste handling and disposal.
» Eco-Labeling. Promotion of a responsible legal framework that promotes recycling and environmental care. These type of exercises help on the promotion of the recycling industry inviting new consumers to join the collection brigades.

G4-EN2

PRE-CONSUMER MATERIAL MANAGEMENT

Package use is essential for maintaining the safety and innocuousness of our consumer products. Through continuous research work we have incorporated new technologies that allow us to reduce package caliber while maintaining the highest food safety standards. With this, only in 2016 we achieved a reduction of 55,068 tons of plastic at Grupo Bimbo level, and since 2010 we have avoided the use of more than 2 million kilograms of packaging plastic.

Another benefit derived from research has been caliber standardization and the use of packaging materials. Since ingredients use to formulate products are different and determine the characteristics that the package must have for adequate conservation, we used different materials and calibers. Now, standardization has allowed significant savings in both, the use of plastic and the carbon footprint resulting from its production.

The packaging technology currently implemented allows us to adjust to the size required to protect the product. With this improvement we reduced packaging area without affecting the physical integrity of the product.

G4-EN1, G4-EN23, G4-EN28

In the period between November 2015 and October 2016, we purchased 209,230 tons of materials, 134,289 of them considered renewable packaging material. This figure is 64.18% of total renewable materials.

One of the innovations that have been tested and one we hope to use in all our operations in 2017, in Mexico, is the logistics harness. This harness is a type of reusable belt that allows eliminating the use of polyethylene plastic film for migration of product trays.

INPUTS

G4-EN2

At Grupo Bimbo we are committed with the use of environmentally-friendly packaging and wrapping, as well as with due quality and image compliance with established standards. For this reason, at El Globo we currently use four different tray sizes made from cornstarch, for bread packaging, which at one point substituted plastic trays.

In the period between November 2015 and October 2016, recycled packages total **92,065** tons, that is, 44% of our total packages.

We continue our transformation process to increase the rate of recycled materials, and thus reinforce our sustainable strategy and reduce our footprint due to this factor.

WASTE STRATEGY

ECORA, DESIGN ELEMENTS

G4-EN2

At the end of 2014, through our subsidiary *Moldex*, we started the production of an alternative ecological material that would serve as a substitute in the use of wood.

In 2015, we launched material made from plastic waste generated by our plants in Mexico and with which we developed the *ECORA* Brand. Its production is based on the production of recycled plastic plaques that may be used in construction, interiors and industrial design such as cover for floors, walls and furniture, and materials we used during the remodeling of our corporate headquarters in Mexico City.

The ecological wood substitute we used is classified as non-toxic, resistant to fire and decomposition; it is lasting, impact resistant, requires low maintenance and has low water absorption.

We have also concentrated on improving the formulation of the ECORA material, testing different plastic options such as virgin PVC and recycled PVC. Recycled PVC uses the waste from our Moldex extrusion process. As a result, we obtained a better product for outdoor use and which may be used as terrace flooring and wall cover.

With the end of promoting these innovation, we participated in diverse events such as Expo CIHAC which took place in Guadalajara in March. In addition, we tested outdoor resistance, by participating in a signage initiative for forests called *"The Desert of the Lions Project"*, whose production we will carry out in 2017.

Zero Waste to Landfill

In all our worldwide operations we have achieved 56% recycling of the total waste we generate. In some regions, we have managed to surpass the average and achieved results in excess of 90%, such as in the United States, Mexico, South America and Iberia; in these operations we have some successful cases with zero waste to landfill.

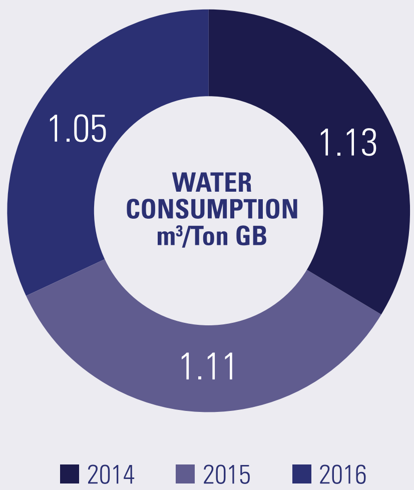
- UK was recognized in 2015 with the Zero Waste Award and the Prize for Excellence *"Let's Recycle Platinum"* for efforts to reduce waste to a minimum.
- Mexico: 3 plants were awarded with the Zero Waste to landfill recognition.
- In the US, 15 plants uses the Waste to Energy process, mitigating 999 tons of greenhouse gases and generating 549,450 kWh of renewable electric energy.

REDUCTION OF WATER FOOTPRINT

G4-DMA Water
G4-EN8

At Grupo Bimbo we acknowledge the importance of water for life and take it very seriously. Thus, we work to reduce water consumption and seek to complement its responsible use with reuse and treatment alternatives that will allow us to return it to nature in better conditions for the sake of the planet's flora and fauna.

We are proud that the actions we have undertaken have given good results. In the last five years, we have experienced exponential growth, however our water footprint has remained stable or has decreased.



Derived from the best water saving practices we achieved considerable savings in its consumption:

- China saved 40% vs. to 2015
- Brazil saved 10% vs. to 2015

At Grupo Bimbo level, we achieved a reduction of almost 6% in comparisson to the previous year, with our largest operations managed to sustain their performance absorbing growth.

The water we use has different sources. We always try to generate the use of renewable alternatives.

Water sources and reuse practices

G4-EN10

**Figures in cubic meters*

Some of the actions we have implemented to achieve the best results in water reduction are the following:

- Installation of production equipment washers with improved technology.
- Substitution of cooling towers with more modern versions.
- At different agencies in Bogota, washing arches and rainwater collection systems.


AG-03
Tanque
para Cal
AGUA CLARIFICADA
AGUA CLARIFICADA

SUPPLIERS

G4-DMA Procurement practices/supply, Supplier environmental assessment

We are aware that it is not only our actions that are relevant to environmental care, but also the work done by our suppliers. Thus, we have established a sustainability methodology to accompany them. We first designed a systematic process to find out the situation of each one of them and compared it with the sustainable performance we expect them to achieve once their development process is ended. The objective is to assure products and services through sustainable value chains, and obtain their commitment to future generations through the care of resources and responsible management of the productive processes.

G4-EN32
This accompaniment is based on a three-phase methodology:

a. A sustainable procurement questionnaire. With it, we find out the initial conditions of each one of the suppliers regarding the basic sustainability aspects: economic, social and environmental. The questionnaire is electronic and allows to find out the level of compliance with the required standard, as well as the actions and indicators used by the suppliers to become sustainable. This tool allows to identify opportunity areas and improvement perspectives for the short, medium and long term.

b. Development of sustainable suppliers. Together with the supplier, we establish action plans for implementing strategies that will extend the sustainability culture amoung our supply chain, achieving benefits for all.

c. Generation of joint projects with Grupo Bimbo. Through the generation of joint projects, we work on preventing and reducing environmental impact, ensuring quality of service and attracting new players to sustainable processes.

G4-LA14
Under the above methodology, Grupo Bimbo, in Mexico, will configure a pilot project, designing a global and transparent supply chain. This strives to motivate our suppliers to commit with production and supply practices to be implemented in all of our operations.

In previous years we started actions such as getting our suppliers to subscribe the code of conduct in order to guarantee fair work conditions, the abolition of child labor and environmental care in all joint actions with those that supply our inputs. In addition, we continue with training and the audits that confirm the actions reported by our suppliers. This year, we sent out sustainable procurement questionnaires to our suppliers in order to find out about their practices and sustainability compliance. Results are as follows:

G4-EN32

Suppliers	Sent questionnaires	Answered questionnaires	% Progress
Sugar	4	1	25.0
Fruit fillings	6	4	66.7
Ingredients	29	14	48.3
Total	**39**	**19**	**48.7**

We have a total of
11,470 suppliers,
of which **1,963**
confirmed knowing
our Code of Ethics.

In the following years, we will be working on actions such as the ones below, in order to keep strengthening a transparent and sustainable supply chain.

In Mexico, by the end of 2016, 218 raw material suppliers, demonstrated compliance through at least, one certification or satisfactory auditing process.

Concerning training, we reached 204 small companies in cities like Mérida, Guadalajara, Aguascalientes and Irapuato in Supplier Development and Training programs. In addition, 6 large companies were trained in purchasing methodology.

1. Inputs for Grupo Bimbo

a. Adherence to the code of conduct; 2016 update. It addresses relevant topics expressed by our stakeholders, both internal and external.

b. We have the internal Procurement Guide in order to establish the procurement function inside Grupo Bimbo. The document establishes the policies, guidelines and processes related with the procurement function in order to attend the supply needs of final clients in the most effective way preserving organizational, financial and legal responsibility. Each business unit has a score based on maturity to control its role and establish an internal goal to meet the requirements of Grupo Bimbo.

2. Policies:

a. Global Policy on Palm Oil.
Since the launch of the action plan, in April 2016, Grupo Bimbo has worked in alliance with The Forest Trust (TFT) to implement the committed and agreed actions with our suppliers in accordance with the Global Palm Oil Policy.

b. Policy on animal welfare for egg production
As part of our commitments, Grupo Bimbo has worked in 3 levels that allow us to contribute to the welfare of laying hens, ensuring food quality standards, raw materials quality, legal compliance with the regions in which we operate and the input supply in each country.

These 3 levels are detailed below:

Level 1. Internal transformation of the baking business

Level 2. Working together with the supply chain

Level 3. Training and certification

DESEO PROGRAM

G4-DMA Supplier assessment for labor practices, Supplier environmental assessment, Supplier human rights assessment, Supplier assessment for impact on society

The *Deseo* Program is part of our strategy to strengthen our supply chain. Through it, we support small and medium-size companies to lay the foundations of a solid development and to remain in the market. Through training and guidance on legal and regulatory compliance we work together with them on aspects dealing with continuous improvement of operations and the methodology to verify compliance with food, occupational, and environmental safety regulations, as well as the ethical and financial aspects they must know and apply.

In 2016, 418 suppliers remained in the program in the categories for food, maintenance services and spare parts, building conservation, visibility, vehicles, *maquila* and freight.

G4-EN32, G4-EN33, G4-LA14, G4-LA15, G4-HR10, G4-HR11, G4-SO9, G4-SO10

Of the participating suppliers, 20% shows a *satisfactory* status (duplicating figures of 2015), 66% show a *sufficient* status and the remaining 14% show an *insufficient* status. The main implemented actions were: food and occupational safety controls, environmental care strategies, bases for a corporate ethics system.

856 SMEs

418 suppliers remain in the Deseo Program

48.8% progress

BIODIVERSITY

G4-DMA Biodiversity
G4-EN11

In 2012, we made a mapping to detect possible biodiversity impacts of 158 production plants. The most relevant finding of this process was concluding that all the production plants of the Group are located in urban or semi-urban spaces and therefore, our operations do not have significant impact on the areas.

G4-EN11, G4-EN12

In addition, the Assessment of Environmental Impacts of Consumption and Production, Materials and Priority Products report, published in 2010, by the United Nations Environmental Program (UNEP), points out that the most significant environmental impacts to the food industry are made on the supply chains linked to agriculture, where the greatest effects are generated by the emission of greenhouse gases, the emission of eutrophying and toxic substances, water extraction and land use.

MEXICAN ALLIANCE FOR BIODIVERSITY AND BUSINESS (AMEBIN)

In 2016, we collaborated with a group of companies, financial institutions, civil and environmental associations, business organizations and international development agencies in the creation of the Mexican Alliance for Biodiversity and Business. Its creation provides a space for dialog and action between the private sector and civil society organizations in order to contribute to the conservation, sustainable use and restoration of biodiversity in Mexico. Its main objective is to catalyze collective action of its members and other stakeholders –such as the government- for conservation of the biodiversity through a mechanism for exchange of experiences, multi-sector dialog and capacity development.

To Grupo Bimbo, being a founding member of this Alliance and actively participating in it, represents an opportunity for realizing its interest in the biodiversity and natural capital, as well as for sharing with other companies and organizations the challenge posed by conservation, sustainability and restoration, and their integration into corporate strategy.

ALLIANCE × SUSTAINABILITY (A×S)

G4-EN14

The Alliance for Sustainability is an initiative started by the *Secretaría de Relaciones Exteriores* (Foreign Affairs Ministry), through the Mexican Agency for International Cooperation and Development (AMEXCID). Its objective is to promote sustainability projects with an international cooperation component that –together with the private sector, organizations from civil society, and partners and government- will implement the 2030 Agenda of the United Nations and its Objectives for Sustainable Development.

At Grupo Bimbo we collaborate in the creation of the Alliance for Sustainability and participate in the Production and Responsible Consumption Committee, which addresses issues regarding sustainable agriculture and zero deforestation, as well as material issues in the sustainability strategy of our company.

BIODIVERSITY AND BUSINESS FORUM AT COP13

We also participated in the Biodiversity and Business Forum of the 13th Conference of Parties (COP13) of the Convention on Biological Diversity that took place in Cancun, Mexico on December 2016. The Forum focused particularly on integration of biodiversity for welfare, specifically on the productive sectors related to fishing, tourism, agriculture and forestry.

We attended the Biodiversity and business, lectures on and parallel events related to agriculture issues to meet international trends and challenges for biodiversity incorporation in this productive sector.

We also participated in the Forum´s closing ceremony, in which, in behalf of the private sector, our Global Operations Director, delivered to the Ministry of Environment and Resources of the Mexican Federal Government and the Executive Secretary of the Biological Diversity Convention, the business pronouncement, which conveys the aspiration and voluntary commitment of these sector to incorporate the conservation and sustainable use of biodiversity in agriculture, forestry, fishing and tourism.

All reforestations carried out receive support during the first three years through diverse maintenance activities, significantly benefitting their survival and generating social benefits associated to the reforestation, by the generation of temporary jobs for people at the supported communities.

The figures below represent the number of protected areas and volunteer support received for the corresponding actions.

REFORESTAMOS MÉXICO

G4-EN13

In 2016, Reforestamos México, A.C. supported by Grupo Bimbo, joined the efforts of 74 companies that invested resources and more than 17,000 volunteers to reforest 251 hectares of forests in support of the conservation of 976 hectares of forest ecosystems in Mexico.

According with information from Reforestamos México A.C., the reforestation carried out at the Bosque de la Primavera -in Jalisco-, the Cumbres de Monterrey National Park -in Nuevo León- and the Nevado de Toluca –in the State of Mexico-, show a survival rate in 2015 of 73.78%. However, in order to have updated 2016 information, field assessments are being made by an external agent in every planted area.

17,177
volunteer participants in the reforestations that restored

250.9 ha
and conservation work for

976 ha

Type of protected Natural Area	Name	State	Restored hectares	Conserved hectares
Flora and Fauna Protection Area	Nevado de Toluca	State of Mexico	151.2	596.74
Flora and Fauna Protection Area	La Primavera	Jalisco	64.75	378.97
Ecological Restoration Area	Cuenca de la Soledad y Temascatio	Guanajuato	4.5	
National Park	Vitroparque, Ciénega de Gonzalez	Nuevo Leon	8.75	
Recreational Park	Cholula	Puebla	2	
State Park	Sierra de Tepotzotlan	State of Mexico	6.2	
Community Ecological Reserve	San Miguel Topilejo	Mexico City	3	
Recreational Park	Joya la Barreta	Queretaro	5	
Recreational Park	Kai Lu'um	Yucatan	3.5	
Municipal Park	Irolo Tepeapulco	Hidalgo	2	
		Total	**250.9**	**975.71**

G4-DMA Procurement practices, Customer Health and Safety

For some years the work we carry out in the country has intensified. In 2015 we began a pilot phase with the feasibility studies of the initiatives, measuring results in Mexico, to next replicate them in other places in the world.

Work is ongoing and has shown a growth of inputs such as potatoes, white corn, wheat and goat milk.

SUSTAINABLE POTATO FARMING

We have worked in regions of Sonora, Sinaloa, Chihuahua, Nuevo León and Coahuila providing support for the implementation of best agricultural practices in the field for potato according to the standards of GLOBAL G.A.P. As part of the results obtained this year, we achieved a 70% advance in adherence with the international standard, in the crops in which we directly worked with the farmers.

Since 2015, we have been training our main potato suppliers in Mexico, and carrying out audits. The program covered the review of best field practices under the GLOBAL G.A.P. methodology, and covered diverse aspects such as food safety and sustainability in the field, among others in order to strengthen their value chain and improve the conditions of delivery of the product generated in the Mexican fields.

In 2016 we carried out the second audit to review progress and improvements through the signature of a Letter of Commitment with each farmer.

GLOBAL G.A.P. implementation progress	Input	Regions
70%	**Potato**	**Sinaloa, Sonora, Chihuahua; pending Coahuila and Nuevo Leon.**

SILVOPASTORAL SUSTAINABILITY IN GOATS

G4-DMA Animal Welfare

We continued with the implementation of the silvopastoralism project for goat milk production in the state of Guanajuato in order to improve their feeding. In addition, we continued implementing the territorial organization that will establish a surface of 25 hectares of pasture as well as with the implementation of projects for fodder production.

The following are the achieved results of the silvopastoral sustainability project for goats

Milk yield

100 goats (pilot)

Increase in amount of milk

2.3

Current yield

1.5 L/goat

Our goal ★

2.3 L/goat

COMMUNITY

A SUSTAINABLE COMPANY: FOR OUR COMMUNITIES

G4-DMA-B Local communities

As defined by the Objectives for Sustainable Development, it is the time to step up efforts and unite to confront the challenges facing humanity. In this sense, our Community pillar becomes more relevant as it contributes with actions that improve the quality of life of people.

At Grupo Bimbo, we are aware that, in order to help, the first thing to be done is to listen. For this reason, a first action is to talk to our stakeholders so that together with them, we identify the needs of our environment and so develop sustainable projects that will improve their quality of life.

EC1
G4-DMA Economic performance

Following our business strategy and our strategic objectives, through the Community Pillar we contribute to poverty reduction and the mitigation of world hunger. The current 2030 Agenda supports and drives the long-term actions we started some years ago in support of the communities where we operate in aspects such as education, promotion of physical activity, the environment, health and nutrition.

G4-DMA Indirect economic consequences

In order to obtain results from our efforts, it is necessary that they be carried out together with different stakeholders, for example, non-governmental organizations, the civil society, the private sector and the government. Only in this way will we be able to promote sustainable communities in every place where we operate.

With the participation of senior management and the Board of Directors we worked with the Donation Committee and the Central Sustainability Committee to review the agenda of our new business strategy in the development of projects that will respond to the needs of the company and the community.

The management of all our committees is governed by the regulatory framework established in policies such as those for Donations, Natural Disasters, Sustainability, Safety, Wellbeing and Diversity and Inclusion, as well as in our Code of Ethics.

G4-EC7, G4-EC8

The determination and generosity of our associates, has been fundamental in getting every work center to make a difference. We work to become an agent of change sharing some joy and thrill for living, for we know that in the extent in which we manage to inspire, we will add people wanting to achieve a change to strengthen sustainable development.

DONATION PROGRAM

G4-16, G4-SO1

Many are the actions required to achieve the social and economic level, as well as the environmental care necessary for our planet to become sustainable. In spite of the challenges, we have verified throughout these years, that everyday there are more of us willing to work in different fields of action encouraging society to work on reconfiguring itself, in order to generate a solid, determined and inspiring social fabric.

Such is the case of civil associations that reside and work in the countries where we are present. In them, we have found strategic collaborations to help us contribute and support the causes we believe in. Their work and experience changes realities, since their configuration allows them to analyze their environment and have effective approximations with the communities achieving a balance among the social sectors with precision and conviction.

The experience of social institutions permits the realization of projects under schemes that give them viability and make them sustainability. Our Donations program supports the work they carry out and through them we invest in the communities.

We, in conjunction with civil associations, governments and prestigious institutions that guide and manage the economic resources we contribute with, in order to make a difference, in aspects that most affect locally.

This year we joined the actions of more than 1,200 civil associations. The amount of this financial support is equal to 2.2% the net profits of Grupo Bimbo in 2015 ($5,171 of American dollars).

Organization	Number of Associations	Amount in USD
Mexico	163	$4.4 million
US and Canada	873	$1.1million
Latin America	297	$57,720

More than
18,425,083
beneficiaries
in Mexico

G4-EC1

174,812
Children and teenagers

46,186
Adults benefited

14,593,622
Indirect beneficiaries

1038
Families benefited

147,842
Entrepreneurs benefited

3,408,178
Benefited in health

2747
Indigenous people benefited

55,741
People supported with training

See cases of success and table of supported associations at *www.grupobimbo.com/informe.*

"GOOD NEIGHBOR"

G4--EC7, G4-EC8
DMA Indirect economic consequences

When each one of us decides to contribute with a small action towards the betterment of the environment, what we are actually doing is adding a piece to a great puzzle. If these positive actions are replicated by the members of our family, the number of differentiated and improved spaces multiplies thanks to the efforts of all of us; that is how our Good Neighbor sustainability program works.

In every one of our plants, and responding to a need detected in the community, we develop projects close to our facilities, generating benefits for the neighboring communities. Since 2012, when the program started, we have contributed with 447 projects around the world. In this way we have created a web of sustainable development nodes that contribute with change and improvements around our work centers.

Good Neighbor projects include different actions that support communities, such as:

- Infrastructure improvement projects. We restore and modernize living and sports spaces.
- Repair projects. Remodeling of bus stops or lighting for pedestrian crossings that offer a dignified and functional service to the community.

For all these actions, at Grupo Bimbo we consider that this program transforms our working centers, into sustainable development nodes.

Starting in 2016, Good Neighbor joined the Volunteer program not only with our associates, but also with the participation of the beneficiary community.

2016 Results

137
plants and distribution centers participated in the Good Neighbor program

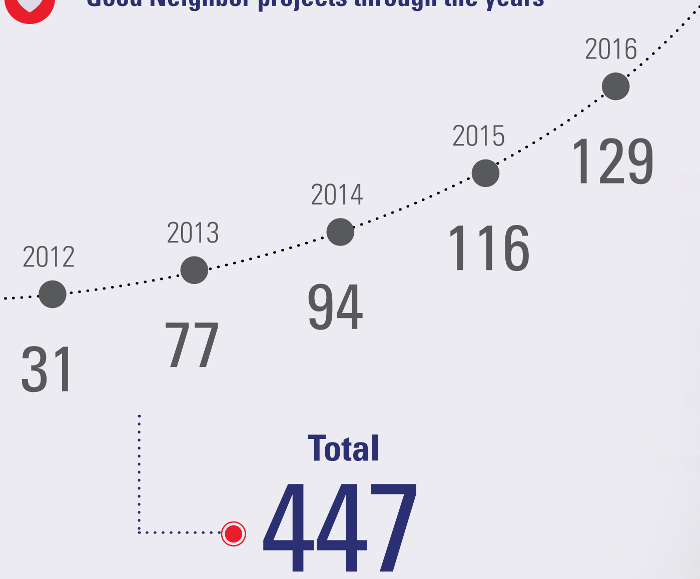
129
projects completed during the year

20
countries contributed stocks from their plants

447
projects globally since the beginning of the program

Organization	Number of initiatives in the project and status	Finished projects	Ongoing projects
U.S. and Canada	63	62	1
Mexico	41	40	1
Latin America	35	24	11
Asia and Europe	4	3	1
Total	**143**	**129**	**14**

Good Neighbor projects through the years



In 2016, the following 10 projects stood out; they will be recognized in 2017 for the benefits to the communities.

GOOD NEIGHBOR RECOGNITION 2016		
ORGANIZATION	**PLANT /DISTRIBUTION CENTER**	**ACTIVITY**
Bimbo México	Bimbo Azcapotzalco, Marinela México, Bimbo Santa María	Rehabilitation of the San Pedro Xalpa Housing Unit
Bimbo México	Abastex	Rehabilitation of the sports area
Barcel	Matehuala	Installation of playing areas at the Matehuala Rehabilitation Center.
Bimbo China	Asia	Remodeling of the basketball court
Bimbo Brazil	Brasilia	Rehabilitation of the local park
Bimbo Frozen	Oxnard	Rehabilitation of community space
Bimbo Iberia	Solares	Rehabilitation of sports space at the Solares school
South America	Argentina	Street repairs
United States	South San Francisco	Repair of the basketball court
CENTRAL AMERICA	Guatemala	Rain water is supplied for watering the Installation of an orchard and remodeling of school / Habilitation of sports court

SUCCESS CASE

NAME OF THE INITIATIVE: BREAD FOR TODAY; WATER FOR TOMORROW

COUNTRY: GUATEMALA

DEVELOPMENT:

Construction of an orchard for planting and growing of food scarce in the region. The project was carried out in a low-income school and involves a didactical function for students. Due to shortage of water in the region, Grupo Bimbo provided water for the crops. Water is obtained by a system developed by our own associates and was installed on Grupo Bimbo vehicles for catching rainwater and taking it to the orchard area, which works with a drip irrigation system.

Rehabilitation of the bus stop for users.

In 2016, recognition was made of the outstanding 2015 projects.

GOOD NEIGHBOR RECOGNITION 2015

	Plant /DISTRIBUTION CENTER	Activity
Bimbo Bakeries USA	Northumberland, PA Plant	Park renovation
Bimbo Bakeries USA	Riviera Beach, FL Plant	Well-being promotion
Bimbo	Dist. Center Monterrey Norte	Park renovation
Bimbo	Bimbo Hermosillo Plant	Park renovation
Barcel	Ricolino San Luis Plant	Park renovation
Bimbo Guatemala	Dist. Center “El Tejar”	School renovation
Bimbo Venezuela	Guarenas Plant	Park renovation
Bimbo Frozen	Roanoke, VA Plant	Safe walkway
Bimbo Uruguay	Plucky Plant	School renovation
Bimbo Do Brasil	Raposo Tavares Plant	Park renovation

The projects that impact society achieve results when carried out as a team. A true collaboration is achieved when we -as individuals- are empathetic and therefore are receptive to the position, opinion and point of view of others.

At Grupo Bimbo, volunteering is an activity that contributes with a comprehensive education for our associates. Through it, we improve teamwork while supporting the causes of others and allowing people to know each other outside the everyday work routine, creating a unifying bond through an important cause. These factors give new meaning to people's participation, as well as the satisfaction of having contributed to the solution of the great challenges which overwhelm our society and the world.

In 2016, more than 99,686 of our associates, their families and friends, became volunteers to get involved in around 205 activities. The subjects we dealt with this year were focused on health and nutrition, environmental care, safety and education.

14
countries with Volunteer programs

205
projects carried out worldwide

88,746
volunteers worldwide

Organization & number of volunteers

U.S. and Canada	Mexico	Europe	Latin America
833	83,844	11	4,058

88,746
Total

Good actions are contagious and inject enthusiasm and the spirit of solidarity that lure people into joining actively. Our commercial brands are an example of this. For four years already, through *Silueta*, our bread brand, we have joined the effort of marketing with a cause supporting women with breast cancer and the institutions that work to prevent it. With the program, we place pink bow on the product package, as a reminder of the importance of preventing this disease. In addition, marketing carries out two campaigns, one in the media, and another, internally. Both campaigns include information about the importance of self-exploration, important information about the disease itself and discounts at laboratories for female consumers and Bimbo associates in order to raise awareness on the issue. Part of the revenues from the sale of the product are destined to support the Mexican Association for Fight Against Cancer, A.C.

In 2015, through *Paleta Payaso*, we carried out a marketing with a cause program, seeking to provide people with more moments of happiness and a lasting smile. This was the basis for the *"Sonrisas que Ayudan"* (Smiles that Help) campaign with which we designated $500,000 Mexican Pesos that were donated to *Risaterapia* A.C., a civil organization whose objective is to take smiles and happiness to people who face an illness or are undergoing a difficult situation. After working in eleven cities in Mexico, benefitting more than 2,700 people and increasing by 15% the number of laugh volunteers, the campaign evolved to *"Contagia Sonrisas"* (Pass on a Smile), through which we continue to support *Risaterapia* with donations, but now we seek to generate an attitude of collaboration and happiness in people.

In 2016, with Paleta Payaso we organized an official week called "Contagia Sonrisas" by which we manage to promote happy moments in the most unexpected places; from amusement parks, shopping malls and universities, to traffic crossings and public transportation. This year's Paleta Payaso donation was, thanks to its fans for $550,000 Mexican Pesos. At Ricolino and Grupo Bimbo we are proud to pass smiles on to others, because we know that in this way people feel more united and have more energy to change the world.

On the other hand, Risaterapia, A.C., benefitted more than 74,000 people, 200% more than in 2015. The number of participating "laugh doctors" increased by 21% and it was managed to extend the presence of the organization to two more cities: Tlaxcala and Zamora. Thus, up to date, happiness is shared in 30 cities in Mexico, increasing the presence of the association and adding moments of happiness to people's lives.

Through *Tía Rosa*, the *Abrazos de Hogar* (Hugs from Home) campaign was developed calling on society, in general to donate a scarf for children in foster homes who send us their picture with a product of this brand. Through this campaign, 4,000 scarves were donated to protect *Otomí* and *Mazahua* indigenous children from the cold at Christmas in the State of Mexico, as well as *Mixteco* children from Oaxaca.

We are sure that these results will cause more brands from the Group to join actions that promote well-being and growth opportunities in society.

LET'S CLEAN UP MEXICO

Volunteering starts by raising awareness and one of the programs that has become a strong input to this topic is the *Limpiemos Nuestro Mexico* (Let's Clean up Mexico) program. In 2009, Fundación Azteca, created and promoted the program's organization, inviting Grupo Bimbo to join. We did so from the start with great enthusiasm and commitment.

The initiative started with their *"Limpiemos Nuestro México"* version whose purpose is to raise awareness in people of the need to keep public areas clean and ensure that trash and litter does not invade public living spaces. The success of the initiatives, based on the enthusiasm of people, was extended to other countries such as **Colombia, El Salvador and Guatemala**, where the project has been kept alive for two years with positive results.

The year saw the participation of 68,741 volunteers who cleaned up streets, parks, ravines and public spaces. The organizing team was pleasantly surprised by the fact that it was harder than other years to find dirty spaces, since now there seems to be more knowledge about responsible handling of trash than when the program started.

G4-EC7, G4-EC8

PROGRAM TO RESTORE *THE DESIERTO DE LOS LEONES, MEXICO CITY, MEXICO*

Through the *Desierto de los Leones Orgullosamente Limpio* (Desierto de los Leones Proudly Clean) program and in order to continue with the efforts of *Limpiemos Nuestro México*, together with *Fundación Azteca*, and the authorities of the park and civil society led by *Reforestamos México*, Grupo Bimbo centered its efforts and actions on the environment at the *Desierto de los Leones* park. Through the program, we seek to rescue and preserve this majestic forest, its flora and fauna, all of which together constitute a protected natural area that functions as one of the main lungs of Mexico City.

The *"Desierto de los Leones Orgullosamente Limpio"* program consists of permanent clean-up and educational actions and is supported in its operation by two environmental leaders, who coordinate efforts for the conservation of cleaner public spaces and who promote better awareness of adequate waste separation among visitors and small sellers of the Park.

In this phase we managed to install containers, specifically designed with waste separators located at strategic points in the Park for their optimal use and correct collection.

To complement, in 2017, we will renew the image of 115 information and direction signs.

In addition, we are designing three didactical trails which inform and document about the flora and fauna that inhabit this area and the importance forests have in ecosystems. We also rehabilitated a bridge that interconnects two hills in the forest which facilitates free and safe transit from one hill to the other in daily activities, as a benefit to the community.

Socially, we actively integrate the community and visitors through their participation in forest educational and clean-up brigades; these actions help us to raise awareness among people about correct waste disposal, which is important in reducing trash and reducing the environmental impact generated by landfills.

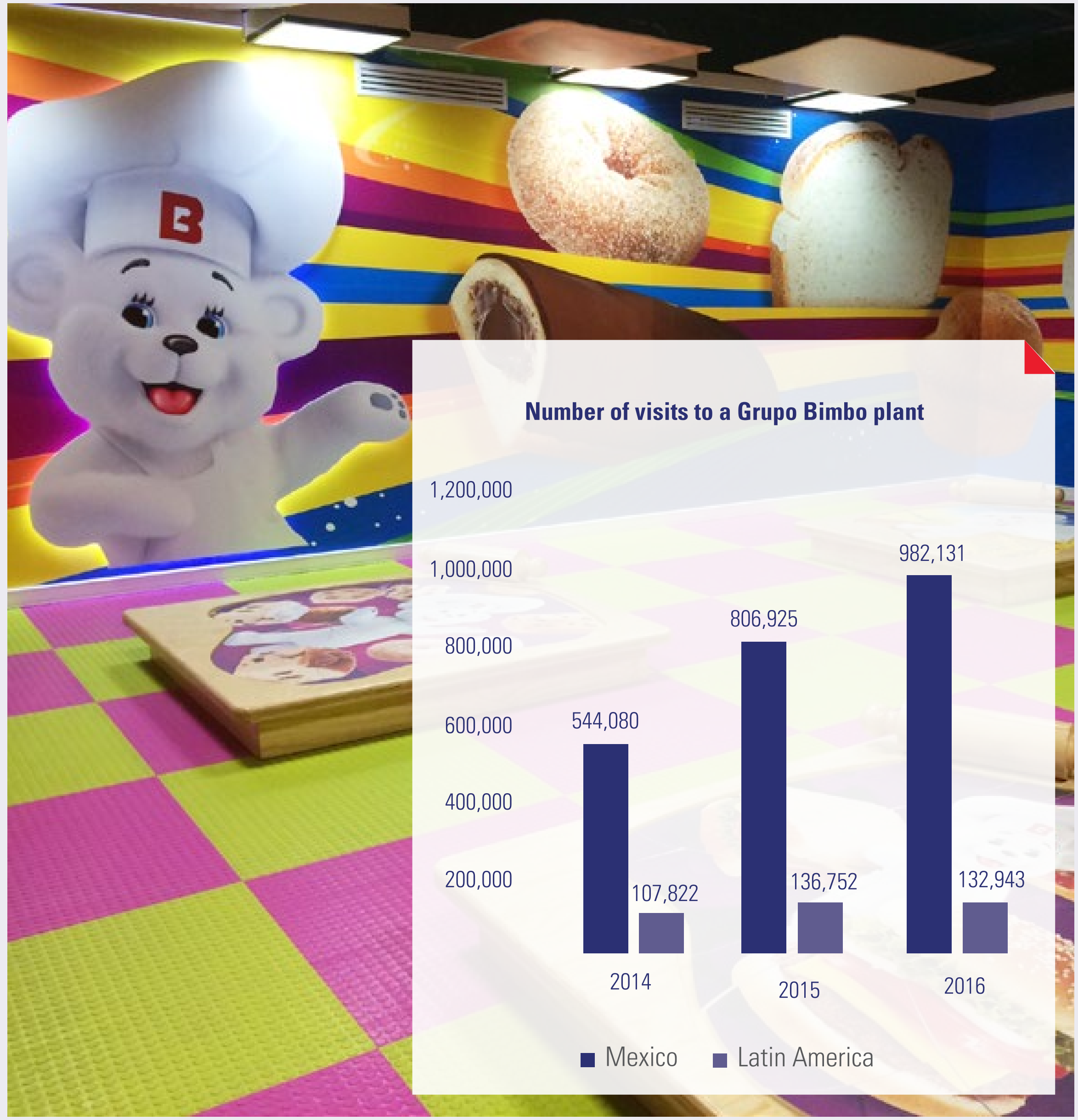
VISITING GRUPO BIMBO PRODUCTION PLANTS

In the permanent search to build a sustainable, highly productive and deeply humane company we strengthen our social bonds by consolidating a lasting relationship between our brands, clients and consumers.

The plant visit program allows us to get closer, listen and share entertaining learning experiences for diverse people who join us at our factories.

In the tour, they find out about the different phases of elaboration of our bread, candy and salted snack products. The host's talks include information about state-of-the-art technology used in our processes and the strict controls that guarantee the quality of our products. In addition, our visitors learn about the importance of a healthy lifestyle through advice on nutrition and physical activity. We share with them information on environmental topics and the benefits of diversity and inclusion, which contribute to the creation of a sustainable company.

This year, we received over a million visitors; children and young people of all ages, from pre-school to university, educational institutions –national and international-, people with different capacities, senior citizens, special guests and many of our own clients and suppliers. Our program currently extends to 44 plants in Mexico and Latin America.



	2016	2015	2014
Region **Mexico**	28 participating plants	28 participating plants	26 participating plants
Region **Latin America**	16 participating plants	16 participating plants	11 participating plants

Region	2016 **Global visitors in the year**	2015 **Global visitors in the year**	2014 **Global visitors in the year**
Mexico	979,720	806,925	544,080
Latin America	132,913	136,752	107,822
Total **Visitors**	1,115,074	943,677	651,902

SOME ADDITIONAL ACTIVITIES

For third consecutive year, we participated in the *Leer Más* (Read More) campaign promoted by the Communication Council, whose objective is to promote reading among people.

REPORTED READING HOURS IN MEXICO BY YEAR

2016	1,828,623 hours.
2015	1,625,658 hours.
2014	1,054,999 hours.
2013	667,677 hours.

At Grupo Bimbo we firmly believe that the sum of efforts and teamwork are essential factors to speed up development processes and the wellbeing of people. Every year we promote the actions herein presented and establish rapprochements with expert institutions and organizations. Our philosophy, experience and trajectory have shown that if we are willing to follow the sustainable path, we require the participation of all, as well as the conviction of believing we are an agent of change that makes a difference at every community.

SPEAK UP LINE

DMA- Human Rights Grievance Mechanisms
G4-HR12, G4-LA16, G4-SO11

At Grupo Bimbo, beliefs constitute an essential part of our philosophy which always seek to create and provide the best conditions for equal labor, a culture of safety, diversity and inclusion which applies our golden rule: Respect, Fairness, Trust and Affection.

We strengthen and promote the Code of Ethics among our associates and chairman, as well as the Code of Conduct among our suppliers. To follow up on its compliance we have a program of Direct Communication: *"Línea Comenta"* (Tell Us Line) which provides an opportune and trustworthy communication channel to attend any comment about non-compliance or breach of the codes, and which allows us to follow up and solve any reported violations. The program is available to associates and suppliers at the different operating sites of the Group. We are sure that this tool will allow us to work in opportunity areas found to be necessary for improvement of the different processes.

G4-PR2

In 2016, we received, worlwide, 801 reports that were attended by the committees of *"Línea Comenta"* at every organization. Issues were those shown in the table below:

Type of incident	
Labor Relations	623
Code of Ethics Violations	150
Diversity and Inclusion	27
Other comments	1
Total	**801**

ASSOCIATES

A SUSTAINABLE COMPANY: FOR OUR ASSOCIATES

Grupo Bimbo is a company where 5 languages are spoken, carry out transactions in 22 countries in 3 continents and where more than 130,000 people coexist and give the best of themselves to put delicious and nutritious food in the hands of all.

The challenge is therefore great, but our commitment greater. In a world in which reality is challenging, we work to bring together opposite poles and create a company for all. Our founders established the bases and created our philosophy, which now it is our turn to uphold in order to build a sustainable, highly productive and deeply humane company.

We must be proactive and modernize it without affecting its essence and also extend it throughout our operation in order to guarantee that every person and every associate believes in it and lives fully by it. Only with this goal, will we create leaders who believe in the value of the individual, protect his dignity and work every day under the premise of our golden rule; RESPECT, FAIRNESS, TRUST AND AFFECTION. This golden rule makes it tangible and reachable, our main belief: the person.

From the Associates Pillar, our experts in Personnel management, work to make Grupo Bimbo a competitive company. Their creativity, passion and commitment with their people has begun a transformation that starting now and until 2020, will permit modernization of our company, allowing it to position itself as the preferred place to work in the industry.

2016 was a year to set a solid foundation. Looking towards 2020, we are working on organizational structure, process systematization and the definition of the activities that will help us achieve our vision in line with transformational objectives, from our Human Relations Department.

Our commitment is not only with our associates; it extends to the Objectives for Sustainable Development of the UN Global Compact. Several of our activities converge directly or indirectly with this United Nations initiative, so it is part of the indicators we will be measuring and sharing along 2017.

GRUPO BIMBO: A SOURCE OF WORK AND WELL-BEING

G4-DMA Employment

The Grupo Bimbo family keeps growing and we are proud that this is so. With 130,913 associates, we contribute to bolster the world's economy by generating jobs and income for thousands of families in 22 countries. In comparison with the previous year, our workforce grew by 2.87%.

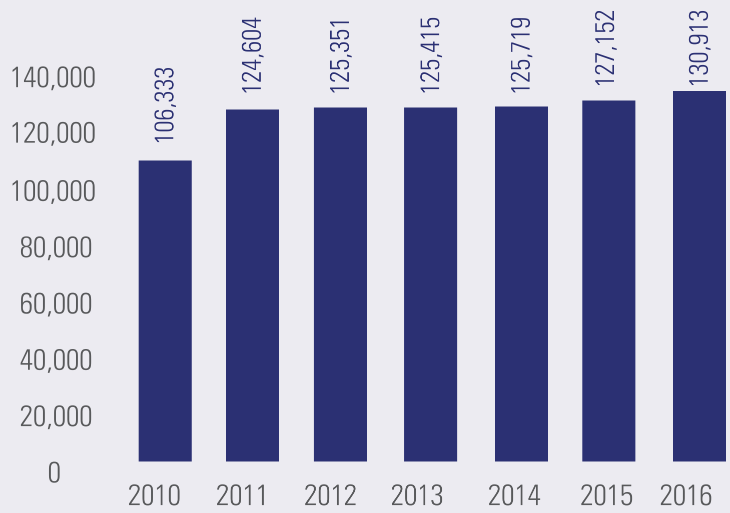
G4-9, G4-10, G4-LA1

Total number of associates in GB

130,913

	Total associates in payroll	Total hired associates	Total
Mexico	72,534	696	73,230
U.S. / Canada	26,371	574	26,945
Latin America	22,239	2,071	24,310
Asia	1,457	84	1,541
Europe	4,536	351	4,887
Total associates in payroll in Grupo Bimbo	**127,137**	**3,776**	**130,913**

Growth of work source at Grupo Bimbo throughout the years:



One of the Objectives for Sustainable Growth that concerns us is Education. The experience Grupo Bimbo has had throughout its existence is that true change is generated when people have knowledge, they know how to apply it and when this knowledge constantly evolves.

TRAINING AND DEVELOPMENT

G4-DMA Training and Education
G4-LA9

Transformation is one of our sustainability objectives, therefore we invest heavily in education. In 2016, we achieved 1’282,448 hours of training, which on average equal 10.09 hours per-associate. In addition, we work on various fronts to generate change in how to manage it.

We are proud that our personnel is conformed by restless individuals who learn and improve every day by conviction. An example of this is that 90% of training is imparted by the Grupo Bimbo’s own internal personnel. This means that our people learn, assimilate knowledge and later share it with their workmates. This fact has allowed us to ponder on the actions that the training area must carry out and how we can facilitate the means and spaces for knowledge inside the Group.

The first action was defining a governance body that would provide visibility of the needs of every organization in the Group, and which on the other hand would generate the necessary structure to define actions and measure results. Since the beginning of the year, we integrated the team with representatives from every organization and functional areas. We managed to have eight meetings with the leaders of each region with great results.

This effort consolidated a structure for the GB University which was divided in Academies and these, in turn, in Schools. The seven current Academies classify and safeguard the knowledge of the general knowledge subjects at the University. In a traditional university, they would be equal to Faculties. Each one of the Academies consists of Schools, which are the fields that form the subject. These schools are managed by specialization areas, which define the syllabus and contribute with the content of the 40 areas we currently have at this stage.

The main Academy of the GB University is called Grupo Bimbo Academy. Through it, we impart general knowledge of our Group such as our Founders' philosophy, which is undoubtedly the heart and soul of our company.

The scope of the GB University was also extended: we incorporated a new e-learning platform that allows data capture and therefore standardization and measurement of indicators. The system also allows coordination of actions throughout the Group and attending specific requirements, as well as detecting violation of defined standards. Most important, we can now know the educational trajectory of our associates, which is relevant to understand each one's preferences and needs according to function and professional profile. In the near future we will be able to know precisely the amount invested in the programs moving thus towards integrated information, that is, financial and non-financial data in one and only report.

The strategy that we defined towards 2020, allowed the integration of a new trend in the way of imparting learning: gamification. Gamification attracts people to knowledge through brief, ludic spaces of interaction that increase its retention.

In 2017, we will keep on exploring the media and the ease for accessing relevant knowledge and contents from personal devices. In addition, we will seek to obtain the commitment of associates, their work areas, and the company itself so that all acquired knowledge is applied towards obtaining favorable results and new skills for transformation and improvement.

TALENT MANAGEMENT

ASSESSMENT

G4-LA10, G4-LA11

At Grupo Bimbo we value our people, therefore their professional development is a top priority. During the 2015-2017 materiality study for our company, stakeholders defined the topics for attraction and retention of talent as a non-priority, yet sufficiently important to keep them in the management strategies to give competitiveness to Grupo Bimbo and make it sustainable. The stakeholders conveyed an unfavorable perception and a low capacity of Grupo Bimbo to retain talent and therefore consider it essential to implement a more strategic and competitive management of this aspect.

In response to these requirements, Talent Management has designed a robust model for assessing and identifying outstanding personal skills for the associates of Grupo Bimbo. This is a global process that has been standardized by better-defined assessments, which in turn have been communicated throughout the company.

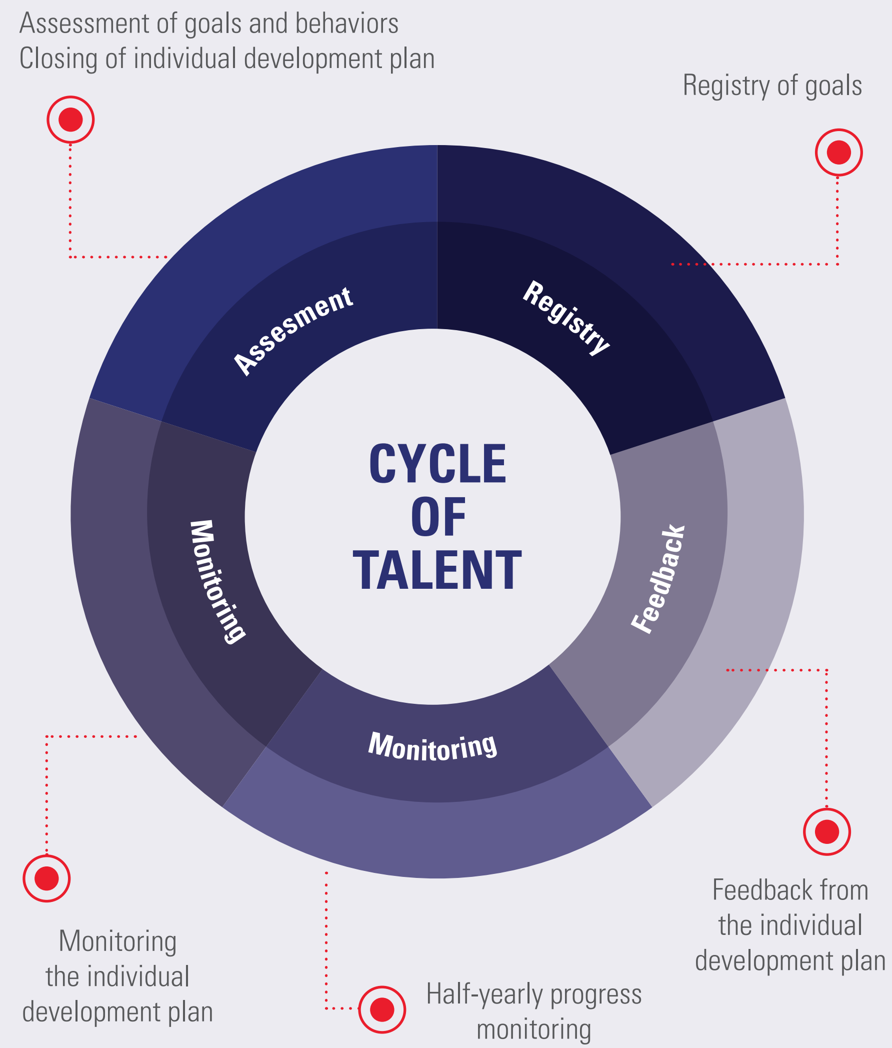
Assessing talent, means measuring the performance and potential of the associates.

Regarding performance, the key components to be considered are: the results obtained against established goals, behavior in accordance to the philosophy of Grupo Bimbo, and command of the position, which can be observed in the associates' technical skills.

Potential consists of five predictor potential factors and the position's profile. This allows identification of a factor that determines the level of talent corresponding to the professional maturity of the associate.

Associates are assessed according to their level and degree of responsibility, experience and functions.

Our process starts with the sessions in which performance and potential are graded (May), concluding in one year (April) with the follow-up of the actions in the development plans generated by the feedback given by the superior-associate.



We have shared the model with the organizations of Grupo Bimbo through our GB-Talent platform.

The criteria and game rules are defined in our policies for Talent Identification and Development (7.5.1), Performance Assessment (8.3.3) and Internal Promotion.

With this model, Grupo Bimbo bolsters the respect and dignity of our associates. Initiatives such as this one, create methodologies that are more clear and transparent and that allow associates to identify the path they must follow to reach the following level of their professional development, always respecting their plans, choices and contribution.

G4-LA11

RESULTS OF PERIODIC PERFORMANCE ASSESSMENT

The table below shows the percentage of associates who underwent performance assessment in 2016.

Periodic performance assessment		
	% Women	**% Men**
Administrative and Operating Personnel	58.3%	64.0%
Supervisors	85.6%	86.5%
Executives and Directors	85.4%	88.3%
Global Total by work level	**62%**	**66.9%**

G4- DMA Diversity and Equal Opportunity
G4-LA12

In 2014, we started the trip to inclusion, whereby we consciously seek equal opportunity for participation and development of all individuals. The general objective of the program, in line with our *Visión* 2020, is to "generate a culture of inclusion where people from different origin, styles and experiences have the opportunity to develop and contribute to the transformation of the industry."

We elaborated a business case and defined a governance system defined by a Central Committee that reports to General Management. In turn, every Organization operates local action plans that report progress to said committee, allowing for global follow up of the program. At the end of 2016, the program was present in 20 of the 22 countries in which we operate.

Although there are many dimensions of diversity we still have to work on, at Group Bimbo level there are many coincidences; that is why we are placing special attention on three topics: gender, disability and multi-culturality. Notwithstanding, some regions may attend more specific issues such as ethnicity, age or others.

DMA-Investment
G4-HR1, G4-HR2

A fundamental aspect of the strategy is leader and associate awareness of the theme. Working together with Korn Ferry, we have designed an adequate and efficient theoretical and practical instruction methodology for Diversity and Inclusion trainers. Our instructors are certified by taking the seminar "Leading in a Culture of Diversity and Inclusion"; an intensive training that places special emphasis on making the trainers understand the philosophy of Grupo Bimbo and achieving an inclusive leadership that will enable them to transmit the message effectively. In 2016, 61 trainers were certified.

Thus, with the addition of new members from different regions, we have trained all executive committees of our business units as well as their leaders and associates. The following table shows the progress by region:

Number of trained associates on Diversity and Inclusion

Region	Trained associates
U.S. and Canada	1,228
Mexico	4,530
Latin America	1,207
Europe	109
Total	7,074

61 certified associates as Diversity and Inclusion trainers.

Results of Diversity and Inclusion in 2016:

- We updated the Global Diversity and Inclusion Policy aligning it with Vision 2020.
- The Shareholders Meeting voted on and approved the integration of a new female member of the Board of Directors; the second woman and the first non-Mexican.
- Brazil obtained the Sello Paulista de Diversidad e Inclusión (Seal for Diversity and Inclusion), making Grupo Bimbo the first baking company to obtain it.
- Bimbo, Barcel and the Corporate offices in Mexico issued criteria for inclusive personnel recruitment.
- In the U.S., recruitment through candidate shortlists was implemented. The newly-acquired Canadian company, joins the program with the certification of its first 14 trainers.
- Since the start of the program, we have trained more than 13,840 associates worldwide.

LOCAL TALENT

G4-EC6

Deriving from the growth of the company, and for the sake of reflecting the communities in which we operate, Grupo Bimbo has developed, for several years, local associates who will be able to attend the operation in their own regions or countries. In this way, the rate of senior executives who hail from local communities is shown in the following table.

50.0% of senior executives from the local community in **Asia**	**42.9%** of senior executives from the local community in **Europe**
29.2% of senior executives from the local community in **Latin America**	**91.6%** of high executives from the local community in **Mexico**
87.9% of senior executives from the local community in **U.S. and Canada**	**Total GB** of senior executives from local communities **79.7%**

SAFETY AND WELLNESS OF OUR ASSOCIATES

G4-DMA Occupational health and safety

Since our foundation, at Grupo Bimbo, we have valued the person, therefore the health and safety of our associates must always be top priority for our company, ahead of any financial or productive decision.

In 2016, we evolved and transformed our DNA, conserving the priority of our vision on the safety of our associates with a comprehensive focus that also covers the wellbeing of our people. In this way, we now build a virtuous and unitary circle: the Global Model for Health and Safety.

SEGURIDAD & BIENESTAR

Simultaneously, we updated **Our Foundations for Safety and Wellness**, which are guidelines to create and strengthen said foundations:

OUR FOUNDATIONS OF SAFETY AND WELLNESS

We are committed to providing a safe, **healthy working environment and maintaining a culture of safety** and well-being among our staff, their families and the communities where we work. In Grupo Bimbo we are convinced that:

1. Any injury can be avoided
2. We have an 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 an exemplary performance in safety and a permanent improvement in our well-being
5. We are able to build a balanced life

To work safely and take care of our well-being contributes to "Building a sustainable, highly productive and deeply humane company".

SEGURIDAD & BIENESTAR

G4-LA5

Our Safety and Wellness Model comes alive through a strong commitment with safety of our leadership, the dynamic participation of our associates and a structure of committees and sub-committees which represent 100% of our associates at all our work centers. This has allowed us to:

- Promote a culture of safety and wellness among our asssociates and their families
- Provide a safe and risk-free work environment.
- Foster a health-affecting balanced life
- Decrease the occupational accident rate

Among other outstanding safety initiatives, in 2016, we

- Established management and risk analysis standards
- Established protection standards for machinery, equipment and vehicles
- Reinforced safety training through new technologies
- Redefined the Safety Model for the commercial areas of Grupo Bimbo

G4-LA6

Types of injury, rate of accidents with injuries, occupational illness rate, lost days rate, absenteeism rate and fatalities

Region	Accident rate (IR)	Lost Days Rate (IDR)	Absenteeism Rate (AR)	Fatalities	Ocupational illness rate
Mexico	2.1	62.1	415.2	1	10
U.S. and Canada	1.8	103.8	561.2	0	0
Europe	2.7	63.1	339.1	0	1
Latin America	1.7	36.6	246.5	1	0
Asia	0.8	13.1	81.6	0	0
Total Grupo Bimbo	**2.0**	**64.1**	**408.8**	**2**	**11**

Reduction of accident rate (IR) in 2016

2.0

vs 2.1 in 2015

WELLBEING

The concept of wellbeing has become relevant in all areas; Grupo Bimbo acknowledges this, especially when observing the growth in the rate of non-communicable diseases and the adoption of unhealthy habits derived from life imbalances.

At Grupo Bimbo, we understand wellbeing as a comprehensive concept, based on our belief of valuing people in all their dimensions: mental, physical and emotional.

Our goal is to create a global wellness strategy that will allow us to align actions in order to have our associates to self-manage healthy life styles and coexist in a work environment that is committed to health and wellness.

All our wellness initiatives seek participation by conviction, respect for data confidentiality and regulatory compliance in all countries in which we operate.

We highlight the following implemented wellness initiatives:

- Campaigns for prevention of serious and seasonal diseases
- Dissemination of specialized conferences and talks
- Certification of balanced company diners
- Construction of spaces destined to physical and sports activities inside our facilities

Vivo Sano #EsPorMí

As an example of this focus, in Mexico we have promoted the Vivo Sano *#Es por mí (living healthy, it's for my own benefit)* program, which encourages associates to adopt healthy lifestyles through a program of health indicators, their knowledge of these indicators and the challenge to adopt small well-balanced habits. This program reached over 19,000 of our associates in 2016.

In addition, we support our associates with healthcare and illness-prevention services, such as medical check-ups for people over 40, anthropometric measurements and physical fitness exams.

At Grupo Bimbo we are convinced that while Health and Wellness are the base of our daily actions, we will keep advancing towards building "a sustainable, highly productive and deeply humane company".

REMUNERATION AT GRUPO BIMBO

G4-DMA Equal Remuneration for Women and Men, G4-DMA Market presence, G4-LA13

Our Compensation Policy is based on a "Total Rewards" model, which is based on a comprehensive approach to remuneration, benefits, training, professional advancement and workplace environment.

Remuneration and benefits throughout the group are aligned with a standard payment policy and adjusted for practices in each local market. Each associate is paid a salary in keeping with their responsibilities and what is paid for other positions with similar responsibilities and required experience, education and skills, in the corresponding market.

G4-EC5

At Grupo Bimbo, salaries are higher than the minimun wage in every country. We want to abide by the regulatory guidelines in each of our markets

The compensation for each associate also takes into account individual performance evaluations which assess their capacity to achieve or perform outstandingly against established goals, and the aptitudes he or she demonstrates, as well as the financial results of our company in each country and globally

The following section shows the minimum wage as of January 2017 in each Grupo Bimbo Organization, and the average for each of our countries of operation, regardless of gender, explaining the way in which the average was obtained in each country.

Mexico

» **National minimum wage:** $80.04 MXN daily

» **For Grupo Bimbo:**

- Average daily minimum wage (national) for the lowest operating position in each organization. The specified daily wage was multiplied by 30 to reach the monthly base wage. The amounts were converted into dollars at the exchange rate in effect on January 11, 2017.
- **Monthly average: USD $2,401.20**

United States

» **Monthly minimum wage (40 hour week):** USD 1,160

» **For Grupo Bimbo:**

- We used the figure reported only by BBU on a monthly base for the lowest plant associate positions. We calculated the base monthly wage for each state. On this basis, we calculated a national average for the US from the states where we operate (this varies by location).
- **Monthly average: USD$2,219.49**

Canada

» **National minimum wage:** CAD11.01 per hour; converted to monthly: 11.01* 40 hours a week * 4.33 weeks (average weeks per month according to Canadian labor law). The resulting value of CAD 1,906.3 was multiplied by the exchange rate as of January 11, 2017, which was 0.76.

» **For Grupo Bimbo:**

- We took the starting hourly wage for the lowest plant worker position at CAD from the wage table. We then calculated the national average for the regions of Canada where we operate (this varies by location). We took the hourly wage * 40 hours a week * 4.33 weeks (average weeks per month according to Canadian labor law). The resulting value was multiplied by the exchange rate as of January 11, 2017 to convert it to USD.
- **Monthly average: USD $1,441.78**

United Kingdom

» **The minimum monthly wage** in the country was £$1,170.18. This was converted to USD at the exchange rate in effect on January 11, 2017, which was 1.21 = USD1,422.3

» **For Grupo Bimbo:**

- The value in local currency was £$1,217.31. This was converted to USD at the exchange rate in effect on January 11, 2017.
- **Monthly average: USD $1,479.58**

Latin America Central

» **The minimum base wage** reported for the country was the average in USD for the countries that make up the region: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Venezuela, Ecuador and Colombia The resulting value was USD 341.61.

» **For Grupo Bimbo:**

- Average Base Salary for the lowest operating post in each country. For all the countries in LAC, the lowest salary on the wage table is equal to the real base salary paid. Local currencies were converted into USD at the exchange rate in effect on January 11, 2017. The final value reported is the average in USD of the salaries reported in each country of the region.
- **Monthly average: USD $369.10**

Latin America South

» **The minimum base wage** reported for the country was the average in USD for the countries that make up the region: Argentina, Uruguay, Paraguay, Chile, Peru. The resulting value was USD388.30.

» **For Grupo Bimbo:**

- Average Base Salary for the lowest operating post in each country. In some countries, fixed monthly amounts paid were added to the Base Salary. Local currencies were converted into USD at the exchange rate in effect on January 11, 2017. The final value reported is the average in USD of the salaries reported in each country of the region.
- **Monthly average: USD $664.4**

Brazil

» **The average monthly** minimum age for the country was USD296.01.

» **For Grupo Bimbo:**

- Average Base Salary for the lowest operating post in each country. In some countries, fixed monthly amounts paid were added to the Base Salary. Local currencies were converted into USD at the exchange rate in effect on January 11, 2017. The final value reported is the average in USD of the salaries reported in each country of the region.
- **Monthly average: USD $664.4**

Iberia

» **The minimum base wage** reported for the country was the average in USD for the two countries that make up the region: Spain and Portugal.

» **For Grupo Bimbo:**

- Average Base Salary for the lowest operating post in each country. The final value reported is the average in USD of the salaries reported in Spain and Portugal.
- **Monthly Average Iberia USD $748.72 (Spain), USD $1,034.25 (Portugal)**

Asia

» **Minimum wage reported in the country:** USD $318.45

» **For Grupo Bimbo:**

- Average Base Salary for the position of Plant Operator in Beijing, in Chinese Renminbi Yuan (CNY), taken from the Oracle System. This value was converted into USD at the exchange rate in effect on January 11, 2017.
- **Monthly average: USD $361.09**

G4-DMA Employment

Compensation Policy

According to our Policy, we have designed a compensation plan for our associates that remains current and competitive in today's job market. We also make sure that employment and hiring conditions and benefits provided by our suppliers are similar to those offered in the company.

G4-LA2

2017

	Full Time	Part Time	Temporary	Regions where benefit applies
Stock options for senior management and directors	X			Brazil, Canada, China, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Iberia, South America, Mexico, Nicaragua, Panamá, United Kingdom, USA, Venezuela
Assigned car, senior management and directors	X			Colombia, Guatemala, Honduras, Iberia, SOUTH AMERICA , Mexico, Nicaragua, Panama, Venezuela
Maternity or paternity leave	X	X	X	Canada, Iberia, South América, United Kingdom, USA.. Offered to part-time associates only in: Iberia, United Kingdom, USA, Canada. Offered to temporary workers only in: Iberia, United Kingdom.
Annual bonus for results	X	X		Argentina, Brazil, Canada, Chile, China, Iberia, Central America, Mexico, Peru, United Kingdom, Uruguay, USA.
Medical checkup at least for directors	X			Mexico, United Kingdom.
Temporary or permanent disability coverage	X	X	X	Brazil, Canada, Colombia, Iberia, Mexico, Panama, United Kingdom, USA , Uruguay. Offered to temporary workers only in: Iberia, United Kingdom.
Life insurance	X	X	X	Argentina, Brazil, Canada, Chile, China, Iberia, Central America, Mexico, Panama, Peru, United Kingdom, Uruguay, USA. Offered to temporary workers only in: El Salvador, Honduras, Brazil, Canada.
Medical insurance	X	X	X	Argentina, Brazil, Canada, Chile, China, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Iberia, Mexico, Nicaragua, Panama, Peru, United Kingdom, USA Offered to temporary workers only in: United Kingdom.

** Shows only benefits offered in more than 40% (9) of the countries where GB operates, and to at least one level of the corporate hierarchy.*
***LAC:** Groups together Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Venezuela.*
***SOUTH AMERICA:** Groups together Argentina, Chile, Peru, Uruguay, and Paraguay.*
***Iberia:** Spain and Portugal*

CORPORATE GOVERNANCE

G4-34, G4-36 G4-38, G4-41

In order to strengthen the trust of our stakeholders, be transparent and continue with the close relationship we have always had with them, in 2016 we created a new Corporate Governance structure (go to www.grupobimbo.com/informe) that allows the communication of the investors with society, as well as their access to documents that make transparent our Corporate Governance practices and procedures; among these are the regulations for our internal and external organizations such as our policies about conflict of interests and the policy for making operations with shares issued by Grupo Bimbo, whose main objective is to disseminate the guidelines and control mechanisms that will allow Board Members, Executives and associates in organizations, subsidiaries at all geographies and all functions, to carry out operations with shares and securities of the Society.

Adherence to international best practices has allowed us to enter the Sustainability Index of the Mexican Stock Exchange, as well as obtaining a recent invitation to become part of the *FTSE4Good Emerging Index Status and ESG Rating*. This index of the London Stock Exchange measures performance of companies with a proven track of solid environmental, social and corporate governance practices.

SHAREHOLDERS' MEETING

G4-40

The Shareholders' Meeting is the superior governing body of the Society.

The Ordinary Meeting of Shareholders which takes place every year has the authority to approve the fiscal year and designate/ratify members of the Board of Directors and intermediate management entities.

The Board of Directors, appointed and ratified during the General Extraordinary and Ordinary Shareholders' Meeting held on April 15, 2016, is made up of eighteen regular members, who will remain in their post until the persons appointed to replace them assume their duties.

BOARD OF DIRECTORS

G4-39

By statute, administration of the society is in charge of a Board of Directors and a Chief Executive Officer who will carry out the duties established by the LMV. Members of the Board are generally elected by the shareholders at the annual Ordinary Shareholders' Meeting, unless the Board of Directors designates temporary members without the intervention of the shareholders' meeting, in case of resignation or lack of substitute members. The Board of Directors of Grupo Bimbo must be made up of between five (5) and twenty-one (21) regular members, of which at least twenty-five percent (25%) must be outside members.

FACULTIES OF THE BOARD OF DIRECTORS

G4-34, G4-35, G4-38, G4-42

The Board is the governance body in charge of determining the company's long-term business strategy, approving its main business decisions, overseeing management, managing risks, monitoring regulatory compliance, and choosing, evaluating and dismissing the Chief Executive Officer and other key company executives

The Board of Directors establishes guidelines and determines the company's general long-term business strategy and oversees their compliance.

The Board of Directors is the legal representative of the Society with ample faculties to manage the company's business. It has the power for carrying out lawsuits and collections, managing assets and executing acts of ownership without limitations; choosing, evaluating and dismissing the Chief Executive Officer and other key company executives and determine their attributions, remuneration and benefits, and in particular conferring powers to managers, officials, lawyers and others in charge of labor relations of the company in accordance to the Social Statutes.

The Board of Directors also has the faculties to approve any transfer of stock of the company, when such transfer implies more than 3% of the stock with voting rights.

In addition, in the exercise of its duties, the Board of Directors will be supported by the Audit and Corporate Practices Committee, the Committee for Assessment of Results and the Finance and Planning Committee.

G4-42

At Board meetings each member shall have the right to one vote. Attendance of a majority of members shall be required for the session of the Board to be legally constituted. The decisions of the Board of Directors will be valid when made, at least, by the majority of members with the right to vote in attendance at the legally constituted session in question. In case of a tie, the chairman will hold the casting vote. The resolutions made outside a board session by unanimity of its members, shall have for all legal purposes the same validity and effect as if they had been made at a session of the Board, as long as they are confirmed in writing.

In accordance to the Securities Market Act, the members of the Board of Directors are under obligation to abstain from participating in the deliberation and voting of any matter that implies a conflict of interest for them and must inform the Chairman and the Secretary of the Board of the situation. In addition, they must observe absolute confidentiality regarding all the actions or events which have not been made public, or of any deliberation that is carried out in every session.

All executives that hold a position in our governance bodies are professionals with extensive experience and knowledge of our industry who support the strategy of the organization from an economic, environmental and social point of view.

MEMBERS OF THE BOARD OF DIRECTORS, GRUPO BIMBO, S.A.B. DE C.V. SHAREHOLDERS' MEETING: APRIL 15, 2016

Members	Seniority	Position
Daniel Javier Servitje Montull		Chairman
Jaime Chico Pardo	22 years	Member
Luis Jorba Servitje	10 years	Member
Arturo Manuel Fernández Pérez	10 years	Independent Member
Ricardo Guajardo Touché	12 years	Independent Member
Thomas Stanley Heather Rodríguez	4 years	Independent Member
Agustín Irurita Pérez	12 years	Independent Member
Mauricio Jorba Servitje	19 years	Member
José Ignacio Mariscal Torroella	27 years	Member
María Isabel Mata Torrallardona	10 years	Member
Raúl Carlos Obregón del Corral	22 years	Member
Nicolás Mariscal Servitje	8 years	Member
Javier de Pedro Espínola	5 years	Member
Ignacio Pérez Lizaur	5 years	Independent Member
Jorge Pedro Jaime Sendra Mata	3 years	Member
Edmundo Miguel Vallejo Venegas	4 years	Independent Member
Francisco Laresgoiti Servitje	1 years	Member
María Luisa Jorda Castro	< 1	Independent Member

NOTE: Update of these dates is made at the ratification of 2016 designations.

Secretary
Luis Miguel Briola Clement

Alternate Secretary
Vanesa Madero Mabama

The Board of Directors is supported by three committees:

AUDIT AND CORPORATE PRACTICES COMMITTEE

G4-43

The Audit Committee is made up at least 3 Independent (outside) Members appointed by the Board of Directors of the shareholders' Meetings.
Its primary duties are:

- Ensure that Grupo Bimbo operates in accordance with the applicable laws and regulations, with the faculty to evaluate and supervise administrative efforts regarding compliance with accounting policies and practices and the performance of Grupo Bimbo's internal and external auditor or auditors.
- Investigate violations to the policies of internal control and internal audit, and assessing the policies for risk management.
- Provide an opinion regarding:
  - » Any relevant modifications and changes made to the accounting policies, criteria and practices used to elaborate Grupo Bimbo's financial statements.
  - » Relevant or unusual transactions
  - » Transactions with related parties, and the appointment, evaluation and removal of the Chief Executive Officer and other key executives.
  - » The comprehensive compensation packages provide to the Chief Executive Officer and other key executives of Grupo Bimbo.

Edmundo Miguel Vallejo Venegas, President
Arturo Manuel Fernández Pérez
Thomas Stanley Heather Rodríguez
Agustín Irurita Pérez
María Luisa Jorda Castro
Ignacio Pérez Lizaur

EVALUATION AND RESULTS COMMITTEE

This committee is in charge of:

- Analyzing and approving the general compensation structure for executives of Grupo Bimbo, as well as general compensation policies and guidelines and development programs for executives and associates of Grupo Bimbo and its subsidiaries.
- Analyzing the financial results of Grupo Bimbo and their impact on the general compensation structure of the Group.

Raúl Obregón del Corral, President
Thomas Heather Rodríguez
Luis Jorba Servitje
Daniel Javier Servitje Montull
Edmundo Miguel Vallejo Venegas

FINANCE AND PLANNING COMMITTEE

This committee is responsible for:

- Analyzing Grupo Bimbo's long-term strategies and its primary investment and financing policies and submitting these evaluations for approval by the Board of Directors.
- Identifying the risks entailed in those strategies and evaluate policies for managing them.

José Ignacio Mariscal Torroella, President
Javier de Pedro Espínola
Ricardo Guajardo Touché
Luis Jorba Servitje
Raúl Obregón del Corral
Daniel Javier Servitje Montull

MANAGEMENT COMMITTEE

Daniel Javier Servitje Montull
Chief Executive Officer of Grupo Bimbo

Pablo Elizondo Huerta
Senior Executive Vice President

Javier Augusto González Franco
Senior Executive Vice President

Gabino Miguel Gómez Carbajal
Senior Executive Vice President

Guillermo Jorge Quiroz Abed
Chief Global Financial Officer

Raúl Argüelles Díaz González
Chief Global Human Relations Officer

Reynaldo Reyna Rodríguez
Chief Global Services Officer

Miguel Ángel Espinoza Ramírez
President, Bimbo, S.A. de C.V.

Ricardo Padilla Anguiano
President, Barcel, S.A. de C.V.

Alfred Penny
President, BBU, Inc.

GRUPO BIMBO'S GLOBAL POLICIES

Grupo Bimbo's principles and philosophy are universal. They are values and conducts which may and should be replicated throughout the organization, for we firmly believe they are foundation of the company's success and of the way in which the mentality of our founders is realized.

In December 2015, we created the Direction of Internal Control of Grupo Bimbo, which reports directly to the Direction of Global Audit. Its main functions are guiding, strengthening and consolidating the culture of internal control in all the global operations of the company, in coordination with the functional directions and the organizations.

Through this direction, in 2016, we worked on the analysis of the main aspects which Grupo Bimbo must retake to continue its reinforcement regarding standards issues in the light of its growth of recent years and looking forward to fulfilling its Vision 2020.

Document structure was reviewed and updated as part of the first actions undertaken by the Direction of Internal Control. The following paragraphs describe some of the actions most relevant to the matter at hand.

GLOBAL INTEGRITY POLICY

G4-DMA Anti-corruption
G4-SO3, G4-SO4

Grupo Bimbo believes integrity is an essential element for making business. We are committed to honest, ethical management, free of corruption and bribery, which are strictly prohibited in all our business relations with the public and private sector and by any person acting on our behalf.

This policy establishes guidelines, parameters and procedures to ensure that the company and its representatives understand and comply with applicable anti-corruption laws when conducting business and in all the relations which may arise from it.

The company has zero tolerance regarding corruption and bribery and is firmly committed with conducting business in an honest and ethical manner.

Moreover, the company is committed with carrying out all its activities in a legal manner, especially in compliance with anti-corruption laws of each of the countries in which it operates.

Grupo Bimbo periodically carries out integrity risk analysis which include a comprehensive assessment of the activities the company performs in each country where it operates, identifying ethical best practices and assessing areas of opportunity in each market. Our Compliance program encompasses preventive tasks such as the mentioned training at all levels of the organization, focusing on the areas with high risks providing tools to each of our partners to prevent any act contrary to the law.

Simultaneously we carry out systematic audits in conduct and integrity issues, which are focused on improving processes of the most sensitive areas in aspects of US Foreign Corrupt Practices Act (FCPA) and the UK Brevery Act.

These audits are also carried out to third parties who have commercial links with Grupo Bimbo, which ensures that all our business partners comply with the highest ethical standards in each of its operations.

At the same time, the Regulatory Compliance area carries out a permanent monitoring of risk activities focused on the prevention of money laundering, in order to identify suspicious transactions and take preventive measures.

CODE OF ETHICS

G4-42, G4-56, G4-57, G4-58

We understand this code as a summary of our convictions on how to behave in the market. Its foundations are forged from beliefs which evolve from our action-oriented values. At Grupo Bimbo, we believe in the value of the individual; we are all a community that achieves results, wins in the market, operates effectively and always conducts itself with integrity to ensure transcendence and permanence in time. By this premise, we have developed the specific sections of our Code which is public and global in scope. The Code is subscribed every year through Grupo Bimbo's internal global associates' website.

Global Austerity Policy

We understand current global needs; accordingly, we have joined the United Nations Global Compact and its Objectives for Sustainable Development. Through the policy of Global Austerity we have declared and made public our commitment to efficiently use and consume the resources and goods available to us, avoiding waste, seeking to maintain them in perfect working order, attempting to maximize their capacity and extending their lifecycle. We act with prudence and a sense of economy and savings in the use of the resources, always avoiding waste and irrationality.

Global Diversity and Inclusion Policy

Through this policy we seek to ensure an environment of inclusion and non-discrimination in all the operations of Grupo Bimbo worldwide. These guidelines are realized by certified trainers who impart the Diversity and Inclusion program and the thousands of associates who are trained on this issue.

Code of Conduct for Independent Parties

During the Annual Supplier Meeting, we rolled out the Code of Conduct for Independent Parties, updated and published in Spanish, English, Portuguese and French. The document states that independent parties involved in Grupo Bimbo activities must fully comply with the Code of Conduct and the laws, regulations and rules of the countries where we operate. All involved independent parties must subscribe it every year through the supplier website.

The following policies remain valid and without modifications:

G4-SO6

Policy on Public Contributions

No associate may offer or make political contributions for electoral campaigns or other activities of this type on behalf of Grupo Bimbo. The company contributes regularly to business organizations, for example, the American Bakers' Association

Lobbying

Lobbying activities are strictly regulated around the world. We abide fully by all lobbying laws and regulations, respecting variations from country to country. Only authorized associates may participate in lobbying activities.

Before any involvement in this type of activities, authorized associates must approach the Director of Standards Compliance, the Ethics and Standards Compliance Committee and the Direction of Corporate Affairs to receive the necessary guidance and instruction.

WE BELIEVE IN HUMAN RIGHTS AND DEFEND THEM EVERY DAY

G4-DMA Security practices
G4-HR7

At Grupo Bimbo we believe in the value and the strength of the individual. For many years the individual was the essential value of Grupo Bimbo. Today, values have evolved into beliefs and the Individual remains at the top of these beliefs through the slogan "We Value the Person"

This appreciation would mean nothing without actions to back it up since the beginning. The first thing to do is to raise awareness in our leaders to have them assimilate this belief and join this philosophy of respect and dignity for the individual. We want our leaders to be mentors, not bosses; we want to have them work to be guides for their work teams allowing them to develop and grow, not only as professionals, but also as individuals. For this, Grupo Bimbo offers four essential courses.

1. Personal Self-improvement Course. Individuals cannot give what they do not have. Therefore, the key to being a good leader, lies in knowing one self. The Personal Self-improvement Course offers a unique space for reflection and for understanding the concept of "Individual", as well as for reflecting on aspects of life, both personal and professional, always respecting individuality and confidentiality.

2. Leadership Course: This course seeks to shape skills to lead not as boss, but as a leader, and provides information to understand the difference between these, showing leadership styles and emphasizing values such as freedom, reason, dignity, awareness and equality.

DMA Non Discrimination
G4-HR3

3. Diversity and Inclusion Course: The course reviews key concepts for understanding these terms and how they apply to business and the company. Conducts and beliefs are also reviewed in order to break with pre-conceptions and identify behavior that could lead to discriminatory or unfair actions, in order to take remedial actions in time and form and avoid allowing them to permeate work teams in everyday activities.

4. Development of a Leader; executive course. This an intensive course designed to develop leadership skills. The dynamics, personalized coaching and the theory reviewed, lead Grupo Bimbo leaders to understand themselves as individuals, leaders and mentors of their teams through human sense. The course reinforces key principles such as: self-esteem, active empathic listening, involvement stimulation, sharing of thoughts, feelings and reasoning in order to build confidence in work teams and provide support without taking away responsibility.

Training, in this sense, has the mission of shaping leaders with human sense. However, we are not exempt from experiencing deviations. Therefore, we have a whistleblower hotline, called *Línea Comenta*, through which every Grupo Bimbo collaborator and supplier may make anonymous direct complaints or reports about violations or deviations from the values of Grupo Bimbo.

In this way a documental framework, training and a whistleblower mechanisms work together to make a company with human sense.

There is a great difference between having a people-oriented philosophy and living by a fully humane philosophy; at Grupo Bimbo we believe we are on the path to the latter. Every day, year and year out we strive to map all the actions that define and shed light on the path we must tread. These are the results that we have achieved in 2016; it is our goal to surpass and improve them in 2017. This is our commitment. Our purpose to "build a sustainable, highly productive and deeply humane company" is the light that guides us unwaveringly towards our goals. Thus, we carry on together, associates and company on the road to becoming the best place to work, grow and develop.

ABOUT THIS REPORT

G4-28, G4-29, G4-30, G4-31, G4-32, G4-33

The information contained herein comprises our Sixth Integrated Annual Report which includes the global results of our economic, social and environmental activities for the period between January 1 and December 31, 2016, unless otherwise indicated.

Through qualitative and quantitative information, this document covers the annual activities of the following regions: Mexico, United States, Latin America, Iberia, Asia and Canada. Any missing information regarding any one of these is clearly indicated in that section of the report.

In developing the report we have once again followed the Global Reporting Initiative (GRI) Guide, G4 version, according to the "core" in-accordance option, and have included indicators from the Food Industry Supplement. Reference to the Material Aspects identified in our materiality analysis of 2014 is indicated throughout the document. In addition, we have added the information required to be included in the Mexican Stock Exchanges' Sustainable IPC Index. This report has not been verified independently.

We also prepared a summary of the report, and in consideration of the environment, a digital version which eliminates the use of printing paper.

Grupo Bimbo contributes with the Objectives of Sustainable Development; adherence to these is indicated throughout the report by means of diverse icons. The report reflects the 10 principles of the UN Global Compact as part of our commitment to respect these principles in all our operations. This document also represents our Communication on Progress Report for 2015.

For further information about the company, reference documents, and to give us your valuable feedback, please go to our microsite at:
www.grupobimbo.com/informe.

PERFORMANCE REVIEW

SUMMARY OF FINANCIAL PERFORMANCE

NET SALES

Net sales rose 15.0% reflecting an FX rate benefit in North America, Latin America and Europe, as well as organic growth in Mexico and the acquisition of Donuts Iberia.

Mexico: Net sales rose 8.0% over 2015, mainly driven by solid volume performance in most categories and every channel. Of particular note, the positive trend and volume recovery in sweet baked goods continued, in part driven by promotional strategy. Higher volumes were also supported by portfolio innovations such as *Latte* snack cake.

North America: Net sales in peso terms grew 16.2%, primarily reflecting the exchange rate benefit, while dollar-denominated sales declined 1.1% and volumes remained unchanged. Performance in the frozen, snacks and sweet baked goods categories, as well as growth in strategic brands, helped offset the overall challenges in bread consumption. Artisanal products performed well in Canada, as did bread alternatives such as bagels, english muffins and tortillas.

Latin America: The 19.9% rise in net sales was primarily due to the revaluation of almost all currencies versus the Mexican peso, as well as solid volume progress in most countries, notably Peru, Chile and the *Latin Centro* division, reflecting more efficient routes and broader distribution. However, Brazil and Argentina faced a difficult economic environment that put pressure on consumption and volumes.

Europe: Net sales rose a strong 54.4% during the year, mainly as a result of the Panrico acquisition, FX rate benefit, and healthy sequential volume growth in Iberia, in part due to good performance in the traditional channel, the *Oroweat* and *The Rustik Bakery* bread brands, as well as the snacks category.

GROSS PROFIT

Lower raw material costs in North America, Latin America and Europe helped drive the 16.6% increase in the consolidated gross profit, and the 70 basis point margin expansion, to 54.0%.

In Mexico, the effect of a stronger US dollar on raw material costs put pressure on the margin, in both the quarter and year, notwithstanding underlying efficiency improvements and cost control initiatives. In Latin America, the fourth quarter margin contraction reflected soft volume performance in some markets and higher indirect costs arising from the inflationary environment.

PROFIT BEFORE OTHER INCOME & EXPENSES

Profit before other income and expenses increased 23.1% in the period, with a 60 basis point expansion in the margin to 8.9%. This reflected the positive benefit coming from supply chain efficiencies and cost control initiatives on marketing and distribution expenses in Mexico, as well as lower distribution expenses in North America and Europe.

The abovementioned was offset by higher administrative expenses and increased marketing to drive growth in strategic brands in North America and higher general expenses in Latin America, in part due to the opening of the Cordoba plant in Argentina.

OPERATING INCOME

Operating income rose 28.1% over the prior year, with an 80 basis point expansion in the margin to 7.2%, mainly reflecting the abovementioned gross margin benefit, lower restructuring expenses in the US and Europe, and lower "other expenses" in Mexico, North America and Europe.

These factors were partially offset by:

I. Higher integration and restructuring expenses in:
- Canada and the frozen business, related to the ERP migration and investments in manufacturing efficiency;
- Argentina, primarily arising from the new plant and the frozen business acquisition; and
- Europe, following the Donuts Iberia acquisition.

II. The following non-cash charges:
- around Ps. 1.7 billion in Latin America due to certain brand impairments, goodwill, fiscal provisions and the disposal of assets, among others; and
- a net Ps. 473 million (US$21 million) charge for multi-employer pension plans ("MEPPs") liabilities in North America, which included the actual or expected restructuring of three plans, partially offset by the impact of higher discount rates.

COMPREHENSIVE FINANCIAL RESULT

Comprehensive financing resulted in a Ps. 4,592 million cost in the period, compared to Ps. 4,190 million in 2015, Ps. 402 million higher. This increase is the reflection of the incremental interest expense related to the change in the Mexican peso/US dollar FX rate. It should be noted that because of the Company's strict and effective hedging policy, no significant FX loss was recorded in the period.

NET MAJORITY INCOME

Net majority income rose 14.1%, while the margin declined a slight 10 basis points to 2.3%; this was due to the aforementioned non-cash charges and a higher effective tax rate of 50.3% compared to 40.7% in the prior year. This increase was mainly a result of:

I. the cancellation of deferred income taxes due to accumulated losses in Brazil and no longer carrying deferred income tax benefit in some countries;
II. better earnings in the US, naturally subject to a higher rate;
III. a higher taxable base due to inflationary gains related to the financial debt; and
IV. the partial deductibility of certain fringe benefits in Mexico.

Earnings per share for the period totaled Ps. 1.25, compared to Ps. 1.10 in the prior year.

ADJUSTED EBITDA

Adjusted EBITDA increased 25.4%, while the margin improved by 90 basis points to 11.6%. This was primarily due to good operating performance in most regions, including a swing to profitability in Europe and underlying sales growth and cost control initiatives in Mexico.

FINANCIAL STRUCTURE

Total debt at December 31, 2016 was Ps. 82.5 billion, compared to Ps. 67.8 billion at December 31, 2015. The 22% increase was primarily due to a 20% US dollar revaluation that increased the Mexican peso value of US dollar-denominated debt.

Average debt maturity was 8.3 years with an average cost of 4.5%. Long-term debt comprised 97% of the total; 63% of the debt was denominated in US dollars, 23% in Canadian dollars, 10% in Mexican pesos and 4% in Euros.

Notwithstanding the FX rate impact, leverage ratios improved in the year; total debt to adjusted EBITDA was 2.8 times compared to 2.9 times at December 31, 2015, and net debt to adjusted EBITDA was 2.6 times.

Mexico City, April 18, 2017

To the Board of Directors of Grupo Bimbo, S.A.B. de C.V.

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, 2016. 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 five 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 us with the plans of action corresponding to the observations resulting from the internal audit, so our contact with them was frequent and their responses satisfactory.

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 Groups 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

The independent auditors that provide these services were the same as in preceding years, and a single firm is responsible for auditing the results of all the operations and countries where Grupo Bimbo has a presence.

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 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 of their conclusions and reports on the annual financial statements.

Finally, we conducted an evaluation of the services of the external auditing firm for the year 2016 and were promptly informed of the preliminary financial statements.

INTERNAL AUDIT

We reviewed and approved the annual work plan and activities budget for 2016.

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 area, and verified that Management resolved any deviations from 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.

We reviewed and approved the transformation program to strengthen the Internal Audit Department.

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 publications. 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 their prior year, taking into account the changes in International Financial Reporting Standard 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 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 Risks Committee informed us of the methodology it follows to determine and evaluate the risks the group faces, and we verified that the risks were being monitored and mitigated where possible, and that they were considered in the work plans of the Internal Auditors.

Management explained to us the main guidelines that governs the anti-corruption policy, as well al plans for its dissemination and for checking on compliance with that policy, which we found satisfactory.

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 operations policies, the internal control system and policies on accounting records, and we were also informed of corrective measures taken in each case, and found 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 2016, as well as for recurring transactions that are expected to be conducted in fiscal year 2017 that require Board approval.

EVALUATION OF MANAGEMENT

We reviewed and recommended for approval by the Board the designation, evaluation and compensation of the Chief Executive Officer as well as the members Bimbo's Executive Committee in 2016.
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 Miguel Vallejo Venegas
Chairman of the Audit and Corporate Practices Committee of
Grupo Bimbo, S.A.B. de C.V.

Mexico City, April 18, 2017

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, 2016.

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, 2016and for the year ended on that date.

Sincerely,

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

INDICE GRI

G4-32

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	**Page Number (or Link)**	**External Assurance**
STRATEGY AND ANALYSIS		
G4-1	12-14	No
G4-2	12-14	No
ORGANIZATIONAL PROFILE		
G4-3	119	No
G4-4	2,5,10	No
G4-5	119	No
G4-6	2,5,4	No
G4-7	97	No
G4-8	2,5,9,18	No
G4-9	7,9,84	No
G4-10	7,84	No
G4-12	www.grupobimbo.com/informe	No
G4-13	There were no changes	No
G4-14	21	No
G4-15	38	No
G4-16	www.grupobimbo.com/informe	No
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	22,23,25	No
G4-18	22,23,25	No
G4-19	22,23,25	No
G4-20	22,23,25	No
G4-21	22,23,25	No
G4-22	22,23,25	No
G4-23	www.grupobimbo.com/informe	No

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	**Page Number (or Link)**	**External Assurance**
	STAKEHOLDER ENGAGEMENT	
G4-24	22,23,25	No
G4-25	22,23,25	No
G4-26	22,23,25	No
G4-27	22,23,25	No
	REPORT PROFILE	
G4-28	104	No
G4-29	104	No
G4-30	104	No
G4-31	186	No
G4-32	111-118	No
G4-33	104	No
	GOVERNANCE	
G4-34	97	No
G4-35	97	No
G4-36	97	No
G4-38	97	No
G4-39	97	No
G4-40	97	No
G4-41	97	No
G4-42	97	No
G4-43	97	No
	ETHICS AND INTEGRITY	
G4-56	102	No
G4-57	102	No
G4-58	102	No

SPECIFIC STANDARD DISCLOSURES		
General Standard Disclosures	**Page Number (or Link)**	**External Assurance**
CATEGORY: ECONOMIC		
ASPECT: ECONOMIC PERFORMANCE		
G4-DMA	19.71	No
G4-EC1	7,71,72	No
G4-EC2	21,49	No
ASPECT: MARKET PRESENCE		
G4-DMA	16	No
G4-EC5	94	No
G4-EC6	90	No
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS		
G4-DMA	71	No
G4-EC7	71,73,78	No
G4-EC8	71,73,78	No
ASPECTO MATERIAL: PRÁCTICAS DE ADQUISICIÓN		
G4-DMA	62,68	No
CATEGORY: ENVIRONMENTAL		
ASPECT: MATERIALS		
G4-DMA	56	No
G4-EN1	58	No
G4-EN2	58	No
ASPECT: ENERGY		
G4-DMA	53	No
G4-EN3	50,56	No
G4-EN4	52,56	No
G4-EN6	53	No
ASPECT: WATER		
G4-DMA	60	No
G4-EN8	60	No
G4-EN10	60	No

SPECIFIC STANDARD DISCLOSURES		
General Standard Disclosures	**Page Number (or Link)**	**External Assurance**
ASPECTO: BIODIVERSIDAD		
G4-DMA	65	No
G4-EN11	65	No
G4-EN12	65	No
G4-EN13	66	No
G4-EN14	65	No
ASPECT: EMISSIONS		
G4-DMA	51	No
G4-EN16	55	No
G4-EN17	55	No
ASPECT: EFFLUENTS AND WASTE		
G4-DMA	56	No
G4-EN23	58	No
ASPECT: PRODUCTS AND SERVICES		
G4-DMA	50,56	No
G4-EN27	51,52,55,56	No
G4-EN28	58	No
ASPECT: TRANSPORT		
GA-DMA	51	No
G4-EN30	51	No
ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT		
G4-DMA	62,64	No
G4-EN32	62	No
G4-EN33	62	No

SPECIFIC STANDARD DISCLOSURES		
General Standard Disclosures	**Page Number (or Link)**	**External Assurance**
CATEGORY: SOCIAL		
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK		
MATERIAL ASPECT: EMPLOYMENT		
GA-DMA	84,96	No
G4-LA1	84	No
G4-LA2	96	No
ASPECT: OCCUPATIONAL HEALTH AND SAFETY		
G4-DMA	18,42,91	No
G4-LA5	92	No
G4-LA6	7,18,92	No
MATERIAL ASPECT: TRAINING AND EDUCATION		
G4-DMA	85	No
G4-LA9	85	No
G4-LA10	87	No
G4-LA11	87,88	No
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		
G4-DMA	89	No
G4-LA12	18,89	No
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN		
G4-DMA	94	No
G4-LA13	Based on our compensations policy, there are no gender differences in salaries.	No
ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES		
G4-DMA	64	No
G4-LA14	62	No
G4-LA15	64	No
G4-LA16	82	No

SPECIFIC STANDARD DISCLOSURES		
General Standard Disclosures	**Page Number (or Link)**	**External Assurance**
SUB-CATEGORY: HUMAN RIGHTS		
MATERIAL ASPECT: INVESTMENT		
G4-DMA	89	No
G4-HR1	89	No
G4-HR2	89	No
MATERIAL ASPECT: NON-DISCRIMINATION		
G4-DMA	103	No
G4-HR3	Due to the correct management of this aspect, there were no discrimination issues during the report´s period.	No
MATERIAL ASPECT:SECURITY PRACTICES		
G4-DMA	103	No
G4-HR7	107	No
ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT		
G4-DMA	64	No
G4-HR10	64	No
MATERIAL ASPECTO: HUMAN RIGHTS GRIEVANCE MECHANISMS		
G4-DMA	82	No
G4-HR12	82	No
MATERIAL ASPECT: LOCAL COMMUNITIES		
G4-DMA	71	No
G4-SO1	46	No
MATERIAL ASPECT: ANTI-CORRUPTION		
G4-DMA	101	No
G4-SO3	101, www.grupobimbo.com/informe	No
G4-SO4	101, www.grupobimbo.com/informe	No

SPECIFIC STANDARD DISCLOSURES		
General Standard Disclosures	**Page Number (or Link)**	**External Assurance**
MATERIAL ASPECT: PUBLIC POLICY		
G4-SO6	102, www.grupobimbo.com/informe	No
G4-SO7	www.grupobimbo.com/informe	No
ATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY		
G4-DMA	64	No
G4-SO9	64	No
G4-SO10	64	No
G4-SO11	82	No
SUB-CATEGORY: PRODUCT RESPONSIBILITY		
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY		
G4-DMA	30,31,33,34,68	No
G4-PR1	34,36	No
G4-PR2	34,82	No
RIAL ASPECT: PRODUCT AND SERVICE LABELING		
G4-DMA	39,40	No
G4-PR3	39	No
G4-PR4	39	No
MATERIAL ASPECT: MARKETING COMMUNICATIONS		
G4-DMA	41	No
G4-PR6	38	No
G4-PR7	41	No
FOOD PROCESSING SECTOR DISCLOSURES		
DMA Animal Welfare	68	No
FP4	39,42,44,46	No
FP5	33,38	No
FP6	34,39	No
FP7	34	No
FP8	39	No

CONSOLIDATED FINANCIAL STATEMENTS

Grupo Bimbo, S. A. B. de C.V. and Subsidiaries

For the years ended December 31, 2016, 2015 and 2014,
and Independent Auditors' Report Dated March 20, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
of Grupo Bimbo, S. A. B. de C. V.

Opinion

We have audited the consolidated financial statements of Grupo Bimbo, S. A. B. de C .V. and Subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2016, 2015 and 2014, and the consolidated statements of income, consolidated statements of income and other comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and 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 the Entity as of December 31, 2016, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows, for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor´s Responsibilities for the Audit of Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for professional Accountants (IESBA Code)* and with the Ethics Code issued by the Mexican Institute of Public Accountants *(IMCP Code)*, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements have been translated into English for the convenience of readers.

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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the matters described below are the key audit issues which should be communicated in our report.

Goodwill and intangible assets

Given the materiality of the balance of goodwill and the intangible assets which represent 46% of total assets as of December 31, 2016, we focused on the assumptions that the Entity considered to assess the recoverability of those amounts in light of any indicator of impairment in their value, inquiring and challenging the tests performed by management to determine the possible loss from impairment.

The Entity has determined the recoverable value of its cash generating units (UGE), based on the methods established in International Accounting Standard (IAS) 36 "Impairment in the value of the assets". If the recoverable value is lower than the book value of the assets, the assets would require an adjustment for impairment in value.

Management used the methods permitted under IAS 36, making estimates regarding future cash flows, discounted rates and growth rates based on management's viewpoint of the business's future outlook, and alternatively considered prices from an active market (Multiples of Comparable Companies) and recent transactions for a similar asset (Multiples of Previous Transactions), adjusting the fair value obtained for such UGE's through a related disposal or sale cost. The valuation of these assets is considered a key audit matter.

Audit response

Due to the significant judgments used in the valuation models for the determination of the recovery values, with the assistance of our valuation experts we questioned the premises and criteria used by management in such models by performing, among others, the following procedures:

- We conducted an independent assessment of the discount rates, growth trends and methodology used in the preparation of the impairment test model, and in the calculations of the market prices for similar assets.
- We tested the integrity and accuracy of the impairment models.
- We performed sensitivity tests of the impairment model for changes in the assumptions.
- We compared the real results of the budgeted figures to consider whether any assumption included in the projections might be viewed as overly optimistic.
- We considered the adequacy of the Entity's disclosures in relation to its impairment tests, sensitivity analyses and the variations in the key assumptions reflecting the risks of such assumptions.

The results of our audit tests, as well as the assumptions used by management to conduct this assessment, were satisfactory.

Deferred income tax asset

The Entity estimates the probability of generating a taxable basis for income tax in the future so as to utilize the deferred assets generated on the tax losses recognized in accordance with International Accounting Standard IAS 12 "Income taxes". There is a risk that the assumptions used by management to calculate the future cash flows will not be fulfilled, because this requires high-level judgment by management based on current and foreseeable conditions.

Audit response

Our audit procedures to cover the risk related to the assessment of the recoverability of deferred taxes were as follows:

We tested the fairness of the assumptions used by management in each of the countries where the Entity operates, which have deferred tax assets generated from tax losses, making comparisons with evidence obtained in our audit areas, including cash flow projections, business plans, meetings with management and our understanding of the business, to determine the recoverability of the tax losses.

The results of our audit tests, as well as the assumptions used by management to assess the recoverability of the deferred tax asset, were satisfactory.

Provisions and contingent liabilities for lawsuits and claims

Exposure to lawsuits and claims is greater in certain countries, apart from uncertainty in the outcome of lawsuits, which might have a significant impact if they were adverse rulings.

Management recognizes a provision based on the best estimate at the date of the consolidated financial statements, of the disbursement or outlay of economic resources necessary to discharge the present obligation, with the support of both internal and outside specialists.

Audit response

Given the significant judgments used by management to assess the best estimate in the provision for lawsuits and claims, we carried out the following procedures, among others:

- We met with the Entity's legal director, particularly at the end of the year, to discuss the nature of the current claims and to understand the origin of the provisions recorded and the disclosures made.
- We obtained from the auditors of the components the status of the claims in order to assess the estimate for the current lawsuits.
- We obtained confirmations from the Entity's outside lawyers.
- We reviewed the Entity's disclosures related to contingent liabilities.

The results of our audit tests were satisfactory.

Information different from the consolidated financial statements and the auditor's report

Management is responsible for the other information, which will include the information included in the annual report (but does not include the consolidated financial statements or our audit report). The annual report is expected to be available for consultation after the date of this audit report.

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

In relation to our audit of the consolidated financial statements, our responsibility will be to read the other information, when it is available, and when we do so, to assess whether the other information contained therein is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or appears to contain a material misstatement. If based on the work performed we conclude that there is a material misstatement in the other information, we would have to report such event. We do not have anything to report in this 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 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 Entity´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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity´s financial reporting process.

Auditors´ 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.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and asses 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors´ report. However, future events or conditions may cause the Entity 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.

- We obtain sufficient and appropriate evidence about 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 Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance of the Group with a statement that we have complied with relevant ethical requirements regarding independence, and we have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance of the Entity, 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.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Miembro de Deloitte Touche Tohmatsu Limited

C.P.C. Octavio Aguirre Hernández

March 20, 2017

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2016, 2015 and 2014
(In millions of Mexican pesos)

ASSETS	Notes	2016	2015	2014
Current assets:				
Cash and cash equivalents		$ 6,814	$ 3,825	$ 2,572
Accounts and notes receivable- net	6	24,069	19,047	19,028
Inventories- net	7	7,428	5,509	4,978
Prepaid expenses		806	861	695
Derivative financial instruments	14	305	885	386
Guarantee deposits for derivative financial instruments	14	1,140	1,501	18
Assets available for sale	9	148	502	188
Total current assets		40,710	32,130	27,865
Non-current assets:				
Notes receivable from independent operators		807	950	1,109
Property, plant and equipment- net	9	74,584	58,073	52,475
Investment in shares of associated companies	10	2,124	2,106	2,031
Derivative financial instruments	14	3,448	3,346	1,653
Deferred income taxes	18	9,779	10,705	8,709
Intangible assets- net	11	49,938	42,535	37,960
Goodwill	12	62,884	49,196	45,257
Other assets- net		891	592	702
Total assets		$ 245,165	$ 199,633	$ 177,761

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes		2016		2015		2014
Current liabilities:							
Current portion of long-term debt	13	$	2,150	$	8,282	$	1,789
Trade accounts payable			16,652		13,146		11,867
Other accounts payable and accrued liabilities			19,881		14,046		12,432
Due to related parties	17		853		401		789
Income tax	18		3,851		2,845		3,232
Statutory employee profit sharing payable			1,185		1,110		1,114
Derivative financial instruments	14		372		3,208		673
Total current liabilities			44,944		43,038		31,896
Non-current liabilities:							
Long-term debt	13		80,351		59,479		60,415
Derivative financial instruments	14		3,352		1,707		1,540
Employee labor obligations and workers' compensation	15		30,488		25,932		23,292
Deferred income taxes	18		4,952		3,359		3,380
Other liabilities			6,002		4,259		3,636
Total liabilities			170,089		137,774		124,159
Stockholders' equity:	16						
Capital stock			4,227		4,227		4,227
Reserve for repurchase of shares			720		770		916
Retained earnings			56,915		52,146		46,975
Accumulated translation effects of foreign subsidiaries			10,259		2,107		(1,026)
Remeasurement effects of employee benefits			(101)		669		103
Valuation effects of cash flow hedges	14		(590)		(964)		(220)
Equity attributable to owners of the Entity			71,430		58,955		50,975
Non-controlling interests in consolidated subsidiaries			3,646		2,904		2,627
Total stockholders' equity			75,076		61,859		53,602
Total liabilities and stockholders' equity		$	245,165	$	199,633	$	177,761

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31, 2016, 2015 and 2014
(In millions of Mexican pesos, except earnings per common share)

	Notes	2016	2015	2014
Net sales		$ 252,141	$ 219,186	$ 187,053
Cost of sales	19	115,998	102,421	88,298
Gross profit		136,143	116,765	98,755
General expenses:				
Distribution and selling		96,395	84,245	71,862
Administrative		17,320	14,298	11,215
Integration costs		2,108	1,933	2,489
Other general expenses	20	2,236	2,168	2,877
	19	118,059	102,644	88,443
Operating income		18,084	14,121	10,312
Net financing costs				
Interest expense		5,486	4,576	3,692
Interest income		(249)	(212)	(271)
Exchange gain, net		5	18	(90)
Monetary position gain		(650)	(192)	(66)
		4,592	4,190	3,265
Equity in loss of associated companies		121	47	(61)
Income before income taxes		13,613	9,978	6,986
Income tax expense	18	6,845	4,063	2,955
Consolidated net income		$ 6,768	$ 5,915	$ 4,031
Net income attributable to owners of the Entity		$ 5,898	$ 5,171	$ 3,518
Net income attributable to non-controlling interests		$ 870	$ 744	$ 513
Basic and diluted earnings per common share		$ 1.25	$ 1.10	$ 0.75
Weighted average number of shares outstanding (000’s)		4,703,200	4,703,200	4,703,200

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2016, 2015 and 2014
(In millions of Mexican pesos)

		2016		2015		2014
Consolidated net income	$	6,768	$	5,915	$	4,031
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss:						
Net change in actuarial gain (loss) on defined benefit plans of labor obligations		(1,032)		877		(1,411)
Income taxes relating to items that will not be reclassified		263		(315)		430
		(769)		562		(981)
Items that may be reclassified subsequently to profit or loss:						
Hedges of net investments in foreign operations, net		(10,853)		(7,109)		(5,463)
Exchange differences on translating foreign operations		18,763		8,121		6,974
Net fair value loss on hedging instruments entered into for cash flow hedges		602		(1,105)		(19)
Income taxes related to items that will be reclassified in the future		(115)		2,466		1,682
		8,397		2,373		3,174
Other comprehensive income for the year		7,628		2,935		2,193
Total comprehensive income for the year	$	14,396	$	8,850	$	6,224
Comprehensive income attributable to owners of the Entity	$	13,654	$	8,126	$	5,517
Comprehensive income attributable to non-controlling interests	$	742	$	724	$	707

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2016, 2015 and 2014
(In millions of Mexican pesos)

	Capital stock	Reserve for repurchase of shares	Retained earnings	Accumulated other comprehensive income (loss)	Equity attributable to owners of the Entity	Non-controlling interests in consolidated subsidiaries	Total stockholders' equity
Balances as of January 1, 2014	$ 4,227	$ 917	$ 43,617	$ (3,142)	$ 45,619	$ 2,164	$ 47,783
Consolidation effect of structured entities	–	–	–	–	–	(244)	(244)
Loss on investment of associate	–	–	(160)	–	(160)	–	(160)
Decrease in reserve for repurchase of shares	–	(1)	–	–	(1)	–	(1)
Balances before comprehensive income	4,227	916	43,457	(3,142)	45,458	1,920	47,378
Consolidated net income for the year	–	–	3,518	–	3,518	513	4,031
Other comprehensive income	–	–	–	1,999	1,999	194	2,193
Total comprehensive income	–	–	3,518	1,999	5,517	707	6,224
Balances as of December 31, 2014	4,227	916	46,975	(1,143)	50,975	2,627	53,602
Consolidation effect of structured entities	–	–	–	–	–	(447)	(447)
Decrease in reserve for repurchase of shares	–	(146)	–	–	(146)	–	(146)
Balances before comprehensive income	4,227	770	46,975	(1,143)	50,829	2,180	53,009
Consolidated net income for the year	–	–	5,171	–	5,171	744	5,915
Other comprehensive income	–	–	–	2,955	2,955	(20)	2,935
Total comprehensive income	–	–	5,171	2,955	8,126	724	8,850
Balances as of December 31, 2015	4,227	770	52,146	1,812	58,955	2,904	61,859
Distribution of dividends	–	–	(1,129)	–	(1,129)	–	(1,129)
Decrease in reserve for repurchase of shares	–	(50)	–	–	(50)	–	(50)
Balances before comprehensive income	4,227	720	51,017	1,812	57,776	2,904	60,680
Consolidated net income for the year	–	–	5,898	–	5,898	870	6,768
Other comprehensive income	–	–	–	7,756	7,756	(128)	7,628
Total comprehensive income	–	–	5,898	7,756	13,654	742	14,396
Balances as of December 31, 2016	$ 4,227	$ 720	$ 56,915	$ 9,568	$ 71,430	$ 3,646	$ 75,076

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016, 2015 and 2014
(In millions of Mexican pesos)

	2016	2015	2014
Cash flows from operating activities:			
Income before income taxes	$ 13,613	$ 9,978	$ 6,986
Adjustments for:			
Depreciation and amortization	8,436	7,050	5,831
(Profit) Loss on sale of property, plant and equipment	(219)	132	330
Equity in loss of associated companies	(121)	(47)	61
Impairment of long-lived assets	1,246	1,839	166
Multi-employer pension plan provision	473	359	1,990
Interest expense	5,486	4,576	3,692
Interest income	(249)	(212)	(271)
Changes in assets and liabilities:			
Accounts and notes receivable	(1,020)	1,373	(881)
Inventories	(1,097)	(297)	630
Prepaid expenses	159	(183)	789
Trade accounts payable	518	735	84
Other accounts payable and accrued liabilities	4	(317)	2,280
Due to related parties	452	(388)	266
Income tax paid	(4,703)	(3,884)	(3,921)
Derivative financial instruments	309	(2,161)	260
Statutory employee profit sharing	65	(2)	238
Employee labor obligations and workers' compensation	(735)	(446)	(211)
Assets available for sale	460	11	–
Net cash flows generated by operating activities	23,077	18,116	18,319

(Continued)

		2016		2015		2014
Investing activities:						
Acquisition of property, plant and equipment		(13,153)		(9,604)		(6,829)
Acquisition of businesses, net of cash received		(3,966)		(1,641)		(22,351)
Proceeds from sale of property, plant and equipment		1,033		726		85
Increase of distribution rights in structured entities		(45)		(1,060)		(1,415)
Other assets		(379)		8		(672)
Dividends Received		24		–		–
Investments in shares of associated companies		(78)		(45)		(120)
Interest collected		249		212		270
Net cash flows used in investing activities		(16,315)		(11,404)		(31,032)
Financing activities:						
Proceeds from long-term debt		34,687		13,954		46,476
Payment of long-term debt		(31,888)		(15,928)		(29,747)
Payment of financial derivative instruments related to long-term debt		(1,707)		–		(484)
Interest paid		(4,465)		(3,899)		(3,128)
Distribution of dividends		(1,129)		–		–
Payments of interest rate swaps		(1,288)		(1,384)		(1,277)
Interest rate swaps collected		1,405		1,623		1,478
Deposits in guarantee accounts of financial derivative instruments		52		–		–
Net cash flows (used) obtained from financing activities		(4,333)		(5,634)		13,318
Adjustments to cash flows due to exchange rate fluctuations and inflationary effects		560		175		(537)
Net increase in cash and cash equivalents		2,989		1,253		68
Cash and cash equivalents at the beginning of the year		3,825		2,572		2,504
Cash and cash equivalents at the end of the year	$	6,814	$	3,825	$	2,572

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016, 2015 and 2014
(In millions of Mexican pesos)

1. Activities and significant events

Activities – Grupo Bimbo, S. A. B. de C. V. and Subsidiaries ("Grupo Bimbo" or the "the Entity") is engaged in the manufacture, distribution and sale of bread, premium bread, breakfast bread "muffins and bagels), frozen bread, cakes and smaller cakes, sweet and non-sweet cookies, tortillas, pita bread, pizza bread, tostadas and tortillas, snacks, salads, candies and processed foods, among others.

The Entity operates in the following geographical areas: Mexico, the United States of America ("USA"), Canada, Central and South America, Spain, Portugal, United Kingdom, and China. Due to its minimal significance, the financial information of China is aggregated with Mexico in the disclosures that follow. Reporting segments are grouped based on the geographical areas as follow: Mexico, USA and Canada, referred to as "North America", Organization Latin-American ("OLA"), and Europe.

Corporate offices are in Santa Fe, Mexico City, Mexico, 1000 Prolongación Paseo de la Reforma, Colonia Peña Blanca Santa Fe, Álvaro Obregón, Zip Code 01210, Distrito Federal, Mexico.

During 2016, 2015 and 2014, net sales of Bimbo S. A. de C. V. and Barcel, S. A. de C. V, classified in the Mexico segment, represented approximately 29%, 32% and 36%, respectively, of consolidated net sales. During 2016, 2015 and 2014, net sales of subsidiaries Bimbo Bakeries USA, Inc. ("BBU"), and Canada Bread Company Limited ("Canada Bread" or "CB"), which are classified in the "North America" segment represented approximately 54%, 53% and 48%, respectively, of consolidated net sales.

Significant events –

2016 Acquisitions

Acquisition of Panrico

On July 21, 2016, through its subsidiary Bakery Iberian Investment, S.L.U., the Entity acquired 100% of the stock of Panrico S.A.U: ("Bakery Donuts Iberia").

The sales agreement, signed in July 2015, was for €190 million. After one year, with the authorization of the Spanish National Commission for Markets and Competition and the Portuguese Competition Authority, as well as the Spanish Supreme Court's ruling on the validity of the Employment Regulatory File (ERE) signed by Panrico in the year 2013, the transaction was concluded. As the payment was made on a deferred basis, the final figure paid was €214 million, equivalent to MX$ 4,418 million. Such amount includes the part of the brand loaves business, which was sold immediately afterwards.

The bread brands of Panrico, as well as other bread-related assets and derivatives in Spain, Portugal and Andorra, were sold simultaneously, together with the plants at Gulpilhares (Portugal) and Teror (the Canary Islands), to Adam Foods S.L.

Donuts Iberia is one of the leading companies in the bread industry in Spain and Portugal; it operates in the categories of loaves, sweet breads and bread rolls. The acquisition includes leading brands such as Donuts®, Qé!®, Bollycao®, La Bella Easo® and Donettes®, among others.

Financing sources

To finance the transaction, Bakery Iberian Investment used financing available under long-term lines of credit denominated in euros.

Accounting effects of the acquisition of Bakery Donuts Iberia.

The valuation and recording of the acquisition was performed in accordance with IFRS 3, *Business Combination*. The allocation of definitive fair values will conclude over the 12 months following the acquisition. The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed, which were recognized for the acquisition performed on July 21, 2016, at the exchange rate in effect on the transaction date:

Amount paid on the transaction		$ 4,418

Recognized amounts of identifiable assets and liabilities assumed:

Cash and cash equivalents	671	
Accounts receivable	249	
Inventories	195	
Property, plant and equipment	3,233	
Identifiable intangible assets	1,548	
Other assets	94	
Total identifiable assets		5,990
Goodwill		1,850
Total assets acquired:		7,840
Current liabilities	2,031	
Deferred income tax	724	
Long-term liabilities	667	
Total liabilities assumed		3,422
Value of the investment acquired		$ 4,418

Goodwill determined as a result of the valuation of this acquisition was $1,850, which is justified mainly due to expected synergies.

Consolidated figures

The following table presents the amounts that Donuts Iberia contributes to the consolidated figures of Grupo Bimbo for the 163 days elapsed from July 21, 2016 to December 31, 2016.

	Consolidated January 1 to December 31, **2016**	Donuts Iberia July 21 to December 31, **2016**
Net sales	$ 252,141	$ 3,056
Income from operations	$ 18,084	$ 17
Controlling interest	$ 5,898	$ (3)
Consolidated net income	$ 6,768	$ (3)

As of December 31, 2016	Consolidated	Donuts Iberia
Total assets	$ 245,165	$ 7,446
Total liabilities	$ 170,089	$ 2,354

Consolidated net sales and consolidated net income, if the acquisitions of Donuts were included, as of January 1, 2016, would have been $255,769 and $6,556, respectively.

In May and December 2016, two frozen bread companies were acquired in Argentina and Colombia, for the amount of $68 million and $151 million, respectively. At the close of 2016, the fair values of these acquisitions are still being determined.

2015 Acquisitions

Acquisition of Saputo

On February 2, 2015, the Entity acquired, through its subsidiary Canada Bread, 100% of the shares of Saputo Bakery, Inc., which on the same day, changed names to Vachon Bakery, Inc. ("Vachon"). Such company is leader in the production and sale of bakery products in Canada and strengthens the Entity's position in the country. The acquisition includes leading brands such as Vachon®, Jos Louis®, Ah Caramel®, Passion, Flakie® and May West®, among others. The acquisition cost was $1,369.

Funding sources

To finance the transaction, Canada Bread used financing resources available under existing long-term committed credit lines.

Accounting effects of the acquisition of Vachon

The valuation process and the acquisition were performed in accordance with International Financial Reporting Standard ("IFRS") 3, *Business Combinations*. The following table presents the fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on February 2, 2015 using the exchange rate as of the date of the transaction:

Consideration transferred		$ 1,369
Fair value of identifiable assets acquired and assumed liabilities:		
Accounts receivable	84	
Inventories	60	
Property, plant and equipment	778	
Intangible assets	431	
Other assets	10	
Total identifiable assets		1,363
Goodwill		604
Total acquired assets		1,967
Current liabilities	136	
Deferred tax liability	179	
Long-term liabilities	283	
Total assumed liabilities		598
Acquired investment value		$ 1,369

Goodwill recorded in 2015 as result of this transaction totaled $604, which is representative of the expected synergies from the acquisition.

Asset acquisition

During 2015, the Entity acquired, through its subsidiary Canada Bread, certain assets of Sobey's West, Inc. and Italian Home Bakery, for a total amount of $272. The acquisitions were comprised mainly of property, plant and equipment and intangible assets.

2014 Acquisitions

During 2014, the Entity purchased 100% of several businesses in Canada, United States and United Kingdom, referred to as Canada Bread and in Ecuador, referred to as Supan, S.A. ("Supan") as described below:

Entity	Country	Transaction Amount	Date
Canada Bread	Canada, USA and United Kingdom	$ 21,731	May 23, 2014
Supan	Ecuador	858	July 15, 2014
		$ 22,589	

Canada Bread

Canada Bread is one of the leading companies in the production and sale of bakery products, including the categories of bread, buns, bagels, English muffins and tortillas in Canada, frozen bread in North America and specialized bakery in the UK.

This acquisition impulses the global growth strategy of Grupo Bimbo and enables its foray into the attractive Canadian market through recognized brands, such as DEMPSTER'S®, POM®, VILLAGGIO®, BEN'S®, BON MATIN® and MCGAVIN'S®. Canada Bread has a strong relationship with major supermarkets and institutional channels in Canada and is recognized for its strong market position in all baking categories.

Funding sources

To finance the transaction, Grupo Bimbo used its own resources as well as financing resources available under long-term committed credit lines and the issuance of international bonds.

Accounting effects of the acquisition of Canada Bread and Subsidiaries

The valuation process and the acquisition were performed in accordance with IFRS 3. The following table presents the fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on May 23, 2014 using the exchange rate as of the date of the transaction:

Consideration transferred		$ 21,731
Fair value of identifiable assets acquired and assumed liabilities		
Cash and cash equivalents	200	
Accounts receivable	1,359	
Inventories	719	
Property, plant and equipment	6,334	
Intangible assets	7,746	
Other assets	122	
Total identifiable assets		16,480
Goodwill		10,624
Total acquired assets		27,104

Current liabilities	2,274	
Deferred taxes	1,974	
Long-term liabilities	1,125	
Total assumed liabilities		5,373
Acquired investment value		$ 21,731

Purchase accounting was concluded in January 2015, within the 12 months subsequent to the acquisition, resulting in an increase of property plant and equipment and deferred tax liability of $303 and $91, respectively, as well as the decrease of goodwill of $212.

Supan

On July 15, 2014, the Entity acquired 100% of the fresh bakery business in Ecuador "Supan". With this purchase, the Entity enters the market in Ecuador and strengthens its operation in Latin America with brands such as Supan, Guile, Braun, Dulzones and Rey Pan.

Accounting effects of the acquisition of Supan

The valuation process and the acquisition were performed in accordance with IFRS 3. The following table shows the fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on July 15, 2014 using the exchange rate as of the date of the transaction.

Consideration transferred		$ 858
Fair value of identifiable assets acquired and assumed liabilities		
Cash and cash equivalents	38	
Accounts receivable	27	
Inventories	33	
Property, plant and equipment	500	
Identifiable intangible assets	347	
Other assets	10	
Total identifiable assets		955
Goodwill		232
Total acquired assets		1,187

Current liabilities	174	
Long-term liabilities	58	
Deferred tax	97	
Total assumed liabilities		329
Acquired investment value		$ 858

Purchase accounting was concluded during the 12 months following the purchase of Supan, resulting in an increase of property, plant and equipment, intangible assets and the deferred tax liability of $91, $347 and $97 respectively, as well as the decrease of goodwill of $341.

Funding sources

To complete the acquisition of Supan in 2014, the Entity obtained funding for an amount equivalent to the amount of these transactions.

Consolidated amounts

The following table presents the amounts contributed by CB and Supan to the consolidated figures of Grupo Bimbo for the 222 and 169 days from the date of each acquisition, respectively, through December 31, 2014:.

	Consolidated	Canada Bread	Supan
	January 1st to December 31, 2014	May 23 to December 31 2014	July 15 to December 31, 2014
Net sales	$ 187,053	$ 10,735	$ 438
Operating income	$ 10,312	$ 684	$ 20
Net income attributable to controlling interest	$ 3,518	$ 406	$ 12

	As of December 31, 2014		
	Consolidated	Canada Bread	Supan
Total assets	$ 177,761	$ 34,873	$ 852
Total liabilities	$ 124,159	$ 5,925	$ 153

Consolidated net sales and consolidated net income, if Canada Bread and Supan had been consolidated from January 1, 2015, would have been $193,821 and $4,293, respectively.

The contributions of Vachon to total assets and liabilities, net sales, operating and net profit, are not considered material for the consolidated financial statements of the Entity for the year ended December 31, 2015.

Goodwill recorded in 2014 as result of these acquisitions totaled $11,409, which is representative of the expected synergies in both acquisitions. This amount was adjusted in 2015 to $10,856, once the purchase accounting was concluded.

In 2016, 2015 and 2014, the Entity incurred $152 $19 and $124, respectively, in fees and expenses to carry out these acquisitions, which are included in general expenses.

2. Basis of preparation

Application of new and revised International Financial Reporting Standards

a. Amendments of new and revised International Financial Reporting Standards ("IFRSs" or "IAS") and interpretations that are mandatorily effective for the current year

In the current year, the Entity had no impact on its consolidated financial statements for the application of new or amended IFRSs, issued by the International Accounting Standards Board ("IASB") that are mandatorily effective on or after January 1, 2016.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead

b. New and revised IFRSs in issue but not yet effective

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

Amendments to IAS 12	Income taxes[1]
Amendments to IAS 7	Statements of Cash Flows [1]
Amendments to IFRS 2	Classification and measurement of share-based payments[1]
IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The Entity is in the process of determining the potential impacts on its consolidated financial statements, from the adoption of these new IFRSs and amendments.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2014 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in net income (loss).

- With regard to the measurement of financial liabilities designated as of fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management of the Entity anticipates that the application of IFRS 9 in the future may have not a material impact on amounts reported in respect of the Entity's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Entity undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The management of the Entity anticipates that the application of IFRS 15 in the future may have not a material impact on the amounts reported and disclosures made in the Entity’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Entity performs a detailed review.

IFRS 16, Leases

IFRS 16 “Leases” was issued in January 2016 and supersedes IAS 17 “Leases” and related interpretations. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

However, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term for leases with a lease term of 12 months or less and containing no purchase options (this election is made by class of underlying asset); and leases where the underlying asset has a low value when new, such as personal computers or small items of office furniture (this election can be made on a lease-by-lease basis).

IFRS 16 establishes different transitional provisions, including retrospective application or the modified retrospective application where the comparative period is not restated.

The Entity is in the process of determining the potential impacts that will derive from the adoption of this standard in its consolidated financial statements, although given the nature of its operations it would expect significant impacts.

Amendments to IAS 12 Income Tax: Recognition of Deferred Tax Assets for Unrealized Losses, clarify how to account for deferred tax assets related to debt instruments measured at fair value.

IAS 12 provides requirements on the recognition and measurement of current or deferred tax liabilities or assets.The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2017.Earlier application is permitted.

The management of the Entity does not expect significant impacts a result of these amendments.

Amendments to IAS 7 Statements of Cash Flows: Provide disclosures.

The amendments in disclosure initiative (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2017.Earlier application is permitted.

The management of the Entity does not expect that there may be some impacts a result of these amendments.

c. *Consolidated Statements of Income and Other Comprehensive Income*

The Entity presents the statement of income in two statements: i) the consolidated statement of income, and ii) the consolidated statement of income and other comprehensive income and loss. The expenses in the statement of income are presented based on their function, because this is the practice of the sector to which the Entity belongs; the nature of these expenses is presented in Note 19. Additionally, the Entity presents the subtotal of income from operations, which, even though it is not required under IFRS, is included because it helps to better understand the economic and financial performance of the Entity.

d. *Cash flow statement*

The Entity presents the cash flow statement in accordance with the indirect method. It classifies the interest and dividends collected in investing activities, whereas the interest and dividends paid are presented in financing activities.

3. Summary of significant accounting policies

a. *Statement of compliance*

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

b. *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities (derivative financial instruments) that are measured at fair value at the end of each period, as explained in the accounting policies below.

i. Historical cost
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value
Fair value is the price that would be received to sell an asset or paid to 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 a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics 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 purposes, fair value measurements are categorized 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 entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. *Basis of consolidation*

As of December 31, 2016, 2015 and 2014, the consolidated financial statements incorporate the financial statements of the Entity and those entities over which it exercise control, including structured entities ("SE"). Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circum-stances indicate that there are changes to one or more of the three elements of control listed above.

An SE is consolidated when the Entity concludes that it controls the SE based on the evaluation of the substance of the relationship with the Entity and the risks and benefits of the SE.The most significant subsidiaries are shown below:

Subsidiary	% of ownership	Country	Segment	Main activity
Bimbo, S. A. de C. V.	97	Mexico	Mexico	Baking
Barcel, S. A. de C. V.	98	Mexico	Mexico	Sweets and snacks
Bimbo Bakeries USA, Inc.	100	United States	North America	Baking
Canada Bread Corporation, LLC	100	Canada	North America	Baking
Bimbo do Brasil, Ltda.	100	Brazil	OLA	Baking
Bimbo, S.A.U.	100	Spain and Portugal	Europe	Baking
Bakery Donuts Iberia, S.A.U.	100	Spain and Portugal	Europe	Baking[1]

[1] Bakery Donuts was acquired on July 21, 2016, date in which the Entity took control over it.

Subsidiaries are consolidated from the date on which control is transferred to the Entity and are no longer consolidated from the date that control is lost. Gains and losses of subsidiaries acquired during the year are included in the consolidated statements of income and other comprehensive income results from the acquisition date, as applicable.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All relevant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated on consolidation.

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions.

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 acquisition-date fair values of the assets transferred by the Entity, liabilities incurred by the Entity to the former owners of the acquiree and the equity interests issued by the Entity in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

– Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements 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 Entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share based payments* at the acquisition date (as of December 31, 2016, 2015 and 2014 the Entity does not have share-based payments);

– Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about 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 how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquire is remeasured to its acquisition-date fair value 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 where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), 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 available for sale*

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when 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 asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The long-lived asset (and asset disposal groups) classified as held for sale are valued at the lower of their carrying amount and fair value of assets less costs to sell.

f. *Recognition of the effects of inflation*

Inflationary effects are recognized in the consolidated financial statements when the economy of the currency in which the Entity's transactions are recorded is considered hyperinflationary, defined generally as economies in which inflation in the preceding three fiscal years equals or exceeds 100%. The Mexican economy ceased to be hyperinflationary in 1999. Therefore, inflation effects for the Entity's Mexican operations were recognized through that date, except for certain office equipment, machinery and equipment, for which inflation was recognized through 2007, as permitted by Mexican Financial Reporting Standards ("MFRS"), and retained as deemed cost as permitted by the transition rules of IFRS. Inflation continues to be recognized for operations in those countries operating in hyperinflationary economic environment. In 2016, 2015 and 2014, the operation in Venezuela qualified as hyperinflationary in relation to the inflation of the three preceding years and for which the effects of inflation were recognized. These effects are not material to the financial position, performance or cash flows of the entity.

g. *Leasing*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

– The Entity as lessee

Assets held under finance leases are initially recognized as assets of the Entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

h. *Foreign currency transactions*

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

– 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 into in order to hedge certain foreign currency risks (see Note 14).

– Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Mexican pesos using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Entity's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Entity are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

i. *Cash and cash equivalents*

Consist mainly of bank deposits in checking accounts and investments in short-term securities, highly liquid, readily convertible into cash, maturing within three months from the date of purchase and are subject to insignificant risk of changes in value. Cash is stated at nominal value and cash equivalents are measured at fair value, fluctuations in value are recognized in income (see financial assets below). Cash equivalents consist primarily of investments in government debt instruments with daily maturities.

j. *Financial assets*

Financial assets are recognized when the Entity becomes part of the contractual arrangements of the instruments.

1. Loans and receivables
   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

   Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2. Impairment of financial assets
   Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period.

   For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

   Regarding trade receivables, the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

k. Inventories and cost of sales

Inventories are stated at the lower of cost and net realizable value. Cost is comprised of acquisition cost, import duties, transport, handling, loading, and storage cost at the customs and distribution centers; returns on purchases are deducted from cost. Net realizable value represents the estimated selling price for inventories in the normal course of operations less all estimated costs of completion and costs necessary to make the sale. Cost is determined by using the average cost method.

l. Property, plant and equipment

Property, plant and equipment are carried at acquisition cost, net of accumulated depreciation and accumulated impairment losses. Balances from certain acquisitions made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the National Consumer Price Index ("NCPI") through that date, which became the deemed cost of such assets as of January 1, 2011 upon adoption of IFRS.

Cost include those costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Cost for expansion, remodeling or improvements that enhance the capacity and extend the useful life of the asset are also capitalized. The carrying amount of the replaced asset, if any, is derecognized when replaced, and the effect is recognized in profit and loss.Repairs and maintenance costs are recognized in profit and loss of the period they are incurred.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is determined using the straight-line method to distribute the cost of the asset down to its residual value during the estimated useful lives are as follows:

	Years
Infrastructure	15
Building foundations	45
Roofs	20
Fixed facilities and accessories	10
Manufacturing equipment	10
Vehicles	13
Office furniture and fixtures	10
Computer equipment	3
Leasehold improvements	Term of the related lease

The Entity 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 such components separately.

The carrying value of an asset is reduced to its recoverable value, when the carrying amount exceeds its recoverable value.

An item of property, plant and equipment is derecognized when sold or when no future economic benefits arising from the continued use of the asset are expected. The gain or loss arising from the sale of assets results from the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in 'other expenses, net', in general expenses.

Leasehold improvement and adaptations to buildings and premises in which the Entity is the lessee are recognized at historic cost less the respective depreciation.

m. *Investments in associates*

An associate is an entity over which the Entity has significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non- current assets held for sale and discontinued*. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Entity's share of the profit or loss and other comprehensive income of the associate. When the Entity's share of losses of an associate exceeds the Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate), the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The entity 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.

When the Entity reduces its ownership interest in an associate but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Entity, profits and losses resulting from the transactions with the associate are recognized in the Entity's consolidated financial statements only to the extent of interests in the associate that are not related to the Entity.

n. *Intangible assets*

Intangible assets are primarily comprised of trademarks and customer relationships resulting from the acquisition of businesses in the USA, Canada, Iberia, Argentina and certain trademarks in South America. Intangible assets are recognized at cost. Intangible assets acquired through an acquisition are recognized at fair value as of the acquisition date, separately from goodwill. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally-generated intangible assets, except for development costs, are not capitalized and are recognized as expenses in profit and loss in the period in which they are incurred.

Intangible assets are classified as having either finite or indefinite useful lives. Amortization of intangible assets with finite useful lives is recognized on a straight-line method over their estimated useful lives.Such assets are reviewed for impairment when there is an indicator of impairment. The amortization methods and useful lives of the assets are reviewed and adjusted, if necessary, annually, at the end of each reporting period. Amortization is recognized in profit and loss, within selling, distribution and administrative expenses. Intangible assets with indefinite useful lives are not amortized, but are at least tested annually for impairment.

o. Impairment of tangible and intangible assets, other than goodwill

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual 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 subjected to tests for effects of impairment at least every year, or more often if there is evidence that such assets could have been impaired.

Recoverable amount is the higher of fair value less costs to sell and 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 the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 on acquisition of a business is carried at cost, which is determined as explained in the business acquisitions policy note above, less accumulated impairment losses, if any (see Note 12).
For purposes of impairment testing, goodwill is allocated to each cash-generating unit (or group of cash generating units) that is expected to benefit from the synergies of the business combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Entity's policy for goodwill arising on the acquisition of an associate is described at note 3m.

q. Financial liabilities

Financial liabilities are initially recognized at fair value.Transaction costs that are directly attributable to the issuance of financial liabilities (except for those financial liabilities classified as at fair value with changes through profit and loss) are deducted from the fair value of the financial liability.Subsequent measurement depends on the category in which the financial liability is classified.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Note 14 describes the category of each financial liability of the Entity.

r. Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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 Entity only holds derivative financial instruments classified as cash flow hedges and hedges of net investment in foreign operations.

The Entity documents all hedging relationships at the beginning of the transaction, including their objectives and risk management strategies for undertaking derivative transactions. Periodically, the Entity 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.

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 other comprehensive income and accumulated under "Valuation effects of cash flow hedges". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the Entity 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. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately 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 "Translation effects of foreign subsidiaries". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "Exchange gain (loss), net" line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated other comprehensive income are reclassified to profit or loss on the disposal of the foreign operation.

s. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity 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 needed disbursement to settle the present obligation, keeping in mind risks and uncertainties that surround the obligation. When a provision is valued using estimated cash flows to settle the present obligation, its carrying value represents the present value of such cash flows (when the effect of money´s value in time is material).

Contingent liabilities acquired in a business combination are initially measured at fair value 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 IAS 18 Revenue.

t. Income taxes

Income tax expense comprises current tax and deferred tax.

1. Current income taxes
   Current income taxes are calculated in accordance with rates that have been enacted or substantively enacted as of the end of the reporting period for the countries in which the Entity operates and taxable profit is determined, and the related income tax expense is recorded in the results of the year in which it is incurred. In Mexico, the income tax determined related to the Impuesto sobre la renta ("ISR").

2. Deferred income taxes
   Deferred tax liabilities and assets are measured according to the tax rates and tax laws that have been enacted or substantively enacted as of the date of the report and that are expected to be applicable when the temporary differences reverse.

The deferred income tax is recognized on temporary differences between the financial statement carrying amounts and the corresponding tax bases of assets and liabilities used for determining taxable income by applying the rate corresponding to these differences, including benefits from tax loss carryforwards and certain tax credits, if applicable. The liability for deferred income taxes are generally recognized for all temporary tax differences. An asset is recognized deferred tax for all deductible temporary differences to the extent that it is probable that the Entity will have future taxable income against which to apply those deductible temporary differences.

Deferred income tax is not recognized on the following temporary differences: i) amounts that arise from the initial recognition of assets or liabilities resulting from transactions other than in a business combination, that affects neither the accounting profit nor the taxable profit; ii) those related to investments in subsidiaries and associates, to the extent that it is not likely they will reverse in the foreseeable future and the reversal in within the control of the Entity, and, iii) those that result from the initial recognition of goodwill. The deferred income tax asset is recognized only to the extent that it is likely there will be future taxable profits against which it can be used.

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 sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Assets and deferred tax liabilities are offset when a legal right to offset assets with liabilities exists and when they relate to income taxes relating to the same tax authorities and the Entity intends to liquidate its assets and liabilities on a net basis.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

u. *Employee benefits from termination, retirement and statutory employee profit sharing ("PTU")*

i. Pensions and seniority premiums

Defined contribution plans are post-employment benefit plans 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 employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The amount recognized in the consolidated statement of financial position as a liability or asset for defined benefit plan represents the present value of the net defined benefit obligation (defined benefit obligation minus the fair value of plan assets). The present value of the net defined benefit obligation is determined based on the discounted value of estimated net 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.

The Entity provides a bonus in cash to certain executives, which is calculated using performance metrics. The bonus is paid 30 months after being granted.

ii. Statutory employee profit sharing

In Mexico, Venezuela and Brazil, there is an obligation to recognize a provision for the statutory employee profit sharing when the Entity has a legal or constructive obligation, as a result of past events and the amount can be reliably estimated. PTU is recorded in profit or loss of the year in which it is incurred.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

iii. Termination benefits

The Entity recognizes a liability for termination benefits only when the Entity is without realistic possibility of withdrawal from an offer to provide termination benefit to employees, or before, if it complies with the criteria for recognition of a liability related to a restructuring.

iv. Multi-employer pension plans ("MEPP")

The Entity classifies the multi-employer plans as defined contribution plans or defined benefit plans in order to determine the accounting for such plans. If the MEPP is classified as a defined benefit plan, the Entity accounts for its proportionate share of 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 Entity accounts for such plan as a defined contribution plan.

Liabilities related to the wind-up or the Entity's withdrawal from a multi-employer plan is recognized and measured in conformity with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

v. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account the estimated customer returns, rebates and other allowances.

– Sale of products

Revenue from the sale of products is recognized when the goods are delivered, at which time all the following conditions are satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods. The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

– Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

w. Reclassifications

Certain amounts within the consolidated financial statements at and for the year ended December 31, 2015 and 2014 have been reclassified for certain accounts to agree with the presentation used in 2016.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a) Critical judgment in applying accounting policies

Consolidation of structured entities

As described in more detail in Note 8, BBU and Sara Lee have entered into agreements with third party contractors ("Independent Operators"), in which they hold no direct or indirect interest but that qualify as structured entities ("SE"). The Entity has concluded that they have control with respect to certain independent operators, primarily with respect to rights or obligations to secure or grant financing, as well as the maintenance obligation related to distribution routes. In other cases, the Entity has concluded it does not exercise control over such independent operators.

b) Key sources of estimation uncertainty

1. *Useful lives, residual values and depreciation and amortization methods of long-lived assets*
   As described in Note 3, the Entity periodically reviews the estimated useful lives, residual values and depreciation and amortization methods of long-lived assets, including property, plant and equipment and intangibles. Additionally, for intangibles, the Entity determines whether their useful lives are finite or infinite. During the periods presented in the accompanying consolidated financial statements, there were no modifications to such estimates.

2. *Goodwill impairment*
   Determining whether goodwill is impaired involves calculating the greater of its value in use and fair value of the cash generating unit to which goodwill has been allocated. The calculation of value in use requires the Entity to determine the expected future cash flows from the cash generating units, using an appropriate discount rate to calculate the present value. Fair value is determined based on multiples of earnings before interest, depreciation and amortization and other non-cash items ("EBITDA"). For the determination of an appropriate multiple, the Entity identifies comparable entities.

3. *Fair value measurements*
   Derivative financial instruments are recognized at fair value as of the date of the consolidated statement of financial position. Additionally, the fair value of certain financial instruments, mainly with respect to long-term debt, is disclosed in the accompanying notes, although there is no risk of adjustment to the related carrying amount. A detailed description of the methodologies to determine fair values of derivative instruments as well as to determine fair value disclosures for long-term debt is included in Note 14. Finally, the Entity has acquired business that require fair value to be determined, at the date of acquisition, for consideration paid, identifiable assets acquired and liabilities assumed and non-controlling interest, as noted 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 respective notes. Management considers the valuation techniques and selected assumptions appropriate.

4. *Employee benefits*
   Cost of defined benefit plans and MEPP provided to employees 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 assumptions.

5. *Determination of income taxes*

To determine whether a deferred income tax asset related to tax losses carryforwards is impaired, the Entity prepares tax projections to determine its recoverability.

6. *Employee benefits, insurance and other liabilities*

Insurance risks exists in the USA which respect to the liability for general damages to other parties, car insurance and employee benefits that are self-insured by the Entity with coverage subjected to specific limits agreed in an insurance program. Provisions for claims are recorded on a claim-incurred basis. Insurable risk liabilities are determined using historical data of the Entity. The net liabilities at December 31, 2016, 2015 and 2014 amounted to $5,085 $3,288 and $3,204, respectively.

5. Transactions that did not result in cash flows

In 2014, the Entity acquired $315 of equipment under financial leases, which represents a non-cash financing activity and investment that is not reflected in the consolidated statements of cash flows. In 2016 and 2015, there were no transactions that did not result in cash flows.

6. Accounts and notes receivable

	2016	2015	2014
Trade receivables	$ 17,249	$ 13,882	$ 13,596
Allowance for doubtful accounts	(633)	(515)	(498)
	16,616	13,367	13,098
Notes receivable	56	170	151
Notes receivable from independent operators	386	468	468
Income, value –added and other recoverable taxes	5,605	4,206	4,782
Other receivables	1,406	836	529
	$ 24,069	$ 19,047	$ 19,028

The average credit terms on sales of goods in Mexico are 30 days, in the USA is 60 days, Canada is 21 days and OLA, which includes the countries of Central and South America, is 30 days. Amounts past due but not impaired are not significant as of the dates of the consolidated statement of financial position. Amounts due over 90 days are 50% reserved and amount due over 180 days are 100% reserved.

7. Inventories

	2016	2015	2014
Finished products	$ 2,883	$ 2,159	$ 1,891
Orders in-process	116	79	100
Raw materials, containers and wrapping	3,719	3,019	2,644
Other	760	317	282
Allowance for slow-moving inventories	(254)	(235)	(84)
	7,224	5,339	4,833
Raw materials in-transit	204	170	145
	$ 7,428	$ 5,509	$ 4,978

8. Structured entities

The Entity, through BBU mainly Sara Lee, enters into distribution agreements with independent operators that own distribution rights to sell and distribute the Entity's products via direct-store-delivery to retail outlets in defined sales territories. The Entity does not hold equity interest in any of the independent operator entities. Independent operators generally finance the purchase of distribution rights through note agreements with the Entity or a financial institution. Note agreements with a financial institution are, in the aggregate, partially guaranteed by the Entity. To maintain working routes and ensure the delivery of products to customers, the Entity, through BBU, assumes explicit and implicit commitments. The Entity has concluded that all the independent operators established as legal entities qualify as structured entities ("SE"), which in substance are controlled by such subsidiaries, principally through their guarantee of or providing actual financing, as well as the obligation that such subsidiaries have assumed to keep the routes operating. Based on this conclusion, SE's are consolidated by the Entity.

As of December 31, 2016, 2015 and 2014, the assets and liabilities of independent operators included in the accompanying consolidated financial statements are as follows:

		2016		2015		2014
Property – vehicles	$	3,118	$	2,415	$	1,687
Intangible distribution rights		6,792		5,097		3,767
Total assets	$	9,910	$	7,512	$	5,454
Current maturities of long-term debt:						
Obligations under finance leases	$	633	$	481	$	367
Independent operator loans		49		38		32
Long-term debt:						
Obligations under finance leases		1,807		1,462		965
Independent operator loans		41		43		65
Due to affiliates (net of receivables)		5,135		3,905		2,781
Total liabilities	$	7,665	$	5,929	$	4,210
Noncontrolling interest	$	2,245	$	1,583	$	1,244

Financing provided by BBU to independent operators that have been classified as SE's and consolidated, are eliminated in the accompanying consolidated financial statements.

Lease obligations presented within long-term debt on the consolidated statements of financial position are secured by the vehicles subject to leases and do not represent additional claims on the Entity's general assets. The Entity's maximum exposure for loss associated with independent operators entities is limited to $90 of long-term debt of the independent operators as of December 31, 2016.

In addition, the Entity has sold certain equipment and distribution rights in the US to the Entity's former employees and individuals, also considered as independent operators, but have not been classified as consolidated SE's. Such amount equals in 2016, 2015 and 2014 $1,193, $1,418 and $1,577, respectively, which are presented in the statement of financial position as receivables from independent operators.

BBU funds 90% of the distribution rights sold to certain independent operators at rates between 5% and 11%, with 120 months installments. Independent operators make an initial payment to the Entity for the remaining 10% of the purchase price. In most cases, an independent third party lender finances the down payment. Both the Entity and the financing of independent third parties are insured by the distribution rights, equipment, customer lists, and other assets. The independent third party lender has priority over the collateral.

9. Property, plant and equipment

Reconciliation of beginning and ending carrying values in 2016, 2015 and 2014 is as follows:

	Balances as of January 1, **2016**	Additions	Additions from business acquisitions (1)	Transfers	Translation effect	Retirements	Impairment	Revaluation for inflation	Balance as of December 31, **2016**
Investment:									
Building	$ 19,157	$ –	$ 1,302	$ 2,254	$ 2,695	$ (516)	$ –	$ 680	$ 25,572
Industrial machinery and equipment	55,462	–	6,219	6,168	8,057	(2,251)	–	1,162	74,817
Vehicles	13,868	285	60	2,477	871	(697)	–	439	17,303
Office furniture	713	–	124	137	68	(27)	–	–	1,015
Computer equipment	3,719	–	129	657	578	(80)	–	–	5,003
Total investments	92,919	285	7,834	11,693	12,269	(3,571)	–	2,281	123,710
Depreciation:									
Building	(8,264)	(1,256)	(924)	892	(1,129)	397	(5)	(65)	(10,354)
Industrial machinery and equipment	(28,800)	(4,353)	(5,778)	(900)	(3,912)	1,715	(160)	(441)	(42,629)
Vehicles	(6,295)	(956)	(51)	2	(318)	577	–	(202)	(7,243)
Office furniture	(385)	(80)	(113)	(1)	(48)	32	–	–	(595)
Computer equipment	(2,909)	(523)	(103)	6	(459)	75	–	–	(3,913)
Total accumulated depreciation	(46,653)	(7,168)	(6,969)	(1)	(5,866)	2,796	(165)	(708)	(64,734)
	46,266	(6,883)	865	11,692	6,403	(775)	(165)	1,573	58,976
Land	6,673	–	341	199	808	(454)	–	134	7,701
Projects–in–progress and machinery in transit	5,647	12,868	37	(11,891)	541	(125)	–	978	8,055
Reclassified as assets available for sale	(513)	(5)	–	–	(50)	420	–	–	(148)
Net investment	$ 58,073	$ 5,980	$ 1,243	$ –	$ 7,702	$ (934)	$ (165)	$ 2,685	$ 74,584

	Balances as of January 1, 2015	Additions	Additions from business acquisitions (1)	Transfers	Translation effect	Retirements	Impairment	Revaluation for inflation	Balance as of December 31, 2015
Investment:									
Building	$ 16,971	$ –	$ 214	$ 1,350	$ 821	$ (326)	$ –	$ 127	$ 19,157
Industrial machinery and equipment	47,703	–	754	6,062	2,509	(1,784)	–	218	55,462
Vehicles	12,582	577	13	783	489	(628)	–	52	13,868
Office furniture	662	–	16	35	29	(29)	–	–	713
Computer equipment	3,267	–	7	409	256	(220)	–	–	3,719
Total investments	81,185	577	1,004	8,639	4,104	(2,987)	–	397	92,919
Depreciation:									
Building	(7,080)	(901)	–	(1)	(445)	224	(43)	(18)	(8,264)
Industrial machinery and equipment	(24,155)	(3,992)	–	(343)	(1,247)	1,361	(335)	(89)	(28,800)
Vehicles	(5,691)	(1,011)	–	65	(168)	542	(1)	(31)	(6,295)
Office furniture	(376)	(76)	–	87	(18)	25	(27)	–	(385)
Computer equipment	(2,441)	(458)	–	–	(221)	213	(2)	–	(2,909)
Total accumulated depreciation	(39,743)	(6,438)	–	(192)	(2,099)	2,365	(408)	(138)	(46,653)
	41,442	(5,861)	1,004	8,447	2,005	(622)	(408)	259	46,266
Land	6,093	–	272	251	263	(236)	(10)	40	6,673
Projects–in–progress and machinery in transit	5,128	9,027	143	(8,698)	47	–	–	–	5,647
Reclassified as assets available for sale	(188)	(294)	–	–	(31)	–	–	–	(513)
Net investment	$ 52,475	$ 2,872	$ 1,419	$ –	$ 2,284	$ (858)	$ (418)	$ 299	$ 58,073

	Balances as of January 1, 2014	Additions	Additions from business acquisitions	Transfers	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2014
Investment:								
Building	$ 14,273	$ –	$ 1,673	$ 704	$ 406	$ (418)	$ 333	$ 16,971
Industrial machinery and equipment	39,772	–	3,589	3,543	1,286	(1,225)	738	47,703
Vehicles	11,291	–	60	1,423	136	(416)	88	12,582
Office furniture	544	–	92	269	17	(260)	–	662
Computer equipment	3,159	–	25	388	156	(472)	11	3,267
Total investments	69,039	–	5,439	6,327	2,001	(2,791)	1,170	81,185
Depreciation:								
Building	(6,519)	(522)	(16)	–	(202)	240	(61)	(7,080)
Industrial machinery and equipment	(21,073)	(3,495)	(46)	–	(621)	1,158	(78)	(24,155)
Vehicles	(5,198)	(864)	(14)	–	(18)	416	(13)	(5,691)
Office furniture	(456)	(41)	(5)	–	(13)	139	–	(376)
Computer equipment	(2,344)	(486)	(9)	–	(74)	472	–	(2,441)
Total accumulated depreciation	(35,590)	(5,408)	(90)	–	(928)	2,425	(152)	(39,743)
	33,449	(5,408)	5,349	6,327	1,073	(366)	1,018	41,442
Land	5,280	111	586	–	141	(45)	20	6,093
Projects–in–progress and machinery in transit	4,008	7,033	505	(6,327)	(87)	(4)	–	5,128
Reclassified as assets available for sale	(54)	(127)	–	–	(7)	–	–	(188)
Net investment	$ 42,683	$ 1,609	$ 6,440	$ –	$ 1,120	$ (415)	$ 1,038	$ 52,475

(1) This column includes: i) acquisition of Bakery Donuts Iberia, ii) General Mills (Frozen Argentina) and iii) Panettiere in 2016 iv) acquisition of Vachon in 2015, v) adjustment to purchase price of Canada Bread and Supan recorded in 2015 and vi) acquisition of assets through Canada Bread.

Impairment losses recognized in the year

In 2016 and 2015, the Entity performed a review of unused buildings and industrial machinery and equipment, resulting in an impairment of $165 and $418, recorded in profit and loss of the year. Impairment per segment Mexico $116, North America $26, OLA $21 and Europe $2 in 2016 and Mexico $166, North America $33, OLA $175 and Europe $44 in 2015.

10. Investment in shares of associated companies

The investments in associated companies are as follows:

Associated companies	% of ownership	2016	2015	2014
Beta San Miguel, S. A. de C. V.	8	$ 625	$ 570	$ 528
Mundo Dulce, S. A. de C. V.	50	332	349	271
Fábrica de Galletas La Moderna, S. A. de C. V.	50	259	232	247
Blue Label de México, S. A. de C. V.	48	124	274	376
Grupo La Moderna, S. A. de C. V.	3	223	207	156
Congelación y Almacenaje del Centro, S. A. de C. V.	15	164	137	126
Productos Rich, S. A. de C. V.	18	142	133	118
Fin Común, S. A. de C. V.	36	103	90	96
Solex Alimentos S. A. de C. V.	49	33	25	–
B37 Venture, LLC	17	23	22	–
Others	Various	96	67	113
		$ 2,124	$ 2,106	$ 2,031

All associated companies are incorporated and operate mainly in Mexico and are recognized using the equity method in the consolidated financial statements. Equity investments in 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 Rich Products, S.A. de C.V., are considered to be associated entities over which the Entity exercises significant influence, based on its representation in the Board of Directors.

In 2016 and 2015, the Entity recorded an impairment of $50, related to goodwill recorded in the investment of associate Blue Label, S.A. de C.V.

11. Intangible assets

Following is an analysis of the balance of intangible assets by segment as of December 31 are:

	2016	2015	2014
Mexico	$ 1,576	$ 1,613	$ 1,654
North America	42,953	36,766	32,488
Europe	2,867	1,871	1,743
OLA	2,542	2,285	2,075
	$ 49,938	$ 42,535	$ 37,960

As of December 31, 2016, 2015 and 2014, the detail of intangible assets is as follows:

	Average useful life	2016	2015	2014
Marcas	Indefinida	$ 35,289	$ 29,799	$ 27,116
Trademarks	Indefinite	$ 35,289	$ 29,799	$ 27,116
Use and distribution rights	Indefinite	7,330	5,508	4,061
		42,619	35,307	31,177
Trademarks	4 and 9 years	332	263	35
Customer relationships	18, 21 and 22 years	11,864	9,828	8,650
Licenses and software	8 and 2 years	1,661	1,108	471
Non-compete agreements	5 years	130	111	104
Others		38	38	38
		14,025	11,348	9,298
Accumulated amortization and impairment		(6,706)	(4,120)	(2,515)
		$ 49,938	$ 42,535	$ 37,960

The carrying amount of trademarks with indefinite life as of December 31, 2016, 2015 and 2014 was $33,487, $29,072 and $26,910, respectively. The Entity owns intangible assets related to customer relationships, resulting from the acquisition of Weston Foods, Inc. in 2009, Sara Lee Bakery Group, Inc. in 2011 and Canada Bread in 2014. The carrying value of the assets related to these acquisitions at December 31, 2016 and remaining useful lives are $3,548, $1,384 and $2,642 and 10, 13 and 19 years, respectively, and at December 31, 2015, $3,243, $1,242 and $2,228, and 11, 14 and 20 years, respectively, and at December 31, 2014, $3,029, $1,141 and $2,350, and 12, 15 and 21 years, respectively.

The intangible assets by geographical segment correspond to the following:

	2016	2015	2014
Mexico:			
Barcel	$ 930	$ 930	$ 930
El Globo	310	357	357
Bimbo	299	299	299
Others	37	27	68

(Continued)

	2016	2015	2014
North America:			
USA	33,078	28,682	25,082
Canada	9,875	8,084	7,406
Iberia:			
Spain	2,000	1,038	991
United Kingdom	867	833	752
OLA:			
Argentina	1,125	975	1,058
Brazil	495	432	540
Ecuador	424	459	–
Others	498	419	477
	$ 49,938	$ 42,535	$ 37,960

Cost	Trademarks	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Total
Balances at beginning of 2014	$ 20,139	$ 2,514	$ 5,664	$ 336	$ 92	$ 34	$ 28,779
Additions	–	6	–	–	–	–	6
Structured entities	–	1,226	–	–	–	–	1,226
Acquisitions through business combinations	5,473	–	2,186	87	–	–	7,746
Effect of exchange rate differences on foreign currency	1,539	315	800	48	12	4	2,718
Balances as of December 31, 2014	27,151	4,061	8,650	471	104	38	40,475
Additions	–	–	–	360	–	–	360
Structured entities	–	700	–	–	–	–	700
Acquisitions through business combinations	559	–	219	206	–	–	984
Effect of exchange rate differences on foreign currency	2,352	747	959	71	7	–	4,136
Balances as of December 31, 2015	$ 30,062	$ 5,508	$ 9,828	$ 1,108	$ 111	$ 38	$ 46,655

(Continued)

Cost	Trademarks	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Total
Balances as of December 31, 2015	$ 30,062	$ 5,508	$ 9,828	$ 1,108	$ 111	$ 38	$ 46,655
Additions	10	–	–	–	–	–	10
Structured entities	–	714	–	277	–	–	991
Acquisitions through business combinations	802	–	–	–	–	–	802
Effect of exchange rate differences on foreign currency	4,747	1,108	2,036	276	19	–	8,186
Balances as of December 31, 2016	$ 35,621	$ 7,330	$ 11,864	$ 1,661	$ 130	$ 38	$ 56,644

Accumulated amortization and impairment	Trademarks	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Total
Balances at beginning of 2014	$ (118)	$ (194)	$ (1,267)	$ (177)	$ (20)	$ (26)	$ (1,802)
Structured entities	–	183	–	–	–	–	183
Amortization expenses	(4)	–	(362)	(42)	(15)	–	(423)
Impairment	(69)	(97)	–	–	–	–	(166)
Effect of exchange rate differences on foreign currency	(19)	(38)	(222)	(28)	–	–	(307)
Balances as of December 31, 2014	(210)	(146)	(1,851)	(247)	(35)	(26)	(2,515)
Structured entities	–	8	–	–	–	–	8
Amortization expenses	(17)	–	(503)	(76)	(16)	–	(612)
Impairment	(356)	(74)	–	–	–	–	(430)
Effect of exchange rate differences on foreign currency	(165)	(35)	(315)	(51)	(5)	–	(571)
Balances as of December 31, 2015	(748)	(247)	(2,669)	(374)	(56)	(26)	(4,120)
Structured entities	–	35	–	–	–	–	35
Amortization expenses	–	(3)	(578)	(386)	(1)	–	(968)
Impairment	(440)	–	–	–	–	–	(440)
Effect of exchange rate differences on foreign currency	(553)	(51)	(544)	(59)	(6)	–	(1,213)
Balances as of December 31, 2016	$ (1,741)	$ (266)	$ (3,791)	$ (819)	$ (63)	$ (26)	$ (6,706)
Net balances as of December 31, 2014	$ 26,941	$ 3,915	$ 6,799	$ 224	$ 69	$ 12	$ 37,960
Net balances as of December 31, 2015	$ 29,314	$ 5,261	$ 7,159	$ 734	$ 55	$ 12	$ 42,535
Net balances as of December 31, 2016	$ 33,880	$ 7,064	$ 8,073	$ 842	$ 67	$ 12	$ 49,938

In 2016 impairment was recognized in the Dutch Country brand in the Mexico segment for $93, in the Firenze, Grille, Maestro Cubano and Pan Catalán brands in the OLA segment for $302, in the Ortiz brand in the Europe segment for $8 and in the Iron Kids and Colonial brands in the USA and Canada segment for $37, in other expenses, net in the consolidated statement of income, and were the result of reduced sales of such brands.

In 2015, the Entity recognized an impairment loss in the value of the trademarks Iron LKids and Beef Steak, in the North America segment for $168, and the trademarks Jinhongwei and Million Land in the Mexico segment for $120 and Fargo, Pasa Bimbo Bere in the OLA segment for $68. In the aforementioned cases, the loss resulted from a decrease in sales of these brands.

In 2014, the Entity recognized an impairment loss in the value of the trademarks Earth Grains, Iron Kids and Various Interstate brands, assigned to the USA segment, for $37. In the Mexico segment recognized an impairment related to the trademarks of el Molino, Beijing Jinhongwei, Rutti-Mania and Veggi-Mania for a total of $32 Such impairments were recognized in other expenses, net in the consolidated statement of income and were the result of a decrease in sales of such brands.

The impairment of distribution and use rights refers totally to the USA operation, for the three years.

For the purpose of impairment tests, the fair value of trademarks was estimated using the relief from royalty valuation technique, using a range of royalty rates between 2% and 5%, being 3% the rate used for most trademarks.

12. Goodwill

Following is an analysis of the balance of goodwill by geographical segment:

	2016	2015	2014
Goodwill:			
Mexico	$ 1,287	$ 1,268	$ 1,264
North America	62,995	52,093	46,292
Europe	3,971	254	220
OLA	3,107	2,434	2,638
	71,360	56,049	50,414
Accumulated impairment:			
Mexico	(577)	(500)	(383)
North America	(6,391)	(5,321)	(4,532)
OLA	(1,508)	(1,032)	(242)
	(8,476)	(6,853)	(5,157)
	$ 62,884	$ 49,196	$ 45,257

Movements in goodwill during the years ended December 31, 2016, 2015 and 2014 were as follows:

	2016	2015	2014
Balance as of January 1	$ 49,196	$ 45,257	$ 29,822
Acquisitions	3,793	336	11,409
Impairment	(204)	(941)	–
Adjustments due to variations in exchange rates	10,099	4,544	4,026
Balance as of December 31	$ 62,884	$ 49,196	$ 45,257

Movement in accumulated impairment losses as of December 31, 2016, 2015 and 2014 is as follows:

	2016	2015	2014
Balance as of January 1	$ 6,853	$ 5,157	$ 4,671
Impairment	204	941	–
Adjustment due to variations in exchange rates	1,419	755	486
Balance as of December 31	$ 8,476	$ 6,853	$ 5,157

Allocation of goodwill to cash generating unit

When analyzing impairment, goodwill is allocated to cash-generating units ("CGU"), which are represented mainly by Mexico (Bimbo, Barcel and El Globo), USA, Canada, Brazil, and others (Iberia and Argentina).

Balances of goodwill assigned to each cash-generating unit, after impairment losses, are as follows:

	2016	2015	2014
USA	$ 42,102	$ 35,164	$ 30,059
Brazil	–	–	668
Argentina	310	266	541
Canada	14,243	11,510	11,342
Spain	3,852	134	128
Other CGUs	2,377	2,122	2,519
	$ 62,884	$ 49,196	$ 45,257

USA

The recoverable amount of the UGE in the USA is estimated based on the greater of the value in use ("VU") and fair value less cost to sell ("FVLCTS"). This year the VRMCD was greater, and the Market Comparable methodology (GPC) was applied to estimate it, using UAFIDA multiples from comparable companies.

To determine the recoverable amount through the GPC methodology, the average of the UAFIDA multiples for the last 12 months and at the valuation date is used, from a selection of comparable companies. After applying the UAFIDA of the last 12 months and at the valuation date of the USA cash generating unit (UGE), a Business Value (BV) is obtained. Subsequently each value is decreased by the net debt (debt with banks, net of cash and cash equivalents) and a similar weighting is applied to both values to reach a market value for stockholders' equity.

As such value represents the value of the minority interest, because it derives from using the price per share, a control premium of 20% is applied. Finally, the net debt is added and the value for working capital deficit (excluding cash and cash equivalents) is adjusted for the present value of the accumulated losses and disposal costs, to reach the VRMCD.

By applying the aforementioned methodology, the Entity concluded that there is no impairment in the goodwill of this UGE.

Argentina, Brazil, Ecuador and Paraguay

The recoverable amount of these UGE's is determined for the higher of the Use Value (UV) and Fair Value Less Disposal Costs (VRMCD). Firstly, the UV is determined and only when there are indicators of impairment under this methodology, the VRMCD is subsequently determined to select the higher of the two. This year the VRMCD was higher and the Market Comparable Methodology (GPC) was applied to estimate it, using the sales multiples of transactions of comparable companies.

To determine the recoverable amount through the Market Comparable methodology, the average of the sales multiples of a selection of transactions of comparable companies is used. Once this average is applied to the Net Sale on the valuation date of these UGE's, the respective Business Values (BV) are obtained.

Given that such value already represents the value of the majority interest because it derives from a change of control for a transaction, no control premium is applied. Finally, the adjustment for working capital deficit (excluding cash and cash equivalents) is adjusted for the present value of the accumulated losses and for the disposal costs, to reach the VRMCD.

After applying the methodology described above, the four entities concluded that there is impairment in the goodwill of these UGE's.

Rest of operations

For the rest of the UGE's the recoverable amount in UV was determined without any indicators of impairment, so it was not necessary to determine the VRMCD. The methodology used was that of discounted flows, considering a discount rate and projections provided by the operations, and applying an adjustment factor for previous results. The planning horizon considered was five years with a perpetual terminal value of the normalized flow with growth in line with the inflation of each of the countries in which they operate.

After applying this methodology, the Entity concludes that there are no indicators of impairment in the rest of the UGE's.

13. Long-term debt

	Fair Value	2016	2015	2014
International bonds –				
International bonds – On June 30, 2010, the Entity issued a bond under U.S. Securities and Exchange Commission ("SEC") Rule 144 A Regulation S for US$800 million maturing on January 30, 2020. Such bond pays a fixed interest rate of 4.875% with semiannual payments. The proceeds from this issuance were used to refinance the Entity's debt, extending the maturity date.	$ 17,639	$ 16,531	$ 13,765	$ 11,774
On January 25, 2012, the Entity issued a bond under U.S. SEC Rule 144 A Regulation S for US$800 million maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50%, with semiannual payments. The proceeds from this issuance were used to refinance the Entity's debt.	17,334	16,531	13,765	11,774
On June 27, 2014, the Entity issued a bond under U. S. SEC Rule 144 A Regulation S for US 800 million maturing on June 27, 2024. Such bonds pay a fixed interest rate of 3.875% with semiannual payments. The proceeds from this issuance were to refinance the Entity's debt, extending the average maturity. See note 14.2.3 (B).	16,458	16,531	13,765	11,774
On June 27, 2014, the Entity issued a bond under U. S. SEC Rule 144 A Regulation S for US 500 million maturing on June 27, 2044. Such bonds pay a fixed interest rate of 4.875% with semiannual payments. The proceeds from this issuance were to refinance the Entity's debt, extending the average maturity. See note 14.2.3 (C).	9,475	10,332	8,603	7,359
Local bonds –				
As of December 31, 2016, the Entity holds the following local bonds due as follows:				
Bimbo 12– Issued on February 10, 2013, maturing in August 2018, with a fixed interest rate of 6.83%. See note 14.2.3 (F)	5,002	5,000	5,000	5,000
Bimbo 16– Issued on September 12, 2016, maturing in September 2026, with a fixed interest rate of 7.56%.	7,223	8,000	–	–
Bimbo 09–2– Issued June 15, 2009, maturing in June 2016, with a fixed interest rate of 10.60%. See note 14.2.3 (D)	–	–	2,000	2,000
Bimbo 09U– Issued June 15, 2009 in the amount of 706,302,200 UDIs, maturing in June 2016, with a fixed interest rate of 6.05%. The UDI value at June 30, 2016 and at December 31, 2015 and 2014 was $5.4152, $5.3812 and $5.2704, Mexican pesos per UDI, respectively. This bond was fully paid at maturity. See note 14.2.3 (A and E)	–	–	3,801	3,722

	Fair Value	2016	2015	2014
Committed Revolving Credit Line (Multicurrency) –				
In October 2016, the Entity renewed and amended the terms and conditions of the committed multicurrency credit line, originally issued on April 26, 2010. According to the new terms and conditions the financial institutions engaged in this credit line are BBVA Bancomer S.A., Banco Nacional de México S.A., HSBC Bank USA N.A., HSBC Mexico S.A., Banco Santander (Mexico) S.A., JPMorgan Chase Bank N.A., Bank of America N.A., ING Bank N.V., the Bank of Tokyo–Mitsubishi UFJ Ltd., Mizuho Bank Ltd. The total amount is up to 2,000 million US dollars, maturing on October 7, 2021 and with an applicable interest rate of London Interbank Offered Rate ("LIBOR") plus 0.95% for the provisions in US dollars, Canadian Dealer Offered Rate ("CDOR") plus 0.95% for provisions in Canadian dollars, and Interbank Equilibrium rate ("TIIE") plus 0.725% for provisions in Mexican pesos.	–	–	–	–
There was withdraws from this credit line during 2014, primarily for the acquisition of Canada Bread and Supan. Withdrawals were made in US dollars, Canadian dollars and Mexican pesos. During 2016 and 2015, payments were made to the credit line. As of December 31, 2016 there is no outstanding balance	–	–	1,854	6,656
Committed Revolving Credit Line *(Euros)*				
On November 6, 2015, The Entity contracted a committed credit line in Euros. The total amount is up to 350 million Euros, maturing on February 6, 2021 at a rate based on Euribor plus 1% The participating financial institutions are BBVA Bancomer S.A., ING Capital LLC y Bank of America N.A. As of December 31, 2016, the outstanding balance was 160 million euros and was used to cover working capital needs and to finance the acquisition of Donuts Iberia.	3,457	3,457	–	–
Secured working capital loans –				
The Entity occasionally enters into unsecured short–term loans to cover working capital needs.	–	–	–	280
Others – Certain subsidiaries have entered into other direct loans to meet their working capital needs, maturing from 2017 to 2020. Loans have a weighted interest rate of 4.8%.	6,515	6,515	5,585	2,295
Debt issuance cost	(396)	(396)	(377)	(430)
	82,707	82,501	67,761	62,204
Less – Current portion of long–term debt	(2,150)	(2,150)	(8,282)	(1,789)
Long–term debt	$ 80,557	$ 80,351	$ 59,479	$ 60,415

At December 31, 2016, long–term debt matures as follows:

Year	Amount
2018	$ 5,584
2019	407
2020	19,533
2021	3,520
2022	16,458
2023 and thereafter	34,849
	$ 80,351

The committed dual–currency revolving credit facility, local bonds, international bond and syndicate bank loan 2009 are guaranteed by the principal subsidiaries of Grupo Bimbo. At December 31, 2016, 2015 and 2014, the Entity has complied with all the obligations, including financial ratios established in the loan agreements for the Entity and its subsidiaries.

14. Financial instruments

1. *Categories of financial instruments as of December 31, 2016, 2015 and 2014:*

	2016	2015	2014
Assets			
Financial assets:			
Cash and cash equivalents	$ 6,814	$ 3,825	$ 2,572
Accounts and note receivables, net	18,463	14,841	14,246
Derivative financial instruments	305	885	386
Guarantee deposits for derivative financial instruments	1,140	1,501	18
Total current assets	26,722	21,052	17,222
Non-current assets:			
Notes receivable from independent operators	807	950	1,109
Derivative financial instruments	3,448	3,346	1,653
Total financial assets	$ 30,977	$ 25,348	$ 19,984

	2016	2015	2014
Liabilities			
Financial liabilities:			
Bank loans	$ 2,150	$ 8,282	$ 1,789
Trade accounts payable	16,652	13,146	11,867
Other accounts payable	1,521	1,401	1,414
Due to related parties	853	401	789
Derivative financial instruments	372	3,208	673
Total current liabilities	21,548	26,438	16,532
Long-term debt	80,351	59,479	60,415
Derivative financial instruments	3,352	1,707	1,540
Total financial liabilities	$ 105,251	$ 87,624	$ 78,487

2. *Risk management*

During the normal course of its operations, the Entity is exposed to risks inherent with variables related to financing as well as variations in the prices of some of its raw materials that are traded in international markets. The Entity has established an orderly risk management process that relies on internal bodies that assess the nature and extent of those risks.

Main financial risks the Entity is exposed to are:

- Market risk
- Interest rate risk
- Foreign currency risk
- Price risk
- Liquidity risk
- Credit risk
- Capital risk

The Entity's Corporate Treasury is responsible for managing the risks associated with interest rate, foreign currency, liquidity and credit risk that result from the ordinary course of business. Meanwhile, the purchases department is responsible for risk management of purchase prices of commodities and reviews the consistency of Entity´s open positions in the futures markets with the Entity's corporate risk strategy. Both departments report their activities to the Risk Management Department. The main objectives of the Risk Management Department are as follows:

- Identify, evaluate and monitor external and internal risks that could significantly impact the Entity;
- Prioritize risks;
- Secure the assignment and monitoring of risk;
- Validate the functions and/or those responsible for risk management;
- Validate the progress in each of the prioritized risks; and
- Recommend future action to take.

Given that the variables the Entity is exposed are dynamic in behavior, hedging strategies are evaluated and monitored formally on an ongoing basis. Additionally, such strategies are reported to the relevant governing body within the Entity. The primary purpose of hedging strategies is to achieve a neutral and balanced position in relation to the exposure created by certain financial variables.

2.1 Market risks

The Entity is exposed to the financial risks associated with fluctuations in foreign currency and interest rates, which are managed by Purchases department. The Entity is also exposed to price risk related to certain commodities purchased in its operation, which is managed by commodities subcommittees. The Entity occasionally uses derivative financial instruments to mitigate the potential impact of fluctuations in these variables and prices on its results. The Entity considers that the derivative financial instruments it enters into provide flexibility that allows for greater financial stability, better earnings visibility and certainty regarding costs and expenses to be paid in the future.

The Entity determines the amounts and objective parameters of the primary positions for which the derivative financial instruments are entered into, with the objective of minimizing one or more of the risk exposures in a transaction or group of transactions associated with the primary position.

The Entity only enters into derivative financial instrument contracts with recognized financial institutions of well-known solvency and within the limits set for each institution.

The principal types of derivative financial instruments used by the Entity are:

a) Contracts that establish a mutual obligation to exchange cash flows on specific 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 calls;

d) Commodity futures;

e) Options on commodities futures; and

f) Inputs swaps

Market risk exposure is monitored and reported on an ongoing basis to the responsible governing area within the Entity.

The Entity has established a policy that derivative financial instruments are entered into exclusively to hedge a risk. Accordingly, in order to enter into a derivative financial instrument contract, it must necessarily be associated with a primary position that exposes the Entity to a specific risk. Consequently, the notional amounts of the Entity's derivative financial instruments will be consistent with the amounts of the primary positions that are being hedged. The Entity does not enter into derivative financial instruments for speculative purposes. If the Entity decides to enter into a hedging strategy whereby options are combined, the net premiums paid/collected must represent a cash outflow, meaning the Entity should not enter into derivative financial instrument transactions for speculative purposes.

Derivative financial instruments are comprised as follows:

	2016	2015	2014
Assets:			
Current –			
Forwards	$ –	$ 22	$ 16
Forwards on raw materials	169	69	146
Swaps	–	794	–
Futures contracts:			
Fair value of natural gas, diesel and soy oil	136	–	224
Total asset derivatives – current	$ 305	$ 885	$ 386
Long–term swaps	$ 3,448	$ 3,346	$ 1,653
Liabilities:			
Current –			
Swaps	$ –	$ (1,989)	$ –
Forwards	(9)	–	(8)
Forwards on raw material	–	–	(1)
Guarantee deposit	–	–	(76)
Futures contracts:			
Fair value of natural gas, diesel and soy oil	(363)	(1,219)	(588)
Total derivatives liabilities current	$ (372)	$ (3,208)	$ (673)
Long term swaps	$ (3,352)	$ (1,707)	$ (1,540)

	2016	2015	2014
Stockholders' equity:			
Fair value of financial instruments designated as cash flow hedges, net of accrued interest	$ (692)	$ (1,411)	$ (362)
Closed contracts for unused futures	(165)	(73)	(17)
	(857)	(1,484)	(379)
Deferred income tax, net	267	504	159
Accumulated other comprehensive income related to derivative financial instruments	$ (590)	$ (980)	$ (220)

2.2 Interest rate risk management

The Entity 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 entering into derivative financial instruments, such as interest rate swaps, which are accounted for as hedging instruments when they comply with the all criteria to be classified as such.

Management considers that its interest rate risk related to its financial assets is limited as their maturities are generally current.

As of December 31, 2016 the Entity held long-term debt that accrues interest at variable rates referenced to the Canadian Dealer Offered Rate ("CDOR") and Euro Interbank Offered Rate ("EURIBOR"). As of December 2015 and 2014 to "TIIE", "UDI", Canadian Dealer Offered Rate ("CDOR") and London Interbank Offered Rate ("LIBOR"), and entered into interest rate swaps to fix such interest rates. The swaps have been designated as cash flow hedges.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on balances exposed to interest rate risk, considering both derivative and non-derivative instruments at the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the interest rate risk during the period due to variances in the balances exposed to such risk. For floating rate instruments, for which the Entity 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 LIBOR and 20 basis points in the one-month CDOR and a change of 100 basis points in the 28 days TIIE represents management´s best estimate of a reasonable potential change with respect to those rates. The Entity has fully mitigated interest rate risks related to fluctuations in the value of UDI through interest rate swaps.

An increase/decrease of 20 basis points in LIBOR, would result in a decrease/increase in profit or loss of approximately $0, $2.7 and $2.5 for the years ended December 31, 2016, 2015 and 2014, respectively. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 20 basis points in CDOR would result in a decrease/increase in profit or loss of approximately $4.9, $6.2 and $7.4 for the years ended December 31, 2016, 2015 and 2014, respectively. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 100 basis points in TIIE, would result in a decrease/increase in the Entity's profit or loss of approximately $0, $0.8 and $9.7, for the years ended December 31, 2016, 2015 and 2014, respectively.

An increase/decrease of 20 basis points in the EURIBOR rate would result in a decrease/increase in the Entity's results for approximately $6.9 and $0 for the years ended December 31, 2016 and 2015, respectively.

2.3 Foreign currency risk management

The Entity undertakes transactions denominated in a variety of foreign currencies and presents its consolidated financial statements in Mexican pesos; it also has investments in foreign operations whose currencies differ from the Mexican peso. Accordingly, it is exposed to foreign currency risk (i.e., the forecasted purchase of inputs, contracts and monetary assets and liabilities) and foreign currency translation risk (i.e. net investments is foreign subsidiaries). The main risk is with respect to the parity of Mexican pesos to US dollars, Mexican pesos to Canada dollars, and Canada dollars to US dollars.

– Management of translation of foreign currency risk

The Entity has investments in foreign subsidiaries whose functional currency is other than the Mexican peso, which exposes it to the risk of foreign currency translation. Also, the Entity has contracted intercompany financial assets and liabilities with those foreign subsidiaries, in various currencies, therefore representing a foreign currency risk.

The risk is mitigated through the issuance of one or more loans denominated in currencies other than the functional currency to naturally hedge exposure to foreign currency, and presented as a net investment in foreign subsidiaries within other comprehensive income.

As of December 31, 2016, 2015 and 2014, loans that have been designated as hedges on the net investment in foreign subsidiaries amounted to USD 2,392, 2,876 and USD 2,867 million, respectively.

As of December 31, 2016, 2015 and 2014, the amounts of loans that have been designated as hedges for net investment in foreign subsidiaries totaled CAD 965, 998 and 1,393 million, respectively.

As of December 31, 2016, 2015 and 2014 the amounts that have been designated as a hedge for intercompany asset positions are CAD 650 million for those years.

As of December 31, 2016, 2015 and 2014, the amount that has been designated as a hedge for intercompany liability positions are USD 2, USD 8 and USD 24 million, respectively.

As of December 31, 2016, the amount of the bank loan designated as a hedge for the investment in subsidiaries abroad is €160 million.

As of December 31, 2015 and 2014, the amounts that have been designated as hedges for long-term intercompany loans are $2,017 and $2,811 million, respectively.

As of December 31, 2015 and 2014, amounts that have been designated as hedges of intercompany long-term debt are EUR 30 for both years.

Management of foreign currency transactional risk

Risk management policy regarding foreign currency also contemplates hedging expected foreign currency cash flows, mainly related to future purchases of inputs. Such purchases qualify as hedged items, represented by "highly probable" forecasted transactions for purposes of hedge accounting. At the time the purchase occurs, the Entity adjusts the non-financial asset that is considered the hedged item for the gain or loss previously recognized in other comprehensive income.

Foreign currency sensitivity analysis

The sensitivity analyses below have been determined based on the balances exposed to foreign currency exchange rate risk for both derivative and non-derivative instruments as of the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the foreign currency exchange rate risk that existed during the year due to variances in the balances exposed to such risk.

A depreciation/appreciation of 1 peso per US dollar, represents management´s estimate of a reasonable potential change on the parity of both currencies, and would result in an increase/decrease of approximately $12, $54 and $19 in profit or loss for the years ended December 31, 2016, 2015 and 2014, respectively.

Detail of derivative financial instruments that hedge interest rate and foreign currency risk

Detail of the derivatives utilized to hedge the aforementioned risks and the fair value of such derivatives as of December 31 are as follows:

		2016	2015	2014
Swaps that modify the Bimbo 09U local bond currency and interest rate, current portion.	(A)	$ –	$ 794	$ –
Swaps that modify the Bimbo 09U local bond currency and interest rate.	(A)	–	–	738
Swaps that convert the 2024 144A bond from American dollars into Canadian dollars and change the fixed interest rate in US dollars to fixed interest rates in Canadian dollars.	(B)	3,037	2,932	794
Swaps that convert the 2044 144A bond from American dollars into Canadian dollars and change the fixed interest rate in US dollars to fixed interest rates in Canadian dollars.	(C)	411	414	121
Total long term assets		$ 3,448	$ 3,346	$ 1,653
Swaps that convert the Bimbo 09–2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed, current portion.	(D)	$ –	$ (677)	$ –
Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed.	(E)	–	(1,312)	–
Total current liabilities		$ –	$ (1,989)	$ –

			2016	2015	2014
Swaps that convert the Bimbo 09–2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed.	(D)	$ –	$ –	$ (257)
Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed.	(E)	–	–	(663)
Swaps that convert the Bimbo 12 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed	(F)	(3,352)	(1,707)	(620)
Total long–term liabilities		$ (3,352)	$ (1,707)	$ (1,540)

(A) In connection with the issuance of the Bimbo 09U local bonds, between June 10 and 24, 2009, the Entity entered into two foreign currency swaps for $1,000 and $2,000 that together hedge the entire Bimbo 09U issue and converts the debt from 6.05% in UDIs to Mexican pesos at fixed rates of 10.54% and 10.60%, respectively.

(B) In order to convert the total amount of the 2024 International 144A Bond, in the amount of USD 800 million, from US to Canadian dollars, issued between June 30 and July 21, 2014, cross currency swaps were contracted for a notional amount of 240, 290, 110, 10.73, 108.34 and 99.3 Canadian dollars. These instruments receive 3.875% interest in USD and pay 4.1175%, 4.1125%, 4.1558%, 4.1498%, 4.1246% and 4.0415% interest in Canadian dollars, respectively.

(C) In order to convert a portion of the 2044 International 144A Bond, that amounts USD 500 million, from US to Canadian dollars, on July 21, 2014, a cross currency swaps was contracted in a notional amount of $107.4 million Canadian dollars. This instrument receives 4.875% interest in US dollars and pays 5.0455%.

(D) In connection with the issuance of the Bimbo 09–2 local bonds, for a notional amount of $2,000 (equivalent to US$155.3 million), in 2010 the Entity entered into a foreign currency swap, which convert the debt from Mexican pesos to US dollars. Maturity is June 6, 2016. The exchange rate was set at $12.88 Mexican pesos per US dollar, and the fixed interest rate to be paid is 6.35%.

(E) In order to convert the liability positions of instruments related to the issuance of the Bimbo 09-U bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into two foreign currency and interest rate swaps, with a notional amount, one for $1,000 (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. Maturity date is June 6, 2016. The exchange rates applicable to these instruments were set at $12.03 Mexican pesos per US dollar and interest was fixed at 6.47% and 6.53%, respectively.

(F) In order to convert all the Bimbo 12 local bonds from Mexican pesos to US dollars, between February 14 and 17, 2012 the Entity entered into 6 cross currency swaps for a notional amount of 50, 50, 50, 72.1, 70 and 100 USD respectively. All the instruments have a maturity date of August 3, 2018 and earn interest at a rate of 6.83% in Mexican pesos and pay interest at a rate of 3.24%, 3.30%, 3.27%, 3.33%, 3.27% and 3.25% respectively.

Foreign Currency Hedge

Based on its projections of expense, Corporate treasury has diverse obligations in USD, for which reason, at December 31, 2016, 2015 and 2014, it maintains a portfolio of options and forwards that result in a long-term position in forwards with monthly maturities of $75, $35 and $8 million USD, respectively, at an average exchange rate of $20.49 $16.71 and $13.90 Mexican pesos per USD.

In addition to hedge a portion of the debt in US dollars and convert it into Canadian dollars, the Entity keeps as of December 31, 2014 a portfolio in forwards that result in a short position for a total of 85 million Canadian dollars at an average exchange rate of 1.17 Canadian dollars per USD.

In order to meet the needs of corporate treasury in euros tied to various forecasted transactions, the Entity held as of December 31, 2014, a portfolio of options and forwards that result in a long position for a total of EUR$9 million, at an exchange rate of $17.85 pesos per euro.

As of December 31, 2016 2015 and 2014, these aforementioned instruments have a net market value (asset) of $(9), $22 and $(8), respectively.

As of December 31, 2016, 2015 and 2014, the Entity had forwards to hedge currency risk of raw materials associated with the operation of Mexico. These instruments hedged a notional amount of 132.9, 131.25 and 137.7 million US dollars, respectively, fixing the exchange rate for the purchase of currency at a price of $19.77, $16.84 and $13.73 Mexican pesos per US Dollar.

As of December 31, 2016, the Entity contracted forwards to hedge exchange risk for capital investments related to the Mexico operation. These instruments hedged a notional amount of US $3.2 million, fixing the exchange rate for the purchase of foreign currency at an average exchange rate of $18.92 Mexican pesos per US Dollar.

In 2016, 2015 and 2014, the Entity entered into a forward to hedge the exchange risks related to the purchase of commodities in Uruguay. This instrument hedges a notional amount of 3.1, 1.9 and 3.9 million USD and fixed the exchange rate at 30.12, 30.63 and 25.26 Uruguayan pesos per USD, respectively.

As of December 31, 2016 and 2015, the Entity had forwards to hedge currency risks of raw materials associated with the operation of Canada. Such instruments hedge a notional amount of 44.8 and 5.8 million USD, and fixed the exchange rate at 1.32 and 1.34 CAD per USD, respectively.

As of December 31, 2016 and 2014, the Entity had forwards to hedge currency risk of raw materials associated with the operation of Chile. These instruments cover a notional amount of US 3.4 and 6 million, fixing the exchange rate for the currency purchase at a price of 674.97 and 609.8 Chilean pesos per USD.

As of December 31, 2016 the Entity had forwards to hedge currency risk of raw materials associated with the operation of Colombia. These instruments cover a notional amount of US 3 million fixing the exchange rate for the currency purchase at a price of 3,123.35 Colombian pesos per USD.

As of December 31, 2015, the Entity had forwards to hedge currency risk of raw materials associated with the operation of Argentina. These instruments cover a notional amount of US 12.8 million, fixing the exchange rate at a price of 11.98 Argentinean pesos per USD.

As of December 31, 2016, 2015 and 2014, these operations have a net fair value of $169, $69 and $146, respectively.

2.4 Commodities price risk management

In accordance with the Entity´s risk management policies, it enters into wheat, natural gas, and other commodities futures contracts to minimize the risk of variation in international prices of such inputs.

Wheat, the main input used by the Entity, together with natural gas, are some of the commodities hedged. The transactions are carried out in recognized commodity markets, and through their formal documentation are designated as cash flow hedges of forecasted transactions. The Entity performs prospective and retrospective effectiveness tests of the instruments to ensure they mitigate the variability of cash flows from fluctuations in the price of such inputs.

As of December 31, 2016, 2015 and 2014, the Entity has recognized, in other comprehensive income, closed contracts that have not yet been transferred to cost of sales due to the fact that the wheat under these contracts has not been used for flour consumption.

Detail of derivative transactions that hedge commodities price risk

As of December 31, 2016, 2015 and 2014, the contracted futures and their main characteristics were as follows:

	2016			2015			2014		
	Number	Contracts Maturity	Fair Value	Number	Contracts Maturity	Fair Value	Number	Contracts Maturity	Fair Value
Wheat	–	–	$ –	–	–	$ –	8,427	Mar–Dec 2015	$ 218
Corn	–	–	–	–	–	–	219	Mar–May	10
Diesel	3,191	Various	38	–	–	–	–	–	–
Gasoline	1,063	Various	35	–	–	–	–	–	–
Natural gas	384	Dec– 17	45	–	–	–	–	–	–
Poliethylene	6,000	Mar–17	7	–	–	–	–	–	–
Soybean oil	600	Sep–17	11	–	–	–	779	Mar–Dec 2015	(4)
Total current assets			$ 136			$ –			$ 224
Wheat	15,052	Mar–17 to May–18	$ (361)	15,766	Mar–Dec 2016	$ (594)	–	–	$ –
Corn	321	Mar–17 to May–18	(2)	308	Mar–Dec 2016	(5)	–	–	–
Soybean oil	–	–	–	1,320	Mar–Dec 2016	7	–	–	–
Diesel	–	–	–	1,539	Various	(186)	2,486	Various	(112)
Gasoline	–	–	–	3,347	Various	(391)	5,687	Various	(421)
Natural gas	–	–	–	1,143	Various	(39)	1,495	Various	(55)
Polyethylene	–	–	–	23,700	Jan–Sep 2016	(10)	–	–	–
Aluminum	–	–	–	360	Jan–Sep 2016	(1)	–	–	–
			$ (363)			$ (1,219)			$ (588)

Embedded derivative instruments - As of December 31, 2016, 2015 and 2014, the Entity has not identified any embedded derivative financial instruments that require bifurcation.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of financial assets and liabilities is determined 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 with reference to their quoted market prices. Derivative financial instruments fall in this category, therefore, these instruments are considered as hierarchy level 1 according to the classification of fair value hierarchy described below.

The fair value of other financial assets and liabilities carried at fair value are determined in accordance with accepted pricing models, generally based on discounted cash flow analysis.

As of December 31, 2016, 2015 and 2014, the carrying value of financial assets and liabilities, does not vary significantly from their fair value.

Fair value of derivative financial instruments, is considered as level 1.

The fair value of market long-term debt, such as bonds, was determined based on the prices provided by Valuación Operativa y Referencias de Mercado S. A. de C. V. ("VALMER") which is an entity supervised by the Mexican National Securities and Banking Commission (Comisión Nacional Bancaria y de Valores), that provides prices for financial instruments. Such valuation is considered as Level 1, according to the hierarchy described as follows.

Fair value hierarchy

The amount of assets and liabilities in the consolidated statements of financial position, measured at fair value, are grouped into one of the following three hierarchy levels. Categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5 Liquidity risk management

Corporate treasury is responsible for managing liquidity risk. Risk management allows the Entity to determine its short-, medium- and long-term cash flow needs, while seeking financial flexibility. The Entity maintains sufficient liquidity through an orderly management of its resources and permanently monitoring of cash flows, as well as maintaining a variety of credit lines (some of them committed) with bank institutions and proper management of working capital. These actions ensure the payment of future obligations. The Entity believes that due to the nature of its business, liquidity risk is low.

Obligations resulting from accounts payables, financial instruments and debt amortization are as follows:

	<1 year	< 1 year < 3 years	< 3 years < 5 years	> 5years
Debt	$ 5,915	$ 13,468	$ 29,134	$ 67,942
Trade accounts payable	16,652	–	–	–
Derivative instruments	–	2,808	–	–
Total	$ 22,567	$ 16,276	$ 29,134	$ 67,942

2.6 Credit risk management

Credit risk arises from the possible loss if a customer is unable to pay its obligations, loss on investments and principally the risk related to derivative financial instruments.

When accounts receivable to customers is impaired, the Entity recognizes an allowance for doubtful accounts. The allowance is increased for those accounts beyond 90 days past due, for fifty percent of the account and for the total when it reaches 180 days past due. The methodology used to determine the allowance has been applied consistently and the allowance has been historically sufficient to cover impaired unrecoverable accounts.

With respect to operations with derivative financial instruments related to interest rate and exchange rate hedges, and some commodities like natural gas, these instruments are entered into bilaterally with counterparties of high repute that meet certain criteria mentioned below, and who maintain a significant and continuous commercial relationship with the Entity.

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 principal counterparties with whom the Entity has contracts with respect to derivative financial instruments are:

Banco Nacional de México, S. A., BBVA Bancomer, S. A., Barclays Bank, PLC W. London, Bank of America México, S. A., Citibank N.A., Merrill Lynch Capital Services, Inc., HSBC Bank, ING. Capital Markets, JP Morgan Chase Bank, N. A., Banco Santander, S. A., Mizuho Corporate Bank, Ltd, Mizuho Capital Markets Corporation and The Bank of Tokyo Mitsubishi ufj, Ltd, The Bank of Nova Scotia; Macquarie Bank Limited and Cargill, Incorporated.

Principal commodities derivatives financial instruments are contracted in the following recognized 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)

Exposure to each counterparty is monitored on a monthly basis.

All derivative financial instrument transactions are performed under a standardized contract and duly executed by the legal representatives of the Entity and those of the counterparties.

Appendix and annexes to the contract, establish the settlement and other relevant terms in accordance with the manners and practices of the Mexican market.

Some derivative financial instrument contracts include the establishment of a security deposit or other securities to guarantee payment of obligations arising from such contracts. Credit limits that the Entity has with its counterparties are large enough to support its current operations; however, the Entity maintains cash deposits as collateral for payment of derivative financial instruments.

For those commodities future contracts executed in recognized, international markets, the Entity is subject to the regulation of those markets. These regulations include, among others, establishing an initial margin call for futures contracts and subsequent margin calls required of the Entity.

2.7 Equity structure management

The Entity maintains a healthy relation between debt and equity, to maximize the shareholders' return.

The leverage ratio at the end of each period is as follows:

	2016	2015	2014
Debt (i)	$ 82,501	$ 67,761	$ 62,204
Cash and cash equivalents	(6,814)	3,825	2,572
Net debt	75,687	63,936	59,632
Stockholders' equity	75,076	61,859	53,602
Net debt to stockholders' equity	1.01 times	1.03 times	1.11 times

(i) Debt is comprised of bank loans and short- and long-term bonds, net of issuance costs pending amortization.

The Entity is not subject to any externally imposed capital requirements.

15. Employee benefits and workers’ compensation

The net liabilities generated by employee benefits and long-term social security benefits by geographical segment, is integrated at December 31, 2016, 2015 and 2014 as follows:

	2016	2015	2014
Retirement and post- retirement benefits			
Mexico	$ 4,929	$ 3,466	$ 2,922
EUA	3,232	3,707	4,899
Canada	984	758	542
OLA	120	63	136
Total retirement and post-retirement benefits	9,265	7,994	8,499
Workers’ compensation – USA	3,469	2,598	2,104
Multi- Employer Pension Plan – USA	17,394	14,851	12,345
Bonuses to employees, long term	360	489	344
Total net liability	$ 30,488	$ 25,932	$ 23,292

a. *Mexico*

The Entity has a defined benefit pension and seniority premium plan. The Entity is also required to pay termination benefit obligations, which do not qualify as post-retirement benefit plans under IFRS, for which reason a liability for the benefits is not recognized until the obligation occurs, generally upon payment. The Entity´s funding policy is to make discretionary contributions. During 2016, 2015 and 2014, the Entity has not contributed to the plans.

Seniority premiums payment consist of a one–time payment of 12 days for each year worked based on the final salary, not exceeding twice the minimum wage, applicable at the payment date, established by law for all its personnel, as stipulated in the respective employment contracts. Such benefits vest for employees with 15 or more years of service.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2016, 2015 and 2014 by Bufete Matemático Actuarial, S.C., member of Colegio Nacional de Actuarios, A.C. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

b. *USA*

The Entity has established a defined benefit pension plan that covers eligible employees. Some of the benefits of the plan were frozen. The Entity´s funding policy is to make discretionary contributions. As of December 31, 2016, 2015 and 2014, the Entity contributed to such plan $1,240, $826 and $641, respectively.

The Entity also has established post-retirement employee welfare plans, which covers the medical insurance of certain eligible employees. The Entity has insurance and pays these expenses as they occur.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2016, 2015 and 2014 by Mercer (US), Inc., member of the Institute of actuaries in the U.S. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

c. *Canada*

The Entity has established a defined benefit plan for covering pension payments to eligible employees. Some of the benefits of unionized personnel plans were frozen. The funding policy of the Entity is to make discretionary contributions. The contributions made during 2016, 2015 and 2014 amounted to $177, $121 and $43, respectively.

The most recent of the plan assets and the present value of the defined benefit obligation actuarial valuations were performed as of December 31, 2016, 2015 and 2014 by Mercer (Canada), Inc. The present value of the defined benefit obligation, the labor cost of current service and past service cost were calculated using the method of projected unit credit.

The company also has established a defined contribution plan in which contributions are paid as incurred.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2016	2015	2014
Mexico			
Discount rate	7.68%	7.50%	7.50%
Expected rate of salary increase	4.50%	4.50%	4.50%
Inflation rate	3.50%	3.50%	3.50%
Expected weighted return	7.50%	7.50%	7.50%
Real weighted return	2.96%	1.19%	6.40%
EUA			
Discount rate	4.04%	4.25%	3.80%
Expected rate of salary increase	3.75%	3.75%	3.75%
Inflation rate	2.75%	2.75%	2.75%
Expected weighted return	4.25%	4.25%	3.80%
Real weighted return	7.90%	(2.50%)	15.19%
Canada			
Discount rate	3.80%	3.90%	3.90%
Expected rate of salary increase	3.03%	3.00%	3.00%
Inflation rate	2.00%	2.00%	2.00%
Expected weighted return	3.90%	3.90%	3.90%
Real weighted return	6.10%	3.70%	0.20%

The amounts recognized in profit or loss with respect to defined benefit pension plans and post–retirement benefits:

	2016	2015	2014
Current service cost	$ 706	$ 757	$ 523
Interest cost	1,775	1,565	1,378
Interest income on plan assets	(1,300)	(1,134)	(1,048)
	$ 1,181	$ 1,188	$ 853

The net cost of the period was allocated $668, $212 and $216 in 2016, 2015 and 2014, respectively, in the consolidated statements of income as cost of sales and the remainder as general expenses. The interest on the obligation and the expected return on the plan assets are recognized as finance costs.

The following table shows the funded status of the pension and seniority premium obligations as of the date thereon:

	2016	2015	2014
Present value of defined benefit obligation	$ 35,784	$ 32,253	$ 30,086
Less – fair value of plan assets	26,453	24,149	21,723
	9,331	8,104	8,363
Add: retirement benefit OLA	120	63	136
Less: current portion of retirement benefit	(186)	(173)	–
Present value of unfunded defined benefits	$ 9,265	$ 7,994	$ 8,499

Movements in the present value of the defined benefit obligation:

	2016	2015	2014
Present value of the defined obligation as of January 1	$ 32,253	$ 30,086	$ 22,425
Service cost	706	757	523
Interest cost	1,775	1,565	1,378
Actuarial loss on estimate of obligation	6	60	735
Effect of experience adjustments	624	(453)	(236)
Effect of changes in demographic assumptions	1,181	(675)	563
Effect of changes in financial assumptions	(407)	(1,359)	1,846
ABA Plan (1)	–	809	–
Assumed liabilities in business acquisition	–	2,083	2,194
Adjustment for fluctuation in currency exchange	4,790	3,330	1,893
Benefits paid	(5,144)	(3,950)	(1,235)
Present value of the defined benefit obligation as of December 31	$ 35,784	$ 32,253	$ 30,086

Movements in fair value of plan assets:

	2016	2015	2014
Plan assets at fair value as of January 1	$ 24,149	$ 21,723	$ 16,675
Interest income, and others	1,300	1,134	1,047
Actuarial (loss) gain	277	(1,402)	1,316
Employer and employee contributions	1,416	947	749
ABA Plan (1)	–	660	–
Assets on business acquisition	–	1,783	1,570
Adjustment for fluctuation in currency exchange	3,831	2,520	1,473
Benefits paid	(4,520)	(3,216)	(1,107)
Plan assets at fair value as of December 31	$ 26,453	$ 24,149	$ 21,723

(1) In 2015, the Entity determined that the American Bakers´Association ("ABA Plan") pension plan, that had been determined to be a multi-employer pension plan, qualified as another defined benefit plan for retirement. Therefore, in 2015, this plan is presented as such.

Categories of plan assets:

	Fair Value of plan assets		
	2016	2015	2014
Equity instruments	$ 8,200	$ 9,123	$ 12,362
Debt instruments	14,020	11,384	6,871
Others	4,233	3,642	2,490
Total	$ 26,453	$ 24,149	$ 21,723

Fair value of the assets of the plan are measured using valuation techniques that include inputs that are not based on observable market data.

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected wage increase. The sensitivity analysis presented below were determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

In Mexico, if the discount rate increases/decreases 100 basis points, the expected benefit obligation would decrease/increase by $8,379 and $12,389, respectively.

If the expected wage increases/decreases 100 basis points, the defined benefit obligation would increase/decrease by $11,184 and $9,240, respectively.

In USA, if the discount rate increases/decreases 100 basis points, the expected benefit obligation would decrease/increase by $(2,109) and $2,108, respectively.

If the expected wage increases/decreases 100 basis points, the defined benefit obligation would increase/decrease by $15.

In Canada, if the discount rate increases/decreases 100 basis points, the expected benefit obligation would decrease/increase by $(425) and $430, respectively.

If the expected wage increases/decreases 100 basis points, the defined benefit obligation would increase/decrease by $58.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Investment strategies in the actuarial and technical policy document of the Fund are:

- Asset mix on December 31, 2016 is 31% equity instruments, 53% debt instruments and 16% other instruments or alternative. The mix of assets as of December 31, 2015, is 33% equity instruments, 54% debt instruments and 13% other instruments or alternative and the mix of assets as of December 31, 2014 is 31% equity instruments, 56% debt instruments and 13% other instruments or alternative.

The technical committee of the Entity has the responsibility to define and monitor quarterly, strategy and investment policies in order to optimize the risk / return over the long term.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. Also, there has been no change to the process followed by the Entity to manage the plan assets compared to previous years

In Mexico the average duration of the benefit obligation as of December 31, 2016 is 27 years. This number can be analyzed as follows:

- Active members: 26.9 years (2015: 20 years and 2014: 21 years)
- Retired members: 9.9 years (2015: 11 years and 2014: 12 years).

In USA the average duration of the benefit obligation as of December 31, 2016 is 10.16 years. This number can be analyzed as follows:

- Active members: 9.12 years (2015: 15 years and 2014: 16 years);
- Deferred members: 9.16 years (2015: 16 years and 2014: 18 years), and
- Retired members: 10.14 years (2015: 9 years and 2014: 9 years).

In Canada the average duration of the benefit obligation as of December 31, 2016 is 13.4 years. This number can be analyzed as follows:

- Active members: 18.1 years (2015: 16.2 years and 2014: 16.2 years);
- Deferred members: 15 years (2015: 18 years and 2014: 18.2 years), and
- Retired members: 9.4 years (2015: 8.7 years and 2014: 8.6 years).

The amounts of experience adjustments are as follows:

	2016	2015	2014
Present value of defined benefits obligation	$ 35,784	$ 32,253	$ 30,086
Less – Fair value of plan assets	26,453	24,149	21,723
Underfunded status	$ 9,331	$ 8,104	$ 8,363
Experience adjustments on plan obligation	$ 630	$ (393)	$ 499
Experience adjustments on plan assets	$ 277	$ (1,402)	$ 1,316

Multi-employer pension plans ("MEPP")

The Entity participates in benefit plans known as MEPPs. 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, it was set to facilitate the mobility of employees between companies in the same industry preserving pension benefits. Usually they are managed by a trust that is overseen by representatives of all employers and employees. Currently BBU participates in 32 MEPPs.

Unless the Entity determines that exit of the MEPP is highly probable, they are measured as a defined contribution plan, as the Entity does not have sufficient information to calculate the liability, due to the collective nature of the plan, and that the participation of the Entity is limited. The responsibility of the Entity is to provide contributions as set forth in the collective contracts.

Contributions to MEPPs for the years ended December 31, 2016, 2015 and 2014 amounted to $2,308, $1,663 and $1,640, respectively. The estimated contributions for 2017 are approximately $2,399. Annual contributions are charged to profit or loss of the year.

In the event that another employer(s) exits the MEPP without satisfying its obligation related to its exit, the non-covered amount is distributed to the other active employers. Generally, the distribution of the liability for the exit of the plan is based on the Entity's contributions to the plan compared to the contributions of the other employers in the plan.

When the exit of a MEPP is highly probable, a provision is recognized for the present value of the estimated future cash outflows, discounted at the accrual rate. The Entity recognizes the withdrawal liability related to two MEPPs for which a contract exits. The total liability related to MEPPs is included in the employee labor obligations line.

The provision for the MEPP mainly corresponds to the Entity´s intention of exiting the plan.

During 2016, 2015 and 2014, the Entity recorded a charge to results with respect to the liability for MEPPs of $118, $359 and $2,022, respectively.

Liabilities recognized with respect to MEPPs are updated each year derived from changes in wages, aging and the mix of employees in the plan, which are recorded in results of the income year, in addition to amounts that are contributed regularly to different MEPPs.

The Entity has provisioned $17,394, that represent the withdraw estimation of some plans. The Entity has not provisioned for the MEPPs for which it has no intention to exit.

Welfare benefit plans USA

The Entity maintains a welfare benefit plan that covers certain eligible employees' postretirement medical expenses. Amounts correspond to expenses that are recorded in profit or loss as incurred. These obligations are classified as current or long-term welfare benefit plans and the amounts are included in the income statement. As of December 31, 2016, 2015 and 2014, these liabilities were:

	2016	2015	2014
Welfare benefit plans			
Current (a)	$ 552	$ 505	$ 471
Long-term	3,469	2,598	2,104
	$ 4,021	$ 3,103	$ 2,575

(a) Included in other accounts payable and accrued expenses.

16. Stockholders' equity

At December 31, 2016, 2015 and 2014, stockholders' equity consists of the following:

	Number of shares	Amount
Fixed capital		
Series A	4,703,200,000	$ 4,227
Total	4,703,200,000	$ 4,227

Capital stock is fully subscribed and paid–in and represents fixed capital. Variable capital cannot exceed 10 times the amount of minimum fixed capital without right of withdrawal and must be represented by Series "B", ordinary, nominative, no–par shares and/or limited voting, nominative, no–par shares of the Series to be named when they are issued. Limited voting shares cannot represent more than 25% of non–voting capital stock.

i. In the Ordinary General Assembly of Shareholders held on April 15, 2016, payment of dividends was declared for $1,129 meaning $0.24 cents per each of the shares representing the capital stock, from net tax income account, which were paid in cash on April 27, 2016

ii. An additional income tax, in Mexico, Income Tax on dividends was enacted in 2015 of 10% when such dividends are distributed to individuals and persons residing outside the country The income tax is paid via withholding and is considered a final payment by the shareholder. For foreigners, treaties to avoid double taxation may apply. This tax will apply to the distribution of profits generated beginning 2015.

iii. Retained earnings include the statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical Mexican pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2016, 2015 and 2014, the legal reserve, in historical Mexican pesos, was $500.

iv. Stockholders' equity, except restated paid–in capital and tax-retained earnings, will be subject to income taxes payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

v. The balances in the stockholders' equity tax accounts at December 31 are:

	2016	2015	2014
Paid-in capital	$ 30,515	$ 29,338	$ 28,464
Net after-tax income	51,480	42,372	37,174
Total	$ 81,995	$ 71,710	$ 65,638

17. Transactions and balances with related parties

Balances and transactions between the Grupo Bimbo and its subsidiaries, which are related parties, have been eliminated in consolidation and are not disclosed in this note. Transactions between the Entity and other related parties are detailed further.

a. Transactions with related parties, carried out in the ordinary course of business, were as follows:

	2016	2015	2014
Expenditures for purchases of:			
Raw material			
Beta San Miguel, S.A. de C.V.	$ 1,619	$ 1,030	$ 429
Frexport, S.A. de C.V.	798	661	592
Industrial Molinera Monserrat, S.A. de C.V.	313	300	385
Ovoplus del Centro, S.A. de C.V.	–	26	320
Makymat, S.A. de C.V.	41	–	–
Paniplus, S.A. de C.V.	–	–	57
Finished inventory			
Fábrica de Galletas La Moderna, S.A. de C.V.	$ 629	$ 537	$ 517
Mundo Dulce, S.A. de C.V.	814	716	624
Pan–Glo de México, S. de R.L. de C.V.	138	48	48
Stationary, uniforms and others			
Efform, S.A. de C.V.	159	163	156
Galerias Louis C Morton, S.A. de C.V.	9	8	4
Marhnos Inmobiliaria, S.A.	–	–	29
Proarce, S.A. de C.V.	60	123	123
Uniformes y Equipo Industrial, S.A. de C.V.	132	103	69
Financial services			
Fin Común Servicios Financieros, S.A. de C.V.	634	464	456

Transactions with related parties are carried out at market prices expected between independent parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years for bad or doubtful accounts in respect of the amounts owed by related parties.

b. Accounts payable to related parties

Net balances due to related parties are:

		2016		2015		2014
Beta San Miguel, S. A. de C. V.	$	479	$	190	$	326
Efform, S. A. de C. V.		33		31		41
Fábrica de Galletas La Moderna, S. A. de C. V.		67		53		65
Frexport, S. A. de C. V.		128		13		116
Industrial Molinera Montserrat, S. A. de C. V.		11		6		34
Makymat, S. A. de C. V.		13		–		4
Mundo Dulce, S.A. de C.V.		63		48		48
Ovoplus del Centro, S. A. de C. V.		–		–		7
Pan-Glo de México, S. de R. L. de C. V.		11		10		14
Proarce, S. A. de C. V.		22		9		47
Fin Común Servicios Financieros, S.A. de C.V.		–		8		8
Uniformes y Equipo Industrial, S. A. de C. V.		25		22		21
Otros		1		11		58
	$	853	$	401	$	789

c. Compensation of key management personnel

Compensation management and other key members of management during the year was as follows

		2016		2015		2014
Short- and long –term direct benefits	$	783	$	601	$	409
Severance benefits		607		653		576
Bonus		–		–		103
	$	1,390	$	1,254	$	1,088

The compensation of management and key executives is determined by the Compensation Committee based on the performance of individuals and market trends.

18. Income taxes

Income taxes in México -–

Mexican entities are subject to income tax (“ISR”)

ISR -The rate was 30% in 2016, 2015 and 2014 and thereafter.

Income taxes in other countries –

Subsidiaries established abroad calculate the income tax on the individual results of each subsidiary and in accordance with the regulations of each country. USA has an authorization to file a consolidated income tax return. Spain has authorization to file a consolidated income tax beginning from the year 2013.

Each company calculates and pays under the assumption of individual legal entities. The annual tax return is submitted within six months following the end of the fiscal year; companies must make monthly payments during the fiscal year.

The tax rates applicable in other countries where the Entity mainly operates and the period in which tax losses may be applied, are as follows:

	Legal tax rate (%)			Due date tax loss
	2016	2015	2014	Carryforward
Argentina	35	35	35	5 (a)
Brazil	34	34	34	(b)
Canada	15 (c)	15 (c)	15	20
Spain	25 (d)	28 (d)	30	(e)
USA	35 (f)	35 (f)	35	20
Mexico	30	30	30	10

Tax losses caused by the Entity are mainly in the USA, Mexico, Brazil and Spain.

a) Losses on sales of shares or other equity investments may only be offset against income of the same nature. The same applies to losses on derivatives. Foreign source tax losses may only be amortized with income from foreign sources.

b) Tax losses may be applied indefinitely, but may only be offset each year up to an amount equivalent to 30% of the net taxable profit for each year.

c) The general corporate income tax rate is a combination of the federal corporate income tax rate, of 15%, and relevant state (provincial) corporate income tax rates, where the Entity has a permanent establishment. State tax rates vary from 10% to 16%. Therefore, the combined tax rate may vary from 25% to 31%.

d) The tax rate was reduced to 28% in 2015, and will be 25% for the following years.

e) Tax losses have no expiration date, however they can only be offset to a portion of the net taxable profit for each year as follows: 50-25% in 2015, 60% in 2016 and 70% from 2017 and thereafter.

f) A state tax in each state must be added to the federal rate. The weighted statutory tax rate for the Entity for the years 2016, 2015 and 2014 was 33.4%, 37.75% and 38.8%, respectively.

Operations in the USA, Canada Argentina, Colombia, Guatemala, Panamá, Honduras, Nicaragua and Ecuador are subject to minimum payments of income tax.

Details of provisions, effective tax rate and deferred effects

a. Income tax in profit and loss:

	2016	2015	2014
Income tax:			
Current	$ 4,703	$ 3,884	$ 3,921
Deferred	2,142	179	(966)
	$ 6,845	$ 4,063	$ 2,955

b. The reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income for the years ended December 31, 2015 and 2014:

	2016	2015	2014
Income before taxes	$ 13,613	$ 9,978	$ 6,986
Statutory rate in Mexico	30%	30%	30%
ISR at statutory tax rate	4,084	2,993	2,096
Add (less) tax effects of the following items:			
Inflationary effects on the monetary financial position	209	246	524
Nondeductible expenses, nontaxable revenues and other	967	575	390
Difference in tax rates and currency of subsidiaries in different tax jurisdictions	156	(106)	(286)
Effects on the tax base values of property, plant and equipment	(130)	(137)	(131)
Participation in the results of associates	(37)	(14)	18
Change in unrecognized tax benefits	1,596	506	344
Income tax recognized in profit or loss	$ 6,845	$ 4,063	$ 2,955
Effective tax rate	50.3%	40.7%	42.3%

To determine deferred ISR at December 31, 2016, 2015 and 2014, entities applied the tax rates expected to be in effect to temporary differences, based on the estimated reversal date of the temporary difference.

Certain companies that have tax losses have not recognized the deferred benefit as they do not believe they have projections of sufficient taxable income in order to recover the benefit of such losses. Unrecognized benefits were $8,301 in 2016, $3,007 in 2015 and $3,524 in 2014.

The main items originating a deferred income tax asset as of December 31, 2016, 2015 and 2014 are:

	December 31, 2015	Effects through profit or loss	Effects through comprehensive income	Translation effects	Business combinations	December 31, **2016**
Allowance for doubtful accounts	$ (335)	$ (67)	$ –	$ –	$ –	$ (402)
Inventories and payments in advance	(33)	(29)	–	–	–	(62)
Property, plant and equipment	4,367	1,893	–	–	–	6,260
Intangible and other assets	9,928	2,563	–	–	–	12,491
Other reserves	(13,396)	(1,791)	(263)	–	–	(15,450)
Employee profit sharing	(313)	(22)	–	–	–	(335)
Tax loss carry forwards	(7,962)	314	–	–	–	(7,648)
Derivative financial instruments	–	115	(115)	–	–	–
Other items	398	(834)	230	525	–	319
Total (assets) liability, net	$ (7,346)	$ 2,142	$ (148)	$ 525	$ –	$ (4,827)

	December 31, 2014	Effects through profit or loss	Effects through comprehensive income	Translation effects	Business combinations	December 31, 2015
Allowance for doubtful accounts	$ (321)	$ (14)	$ –	$ –	$ –	$ (335)
Inventories and payments in advance	(12)	(21)	–	–	–	(33)
Property, plant and equipment	4,460	(349)	–	–	256	4,367
Intangible and other assets	8,317	1,436	–	–	175	9,928
Other reserves	(12,614)	(1,033)	315	–	(64)	(13,396)
Employee profit sharing	(318)	5	–	–	–	(313)
Tax loss carry forwards	(5,444)	(2,518)	–	–	–	(7,962)
Derivative financial instruments	–	2,121	(2,121)	–	–	–
Other items	603	552	(345)	(412)	–	398
Total (assets) liability, net	$ (5,329)	$ 179	$ (2,151)	$ (412)	$ 367	$ (7,346)

	December 31, 2013	Effects through profit or loss	Effects through comprehensive income	Translation effects	Business combinations	December 31, 2014
Allowance for doubtful accounts	$ (317)	$ (4)	$ –	$ –	$ –	$ (321)
Inventories and payments in advance	230	(241)	–	–	(1)	(12)
Property, plant and equipment	3,627	328	–	–	505	4,460
Intangible and other assets	5,493	969	–	–	1,855	8,317
Other reserves	(9,999)	(1,992)	(430)	–	(193)	(12,614)
Employee profit sharing	(246)	(72)	–	–	–	(318)
Tax loss carry forwards	(3,152)	(2,009)	–	–	(283)	(5,444)
Derivative financial instruments	–	1,649	(1,649)	–	–	–
Other items	519	406	(33)	(289)	–	603
Total (assets) liability, net	$ (3,845)	$ (966)	$ (2,112)	$ (289)	$ 1,883	$ (5,329)

The deferred income tax asset and liability have not been offset in the accompanying consolidated statements of financial position as they result from different taxable entities and tax authorities. Gross amounts are as follows:

	2016	2015	2014
Deferred income tax asset	$ (9,779)	$ (10,705)	$ (8,709)
Deferred income tax liability	4,952	3,359	3,380
Total asset, net	$ (4,827)	$ (7,346)	$ (5,329)

c. As of December 31, 2015, tax loss carried forwards, pending amortization against future income taxes, expire as follows:

Years	Amount
2017	$ 378
2018	413
2019	412
2020	559
2021	1,662
2022	103
2023	296
2024	5,918
2025	8,302
2026	11,106
2026 and thereafter	22,187
	51,336
Unrecognized tax losses	(27,203)
Total	$ 24,133

19. Costs and expenses by nature

Cost of sales and distribution, selling, administrative, and other general expenses presented on the consolidated statements of income, are comprised as follows:

	2016	2015	2014
Cost of sales			
Raw materials and manufacturing expenses	$ 107,238	$ 95,008	$ 82,391
Freight, fuel and maintenance	3,800	3,053	2,527
Depreciation	4,960	4,360	3,380
	$ 115,998	$ 102,421	$ 88,298

	2016	2015	2014
Distribution, selling, administrative and other expenses			
Wages and salaries	$ 54,363	$ 41,229	$ 36,674
Depreciation	2,330	2,078	2,028
Freight, fuel and maintenance	8,627	5,660	4,415
Professional services and consulting	18,324	13,358	10,098
Advertising and promotional expenses	9,738	7,935	6,951
Other	24,677	32,384	28,277
	$ 118,059	$ 102,644	$ 88,443

20. Other general expenses

a. Other general expenses are comprised as follows:

		2016		2015		2014
Tax incentives	$	(26)	$	(78)	$	(3)
Loss on sale of property, plant and equipment		(302)		124		330
Impairment of goodwill		575		991		–
Impairment of brand and distribution rights		613		430		166
Impairment fixed assets		–		418		–
Recovery on claims		(111)		–		(8)
Provision for updating MEPPs		473		359		2,022
Others		1,014		(76)		370
	$	2,236	$	2,168	$	2,877

21. Commitments

Guarantees and/or guarantors

a. Grupo Bimbo, S.A.B. de C.V. along with certain subsidiary companies have issued letters of credit to guarantee certain commercial obligations and contingent risk related to workers' compensation of certain subsidiaries. The value of such letters of credit at December 31, 2016, 2015 and 2014 are US 366, US 344 and US 270 million, respectively.

b. The Entity entered into contracts, which requires it to acquire certain amounts of renewable energy for an 18-year period at a fixed price, that will be updated according to changes in the INPC factors for the first 15 years. Even though the contracts have derivative financial instruments characteristics, 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 2017 amounts to $313, and is to be updated annually based on inflation, for the remaining 14 years of the contract.

Lease commitments

a. The Entity has long–term commitments under operating leases, related to the facilities used to produce, distribute and sell its products. These commitments vary from 3 to 14 years, with a renewal option of between one and five years. Certain leases require the Entity to pay all related expenses, such as taxes, maintenance and insurance for the term of the contracts. Lease expense was $4,861, $4,136 and $3,485 for the years ended December 31, 2016, 2015 and 2014, respectively. The total amount of future minimum lease commitments is as follows:

Years		Operating leases		Finance leases Non-controlling Interest
2017	$	3,613	$	855
2018		2,808		745
2019		2,254		618
2020		1,731		443
2021		1,337		249
2022 and thereafter		3,304		93
Total minimum lease payments		15,047		3,003
Amounts representing interest		–		562
Present value of net minimum lease payments	$	15,047	$	2,441

22. Contingencies

Certain contingencies exist, of varying nature, that have arisen in the normal course of business of the Entity, for which management has evaluated the likelihood of loss as remote, probable or possible. Based on such evaluation, for those contingencies for which the Entity believes it is probable it will be required to use future resources to settle its obligation, the Entity has accrued the following amounts:

Type		Amount
Labor-related	$	402
Tax-related		735
Civil-related		40
Other		365
Total	$	1,542

Those contingencies for which management does not believe it is probable that it will be required to use future resources to settle its obligations and that are not expected to have a material adverse effect are not accrued until other information becomes available to support the recognition of a liability.

The Entity has restricted cash of $316 and pledged certain assets in Brazil amounting to an additional $ million as a guarantee of certain tax contingencies, which are presented in other long–term assets.

Derived from the purchase of items of property, plant and equipment and intangible assets in Brazil concerning the Firenze brand, made in 2008, the Entity is subject to tax liens and presumed successor of companies involved in these actions. The court issued an injunction, ordering the restriction of the accounts receivable of the Entity from the sale of branded products "Firenze". The Entity continues to defend itself regarding this claim, which is expected to be resolved in the long-term. There is a provision recorded for $55.

23. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on four geographical zones: Mexico, North America, OLA and Europe. Segment revenue is comprised of bread (for all segments) and confectionery products (Mexico and USA only)

The following presents the condensed financial information by reportable segment based on the geographical areas in which the Entity operates for the years ended December 31, 2016, 2015 and 2014:

	2016											
		Mexico		North America		OLA		Europe		Consolidation eliminations		Total
Net sales	$	82,386	$	135,219	$	29,100	$	11,676	$	(6,240)	$	252,141
Operating income (loss) (*)	$	12,949	$	7,161	$	(2,453)	$	(159)	$	586	$	18,084
Depreciation, amortization, impairment and other non–cash	$	2,437	$	5,572	$	2,733	$	472	$	–	$	11,214
EBITDA (*)(**)	$	15,386	$	12,733	$	280	$	313	$	586	$	29,298
Net income of controlling stockholders	$	6,398	$	2,370	$	(3,596)	$	(732)	$	1,458	$	5,898
Interest income	$	(459)	$	(162)	$	(70)	$	(133)	$	575	$	(249)
Interest expense	$	4,109	$	1,463	$	439	$	50	$	(575)	$	5,486
Total assets	$	48,371	$	154,417	$	27,080	$	16,653	$	(1,356)	$	245,165
Total liabilities	$	99,496	$	56,398	$	10,535	$	5,171	$	(1,511)	$	170,089

	2015					
	Mexico	North America	OLA	Europe	Consolidation eliminations	Total
Net sales	$ 76,295	$ 116,399	$ 24,272	$ 7,560	$ (5,340)	$ 219,186
Operating income (loss) (*)	$ 10,920	$ 5,024	$ (1,310)	$ (601)	$ 88	$ 14,121
Depreciation, amortization, impairment and other non–cash	$ 2,511	$ 4,641	$ 1,829	$ 267	$ –	$ 9,248
EBITDA (*)(**)	$ 13,431	$ 9,665	$ 519	$ (334)	$ 88	$ 23,369
Net income of controlling stockholders	$ 5,497	$ 1,462	$ (1,662)	$ (892)	$ 766	$ 5,171
Interest income	$ (372)	$ (190)	$ (30)	$ (181)	$ 561	$ (212)
Interest expense	$ 3,541	$ 1,221	$ 361	$ 1	$ (548)	$ 4,576
Total assets	$ 43,020	$ 130,148	$ 19,332	$ 8,253	$ (1,120)	$ 199,633
Total liabilities	$ 82,868	$ 45,890	$ 6,690	$ 2,881	$ (555)	$ 137,774

	2014					
	Mexico	North America	OLA	Europe	Consolidation eliminations	Total
Net sales	$ 72,098	$ 90,375	$ 21,931	$ 6,897	$ (4,248)	$ 187,053
Operating income (loss) (*)	$ 10,132	$ 392	$ 7	$ (209)	$ (10)	$ 10,312
Depreciation, amortization, impairment and other non–cash	$ 1,917	$ 5,196	$ 849	$ 146	$ –	$ 8,108
EBITDA (*)(**)	$ 12,049	$ 5,588	$ 856	$ (63)	$ (10)	$ 18,420
Net income of controlling stockholders	$ 4,977	$ (1,011)	$ (492)	$ (53)	$ 97	$ 3,518
Interest income	$ (303)	$ (309)	$ (34)	$ (324)	$ 699	$ (271)
Interest expense	$ 3,007	$ 942	$ 300	$ 29	$ (586)	$ 3,692
Total assets	$ 36,449	$ 115,427	$ 20,176	$ 6,844	$ (1,135)	$ 177,761
Total liabilities	$ 78,238	$ 37,935	$ 5,941	$ 2,516	$ (471)	$ 124,159

(*) Amount does not include intercompany royalties.

(**) The Entity determines EBITDA as operating income plus depreciation, amortization, impairment and other cash items.

For the years ended December 31, 2016, 2015 and 2014 the sales to its largest customer represented 13%, 11.8% and 12% respectively of consolidated net sales of the Entity, which corresponds mainly to the regions of Mexico and the US and Canada. There are no other customers whose sales exceed 10% of total consolidated sales.

24. Consolidated Financial statements issuance authorization

On March 20, 2017 the issuance of the accompanying consolidated financial statements was authorized by Lic. Daniel Servitje Montull, Chief Executive Officer, and the Board of Directors of the Entity. Consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to the Entity stockholders' approval at the General Stockholders' meeting, where they may be modified, based on provisions set forth by Mexican General Corporate Law.

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STAKEHOLDER INFORMATION

G4-5, G4-31

Stock exchange:	Mexican Stock Exchange (BMV)
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Ticker symbol ADR Level 1:	BMBOY
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2016 INTEGRATED ANNUAL REPORT