



Transforming, Innovating, Growing.

ANNUAL REPORT 2019



Genomma Lab.®
Internacional

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**“Empower
people to have
amazing health
and wellness”**

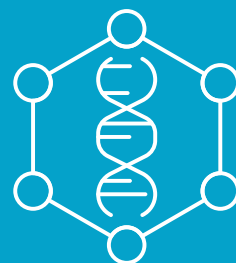
Genomma Lab Purpose

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ABOUT US

GRI 102-1; 102-3; 102-5; 102-9

Genomma Lab Internacional S.A.B. de C.V. is one of Mexico's leading companies in personal care products and over-the-counter medications, with a growing international presence. We develop, sell and market a wide range of premium brand products of which several are leaders in their category. We are committed to enriching the well-being of society and improving the quality of life of our consumers. We are also committed to improve our products through research and analysis of the optimal ingredients for their development and commercialization.



OUR OPERATIONS

GRI 102-7



Mexico
Sales
46%
FY2019

US Sales
10%
FY2019

LatAm
Sales
44%
FY2019

Number of
collaborators
1,137

Operations
in 18
countries

OUR NUMBERS 2019

OTC¹ Sales
48%

2019
Sales
\$12,713
mmMXN
+7.8% vs 2018

+100,000
products
purchased by
consumers
every hour

POS
+308,000

2019
EBITDA
\$2,473
mmMXN
+3.8% vs 2018

Personal
Care Sales
52%



¹ Over The Counter

OUR SUSTAINABILITY



+2,000
Volunteering
hours

\$4.1
mMXN
in-kind
donations

14th.
year as
a Socially
Responsible
Company
(SRC)

7 years in
the Sustainable
Index of Prices
and Quotes of the
Mexican Stock
Exchange

Members of
the S&P/ BMV
Total Mexico
ESG Index

45%
of our
collaborators
are women

OUR PRESENCE

GRI 102-2; 102-4; 102-6; 102-9



OUR **GEN** MAKES US UNIQUE

OUR MISSION



Improve and preserve the health and well-being of people through innovative, safe and effective products, providing development opportunities to our employees and profitability to our shareholders, as well as positively impacting the community and the environment.

OUR PURPOSE

During 2019 we continue with the purpose of the Company, which is the guiding axis of our day to day: ***“Empower people to have excellent health and well-being.”*** We help people take control to lead a full life for longer. We provide the best quality because they deserve the best.

OUR VISION



To be the leading company in our categories of medicines and personal care products, and to be acknowledged for having a positive impact on the health and well-being of people, communities and the environment.



OUR VALUES AND PRINCIPLES



WE ARE TRUSTWORTHY

We always do the right thing, with honesty, respect and responsibility.



WE ARE TRANSPARENT

We always tell the truth in an open and honest way.



WE ARE INCLUSIVE

We value diversity and accept our differences, as they make us stronger.



WE BELIEVE IN MERITOCRACY

We recognize people based on their proven skills.



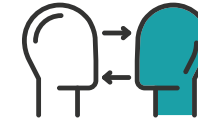
WE CARE

We need you, we listen to you, you belong here, what you do is important.



WE ARE TRANSFORMATIONAL LEADERS

who develop and inspire through the example. We help our team succeed.



WE ARE HUMBLE

We recognize our vulnerabilities.



WE LEARN FROM OUR MISTAKES

We are not afraid to seek support from others



WE HAVE FUN

We work in a cheerful environment, in which the most important thing is our supreme well-being and good spirits.

OUR RELEVANT FINANCIAL RESULTS



FINANCIAL SUMMARY

PS. MILLIONS

RESULTS

	ANNUAL GROWTH	2019 ¹	% OF SALES	2018 ¹	% OF SALES
Net Sales	7.8%	12,712.9	100%	11,794.4	100.0%
Gross Profit	4.3%	8,097.9	63.7%	7,764.7	65.8%
Operating Profit	1.3%	2,330.8	18.3%	2,301.1	19.5%
EBITDA ²	3.8%	2,473.0	19.5%	2,382.3	20.2%
Net Profit	(31.1)%	764.5	6.0%	1,109.5	9.4%

BALANCE

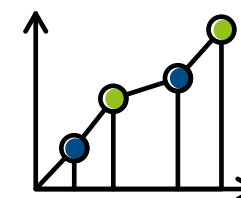
Total Assets	6.5%	19,254.8		18,077.3	
Cash and Equivalents	(34.8)%	922.9		1,414.6	
Total Debt	2.7%	6,034.7		5,873.4	
Stockholders' Equity	7.4%	7,974.1		7,427.8	
Cash Conversion Cycle	17 días	99		82	

STOCK MARKET DATA

Price	59.2%	18.58		11.67	
Earnings Per Share	(30.6)%	0.75		1.08	
Book Value Per Share	11.0%	7.87		7.09	
Outstanding Shares	0.0%	1,048.0		1,048.0	

OPERATION

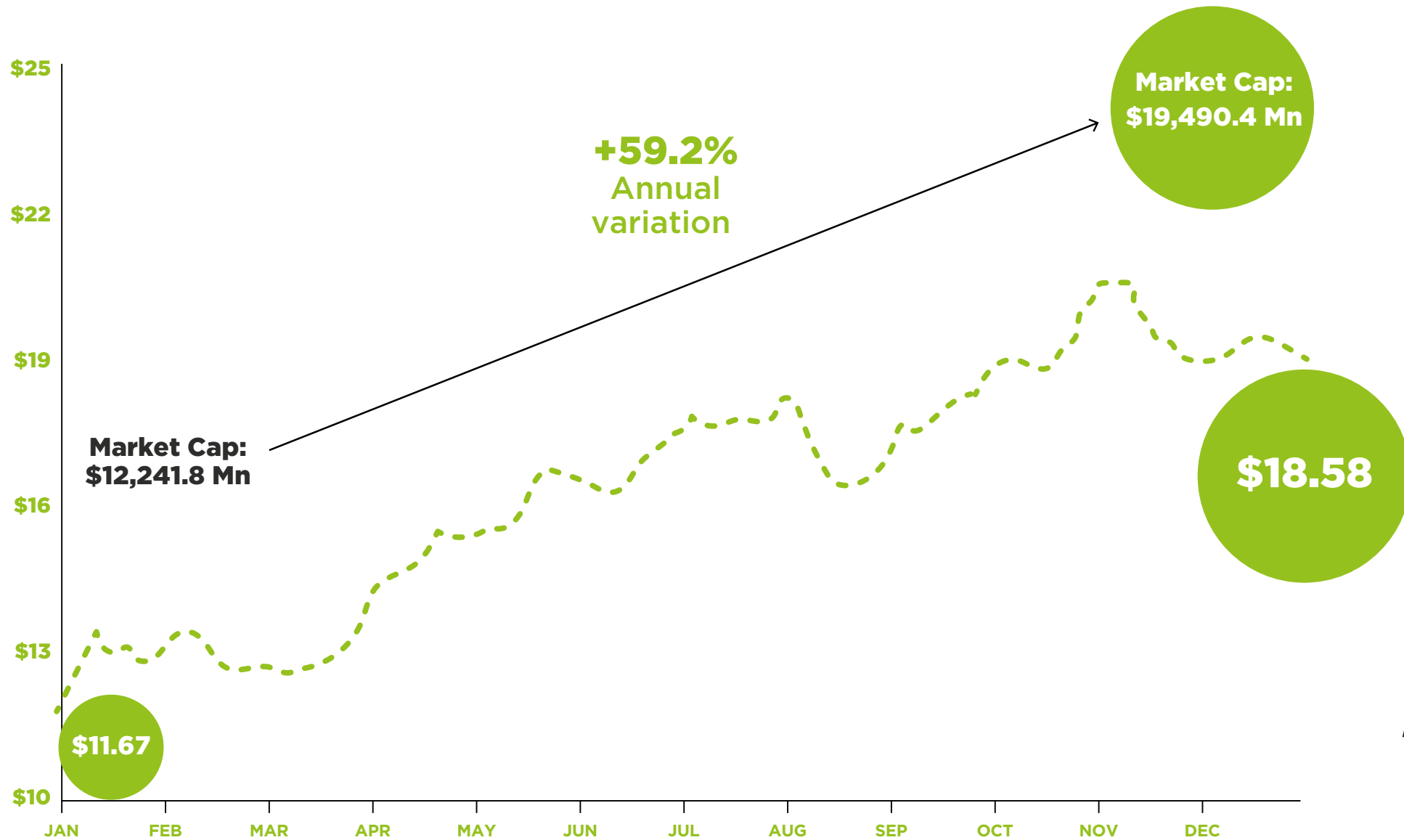
Collaborators	15.8%	1,137		982	
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1 Figures in millions of nominal pesos and under IFRS standards, except for the conversion cycle of cash, share, number of units and collaborators.

2 EBITDA - operating income before depreciation and amortization.

OUR “LAB B” SHARE



“LAB B, Stock with the best performance of the listed belonging to the **S&P/BMV IPC”**.

MESSAGE FROM RODRIGO HERRERA

CHAIRMAN OF THE BOARD OF DIRECTORS

GRI 102-14



Dear shareholders,

On behalf of the Board of Directors of Genomma Lab Internacional, it is a pleasure to share with you all the results achieved by the Company during 2019, through this report. We are conducting a growth strategy in the short, medium and long term.

This strategy is designed based on four fundamental pillars, which are aligned to our **corporate purpose** which is “Empowering people to have excellent health and well-being.” This plan is being successfully executed by our management team, headed by Jorge Brake.

This year, I want to highlight the positive performance in our sales, as well as the solid profitability that our business model maintained during the year. This is reflected in the price of our share (LABB), which in 2019 managed to position itself as the highest performing share in the sample of thirty-five shares that make up the **S&P/BMV IPC**. These achievements are a clear reflection of a results-oriented and resilient

management, always able to face an adverse and volatile macroeconomic environment, supported by our ability to think disruptively.

I also want to highlight some of the elements that define the entire Genomma team: **innovation, passion and our entrepreneurial spirit**. Integrating the concept “innovation” to our entire operation as a fundamental and natural way of being to accelerate and drive our growth was crucial.

I want to add that, since 2018, we have given ourselves the arduous task of transforming our corporate culture. In that year we launched the **GENBOOK**, which reflects the essence of who we are as an



“... I am convinced that excellent corporate governance with best practices, must sustain any business model or strategy and a high degree of commitment based on transparency and absolute ethics...”

organization, sets our priorities and who we care about, and redefines our values and principles. It is the path we follow in every activity we do.

Moreover, I am convinced that **excellent corporate governance** with best practices, must sustain any business model or strategy and a high degree of commitment based on **transparency and absolute ethics**, which must undoubtedly permeate at all levels of the organization and members of our value chain as the great team that we are.

Likewise, as a **fiduciary duty of the Board of Directors**, we assume the responsibility of recognizing, establishing and strengthening relationships with our various stakeholders, which

allow the integral development of the environment, considering at all times a philosophy of continuous improvement in our economic, social and environmental performance.

Finally, I want to share our strong commitment with our environment and our responsibility as a consumer products company in the ecological impact of our planet.

Therefore, we have decided to align our sustainability model to the innovation and growth strategy, being faithful and genuine, fulfilling our purpose, which I mentioned at the beginning of this message.

I am deeply grateful to all our **collaborators, business partners, investors and members of the Board of Directors** for their active participation in making Genomma Lab a leading company in its sector. I also want to thank them for trusting our ability to generate economic, social and environmental value for all of you.

Rodrigo Herrera Aspra
Chairman of the Board of Directors

MESSAGE FROM JORGE BRAKE

GENOMMA LAB CEO

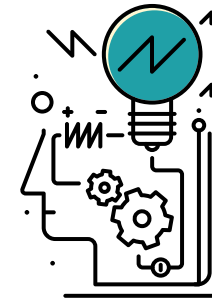
GRI 102-11; 102-14



Dear all,

It has been just over a year since I joined Genomma Lab and I am pleased to share with you the results of the transformation strategy that we have implemented in the Company. We continue to work every day with tenacity and enthusiasm to realize our purpose:

“Empower people to have excellent health and well-being.”



IMAGINING THE IMPOSSIBLE

We are in a vibrant and challenging moment in which technology progresses exponentially, changing paradigms in all aspects of our lives. In the last 15 years, the world has changed, and with it, the way we communicate, interact, buy and choose. This context represents a great opportunity, yet a permanent challenge to continue being favored by consumers.

2019 was a year of great challenges and dreams fulfilled, in which we began the implementation of our four-pillar **new growth strategy.**

We are excited to see this year's good results, product of our perseverance and discipline to move in the right direction, and although our vision is long term, 2019 represents the first step of many that will set the pace to consolidate ourselves as an ever more solid, innovative Company with consistent growth.

Additionally, we want to achieve the above with a solid operational performance from a sustainable perspective.

OUR FOUR PILLARS ARE:



Product **INNOVATION** and **PORTFOLIO** optimization.

During 2019 we had several international launches, such as REVIE® in Brazil, Cicatricure® Gold in Argentina and Tukol-D® in Mexico, to name a few.



GO-TO-MARKET having the best execution in **points of sale.**

That's why we improved the visibility of our products in our various points of sale, while venturing into direct distribution to traditional stores.



World class **SUPPLY CHAIN**

We performed a reconfiguration supported by new technologies that will allow us to achieve a more efficient operation and a more accurate demand planning.



WINNING CULTURE that drives **internal growth and productivity.**

During 2019 we launched our organizational development program, through a digital platform that allows all employees to have a timely follow-up of their career plan and objectives, aligned to business priorities. At the same time, we have strengthened the variable compensation package to keep all staff motivated.

"...We are excited to see the good results of this year, the fruit of perseverance and discipline to move in the right direction..."

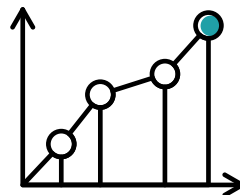
This year, our main objective was to resume the growth of the business through innovation and the improvement of our ability to explore new opportunities, making the best use of our skills and abilities.

An excellent example of the diversification of our portfolio was the agreement with UP International for the commercialization and sale in Mexico of the Novamil and Novalac brands, specialized infant nutrition formula with international quality standards.

In Genomma Lab we like the word transformation. We know that challenges will continue to occur as long as there is a strategy that involves growth and innovation; however, regardless of their size, they drive our growth and value generation.

As part of this evolution process, we have decided to strengthen our presence in digital media, taking on the challenge of reaching our consumers through quality information and content, making advice available for them to improve their health and well-being.

I want to acknowledge the whole team that integrates Genomma Lab and thank them for their effort - our collaborators are the key and essential enabler to achieve the desired results by implementing the new strategy, with a renewed corporate culture, development plans and constantly optimizing our productivity.



OUR 2019 RESULTS

In 2019, net sales increased 7.8%, reaching 12.7 billion pesos, supported by an improvement in the profitability of the business, achieving an EBITDA margin of 19.5%. These results reaffirm the initial success of our aforementioned new business model.

Although the results in some countries were impacted by challenging macroeconomic environments, having a balanced portfolio and an assertive strategy to address the diversity of temporary consumption allowed us to successfully overcome these and other difficulties.

Regarding our balance sheet, during the year we refinanced part of our debt, closing 2019 with 74.3% of long-term debt over our gross financial debt, which will give us sufficient strength to focus our assets on growth and profitability. This was achieved with two short-term issues of 600 million pesos under our stock certificate program.

Additionally, under our Share Buyback Program, 36,060,792 shares were repurchased for a total amount of 84.2 million pesos.

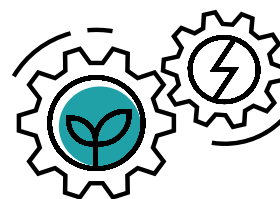
"I want to acknowledge the whole team that integrates Genomma Lab and thank them for their effort - our collaborators are the key and essential enabler to achieve the desired results by implementing the new strategy..."





"...One of our short-term purposes is to strongly bet on sustainability, taking our sustainability strategy and model to the next level and clearly understanding our stakeholders' priorities."

Likewise, I want to share with you that, during this year, the LAB B share had a positive yield of 59.2%, ranking as the best performance within the Price and Quotation Index (S&P / BMV IPC) of the Mexican Stock Exchange.



OUR PATH TO SUSTAINABLE PERFORMANCE

In Genomma, today more than ever we are aware of our commitment to the environment. One of our short-term purposes is to strongly bet on sustainability, taking our sustainability strategy and model to the next level and clearly understanding our stakeholders' priorities.

We know it is essential to consider at all times the economic, social and environmental impacts before carrying out an activity that may generate any effect on the environment.

Genomma Lab has been part of the Sustainable IPC for 7 uninterrupted years and has received Cemefi's distinction as a Socially Responsible Company for the last 14 years. In addition, since 2008 we are adhered to the UN Global Compact. As of 2020, we will implement the sustainability strategy transversally to the new growth strategy.

Throughout the year we reaffirm our GEN, which makes us unique, with the firm conviction of continuing to generate added value for our employees, partners, shareholders, consumers, customers and the stakeholders with whom we have a relationship.

I would like to finish by thanking you for the trust you place in us every day, and at the same time ratifying our commitment to take the Company to the next level.

Jorge Luis Brake Valderrama
CEO Genomma Lab Internacional, S.A.B. DE C.V.
April, 2020

OUR COMMITMENT TO SUSTAINABILITY



OUR SUSTAINABILITY MODEL

GRI 103-3

The Company has developed a sustainability model that is aligned to the new business strategy. This allows prioritizing the key lines to evolve to a more sustainable management in harmony and cooperation with our different stakeholders .

GOVERNANCE, TRANSPARENCY, ETHICS OF THE ORGANIZATION	Live the purpose and values of the organization	 
ENVIRONMENTAL MANAGEMENT	Improve the efficiency in the use of our resources, preventing and avoiding pollution of our environment	 
HEALTH & WELL-BEING	Promote health and well-being in our community	 
RESPONSIBLE PRODUCTS	Quality, innovation and development of responsible products focused on the consumer	 



OUR MATERIALITY

GRI 102-44; 102-46; 102-47; 103-1

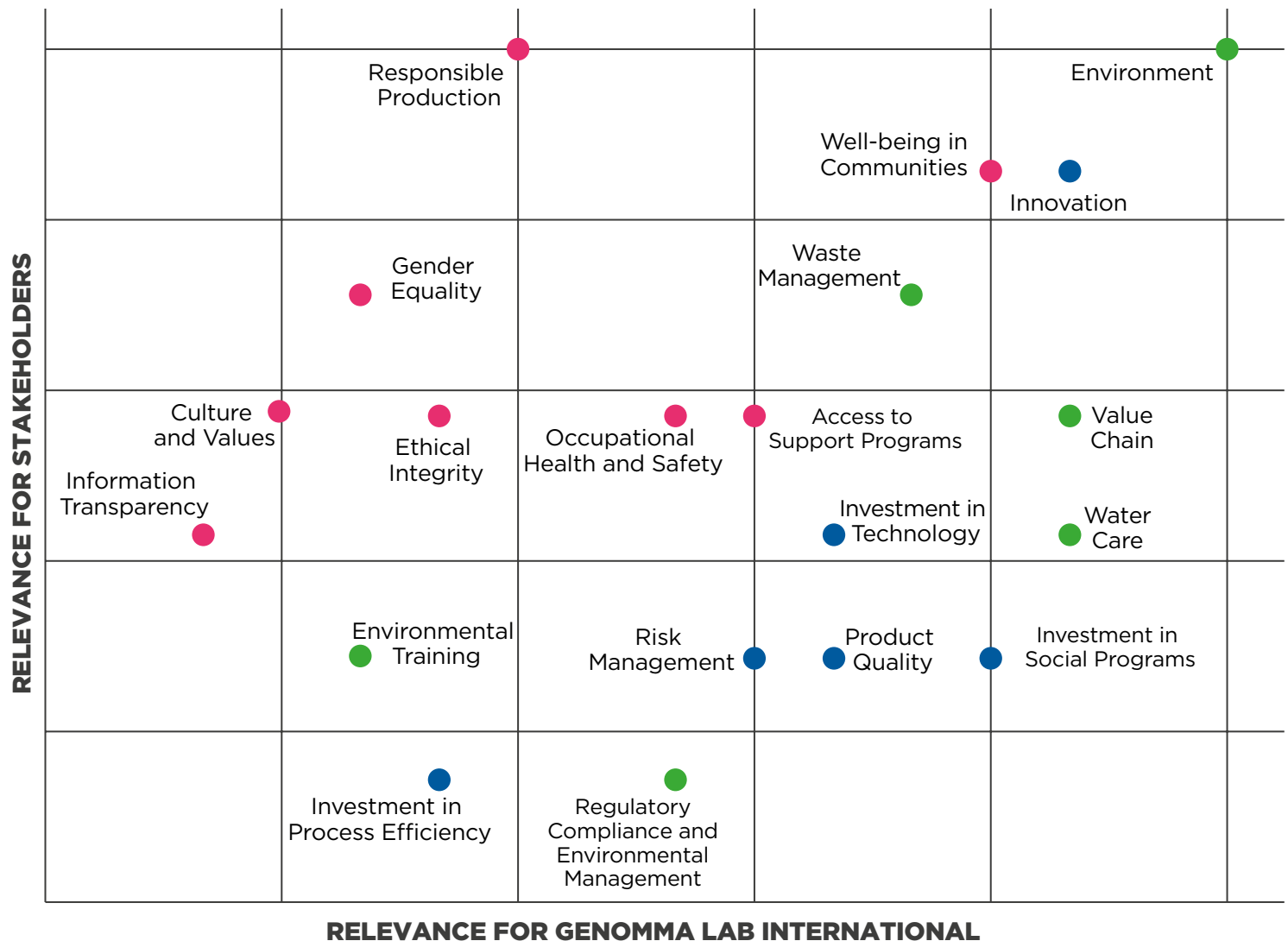
● Economic ● Social ● Environmental

During 2019 we updated our materiality, due to operational changes that affect the business model. This study allows us to recognize the topics of interest of both the Company and our stakeholders.

For this study we selected 11 key stakeholders through an analysis of our value chain. Personalized surveys were generated for each of the stakeholders, which included questions related to the three axes of sustainability (environmental, social and economic), taking into account current and updated issues of the pharmaceutical or personal care sectors, as well as other aspects in which the Company needs to deepen, considering the views and concerns of the stakeholders.


















For the construction of the materiality matrix, the results obtained from stakeholders and the results of Genomma Lab collaborators were weighted.

Two main axes were considered: relevance of the topic for the stakeholders vs. relevance of the topic for Genomma.



We made a comparison between the relevant topics for stakeholders (materiality matrix), the content of the GRI Indicators and the SDGs, as well as an analysis of the best practices of the pharmaceutical and personal care sectors, with the purpose of presenting in this Annual Report the indicators where stakeholders are focused.

Below we present a table with priority SDGs for GLI and their correspondence with relevant topics.

MAINSTAYS	RELEVANT TOPIC	SDG
 ECONÓMICO	Investment in Socio-Environmental Programs	
	Well-being in Surrounding Communities	
	Access to Support Programs	
	Transparency	
	Occupational Health and Safety	
 ENVIRONMENTAL	Environmental Care	
	Water Care	
	Waste Management	
	Investment in Technology	
	Regulatory Compliance and Environmental Management System	
 SOCIAL	Transparency of Economic Management	
	Value Chain	
	Product Quality	
	Risk Management	

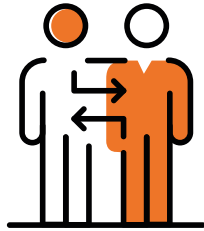
OUR STAKEHOLDERS

GRI 102-40; 102-42; 102-43

We maintain relationships with different stakeholders that are important to us in relation to their level of influence and interaction. We seek to maintain a relationship of harmony, cooperation, and transparency, as well as a constant dialogue to meet their expectations and properly communicate the topics of interest we share with them.

STAKEHOLDER ENGAGEMENT POLICY

We seek to establish harmonious, valuable, trustworthy and long-term relationships with Genomma Lab's stakeholders, having communication as the bi-directional axis. We seek their collaboration, participation and coexistence with the actions that are part of our Sustainability Model, as well as in the Environmental and Social Management System (ESMS), since we consider that relations with our stakeholders are an integral and natural part of our operations.



RELATIONSHIP AND COMMUNICATION WITH OUR STAKEHOLDERS

STAKEHOLDERS

RELATIONSHIP

IDENTIFIED CONCERNS

COMMUNICATION CHANNELS

RESULTS



Our talent is the key enabler of our growth strategy, as well as our business model. Therefore, we seek to offer a safe, healthy, ethical and inclusive work environment with opportunities for growth and development.

- Innovation
- Environmental Care
- Responsible Production
- Transparency of Economic Management
- Social Well-being in Surrounding Communities

- Internal Communication
- Working Environment Surveys
- Ethical Line of Complaint "Gen-Te Escucha"
- Town Hall Meeting
- Open Dialogue Sessions with Senior Management

- Communication of Organizational Changes, Training, Benefits, Among Others
- Improvement of Work Environment
- Corporate Culture
- Knowledge of the Company's Values and Integrity Policies
- Report of Ethics Cases



We have a clear focus on the client, strategically placing them at the center of our most tactical actions, always seeking to exceed their expectations. We always manage our relationship with clients based on fair and ethical treatment to build, strong long-term relationships of trust.

- Environmental Care
- Value Chain
- Product Quality
- Transparency
- Compliance with Applicable Regulations

- Web Page
- Customer Service Line

- Communication of Assortment, Prices, Quality of our Products and Services
- Customer Satisfaction and Exceeding Expectations

STAKEHOLDERS

RELATIONSHIP

IDENTIFIED CONCERNS

COMMUNICATION CHANNELS

RESULTS



CONSUMERS

Our purpose as a Company is to "Empower people so that they have excellent health and well-being", and it is thought directly on the impact we have on the lives of thousands of people who consume our products, both over-the-counter medications and personal care products.

- Environmental Care
- Supply Chain
- Investments in Socio-Environmental Programs
- Product Quality
- Investment in Process Efficiency

- Web Page
- Customer Service Line

- Customer Satisfaction
- Understanding Expectations



SURROUNDING COMMUNITIES

The Company's priority is to safeguard and care about the environment, as well as build relationships of trust and mutual care, specifically in the communities in which our operation directly impacts.

- Value Chain
- Social Well-being in Surrounding Communities
- Investments in Socio-Environmental Programs
- Waste Management
- Access to Support Programs

- Community Service Line
- Sessions with Community Leaders
- Development of Social Initiatives and Volunteering
- Genomma Lab Foundation

- Dialogue with Surrounding Communities
- Identification of Concerns and Needs
- Social Well-being
- Trust Relationships
- Social License to Operate
- Mitigation of Social and Environmental Risks



SUPPLIERS AND BUSINESS PARTNERS

We manage our value chain ethically, seeking to build long-term relationships of trust at all times. We are committed to our business partners being aligned with our integrity policies.

- Environmental Care
- Value Chain
- Innovation
- Water Care
- Product Quality

- Portal for Suppliers
- Customer Service Line
- Daily Negotiations for Acquisitions

- Efficient and Sustainable Supply Chain
- Long Term Relationships
- Alignment with the Values and Policies of the Company
- Increased Efficiency, Reliability and Transparency

STAKEHOLDERS

RELATIONSHIP

IDENTIFIED CONCERNS

COMMUNICATION CHANNELS

RESULTS



We manage our operation and relations with governmental, regulatory and legislative authorities always aligned with the applicable law in the countries where we are present and with our Code of Ethics and Conduct.

- Environmental Care
- Transparency of Economic Management
- Product Quality
- Health and Safety
- Responsible Production
- Compliance with Applicable Regulations

- Direct Communication with the Regulatory Area
- Direct Communication with the Legal Area

- Cordial Dialogue Seeking Legal Compliance at All Times
- Adaptation to New Local, National and Regional Regulations
- Reduction of Legal Risks
- Increased Company's Trust and Reputation



Being a public company, we have the responsibility of communicating to our investors not only our financial performance, business opportunities and expectations but also our environmental, social and corporate governance management.

- Environmental Care
- Transparency
- Investments, New Projects and Technology Change
- Risk Management
- Economic Profitability

- Investor Relations Website
- Periodic Meetings
- Quarterly Financial Reports
- Annual Report
- Press Releases

- Communicating the Company's Financial, Environmental and Social Performance
- Transparency and Reliability Among Investors
- Attracting Investors



We actively participate in various national and regional industry chambers and associations. We are involved in different forums with the objective of creating alliances and sharing good practices.

- Transparency of Economic Management
- Transparency
- Risk Management
- Responsible Production
- Compliance with Applicable Regulations
- Product Safety

- Direct Communication With the Regulatory Area
- Periodic Meetings
- Annual Conferences
- Work Groups

- Development of Initiatives Coordinated with Industry Chambers

STAKEHOLDERS

RELATIONSHIP

IDENTIFIED CONCERNS

COMMUNICATION CHANNELS

RESULTS



We establish strategic relationships with NGOs, foundations and health institutions with the objective of promoting well-being initiatives aimed at vulnerable communities and groups.

- Social Well-Being in Surrounding Communities
- Investment in Socio-Environmental Programs
- Access to Support Programs
- Training and Development
- Culture and Values

- Web Page
- Responsible Communication
- Annual Report
- Direct Communication with the Social Responsibility Area

- Communicating the Company's Sustainability Performance
- Building Alliances to Boost Environmental Development
- Improving the Dialogue with the Community
- Contributing to Environmental Development



In 2018, the World Bank and the Inter-American Development Bank (IDB) granted the Company a long-term competitive financing to support our manufacturing project, as well as its strategic advice in various fields, given its extensive experience in the pharmaceutical industry.

- Environmental Care
- Water Care
- Social Well-Being in Surrounding Communities
- Gender Equality
- Anti-Corruption Fight

- Annual Monitoring Report on Sustainability
- Annual Report
- Legal Area
- Social Responsibility Area

- Reduction of Environmental and Social Risks
- Improvement of the Company's Reputation



"Our goal is to be the healthiest company in the world, because health and wellness are at the core of our business strategy"

GEN BOOK

MANAGEMENT OF OUR MATERIAL ISSUES

GRI 103-2

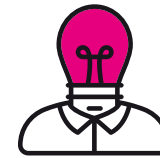
Considering the most relevant topics for our stakeholders and the Company, according to our materiality matrix, we present our management approach for them.

ENVIRONMENT



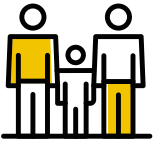
We are aware of the environmental problems and our immediate responsibility. As part of our commitment to bring sustainability to each link in our operation, a Sustainability Committee was created, composed of the company's top management and strategic areas. As a result, we have launched our 2020-2023 Sustainability Strategy with the objective of reducing our environmental impact throughout our business model. The environmental management of the Company at the operational level is the responsibility of a team specialized in environmental matters, which establishes the measurement and improvement indicators. Our focus on this matter is established in our Health, Safety and Environment Policy, which governs our operations. We have a service line through which it is possible to present any kind of concern or comment about our operations and their impact on the environment.

INNOVATION



Innovation is a fundamental strategic axis to accelerate and boost our growth. A clear example are our Centers of Innovation (COI), which consist of a team made up of collaborators from different areas, functions, levels and geographies that can contribute to the process of transformation and generation of ideas. These teams have worked hard to generate transformative ideas to help achieve growth in various areas of the Company. In parallel, the innovation model has been implemented, from which the Innovation Board follows, in which senior management participates approving initiatives and providing feedback to improve them. Initiatives have been generated that move us to the forefront in organizational culture and well-being for employees, digital strategies and transformative social media, innovating at the point of sale and in the In-Store As Media.

WELL-BEING IN COMMUNITIES



Our purpose as a company is to “Empower people to have excellent health and well-being.” Aligned to this purpose, we seek to promote social welfare initiatives in the communities surrounding our operation centers, through the involvement of our collaborators via the Genomma Lab Volunteering and the “Alliances for Well-being” program of the Genomma Lab Foundation. The initiatives of social welfare promoted by the Company are managed by the Global Social Responsibility Committee composed of Ambassadors with Purpose in each country where we are present. The Committee is chaired by the Institutional Relations Leader. Our management approach in this area is established in our Stakeholder Outreach Policy. We have a service line through which it is possible to present any kind of concern or comment about our operations and their impact on surrounding communities.

WASTE MANAGEMENT



One of our main efforts to reduce our impact on the environment is proper waste management. Most of the waste we generate comes from our Distribution Center (CEDIS). Our waste has two main destinations: recovery, for packaging materials resulting from the transport of products; and co-processing, for products that do not meet our quality requirements, or that are returned due to their expiration date. There, waste is crushed and used as a replacement raw material for cement manufacturing. Our focus on this matter is established in our Health, Safety and Environment Policy, which governs our operations.

VALUE CHAIN



We seek to build strong and trustful relationships throughout our value chain. We make sure to acquire goods and services of the highest quality to provide the customer with the best experience when acquiring our products. In the process of selecting our suppliers, we are guided by the criteria of quality, service and competitiveness, offering equal opportunities to present service offers. We seek that our suppliers are aligned to our same values and commitments, established in our Code of Conduct and Ethics.



OUR PILLARS OF GROWTH

WHERE AND HOW WE PLAY



INNOVATION



INNOVATION AND PORTFOLIO OPTIMIZATION

During 2019 we continued executing initiatives focused on the innovation and optimization of the product portfolio in the United States, Mexico and Latin America. This approach supported by operational discipline and an internal innovation culture, has given room to important line extensions, developments and new product launchings that contribute to the strengthening of the portfolio.



First luxury Brand at an accessible Price.

New formula with gold peptides.

Launch in Argentina.



**CLICK HERE TO SEE
ADVERTISEMENT**



New premium shampoo brand for the Brazilian market.

Product and brand developed 100% by Genomma Lab.

Broad product line for hair care.

Sale in retail. Exclusivity with Lojas Americanas in 2019.



CLICK HERE TO VISIT THE WEBSITE

New formulas to satisfy new consumers.

Launch of the brand in other countries of Latin America.

Accessibility of the product with new presentations in Latin America.



CLICK HERE TO SEE ADVERTISEMENT



Relaunch of Tukul-D as a family brand.

Launch of a new formula with natural origin honey.



CLICK HERE TO SEE ADVERTISEMENT



Our communication is focused on multisymptomatic medication.



CLICK HERE TO SEE ADVERTISEMENT



Extension of the line to satisfy the needs of new consumers.

Presence in new countries and LATAM.



CLICK HERE TO VISIT THE WEBSITE

Relaunch of the brand with a new presentation.

Improved formula that does not harm the stomach.



CLICK HERE TO VISIT THE WEBSITE

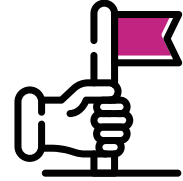


EXPLORING NEW BUSINESSES

NOVAMIL/ NOVALAC

New category of products for infant nutrition.

Exclusive license to commercialize in Mexico.



NEW PLATFORMS OF COMMUNICATION



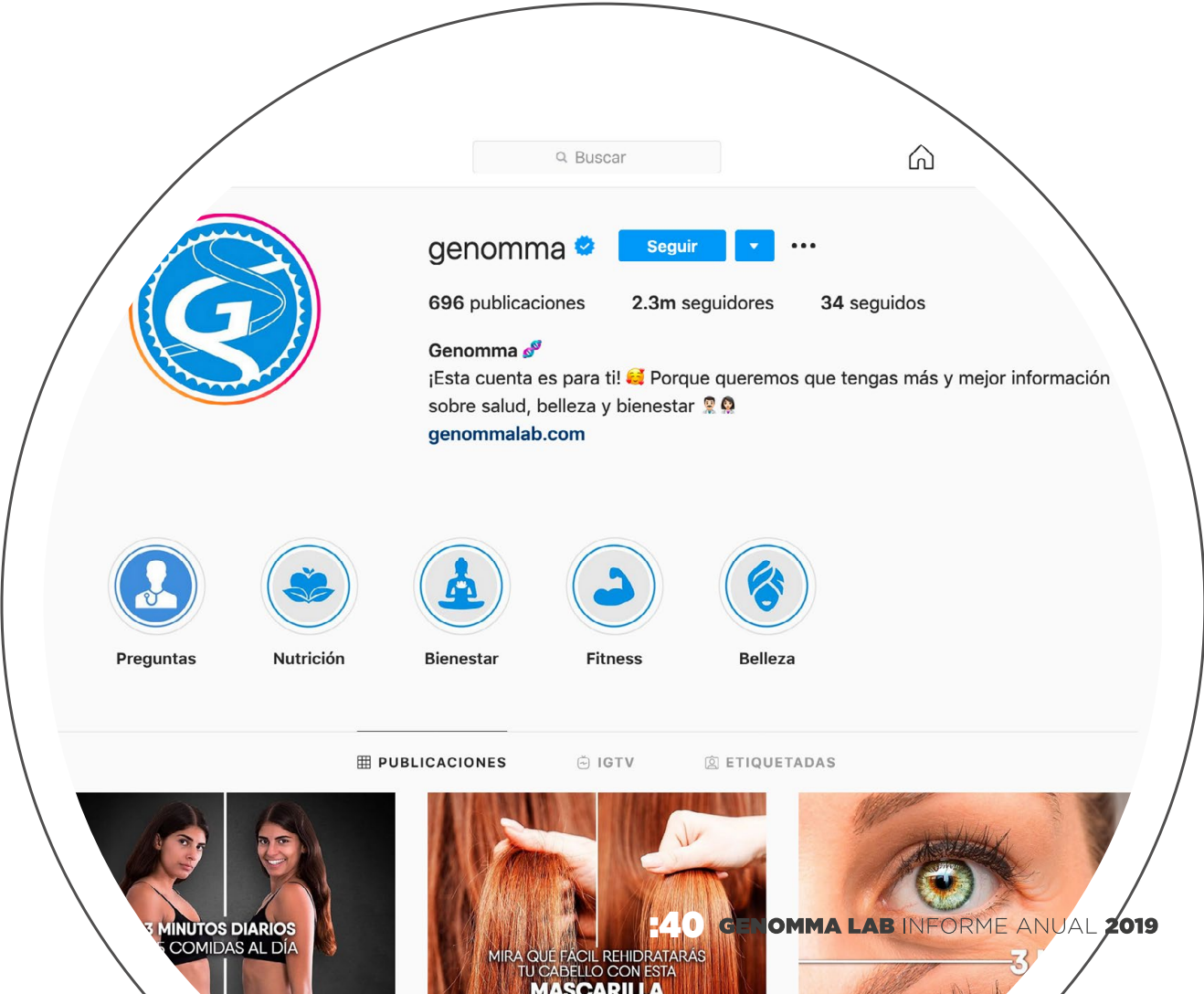
@GENOMMA

Information available to the consumer

INSTAGRAM @GENOMMA

Top 40 influencers promoting healthy lifestyles with information validated by doctors and scientists with the purpose of helping people improve their health, and promote prevention and well-being for people.

+2.3M followers



3 MINUTOS DIARIOS
COMIDAS AL DÍA

40 MIRA QUE FÁCIL REHIDRATARÁS
TU CABELLO CON ESTA
MASCARILLA

GENOMMA LAB INFORME ANUAL 2019

3



ADVERTISING

As part of our communication strategy we generate content that directly impacts our consumers. Through our Audiovisual Production Department, unique in all America, we produce television advertisements, digital content and marketing material for our printed channels and our points of sale.

In 2019, we continue being leaders in generation of advertising content.

The commercials we produce in Mexico, Argentina, Brazil and Ecuador are exported to all the countries where we have operations.



OUR INNOVATION CULTURE: COIS

We strive for innovation to be part of our culture and our GEN.

In 2019 the Centers of Innovation were settled, which are collaborative spaces to generate transformative ideas that promote growth in the diverse areas of the company with the purpose of **enabling the company's growth by leading an innovation process through the generation, analysis and recommendations to areas relevant to the product and the operation in general.**

WHAT IS A COI?

It is a 100% democratic team that is made up by employees of different areas with functions, levels and geography; persons ideally experts in each of the matters and/or their experience or perspective may contribute to the innovation process and idea generation in the selected matter. It is a creative space ("Think Tank") where different methodologies are structured, always seeking for "Great Disruptive Ideas"

that do not substitute or interfere with the innovation generated by the different areas.

We currently have 9 COIs that consider matters such as the strengthening of corporate culture, the effectiveness of the cash conversion cycle and the innovation of OTC products, PC and new businesses.



GO-TO-MARKET



We are experts in communicating directly at the point of sale, as well as offering a unique value proposition to our clients and consumers, this way we achieve a competitive advantage by placing the product in the right place at the right moment.

EXPANSION OF OUR MARKETING PRESENCE

During 2019, as part of the Go-To-Market strategy, the Company managed to strengthen its relationships with clients and suppliers among which are highlighted: Farmacias Guadalajara (Mexico), Lojas Americanas (Brazil), Cruz Verde (Chile), Copidrogas (Colombia) and InRetail (Peru), among others.

+308,000
points of sale in Mexico,
United States and
Latin America

+100,000
products sold each hour
internationally



POINT OF SALE VISIBILITY

During 2019, we reinforced our visibility and communication strategy in the point of sale, with the purpose of creating a major visual impact to consumers.

Through our acquisition of Frog Design®, a company that specializes on the manufacturing of display cases and shelves for products, we improved our point of sale execution capacity.



DIRECT DISTRIBUTION

Through our new direct distribution business model, we seek to expand our presence in traditional sales channels such as convenience stores, local and family businesses.

This distribution model has the purpose of placing our products in communities with lower accessibility.

+100,000
points of sale attended by
traditional channels

+500
active deliverymen
in Mexico



PRODUCT ACCESSIBILITY



We are committed to having a commercial strategy that allows us to offer high quality products in all sectors and market channels as well as facilitating access to products for all population sectors, reaching them through different commercialization channels such as self-service, pharmacies and corner stores. As established in our business models, we are focused on offering products with value

added, as well as offering prestigious brands to premium, high and medium sectors. Through our marketing research area, we seek to meet the needs and expectations of population with different socioeconomic levels, to offer each sector the best products at the best prices.

DIGITAL STRATEGY



We seek to obtain more and better consumer information, to improve our communication through all the channels and to have a more personalized value offer, by offering the sales channels that are adequate for each audience. We will continue developing our own digital

tools and platforms to allow us to interact with those who use and buy our products and continue improving our online brands presence through our client's digital channels.

3 GOOD HEALTH AND WELL-BEING



SDG CONTRIBUTION

Good health and well-being is our main motivation, we contribute to the 2030 Agenda in this sense by facilitating access to our products for the population that lives in faraway communities, through our new distribution models with a greater scope in regions with low accessibility. In addition, we have committed to always offer affordable products for all socioeconomic levels, striving for everyone to have access to a better quality of life.

SUPPLY CHAIN



MANUFACTURE



MANUFACTURING PLANT (SAN CAYETANO, STATE OF MÉXICO)

GRI 102-10

The OTC Plant has around 10,250 m², while the Plant for Personal Care reaches 27,000 m².

Our storage capacity, including the Distribution Center for finished product is for more than 60,000 positions.

In July 2019 the plant obtained the health license from COFEPRIS to operate the solid and semi-solid lines at the OTC Plant.

The Manufacturing Plant has elements that promote resource savings, such as the incorporation of LED lighting in all its facilities. The Distribution Center is designed to take advantage of natural light, reducing the energy demand in its operation. All the water generated by industrial processes and sanitary services will be treated through a Wastewater Treatment Plant designed for this purpose.

50% of the energy required for its operation will be generated by on-site cogeneration, increasing energy efficiency and decreasing emissions.

MULTILATERAL ORGANIZATIONS FINANCING (IFC AND IDB INVEST)

The International Finance Corporation (IFC), a member of the World Bank Group, IDB Invest and the Inter-American Development Bank (IDB), both members of the IDB group, signed a joint financing package to support the manufacturing project.

During 2018, both institutions granted the Company long-term competitive financing, as well as strategic advice in various fields given its extensive experience in the pharmaceutical industry sector.

We are working to obtain the IFC's EDGE Certification for the Plant of Manufacturing, in construction and sustainable design.

PRODUCTION LINE IN MEXICO CITY

In order to accelerate the production learning curve prior to the development of the new Manufacturing Plant in San Cayetano, State of Mexico, at the end of 2017 we started manufacturing some of our products in the pilot production line located in Mexico City.



**PROGRESS IN THE CONSTRUCTION OF OUR
PRODUCTION COMPLEX**



**+70,000 m²
built**



**Distribution
Center +60,000
positions of
storage**



**2 plants OTC and
Personal Care**



LEARN MORE

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



CONTRIBUTION TO THE SDGS

We recognize the importance of investing in infrastructure to achieve sustainable development and greater social stability. The consolidation of our new Manufacturing Plant represents an important boost for local economic development, creating new jobs. Additionally, aiming for cleaner production, we bet on technologies that allow us to use resources more efficiently and reduce our environmental impact.

SUPPLY CHAIN

GRI 102-9; 204-1; 308-1; 308-2; 407-1; 414-1; 414-2; 417-1

Relations with our suppliers are essential to make our business model a reality. Therefore, these are built on trust, honesty, respect and integrity. By selecting our business partners, we offer equal opportunities to bid and participate as part of our value chain, constantly working to involve and align them with the Company's core values.

Our supply strategy is oriented to the following priorities:

Optimization of inventories.

Optimization of costs of goods sold (COGs).

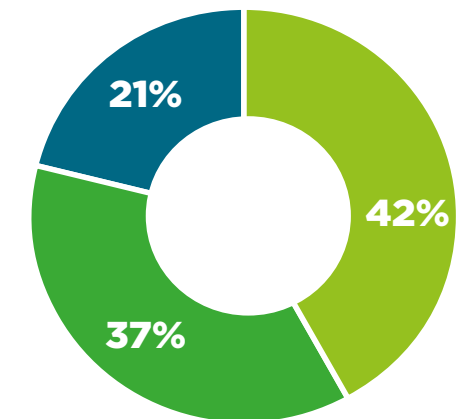
Optimization of logistics.

Implementation of new technologies for inventory management.

Certification and continued evaluation of our operating team.

In Mexico, Argentina, the United States and Brazil, we have agreements with finished product suppliers that supply us with the volume we commercialize, added to the percentage of product we manufacture in our pilot production line in Mexico. These countries export the product to other countries in Latin America where we have operations. We have 459 suppliers in our global supply chain, considering the suppliers of finished product, packaging and raw material

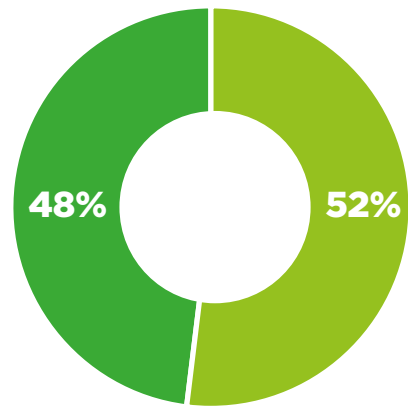
TYPE OF SUPPLIERS IN THE SUPPLY CHAIN



Raw material Packaging
Finished product

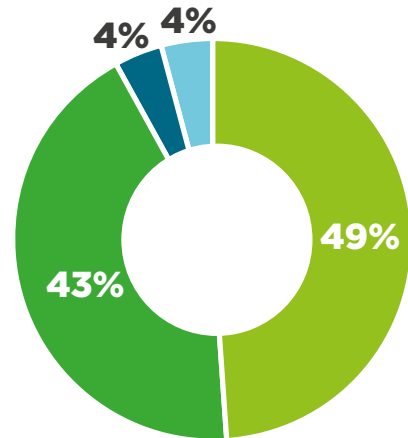
SUPPLIERS

SUPPLIERS OF FINISHED PRODUCT BY PRODUCT CATEGORY



OTC Personal Care

SUPPLIERS IN SUPPLY CHAIN BY COUNTRY OF ORIGIN



Argentina Mexico
USA Brazil

90% of our procurement budget is used by local suppliers, which can be identified as suppliers that are located in the same country as our operation, and that do not import products or services from other countries.

GUAVA LEAF

In our value chain, we have maintained as a strategic ally since 2010 the community supplier DYCTRO S.A. de C.V., which as part of its productive model in the Totonac farming communities of Veracruz, harvests and markets guava leaf (*Psidium guajava*), the raw material from which quercetin is obtained, the active ingredient of our QG5[®] used for treating colitis. During 2019 we acquired 15 tons of guava leaf, promoting the economic development of the Totonac communities.



SUPPLIER AUDITS

During 2019, we carried out 98 quality audits of manufacturers and suppliers, evaluating the Quality Management System that considers the review of facilities, equipment, personnel, management of good manufacturing practices and documentation, among other aspects. As a result of these audits, improvement plans are established regarding any risk identified during the evaluation. We are committed to not start and / or continue a business relationship with suppliers who have not met or exceeded our quality standards.

IDENTIFICATION OF CRITICAL SUPPLIERS

We define as critical those suppliers that can have a significant impact on the continuity of our operation and business model. We identify our critical suppliers of finished products and supplies using the Pareto Principle, considering the origin of the best-selling products, both by pieces and by price. Similarly, the volume of supply and the provision of critical and non-replaceable components in our supply chain are identification criteria. In 2019 we identified a total of 20 critical suppliers of both finished product and supplies, which are key to sustaining our value chain and business model.

OUR COMMITMENT TO SUSTAINABILITY THROUGH OUR VALUE CHAIN

Our value chain must not be exposed to risks, which, once identified, can be mitigated. Generally, these can be related to labor, environmental management or violation of human rights aspects such as the prohibition of freedom of association.

For this reason, as the first step to implement in our Sustainability Program for Suppliers, in 2020 we will launch our Code of Conduct and Ethics for Suppliers, which considers guidelines such as work ethics, fair working conditions, respect for human rights, prohibition of child labor and forced labor, fair remuneration, safety and occupational health, in addition to principles for proper environmental management. This Code is applicable to all our suppliers, commercial partners and third parties that supply any product or service to the Company, in all the countries where we have operations. Our goal for 2021 is that at least 80% of our suppliers internationally, know, accept and line up with this Code.

Additionally, we will begin the process of evaluating suppliers on issues of sustainability and alignment to our Code of Conduct and Ethics for Suppliers,

considering a subsequent on-site audit to verify the information received. This with the aim to, in alliance with each supplier, establish continuous improvement plans, reduce any identified risk and strengthen our relationship based on integrity and trust. By 2020 we are committed to conducting a sustainability assessment of 100% of our identified critical suppliers, in addition to training them in sustainability issues applied to their operation.



SAFETY AND QUALITY ASSURANCE

MEDICAL MANAGEMENT

Our Medical Management area is made up of a high-performance medical and scientific team. It is responsible for providing medical support to the Company's communication on the functionality of OTC products, through dynamic and strategic execution in the coordination of clinical and cosmetic efficacy studies. Likewise, it has active participation in the Company's global innovation process.

188 global cosmetic efficacy studies were conducted in 2019, the main brands being Asepxia®, Cicatricure®, Alert®, Tío Nacho®, Vanart®, Teatrical®, and Goicoechea®. All the studies carried out following an international methodology and are valid globally.

Additionally, the continued medical training program was created to train the medical representatives responsible for communicating the benefits of infant formulas in our new category.

Research alliances

For clinical studies, we obtained a new alliance with the Scientific Unit of the University of San Luis Potosí in Mexico, where we are developing experimental clinical research. For cosmetic efficacy studies, we strengthened alliances with international cosmetic efficacy units such as Kosmoscience®, IpiClin®, and Allergisa® in Brazil and with the Medical Institute of Teaching and Clinical Research in Mexico, as well as with the American Medical Association, AMA.

Pharmacovigilance

The pharmacovigilance process is based on establishing strategies that allow monitoring the safety of our medications, identifying possible adverse reactions or safety issues, and establishing their level of safety in regulatory documents. This allows their commercialization, increases the confidence of our consumers, and therefore contributes to the global growth of the business. We are aligned to the Official Mexican Standard NOM-220-SSA1-2016, for pharmacovigilance installation and operation.





In 2019, we implemented the Company's adverse reaction reporting system and fulfilled 100% of pharmacovigilance support documents for the regulatory complement such as Risk Management Plans or Periodic Safety Reports for Mexico, which are mandatory for new registration procedures or extension of sanitary registration of medicines in Mexico, as well as active participation in working groups such as CANIFARMA for the creation of normative documents.

Responsible labeling

The Pharmacovigilance System participates in the responsible labeling process. It promotes changes in the labels of our products when, during the risk analysis and management process, it is determined that there are identified risks that are not described, that have sufficient evidence and that are considered to have an impact on the safety of consumers, by initiative or at the request of the regulatory authority.

The labels of our products provide the consumer with the relevant information for safe use, as well as for obtaining the best results, in addition to being aligned with the applicable regulations of all the countries where we operate. Our packaging is constantly renewed, in order to provide the consumer with relevant, clear and truthful information

Responsible advertising

Pharmacovigilance participates in the advertising process and the generation of responsible claims (the phrases that communicate the qualities of a product in its advertising campaign). This is done through monitoring and authorization of spots from a medical point of view, prior to their launch on television and once Research and Cosmetic Efficacy has already supported the information with scientific evidence.

All 2019 television spots were authorized by the medical area through an evaluation committee.



PRODUCT REGULATION

At Genomma Lab we comply with product regulations in all the countries where we operate. The involvement of our Regulatory Area is essential to guarantee regulatory compliance and the safe design of all the Personal Care and OTC products that we commercialize. The mission of the area is “Contribute to the development of the business through the management of a favorable regulatory environment that contributes to competitive and sustainable growth.”

To achieve optimal regulatory support, in 2019 three strategic work pillars were established:

Regulatory Operations

We carry out the standardization of processes for the management of sanitary records and regulatory activities, contributing to the growth of the Company, based on the compliance of our products.

One of the most relevant achievements of the regulatory operations pillar in 2019 was the implementation of new management tools in the area

for organizing and centralizing information from all categories in one place. Among the tools implemented BRAIN + stands out, a computing platform developed to optimize regulatory, development and quality operations for personal care products.

Strategic Support for Innovation

Our innovation process is closely linked to regulatory support in order to guarantee competitive and sustainable growth.

During 2019, we implemented the regulatory support process for the innovation team for the categories of medicines and food and strengthened the process for personal care. The strategic planning of the process was carried out and the pillars on which to build our processes and key actions were defined:

SHIELDING: Evaluating innovations from a regulatory perspective to promote the design of safe and effective products.

PERSPECTIVE: Provide context on trends that allow us to maximize opportunities.

CONTINUOUS IMPROVEMENT: Optimize processes by incorporating lessons learned.

For the categories of medicines and food, processes were organized, global technical-regulatory evaluation tools were implemented, and training was carried out for them to be understood and implemented by the areas. Additionally, within the pillar of regulatory support for innovation for personal care, work was carried out on:

CLAIMS CO-CREATION PROCESS:

Generation of ideas to promote claims on our products according to the market trends for the category.

TRAINING: Set up and execution of internal and external trainings (sales, marketing, development, pharmacists, cosmetologists, etc.) to maximize knowledge of the benefits of cosmetic products.



SAFETY OF OUR PRODUCTS

As part of the pillar of regulatory support for innovation in 2018, the *Safety Assessment Team (SAT)* was created with the aim of establishing a team of experts to advise on matters related to the safety of the Company's ingredients and cosmetic products. The SAT team was founded on 3 pillars, aligned with our DNA and values: consumer safety, standards and processes, and continuous improvement. Within its roles and responsibilities, in addition to solving internal queries regarding safety topics in cosmetics, it also seeks to promote a rational legislation scheme on safety issues for this category.

The operation model of this team within the innovation process starts with innovation and extends to the end of the useful life of each of the products that we place on the market. In 2019, a group of experts was developed and included in the SAT to evaluate formulas and safety issues for food products, in order to actively contribute to the safe design of products in this category.

External Influence & Advertising

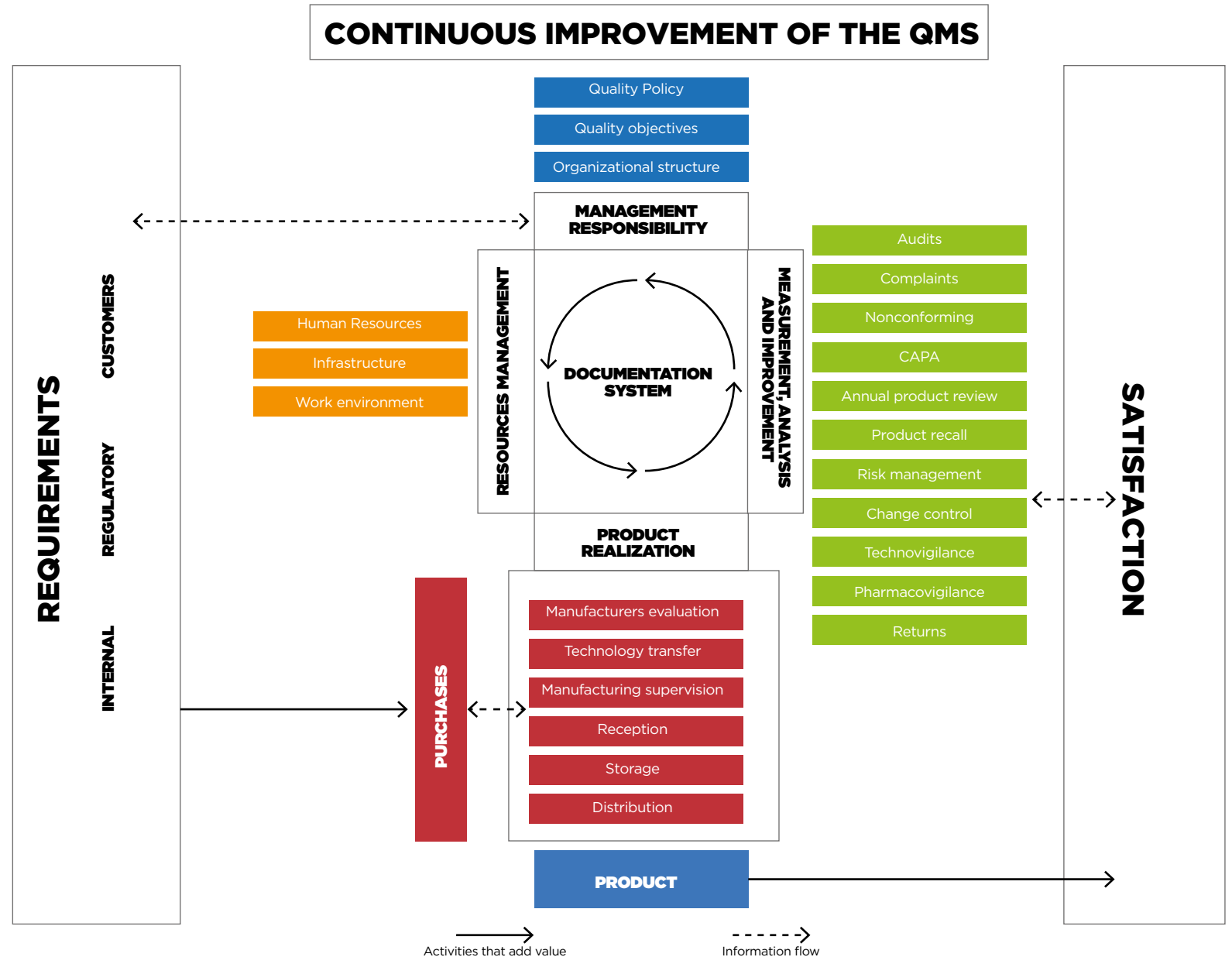
We work in the development of regulatory spaces that allow us to solidly land innovation, generate confidence in our products and contribute to the continuous improvement of our corporate image, through the presence of the Company in key strategic forums with Authorities and Industry in Argentina, Colombia, Ecuador, Peru, Bolivia, Chile, United States, Brazil, etc.

For more information about our Leadership in the Cosmetic and Pharmaceutical Sector, see page 129 of this report.

PRODUCT QUALITY

We have designed, implemented, documented and evaluated our Quality Management System (QMS) in order to establish the necessary elements to support the quality of our personal care products, medicines, beverages and milk formulas, considering their reception, storage, distribution and marketing, ensuring that:

- All products are manufactured under Good Manufacturing Practices (GMP).
- There are documents that allow establishing what will be done, doing what is written and demonstrating what has been done.
- There are defined responsibilities for the fulfillment of objectives.
- Products that have fulfilled the applicable regulatory and quality requirements are marketed.
- The safety, purity and efficacy of products are guaranteed throughout the supply chain.



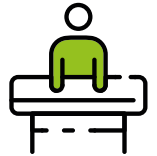


CUSTOMER CARE

GRI 416-1; 417-3; 418-1

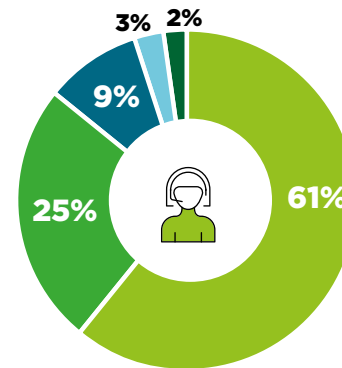
We make available to our consumers and clients various cross-platform channels available 24 hours a day, 7 days a week, such as the e-mail atención@genommalab.com, as well as telephone numbers available in all the countries where we operate, which are located in the label of our products. Inbound calls are managed by external providers. Additionally, we attend reports from social media, such as Facebook and Twitter, and reports that are channeled through Genomma collaborators.

In 2019 we received 10,150 reports from Mexico, Colombia, Chile, the United States, Bolivia, Ecuador, Honduras, Peru, Puerto Rico, Costa Rica, Guatemala, Paraguay and Brazil. The reports are attended by specialized areas of Genomma, according to the classification granted.



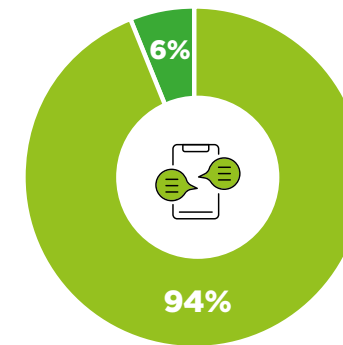
Complaints received in 2019 were 560, representing 0.0002% of the total products sold in the year. There was a reduction of 36% compared to the complaints received in 2018.

MEANS OF RECEPTION



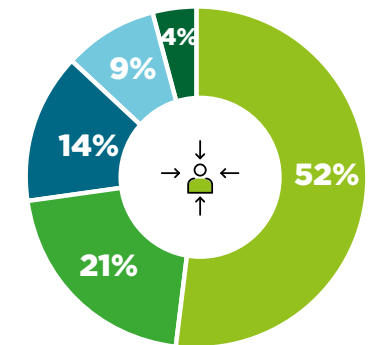
- Call Center
- E-mail
- Personnel
- Facebook
- Twitter

NATURE OF REPORTS



- Questions
- Complaints

ORIGIN OF REPORTS



- Mexico
- Colombia
- USA
- Chile
- Other

LOGISTICS



Our Distribution Center (CEDIS), located in Toluca, State of Mexico concentrates most of the finished product provided by our suppliers and that is produced by the Company.

55,000 storage positions

600 pallets received per day

During 2019, we shipped +7,800 transportation units to national and international destinations



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



CONTRIBUTION TO THE SDG

We are committed to promoting sustainable consumption and production, doing more with fewer resources, in our own operation and through our value chain. This is why we carry out the following actions:

We incorporate the principles of saving resources and caring for the environment in our Code of Conduct and Ethics and the Safety, Health and Environment Policy.

We implement initiatives to reduce the use of resources in our operation, considering the correct use of water, energy and raw materials.

We seek alignment of our sustainability objectives with all participants in our value chain.

We establish strategic alliances with third parties that are aligned with our commitment and environmental responsibility.

We participate in courses and workshops to share good practices on issues related to the circular economy, ecodesign and sustainable production and consumption.

LOGISTICS OPERATION WITH LESS ENVIRONMENTAL IMPACT

For our operation in Mexico and to increase the participation of other companies concerned with sustainability within our supply chain, we made an alliance with SMART®, a company that supplies sustainable pallets. The wood in SMART® pallets comes from certified forests, and the pallets that cannot be reused are converted into biomass by the same company, reducing the waste sent to landfills.



NEW DISTRIBUTION CENTER IN PUEBLA, MEXICO

In 2019, we started the operation of our new Distribution Center, located in the state of Puebla, 137 km from Mexico City. This CEDIS has a storage capacity of 5,000 positions and aims to increase the efficiency of the logistics routes for the distribution of Suerox® for the center and southeast of the country.

Derived from the opening of this new Distribution Center, we eliminated the transfers of an average of 1,000 monthly pallets of product to our Distribution Center in Toluca, saving approximately 33 monthly trips and 216 km of travel for deliveries to the southeast of Mexico, optimizing our fuel economy.



NEW TECHNOLOGIES

SALES & OPERATIONS PLANNING TO IMPROVE FILL RATES

The implementation of the S&OP methodology mainly aims to plan through the reconciliation of business forecasts with logistical and financial requirements. It is a comprehensive business management process, which guarantees our leadership mainly through:

- Alignment and dissemination of objectives
- Establishing clear roles and responsibilities
- Give visibility and transparency
- Confidence in setting goals
- Continuous measurement and improvement
- Multifunctional alignment

The S&OP process focuses on establishing a sales budget agreed between all the operational areas, as with that budget we anticipate the needs of our clients and buy from our suppliers the product that the client will require.

Improvements in demand planning

We acquire world-class technological tools to calculate budgets, with the support of the most qualified talent to handle them, thus reducing errors.

Improvement in logistics operation

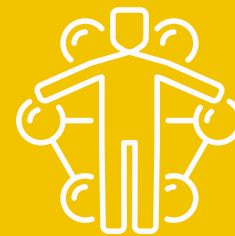
During 2019, we implemented the SAP® Extended Warehouse Management (EWM) module in our Distribution Centers in Mexico, with the aim of having a world-class tool to manage the logistics operation, eliminating interfaces and acquiring operational best practices.

The benefits of EWM are:

- Improve systems integration (There are no interfaces).
- Elimination of fragmented processes due to having 2 different systems.
- A single source of master data.
- Improvement in the traceability of products.
- Reduction in the processing of customer orders.
- Improved distribution of inventory to customer orders (service level).
- Improved visibility of logistics processes.



WINNING CULTURE



S
N
PÓSITO



OUR PHILOSOPHY: GENBOOK

We define our DNA: It is the essence of who we are

We established our priorities: Who we care about

We redefine our values and principles: How we do things to achieve results

We define our behaviors: How we act and relate to others

Being a fundamental mainstay of the growth strategy, during 2019, the Company experienced a renewal and reinforcement of the organizational culture at all levels, in order to identify common objectives and at the same time attract, develop and retain key talent that allows us to achieve the objectives we pursue.

TOP 10 CHARACTERISTICS OF OUR PEOPLE



- 1 They have high standards, based on principles. They value hard work and are results oriented.
- 2 They have high clarity of thought and are open-minded. They are systemic thinkers. They think outside the box.
- 3 They promote bonds of trust between everyone.
- 4 They are humble and have strong antibodies against arrogance.
- 5 They seek continual improvement, learn from failure, and appreciate constructive feedback.
- 6 They are disposed to move fast and use speed as a weapon.
- 7 They are magnets for talent and help develop it.
- 8 They are excellent communicators, synthesizing information quickly and convincingly while accompanying others.
- 9 They are aware of the market, competitors, business models and drivers.
- 10 They can see the big picture and care for and master the details.

For the 14th consecutive year, we received the Socially Responsible Company Distinction from the Mexican Center for Philanthropy (CEMEFI, for its initials in Spanish) for Genomma Lab Internacional, S.A.B. de C.V. and our subsidiary Genomma Laboratories México, S.A. de C.V.

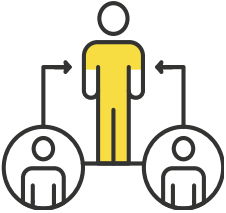


**EMPRESA
SOCIALMENTE
RESPONSABLE**

GRI 203-2

OUR TEAM

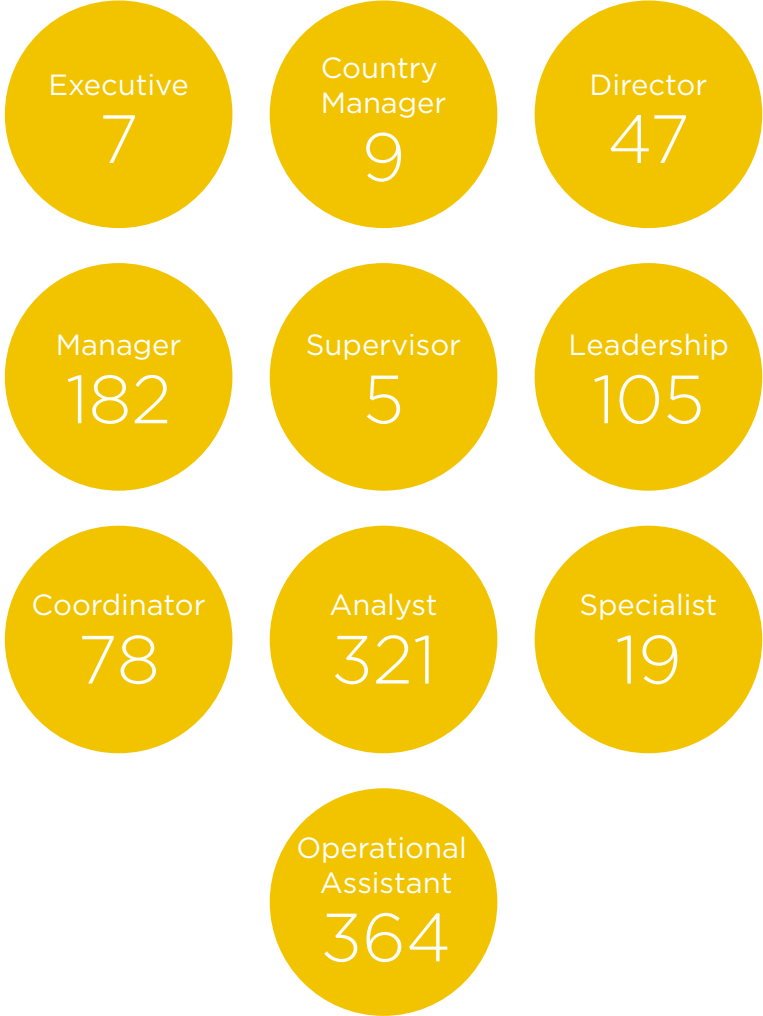
GRI 102-8



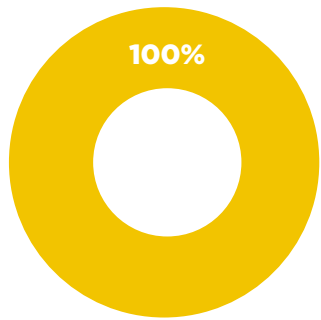
COLLABORATORS BY COUNTRY



COLLABORATORS BY POSITION

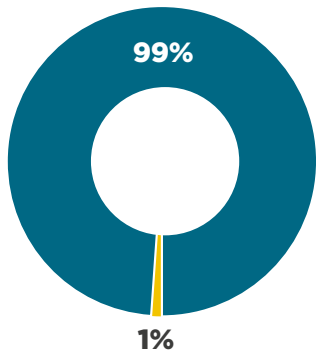


BY TYPE OF POSITION



- Full-time
- Part-time

BY TYPE OF CONTRACT



- Permanent
- Temporary

Temporary contracts aim to cover collaborators with maternity, paternity or disability leave.

8 DECENT WORK AND ECONOMIC GROWTH



CONTRIBUTION TO THE SDGS

We are committed to achieving sustained, inclusive and sustainable economic growth that benefits all people equally. We seek to contribute to this Objective through the following actions:

- Guaranteeing decent working conditions for all collaborators in all the countries and places where we operate, ensuring non-discrimination in hiring, compensation, training and promotion.
- Creating a culture of Human Rights in the company, through the implementation of the United Nations Guiding Principles on Business and Human Rights, to promote the right to decent work for all our collaborators and third parties with whom we have relationships.
- Offering experience and job training to young people, with the aim of providing them with the skills, tools and knowledge necessary for their professional development.

5 GENDER EQUALITY



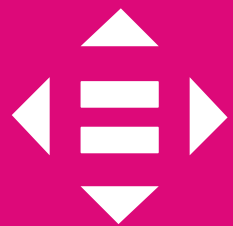
CONTRIBUTION TO THE SDGS

We firmly believe that gender equality is not only a fundamental human right, but the necessary foundation to achieve a peaceful, prosperous and sustainable world.

Due to the above, we carry out the following actions:

- We guarantee that all our policies include the gender dimension and that the business culture fosters equality and integration. Our Code of Conduct and Ethics establishes a zero-tolerance policy against sexual or work harassment.
- We promote the professional development of our female collaborators so that they can be promoted based on their merits, especially in leadership positions.

10 REDUCED INEQUALITIES



CONTRIBUTION TO THE SDGS

We are committed to offering workspaces where collaborators and third parties with whom we have relationships can develop fully and with dignity regardless of their age, sex, disability, race, ethnicity, origin, religion or economic situation or any other distinction. With this commitment we carry out the following actions:

- We create a culture of Human Rights in the workplace, which fosters tolerance and respect.
- We provide decent working conditions and salaries to our collaborators and contractors.
- We implement policies and procedures that guarantee that the performance, skills, and experience are the basis for the hiring, placement, training and progress of personnel at all levels.

DIVERSITY AND INCLUSION

INCLUSIVE COMPANY

The Ministry of Labor and Social Security of Mexico has granted us the “Gilberto Rincón Gallardo®” Inclusive Company Distinctive, to recognize the workplaces that have a Good Labor Practices Policy in equal opportunities, inclusion, development, and non-discrimination of people in vulnerable situations, such as social responsibility management and respect for Human Rights.



Gilberto Rincón Gallardo®

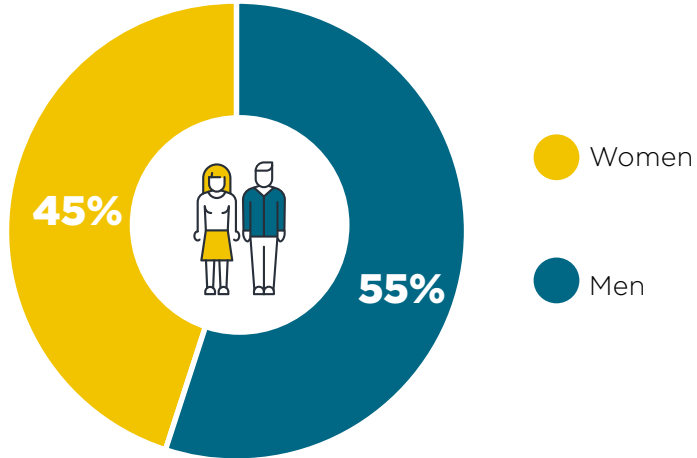
GRI 405-1



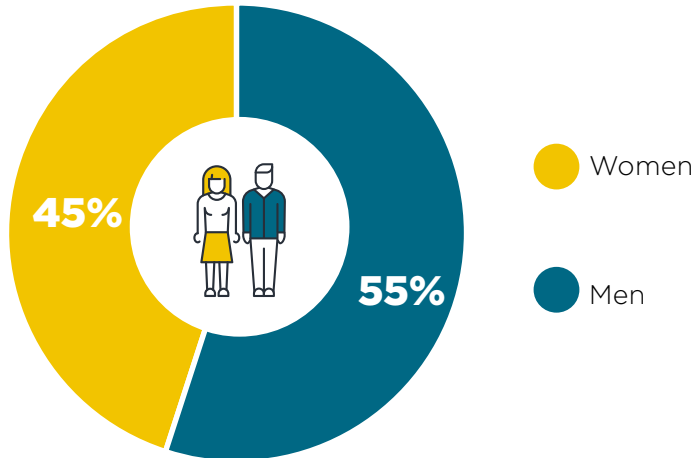
DIVERSITY POLICY

At Genomma Lab we are governed by respect for diversity and we promote a healthy, safe, violence-free, non-discriminatory and inclusive work environment that allows the full development of all people with equal access to growth opportunities. We care that all collaborators have a passion for what they do. We enrich and promote our organizational culture to strengthen the sense of belonging. Collaborators from different countries are present in our workspaces. We are aware that cultural diversity strengthens the management of the company while promoting tolerance and creativity.

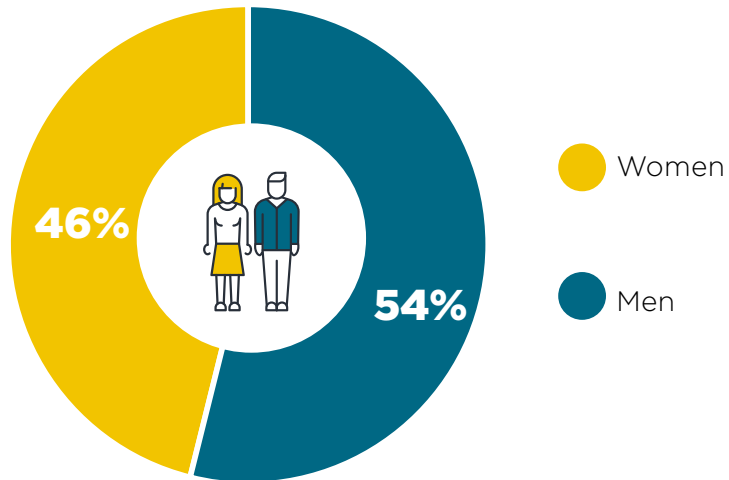
COLLABORATORS BY GENDER



MANAGEMENT POSITIONS BY GENDER



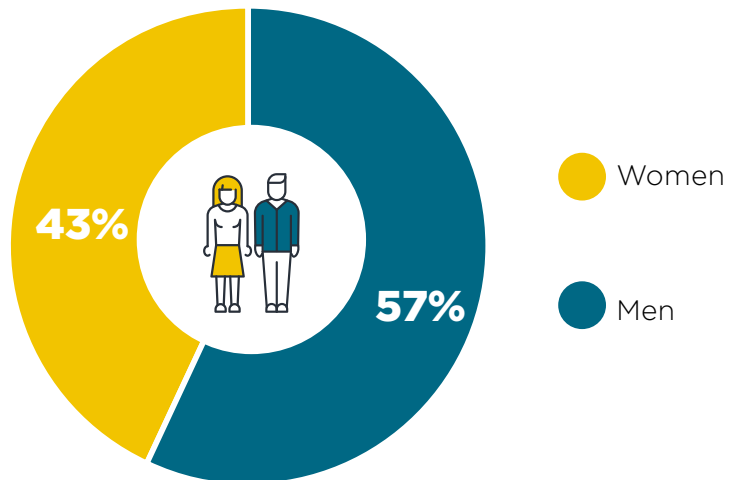
LEADERSHIP POSITIONS BY GENDER



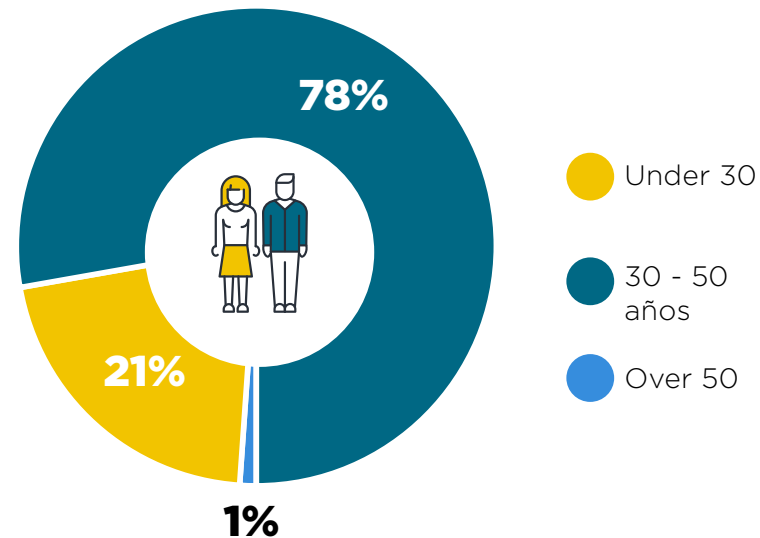
COMMERCIAL LEADERSHIP POSITIONS BY GENDER



SUPERVISION POSITIONS BY GENDER



BY AGE



PERCENTAGE OF COLLABORATORS ORIGINATING FROM THE COUNTRY WHERE THEY OPERATE

COUNTRY	%
Mexico	63%
U.S.	85%
Brazil	100%
Argentina	93%
Colombia	97%
Ecuador	97%
CARICAM	85%
Chile	87%
Peru	98%
Uruguay	98%
Bolivia	98%
Paraguay	98%

HUMAN RIGHTS

GRI 102-12; 408-1; 409-1; 411-1; 412-1; 412-3

COMMITMENT TO HUMAN RIGHTS

We are adhered to the UN Global Compact, aligning ourselves with its ten principles on Human Rights, work, the environment and anti-corruption. We endorse our commitment to these principles annually, presenting our Communication on Progress (COP) to this organization.



As part of our guiding principles, our policies on Human Rights, Links with Stakeholders, Safety, Health & Environment, and Diversity, as well as the Code of Conduct and Ethics, and our GENBOOK, reflect our commitment and position towards the promotion and defense of Human Rights, both of our own collaborators and our stakeholders.



RISK MANAGEMENT IN HUMAN RIGHTS

We performed a risk analysis in the social and working conditions in our operating centers: San Cayetano Manufacturing Plant and Distribution Center in Lerma, both in the State of Mexico. We identify the risk factors applicable to our operations, using as reference the standards defined by the International Finance Corporation (IFC) part of the World Bank. Subsequently, we analyze the probability and severity of each factor, to set a level of risk. Finally, we define operation controls for each risk to achieve its mitigation.

HUMAN RIGHTS POLICY

It is important for us to fulfill our responsibility to promote, defend and monitor international standards on Human Rights, which applies to all our operations. We respect the principles of non-discrimination, prohibit child labor and forced or obligatory labor.

We know that the Company has a solid Human Rights Policy; however, there is a certain possibility that our collaborators, subcontracted companies and the contracting agencies with which we operate may not comply with the guidelines set forth in this document, thus affecting our operations, which is why we carried out the analysis described above.



At the same time, we make available to our collaborators and stakeholders our Ethics Grievance Line “Gen-Te Escucha” to report any case of violation of Human Rights within our operation or as a result of the interaction with our stakeholders. These cases are investigated by our Ethics Committee.

Some of the risk factors identified in the exercise of risk in labor and working conditions were the following, which are managed directly with our commitment.

FREEDOM OF ASSOCIATION

GRI 102-41; 403-4

We comply with the provisions of the Labor Law in Mexico. **100% of the operating personnel of our Manufacturing Plant in San Cayetano belong to a workers union.** Collective agreements consider what is established in the legislation. Each collaborator has the duty to follow the provisions of the Health and Safety Policies and protocols, in addition to the Quality System corresponding to their workplace.

RISK FACTOR

Inadequate salaries, benefits and contracts in the subcontracted companies in which we rely on to fill some operating positions.

Discrimination against foreign collaborators and non-compliance with the local immigration law.

Verbal and physical harassment of collaborators.

MITIGATION MEASURES

Evidence of the agreement with the subcontracted companies, where respect for the law and our labor policies is established.

Compliance with the Diversity and Inclusion Policy and the Human Rights Policy.

Diversity and inclusion programs.

Control of the database of migrant collaborators with work permit status.

Training on the Human Rights Policy and the Code of Conduct and Ethics.

Harassment awareness talks for all collaborators.

ATTRACTING AND RECRUITING TALENT

GRI 401-1



Our recruitment strategy focuses on the search for talent aligned to the previously described characteristics of our people, meeting the profile required for the different areas that make up the Company. For this reason, we have agreements with the job boards of the most recognized universities in the countries where we operate; Additionally, we link with specialized recruitment organizations to cover specific technical profiles.

INTERNS PROGRAM

Our interns program is linked to the Scholarship System of the National Association of the Chemical Industry (ANIQ, for its initials in Spanish) ®. To join this program, candidates must be majoring or undergoing the degree process for at least 6 months before formally concluding, in addition to undergoing an evaluation process by the applicant area of Genomma Lab.

This program strengthens professional training, having a flexible schedule allows living a real work experience without neglecting the studies, in addition to being supported with an economic scholarship with an integral development in mind. For us this program works as a potential seedbed of talent, having ample possibilities to join our team permanently.

YOUTH BUILDING THE FUTURE

During 2019, we joined the program Youth Building the Future, created by the Government of Mexico and the Ministry of Labor and Social Welfare. This program aims to integrate young people between 18 and 29 years old who are not working or at college, with companies, institutions or businesses where they can develop and strengthen work habits, as well as technical skills to increase their employability possibilities in the future.

At Genomma Lab we implemented a program of approximately 18 courses of training for the participants, addressing various topics from the different areas of the company: Design, OTC and Personal Care, Media, Digital, Trade Marketing, Packaging Engineering, Supply Chain, Sales, Business Intelligence, CPFR, Social Responsibility and Sustainability, Regulatory Affairs, Marketing, and Medical Area. Different leaders, and the Chairman of the Board of Directors himself, Rodrigo Herrera Aspra, were involved in these training,

with the aim of encouraging them to find their passion and thus succeed professionally.

The program lasts for one year, during which young people receive monthly financial support and medical insurance for diseases, maternity and work risks from the Government of Mexico. At the beginning of the program, 53 young people joined Genomma, of which four were hired directly by the Company at the closing of this report.



ORGANIZATIONAL CLIMATE

During 2019 Genomma Lab performed the work climate survey for different purposes:

- Know the degree of commitment and satisfaction of all collaborators.
- Identify current priority needs to help decrease staff turnover.
- Improve the effectiveness of employees and their experience when working in the organization.
- Identify key talent and develop it based on their skills.

In partnership with Mercer®, both the application and the analysis of this survey were managed. The survey was applied in July 2019, having summoned all Genomma Lab collaborators; it was answered by 867 collaborators, of which 46% were women, resulting in a participation of 84% of the total workforce at the time of the launch of the survey.

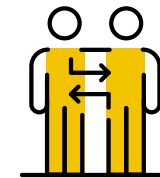


The survey consisted of 59 closed and 3 open questions, in order to analyze various dimensions:



The survey showed that 72% of our collaborators are committed to the Company, with an increase of 4 points (68%) compared to 2018. Our goal for 2020 is to increase 3 points this result, compared to 2019.



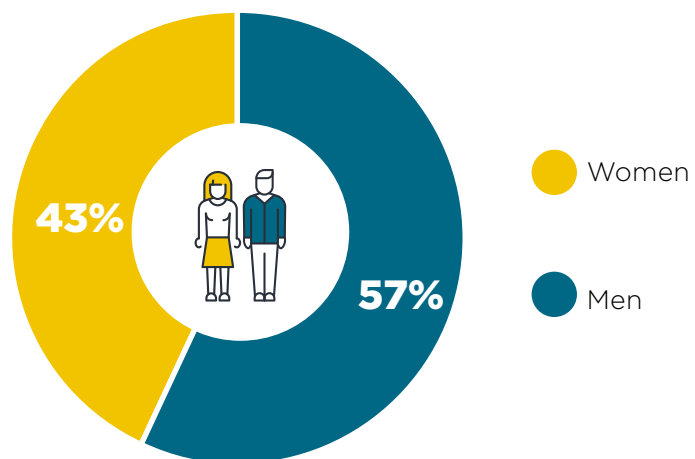


TURNOVER RATE

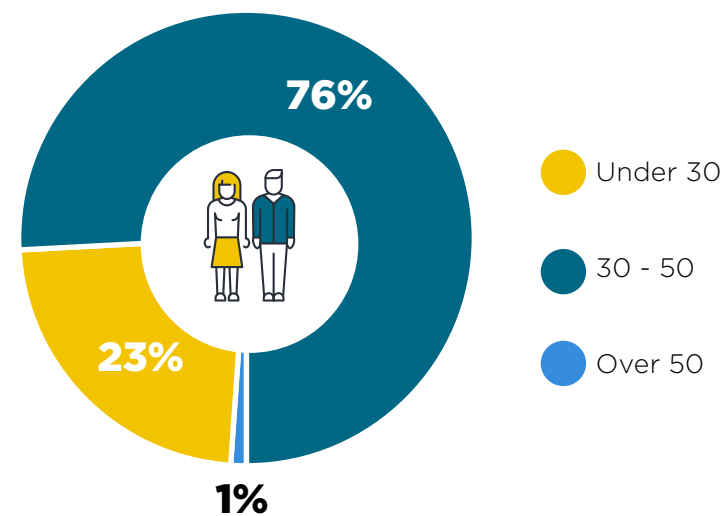
The global turnover rate in 2019 was 24%, while voluntary turnover was 15%, decreasing by 3% compared to 2018.

Our goal for 2020 is to reduce 10% voluntary rotation, compared to 2019.

TURNOVER BY GENDER

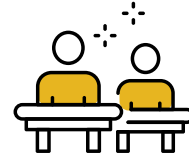


TURNOVER BY AGE



TRAINING AND DEVELOPMENT

GRI 404-1; 404-2; 404-3



The training of our talent is a priority and strategic axis of the Company, being a key resource to find the mechanisms that provide our collaborators with the knowledge, skills and aptitudes necessary to achieve their optimal performance, the fulfillment of their personal objectives, as well as contribution

to the purpose and short and long-term objectives of the Company.

Our goal for 2020 is to increase Man Hours by 10% training, compared to 2019.

Number of courses offered
875

Man hours of training
26,817



4 QUALITY EDUCATION



CONTRIBUTION TO THE SDGS

Investing in quality education is essential to improve people's lives and, therefore, to contribute to sustainable development. Only through access to education for the entire population can sustainable economic and social growth be guaranteed, as well as greater concern and action regarding the environment. To contribute to this objective, we carry out the following actions:

- We offer training and continuous learning opportunities for our collaborators to improve their skills.
- We offer work experience and job training to young people, with the aim of providing them with the skills, tools, and knowledge necessary for their professional development.
- We create a business culture through the perspective of sustainability, including in internal policies commitments to human rights, the environment, transparency or gender equality and developing a training program around these issues for collaborators, suppliers and other stakeholders.

OPERATION TRAINING

Satisfactory training is a key element to ensure the safety, efficacy, and quality of medicines. It is our responsibility to have a sufficient number of trained and qualified employees to carry out all the activities required for the manufacture, control, and distribution of medicines.

In our Distribution Center and Manufacturing Plant in San Cayetano we have established procedures that allow us to be clear on the activities of each position and determine a matrix of skills that each one must have to perform successfully in their role. This is done with the timely detection of needs by area, a general annual plan and a constant training program in various modalities.

TECHNICAL SPECIALIZATION

Courses focused on developing technical skills for the operation of our Distribution Center and Manufacturing Plant, as is the case of operating industrial equipment, sampling, and management waste, among others.

SAFETY AND HEALTH

The safety and health training program is essential in the operational sites focused mainly on preserving the safety and health of all collaborators, including topics such as industrial safety, occupational health, regulatory compliance, technical skills, personal health, home safety, environmental performance, and emergency response, among others.

During this year, the first edition of the Safety, Health and Environment Week was held with various activities: courses on the use of personal protective equipment, risk perception, use of fire extinguishers, correct handling of chemicals and waste, as well as vaccination campaigns, visual health, oral health and nutrition for the benefit of all the collaborators of our operating sites.



QUALITY ACADEMY

Our collaborators are trained in various topics such as procedures development, good practices on documentation, supervision of manufacturing processes, risk analysis, and internal audits, among others.

REGULATORY ACADEMY

Our innovation and development teams, as well as the commercial team, are continuously trained through the regulatory team in order to stay updated and align with the regulatory aspects of each country where we operate, for the development and sale of our products in said countries.

SALES ACADEMY

Our commercial team is trained in various topics, which consider from the basics of offline sales, the perfect store, negotiation models, conflict resolution, logistics, and finance, among others, which allows the development of skills that improve performance.

GENOMMA LAB GLOBAL BUSINESS CONVENTION

A global meeting was held for the first time where the entire sales team participated, with the aim of sharing successful practices and receiving training on topics such as brand building, finance and business leadership, and perfect store execution, among others. As part of the Go-To-Market pillar, efforts were made to strengthen commercial skills.

MARKETING WEEK

During 2019 we held the first “Marketing Week”, in which the marketing team from all the countries where we operate met to develop the corporate marketing strategy, in addition to receiving various trainings on topics such as digital marketing, consumer understanding, and new digital tools, among others.

INFANT FORMULA

Derived from the integration of the Novamil® and Novalac® brands to our portfolio, we implemented a continuous training program by experts in child nutrition for the medical representatives who join the team during 2019, who are located in the main cities of Mexico, and who are directly responsible for communicating the benefits of these formulas to health specialists.

The courses included medical and nutritional training on the properties of formulas, in addition to strengthening the commercial and digital strategy focused on this category.

LEADERSHIP IN SUSTAINABILITY

Collaborators at executive and management level received expert training on topics such as climate change, eco-efficiency, eco-design, and waste management, among others. These trainings are intended to keep our Executive Committee updated on the good practices on sustainability that exist in the sector and align them to the Company’s sustainability strategy.



LEADERSHIP IN SOCIAL RESPONSIBILITY

The Genomma Global Social Responsibility Committee made up of collaborators from all the countries where we operate and from all administrative levels, constantly trained for the correct management of projects for social benefit, institutional cooperation, survey of social indicators and impact measurement.

CAREER SUCCESS

As part of the launch of the Career Success performance evaluation program, training was provided to 100% of the collaborators, to understanding the scope of the program, strengthening the exercise of leadership, effective feedback, teamwork, time management, and creativity, among others.

ORGANIZATIONAL REVITALIZATION

Our Executive Committee receives specialized coaching on team management, effective leadership, feedback tactics, and goal setting for growth.

INTEGRAL WELLNESS

Collaborators receive training on healthy lifestyles and home finances.

CONTINUING EDUCATION

We support the development and strengthening of skills in our collaborators by fully or partially financing external educational programs such as workshops, diplomas, and master's degrees. In order to access this financing, it is necessary to carry out an evaluation of the collaborator's performance and verify that the course is closely related to their position and responsibilities, in addition to improve the performance of their role. This must be approved by the direct leader of the collaborator and by the Human Resources areas.

GEN INSTITUTE

During 2020, the Gen Institute training and development program will be launched, which aims to inspire and guide our collaborators to develop themselves, through the acquisition of new knowledge aimed at improving their functional role, as well as helping them complement their leadership skills and attitudes aligned to our culture and business. This program will have a digital platform with content endorsed by experts, which responds to the specific needs of each role. We will seek that 100% of our collaborators be trained through this digital modality.

PERFORMANCE EVALUATION

CAREER SUCCESS

Through the performance evaluation program "Career Success", a platform for setting goals and objectives with clear and measurable expectations is made available to all collaborators. The central axis of this program is continuous feedback and detecting development opportunities that support collaborators to be successful in their role.

In addition, the program seeks to foster a "pay-for-performance" culture that gives leaders the ability to differentiate performance levels and reward top performers with promotions, increases and / or development, when applicable.

Benefits of the program

- Improves business results. Increases the level of organizational performance through individual performance management.
- Enables better team performance through alignment, collaborators understand key priorities and focus on getting the job done right.
- It ensures that collaborators are working with their leader to identify areas of opportunity.
- It offers an opportunity for collaborators to show their achievements and have a platform for recognition.
- It helps collaborators to be successful in their current role and facilitates preparation for a future role.



COMPREHENSIVE WELL-BEING OF THE COLLABORATOR

GRI 401-2; 401-3

We have been updated to offer the best working conditions to our collaborators. We seek to establish long-term relationships with them and offer them indefinite contracts. The team has access to benefits* that contribute to their personal development.

FAMILY LIFE BALANCE

Daycare Center

There are agreements with daycare centers near the operation centers, making it easy for the collaborator to have a discount via payroll and enjoy other benefits for the care of their children.

Flexible hours and short Friday

This feature considers a focus on results and life-work balance, in addition to supporting the change towards a performance culture based on flexibility and trust. Staggered schedules were included, and short Friday were implemented.

* Benefits may vary by country and administrative level.

Holiday period

A powerful way to encourage all collaborators was rethinking the holiday period: 4 additional holiday days at all levels, considering seniority in the company.

Nursing room

Part of the Company's commitment is to make available the necessary facilities for women who are living this period, considering their well-being and comfort.

FAMILY-RESPONSIBLE COMPANY (DEFR)

We have the Family-Responsible Company Distinctive (DEFR), granted by the Federal Government of Mexico to work centers that implement good work practices in terms of work-family reconciliation, equal opportunities, and prevention of workplace violence and sexual harassment.

SENIORITY	CURRENT	NEW
1 year	6	10
2 years	8	12
3 years	10	14
4 years	12	16
5 to 9 years	14	18
10 to 14 years	16	20
15 to 19 years	18	22
20 to 24 years	20	24



COMPENSATION, BENEFITS AND SAVINGS

Annual bonus

The days considered for the annual bonus are 45 days corresponding to sales and 45 days corresponding to EBITDA. A growth target is established for the two indicators and the days to be paid for the annual bonus are calculated depending on the percentage of the target achieved.

Saving fund

5% of the employee's payroll goes to a savings fund, and at the end of the year the Company pays the same amount saved to the fund.

Transport

It is made available to collaborators at various times.

Sales to collaborators

Monthly, collaborators have the right to make a purchase of Genomma products applying the partner discount.

Life insurance

Insurance of major medical expenses.



INTEGRAL WELLNESS

Collaborator dining area

Collaborators have access to a dining area with nutritious and healthy options as a benefit of the Company.

Gympass

We promote a healthy lifestyle among our collaborators. We offer agreements with an extensive number of gyms and sports centers through a membership with a preferential cost.

Soccer tournament

Every year, our collaborators participate in the Genomma Soccer Tournament. This activity seeks to encourage physical activity among collaborators and teamwork, as well as a healthier life.

3 GOOD HEALTH AND WELL-BEING



CONTRIBUTION TO THE SDGS

For us, the health and well-being of people are the most important, which is why we seek that our own team enjoys benefits that guarantee their comprehensive development. For this reason, we are committed to achieving universal health coverage for our collaborators, particularly protection against financial risks and access to quality essential health services.

PROMOTION OF CULTURE AND TRADITIONS



By keeping our traditions alive, we transmit our values and what represents us as a society.

Day of the Dead

Every November 2, in Mexico and Brazil the Day of the Dead is celebrated, a day in which they dedicate time to celebrate their deceased. In our Distribution Center, a traditional offering or altar contest was held, in which the collaborators participated, and the winning teams were rewarded. This activity seeks to promote local customs and strengthen teamwork.

Additionally, our collaborators participated in the already traditional Genomma Lab costume contest, which encourages creativity and teamwork.

Piñata contest in Mexico

Every year in our Distribution Center there is a traditional posada at the end of the year and a piñata contest. In this celebration, collaborators and their families were invited to celebrate the beginning of the December festivities.

Collaborators and their children participated in the

traditional piñata contest, which promotes teamwork, family values, and local traditions.

Carnival and June Festival in Brazil

These festivals, held in June, are a strong representation of Brazilian culture. Our collaborators enjoy the festivities with typical food and drinks, in addition to the music and dances characteristic of these dates.

Celebrations of national holidays in Chile

Held on September 18 and 19, our Chilean collaborators enjoy traditional food and drinks such as empanadas and chicha. The National Holidays highlight the typical customs and traditions of national identity and are one of the most popular celebrations in Chile.



INSPIRING OUR TEAM

CEO AWARDS

We recognize the collaborators who, due to their achievements and exceptional behavior, continue to contribute to the growth of Genomma Lab.

The evaluation criteria are the results and outstanding contributions, strategic thinking, leadership, adaptation to change, capacity building, effective communication and teamwork.

In 2019, a total of 23 collaborators from the United States, Panama, Ecuador, Argentina, Chile, Brazil and Mexico were recognized.

GENOMMA TRAJECTORY

We recognize our collaborators for the time they have dedicated to the Company, being a fundamental part of it, always seeking to fulfill the purpose of the organization. Collaborators who celebrate 5, 10 and 15 years of being part of Genomma are recognized.



ALWAYS CONNECTED

TOWN HALLS

This is the space where our General Manager communicates to the team the corporate strategy, business objectives, organizational changes, relevant events and achievements reached at the end of each quarter. In this way, senior management has a direct approach with collaborators, listening to their impressions and improvement initiatives from all the geographical points where we operate.

CEO TALKS

On a monthly basis, our CEO promotes spaces for dialogue, with groups of collaborators from different countries, areas and administrative levels, where they can present ideas for improvement for the operation, in addition to expressing their concerns and questions.

In this space, the CEO reinforces the corporate strategy applied to each specific area of the collaborators in attendance. In 2019 there was a participation of 140 collaborators globally.

CORPORATE ANNOUNCEMENTS

Through this means we announce the most relevant organizational changes for the Company, as well as the benefits for collaborators, in addition to corporate events and trainings, team members' birthdays, celebration of festivities, sales to collaborators, etc.

This tool is also our way of listening to the opinion of our team, since we send surveys on various topics of interest to collaborators, so we know what they think and work on our continuous improvement.

GENOMMA NEWS

Our corporate newsletter is a channel through which the most relevant achievements of all countries where we have a presence are shared.

It is the collaborators themselves who generate the content of the information capsules. The results of initiatives from different areas of the Company are presented here. It is a tool that allows collaborators

to feel connected and inspired by the Company's achievements, in addition to having a platform where their efforts can be recognized by other team members globally.

INSTAGRAM

@EXPERIENCIAGENOMMALAB

With the same objective of always being connected, a corporate Instagram account was created, where all the collaborators are informed about the most relevant events in the Company. Also, periodically some members of the team manage the account so that they can share how a normal day in their position looks like. In this way, collaborators can better understand what it is like to work in other areas and geographies.



SAFETY AND HEALTH

GRI 403-1; 403-2; 403-4

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (SGAS)

The SGAS is based on the guidelines of the Inter-American Development Bank (IDB) and the International Finance Corporation (IFC). This management system intended to improve the measurement of the environmental performance of our operations for the prevention and mitigation of pollution of the environment, the strengthening of our human resources, policies to improve our working conditions and the identification of risks for the establishment of action plans in the field of occupational health and safety, as well as maintaining a cordial long-term relationship with the communities near our operation centers.

This system contains four categories: Administrative monitoring and control, Industrial Safety, Occupational Health and the Environment, which comply with the applicable quality regulations for each site.

At the end of 2019, the system had 33 work procedures, 17 work instructions and 50 work formats; being in compliance with regulations applicable from the Ministry of Labor, the Ministry of Health, the Ministry of Environment and international applicable regulations.



SAFETY, HEALTH AND ENVIRONMENT POLICY

For Genomma Lab, safety and health are a priority. Both topics represent an essential pillar to offer the best working conditions for collaborators. In our Safety, Health and Environment Policy we commit ourselves to a responsible management of industrial safety, occupational health and the environment to promote the physical and mental well-being of employees, as well as correct environmental performance.

OUR PERFORMANCE IN SAFETY AND HEALTH IN 2019



We have a control and monitoring procedure of the operational sites, CEDIS, the San Cayetano Plant and the Mexico City Plant, in matters of safety, health, and the environment through indicators revised monthly by the leadership and in compliance with the general objectives of the organization.

The first edition of Safety, Health and Environment Week was held at our operating sites. The program included didactic activities, technical and informative conferences and health campaigns for the benefit of all collaborators, considering the participation of 100% of the operating personnel.

54 squad members trained in civil protection

Contractors and suppliers

In 2019, the Management, Control and Safety Program was implemented for contractors and suppliers that carry out activities within operational sites. An induction and training process was carried out prior to entering the facilities, as well as a follow-up and control of risk activities through work permits and security measures, which were established to control risks in activities to be carried out, and in compliance and adherence to the management system of each operating site.

During the reporting period, we had no record of fatalities, lost time incidents, or occupational diseases among contractors present at our operation centers.



182 training courses taught on industrial safety, occupational health and environmental performance.

Four drills were carried out at our operating sites (Manufacturing Plant in San Cayetano, Pilot Plant Mexico City, and CEDIS): three earthquake evacuations and one evacuation and rescue of injured, all with satisfactory results, with evacuation time of less than 3 minutes.

4 drills carried out at our operating sites

In 2019, the Multifunctional Emergency Squad was formed at the three operating sites: CEDIS, the Mexico City Pilot Plant and the Manufacturing Plant in San Cayetano, as well as the annual training program with internal and external practice in a specialized training center for emergency control.

In order to improve our safety and health performance, various courses have been held for CEDIS, Mexico City Pilot Plant and Manufacturing Plant in San Cayetano with the aim of reinforcing the safety of our staff. In addition to this, various civil protection activities are carried out with our first aid brigades.

WELL-BEING OF COMMUNITIES

GRI 102-12; 203-1; 413-1; 414-2



LINK WITH EDUCATION: PARTICIPATION IN UNIVERSITIES, FORUMS AND CONGRESSES

For us, the link with various higher education institutions, congresses, forums and spaces for the promotion of education is of extreme importance, since it constitutes, among other things, a development, technology and innovation strategy, helping to strengthen the training of researchers and developers in the cosmetic-pharmaceutical sector, in addition to promoting entrepreneurship.



4 QUALITY EDUCATION



CONTRIBUTION TO THE SDG

We firmly believe that promoting education is key to achieving sustainable development, which is why we seek to train new generations through the communication of good business practices, emphasizing those related to sustainability, innovation and science, through presentations promoted by Genomma Lab in educational institutions, forums, conferences, etc.

COLOMBIA

University of Antioquia, Medellín and Cali Chamber of Commerce

Carlos Elías Caro, Global Regulatory Affairs Senior Manager, gave the presentation “Safety management in cosmetics with ingredients of natural origin: Is the use of cannabis derivatives safe?”

Universidad del Atlántico en Barranquilla y en la Asociación Colombiana de Estudiantes de Química y Farmacia de Bogotá

Carlos Elías Caro, Global Regulatory Affairs Senior Manager, gave the presentation “General principles of safe design in cosmetics.”

Universidad Nacional de Bogotá, Especialización de Ciencia y Tecnología Cosmética

Carlos Elías Caro, Global Regulatory Affairs Senior Manager, gave the presentation “International Regulatory Management in cosmetics, emphasis on Latin America.”

ECUADOR

Congress of Cosmetic Sciences

As part of the II Congress of Cosmetic Sciences and its Trends, an event organized by

PROCOSMETICOS, Carlos Elías Caro was at the forefront of the conference “General principles of safe design in cosmetics.”

MÉXICO

Universidad Nacional Autónoma de México

Luz Antonia Borja, Personal Care Formulations Manager, together with Aurora Zurita, Product Manager of Personal Care, gave the presentations “Relation between rheology and sensory evaluation in the development of cosmetic products” and “The world within the industrialization of personal care”, in addition to the workshop “Global Innovative Textures InCosmetics 2019” as part of the VI Symposium on Technology of personal care products of the Faculty of Chemistry.

Francisco Jordana, Global Regulatory Affairs Personal Care Specialist (PC), and Luz Antonia Borja, Personal Care Formulations Manager, gave a class on “General Principles of Safe Design in Cosmetics”.

Universidad La Salle

Luz Antonia Borja, Personal Care Formulations Manager, together with Aurora Zurita, Product Manager of Personal Care, gave the workshop “Formulating innovative Personal Care products” within the XXXIV Academic Conference on Chemical Sciences of the same Faculty.

Victoria Fest; Forum focused on women entrepreneurs

The President of the Board of Directors and Founder, Rodrigo Herrera Aspra, participated in this forum in order to share his experience as an entrepreneur and the challenges that this implies, impacting more than 800 female entrepreneurs

Entrepreneur Growth 2018: How to build the businesses of the future

Rodrigo Herrera Aspra was present at this event, which aimed to promote the construction of businesses that survive in time and become agents of change for a better world, with the participation of around 1700 people.



COMITÉ DE RESPONSABILIDAD SOCIAL GLOBAL



Since social responsibility is a fundamental part of our business vision and our Sustainability Model, we have formed the Global Social Responsibility Committee, which makes it possible to carry out global actions in social responsibility and

sustainability. This committee is chaired by the Vice President of Institutional Relations and made up of “Purpose Ambassadors” for each country or cluster where we have operations.

Mexican Stock Exchange, Sustainable Index

For seven years we have been part of the Mexican Stock Exchange (BMV, for its initials in Spanish) Sustainable Index. This index has been promoted by the international stock markets, aware of the growing importance and trend in topics of environmental, social and corporate governance. Belonging to this group of issuers recognized for their commitment to these issues is a great motivation to continue improving and seeking to make our operation more sustainable in the short, medium and long term.



CONTRIBUTION TO THE SDG

The health and well-being of people is the main motivation of all the activities we carry out. For this reason, we have a social responsibility program that gives rise to various social initiatives focused on promoting the integral development of vulnerable communities and groups close to our operation. This is why we link with organizations that can enhance and give greater reach to the projects carried out, exchanging knowledge, technical capacities, and resources.



Our Genomma Lab Corporate Volunteering includes activities aligned to our Sustainability Model. One of its objectives is to promote social well-being and access to health, participating in the development of communities near our operation centers.

Through activities that consider community development, environmental conservation, and health campaigns, our collaborators and their families dedicate their time and skills to the service of others, living the purpose of the Company.

In 2019, we celebrated the first edition of our “Day with Purpose”, a global initiative in which the Genomma team, that is present in the 18 countries where we have operations, united during the same day to bring health and well-being to the communities closest to our operation centers, carrying out various volunteer activities in alliance with non-governmental organizations, health centers and schools.

COMMUNITY HEALTH AND WELLNESS IN MEXICO

We have a firm commitment to the well-being of the communities near our operation centers. In alliance with the Order of Malta, we held health days where more than 150 children from the San Cayetano community in the State of Mexico were cared for. Considering the detection of a degree of malnutrition in children, the Order of Malta’s “Help me to Grow” nutritional program was implemented, where periodic reviews of children’s health are carried out and food supplements endorsed by the Franco-Mexican, Swiss and Belgian Charities Association, IAP are delivered. In 2019, 10.5 tons of this supplement were delivered.

Additionally, as part of the “Day with Purpose”, more than 100 Genomma Lab volunteers dedicated their time to painting and improving the facilities of the kindergarten in the community of San Cayetano, in addition to collaborating in the provision of nutritional workshops and recreation activities for children and their parents.



+ **30 partner** institutions
+ **5,000** direct **beneficiaries**
+ **2,000 hours** of volunteering
\$ 10,970,573 MXN invested
in social initiatives

PROMOTION OF SKIN CARE AND HYGIENE IN YOUNG PEOPLE

We seek that from an early age children and adolescents are aware of the importance of having proper skincare and personal hygiene, so our teams of Medical Management and Regulatory gave talks with this content. In Costa Rica, in alliance with Aldeas SOS®, and in the Dominican Republic through Nuestros Pequeños Hermanos (NPH), talks were given to young people about skincare at an early age and the correct use of Asepxia®, from which we donated kits to young people. Additionally, in Mexico, a talk on personal hygiene was given to girls from the Casa Hogar “Nuestra Señora de la Paz”, in addition to donating kits with personal care items and products such as Tío Nacho®, Vanart®, Asepxia®, and Teatrical®.





SUPPORT FOR THE REHABILITATION OF CHILDREN AND YOUTH WITH DISABILITIES IN MEXICO

We are committed to the prevention, detection, rehabilitation, and treatment of children and youth with disabilities, cancer, and autism. Through Fundación Teletón®, in 2019 we made a donation of 10 million Mexican pesos to support the purchase of a LOKOMAT, a gait neuro-rehabilitation robot, which provides therapy to patients with spinal cord injuries at different levels and to different degrees of affectation. This equipment will be used for the rehabilitation of children and youth at the Centro de Rehabilitación e Inclusión Infantil Teletón (CRIT) de Occidente in Guadalajara, Mexico.

VISIT TO HOSPITALS IN PANAMA

We perform visits to the Children's Hospital Dr. José Renán Esquivel to accompany hemophilia patients and their families; additionally, we make donations of personal care products.



“ALEGRA UN CORAZÓN” IN COLOMBIA AND MÉXICO

We strengthen our relationship with the community through projects that significantly benefit the child and youth population, as we seek to positively impact future generations in the field of health, well-being, and personal development. For the benefit of the Fundación Andrea Taborda in Colombia, we made a donation of toys to children and youth in a vulnerable situation. Likewise, in Mexico, we held the annual toy collection for the children of the operators of our Distribution Center, the Mexico City Pilot Plant, and the San Cayetano Plant, in addition to supporting the TV Azteca's Juguetón® initiative for the benefit of children in a vulnerable situation.



DECLINE IN CHILD MALNUTRITION IN COLOMBIA

Committed to childhood, we contributed to the reduction of child malnutrition in partnership with Fundación Éxito, through the donation of a percentage of the net sales of the Asepxia® and Tío Nacho® brands. In 2019 we made a donation of \$ 406,500 MXN.

BOOSTING CHILDHOOD

Our collaborators from Colombia, Uruguay, Paraguay and Brazil organized coexistence, recreation and fundraising events in support of educational institutions and foundations focused on the comprehensive development of children in nearby communities.

COMPREHENSIVE WELL-BEING OF SENIOR ADULTS

We know the importance that skincare has for senior adults, which is why we carry out various talks with this content in various nursing homes in Ecuador, Nicaragua, Guatemala, Bolivia, El Salvador, and Mexico, in addition to various recreational activities for the benefit of their psychomotricity and physical condition. Additionally, we make donations of Goicoechea® DiabetTX and Teatrical® to promote skincare.



SUPPORT FOR SOCIAL INCLUSION IN ARGENTINA AND CHILE

Our health and prevention initiatives, as well as our commitment to equity and inclusion, lead us to support institutions that foster a culture of help and empowerment for people with disabilities.

In this sense, in Argentina we support with donations in kind to the Fundación Discar, which works with people with intellectual disabilities, for the development of their capacities, promoting their social and labor inclusion. On the other hand, in Chile we give in-kind donations to the Fundación Coanil, which welcomes children, youth and adults with intellectual disabilities, giving them the necessary tools to maximize their abilities and thus be able to integrate into society.

SUPPORT FOR COMMUNITY KITCHENS IN THE UNITED STATES

We collaborate in the delivery of more than 7,400 meals in community kitchens in Houston, Miami, Cincinnati, Washington, New York, and Arkansas.

CARING FOR THE ENVIRONMENT IN HONDURAS

In addition to our commitment to the well-being of the environment, our collaborators in Honduras, hand in hand with Asociación de Rescatistas Independientes (ARI), supported the care and feeding of animals in situations of abandonment or abuse.

WELLNESS SPACES IN ARGENTINA AND PERU

We are aware that the well-being and health of people are directly related to the environment in which they develop, which is why, in partnership with TECHO®, we work on the construction and improvement of living spaces for vulnerable groups. In the town of La Matanza, in Argentina, we collaborated in the construction of a house for a family in a vulnerable situation, with the aim to provide an opportunity to develop in an optimal environment. In Peru, we carried out an intervention at El Mirador de los Humedales in Ventanilla, Callao, for the maintenance of its community center and construction of furniture for it.



LOOK GOOD ... FEEL BETTER

The mission of the international program “Look good ... Feel better” is to improve the self-esteem and quality of life of people who are undergoing cancer treatment. It’s goal is to improve their self-image and appearance through makeup workshops and beauty sessions that create a sense of support, trust, courage, and solidarity.

In 2019, we actively participated in this program through some cosmetic chambers in Argentina, Colombia, and Peru, impacting more than 3,500 female cancer patients.

REFORESTATION IN CHILE

In alliance with CULTIVA we planted 100 trees with their own irrigation system, with the aim of improving the socio-environmental environment near Santiago and the quality of life of the nearby communities.





In 2019, we reaffirmed our commitment to promote the well-being of Mexicans, delivering 699,148 pieces of 17 products from our portfolio with a value of more than \$4.1 million Mexican pesos during 2019 for the benefit and strengthening of different social causes.

Through our “Alliances for Wellbeing” program, we establish synergies with foundations, associations and health institutes with the strongest reputation, high efficiency and solid recognition for their work with sectors and social groups that need different levels of care and support.



CONTRIBUTION TO THE SDG

Aligned with our commitment to promote the health of the entire population, especially vulnerable groups, we establish strategic alliances with various institutions with the aim of increasing the reach and impact of our health initiatives and programs.

The actions of Genomma Lab Foundation and our allies during 2019 are shown below.

INSTITUTION / ASSOCIATION



DONATION IN KIND

BENEFIT

10,200 pieces
Teatrical®
Goicoechea®

Benefit to support staff and family of hospital.



17,500 pieces
Dalay®
Lomecan®
QG5®
Unigastrozol®
Aliviax®
Kaopectate®

Cancer prevention and early detection in the clinics of Monterrey, Torreón, Puebla and CDMX.



10,200 pieces
Teatrical®
Goicoechea®

Benefit to support staff and family members of hospital patients.



338,694 pieces
Ah-Micol®
Alliviax®
Next®
Teatrical®
Vanart®
Goicoechea®
Kaopectate®
Lomecan®
Shot B®
Unigastrozol®
Suerox® infantil

Support for the event “International Day of Women of African Descent”. Impact on 1,264 beneficiaries from 17 municipalities of Oaxaca, through the donation of medication to the “Caravanas DIF” program, which provides consultations on general medicine, pediatrics, ophthalmology, dentistry, gynecology, among others. Support to 1,055 beneficiaries through the donation of medicines and hydrating beverages to 13 Centros de Asistencia Infantil Comunitarios (CAIC, from its Spanish initials) in Oaxaca, whose purpose is to provide protection and comprehensive training to girls and boys in vulnerable conditions, through educational actions, healthcare, and medical services, supporting working mothers who lack educational services for the comprehensive care and training of their children. Support to 178,860 beneficiaries in 63 municipalities of Oaxaca through the donation of medicines and hydrating beverages to the “Cocinas Comedor Nutricional Comunitarios” program whose mission is to contribute primarily to the nutritional status of people living in vulnerable conditions in communities of high and very high marginalization.



LEARN MORE

**INSTITUTION /
ASSOCIATION**



DONATION IN KIND

109,990 pieces

Ah-Micol®
Lomecan®
Shot B®
XL-3®
Unigastrozol®
Alliviax®
Suerox® Infantil

3,152 pieces

Bioelectro®
Genoprazol®
Goicochea®
Nasalub®
Shot B®

5,816 pieces

Ah-Micol®
Lomecan®
XL-3®
QG5®
Unigastrozol®
Suerox® Infantil

BENEFIT

Through the donation of medication to the Medical Conferences in vulnerable communities in the State of Mexico, Mexico City, Morelos and Hidalgo, we benefited 9,990 people.
Through the “Save a child from AIDS” program, we benefited 47 mothers diagnosed with HIV by donating personal hygiene kits.
We benefited 51 senior adults from the “Casa Hogar San Juan” with the donation of personal hygiene kits.
We supported the World Day of the Poor through the donation of medicines, benefiting 1,040 people.
We benefited 63,000 vulnerable people with the donation of hydrating drinks.

We supported the treatment of 55 patients in El Buen Samaritano patient ward.
We benefited 224 people through the Polycyclic where general medical consultations are given in the municipality of Malinalco, State of Mexico.
Through the consultations made by the organization’s doctors to the communities of Santa María Xochiac and Monte Grande in Malinalco, State of Mexico, we benefited 77 people.

We benefit approximately 534 people through the rural medical clinic “Si Na Na Genze” in the State of Mexico, which mainly cares for the Mazahua community.

**INSTITUTION /
ASSOCIATION**



LEARN MORE



DONATION IN KIND

BENEFIT

50,000 pieces
Suerox® Infantil

Support to beneficiaries in Huehuetoca, State of Mexico; Comitán, Chiapas and Tehuacán, Puebla.

45,000 pieces
Suerox® Infantil

Attention to the logistics personnel, girls, boys and relatives benefited by the program.

100,932 pieces
Suerox® Infantil

Benefit to patients and families of four Child Rehabilitation and Inclusion Centers of the State of Mexico, Puebla, Nezahualcoyotl and Hidalgo.

7,304 pieces
Goicoechea®
Suerox® Infantil

Support for the "Mother's Day" event.

360 pieces
Teatrical®
Goicoechea®

Support for the "Family Day" event.

ENVIRONMENTAL MANAGEMENT



The preservation of the environment is key in our operation, since the continuity of our business model depends on natural resources such as water, energy sources, or the contribution of biodiversity for the extraction of natural ingredients that we use in several of our products.

For this reason, the well-being of society, together with the protection of the natural environment, are part of our Company's strategy and culture.

“The environment and the community are our priorities, as we seek to make a positive impact, especially in the places where we operate.”

-GEN BOOK

The data presented in this chapter were collected only for the facilities of our Distribution Center or CEDIS in Toluca, State of Mexico, and cover the period from January 1 to December 31, 2019. During the reported date this site represented the most significant facility for the business, due to its relevant position in the value chain and the environmental impacts generated by its operation.



ENVIRONMENTAL MANAGEMENT: SUSTAINABILITY APPROACH



GRI 102-29; 103-2; 103-3; 307-1; 308-1

Environmental care and preservation are among our priorities. We have implemented various initiatives to improve our performance in the generation and treatment of waste, water management and the measurement of our carbon footprint, in order to take mitigation actions regarding climate change. Our Board of Directors supervises the identification and management of economic, environmental and social issues, as well as their impacts, risks and opportunities.

As part of our environmental commitments, we focus on offering products that improve the quality of life of all people and fostering favorable conditions in social matters, while considering environmental management and promoting clear and measurable programs.

Currently at GLI we focus our efforts on the care of 4 elements:

Resources	Measurement and management
Waste	Waste management
Energy	Electricity / fuel consumption
Water	Water management
Emissions	Transport and production

1. GENERAL

- At Genomma Lab we have a Safety, Health and Environment Policy focused on energy efficiency and the reduction in the use of materials, emissions, and waste.
- Our Environmental and Social Management System (SGAS in Spanish) is based on the guidelines of the Inter-American Development Bank (IDB) and the International Finance Corporation (IFC).
- We identify and quantify our Greenhouse Gases (GHG) emissions in order to share with our stakeholders our impacts and commitments to mitigate climate change.
- In terms of our environmental impacts, fossil fuel consumption is the most significant category, due to its relationship with climate change.

2. WASTE

- We implement awareness campaigns at our operational sites based on 3Rs (reduce, recycle, and reuse).
- Only 18% of the waste from our Distribution Center ends up in a sanitary landfill - most of it is valued or treated as an energy source in other industrial processes.

We aim to innovate to reduce the percentage of plastic used in the bottles of our products, through alliances with our suppliers and commercial partners.



LEARN MORE



3. WATER

- Water consumption in our facilities is mainly for sanitary purposes.
- The wastewater from our Distribution Center is directed to the Wastewater Treatment Plant of an authorized third party.
- We work together with Reciclagua Ambiental S.A. de C.V., a program whose objective is to individually collect wastewater from more than 300 companies and subsequently give it the treatment that allows it to be reused.

4. ENERGY AND EMISSIONS (CARBON FOOTPRINT)

- In 2019, we celebrated 9 consecutive years reporting the accounting for Greenhouse Gases (GHG).
- Regarding the consumption of fossil fuels, we use diesel for our logistics transport vehicles.



It should be noted that this year we reported GHG emissions for the Distribution Center (CEDIS) in Mexico exclusively, compared to 2018, in which we reported 3,757.48 tCO₂e due to the recording of emissions from all the offices in Mexico, Argentina, United States, Colombia, Ecuador, Costa Rica, Peru, Brazil, and Chile.

Likewise, we established environmental commitments for the entire Organization:

- Identification and mitigation of environmental risks through our Environmental and Social Management System (SGAS).
- Development of products with better environmental performance.
- Implementation of a climate strategy approved by senior management.

In order to achieve these goals, we defined 4 lines of action:

- Reduction and efficiency in the use of materials.
- Increased energy efficiency.
- Reduction of CO₂e emissions into the atmosphere.
- Adequate management and reduction of waste.

SAFETY, HEALTH AND ENVIRONMENT POLICY

Our environmental commitment is focused on offering products that improve people's quality of life, through an operation aimed at mitigating negative impacts on our environment, thinking at all times of our various stakeholders.

Our objective is that our collaborators are trained in the fundamentals of correct environmental management in our operation, establishing good practices in the work environment that result in a decrease in the negative environmental impact caused by the business' activities.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



CONTRIBUTION TO THE SDG

We are committed to achieving sustainable management and efficient use of natural resources, reducing our waste generation through prevention, reduction, recycling, and reuse throughout our operation.

We perform specific actions such as the repair and reuse of more than 9 thousand pallets for transport and the elimination of the use of at least 9 tons of thermoplastic for packaging, by applying new technology for the transport of pallets.

WASTE MANAGEMENT

GRI 301-1; 301-2; 301-3; 306-2; 306-4



One of the primary efforts we make to mitigate our impact on the environment is the proper management of waste. We currently generate Municipal Solid Waste (MSW) and Hazardous Waste (HW) in our operational sites. That's why, through suppliers certified under current environmental regulations, we implement different programs for the management, control and correct final disposal of waste, seeking to have a lower environmental impact.

Our waste management standards include procedures to classify and identify the waste generated in each process, and to collect, store, transport, and treat each type of waste appropriately. In addition, we look for records of all waste management documents to guarantee the traceability of waste to its final destination.

Our Distribution Center (CEDIS) in Toluca, Mexico, has the highest volume of activity in our operation. Due to the above, the volume of waste generated in the CEDIS is the most significant compared to other sites. The waste we generate at CEDIS derives from the finished product that did not meet our quality standards, or that was returned due to the expiration date.

Aligned with our Environmental and Social Management System (SGAS), we consider the following principles in our operation.

Reducing waste generation.

Reusing, recycling, or recovering on site or with certified contractors.

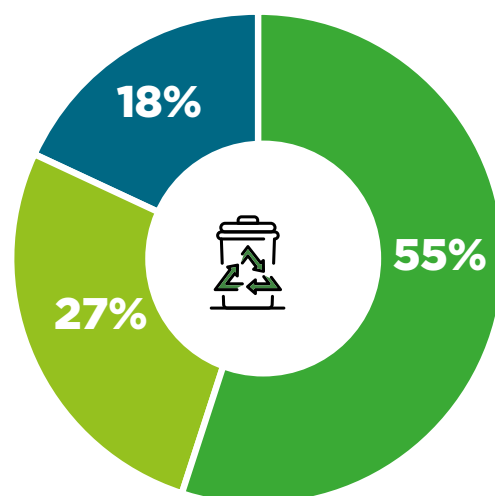
Incinerating, with energy recovery when possible.

Sending waste to landfills as the last destination.

Type of Waste	Disposal Method	2018	2019	Clarifications
Non-hazardous waste	Valorization (Mt)	704.92	645.23	It considers the waste that can be valued, such as plastic, cardboard and metal, generated in the packaging process carried out at CEDIS.
	Landfill (Mt)	568.3	445.05	Considers the waste produced by CEDIS considered non-hazardous and that are not valued.
Hazardous Waste	Confinement (Mt)	0.24	0.807	Considers hazardous waste generated from CEDIS operations. These wastes are treated by a certified company.
	Co-processing (Mt)	1,727.98	1,402.82	The finished product that due to quality or expiration does not meet the characteristics to be marketed is treated through co-processing, as it is a hazardous waste. In this process, the waste is crushed and channeled for the manufacture of cement, in order to make better use of the waste and use it as a substitute raw material, to reduce the impact on the environment. Likewise, the ashes generated from the process are incorporated into the clinker (product of the kiln that is milled to make Portland cement) to make a more sustainable product. As a result of this initiative, 5,435 m ³ of water and the extraction of 4,808 tons of non-renewable minerals were saved, 33.34% of total energy production and 2,227 m ³ of flora and fauna were recovered.

We reduced by 22% the amount of waste whose final destination was the sanitary landfill, compared to 2018.

WASTE DISPOSAL



- Co-processing
- Valorization
- Landfill
- Confinement

- We carry out a systematic analysis of recycling possibilities before non-hazardous waste reaches the landfill.

In our Distribution Center (Toluca, Mexico) we went from 0.16 kg/moved box in 2018 to 0.10 kg/moved box in 2019.

SUSTAINABLE PALLETS IN MEXICO

For our operation in Mexico and to increase the participation of other companies concerned with sustainability within our supply chain, we made an alliance with SMART®, a company that supplies sustainable pallets. The wood in SMART® pallets comes from certified forests, and the pallets that cannot be reused are converted into biomass by the same company, reducing the waste sent to landfills.

COLLABORATION WITH PUNTO AZUL IN COLOMBIA

Corporación Punto Azul arises as an initiative of the Pharmaceutical Industry to manage the Post-consumer Program of Expired Medicines that was previously led by the ANDI Pharmaceutical Chamber. Through this program, the pharmaceutical sector is regulated by law to guarantee that its medications



have the proper final disposal. Through the alliance with this program, Genomma Lab Colombia contributes so that the medicines have a correct final disposition.

WASTE MANAGEMENT IN COLOMBIA

As a result of our alliance with the company Solística® for the destruction of POP packaging material and medical devices, in 2019 we stopped emitting 9.947 kg of CO₂ that would need 358 mature stone pine trees a year to be absorbed.

RECYCLING IN ARGENTINA

We recycle the remainder of printed material, such as cases and brochures, through the use of mailboxes in our assembly plants. Additionally, we collect and send to recycling plastic containers, which may be obsolete or leftover from the production process.

WATER MANAGEMENT

GRI 303-1; 303-2; 303-3; 306-1



We are committed to managing the water resource responsibly, and we particularly care for sites identified as critical in water reserve.

Our internal Health, Safety and Environment standards require all our sites to create and monitor a water management plan. Our internal regulations require compliance with a plan to reduce water consumption that adjusts to the industrial characteristics of each site, with emphasis on those that present potential risks of water stress, to stabilize and reduce said threat. This reduction plan should have appropriate goals to reduce water consumption and ensure that they are adequately monitored, in association with other specific investments.

Savings and efficiency initiatives:

Consumption analysis
Savings technologies
Eco-efficiency

Additional research based on our own local data and a comprehensive independent review have been conducted, allowing us to adjust and identify our list of sites potentially exposed to water scarcity.

Aspect	2018	2019	Clarifications
Total consumption of municipal water supply (Mm³)	0.008166	0.008197	Water consumption considers our operations at CEDIS Toluca.
Recycled water (Mm³)	0.003643	0.006811	It considers the water that we recycle through our commercial partner Reciclagua Ambiental S.A. de C.V., which individually captures the wastewater of more than 300 companies to give them a treatment that allows their reuse and can be dumped into the flow of the Lerma River, State of Mexico.

We treat **89%** of the water used in our Distribution Center.

We increased the percentage of treated water by **44%** compared to 2018.

At the Distribution Center (Toluca, Mexico) we went from using 0.00043 m³/moved box in 2018 to 0.0003 m³/moved box in 2019

6 CLEAN WATER AND SANITATION



CONTRIBUTION TO THE SDG

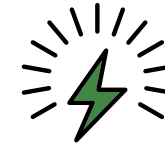
We are aware that the correct management of water resources is essential to guarantee its quality and availability for all. For this reason we are committed to improving our performance in water, considering the following actions:

Implementing more initiatives for the efficient use of water in our facilities.

Increasing the percentage of treated water that is generated in our operation.

Implementing technologies that reduce and make efficient the use of water resources.

ENERGY MANAGEMENT



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

As part of our continuous improvement, in 2019 we implemented various savings and efficiency initiatives such as the following:

Creation of an internal culture of environmental care and energy saving.

Optimization of our transport logistics to reduce fuel consumption.

Replacement of conventional luminaires by LED lighting systems and motion sensors, as well as the use of natural light in the Distribution Center, Production line in Mexico City and headquarters.

ELECTRICITY CONSUMPTION

Electricity consumption is one of the most significant categories for Genomma Lab due to its relation to climate change. Our efforts in this regard have focused on the implementation of energy efficiency projects, such as the replacement of lighting fixtures and updating of electronic equipment.

Consumption	2018	2019	Clarifications
Electricity (Mwh)	1,311.187	1,216.574	It considers the electrical energy consumed at CEDIS Toluca.

We reduced 7.2% in electricity consumption in our CEDIS Toluca compared to 2018.

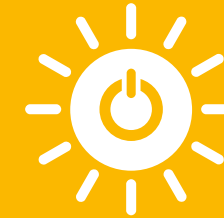
FUEL CONSUMPTION

The main consumption of fuels from mobile sources in 2019 is mainly associated with diesel.

Diesel used to transport cargo in CEDIS: 504,161.4 liters.

Fuel	2018	2019	Clarifications
Diesel (Mwh)	5,674.90	51,904	It considers the diesel consumption of cargo transport used in our CEDIS in Toluca. During 2019, there was an increase in logistics routes, which increased diesel consumption in the operation.

7 AFFORDABLE AND CLEAN ENERGY



CONTRIBUTION TO THE SDG

Energy is essential to achieve the optimal development of our activities, so it is our duty to guarantee the correct use of energy sources. As part of our strategy, we aim to increase energy efficiency throughout our entire operation.

CARBON FOOTPRINT

GRI 305-1; 305-2; 305-3; 305-4



At Genomma Lab we believe that measuring is the first step to improve. For this reason, we work to calculate our operational carbon footprint, which is essential to understand our impacts, as well as being a measure for protecting the environment and mitigating climate change. This measurement has become an indicator of the intensity of use of resources, financial efficiency of the organization, and as part of our risk analysis associated with global warming.

The calculation of the Greenhouse Gases (GHG) inventory for the operation of our Distribution Center (CEDIS) in Toluca, Mexico in 2019, was performed using the methodology proposed by the “Corporate Accounting and Reporting Standard” of Greenhouse Gas Protocol (GHG) that satisfies the requirements of the ISO 14064-1: 2006 standard. The analysis of GHG emissions allows to identify areas of opportunity to reduce, mitigate or compensate these gases and their impacts.

SCOPE 1: DIRECT GHG EMISSIONS

These are emissions from sources that are owned or controlled by the company. They include emissions resulting from the combustion of consumed fuels.

They are considered:

Emissions from “mobile combustion”:
Emissions associated with the consumption of diesel in our logistics transport vehicles.

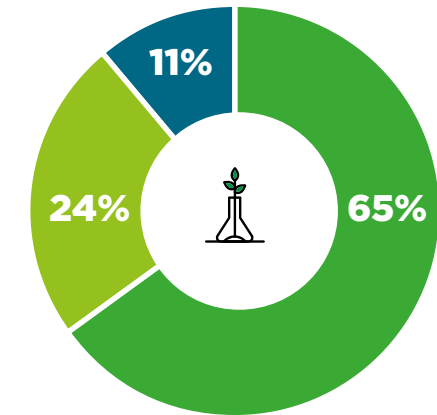
SCOPE 2: INDIRECT GHG EMISSIONS

These are the emissions that derive from the activity of the organization, but occur in the plant where the electricity is generated. They include emissions from the generation of electricity purchased from a supplier.

They are considered:

Emissions associated with electricity consumption in our CEDIS.

2019 GHG EMISSIONS



- Scope 1: Direct Emissions
- Scope 2: Indirect Emissions
- Scope 3: Indirect Emissions

SCOPE 3: INDIRECT GHG EMISSIONS

These are the indirect emissions that occur in the value chain. For the first time, in 2019 we consider in our GHG emissions report the emissions generated by our logistics transport providers.

They are considered:

Emissions from diesel consumption of logistics transport vehicles from suppliers that we subcontract in the logistics operation of our CEDIS.

Scope Emissions	Emissions Type	Source	Total Emissions (tCO ₂ e) 2019
Scope 1: Direct Emissions	Fixed and mobile sources	Diesel	1,310.82
Scope 2: Indirect Emissions	Electric Consumption	Electric supply company	614.42
Scope 3: Indirect Emissions	Mobile sources	Diesel	3,590.7
Total Emissions			5,515.94

When quantifying the total emissions of fossil fuel consumption from the logistics transport of suppliers contracted by Genomma Lab, this represents the most important source of emissions from the GHG inventory, with 65%, followed by the fuel consumption of logistics transport managed directly by Genomma Lab. We are committed to reducing at least 4% of our emissions by 2021.

CLIMATE STRATEGY

A multidisciplinary team from various areas of Genomma Lab International, in charge of the main business processes in scope, were involved in the development and execution of the identification and measurement of risks derived from events related to climate change, under the ISO 31000 methodology, also taking into account the general processes of support areas.

- Work sessions were held to define criteria for each of the components of the risk analysis (assets, threats, vulnerabilities, probability, consequence, degree of risk, risk prioritization).
- The internal and external context of Genomma Lab was established according to its geographical situation, operations and characteristics of the localities in scope.

- The assets and threats of the main components of the risk analysis were documented and classified, following the Assets, Threats, Vulnerability, Probability and Impact scheme (ISO 31000-Risk Consequence Matrix).
- Priorities of attention to the most relevant risks in terms of climate events or adaptive capacities to climate change were defined and documented.

REFORESTATION IN CHILE

In alliance with CULTIVA we planted 100 trees with its own irrigation system, with the aim of improving the socio-environmental environment near Santiago and the quality of life of nearby communities.





13 CLIMATE ACTION



CONTRIBUTION TO THE SDGS

We are committed to contributing to the fight against climate change from our operation. In accordance with the goals of SDG 13 in the framework of the 2030 Agenda, we will develop actions that contribute to this fight; these will be developed gradually and according to the scope of our operations and programs:

Strengthen resilience and adaptive capacity to risks related to climate and natural disasters at our facilities in all the countries where we operate.

Incorporate measures related to climate change mitigation in our policies, strategies and business plans.

Implement awareness programs regarding the mitigation of climate change to our collaborators and members of our value chain, considering the identification of risks and adaptation measures.

CORPORATE GOVERNANCE



Appointment

GRI 102-24

The Board of Directors is elected by the Annual Ordinary General Shareholders Meeting; the bylaws state that the Board of Directors may be composed of a maximum of 21 members, 25% of which must be independent, in accordance with the Securities Market Law (Ley del Mercado de Valores) of Mexico. Due to our nature, transparency and integrity are part of our essence. In this section you will find all mechanisms, documents, measures, proceedings, and policies we have implemented to guarantee a good corporate governance. You will also meet the members of our Executive Committee and the operation of our General Meeting.

The Board of Directors is comprised of 9 members, 6 of which are independent.

The Board of Directors meet quarterly to assess the status of the business. In such meetings, a comprehensive review of the business is carried out, where economic, operation, risk, social, and environmental matters are analyzed, to the extent such matters occur. The average of attendance of the members of the Board of Directors to the meetings during 2019 was 77.77%, with 50% being the minimum average attendance required for members.

Performance Assessment

GRI 102-28

Each year, the shareholders (investors), based on the annual performance of the business, which encompasses all its aspects, including economic, social, and environmental matters, and taking into

consideration the Activities Report of the Board, the Activities Report of the Chief Executive Officer and the Activities Report of the Audit and Corporate Practices Committee, decide and vote if the Members of the Board are ratified as directors or if they will be changed. We consider that the assessment is independent, as it is carried out by the shareholders, and on an annual basis. This is not a self-assessment. On the recent history of Genomma Lab Internacional S.A.B. de C.V., there have not been requests from shareholders to change the members of the Board of Directors. On the other hand, the members of the Board of Directors perform a regular self-assessment of board performance based on The Four Pillars of Board Effectiveness of the International Institute for Management Development (IMD). This corporate government body is under a continuous improvement process and considers all aspects of the operation, including economic, social, and environmental matters.

Continuous Updating

GRI 102-27

The members of the Board of Directors, due to their professional profile and the different activities they perform outside the company, are up-to-date regarding economic, tax, compliance, social, and environmental matters. Additionally, the General Counsel, with the support of the Non-Member Secretary of the Board of Directors, frequently provides updates to the members of the board regarding regulatory and compliance relevant matters.

Compensation process

GRI 102-35; 102-36; 102-38

The Annual Ordinary Shareholders Meeting is the Body that annually determines and governs the compensation

of the Members of the Board of Directors and the Audit and Corporate Practices Committee. Likewise, the compensation of Senior Executives is determined by the Board of Directors taking into consideration the opinion of the Audit and Corporate Practices Committee. Both bodies seek that the compensation of Senior Executives is linked to the performance of the business and that such compensation is based on fair market prices.

As part of the performance evaluation parameters of the Senior Executives, the management of the material issues identified for the Company are considered, and in the case of the Chief Executive Officer, financial metrics are evaluated, such as the ROA (Return on Assets), ROE (Return on Equity), ROIC (Return on Invested Capital) and the performance of the stock price in relation to the Price and Quotation Index (IPC, for its initials in Spanish) of the Mexican Stock Exchange.

Conflicts of interest

GRI 102-25

In the event of a conflict of interest, prevention mechanisms are applied and the members of the board involved shall refrain from voting. The Securities Market Law of Mexico includes provisions regarding management of conflicts of interest, which we abide by strictly. Therefore, the persons that have a conflict of interest refrain from knowing of and voting on the relevant matter. In addition to the foregoing, the Company has mechanisms to prevent conflicts of interest within itself, which are established by the Ethics Committee, and in the event there is a potential conflict, management bodies of the Company analyze such matters and take the corresponding actions.

BOARD OF DIRECTORS

GRI 102-18

BOARD OF DIRECTORS¹

RELATED REGULAR DIRECTORS

Rodrigo Alonso Herrera Aspra²
 Presidente del Consejo de Administración

Sabrina Lucila Herrera Aspra²

INDEPENDENT REGULAR DIRECTORS

Javier Vale Castilla

Juan Alonso

Jorge Ricardo Gutiérrez Muñoz

Carlos Javier Vara Alonso

Ignacio González Rodríguez

PATRIMONIAL INDEPENDENT DIRECTOR

Juan Carlos Gavito Aspe

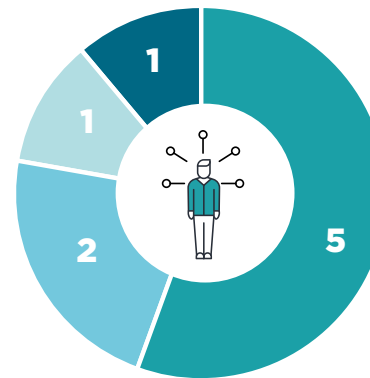
PATRIMONIAL REGULAR DIRECTOR

Burkhard Wittek

RELATED DIRECTOR

Renata Virginia Herrea Aspra^{2,3}

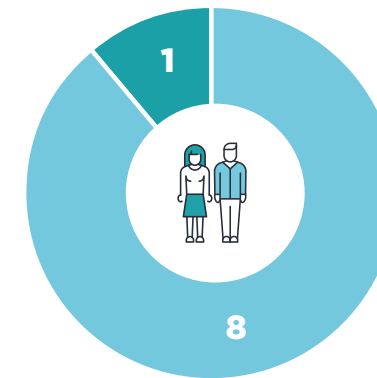
BY INDEPENDENCE



- Independent Regular Directors*
- Related Regular Directors
- Patrimonial Independent Directors*
- Patrimonial Regular Directors

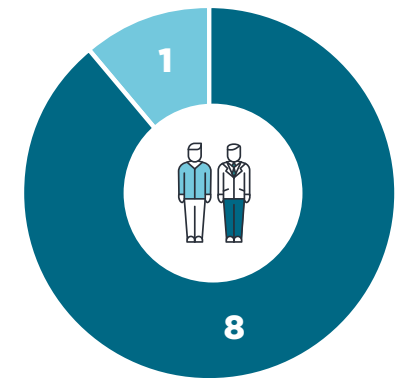
*They are deemed independent under the criteria of Art. 26 of the Securities.

BY GENDER



- Men
- Women

BY AGE



- Older than 50
- 30 - 50

1. As of April 29, 2019, date of the most recent Annual Ordinary General Shareholders Meeting at the time of this report.

2. Rodrigo Alonso Herrera Aspra, Sabrina Lucila Herrera Aspra and Renata Virginia Herrera Aspra are siblings.

3. Renata Virginia Herrera Aspra is the Alternate Director of Rodrigo Alonso Herrera Aspra and Sabrina Lucila Herrera Aspra.

FUNCTIONS OF THE BOARD OF DIRECTORS

GRI 102-20; 102-21; 102-29

- Establish general strategies to manage the business.
- Oversee the management and direction of the Company and the legal entities controlled by the Company, taking into consideration the importance of such entities in the financial, administrative and legal situation of the Company, and the performance of relevant officers.
- Approve, prior opinion of the applicable committee:

The policies and guidelines for related parties to use and enjoy the goods that are part of the assets of the Company and the legal entities controlled by the Company.

Each of the transactions with related parties that the Company or the legal entities controlled by the Company will enter into.

The guidelines regarding internal control and internal audit of the Company and the legal entities controlled by the Company.

The accounting policies of the Company, adhering to the accounting principles acknowledged or issued by the National Banking and Securities Commission

- Manage liability regarding economic, environmental, and social matters through the Executive Committee.



AUDIT AND CORPORATE PRACTICES COMMITTEE

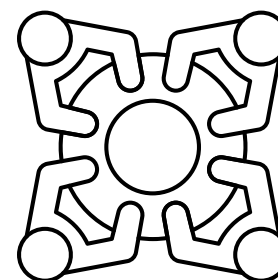
CHAIRMAN

Jorge Ricardo Gutiérrez Muñoz

MEMBERS

Juan Carlos Gavito Aspe

Juan Alonso



FUNCTIONS

The Audit and Corporate Practices Committee is in charge of:

- Giving its opinion about the external auditors of the Company and assess their performance and analyze their reports.
- Analyzing and supervising the preparation of financial statements of the Company and inform the Board of Directors of irregularities with respect to internal control and Audit of the Issuer.
- Receiving and analyzing recommendations and opinions of the shareholders, members of the Board of Directors, executive officers, external auditors, and any third party and take any measures it deems necessary.
- Giving its opinion to the Board of Directors regarding the matters it is in charge of pursuant to the Securities Market Law of Mexico.
- Requesting the opinion of independent experts when it deems it convenient, for the correct performance of its duties, or when required by the Securities Market Law of Mexico or its general provisions.
- Calling Shareholders Meetings and include any matters it deems necessary in the agenda.

- Providing support to the Board of Directors when preparing the reports mentioned in Article 28, section IV, subsections d) and e) of the Securities Market Law of Mexico.
- Providing support to GLI to achieve the SDG with comprehensive solutions. Current complex challenges, such as stopping progression of diseases or preventing conflicts, cannot be addressed independently. For Corporate Governance, this entails focusing on systems, deep causes and connections among challenges, not only thematic sectors, to create solutions that address people's daily life.
- While the SDG goals express worldwide aspirations, Corporate Governance fixes its own national goals, guided by the ambitious general aspiration, but taking into consideration local and current circumstances.

The chairman of the Audit and Corporate Practices Committee must prepare and submit to the Board of Directors an annual report, which must contain, among others, the following items:

- Transactions with related parties during the reporting year, providing details of the characteristics of outstanding transactions.
- The status of internal controls of the Company and audits, and any other diversion or deficiency thereof,

taking into consideration the corresponding reports of external auditors and independent experts.

- The results of any preventive or corrective measure taken based on inquiries related to the incompliance with operation or accounting policies.
- The assessment performed by the external auditors.
- The results of the review of financial statements of the Company and its subsidiaries.
- The description and effects of any changes in accounting policies.
- The measures taken after receiving comments from the shareholders of the Company, members of the Board of Directors, executive officers and third parties regarding accounting, internal controls, and internal and external audits.
- The compliance of the resolutions adopted by the shareholders meetings and the Board of Directors.
- The chairman will also determine how to include their aspirations and goals in the planning processes, policies, and business strategies of GLI.

REPORT OF THE CHAIRMAN OF THE AUDIT AND CORPORATE PRACTICES COMMITTEE

Mexico City, Mexico, April 14, 2020

To the Board of Directors and the Shareholders' Meeting of Genomma Lab Internacional, S.A.B. de C.V.

In accordance with the provisions of article 43, sections I and II, of the Securities Market Law, the undersigned, Chairman of the Audit and Corporate Practices Committee of Genomma Lab Internacional, S.A.B. de C.V. (the "Company"), presents to you the following Annual Report approved by all the members of said Committee, corresponding to the fiscal year ended on December 31, 2019:

In consideration of the provisions contained in the Securities Market Law, the Committee focused during this period, generally and mainly on:

1. Carrying out the audit activities that the law confers on this Committee to support the Board of Directors.
2. Holding regular and ongoing meetings with the management and the external auditors.
3. Carrying out the activities in corporate practices that the law confers on this Committee to support the Board of Directors.

Regarding specific concepts corresponding to the functions approved for this Committee, we present the following results:

1. Regarding Audit matters:

A. Internal Control and Internal Audit System of the Company and the legal entities it controls.

Taking into account the opinions, reports, communications and the external audit opinion, the verification of compliance with the most relevant internal control provisions in the handling of financial information continues, and as a consequence, I manifest that the Company maintains policies and procedures of internal control that offer reasonable security in the operations it performs.

The differences in internal control that were analyzed by the Committee had no significant impact on the Company.

The Company has duly complied with the recommendations issued by the Committee and its external auditors, in order to improve its internal audit and control system, as well as to correct the deficiencies and deviations of said system.

B. Preventive and Corrective Measures Implemented in relation to the Guidelines and Policies of Operation and Accounting Record.

The Committee has ensured the objectivity and integrity of the accounting records, as well as compliance with the Guidelines and Policies of Operation and Accounting Record of the Company, which were consistently applied in the preparation of the Company's financial statements ending on December 31, 2019. Likewise, the work plans of the function that develops the internal audit in the Company were reviewed and approved.

C. External Auditor Performance Evaluation.

A favorable opinion was issued to ratify the firm Galaz, Yamazaki, Ruiz Urquiza, S.C. as the Company's external auditor, to carry out the audit of the Company's consolidated financial statements for the 2019 fiscal year, as well as for the ratification and/or appointment of the external auditors who carry out the audit of the financial statements of the main subsidiaries of the Company.

For the year ended December 31, 2019, a budget of \$ 4,776,000.00 M.N. (four million seven hundred seventy-six thousand pesos) plus VAT was authorized

for the audit services of the consolidated financial statements of the Company and its main subsidiaries.

The work plans to audit the financial statements and compliance with internal control provided by the firms of external auditors were reviewed and fully approved.

In interviews and Committee sessions with the external auditors, we made sure they met the independence requirements.

For the 2019 financial year, we reviewed with the external auditors and with the Company's Management their comments on internal control and the procedures and scope applied in their audit.

As a consequence of the foregoing, the Committee agrees with the performance and results of the work of the Company's external auditors.

D. Result of the Reviews to the Financial Statements of the Company and of the Legal Entities that it Controls.

The Committee reviewed the consolidated financial statements of the Company and subsidiaries as of December 31, 2019, which were prepared in accordance with the Financial Reporting Standards applied consistently, and in accordance with the applicable auditing standards and procedures, as well as the opinion and audit of the corresponding external auditor, which was issued without exceptions.

The Committee has recommended to the Board

of Directors the approval of the aforementioned financial statements, since they reasonably reflect the financial situation and results of the Company, that the relevant events have been adequately disclosed and that the application of the policies and accounting criteria have been consistent and adequate, enabling Company's management to comply with the processes of implementation and assurance of internal control systems and with the recommendations made.

E. Opinion of the Audit and Corporate Practices Committee on the report referred to in article 28, section IV, paragraph c) of the Securities Market Law to submit it for the consideration of the Company's Board of Directors.

In accordance with the provisions of article 42, section II, paragraph (e) of the Securities Market Law, after having held various meetings with the Chief Executive Officer of the Company and with the relevant executives of the Company and of the companies controlled by it, with respect to the content of the CEO's Report in terms of the provisions of article 44, section XI of the Securities Market Law, having reviewed the necessary supporting information and documentation, including the opinion and audit issued by the Galaz, Yamazaki, Ruiz Urquiza, SC office, as External Auditor of the Company, the Committee considers that the CEO's Report to be presented to the Shareholders' Meeting is adequate and sufficient and that: (i) the accounting and reporting policies and criteria followed by the Company are adequate and sufficient taking into account the particular circumstances of the Company;

(ii) said policies and criteria have been consistently applied in the information presented by the CEO; and (iii) as a consequence of subsections (i) and (ii) above, the information presented by the CEO reasonably reflects the financial situation and the results of the Company.

F. Measures Taken with Reason for Relevant Observations.

During the 2019 fiscal year, no relevant observations were made by the shareholders, directors, relevant executives, employees of the Company and, in general, by any third party, regarding accounting, internal controls and issues related to internal or external audit, nor were complaints filed about events that are considered irregular in the administration.

G. Follow-up of the Resolutions of the Shareholders' Meeting and the Board of Directors.

The Company timely complied with the resolutions and recommendations issued by the Shareholders' Meeting and the Company's Board of Directors during the 2019 fiscal year.

2. Regarding Corporate Practices:

A. Performance of the Relevant Directors:

During the 2019 fiscal year, the Company obtained satisfactory results and observed a favorable

performance of the Relevant Directors of the Company, since the objectives and priorities presented by the Company to the Board of Directors for the year 2019 were achieved.

B. Operations with Related Parties:

The Committee has verified the operations carried out by the Company during the 2019 financial year, which have been carried out at market prices or, if required, supported by valuations carried out by external specialists.

C. Packages of emoluments or integral compensation of the CEO and/or of Relevant Directors:

The Committee reviewed the annual compensation of the Chief Executive Officer and the Executive Chairman and the proposed compensation for other Company executives, and issued its favorable opinion with respect to such matters.

Likewise, it issued a favorable opinion to ratify the CEO of the Company and on the emoluments and variable compensation package of the CEO.

D. Waivers granted by the Board of Directors:

During the fiscal year ended on December 31, 2019, no operations were presented that needed to grant an waiver to the directors, Relevant Directors or persons with power of command in the Company, so that said persons could take advantage of business

opportunities for themselves or the business in favor of third parties, that would otherwise be reserved for the Company or to the legal entities that it controls or in which it has a significant influence.

E. Other activities of the Audit and Corporate Practices Committee:

During the 2019 fiscal year, the Audit and Corporate Practices Committee has reviewed, analyzed and issued its favorable opinion regarding the following matters:

- 1) Certain litigation of the Company and its subsidiaries was reported.
- 2) A favorable opinion was issued for the approval of the audited annual financial statements of the Company and its subsidiaries with figures as of December 31, 2019.
- 3) A favorable opinion was issued for the approval of the Company's financial information regarding the fourth quarter of 2018, as well as regarding to the first, second and third quarter of 2019.
- 4) Critical path options related to the manufacturing plant were presented to the Board, which presented two additional investment options.
- 5) A favorable opinion was issued for the ratification of the external auditors of the Company and its main subsidiaries and the fees for the applicable services.

6) A policy for the approval of fees for services provided by external auditors was presented to the Board, regarding services that the auditor can provide to the Company without jeopardizing its independence.

F. Integration of the Audit and Corporate Practices Committee and meetings held

The Audit and Corporate Practices Committee is made up of the following members:

Name	Position
Jorge Ricardo Gutiérrez Muñoz	Chairman
Juan Carlos Gavito Aspe	Member
Juan Alonso	Member

The Company's Audit and Corporate Practices Committee held meetings or adopted unanimous resolutions in lieu of a meeting on February 15, April 23, July 22 and October 21, 2019, and a minute or resolutions were recorded regarding the resolutions adopted.

Yours sincerely,

Jorge Ricardo Gutiérrez Muñoz

Chairman of the Audit and Corporate Practices Committee
Genomma Lab Internacional, S.A.B. de C.V.

BIOGRAPHICAL INFORMATION OF THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE

GRI 102-22; 102-23

RODRIGO ALONSO HERRERA ASPRA

Chairman of the Board of Directors

Founding partner and main shareholder of Genomma Lab Internacional. He has more than 20 years of experience in Marketing and Strategies for brand positioning. Its main role is to ensure the proper functioning of the Board of Directors and the evaluation of the Executive Committee. He studied a bachelor's degree in Engineering and Administration in Universidad Anahuac, and a master's degree in Senior Management in the Graduate School of Senior Management. He has been part of the Board of Directors of Genomma Lab for 10 years.

JAVIER VALE CASTILLA

Independent Regular Director

Founder and president of grupo Vale Euro RSCG, which is one of the four top agencies in its sector in Mexico. He has broad experience in advertising, Marketing, and corporate communications. He leads the operations of the marketing agency in 18 countries in Latin America. Formerly he was the general manager of "Grupo de Televisoras del Pacífico", in Sinaloa. Later, he worked for Televisa for one decade, where he was Sales Director, managing five radio stations, five magazines, four television channels and the division of cable TV. He studied a bachelor's degree in engineering in communications and electronics in ESIME of the Instituto Politécnico Nacional. Due to his merits and achievements in the communications and advertising fields, he was granted the title of Doctor Honoris Causa by Centro Universitario de Comunicación. He has been part of the Board of Directors of Genomma Lab for 3 years.

JUAN CARLOS GAVITO ASPE

Patrimonial Independent Director
Member of the Audit and Corporate Practices Committee

Founder of Airos Capital, an investment fund focused in investment and private equity. In the past he was the manager of Nexxus Capital, where he engaged in IPOs of Genomma Lab and Grupo Hotelero Santa Fe, and private Mergers and Acquisitions (for example, Harmon Hall, Nasoft, Crédito Real, and Marmoles Arca), and he has also served in the board of many companies, including Taco Holdings and Recubre. He studied a bachelor's degree in Industrial Engineering in Universidad Iberoamericana and a master's degree in Business Administration in IPADE. He has been part of the Board of Directors of Genomma Lab for 2 years.

JUAN ALONSO

Independent Regular Director
Member of the Audit and Corporate Practices Committee

He is currently the Chief Executive Officer of ZAO Future Technologies, one of the largest construction companies of luxury homes in Russia. The brand is known in Russia as SUN CITY Developments. In March 2007, Mr. Alonso entered into a partnership agreement with BSG Investments from Israel, the real estate developer in Russia and the Community of Independent States, to develop near one million square meters of commercial and residential real estate in Russia. Mr. Alonso is also a majority shareholder of ZAO SILVER Nizhny Novgorod, the national bottler of water owned by Nestlé in Russia. Before that, he was the president of Domino's Pizza Jalisco. S.A. de C.V., master franchisee of Domino's Pizza in central Mexico, and majority shareholder of Baskin Robbins D.F.. He has been part of the Board of Directors of Genomma Lab for 11 years.

CARLOS JAVIER VARA ALONSO

Independent Regular Director

Founder of Vace Partners. Before joining Vace Partners, Carlos worked for Citigroup for 9 years as Director of Investment Banking of Mexico and Latin America. Carlos is currently a member of the Board of Directors and Finance Committee of Grupo Gigante, member of the Board of Directors and Chairman of the Development Committee of Presidente Hotels, shareholder and member of the Board of Directors of Fhipo and member of the Board of Directors and Finance Committee of Aeromexico. His experience includes projects in companies in several industries, such as financial institutions, consumer goods, retail, industrial conglomerates, education, transportation and mining metals. Carlos studied a bachelor's degree in economics in Instituto Autónomo de México (ITAM) and an MBA in Yale School of Management. He has been part of the Board of Directors of Genomma Lab for 2 years.

JORGE RICARDO GUTIÉRREZ MUÑOZ

Chairman of the Audit and Corporate Practices Committee
Independent Regular Director

Public Accountant graduated from Instituto Politécnico Nacional with a Master's Degree in Finance from Universidad La Salle, he has been member of the Boards of Direction of: Mexichem, S.A.B. de C.V., Grupo Aeroportuario del Centro Norte, S.A.B. de C.V., Grupo Pochteca, S.A.B de C.V., and Bolsa Mexicana de Valores, S.A.B de C.V. Likewise, he has been the Chief Executive Officer of Mexichem, S.A.B. de C.V., CEO and Member of the Board of Directors of Grupo Industrial Camesa and Industrias Synkro, Vice President of Corporate Development in Empresas Lanzagorta and Chief Financial Officer of Indetel/Alcatel. He has been part of the Board of Directors of Genomma Lab for 5 years.

IGNACIO GONZÁLEZ RODRÍGUEZ

Independent Regular Director

He is the CEO of FAGO and member of the board of Pavisa, a 60-year Company specialized in manufacture and specialized glass marketing and glass packaging for a variety of industries, such as cosmetic and pharmaceutical industries, and ultra-premium liquors and high-quality food and beverages. He studied a bachelor's degree in Marketing in the ITESM and a postgraduate in IPADE. He has been part of the Board of Directors of Genomma Lab for 2 years.



BURKHARD WITTEK

Patrimonial Regular Director

Founding partner and Chief Executive Officer of Forum Family Office Services GmbH (“FFO”), a Company located in Munich, Germany, with assets that exceed \$100 million euros (sic). Mr. Wittek has more than 35 years of experience in asset management, he was a partner with worldwide responsibility for the sectors of consumer goods/retail and health for Boston Consulting Group and advisor of the private equity fund of MTH München Trust Holding GmbH. Mr. Wittek has a Ph.D. in administration and finance from the University of Innsbruck and an MBA from Harvard Graduate School of Business. Currently Mr. Wittek is the non-executive chairman of the Board of Directors of Inmunodiagnostic Systems Holdings PLC, Cobo Fluid System GmbH, rdl Group GmbH and Suxceed Sales Four Your Suxcess GmbH. He has been part of the Board of Directors of Genomma Lab for 2 years.



SABRINA LUCILA HERRERA ASPRA

Related Regular Director

She has worked for several companies for 15 years, including Posadas de México, in Public Relations and Administration and Finance areas. She joined Genomma Lab in 1998 to manage international sales of the Company. In 2004, already as International Operations Director, she started opening the Latin American markets, copying the business model of the Company. She studied a bachelor’s degree in Information in Universidad Anahuac, and a Master’s Degree in Senior Management in the Graduate School of Senior Management. She has been part of the Board of Directors of Genomma Lab for 8 years.



RENATA VIRGINIA HERRERA ASPRA

Related Alternate Director

She held several executive positions in Genomma Lab Internacional, S.A.B. de C.V., such as Director of Research and Development, Special Releases, Human Resources, and Production. Before that, she developed “customized” programs for Seguros La Comercial, in the affiliate of major medical expenses insurance. She also worked with cancer patients during many years, reporting to the Government of the State of Queretaro, and she was a professor in the Autonomous University of Queretaro for 3 years. Within the Company, besides being the Director of Research and Development, she has led the areas of Special Releases, Human Resources, and Production. She studied a bachelor’s degree in Informatics in Universidad Anáhuac. She has been part of the Board of Directors of Genomma Lab for 8 years.

EXECUTIVE COMMITTEE

GRI 102-19

Our executive committee is formed by professionals that are highly-trained in their fields, with an excellent career, and a great sense of leadership. The team is committed to achieve the growth goals of the Company, working together in each part of the process.

Jorge Luis Brake Valderrama
Chief Executive Officer

Antonio Zamora Galland
Vice President of Finance and Administration

Juan Marco Sparvieri
Vice President of Commercial Operations

César Alejandro Jaramillo López
Vice President of Global Marketing

Alejandro Bastón Patiño
Vice President of Institutional Relations

Marianne Blancas Velasco
Global Director of Human Resources



The Board of Directors, in terms of the Securities Market Law, relies on a Chief Executive Officer and certain relevant officers for the management, direction, and execution of the business, delegating to them, within the limits permitted by the Securities Market Law, the authority to address social, economic, and environmental matters. The economic matters are led by the Vice President of Finance, the social matters by a Member of the Board of Directors and by the Vice President of Institutional Relations, and the environmental matters are led by the Manufacture Director with the support of Sustainability, Operations, and Legal areas. The Vice President of Institutional Relations is responsible for consulting the stakeholders about economic, environmental, and social matters through the materiality study performed in 2019.

The abovementioned areas regularly present reports to the Chief Executive Officer and to the Board of Directors about their corresponding matters.

BUSINESS UNITS

Each country where we operate is led by a Country Manager or Chief Executive Officer that reports to a Business Leader that leads the business unit or cluster, i.e., a country or group of countries with similar characteristics in the same region.

The purpose of the business unit is to use the resources and experience of countries with a bigger operation to support those smaller countries to reach a sustainable growth.





ETHICS AND INTEGRITY

GRI 102-16; 102-17

Our commitment is to create an ethical and open listening culture in Genomma, which allows a work environment of trust and compliance based on a corporate government aligned with best practices, regulations and laws applicable in each country where we operate, by preventing non-ethical behaviors and promoting a legality culture within the Company and with our stakeholders.

CODE OF ETHICS AND CONDUCT

During 2019 we updated our Code of Conduct and Ethics. This document sets forth the requirements of our business conduct that, together with our Policies, Proceedings and applicable law, provide the guidelines regarding the expected behavior and values.

We are aware that, notwithstanding the place where we are or the role we perform, when we do the right thing and act with ethics and integrity within and without Genomma, we prove the real compromise to achieve our corporate purpose.

Our Code addresses topics such as Human Rights; non-discrimination and harassment; safety and health; relations with the community; environment; legality culture; conflicts of interest; use of assets; confidential information; anti-money laundering and anti-corruption; relations with the authorities; political contributions; competition; relations with clients and vendors; marketing; gifts, presents and other courtesies; among others.

The Code is available in the corporate intranet, in the vendors portal and in our corporate website to be reviewed by our stakeholders.





We encourage the identification and report of illegal acts, actual or potential defaults to our Code, Policies, Procedures and/or inappropriate conducts, through open communication and the formal mechanisms already implemented, such as the Ethics Committee and the ethical report hotline.

During 2019 we launched our new ethical system “GEN- Te Escucha”, a formal mechanism that may be used by all people who collaborate with Genomma Lab in all the countries where we operate, and by third parties with which the Company have a relationship for the development of its operations.

The system is managed by a third party, which allows to submit any report or concert anonymously through the website, email or telephone. It is available from Monday to Saturday, from 8:00 to 20:00 hours, local time of Mexico City.

INTEGRAL MANAGEMENT POLICY

We are aware of the value of our human resources and are committed, from the highest level of the organization, with: quality; physical and mental well-being of our employees; environmental performance; social relations; ethics, transparency, and profitability of all our management.

ANTI-CORRUPTION POLICY

GRI 205-1

We establish guidelines to prevent and/or avoid corruption acts and influence peddling from our employees and/or third parties related to Genomma Lab, with the purpose of complying with the anti-corruption laws applicable in the countries where we operate.

PERFORMANCE AND MANAGEMENT OF THE INTEGRITY POLICIES

GRI 205-2

100% of our employees have the duty and responsibility of signing the Code of Conduct and Ethics when joining the Company, and they are trained on its contents and on the contents of other Integrity Policies of Genomma Lab.

We encourage the employees to seek for advice from the legal or human resources areas in the event they are suspicious about any action or situation that may be violating the Code of Conduct and Ethics, the Integrity Policies or the applicable law of each of the countries where we operate.

Compliance of the Code of Conduct and Ethics and the Integrity Policies is oversight by the Ethics Committee of Genomma Lab, which is in charge of reviewing and solving each reported case.

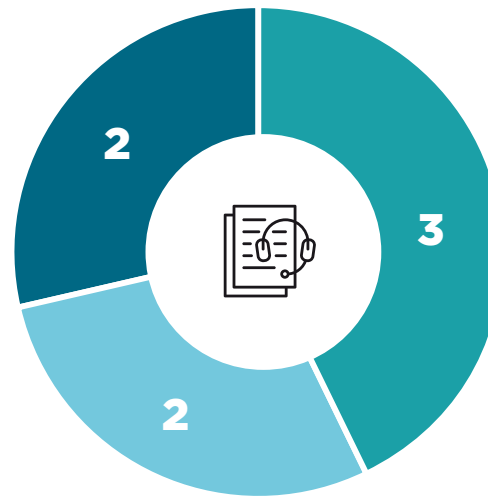
DEFAULT EVENTS OF THE INTEGRITY POLICIES

GRI 205-3; 406-1

In 2019, 7 reports were submitted worldwide, which were submitted through the reporting ethical system, managed by a specialized company. No corruption cases were reported within the Company during the reporting period.

In the 7 cases reported, the standard protocol was followed and implemented by the Human Resources area, taking into consideration the nature of the reports. All cases were closed after performing the corresponding inquiries.

KIND OF REPORTED CASES



- Mobbing
- Defficient Leadership
- Harrassment due to low performance





ETHICS COMMITTEE

GRI 102-17



The Ethics Committee is the internal body in charge of overseeing the correct compliance and application of each of the values and principles of our Code of Conduct and Ethics, policies, applicable laws, and the GEN BOOK.

The Committee is in charge of receiving, investigating, and providing solutions

to the default events submitted by employees, vendors, business partners or members of local communities to our operation centers.

In order to perform their duties appropriately, the Ethics Committee is comprised of the strategic areas of the Company, with a comprehensive

overview of the business, which are: Chief Executive Officer, General Counsel, and Chief Human Resources Officer.

POLITICAL CONTRIBUTIONS

GRI 415-1

We are a company that recognizes the importance of contributing to the integral development of the regions where we operate. Therefore we participate in government social programs that seek to improve living conditions from certain sectors of the community, such as Youth Building the Future or the Health Caravans of DIF Oaxaca through donations in species

that support health programs serving vulnerable communities, in the case of Mexico. However, we do not make any contribution to political campaigns or political parties.

On the other hand, no government institution owns more than 5% of the total voting rights among the Company's shareholders.



LEADERSHIP IN THE COSMETIC AND PHARMACEUTICAL SECTOR



Our participation in various sectoral chambers, associations, and commissions, among others, allows us to continue promoting best practices in our industry throughout all the countries in which we operate, and it is also a tool that allows us to stay current in regulation.

Being active in certain chambers and strategic forums is a fundamental aspect of working and communicating with our external stakeholders. Participating with authorities and governments in the processes of creating regulatory improvement policies is a very important pillar for the company. However, this must be addressed in a transparent and ethical manner, through entities that urge the

private sector to contribute to the evolution of the regulatory frameworks of the different countries where we operate. We had the opportunity to participate in more than 15 regulatory forums where health authorities and entities, the industry, and the academy were present, in order to be up-to-date with the evolution of the sector and the best practices that apply to it.

LATIN AMERICA

The Council of Latin American Cosmetic, Personal Care and Home Care Industries (CASIC in Spanish) held its Annual Plenary Meeting and Ordinary General Assembly in May, in the city of Santiago, Chile. On this occasion, Engineer Luciana Santi, Global Leader of Regulatory Affairs at Genomma Lab, was reelected as Vice President of said council. Likewise, during 2019 she continued in her role as President of the Commission of Regulatory Affairs of this entity.

Similarly, Luciana Santi participated as a speaker at the Keynote Conference **“Current situation and regulatory challenges in the different blocks for Cosmetic and Home Care Products. Evolution of the Region. Achievements and Challenges”**, as well as in the forum **“New trends in ingredients: Cannabis.”**

In November, and with the support of companies in the sector, **CASIC** held in Argentina the **Latin American Symposium on Safe Design of Cosmetic and Home Hygiene Products**. Genomma Lab participated as a sponsor of the event and was also part of the Organizing Committee through Luciana Santi and Carlos Caro, Global Regulatory Affairs Senior Manager.

Our participation was highlighted by the presence of Carlos Elías Caro, Global Regulatory Affairs Senior Manager, and Oscar Rodríguez, Global Regulatory Operations Manager, who were in charge of a practical workshop on **“Safe Design of Cosmetics - part 2: Practical case for the Safety Margin Evaluation of Cosmetic Products.”**



Likewise, Carlos Elías Caro was in charge of a presentation on **“Cannabis in cosmetics, Technical and Scientific Aspects.”** Luciana Santi was in charge of the opening presentation, a space that she shared with ANMAT (National Administration of Medicines, Food and Medical Technology, Argentina) officials.

In November, a webinar was held on the safe use of cannabis and its derivatives as an ingredient in cosmetic products, also organized by **CASIC**. Luciana Santi, in her role as President of the Regulatory Affairs Commission and Vice President of **CASIC**, participated in the opening of the event, while Carlos Caro was speaker of the event in the presentations:

ANDEAN COMMUNITY

In September, the Socialization of the Andean Decision 833, the only country in the Andean Community (CAN) that had this activity pending, was carried out in La Paz, Bolivia, with the participation of the CAN General Secretariat, local authorities and the leadership of the **Bolivian Association of Cosmetics and Hygiene (AB-COH)**, whose presidency is held by Genomma through Dr. Jenny Flores, Technical Director of Genomma Lab Bolivia.

During October 2019, the Round Table **“Regional and global vision on the case of ingredients derived from cannabis”**, organized by the **Secretariat of the Andean Community**, was held in Lima, Peru, where health authorities from the CAN countries participated, such as the National Institute for Food

- *Technical and Scientific Aspects: Difference between Hemp and Marijuana. Ingredients derived from Hemp such as Cannabidiol (CBD), for use in Cosmetic products. How do we evaluate the safety of a cosmetic product?*

- *Compliance Verification by the competent authority. Technical dossier of the finished product. Testing of the finished product in the exercise of market surveillance activity. Accumulated data of safe use of the cosmetic product.*



and Drug Surveillance of Colombia, the National Agency for Regulation, Control and Sanitary Surveillance of Ecuador, the State Agency for Medicines and Health Technology of Bolivia and the General Directorate of Medicines, Supplies and Drugs of Peru, as well as representatives of the cosmetic industry guild and the general public, where Carlos Elías Caro, Global Regulatory Affairs Senior Manager, was in charge of the following conferences:

- *Cannabis in cosmetics, Technical and Scientific Aspects.*

- *Ingredients derived from cannabis: Verification of Compliance by the competent authority..*





MERCOSUR

Meetings L and LI MERCOSUR, SGT No. 11 “HEALTH”, Health Products Commission, AD HOC COSMETIC GROUP took place in April and September. In these meetings, the health authorities of Argentina, Brazil, Uruguay, and Paraguay participate together with representatives of the industry of the member countries, with the aim of reviewing and harmonizing criteria for regulated products.

As part of the representatives of the industry of Argentina and Brazil, Luciana Santi and Fernando Bigliuzzi, Manager of Regulatory Affairs of Genomma Lab for Brazil, participated. The main achievement of these meetings, after several years of work, is that in 2019 the Resolution GMC 44/18 “Technical Requirements for Personal Hygiene Products, Cosmetics and Perfumes” of Mercosur was published, becoming effective in Argentina, Brazil, and Uruguay.

This resolution has as its main benefit the simplification of requirements for the registration / notification

process of cosmetic products within the Mercosur block, highlighting:

- **Elimination of the requirement to present a certificate of free sale** for cosmetic products produced intrazone or with an extrazone outsourcing ratio.
- **Elimination of formula consularization** (until now, this requirement was exclusive to Mercosur). From now on, the formula for registration becomes a technical document, with the exception of Paraguay, where the Mercosur standard has not yet been implemented.

Additionally, the regulation establishes certain requirements / processes regarding the safety and efficacy of products. At Genomma, these changes have already been implemented proactively for at least two years, as part of our commitment strategy with the Authorities and Consumers in our products, anticipating regulatory changes.



PARTICIPATION IN CHAMBERS AND ASSOCIATIONS

GRI 102-13; 206-1



We are members of approximately 23 regulatory and scientific-technical commissions or forums in prestigious chambers and entities in the region, of which 13 are in the field of personal care and 10 of medicines. We are also part of *of 7 directive commissions of the chambers* where the Company is present and an active participant in the commissions on issues relevant to the categories where we compete.

In May, the Annual Assembly of the **Council of Latin American Cosmetic, Personal Care and Home Care Industries (CASIC)** took place, where we were re-elected in the election process of the Board of Directors, occupying the Vice-presidency. This position is effective until the 2021 Assembly.

By belonging to chambers and associations throughout Latin America, we are committed

to complying with the various codes of ethics, where obligations towards society, the consumer and companies are established, in order for the advertising activity to develop with respect for human dignity, preserving the cultural values of society, in accordance with fair competition rules, respecting all principles such as legality, truthfulness, honesty, verification, and support, among others.

CHAMBERS & COSMETIC ASSOCIATIONS

CHAMBER

COUNTRY

Council of Latin American Cosmetic, Personal Care and Home Care Industries (CASIC)

Latin America

Personal Care Products Council (PCPC)

United States of America

Costa Rica Chamber of Commerce - Cosmetics Commission

Costa Rica

Manufacturers Association for Personal and Home Care and Hygiene Products, Inc. (AFAPER)

Dominican Republic

National Association of Entrepreneurs of Colombia (ANDI). Personal Care Cluster

Colombia

PROCOSMETICS

Ecuador

Peruvian Committee of Cosmetics and Hygiene COPECOH

Peru

Bolivian Association of Cosmetics, Hygiene, and Cleaning (AB-COH)

Bolivia

Brazilian Association of the Personal Hygiene Product Industry. Perfumery and Cosmetics (ABIHPEC)

Brazil

Argentine Chamber of Cosmetics and Perfumery (CAPA)

Argentina

Chamber of the Cosmetic Industry of Chile

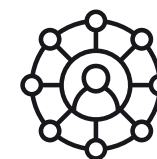
Chile

Paraguayan Chamber of Companies of Household Products, Personal Hygiene and Related Products (CAEDHPA)

Paraguay

Colombian Institute of Technical Standards and Certification (ICONTEC)

Colombia



PHARMACEUTICAL AND MULTISECTORAL CHAMBERS

CHAMBER

Country

Consumer Healthcare Products Association (CHPA)	United States of America
National Chamber of the Pharmaceutical Industry (CANIFARMA)	Mexico
Costa Rica Chamber of Commerce. Medicines Commission	Costa Rica
National Association of Entrepreneurs of Colombia (ANDI). Medicines Cluster	Colombia
COMSALUD	Peru
Bolivian National Chamber of Commerce	Bolivia
Union of Pharmaceutical Products Industry (SINDUSFARMA)	Brazil
Brazilian Association of the Industry of Prescription-Exempt Drugs (ABIMIP)	Brazil
Direct Selling Chamber (CAMEVED)	Chile
Argentine Chamber of Producers of Over-the-Counter Medicinal Specialties (CAPEMVeL)	Argentina

It is of vital importance to us to cooperate with the governments of the countries in their regulatory improvement agenda. We do this through the chambers and associations where we participate. Indeed, the fact of participating actively in the chambers and their commissions allows us to exchange knowledge on different topics, enrich ourselves as a company and

our collaborators, in addition to getting representation by the chamber in front of government entities and other stakeholders, as well as services for the different needs of the company, and support on specific issues that may arise.

We invested \$6,086,400 MXN in membership fees to Cosmetic and Pharmaceutical Chambers and Associations.

RISK MANAGEMENT

GRI 102-15; 102-30; 201-2

We carry out the identification and management of short, medium and long-term risks that could significantly affect the business, operations, financial situation or operating results of Genomma Lab Internacional.

This process is essential to provide the Board of Directors and the other corporate bodies with the necessary tools to establish mitigation plans that reduce the impact of these risks, in addition to generating strategies to take advantage of the opportunities that these risks may represent. Mitigation plans are supervised by the Board of Directors, with the support of the Audit and Corporate Practices Committee.

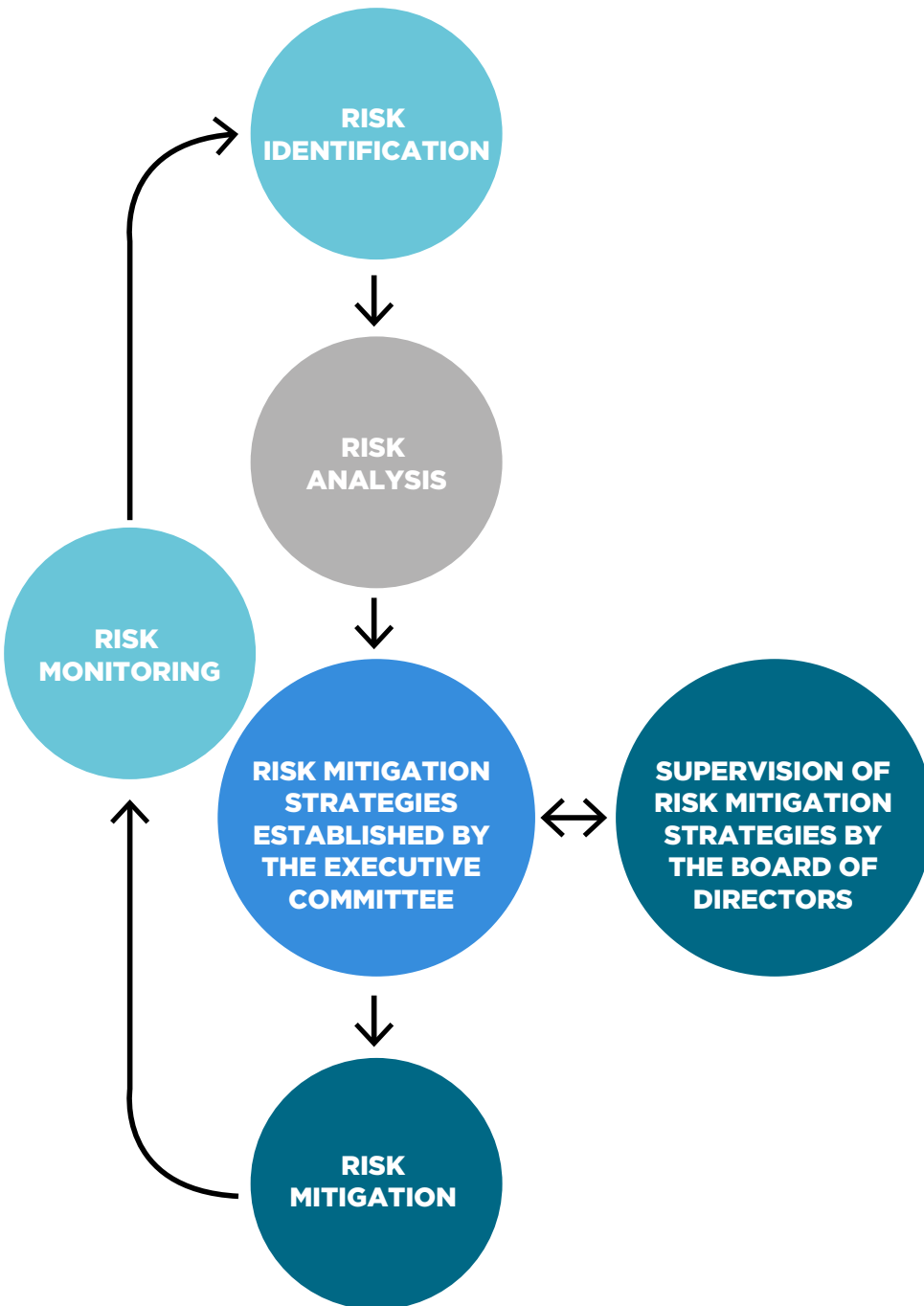
RISK MANAGEMENT PROCESS

We are consolidating an internal risk management culture, through a multidisciplinary team from different areas and administrative levels of Genomma Lab Internacional, in charge of the main business processes.

- The criteria of each of the components of the risk analysis are defined (assets, threats, vulnerabilities, probability, consequence, degree of risk and risk prioritization).
- The internal and external context of Genomma Lab Internacional is established according to its geographical situation, operations and characteristics of the localities in scope.

- The assets and threats of the main components of the risk analysis are documented and classified, following the Assets, Threats, Vulnerability, Probability and Impact scheme, under an international methodology.
- Based on this risk analysis, the Executive Committee establishes mitigation plans that seek to reduce the impact of these risks on the operation, while developing strategies that allow the Company to take advantage of the opportunities that these risks may represent.
- The effectiveness of these mitigation plans is under the supervision of the Board of Directors, through the Audit and Corporate Practices Committee.
- The risk mitigation plans are implemented and monitored by the operational teams responsible for each business process that may be impacted, according to the risk analysis.





MAIN RISKS AND MITIGATION STRATEGIES

Some of the main short, medium and long-term risks that we have identified, and their corresponding mitigation strategy are mentioned and summarized below. For more information and details about our risk factors, review the Annual Report at the following link:



ADVERSE ECONOMIC CONDITIONS

Much of Genomma Lab’s operations depend on the performance of the economy of the countries in which the Company operates. As a result, the Company’s business, financial situation, and operating results could be affected by the volatility of consumption in the countries in which it operates, which directly affect the markets in which it participates. If consumption in the countries in which the Company operates is affected, resulting in a decline in the markets in which the Company participates, the Company’s business, financial situation or results of operations could be affected.

MITIGATION ACTIONS

- Portfolio optimization
- Strengthening of the “Go-To-Market” strategy
- Boost to direct distribution initiative
- Boost to initiatives that promote product accessibility

CHANGES IN APPLICABLE REGULATIONS

The Company currently has operations in 18 countries, which have different regulations regarding such products. Any change in the laws, regulations, and interpretations of said laws or regulations could alter the environment in which the Company conducts its business in each country. This includes changes to, but not limited to, healthcare and pharmaceutical laws, regulations, advertising, consumer protection, as well as changes in accounting standards and tax policies. If the Company fails to comply with applicable laws or regulations, it could face legal actions, including fines or penalties that would negatively affect the results of its international operations. The potential impossibility of the Company to handle legal, regulatory and tax matters (including liability derived from the sale of its products, and matters related to intellectual and industrial property rights) and to resolve matters related to the government registration of the products that require it to be sold, pursuant to current regulations, it could significantly and adversely affect the Company's international business.

Mitigation actions

Compliance with the laws and regulations of each country where we operate

Commitment to carry out all our business activities in strict adherence to applicable regulations

Strengthening and continuous development of our regulatory support area

Constant training of our work teams in regulatory and legal matters

Compliance with our Integrity Policies, as well as the Code of Conduct and Ethics, which address issues such as human rights; non-discrimination and harassment; security and health; relationship with the community; environment; culture of legality; conflicts of interest; use of assets; confidential information; anti-money laundering and anti-corruption; relationship with authorities; political contributions; competition; relationship with customers and suppliers; marketing; gifts, hospitality and other courtesies; among other topics

Encourage the use of ethical care system "GEN-Te Escucha" to present reports of breaches of our Integrity Policy, Code of Conduct and Ethics and/or applicable regulations

Promote alignment among our value chain members to our Code of Conduct and Ethics and compliance with applicable regulations

AFFECTATION TO THE REPUTATION OF OUR BRANDS

The Company's financial success depends directly on its brands. The success of these brands could be affected if the marketing plans or product initiatives do not have the desired impact on the image of the brands or on their ability to attract and retain customers. Additionally, the Company's results could be affected if any of the main brands suffered significant damage to its reputation as a result of real or apparent quality problems.

Likewise, OTC products could give rise to unexpected uncertainty regarding safety or efficacy, whether scientifically justified or not. Could result in increased regulations, removal of products from the market, decrease in sales, as well as liability actions, and any of the above issues could have a material adverse effect on the Company's business or on the results of its operations. In the event that any of the Company's products is found to be defective or does not meet applicable specifications, the Company and its distributors may be subject to legal action.

Any prolonged or significant damage to the confidence of customers or consumers towards the Company regarding the reputation, safety, or effectiveness of its brands or products could have a

material adverse effect on the Company's operating and financial results.

Mitigation actions

Ensuring the safety and efficacy of our products through clinical studies and cosmetic efficacy

Application, monitoring and continuous improvement of the pharmacovigilance process for monitoring the safety of our products

Application, monitoring and continuous improvement of our Quality Management System (SGC)

Compliance and commitment to the responsible labeling of our products under applicable regulations, endorsed by the Medical and Regulatory Management areas

Monitoring and verification of the advertising content creation process, endorsed by the Medical and Regulatory Management areas

CONSUMER EXPECTATIONS

The Company's success depends largely on the attractiveness of its products to a wide spectrum of customers whose preferences cannot be anticipated with certainty and who are subject to change. If the Company's current products do not meet customer expectations, sales may decrease. Additionally, the growth of Genomma Lab depends on its ability to develop new products by expanding its current lines and by modifying existing products, which involves various risks. The Company may not have the ability to accurately identify its customers' preferences and translate its knowledge into products that would have consumer acceptance, or successfully integrate these new products into its existing product or operations platform. The Company could suffer the consequences of an increase in product development, marketing, and advertising expenses, and that such additional costs may not be subsequently covered by a sufficient level of sales, which could negatively affect the Company's margins. In addition, product development could divert the attention of top Company officials from other business matters, and this could adversely impact sales of its existing products. Additionally, even when new products are developed within the anticipated times, such new products may not contribute favorably to the results of the Company's operations.

Mitigation actions

Strengthening of our Consumer Intelligence & Analytics (CIA) team

Portfolio optimization

Strengthening of the "Go-To-Market" strategy"

RISKS IN THE VALUE CHAIN

The Company depends on various manufacturers to deliver high quality products, so that they comply with all Genomma Lab specifications and applicable regulatory requirements, to meet product delivery times and to be competitive in terms of price. If the Company's manufacturers deliver faulty products or that in any way, do not meet Genomma Lab's quality control specifications or applicable regulatory requirements, the Company's defect and return rates could be increased. The Company and its manufacturers could incur liability towards their clients or final consumers, and be subject to legal actions, in addition to the credibility and reputation of the Company's products being affected.

Additionally, the Company imports to Mexico and to countries with local supplies, such as Argentina, Brazil, Peru, Ecuador, Colombia, and the United States, various products and supplies from manufacturers or suppliers located mainly in Mexico, the United States, China, Israel, and France. Imported products could give rise to concerns regarding their compliance with regulatory requirements. If imported products do not comply, or if it appears that they do not comply, with the requirements established in the regulations corresponding to each country, their entry could be prohibited and, if they were already in the corresponding territory, they could be withdrawn from the market, which could lead to the beginning of legal actions against the manufacturers and distributors.

On the other hand, if the manufacturers or suppliers contracted by the Company do not comply with the delivery requirements or stop doing business with the Company for any reason (including, for example, the insolvency or bankruptcy of any supplier), the Company could default with delivery times to its distributors and customers, which in turn could cause such customers to cancel orders, refuse to accept product deliveries, demand a lower price, or reduce the volume of subsequent orders. In the event that Genomma Lab registers insufficient inventories to supply products to its customers, sales could decrease significantly, and the Company's business would be affected. Likewise, if the Company's manufacturers or suppliers are unable to deliver the products on

time or cannot continue manufacturing them, the Company would have to search for other suppliers of its products, which would involve identifying and certifying new manufacturers. The Company may not identify or certify manufacturers of existing or new products in a short time, and such manufacturers may not meet the Company's requirements. Additionally, identifying alternative manufacturers and suppliers with insufficient delivery times could compromise the required production targets, which could result in additional production costs, delay in production, production of low-quality products, or loss of competitive advantage or position in the market. The consequences of not ensuring, in a timely and adequate manner, the manufacture and supply of merchandise, could have a negative impact on inventories, sales and gross margins, and finally on the Company's operating results.

Additionally, the Company's current manufacturers and suppliers may increase the costs of the products that the Company purchases from them. If manufacturers and suppliers increase their prices, Genomma Lab's costs of sale would increase, and margins would be affected if these cost increases are not passed on to their customers or consumers.

On the other hand, the operation of our suppliers and manufacturers could be compromised by breaks in terms of sustainability and social responsibility, such as those related to the violation of human rights, the lack of industrial security measures, the breach of

ethical criteria, incorrect environmental management or violation of applicable labor and environmental regulations, among others. The presentation of these factors may result in the interruption of the Company's supply due to the closure of the facilities of the suppliers, in addition to the generation of reputational risks for Genomma Lab.

Mitigation actions

Identification of critical suppliers in the value chain

Establishment of commercial agreements with critical suppliers

Application, monitoring and continuous improvement of our Quality Management System (SGC)

Supplier quality audits prior to conducting negotiations

Launch of the Code of Conduct and Ethics for Suppliers

Launch of the Supplier Sustainability Program

PROTECTION OF OUR INTELLECTUAL AND INDUSTRIAL PROPERTY

The inability of the Company to obtain or maintain adequate protection of its intellectual and industrial

property rights, whatever the cause, could have a negative effect on the Company's business, operating results and financial situation. Additionally, Genomma Lab cannot guarantee that its intellectual and industrial property rights will have the same degree of protection in Mexico as in other countries.

The existence of a market for the Company's products depends largely on the image and reputation associated with its brands and trade names. The brands and trade names of the Company's products are the vehicle through which the Company communicates that said products are "brand products", and therefore the Company considers that its customers attribute certain value to said brands. Genomma Lab owns the main brands and trade names that are used for the packaging and labeling, marketing and sale of the Company's most important products. The ownership of its brands prevents them from being used by the Company's competitors and new market participants. Therefore, the protection of trademarks and trade names is essential in the Company's business. Although most brands are registered in Mexico and the countries where it currently operates, the Company may not be successful in maintaining the protection of its brands and trade names. Any third party could violate the intellectual and industrial property rights of the Company, which could cause a decrease in the value of the brands. In the event that Genomma Lab loses exclusive rights to its trademarks and trade names, or their value decreases, or if its competitors introduce brands that could cause confusion with the Company's brands, the value that Customers attributed to the Company's

brands could be affected, which could, in turn, have a material adverse effect on their sales and operating results. Any violation of the Company's intellectual or industrial property rights could result in the Company allocating substantial time and resources to the defense and protection of such rights through litigation or in any other way, which could cause a material adverse effect on the business, operating results or in the financial situation of the Company. Genomma Lab cannot guarantee that it will have the resources to assert its intellectual property rights or that it will be successful in defending them.

The Company faces the risk of third party grievances being filed against it for violation of intellectual or industrial property rights. Defending the Company from any claim for violation of intellectual or industrial property rights, including those unfounded, could be costly and take too long. Could cause the Company to; (i) stop manufacturing, licensing, or using products that incorporate the disputed intellectual or industrial property rights; (ii) redesign, reengineer, and assign new brands to products or packaging, if possible; (iii) divert the attention and resources of the main executives of the Company; or (iv) have to hold, if possible, license agreements to obtain the right to use the intellectual or industrial property of the third parties in question. The Company's inability to exploit the trademarks subject to claims could cause a material adverse impact on the Company's sales and operating results.

Mitigation actions

Comply with all applicable regulations on intellectual and industrial property

Comply with our Integrity Policies and Code of Conduct and Ethics that address issues such as a culture of legality; conflicts of interest; use of assets; confidential information; competition; relation with customers and suppliers; marketing; among other topics

Alignment with the codes of ethics of the chambers and sector associations to which we belong, maintain adherence to the rules of fair competition, respecting all principles such as legality, truthfulness, honesty, verification, and support, among others

CLIMATE CHANGE RISKS

The Company is exposed to negative effects due to climate change such as increases in raw material and/or production costs, more severe sanitary regulations, the promulgation of new laws and stricter regulations, and/or reforms to existing laws and/or regulations in environmental matters, specifically related to climate change. Changes in consumption patterns and trends, etc., which could affect the Company's sales.

The Company manages the distribution of its products in Mexico through a distribution center located in the State of Mexico. A natural disaster or any other catastrophe, such as fire, inundation, storm, or other similar event could cause delays or interruptions in the distribution of products, as well as inventory losses, which could cause the Company to be unable to comply on time, or entirely, orders for its customers. In the event that an earthquake, fire, natural disaster or other catastrophic event causes the destruction of a significant part of any distribution center or interrupts the Company's operations for a long period, the Net Sales and the operating results of the Company would be affected.

That is why Genomma Lab is committed to the environment and has taken actions to raise awareness in the community about risks associated with climate change.

Mitigation actions

Comply with the requirements of our Safety, Health and Environment Policy

Implementation of the Environmental and Social Management System (SGAS) throughout the operation

Increase energy efficiency throughout our operation

Reduce our waste generation through prevention, reduction, recycling, and reuse activities throughout our entire operation

Increase the percentage of treated water generated in our operation

Have operational continuity plans to avoid significant affectations on our operation

Implement awareness programs regarding climate change mitigation for our collaborators and members of our value chain, considering the identification of risks and adaptation measures

CYBERSECURITY

The Company relies on information technology and automated operating systems to manage and support our operations, as well as to offer our products to customers. Our systems and technology, as well as the services offered by external providers, may be vulnerable to damages, alterations or intrusions, caused by events that are beyond our control, such

as a physical or electronic intrusion, interruption in power supply, natural disasters, failures in computer systems or the network, viruses or malware, unauthorized access or cyber-attacks. Any relevant disruption in our systems and the leaks or theft of information could affect our compliance with information privacy laws, damage our relationships with employees, customers and suppliers and have a material adverse effect on our business, financial situation, results of operations and reputation.

Mitigation actions

Compliance with our Integrity Policies, as well as the Code of Conduct and Ethics, which address issues such as conflicts of interest; use of assets; confidential information; anti-money laundering and anti-corruption; among others

Have cybersecurity controls and monitoring

Have disaster recovery plans and rapid response teams

Strengthen insurance coverage

Jorge Ricardo Gutiérrez Muñoz, member of the Board of Directors and Chairman of the Audit and Corporate Practices Committee, is responsible of supervising the cybersecurity strategy

PANDEMICS FROM DISEASES TRANSMITTED FROM HUMAN TO HUMAN

During 2009, Mexico and numerous countries suffered from an H1N1 influenza outbreak, which adversely affected the economy of the countries in which the Company operates, slightly affecting the operating volumes of some of our products. In the event of new diseases arising from diseases transmitted from human to humans, such as Coronavirus, SARS, MERS or other diseases, the sales volumes as well as the prices and availability of supplies could be affected, since the outbreak of any Pandemic not only has effects on the temporary closure of the economy and its exports but on the reduction of important establishments where the Company generates income.

Mitigation actions

Development and implementation of strategies and measures for crisis management and protocols for business continuity

Implementation of security measures for the protection of our collaborators

Activation of the Alliances for Wellbeing program of the Genomma Lab Foundation in support of vulnerable communities



CONTRIBUTION TO SDGs

The companies have an essential role in the process of achieving the Sustainable Development Goals (SDG), not only by preventing corruption, but also by creating conditions that result in an inclusive decision-making and improve the rule of law. The companies that support the SDG 16 often focus on preventing corruption and removing corporate behaviors that may have negative results for peace. But private sector must also support and enable the conditions that allow inclusive decision-making, encourages open opposition to corruption, and improves support to the rule of law.

SDG 16 aims to guarantee equality in the access to justice for everyone, by reducing corruption and bribing, and creating responsible and transparent institutions, in addition to ending with all forms of violence and organized crime, and promoting respect to Human Rights.

TO CONTRIBUTE TO SDG 16 GOALS WITHIN THE AGENDA 2030, WE COMMITTED TO:

Within the Company

- To comply with national laws in those countries where we operate and with the international laws on

Human Rights, both in our direct operations and in our supply chain.

- To develop a Code of Conduct and Ethics and assessment programs and internal control within the company to prevent and fight against all kinds of corruption and promote Code compliance within all the value chain, creating a box to receive reports regarding Code compliance.

- To create a policy of commitment with Human Rights, to respect Human Rights of our employees, vendors, local communities, clients, and other stakeholders.

- To incorporate the Guiding Principles for Companies and Human Rights to the company.

- To create a claims system for the operation, which allows the stakeholders to communicate the potential impacts on Human Rights from the Company.

- To create a policy to fight corruption and establish mechanisms that allow the stakeholders to communicate potential defaults on this field to the company.

- To ensure that any kind of property (intellectual, financial, or material) has been legally acquired.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Outside the Company

- To use the activities of the company to encourage peace, Human Rights, and the rule of law.
- To encourage communities based on a shared sense of identity and purpose, surpassing any national and cultural differences.

- To support and promote laws and policies on behalf of sustainable development in the countries where we operate.

- To develop projects focused on the development of neighbor communities to our operation centers.

- Creating public-private alliances with NGOs, universities, the public sector and health institutions to develop projects that contribute to the promotion of the Human Rights and the rule of law.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSOLIDATED RESULTS FOR THE FULL YEAR 2019

Net Sales 2019:

Sales reached Ps. 12.71 billion; an 7.8% increase compared to last year. This increase in sales was mainly due to the implementation of our new growth strategy, resulting in an increase in the number of points of sale, the marketing strategies implemented, as well as the advertising and marketing campaigns that were key factors, such as the innovation initiatives implemented throughout the regions during 2019.



FY-2019 Sales increased by Ps. 918.5 million; +7.8% year-on-year


EBITDA 2019:

EBITDA for the year 2019 closed at Ps. 2.47 billion, compared to Ps. 2.38 billion for the same period in 2018. The EBITDA margin closed at 19.5%, this is due to the operational leverage effect on fixed expenses resulting from top-line growth as well as from initial success of the Company's new strategy. Likewise, the results were partially impacted negatively by foreign exchange effects on Cost of Goods Sold, by increased sales of lower margin seasonal products, as well as the extraordinary expenses that the Company faced during the year. Said expenses include the preoperative expenses of the new plant, and investments related to new product launches, innovation strategies, marketing initiatives and new digital and operational platforms that go hand in hand with our growth strategy.

Gross Profit 2019:

Gross Profit reached Ps. 8.10 billion in the fourth quarter of 2019, compared to Ps. 7.77 billion at the end of 2018. The gross margin at the end of 2019 decreased 210 basis points, to close at 63.7%. The drop in gross profit margin is mainly due to an effect on the sales mix, since certain higher-cost products contributed more significantly to sales for


the quarter, and to a lesser extent, to an increase in costs associated with the impact by exchange rate when consolidating the different currencies, which depreciated during 2019.



The EBITDA margin reached 19.5% at the end of 2019

Selling, General, Marketing and Administrative Expenses 2019:

Selling, General, Marketing and Administrative Expenses decreased 1.5 percentage points as a percentage of net sales, to reach 45.8%, compared to 47.3% for 2018. This positive variation is due to the operating leverage resulting from top-line growth and to the Company's ongoing focus on expense control.



Selling, General,
Marketing and
Administrative
Expenses decreased
245.7 million from
2018 to 2019

Comprehensive Financing Result 2019:

The Comprehensive Financing Result represented an expense of Ps. 849.5 million during 2019, compared to an expense of Ps. 601.8 million during 2018. The negative variation of Ps. 247.7 million is mainly due to: i) A negative variation of Ps. 152.2 million in the foreign exchange result during the year 2019; ii): a negative variation of Ps. 52.0 million on Interest Expenses during 2019; iii) A net increase of Ps. 120.4 million in the loss on the Company's monetary position in its inflationary subsidiary of Argentina compared to the loss of Ps. 79.9 million from the previous year; iv) A net decrease of Ps. 3.0 million in financial income during the year.

Income Tax Expense 2019:

Income Tax Expenses for 2019 reported an increase of Ps. 141.6 million, to close at Ps. 795.7 million, compared to Ps. 654.0 million at the end of 2018. The variation in income tax expense is the result of the impacts derived from hyperinflationary accounting.

Net Income 2019:

Net Income reached Ps. 764.5 million during 2019, compared to Ps. 1,109.5 million in 2018. The drop of Ps. 345.0 million in net income is mainly due to an increase in the expense represented in the comprehensive financing result.

Financial Position 2019:

Working Capital 2019: Working Capital was adjusted during the last year and the cash conversion cycle increased from 82 days at the end of 2018 to 99 days at the end of the fourth quarter of 2019.

Accounts Receivable 2019: Accounts Receivable amounted Ps. 3.44 billion as of December 31, 2019. The days of consolidated accounts receivable reached 97 days; an increase of 8 days compared to the fourth quarter of 2018.

Inventories 2019: Inventories reached Ps. 1.91 billion as of December 31, 2019. Inventory days reached 149 days; a 3-day decrease compared to the fourth quarter of 2018.

Trade Payables 2019: Trade Payables closed at Ps. 1.88 billion as of December 31, 2019. As of the fourth quarter of 2019, they decreased to 147 days, a reduction of 12 days compared to the end of last year.

Fixed Assets 2019:

The Company invested Ps. 625.6 million as of December 31, 2019, mainly related to the construction of the new manufacturing plant located in the State of Mexico.

Recoverable Taxes 2019:

Recoverable Taxes for the year correspond mainly to of claims against the tax authorities relating mostly to VAT (IVA) and income taxes. The position has decreased Ps. 30.2 million at the end of 2019.

Net Financial Debt 2019:

Net Financial Debt increased during the year due to investments in the new plant and the operation of the share buyback program:

Cash and Equivalents amounted to Ps. 922.9 million as of December 31, 2019, which represented a decrease of 34.8% compared to the end of 2018.

Gross Financial Debt reached Ps. 6.04 billion as of December 31, 2019, compared to Ps. 5.87 billion in December 2018, which represented an increase of Ps. 161.3 million year-over-year. The Company's long-term debt represented 74.3% of the total debt at the end of 2019..

Net Financial Debt reached Ps. 5.11 billion; an increase of Ps. 653.0 million compared to December 31, 2018.

The ratio of Net Debt to EBITDA closed December 2019 at 2.1x, within the Company's limit.

Share Buyback Program 2019:

The Share Buyback Program had a total balance of 36,060,792 shares as of December 31, 2019, equivalent to Ps. 704.4 million. During the year, the net increase was of 5,823,147 shares with a value of PS. 84.2 million.

Free Cash Flow from Operations 2019:

Excluding investments made in the Company's new manufacturing plant, adjusted free cash flow for the twelve months ended December 31, 2019 would have reached Ps. 786.6 million. Most of the cash flow generated during the year was invested in the Company's manufacturing plant.

Investments made related to the Manufacturing Plant as of December 31, 2019, reached Ps. 625.6 million

Key Financial Metrics

Financial Metric	As of December 31, 2019
EV/EBITDA	10.6x
DN/EBITDA	2.1x
P/E	20.1x
UPA	\$0.75 MXN

SELL-SIDE ANALYST COVERAGE 2019

As of the December 31, 2019 LAB B was covered by 13 sell-side analysts at the following brokerages: Casa de Bolsa Credit Suisse; Banco Itaú BBA; JP Morgan Securities; BBVA Bancomer; UBS Casa de Bolsa; Vector Casa de Bolsa; Barclays Bank; BTG Pactual US Capital; GBM Grupo Bursátil Mexicano.; Grupo Financiero Banorte; HSBC Securities (USA); Invex Grupo Financiero; and Actinver Casa de Bolsa.

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2019, 2018 and
2017 and Report of the independent auditors of
April 29, 2020

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For further information
on the 2019 Full Year
Financial Audited
Statements and Auditor's
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(Spanish only).
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This Annual Report covers the result of the application of sustainability practices, policies, programs and strategies in the fiscal year from January 1 to December 31, 2019. It represents the economic, social and environmental performance of the Company. The definition of the contents was made based on the relevant aspects for the sector to which we belong, as well as the results of the update of our materiality that we carried out in 2019, through surveys of our stakeholders.

We present the performance of our operations in Mexico, in addition to our international operation, considering the countries where we have a presence. In particular, the environmental information presented in this report is focused on our Distribution Center (CEDIS) in Toluca, Mexico, being the site that represents the highest percentage of logistics operation and the one with the greatest environmental impact on our business.

This report has been prepared in accordance with the GRI Standards: Core option; and in accordance with the principles of inclusion of Stakeholders, Sustainability Context, Materiality and Completeness.

Likewise, we reaffirm our commitment to responsible practices that strengthen respect and protection of human rights and care for the environment, as well as a constant work with the principles of anti-corruption, which is why, since 2007, we endorse our affiliation to the initiative of the Global Compact of the United Nations and alignment to the Sustainable Development Goals (SDGs).

The sustainability indicators contained in this report were developed by Genomma Lab with the advice of PricewaterhouseCoopers S.C. This relationship also included the preparation of the inventory of Greenhouse Gases, climate risks, and materiality analysis, which allowed us to strengthen our non-financial reporting practice in the area of sustainable development. The expressed information on sustainability was not externally verified.

The information contained in this report is for informational purposes only and does not constitute an official means of information for the Company.

The financial information contained in this report was taken in its entirety from the Annual Report in XBRL format for the year 2019, reported by the Company to the Mexican Stock Exchange in accordance with ANNEX N of the Single Issuers Circular. For more information and / or reference, please consult this document at:



There was no restatement of information from previous reports, or significant changes from prior reporting periods in the list of material topics and topic coverage.

The information presented in this report, with the exception of financial information, contains certain statements about the future and information regarding Genomma Lab Internacional, S.A.B. de C.V. and its subsidiaries (collectively “Genomma Lab” or the “Company”) which are based on the understanding of its managers, as well as assumptions and information currently available to the Company.

Such statements reflect Genomma Lab’s current vision of future events and are subject to certain risks, uncertain factors, and assumptions. Many factors could cause the Company’s current results, performance, or achievements to be materially different with respect to any future Genomma Lab’s results, performance, or achievements that may be included, expressly or implicitly. Within such forward-looking statements are included, among others: changes in general economic and/or political conditions, governmental and commercial changes globally and in the

countries in which the Company does business, changes in interest rates and inflation, exchange rate volatility, changes in demand and regulation of the products marketed by the Company, changes in the price of raw materials and other inputs, changes in business strategy and various other factors. If one or more of these risks or uncertain factors materialize, or if the assumptions used prove to be incorrect, actual results could materially vary from those described herein as anticipated, believed, estimated or expected. Genomma Lab makes no claim and assumes no obligation to update these forward-looking statements.

WEBSITE:

www.genommalab.com

inversionistas.genommalab.com

esr.genommalab.com

DISSEMINATION OF THE ANNUAL REPORT:

Official website, email, Mexican Stock Exchange and UN Global Compact website.

PUBLICATION DATE OF THE 2019 REPORT:

June 25, 2020

DATE OF PUBLICATION OF THE PREVIOUS FINANCIAL REPORT:

April 30, 2019

DATE OF PUBLICATION OF THE PREVIOUS SUSTAINABILITY REPORT:

May 30 2020

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INFORMATION FOR INVESTORS

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