

Grupo Bimbo

ISIN CODE: MXP495211262

Overall score 14/100

Sector: Food Emerging Market

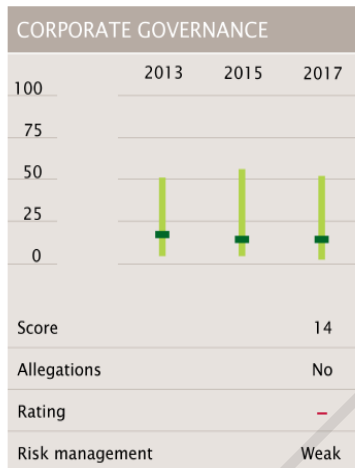
Companies in sector panel: 37

Information rate: 53% (Sector average: 41%)
Company cooperation level: Not responsive *

General information

Headquartered in Mexico City, Mexico, Grupo Bimbo operates as an investment holding company, which engages in the manufacturing, distribution, and sale of bread, cookies, cakes, candies, chocolates, snacks, tortillas, and processed foods. In July 2016, through its subsidiary Bakery Iberian Investment, S.L.U., the Company acquired 100% of the stock of Panrico S.A.U. In February 2015, the Company acquired, through its subsidiary Canada Bread, 100% of the shares of Saputo Bakery, Inc.

Main Economic Segment**	Turnover 2016
Bread and Confectionery	100 %



Key issues

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

Company performance

- Grupo Bimbo achieves a weak absolute performance in the Corporate Governance domain.
- The overall level of independence of the board of directors cannot be assessed due to a lack of information. However, at least 76% are not considered independent. The Audit Committee appears to have a comprehensive role in overseeing internal and external controls. There is a lack of disclosure on shareholder rights and executive remuneration. CSR issues do not appear to be systematically integrated into corporate governance structures.

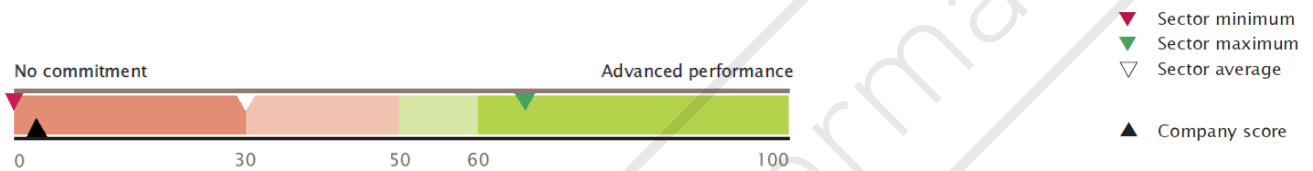
* On a 4-level scale: proactive, responsive, partially responsive, not responsive
** See detailed economic indicators in Selected financial data section
*** Based on the most recent Index at the date of publication

Corporate Governance

Score : 14

CGV1.1 Board of Directors

(score: 3, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

Information disclosed on this subject is insufficient or not relevant.

Independence of the Board Chairman

The roles of Chairman and CEO are combined and there is no senior independent director.

Responsibility allocated over CSR issues

Information on the responsibilities allocated over CSR issues is insufficient.

Share of independent shareholder-elected Board members

Information obtained from company and public sources regarding detailed biographical information for all members of the Board of Directors is insufficient.
At least 13 members of the 17 member board are not considered independent. The level of information disclosed is insufficient to assess the independency of the rest of board members.

Diversity of the skills and backgrounds of the Board

There are several executive directors in the board with demonstrated professional experience in the company's sector of activities.

Training and expertise provided to board members

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

Regular election of Board members

Information obtained from company and public sources regarding the regular election of board members is insufficient.

Evaluation of Board's functioning and performance

Information obtained from company and public sources regarding the evaluation of board functioning and performance is insufficient.

Review of CSR issues at Board meeting

Information obtained from company and public sources regarding the review of CSR issues at board meetings is insufficient.

- Product safety/Information to customers
- Fundamental human rights
- Labour standards in the supply chain
- Access to products/Combating health problems linked to food
- Environmental issues/ Climate change
- Fundamental labour rights/Reorganisation

Regularity of and attendance at Board meetings

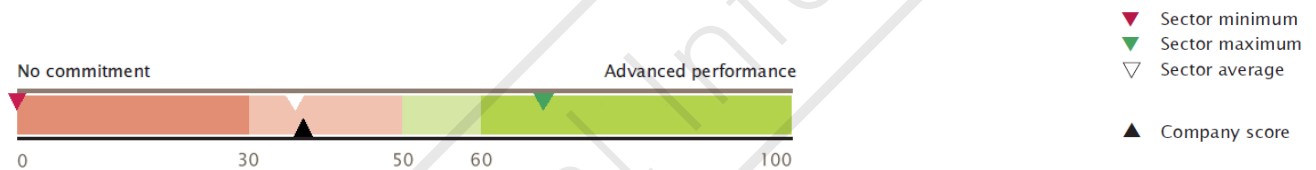
Information obtained from company and public sources regarding the regularity of and attendance at board meetings is insufficient.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	>9 years on Board	Stock options	Paid > 1/2 executive salary	Represent >3% company's shares	Other	Independence
Daniel Servitje	Chairman/C-EO	X					X		X					
M. Luisa Jorda			X			X								
Arturo M. Fernández			X			X			X					
Ricardo Guajardo			X						X					
Luis Jorba Servitje			X				X		X				Not considered independent by the company	
Mauricio Jorba Serv.			X						X					
J. Ignacio Mariscal			X						X					
M. Isabel Mata			X						X				Not considered independent by the company	
Raúl Carlos Obregón	Chair Remuneration Committee	X					X		X				Not considered independent by the company	
Javier P. Espíndola			X										Not considered independent by the company	
Ignacio Pérez Lizaur			X			X								
Jorge Pedro Sendra			X										Not considered independent by the company	
Edmundo M. Vallejo	Chair Audit Committee		X			X	X							

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	>9 years on Board	Stock options	Paid > 1/2 executive salary	Represent >3% company's shares	Other	Independence
Jaime Chico Pardo			X										Not considered independent by the company	
Jaime A. El Koury			X			X								
Nicolas Mariscal							X						Not considered independent by the company	
Francisco Laresgoiti													Not considered independent by the company	

CGV2.1 Audit & Internal Controls

(score: 37, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

No executive is a member of the Audit Committee, however, the overall level of independence of its members cannot be assessed due to a lack of information.

Skills and backgrounds of Audit Committee members

Members appear to have financial or audit experience and relevant operational experience.

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

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

- Product safety/Information to customers
- Fundamental human rights
- Labour standards in the supply chain
- Access to products/Combating health problems linked to food
- Environmental issues/ Climate change
- Fundamental labour rights/Reorganisation

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

Management of the CSR risks

Although the company has set up some measures, it has not gone beyond that to integrate CSR risks in its overall strategy.

Independence of the firm's external auditors

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

Inclusion of CSR issues in the company's reporting

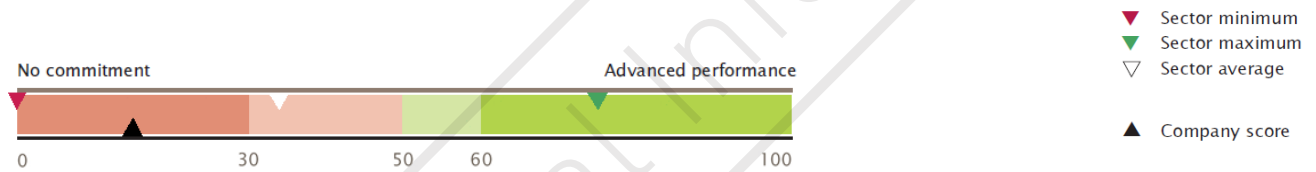
The company publishes significant CSR reporting on key material issues.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 10/2017, Grupo Bimbo did not appear to be involved in any controversy related to this sustainability driver.

CGV3.1 Shareholders

(score: 15, weight: 2)



Nonexistence of voting rights restrictions

Minor voting rights restrictions have been identified.
The are non-voting and limited vote shares.

Safeguards on transactions with major shareholder(s)

No safeguards appear to be in place, which might raise concerns with regard to the fairness of any such transaction.

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

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

Access to voting at General Meetings

Information obtained from company and public sources regarding the access to voting at the AGM is insufficient.

Ability to vote on relevant issues in separate resolutions at AGM

Information obtained from company and public sources, regarding which items are customarily put to a vote at the AGM, is insufficient.

Presentation of CSR strategy to shareholders and investors

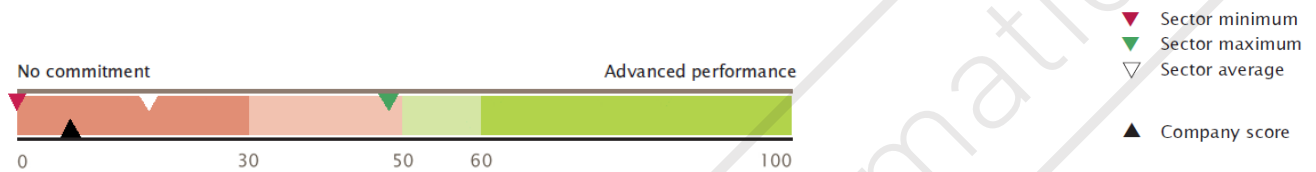
Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 10/2017, Grupo Bimbo did not appear to be involved in any controversy related to this sustainability driver.

CGV4.1 Executive Remuneration

(score: 7, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

A specific committee is in place, but at least one executive is part of it, which might raise concerns.
The overall level of independence of the 5 member committee cannot be assessed due to a lack of information.

Disclosure of senior executives' individual remuneration

Disclosure of individual executive remuneration data for senior executives is insufficient.

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

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

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

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

Link between variable remuneration and CSR performance of the company

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

- Product safety
- Environmental issues / Climate change
- Health & Safety
- Business ethics (corruption, etc.)
- Access to products/Combating health problems linked to food

Severance pay for senior executives

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

Evolution of CEO-to-employee compensation ratio

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

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral
As of 10/2017, Grupo Bimbo did not appear to be involved in any controversy related to this sustainability driver.

Confidential Information

Contacts

Analyst : Maximiliano Leon • maximiliano.leon@vigeo.com
Sector Lead: Julia Sausen • julia.sausen@vigeo.com

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