PAN BREAD PÃO PAIN 面包 IS...

SUMMARY ANNUAL REPORT — GRUPO BIMBO

GRUPO BIMBO®

INTEGRATED ANNUAL REPORT **2014**

BREAD IS...

- ...A GLOBAL STAPLE
- ...NUTRITIOUS AND DELICIOUS
- ...THE HEART OF OUR COMPANY
- ...A REMARKABLE GROWTH OPPORTUNITY
- ...JUST THE BEGINNING OF OUR ROBUST PORTFOLIO

WHO WE ARE

Grupo Bimbo is the largest baking company in the world, with US$14.1 billion* of sales in 2014. Every day, millions of people enjoy our breads, buns, cookies, snack cakes, english muffins, bagels, salty snacks, tortillas and sweets, among other foods and snacks.

Our operations span 22 countries throughout the Americas, Europe and Asia. Our commitment to social responsibility is a cornerstone of our business model and growth strategy. Grupo Bimbo shares trade on the Mexican Stock Exchange under the ticker symbol BIMBO.

* US$1 = Ps. 13.30, 2014 average exchange rate

OUR MISSION

To nourish, delight and serve our world.

OUR VISION

To be the best baking company in the world and a leader in the food industry, where our people make the difference every day.

OUR VALUES

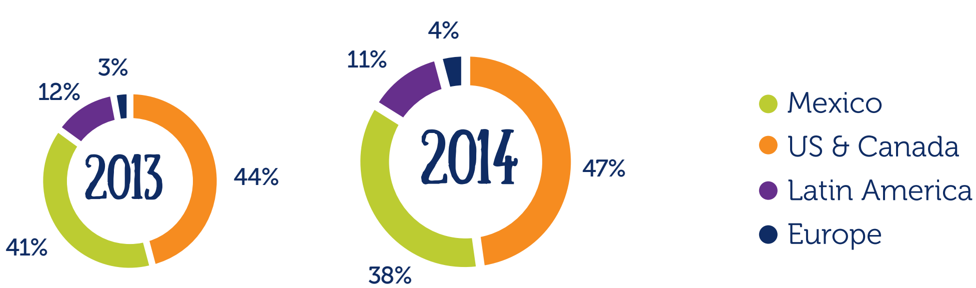
KEY FIGURES

(Financial data in millions of Mexican pesos; all figures rounded)

G4-9, G4-EC1

	2014	2013	% VAR
Net Sales	187,053	176,041	6.3
Gross Profit	99,137	92,099	7.6
Operating Profit	10,312	10,490	(1.7)
Net Majority Income	3,518	4,404	(20.1)
EBITDA	18,420	17,326	6.3
Associates	≈128,000	≈125,000	2.5
Bakeries & plants	167	144	16.0
Points of sale (millions; rounded figures)	≈2.4	≈2.3	6.9

SALES BY REGION[1]



[1] Consolidated results exclude inter-company transactions

BREAD IS...

Bread has been a staple of human consumption for thousands of years and remains the most widely consumed food in the world today. In fact, wheat provides more nourishment for humans than any other food source.*

* United Nations Food & Agriculture Organization

Food trends may come and go, but bread– in Food trends may come and go, but bread – in all its various forms – will always be central to the human diet. And it will always be at the heart of Grupo Bimbo's business, driving our growth strategy, even as our portfolio has grown beyond bread into a broad range of baked goods and snacks.

TOWARDS INTEGRATED REPORTING

We are committed to reporting on – and being held accountable to – the value creation metrics that matter most to our stakeholders, as determined by regular materiality assessments. Our aim is to cover the key issues stakeholders indicate are vital to understanding the Company's strategy and performance. As we grow and evolve, so will our disclosure and dissemination practices; we recognize that our reporting in many areas is robust, while others are still developing. We welcome your feedback on this process

For a full understanding of our stakeholder engagement and materiality assessment process and progress, see www.grupobimbo.com/eng/rse/stakeholders/materiality/

INTRODUCTION

HIGHLIGHTS FROM THE YEAR

G4-EC1

2014 FINANCIAL HIGHLIGHTS

Consolidated net sales

+6.3% TO PS. 187.1 BILLION,

mainly due to Canada Bread acquisition and continued strong performance in Latin America and Europe.

GROSS MARGIN +68 BASIS POINTS,

reflecting lower raw material costs and our global procurement strategy.

Successfully issued

US$1.3 BILLION OF NOTES

under a 144A-RegS offering, including the Company's first

30-YR BOND.

PROFIT BEFORE OTHER INCOME & EXPENSES +15.1%,

reflecting strict expense controls, synergies and efficiencies initiatives in the US; operating income -1.7% due to restructuring expenses in the US and a non-cash charge in the country, arising from a decline in the US interest rate curve that impacted the present value of the multiemployer pension provision; these charges and a higher effective tax rate led to net majority income -20%.

EBITDA +6.3%

to Ps. 18,420 million.

2014 OPERATING HIGHLIGHTS

G4-13

ACQUIRED CANADA BREAD,

enhancing the Company's North American and European footprint; entered Ecuador via Supan acquisition; announced acquisition of Saputo Bakery in Canada (transaction closed in 1Q15).

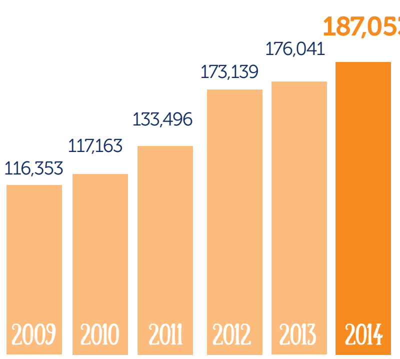
Substantially completed the 3yr integration plan with Sara Lee in the US.

Asset transformation, restructuring and optimization of the distribution network in the US remain on track; Iberia improvements in manufacturing and distribution reduced operating losses by almost 50%; **Brazil's restructuring process continues as planned, with greater market penetration and cost reduction initiatives supporting the turnaround.**

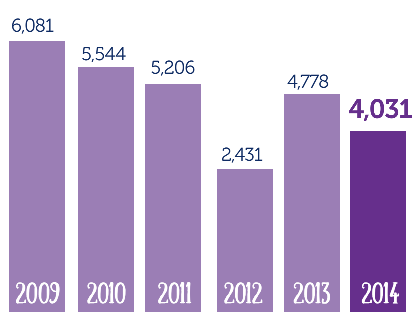
Formally launched "better for you" and "functional" products as category extensions; notable launches include stevia-sweetened products, and the expansion of the Oroweat and Amaranta line, among others.

G4-9, G4-EC1

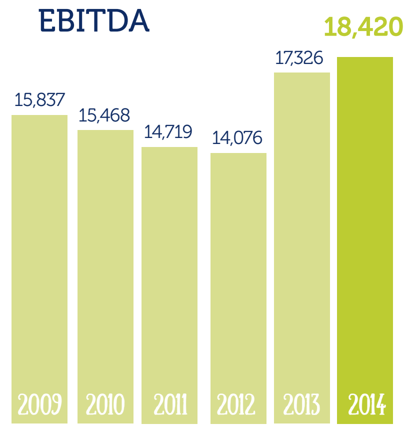
Net Sales



Net Income



EBITDA



Note: Figures in millions of Mexican pesos

2014 SOCIAL RESPONSIBILITY HIGHLIGHTS

G4-15
DMA EQUAL REMUNERATION FOR WOMEN AND MEN

We embraced the

10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT,

a set of core values in the areas of Human Rights, Labor Standards, the Environment, and Anti-corruption.

Achieved our

ZERO WASTE TO LANDFILL

target in the United States; replaced 2 million trays at El Globo (Mexico) with cornstarch-based trays.

CREATED THE GLOBAL DIVERSITY AND INCLUSION COMMITTEE,

with seven regional committees to monitor, evaluate and improve equal opportunity initiatives across the Company.

Product reformulations eliminated **3,061 tons of sugars (100 products), 45 tons of sodium (77 products), and 856 tons of saturated fats (45 products).**

To promote physical activity, we organized

CIRCUITO BIMBO

family fun runs in six countries: Mexico, Guatemala, Costa Rica, El Salvador, Panama and Honduras.

Strengthened our value chain by supporting our clients through the

PESITO PROGRAM,

which provided business improvement loans to over 325,000 mom&pops clients, and the rollout of the Qiubo network which enables 35% of the 75,000 clients, to receive card transactions.

A CONVERSATION WITH THE CHAIRMAN & CEO

G4-1, G4-2
DMA ECONOMIC PERFORMANCE

DANIEL SERVITJE
has served as CEO of Grupo Bimbo since 1997 and as Chairman since 2013. Here he shares his perspective on the Company's performance, strategy and outlook.

LET'S START WITH THE HIGHLIGHTS: WHAT STANDS OUT FOR YOU IN 2014?

This was quite a pivotal year for us, and a good one in many ways: top line growth, geographic and portfolio diversification, continued progress on our strategic initiatives, participation in the United Nations Global Compact, opening a new state of the art plant in Lehigh Valley (Pennsylvania, USA) and modernizing to revitalize several other facilities all around our operations. All of this took place in the context of some fairly challenging circumstances in our biggest markets, so our associates deserve a lot of credit for these achievements.

In terms of specific highlights in the year, I would start with the process we've been undergoing in the US. While we have substantially completed the 3-year integration of Sara Lee, a complex effort that has taken place at a time of unprecedented change in the US baking industry, we've also been going through a massive and meticulous restructuring process to truly unlock the potential of the new company, shape our company for the future, and position it to deliver long-term shareholder value. This meant drilling deep down into the business at a very granular level:

plant by plant, line by line and route by route. We ultimately went from 12 regional divisions down to a much more agile seven.

The most demanding phase of that process is now behind us – and while there will still be some going forward investment, I'm confident that we are well-positioned to deliver profitable growth, leveraging our integrated systems, renewed and reconfigured asset base, and restructured and optimized distribution network, along with our broad national footprint and robust portfolio.

Of course, another major highlight this year was the acquisition of Canada Bread, giving us entry to the attractive Canadian market with a remarkable portfolio of leading brands, as well as expertise in the frozen category, which is a segment we're looking to grow. The acquisition also included Canada Bread's business in the UK, the leader in bagels in that country, which is uplifting our business in Europe. We also acquired Supan in Ecuador, further diversifying and strengthening our footprint in the Americas. Together, these acquisitions represent 10% of Group sales and 11% of our EBITDA.

I would also point to Latin America, which swung into the black this year. There's the turnaround process in Brazil of course, but we're also generating manufacturing efficiencies across the region, the product portfolio is better than ever, and we entered new markets like Ecuador. If you look at Europe, along with the addition of the UK business, Iberia is doing quite well despite a lackluster economy.

On a company-wide basis, we're making good progress in global procurement and supply chain productivity, as well as in leveraging internal best practices –everything from product innovation to asset optimization. These are important not just for profitability and resource optimization, but also because of broader social responsibility issues like food safety, ethical sourcing and our environmental footprint. Look at our wind farm, for example. We're using almost entirely renewable energy for our Mexican plants and distribution centers, through a long-term supply agreement that stabilizes the cost and supply of our electricity needs, lowering our greenhouse gas emissions at the same time.

All this really comes down to taking advantage of Grupo Bimbo's size and scale –seeing where we can simplify complex processes, figuring out when a common way of doing things adds value, and making sure that our growth is in line with our values.

WHAT ABOUT FINANCIAL PERFORMANCE AND HIGHLIGHTS?

Aside from record sales, we generated gross margin and EBITDA improvements, including in, business units that had underperformed in the past. We also issued US$1.3 billion in bonds this past year, US$800 million notes due in 2024, and US$500 million in our first-ever 30-year note issue. It met with great response in the international financial markets, and I think our track record of de-levering and disciplined cash management made that possible. The bond issue also served to increase the average tenure of our debt from five to almost nine years, which aligns the amortization profile of our financial obligations both with the Company's cash flow generation and the funding of long-lived assets.

In terms of the income statement, we took a non-cash charge in the last quarter of the year to reflect a change in the present value of multiemployer pension liabilities in the US. This was in response to a decline in the dollar interest rates, which means that when interest rates rise we'll see the opposite effect on the P&L.

VOLUMES WERE UNDER PRESSURE IN THE US AND MEXICO IN 2014: WHAT HAPPENED?

Both markets faced significant challenges in the year, but for different reasons. In the US, we were coming off a record year in 2013, and then the competitive environment heated up and the private label business slowed down, all while consumer spending was still soft, so BBU* had a tough year managing those dynamics in the context of our massive integration, transformation and waste reduction efforts. However, a great example of having a well-diversified portfolio is that our breakfast category had a record year, and momentum in sweet baked goods continued to grow.

In Mexico, starting in 2014, a new consumption tax came into effect that clearly had an impact on consumers' disposable income, and it didn't help that this was in the middle of a recovery. However, by honing in on consumer- and customer-facing efforts to boost volumes, especially in the categories not affected by the tax, we were able to maintain market share and minimize the impact on sales. We launched a number of new and innovative products that leveraged our strong brand recognition, and offered different presentations so that our products could be affordable to those who wanted them.

Most importantly, we expect volume performance to improve in both markets in 2015, reflecting the benefit of our internal initiatives as well as the macroeconomic factors.

YOU MENTIONED SPECIAL TAXES: WHAT IS YOUR VIEW ON EFFORTS TO ADDRESS THE OBESITY ISSUE, AND THE ROLE OF FOOD COMPANIES REGARDING HEALTH?

There is no doubt we have to play a role, given the millions of people who consume our products and the fact that bread is a dietary staple. You really don't have to look any further than our mission, which is "to nourish, delight and serve our world". To that end, we've been adding more and more whole grains that contain key nutrients, and at the same time, taking out ingredients like trans fats almost entirely, and reducing sugar, saturated fats and salt levels.

To be honest though, I think that a little indulgence is a basic human desire and we can responsibly provide that as part of a healthy, balanced diet and an active lifestyle. As the world becomes more sedentary, this is particularly important, and that's why we've redoubled our efforts regarding the promotion of physical activity, along with responsible marketing campaigns.

Our job is to provide the best possible products for consumers. To that end, we invest in R&D, partner with universities, and advocate for consumer health through international initiatives of the World Health Organization and United Nations Food & Agriculture Organization, among others.

*Bimbo Bakeries USA, Inc.

WHERE WILL GROWTH COME FROM? DOES THE ROLE OF BREAD CHANGE AS CONSUMER PREFERENCES VARY?

Grupo Bimbo is the biggest baking company in the world and yet we still have less than a 5%* share of the global baking industry. It means there are lots of opportunities still out there; the main question is how do we prioritize those given our strengths, experience, and current market trends?

The role of bread in daily eating habits is fundamental, as are the essential macronutrients the human body gets from wheat and other whole grain cereals. Bread brings good health, and delight. That's why we're committed to having not only healthy but also tasty choices. In some countries, for example, we're already selling breads with whole grains like quinoa, barley and oats. Because bread will always be the heart of our business, we track new trends in all our markets and develop initiatives accordingly. We are agile enough to give consumers what they are asking for.

Aside from ingredients, the bread category is also evolving in the way it is being prepared, baked and distributed. We expect growth from opportunities such as frozen and artisanal breads, crust-less loaves, sandwich thins, and tortillas, among others.

And keep in mind that beyond bread, our portfolio has many more categories where we see growth opportunities. Snacks, for example, are

*See chart on page 19

THE DNA OF OUR BUSINESS MODEL

"OUR GOAL ISN'T TO BE THE BIGGEST BAKING COMPANY, BUT RATHER THE BEST".

This mindset is the DNA of our business model. To be the best baking company, we live by the next simple rules:

a dynamic and growing category for us. Just think about on-the-go consumers today, and you can see the snack trend is a major one. This is absolutely a category where we are relevant and can further leverage our brands, assets and distribution strength to provide options for evolving needs.

Along with the high-growth segments we're pursuing, like premium breads and snack foods, there's still plenty of room for growth in our markets just by increasing penetration: adding more routes, expanding into different channels and acquiring new customers. Bottom line, we're looking to provide products for every lifestyle and consumer preference, pursuing "stomach share" at every meal and occasion and in more homes and more markets every day.

Lastly, I should add that because of our scale, especially in places like Mexico, we have the opportunity to create value in a unique way, like testing new products, models and ventures –our Qiubo network, for example– to drive growth and innovation in our business.

WHAT ABOUT M&A?

Acquisitions are not an end by themselves, although they've certainly played an important part of our growth trajectory in recent years. That said, our near term priority is to de-lever the balance sheet and ensure that recent ac

HOW MUCH MORE ROOM IS THERE FOR EFFICIENCY GAINS AND MARGIN IMPROVEMENT?

We strive to be a low-cost producer, in terms of how we deploy our assets and capital. There are multiple opportunities still ahead in terms of streamlining the value chain, optimizing SKUs and pricing, leveraging our brands, improving and expanding distribution and modernizing production. Over the past three years, for example, we've closed 17 plants in the US that were obsolete, and opened two new plants with highly efficient and flexible production capabilities, and closer to the customers we're serving.

Our social responsibility efforts have an important role to play here –reducing waste, minimizing fuel, energy and water consumption, utilizing renewable and alternative green energy sources, and improving productivity through safe workplaces and a commitment to associates' wellbeing. When we say *Sembrando Juntos*, it's more than a social responsibility slogan, it's truly part of our holistic approach to value creation.

IN THE COMPETITION FOR CAPITAL, HOW DOES GRUPO BIMBO CREATE VALUE AND DISTINGUISH ITSELF AS AN INVESTMENT OPPORTUNITY?

There aren't many "Grupo Bimbos" in the world, so our size and scale alone count for something. We're also unique in this industry in that our portfolio covers almost every category and segment –you may see other players in bread, or cereal bars, or snack cakes, or bagels– but no one really covers it all like we do. But we've always said that our goal isn't to be the biggest baking company, but rather the best.

What does that mean? Well, we aim to drive profit growth at a faster rate than the market as a whole, and on an absolute basis over the long term. For that, our products have to resonate with the consumer, so that we can create value for customers first. We have to produce efficiently and sustainably, so that we can create value across our supply chain. And then, by reinvesting in the business and managing our resources properly, we can create value for shareholders. I also think that by holding ourselves accountable to our core founding values, of being a deeply humane company and investing in our people and communities, we create a virtuous cycle of value.

SUPPLEMENTAL INFORMATION

During 2014, the Board of Directors approved several policies to improve Grupo Bimbo's compliance programs around the world. Some of these include the Global Anti-Corruption Policy, which will help the Company adopt a best-in-class program for compliance with international law, and a new Antitrust Policy in Mexico approved by the Executive Committee that will strengthen internal practices and procedures to ensure a fair and competitive market place.

In early 2015 the Board also approved the guidelines, policies and control mechanisms for securities transactions executed by Directors, Officers and Associates of Grupo Bimbo.

The Board of Directors has approved the results of the past fiscal year and the corresponding Auditor's Report; the Board considers Grupo Bimbo's financial statements to have been prepared in accordance with International Financial Reporting Standards (IFRS), and that the policies and accounting principles were applied in a consistent and appropriate manner in line with the Company's circumstances, and that the financial information truly and reasonably reflects the position and the results of the Company.

In addition, alongside the above report, the following documents will be submitted for shareholders' consideration:

- Report of the Audit and Corporate Practices Committee.
- Report on the compliance of tax obligations.
- Report on the accounting and reporting policies and criteria.
- Report on the financial situation of the Company.

G4-6, G4-8, G4-9,

GRUPO BIMBO TODAY

22 COUNTRIES

MORE THAN
128,000
ASSOCIATES

MORE THAN
2.4 MILLION
POINTS OF SALE

MORE THAN
52,000
DISTRIBUTION ROUTES

MORE THAN
100 UMBRELLA
BRANDS

NET SALES
187,053
MILLIONS OF PESOS

US & CANADA	MEXICO
85 PLANTS	39 PLANTS

LATIN AMERICA	EUROPE	ASIA
32 PLANTS	10 PLANTS	1 PLANT

COMPANY OVERVIEW

G4-1, G4-3, G4-7

Continuing the tradition of bread in Mexico, Grupo Bimbo, SAB de C.V. took 69 years to innovate daily to provide quality products and according to the preferences of our consumers. Because the set of all members of our company effort, we managed to become the world's largest bakery. As such, our responsibility is huge, so we remain committed to protecting the environment and the wellbeing of communities.

We have listed on the Mexican Stock Exchange (BMV) since 1980 under the ticker BIMBO and confirming our commitment to social responsibility, since 2011 are part of the Sustainable Index same financial institution.

WHAT WE DO

A global consumer products company and the leader in the baked goods space

G4-4

CORE CATEGORIES

COMMERCIAL BREAD:
traditional sliced bread, premium, buns & rolls, breakfast (English muffins & bagels) and frozen bread

SWEET BAKED GOODS:
cakes and pastries

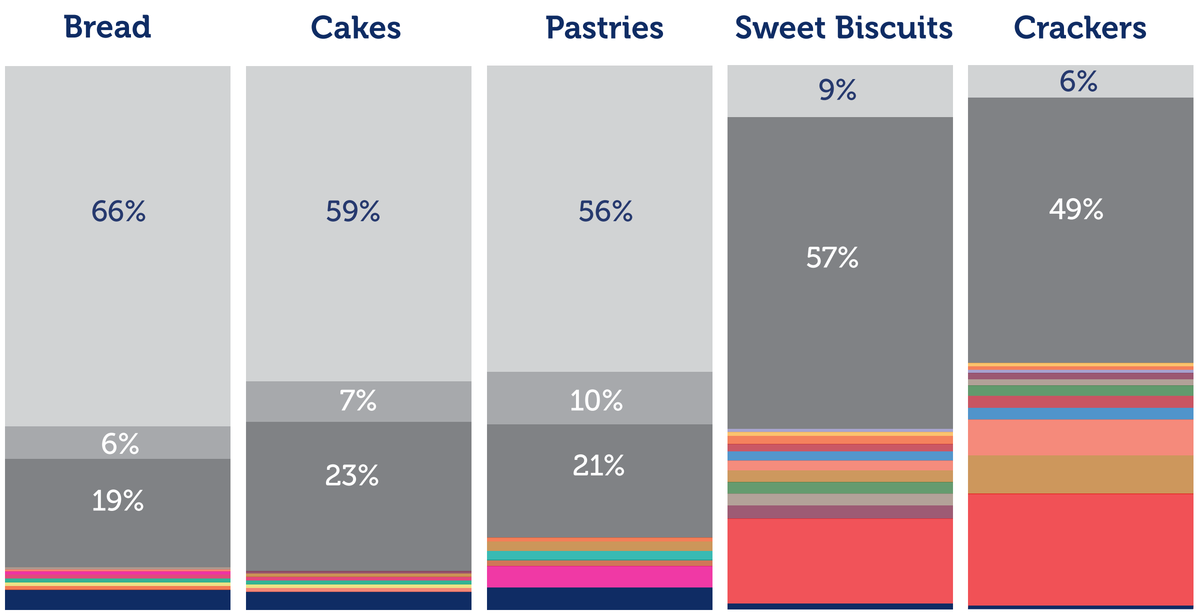
COOKIES:
sweet cookies and crackers

SOLUTIONS:
tortillas, pita, wraps, pizza base, tostadas and totopos

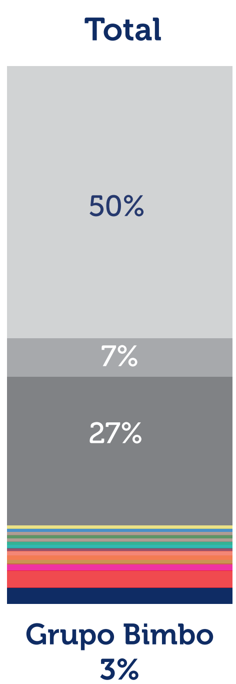
SALTY SNACKS
PREPACKAGED FOODS
CONFECTIONARY
OTHERS

THE GROWTH OPPORTUNITY

Retail value baking market share per category*



	Bread	Cakes	Pastries	Sweet Biscuits	Crackers
Grupo Bimbo	**4%**	**3%**	**4%**	**1%**	**<1%**
Ranking	1	1	1	10	
Top 5**	7%	8%	12%	24%	39%



WE COMPETE IN A LARGE, GROWING AND FRAGMENTED INDUSTRY

- Artisanal
- Private Label
- Others
- Major players
- **Grupo Bimbo**

* Does not include Breakfast Cereals, Associated British Foods, M Dias Branco.
** Market share.

G4-18, G4-19, G4-20, G4-21

HOW WE OPERATE

A HIGHLY PRODUCTIVE AND DEEPLY HUMANE COMPANY

Grupo Bimbo's strategy and business model reflects our values. As such, social responsibility and sustainability policies, programs and practices are fully integrated in our operations, and coordinated under the *Sembrando Juntos* umbrella.

OUR SEMBRANDO JUNTOS SOCIAL RESPONSIBILITY PLATFORM

G4-14

In 2012 we created "Sembrando Juntos" Grupo Bimbo's social responsibility communication platform, which guides our actions under the principle of joining forces for the benefit of society, the environment and community development.

At Grupo Bimbo, we decided to create a special program to communicate our Social Responsibility actions and promote an understanding of our strategy both inside and outside of the organization.

The program is structured inclusively, meaning it involves various people and groups, because we believe that joining forces is the best way to have a real impact in areas where we are determined to make a difference.

Sembrando Juntos is the central axis of this program. The concept – which means "sowing or planting together" in Spanish – refers to social responsibility a strategic and active part of Grupo Bimbo's life. It serves as a brand that positions itself in the minds of stakeholders, reminding them that only by working together can we bring changes for a better world.

The *Sembrando Juntos* umbrella brand in turn has 4 pillars: Well-Being, Planet, Community and Associates.

Wellbeing

Focuses on raising awareness, positioning, managing and creating lines of action for improving our products and promoting healthy lifestyles that contribute to a better quality of life for the entire population

- Improving the nutritional profile of our products.
- Promotion of physical activity.
- Promotion of healthy lifestyle.
- Responsible labeling and communications.

Planet

This pillar establishes the activities and evaluation of our operations to measure, control and reduce our environmental footprint. The strategy is divided into 4 strategic lines of action: reducing our carbon footprint, reducing our water footprint, comprehensive waste management, and natural capital.

- Reduction of our carbon and water footprint.
- Comprehensive waste management.
- Environmental conservation and improvement.

Community

G4-EC7
DMA INDIRECT ECONOMIC IMPACTS

Through this pillar, we try to contribute to the well-being of people in the communities where we operate. With programs like our volunteer corps, donations and Good Neighbor, Grupo Bimbo contributes its "grain of flour" to benefit those who need it most.

- Allocation of resources for social benefit.
- Strategic alliances for educational, environmental and rural development projects.
- Support for the development of our value chain.

Associates

Social responsibility cannot be effective if it does not begin with a strategy for improving conditions within the organization. The Associates pillar promotes actions that protect and encourage a good workplace environment, protect human rights, encourage the personal and professional advancement and Associates, their health and safety, and ensure a good relationship between associates and their superiors.

- Strengthening our health and safety culture.
- Fostering professional and personal development.
- Promotion of ethical conduct and our Company values.

G4-12, G4-13

In 2015, the strategy will be expanded to include the Value Chain within Sembrando Juntos as a fifth independent, transversal pillar, which will provide for a more thorough approach to the issues and an increase in its scope. These issues were previously managed through the Community pillar.

Briefly put, Sembrando Juntos is the social responsibility platform that encompasses our scope of action in this field.

OUR COMPETITIVE ADVANTAGES

UNIQUELY POSITIONED TO CREATE VALUE

GLOBAL LEADERSHIP IN BAKING

Size is an advantage in a complex and capital-intensive industry. We benefit from the diversity of our geographic markets, product portfolio and our industry talent, the ability to leverage resources and knowledge, and our capacity to build, buy and re-invest.

WORLD CLASS DISTRIBUTION

We operate one of the largest fleets in the Americas, delivering to over 2 million points of sale with a direct store distribution model attuned to the needs of each channel, customer and consumer.

EXCEPTIONAL MANUFACTURING CAPABILITIES

We produce more than 60 million units across the Company daily, ensuring quality and freshness with global reach and local execution; our ongoing focus on low-cost production enhances the efficiency of our operations.

MARKET-LEADING BRANDS AND AN INNOVATION PIPELINE

G4-4

Our billion-dollar power brands, such as Bimbo, Marinela, Arnold, Brownberry, Oroweat and Barcel, and highly recognized brands including Thomas', Sara Lee, Entenmann's, Ricolino, Tia Rosa, Plus Vita and Dempster's, among others, enjoy consumer loyalty, top of mind awareness and healthy market positions; significant investment in R&D allows us to innovate and stay ahead of consumer trends.

SOLID PLATFORM FOR GROWTH

With an almost 70-year track record of consistent growth, we know how to identify and capitalize on the substantial growth opportunities in our industry, whether in our current markets –through innovation and penetration– or in new high potential geographies and categories.

RESPONSIBLE FINANCIAL POLICIES

G4-14

We take a conservative approach to risk and pursue disciplined reinvestment and cash management policies; our healthy and flexible balance sheet allows us to invest in growth and optimization while maintaining investment-grade ratings; and we have a track record of financial outperformance and stability.

SEASONED MANAGEMENT TEAM, SOUND GOVERNANCE AND CITIZENSHIP

We hold ourselves accountable to our organizational values, align our interests with those of our stakeholders, and pursue international standards, certifications and best practices.

STRATEGIC REVIEW

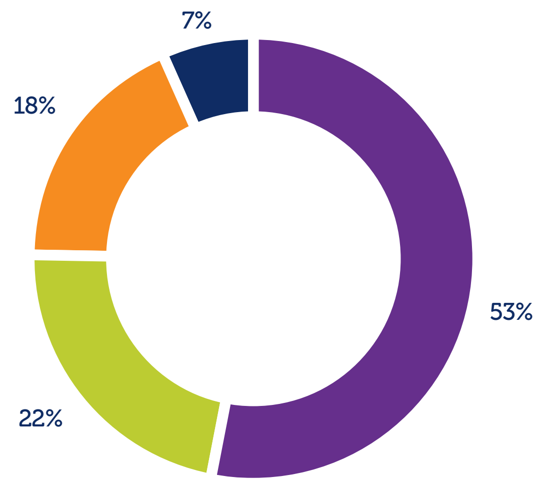
GRUPO BIMBO'S ROLE IN THE BAKING INDUSTRY

PUTTING OUR STRATEGY IN THE CONTEXT OF INDUSTRY AND MARKET DYNAMICS

INDUSTRY SIZE AND SCOPE

We participate in the global baking industry. Since bread, the largest category within the industry, has historically been a staple food in many markets and generally affordable by all socioeconomic segments, operators in the industry have benefited from steady demand and stable revenue growth. The global baking industry was worth US$461 billion* in 2014.

SHARE OF INDUSTRY BY SEGMENT



- Fresh and frozen bread and rolls
- Cookies, crackers and pretzels
- Fresh and frozen cakes, pies and pastries
- Tortillas

THE GROWTH POTENTIAL

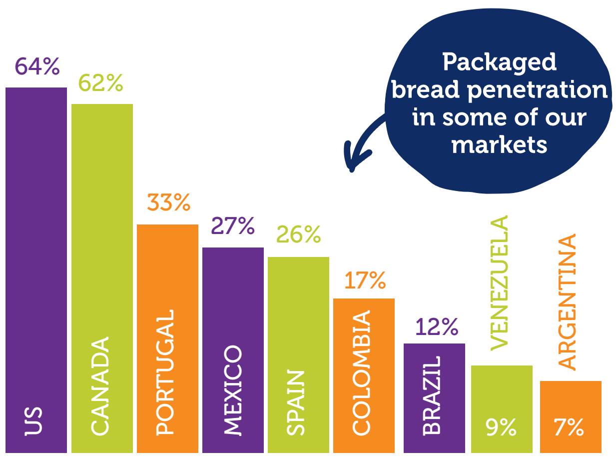
According to IBISWorld, the Global Bakery Goods Industry is forecasted to grow more aggressively over the next five years, to 2019, relative to the previous five-year period, with performance varying by region and category. From a geographic perspective, Latin America and Asia in particular have seen more significant growth in recent years due to changing consumer diets that are incorporating more wheat-based products, while rising disposable incomes have allowed consumers to purchase a greater variety of discretionary packaged baked goods. These trends are expected to continue.

EXPECTED INDUSTRY ANNUAL GROWTH OF 3%

* All industry figures and estimates herein are sourced from independent third party research, primarily IBISWorld reports.

At the same time, while in the past overall demand has leveled off in more mature bakery markets like the United States and Western Europe, sales today are growing for premium baked goods and nutrient-enhanced products. It is expected that part of the growth in these markets will come from innovation that addresses demand for healthy and premium products, helping boost industry performance.

For Grupo Bimbo specifically, the opportunity lies not just in emerging markets and high-growth segments –both of which we are strategically pursuing– but also within our own core markets and products, as well as the potential to increase penetration of packaged bread and adjacent categories in the pursuit of "stomach share".

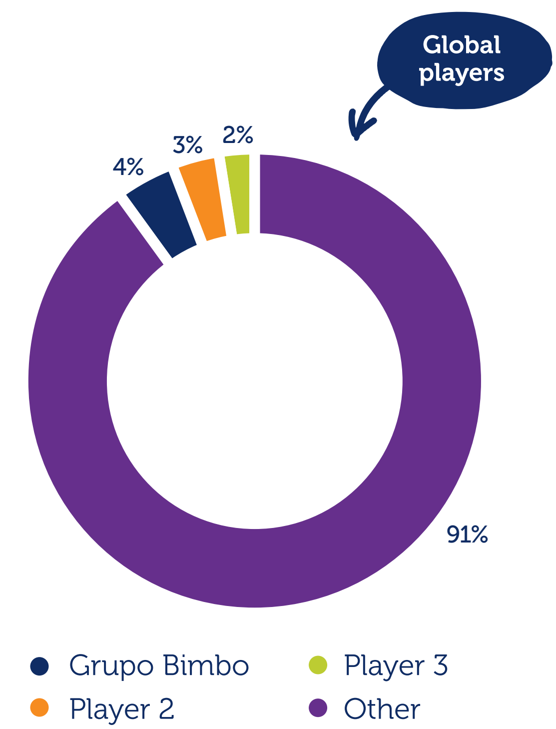


THE COMPETITIVE ENVIRONMENT: WHERE WE FIT IN

G4-SO7

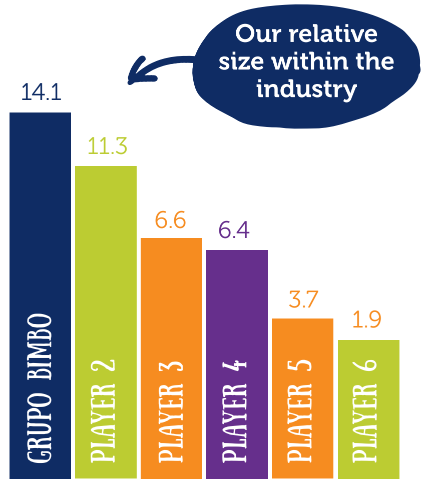
The baking industry is highly competitive and fragmented. Small bakeries dominate the industry, with more than 277,000 companies operating worldwide, including regional family-owned bakeries, supermarkets and grocery stores with in-store bakeries.

The major market participants are Grupo Bimbo, Mondelez International, Yamazaki Baking Company and The Kellogg Company, which combined only account for approximately 10% of the market (Grupo Bimbo having the largest share, at 4%). Over the last five years, these companies have increased their respective market share, largely due to M&A activity, including our own, as well as their capacity to adapt and anticipate market trends.



Source: IBISWorld Industry Report Global Bakery Goods Manufacturing October 2014

The competitive environment differs in each of our core markets; in the US & Canada, where there has been significant consolidation, the major competitors account for approximately 50% of the market, and private label represents 25%. In Mexico, regional and traditional bakeries are still strong, but large international participants compete in the packaged bread, baked goods and snacks categories. The Latin American baking industry is primarily composed of regional and traditional bakeries with limited geographical reach. Western Europe, where we operate in the UK, Spain and Portugal, is the largest global market for bakery products, but private labels and artisanal bakeries have the largest share of market. The bakery manufacturing market in China is extremely fragmented; however, international manufacturers are expected to expand their operations in the region due to rising bread consumption.



Note: Company filings, all figures in US billions
Figures for Player 2 only include the biscuit business. Figures for Player 3 only include food business. Figures for Player 6 only include the food business

KEY TRENDS AND DRIVERS IN THE GLOBAL BAKING INDUSTRY

The industry faces a number of common drivers, including changing dietary preferences, with notable growth in healthy and nutrient-enhanced products, growth of premium products, among others.

While price-based competition has become more intense in many markets, we believe that the ability to leverage growth opportunities in our industry relies on competitive factors beyond price, such as: product quality, differentiation, innovation, brand equity, control over the quality of ingredients used, and technology. Companies with local production and robust distribution will always be better positioned to compete given the perishable nature of bakery products and frequent restocking requirements.

OUR STRATEGY AND KPIs

HOW WE CREATE VALUE AND MEASURE OUR PROGRESS

Our business strategy links directly to our mission, ensuring that we align our actions and decision-making with the value-creation measures that advance our vision.

VISION	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATORS*
We are a company with trustworthy, leading brands for our consumers	Develop superior quality products, categories and brands that resonate with consumers, meet their evolving tastes and preferences, support their active and healthy lifestyles and engender top of mind preference and loyalty; improve the nutritional profile of our products, looking at both wellness and delight.	Net sales; market share; product portfolio health index; preference indicators.
Our customers' preferred supplier	Ensure product availability anytime/anywhere with outstanding point of sale execution; support our customers and value chain with supplemental business improvement services.	Preferred supplier index; innovation rate; saturation; Perfect Stores.
A forward looking and innovative company	Pursue breakthrough innovations in products and processes by investing in R&D, forging alliances with universities and Non-governmental organizations, and identifying opportunities across the value chain to reduce our carbon and water footprint and eliminate waste, and sharing and implementing those best practices.	CO_2 emissions; fuel efficiency; energy consumption; innovation rate.
A financially strong and sound company	Seek continuous improvement in our cost and expense structure, with a commitment to a lean and socially responsible value chain providing maximum quality of service and products to our customers and consumers.	Operating income; EBITDA; leverage ratio; cost per unit returns.
An extraordinary place to work	Foster the commitment of our people by promoting personal and organizational development and ensuring a safe and healthy workplace with a firm commitment to Human Rights, equity and diversity; build a strong process of talent and leadership management throughout the Company.	Injury index; surveys; training satisfaction index; diversity and turnover indicators; performance evaluation.

* These indicators include those we publicly disclose to stakeholders as well as internal measures used by management to evaluate the effectiveness of its strategy in creating value

OPERATIONAL & FINANCIAL REVIEW

AN IN-DEPTH LOOK AT OUR RESULTS FROM THE YEAR

Year ended December 31, 2014 compared to year ended December 31, 2013

Grupo Bimbo generated sound and positive results during 2014, with top line growth of 6.3% a gross profit increase of 7.6%, and EBITDA around 6.3%.

FACTORS IMPACTING PERFORMANCE

The key factors and trends that impacted the Company's operating and financial performance in 2014 included:

• The Company acquired Canada Bread, with operations in Canada, the US and UK, and Supan in Ecuador in 2014. These acquisitions diversified and strengthened the Company's footprint in the Americas and together represent 10% of net sales and 11% of EBITDA.

• The consumption environment in Mexico remained weak throughout the year, primarily due to pressure on consumers arising from a new excise tax on certain food categories. The competitive environment in the US, particularly in the mainstream and private label bread categories, pressured prices and volume.

• The Company launched multiple new products during the year, as well as new formulations, packaging innovations and a variety of portion sizes of existing products. Volume and sales of "better for you" and "functional" products continued to grow.

• Average input costs were lower in the year, despite the impact of a stronger dollar in the last months of the year; the Company's procurement strategy and hedging policy provide stability and visibility in this regard.

• We generated significant improvements in key Latin American markets and Iberia due primarily to our market penetration efforts, product innovation, as well as cost reduction initiatives.

• The Company continued to execute its restructuring strategy in the US, including the reconfiguration of manufacturing assets and optimization of the distribution network. While important synergies and efficiencies have already been generated with the Sara Lee integration process, largely completed in 2014, to a lesser extent, investment in the transformation process is expected for the next years to come.

• A decline in the US interest rate yield curve impacted the present value of the Company's provision for multiemployer pension fund liabilities in the US, resulting in a non-cash charge to the income statement at year end.

• The impact of a stronger dollar at year-end increased the peso value of the Company's financial liabilities; however, all financial liabilities are tied to the Company's investments, creating a natural hedge that does not affect the income statement.

NET SALES

Consolidated net sales rose 6.3% from 2013, to Ps. 187,053 million. This primarily reflected the Canada Bread acquisition and continued strong performance in Latin America and Europe.

MEXICO: Net sales declined 1.5% to Ps. 72,097 million as a result of pressure on volumes arising from the weak consumption environment and pricing initiatives taken in the fourth quarter of 2013 related to the excise tax.

US & CANADA: Net sales rose 13.3% to Ps. 90,375 million, largely reflecting the Canada Bread acquisition and the benefit of the FX rate; organic performance in the US business came under pressure due to challenging marketplace dynamics. Nonetheless, key categories such as sweet baked goods, snacks and breakfast saw continued momentum.

LATIN AMERICA: Net sales rose 0.5% to Ps. 21,931 million with growth in local currencies in every country, driven by innovation, new product launches and ongoing market penetration efforts, even though this figure was affected by the restatement from a devaluation in the Venezuelan currency.

EUROPE: Net sales grew 29.6% to Ps. 6,897 million, primarily due to the UK operation acquired as part of the Canada Bread transaction and the continued growth in Iberia arising from new product launches and healthy performance across most categories, despite the challenging economic environment.

GROSS PROFIT

Gross profit rose 7.6% to Ps. 99,137 million, with a 68 basis point margin expansion to 53.0%. This was primarily the result of lower average prices for certain raw materials over the course of the year.

OPERATING EXPENSES

Operating expenses totaled Ps. 83,635 million, or 44.7% expressed as a percentage of sales, unchanged from the 2013 figure.

OTHER INCOME AND EXPENSES

The other income and expenses line increased 74.3% to Ps. 5,190 million, primarily due to: i) a Ps. 1,990 million non-cash charge in the US related to multi-employer pension plans ("MEPPs"); and ii) higher restructuring costs in the US in 2014 related to the asset reconfiguration strategy and optimization of the manufacturing and distribution network (Ps. 2,259 million, compared to Ps. 1,680 million in 2013).

OPERATING INCOME

Operating income decreased 1.7% to Ps. 10,312 million reflecting the aforementioned effect of other income and expenses.

EBITDA

EBITDA rose 6.3% to Ps. 18,420 million, with a margin of 9.8%, reflecting operational performance plus depreciation and non-cash charges. The MEPPs charge did not affect this line.

COMPREHENSIVE FINANCING RESULT

Comprehensive financing result increased 16.7% to Ps. 3,265 million primarily as a result of higher interest payments in 2014 arising from the new funding secured to finance the Canada Bread acquisition. This was partially offset by higher exchange and monetary gains.

INCOME TAXES

Income tax expense in 2014 increased 2.6% to Ps. 2,955 million, while the effective tax rate was 42.3%, compared to 37.6% in 2013. This primarily reflected: i) the lower deductibility of certain fringe benefits in Mexico; ii) a higher taxable base due to inflationary gains related to financial debt; and iii) no longer carrying deferred income tax benefit in Brazil.

NET MAJORITY INCOME

The Company registered net majority income of Ps. 3,518 million in 2014, a decline of 20.1% from 2013. This was due to the aforementioned non-cash MEPPs charge and a higher effective tax rate.

FINANCIAL STRUCTURE

The Company's cash position as of December 31, 2014 totaled Ps. 2.6 billion, compared to Ps. 2.5 billion on December 31, 2013.

Total debt at December 31, 2014 was Ps. 62.2 billion, an increase of Ps. 21.9 billion compared to the same period last year, reflecting funding secured for the Canada Bread acquisition as well as the impact of a higher peso / dollar exchange rate at year-end, which increased the peso value of financial liabilities denominated in US and Canadian dollars.

Long-term debt comprised 97% of the total, with an average maturity of 8.9 years. The currency composition was 70% denominated in US dollars, 29% in Canadian dollars and 1% in Mexican pesos. Both the amortization profile and currency composition are aligned with the Company's cash flow generation, maintaining a natural economic and accounting hedge. The average cost of the Company's financial debt was 4.4%.

The total debt to EBITDA ratio was 3.4 times. On a pro-forma basis, taking into account five months of pro-forma EBITDA of Canada Bread, the total debt to EBITDA ratio was 3.2 times. The Company maintains a disciplined approach to cash management in order to de-lever to its target range.

sembrando juntos

OUR VALUES, OUR ENGINE

'*Sembrando Juntos*' is Grupo Bimbo's social responsibility platform, through which our environmental and community development actions are implemented.

Wellbeing

Planet

Community

Associates

SOCIAL RESPONSIBILITY REVIEW

Our stakeholders

G4-24, G4-25

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

These groups are classified into internal and external, as follows:

INTERNAL STAKEHOLDERS	EXTERNAL STAKEHOLDERS
Shareholders/Partners: we seek to provide a reasonable and consistent return	**Clients:** providing an exemplary service and seeking to support them in their growth and development through the value of our brands.
Associates: we guarantee respect for their dignity and individuality and promote a climate that supports their wellness and development.	**Suppliers:** we maintain cordial relationships, promote their development and cover the cost of their services in accordance with the terms of the contracts we have signed with them.
Labor Representation: we support authentic representation of our workers, with full respect for their freedom of association and a continuing relationship of collaboration and mutual trust.	**Distributors:** we establish working procedures that meet the objectives of the business and are beneficial to both parties.
	Competitors: We compete vigorously and fairly, based on legal trade practices.
	Consumers: we offer healthy food and variety in our products, through ongoing improvement.
	Society: we promote universal ethical values and support economic and social growth in the communities where we are located.
	Government: we abide by all existing legislation in the countries where we operate, promote close and respectful relations and communication, and collaborate in projects and initiatives that benefit the community.
	Business and/or International Organizations: we share experiences and best practices in a climate of cordiality and respect.
	Communications Media: we provide accurate, clear, and prompt information
	Social Organizations: we contribute to the advancement and development of the communities where we operate, by working together with nonprofit social organizations.
	Educational Institutions: We share good practices and build a close communication seeking to contribute to continuous improvement of education in the world.

*For more information, consult our policy at: www.grupobimbo.com/sre

STAKEHOLDER ENGAGEMENT

G4-24, G4-25, G4-26, G4-49

We maintain a constant dialogue with our Stakeholders through various communication channels, to know their interests and expectations, and integrate them in our business management. This communication assumes great relevance for the decision making in the company.

Other general channels for dialogue: social networks, webpages, annual report

We then organized these stakeholders by priority in order to determine their relevance and begin a first approach for the purposes of this materiality. The criteria used to prioritize our stakeholders were our frequency of interaction with them throughout the year, and the direct and indirect economic impact that Grupo Bimbo has on them and vice versa.

The stakeholders selected for this first materiality analysis were:

- Associates
- Higher Educational Institutions
- Social Organizations
- Consumers

STAKEHOLDERS	DIALOGUE CHANNELS
Shareholder/partners	Meetings and direct interviews of Investor Relations. Annual shareholders meeting
Associates	Intranet: carries news about the whole Group, comment sections and conversations, blog. Workplace environment survey Internal communication through communiqués "Línea Comenta" hotline
Associates' representation	Through labor relations management
Clients	Through the Sales Department Client and Consumer Attention System (SATECC)
Suppliers	Suppliers Website Annual suppliers' meeting " Línea Comenta" hotline
Consumers	Satisfaction surveys Client and Consumer Attention System (SATECC)
Society	Sporting events: Bimbo Run-Walk, Bimbo Mini-Soccer Good Neighbor program and Volunteer Corps Product activations

STAKEHOLDERS	DIALOGUE CHANNELS
Government	Relationship with government organizations Through the Corporate Affairs area
Business and international organizations	Through the Corporate Affairs area
Communications Media	Through the Corporate Affairs and Institutional Relations.
Social Organizations	Through Institutional Relations: Response to requests and inquiries (by phone and/or email) General meeting with Civil Organizations. Activity evaluation form
Educational institutions	Plant visits, Fairs, educational congresses, Presentations onsite.

MATERIALITY

G4-18, G4-19, G4-20, G4-21

In recent years, Grupo Bimbo has grown to become a leader in the worldwide bakery industry.

The complexity of today's world and the constant pace of change give us an obligation to better understand each geography and to rise to the responsibilities imposed upon us.

In 2014, we defined a strategy of getting to know our communities and identifying their needs in order to complement the Social Responsibility platform and apply it in each of the countries where we are present.

In terms of materiality, we created a questionnaire that we can use to gather information and tested it only in Mexico, although it was reviewed by outside consultants (Volans and Genera) to make sure it functions beyond Mexico's borders.

The stakeholders consulted suggest to us that the areas where we do best are environmental care and finances. In contrast, social performance and transparency need more work to reach a more acceptable level of evaluation for those surveyed.

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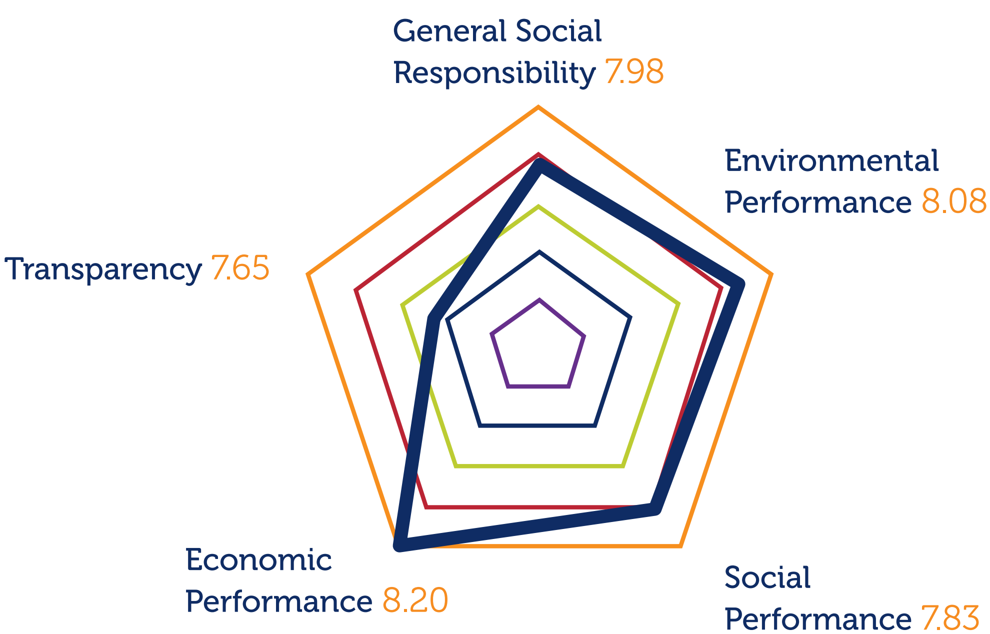
GRUPO BIMBO



In the table below we sum up some aspects of interest to our Stakeholders. These are the most relevant material issues on which they all agree, and therefore, are the indispensable issues we will cover in our Annual Report.

		AVERAGE
Energy	Electric Energy Consumption	7.49
Water	Water Consumption	8.04
Emissions	Renewable Energy use	7.53
Effluents and waste	Recycling and waste reduction	8.04
Transport	Transport and logistics improvements	7.82

		AVERAGE
Local Communities	Community Development	7.12
	Rural Development	7.19
	Good Neighbour Program	7.09
	Community, Health and Activity	7.08

		AVERAGE
Customer Health and Safety	Consumers' Health and Safety	8.40
	Improvements on product profiles	7.43
	Alliances and research	6.96
Healthy and affordable food	Promotion of physical activity	7.73
	Promotion of healthy lifestyles	7.71
	Health and wellness activities	7.68

		AVERAGE
Freedom of association and collective bargaining	Ethics and transparency	7.66
	Freedom of association and collective bargaining	7.22

		AVERAGE
Diversity and Equal opportunity	Equal opportunity	7.33

MATERIAL ASPECTS WITH IDENTIFIED GRI INDICATORS TO REPORT

		GRI INDICATOR
Energy	Electric Energy Consumption	G4-EN3 – G4-EN7
Water	Water Consumption	G4-EN8 – G4-EN10
Emissions	Renewable Energy use	G4-EN15 – G4-EN21
Effluents and waste	Recycling and waste reduction	G4-EN22 – G4-EN26
Transport	Transport and logistics improvements	G4-EN30

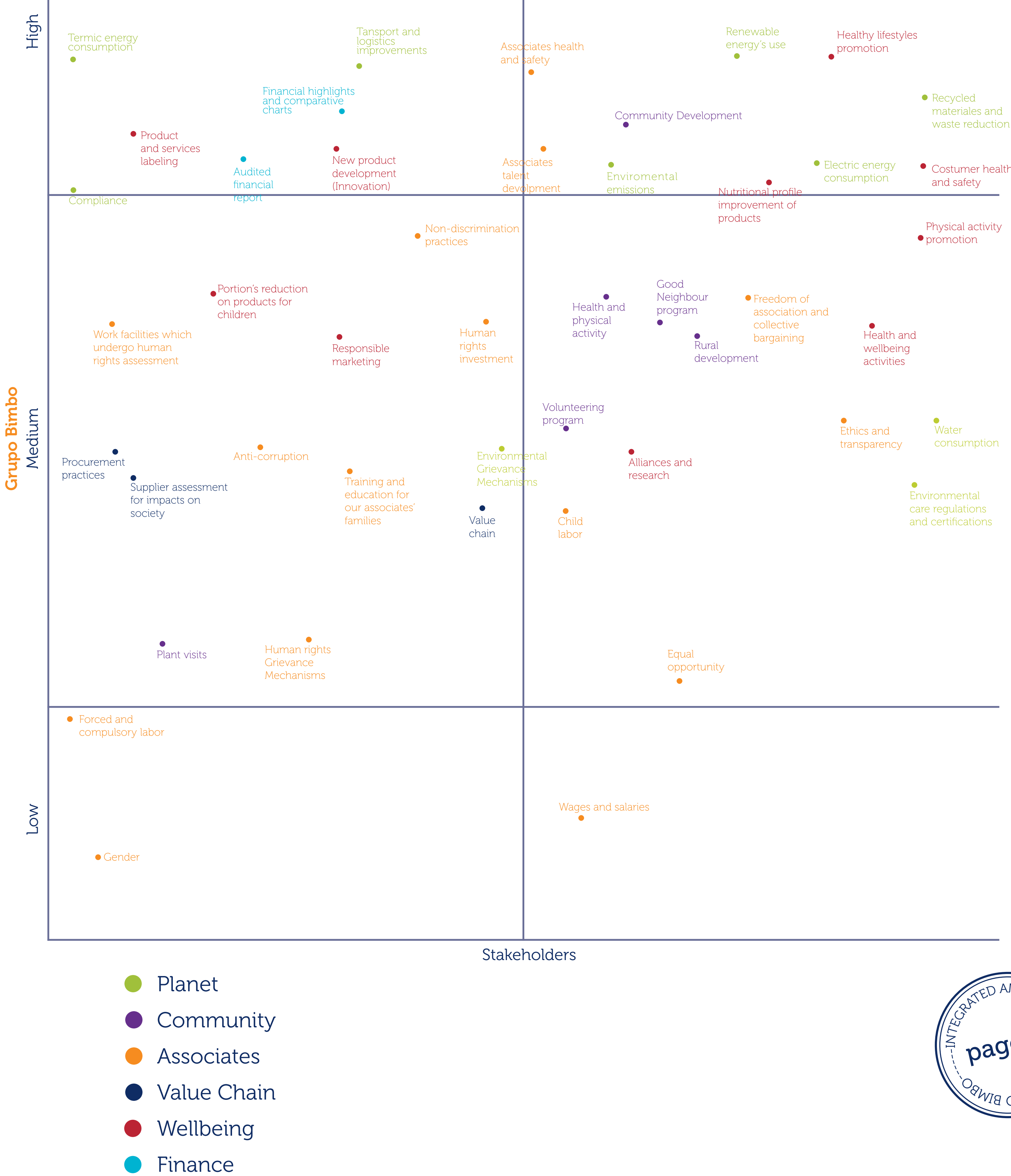
		GRI INDICATOR
Local Communities	Community Development	G4-SO1 – G4-SO2
	Rural Development	G4-SO1 – G4-SO2
	Good Neighbour Program	G4-SO1 – G4-SO2
	Community, Health and Activity	G4-SO1 – G4-SO2

		GRI INDICATOR
Customer Health and Safety	Consumers' Health and Safety	G4-PR1 – G4-PR2
	Improvements on product profiles.	G4-PR1 – G4-PR2
	Alliances and research	G4-PR1 – G4-PR2
Healthy and affordable food	Promotion of physical activity	DMA Alimentos saludables y asequibles
	Promotion of healthy lifestyles	DMA Alimentos saludables y asequibles
	Health and wellness activities	DMA Alimentos saludables y asequibles

		GRI INDICATOR
Freedom of association and collective bargaining	Ethics and transparency	G4-56 – G4-58
	Freedom of association and collective bargaining	G4-HR4

		GRI INDICATOR
Diversity and Equal opportunity	Equal opportunity	G4-LA12

2014 MATERIALITY



INDUSTRY PARTICIPATION

G4-16, SPECIFIC DMA PUBLIC POLICY

In Grupo Bimbo we respect the existing legal framework, the legal institutions and authorities in all countries in which we operate.

We participate in Chambers and Business Organizations seeking for improvements, to identify matches and explore alternative proposals and solutions to problems related to the industry.

Similarly, we recognize the work of Chambers and Business Organizations that promote consensus building and act as facilitators in an interactive an dynamic proactive cooperation with all authorities and different levels, promoting a sense of mutual responsibility.

CHAMBERS AND ASSOCIATIONS

G4- 16

MAIN ASSOCIATIONS TO WHICH GRUPO BIMBO BELONGS				
	Chamber/Association	Headquarters	Purpose	Member since
1	**National Chamber of Industry and Manufacturing (Cámara Nacional de la Industria y la Transformación, CANACINTRA)**	Mexico City	A public, autonomous, nonprofit institution with its own legal identity, made up of industrial representatives from throughout Mexico. Serves as a liaison with key agents in legislative issues. Expresses relevant issues for the industry, particularly for the Group, to congressional representatives and senators.	2003
2	**Mexican Consumer Industry Council (Consejo Mexicano de la Industria de Consumo, CONMEXICO)**	Mexico City	Groups together 46 leading makers of household and personal care products, food and soft drinks, alcoholic beverages, tobacco and textiles. Its mission is to promote consumer welfare, protect the value and reputation of their brands, and establish and develop ties with retail and suppliers.	Founding member 1996
3	**Mexican Employers' Confederation (Confederación Patronal de la República Mexicana, COPARMEX)**	Mexico City	A voluntary syndicate of employers that brings together businesses in all industries, representing them in the labor and social spheres. Its more than 36,000 member companies from throughout the country account for 30% of GDP and 4.8 million formal jobs.	1970

MAIN ASSOCIATIONS TO WHICH GRUPO BIMBO BELONGS				
	Chamber/Association	Headquarters	Purpose	Member since
4	Mexican Council on Foreign Trade, Investment and Technology (Consejo Empresarial Mexicano de Comercio Exterior, Inversión y Tecnología, COMCE)	Mexico City,	A private sector organization recognized by the Business Coordinating Council (CCE), Mexican authorities, diplomatic corps and international organizations, as the body in charge of promoting growth and strengthening Mexican foreign trade, encouraging foreign direct investment in Mexico and Mexican investment throughout the world, and stimulating companies' technological development through technology transfer, training and innovation alliances that bring higher added value to Mexican manufacturing.	2003
5	National Association of Chocolate, Sweets and Similar Product Manufacturers (Asociación Nacional de Fabricantes de Chocolates, Dulces y Similares)	Mexico City	Sponsors research into foreign trade (trade balance) in the candy industry, information that can only be obtained through Representation Organizations. Provides consultancy on compliance with related rules, and on foreign trade. Conducts legislative, regulatory and media monitoring. Conducts studies into representativeness. Participates in negotiating tables with CANACINTRA, CONCAMIN, COMCE and ANTAD. Promotes the consumption of chocolate through mass media and public relations campaigns. Promotes the "Genuine Chocolate" seal (NYCE-ASCHOCO) and product certification.	1973
6	National Chamber of Industrialized Corn Producers (ChamberCámara Nacional del Maíz Industrializado, CANAMI)	Mexico City,	A grouping of companies involved in processing corn to obtain intermediate products or industrial inputs, such as nixtamalized corn flour and cornstarch byproducts, as well as those that produce corn foods, including breakfast cereals and fried snacks, snacks and a wide variety of traditional Mexican foods, particularly tortillas.	1998
7	Mexican Stock Exchange Issuers' Committee	Mexico City,	Represents companies who have shares listed on the BMV in order to analyze, review and discuss issues relating to their participation in the stock market. The central objective of this Committee is to facilitate issuers' participation in all regulatory, promotional, development and dissemination activities aimed at strengthening the market. The Committee also serves as a source of feedback and vetting for the CNBV, the BMV, the Mexican Securities Industry Association (AMIB) and S.D. Indeval, among others.	2002

MAIN ASSOCIATIONS TO WHICH GRUPO BIMBO BELONGS				
	Chamber/Association	Headquarters	Purpose	Member since
8	Mexican Investor Relations Association (Asociación Mexicana de Relación con Inversionistas)	Mexico City,	The purpose of this Association is to standardize investment criteria and messages, develop Codes of Ethics and Conduct, gain access to more investors at a lower cost and provide them with more and better information on Mexico and its companies, share experiences and know-how in the field, and increase the level of professionalism in Mexican investor relations, benefiting both companies and investors.	2002
9	ILSI Mexico	Washington, D.C.,	A nonprofit organization that promotes scientific understanding and consensus in nutrition, food safety, toxicology and environmental health. The ILSI brings together scientists from academe, governments and industry to try and resolve relevant problems or common concerns. The ILSI plays the role of catalyst in solving problems relating to nutritional quality, food safety and the environment.	2003
10	Grocery Manufacturers Association	Washington DC,	The voice of more than 300 leading food, beverage and consumer product companies that maintain and improve the quality of life for hundreds of millions of people in the United States and around the world. Headquartered in Washington DC, the member organizations of the GMA include internationally recognized brands.	2011
11	Grain Foods Foundation	Washington DC,	Partnership between members of the bakery and milling industries. Created in 2004, its mission is to promote public understanding of the beneficial role grain foods can play in a healthy diet. The Foundation is committed to nutrition education programming that is firmly rooted in sound science, working together with our Scientific Advisory Board, a multidisciplinary cross-section of nationally recognized nutrition and healthcare experts.	2005
12	American Bakers Association	Washington D.C.,	Founded in 1897, the American Bakers Association (ABA) is the Washington D.C.-based voice of the wholesale baking industry. ABA represents the interests of bakers before the U.S. Congress, federal agencies, and international regulatory authorities. ABA advocates on behalf of more than 700 baking facilities and baking company suppliers. ABA members produce bread, rolls, crackers, bagels, sweet goods, tortillas and many other wholesome, nutritious, baked products for America's families. The baking industry generates more than $102 billion dollars in economic activity annually and employs more than 633,000 highly skilled people.	1998

MAIN ASSOCIATIONS TO WHICH GRUPO BIMBO BELONGS				
	Chamber/Association	Headquarters	Purpose	Member since
13	**Wheat Quality Council**	Brighton, Colorado	The goal of the Wheat Quality Council is to improve the value of all U.S. wheat classes for producers, millers, and processors of wheat.	2009
14	**Latin American Conservation Council**	Arlington, Virginia	A group of global leaders working with The Nature Conservancy for solutions to three of Latin America's greatest challenges —Water Security, Sustainable Food Security and Smart Infrastructure — to benefit both people and nature.	2001
15	**Consumer Goods Forum**	Paris, France	Brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries. Its member companies have combined sales of EUR 2.5 trillion. Its retailer and manufacturer members directly employ nearly 10 million people	2009
16	**International Food and Beverage Alliance**	Geneva, Switzerland	The International Food & Beverage Alliance is a group of food and non-alcoholic beverage companies that serves as the main forum for analyzing global trends in the field.	2008
17	**World Federation of Advertisers (WFA)**	Brussels, Belgium	The only global organization representing the common interests of marketers. It brings together the biggest markets and marketers worldwide, representing roughly 90% of global marketing communications spend, almost US$ 700 billion annually. WFA champions responsible and effective marketing communications.	2011
18	**Venezuelan Chamber of Commerce and Industry (Cámara de Comercio e industria Venezolana, Cavemex)**	Venezuela	Trade facilities. Assists in proceedings with government agencies (CADIVI, MILCO, The Ministry of Food, SENIAT, etc.)	1999
19	**Venezuelan Food Industry Chamber (Cámara Venezolana de la Industria de Alimentos, Cavidea)**	Venezuela	Trade facilities. Assists in proceedings with government agencies (CADIVI, MILCO, The Ministry of Food, SENIAT, etc.)	1999
20	**National Association of Colombian Businesses (Asociación Nacional de Empresarios de Colombia, ANDI)**	Colombia	Hears opinions and proposals that benefit its affiliates: receives, analyzes, transmits and seeks to resolve the needs of the private sector with various organizations. Organizes certifications, seminars, conferences, congresses, workshops, and work groups that explore, contribute to and encourage development in the industry.	2005

MAIN ASSOCIATIONS TO WHICH GRUPO BIMBO BELONGS				
	Chamber/Association	Headquarters	Purpose	Member since
21	Asociación Centra RSE	Guatemala	A private, autonomous, associative, nonpolitical, nonprofit, independent organization whose purpose is to bring about a change in the attitudes of companies that operate in the country, encouraging them to consciously implement corporate social responsibility practices. Includes all the leading companies of Guatemala, providing advice and training to help them align with responsible practices by the nation's leading companies.	2012
22	Guatemalan Chamber of Commerce (Cámara de Comercio de Guatemala)	Guatemala	Was founded as a legal entity on February 26, 1894, and has served as a significant engine of development in Guatemala's retail and business sector. Because of its extensive 119-year track record in defending trade and free enterprise, it is the organization that best represents its members and their development goals.	1999
23	Guatemalan Chamber of Industry (Cámara de Industria de Guatemala)	Guatemala	This organization has historically been linked to the country's economic development, and exists and works for Guatemalans. Its belief is that industry is the most powerful tool for generating development and wealth for any country.	1989
24	Costa Rican Food Industry Chamber (Cámara Costarricense de Industria Alimentaria, CACIA)	Costa Rica	Defends industry interests, encourages attitudes of quality and continuous improvement in competitiveness.	1994
25	Salvadoran Industrial Association (Asociación Salvadoreña de Industrias)	El Salvador	Represents the industrial branch before government agencies.	1993
26	Uruguayan Chamber of Industry (Cámara de Industrias del Uruguay, CIU)	Uruguay	Defends industry interests as a whole and presents initiatives of interest to the authorities as a chamber.	ND
27	Industrial Bakers' Federation of the Province of Buenos Aires (Federación Industrial Panaderil de la Provincia de Buenos Aires)	Argentina	Represents the Argentine bakery industry	2007
28	United Supermarkets' Association (Asociación de Supermercados Unidos, ASU)	Buenos Aires, Argentina	Brings together the country's largest supermarket chains. As a group, these account for 70% of national supermarket billing, and the Association heads up decisive actions for solving the problems that affect them.	2003

MAIN ASSOCIATIONS TO WHICH GRUPO BIMBO BELONGS				
	Chamber/Association	Headquarters	Purpose	Member since
29	Brazilian Food Industry Association (Associação Brasileira das Indústrias da Alimentação, ABIA)	Sao Paulo, Brazil	Works to ensure that legislation is appropriate for the evolution of processed foods; encourages the use of better production techniques; promotes the economic and financial strength of the industry.	2003
30	Chile Foods (Chile Alimentos)	Santiago de Chile, Chile	A private organization that represents processed food companies, machinery manufacturers, equipment makers and service providers to the food processing industry. The Association's purpose is to promote the development and protection of activities that are common to its members and to defend their interests in Chile or abroad, before authorities and public and private organizations.	2007
31	Peruvian Association of Mass Consumption Companies (Asociación Peruana de Empresas de Consumo Masivo, APECOM)	Peru	Promotes good commercial practices and facilitates trade between suppliers and distribution channels.	2010
32	National Industry Society (Sociedad Nacional de Industrias)	Peru	Consultancy in food industry matters	2012
33	Spanish Commercial Coding Association (Asociación Española de Codificación Comercial)	Barcelona, Spain	Commercial Coding. Seeks efficiencies between distribution and manufacturing.	2000
34	Multisectorial Association of Companies (Asociación Multisectorial de Empresas, AME)	Madrid, Spain	Groups together the largest brand-name food and beverage makers in Spain to debate technical issues and topics of general interest relating to food and nutrition. Represents member companies before public organizations and administrations	2011
35	China-Mexico Chamber of Commerce	Beijing, China	Provides representation before the CCPIT (Chinese Commerce Promotion for International Trade)	2009

sembrando juntos

Wellbeing

A HEALTHY LIFESTYLE

In Grupo Bimbo, we promote our consumers' wellness with the daily work covered by our Wellbeing Pillar. Achieving a healthy lifestyle includes eating right, and this means maintaining a complete, balanced, safe, sufficient, varied and appropriate diet.

COMPLETE: containing all the required nutrients. Nutritionists recommend including food from all three basic groups in every meal.

BALANCED: with an appropriate proportion between the various nutrients.

SAFE: habitual consumption should not pose any risks to health, because the foods are free of pathogenic microorganisms, toxins, and contaminants, are consumed in moderation and do not contribute excessive quantities of any one component or nutrient.

SUFFICIENT: meets all nutritional requirements in such a way that an adult is well nourished and maintains a healthy weight, and a child can grow and develop correctly.

VARIED: Involving different foods from each group from one meal to another.

APPROPRIATE: Consistent with the tastes and culture of the person who consumes it, and within with their economic means, without sacrificing any of its other characteristics.

Maintaining a healthy lifestyle is also key to our wellness.


ACTIVACIÓN
física cotidiana
ATTITUDE
INTERPERSONAL RELATIONS
STRESS MANAGEMENT
CORRECT DIET
HÁBITOS SALUDABLES
BALANCE
between work and free time
A SENSE OF PURPOSE IN LIFE
PUEDES LOGRARLO
BIMBO

DMA CONSUMER HEALTH AND SAFETY
DMA NUTRITIONAL AND HEALTHY FOODS

OUR "SEMBRANDO JUNTOS: WELLBEING" PILLAR

strengthens our commitment to working together for the wellness of our consumers, innovating and improving nutritional profiles in our portfolio, and maintaining our enthusiasm and commitment to academic, public and private institutions with which we have alliances, promoting physical activity and good eating habits.

At Grupo Bimbo, we are well aware that we face the daunting challenge of helping to reduce indices of overweight, obesity and diabetes affecting society today. We are convinced that the food industry must participate actively in joint efforts in various sectors to improve the health of future generations.

We are currently facing two major challenges:

1. Global trends have led our consumers to demand more products that are part of healthy lifestyles and diets, and to seek out more information on the products available to them on the market.
2. The problem of obesity, its effects and the substantial nutritional deficiencies that affect many countries.

Both aspects inspire us to develop alternatives that respond to specific needs. This is why at Grupo Bimbo, our mission is to offer out consumers a wide variety of products that are part of a healthy diet.

Through social networks like Facebook, Twitter, our corporate nutrition page and our client and consumer hotlines, we answer questions and concerns that our consumers may have with regard to our products (more details under indicator FP4).

At Grupo Bimbo, we sell only products that are permitted by local regulations, and we comply fully with all the requirements of the law.

DMA NUTRITIONAL AND HEALTHY FOODS

At Grupo Bimbo, we are committed to working constantly to reformulate and innovate our portfolio in order to offer consumers more and better choices that are part of a healthy lifestyle. With this in mind, we make our products to include health-beneficial ingredients like whole grains, fiber, vitamins, minerals (iron, calcium, zinc, iodine and phosphorous) and others.

G4-PR5
DMA SPECIFIC LABELING OF PRODUCTS AND SERVICES

Our commitment to contributing to the wellness of our consumers begins with being aware of their needs, requirements and tastes in general. Through various surveys conducted over the course of the year, we had the opportunity to better understand our environment and the needs of the communities we serve, which are shown below.

REQUEST	DESCRIPTION	ANSWER
Help me to take care of myself	Knowing nutritional information quickly and easily for decision making.	• GDA in products.
Access to the product	Easy access to the product through channels with a healthy image.	• Vending machines, corner stores, supermarkets.
Taking care of myself through controlled portions	Products packaged in portions that complement my eating right.	• Reduced portions in school portfolios, Lonchibon.
Snacks that are sweet, but with healthy properties	Sweet, healthy snacks based on fruits, vegetables, seeds AND nuts.	• *Madre Tierra.*
Affordable, nutritious foods that are easy to eat and provide health benefits	Eating healthily and quickly anywhere in a reduced amount of time so I can keep up with the pace of life.	• *Madre Tierra.*
Foods that combine nutrition and fun	Nutritious and entertaining products for my kids.	• Panditas (with added fruit juices) • Pica papas • Barcel school portfolio.
Products that support my community	Products that protect the environment and provide benefits to my community.	• Oxy-biodegradable packaging. • Silueta brand breast cancer support.

GOOD SOURCE OF FIBER

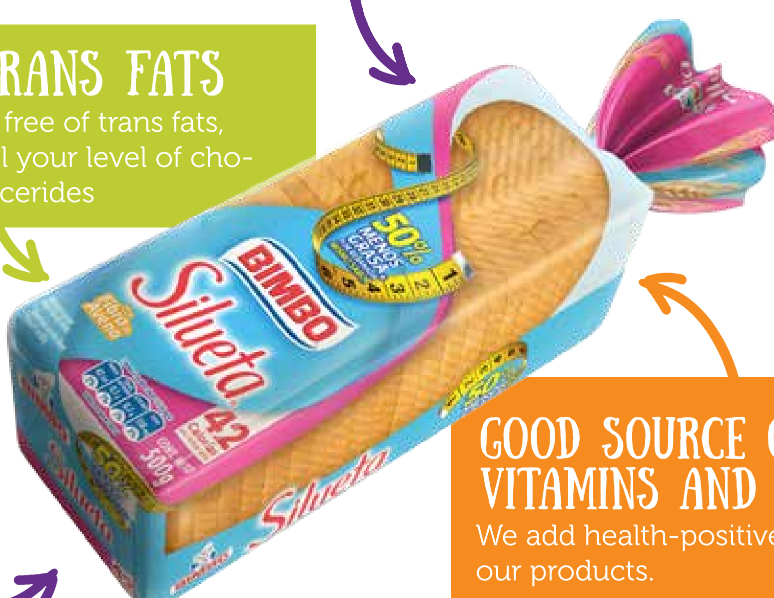
Fiber contributes to healthy digestion

FREE OF TRANS FATS

Our products are free of trans fats, helping to control your level of cholesterol and triglycerides

LOW FAT

We reduce levels of fat in our products and improve their fat profile



GOOD SOURCE OF VITAMINS AND MINERALS:

We add health-positive elements to our products.

G4-PR1, FP6

10%

less sugar in leading brands

8% of total sales volume in reformulated products

25%

less saturated fats less in our products in leading brands / 15% in snacks

2% of total sales volume in reformulated products

30%

less sodium in leading brands of breads and rolls

4% of total sales volume in reformulated products

In total, we reduced these ingredients in the following proportions:

- Sugars in 100 products, eliminating 3,061 metric tons of sugar.
- Sodium in 77 products, eliminating 45 metric tons.
- Saturated fats in 45 products, eliminating 856 metric tons.

G4-PR1, FP7

STRATEGIC ALLIANCES AND COLLABORATION

We work closely with institutions like the Whole Grains Council and the International Food and Beverage Alliance, to reach a continuous improvement on nutritional profiles of our products.

ENRICHED PRODUCTS

- We improved 81 products with new ingredients.
- 3% total sales*

* Includes whole-grain and healthy products, products with health-positive elements and improved products aimed at kids

DMA SPECIFIC CONSUMER HEALTH AND SAFETY

We continue to align our actions with the strategies of the World Health Organization, joining in the work of incorporating internationally recognized strategies and best practices.

HEALTH AND SAFETY IN FOOD PROCESSING

Since our foundation, we also conform to the highest standards of quality and hygiene in making, transporting and handling our products.

Currently, 115 of our plants are certified by the Global Food Safety Initiative (GFSI). Through our value chain, 906 of our suppliers and 336 of our manufacturers, also work under this Certification's standards.

RESPONSIBLE COMMUNICATIONS

DMA MARKETING COMMUNICATIONS
G4-FP8

Our internal communications policy involves adopting the highest regulatory standards of communication with our consumers in the countries where we make and sell our products.

We are scrupulous about fulfilling the commitment we have as members of the International Food and Beverage Alliance (IFBA) to promote and ensure that advertising that is prepared and aimed at children under 12 meets the highest international standards for socially responsible marketing practice, promoting healthy lifestyles and the adoption of good eating habits among our consumers. This commitment is consistent with the recommendations of the World Health Organization and is applied in the 17 countries in which we are present.

Customer privacy

G4-PR8

Grupo Bimbo has a Data Privacy Notice in Mexico, which can be viewed in the policy section of the Grupo Bimbo Social Responsibility microsite. In it, the company commits to handling information on its clients and customers in an appropriate and responsible manner.

Information on your personal data and/or sensitive data, such as general information, full name, e-mail address, home address, phone number, place and date of birth, marital status, health, education, professional experience, professional and personal references, economic status, net worth and financial information, and others; that is collected by the Group directly or by any means, with your full consent, shall be used for the following purposes (including but not limited to): i) organizing and managing your work file; ii) for personal and professional advancement; iii) to comply with legal, tax, labor, and social security obligations, as well as those derived from the labor relationship and in general all information pertaining to the legal relationship you have with the Group.

PRODUCT AND SERVICES LABELING

DMA PRODUCT AND SERVICES LABELING
G4-PR3, FP8

Adopting a healthy lifestyle requires prompt, clear and sufficient information for consumers to make the best decision about products that are included in their daily diet. For several years now Grupo Bimbo has had a global labeling policy that encompasses the following:

- Strict compliance with official labeling provisions in the countries where we are present.
- Information on the most important nutrients with a public health impact on products where space permits.
- Simple and accessible front labeling (GDAs)
- Adoption of the highest standards in countries where there is no regulatory policy applicable to a certain issue.
- Promotion of physical activity

(For more information about our packaging, visit http://www.grupobimbo.com/en/nutritionl)

Grupo Bimbo's Procedures referring to Product Information and Labeling

Grupo Bimbo, conducts assessments that help to determine the origin of the components of its products; the content that refers to substances that may have environmental or social impacts; consumption and safety instructions and product disposal and environmental impact.

DMA NUTRITiOUS AND HEALTHY FOODS

Physical activity is another of the aspects included in promoting healthy lifestyles among our consumers. At Grupo Bimbo, we want an active world, where people practice some form of physical activity every day. To encourage this, we organize various sporting events in the countries where we are present.

INFORMATION ASSESSED IN PRODUCT LABELING	YES	NO
Origin of product or service components	X	
Content, particularly regarding substances that may have a certain environmental or social impact	X	
Safety instructions on the product or service	X	
Disposal of the product and its environmental or social impact	X	
Others (explain)	NA	

ACTIVITY	TOURNAMENT OR COMPETITION	COUNTRY, CITY OR REGION
SOCCER	**Futbolito Bimbo**	45 cities in Mexico United States Guatemala
	Futbolito Ideal	Chile
	BBU soccer tournament with Bimbo Bread.	United States
ATHLETIC FAMILY RUNS	**Circuito Bimbo**	Mexico City, Monterrey and Guadalajara. Panama Honduras Costa Rica El Salvador
	Dulces Vero	Mexico
	• 20 in 24 Run Walk i • Run for women • Mid Atlantic Fun Run • Project bread walk in Boston • Entenmann's Kick it Program.	United States
ENTERTAINMENT	**Record Guinness on World record for electric energy generated by pedaling bicycles.**	Mexico
	First thematic Halloween Race by Barcel.	Mexico
SWIMMING	**Open Sea (Swimming competition)**	Panama and Costa Rica

MORE THAN 41,000 BOYS AND GIRLS TOOK PART OF FUTBOLITO BIMBO SOCCER TOURNAMENT IN MEXICO.

FUTBOLITO BIMBO SOCCER TOURNAMENT AND CIRCUITO BIMBO WALK-RUN

CIRCUITO BIMBO IN THE MEXICAN EDITION...
18,407 people participated, and in the other countries where it took place 3,624.

Every year, thousands of children from throughout Mexico eagerly await the start of the *Futbolito Bimbo* mini soccer tournament. Besides being an interscholastic soccer championship, *Futbolito Bimbo* is an unforgettable experience for kids and their families. It promotes physical activity and helps inculcate values like teamwork, good sportsmanship, fair play and respect, just to mention a few.

In 2014, 41,357 boys and girls from 45 cities of Mexico took part in the *Futbolito Bimbo* tournament, which lasted for 3 months. The eight finalist teams in both sections won regional championship trophies, a five-day soccer camp in Mexico City where they learned about soccer techniques, and were given talks on a variety of topics, among them nutrition. The winning teams of the tournament won an all-expense paid trip to Orlando, Florida.

Inspired by the success of this project, other countries have held their own tournaments: Chile, Guatemala and the United States are finding the tournament to be increasingly popular among their communities. In 2014, 11,725 children participated in these countries.

For the second year in a row, the *Circuito Bimbo* (walk 3 km and run 5 and 10 km) was held, this year incorporating two more Mexican cities (Guadalajara and Monterrey) as well as Guatemala, Panama, Honduras, Costa Rica and El Salvador. In both the walk and run components, the event promotes physical activity and family togetherness for all those who attend.

Dulces Vero in Mexico organized its first recreational run for all family members *"Dulce o Truko"* in which 2,000 children and adults participated.


BIMBO
sembrando
juntos
Planet

Our strategy of environmental care is based on our Planet Pillar, structured on four main action lines: carbon footprint, water footprint, waste management and natural capital.

Back in 2010, Grupo Bimbo established environmental goals for the reduction of several indicators such as energy consumption and greenhouse gas emissions compared to a baseline year of 2009. As we approach the deadline, we are working to reach the targets and preparing new comparison base data for future goals.

Improved environmental monitoring systems have allowed the company to make more precise analysis and decision-making throughout our global operations.

We are broadening our scope of action and working on decreasing the environmental footprint of the company through the value chain and products with more ecological attributes.

LATE IN 2014, GRUPO BIMBO UPDATED ITS ENVIRONMENTAL POLICY IN ORDER TO ENSURE THE JOURNEY TOWARDS SUSTAINABILITY.

*The reporting period for Planet Pillar has been adjusted from November to October to allow better analysis and communication of data. Therefore, this Annual Report only comprehends the period from January to October 2014 (10 months) and the 2015 report will include twelve months. This report doesn't include information from depots, Barcel USA, and the acquisitions of Canada Bread, New York Bakeries, Wholesome Harvest, Saputo, Lucerna and Supan.

ENVIRONMENTAL POLICY OF GRUPO BIMBO

G4-48

At Grupo Bimbo, we acknowledge our environmental impact encompasses all the value chain. We have adopted a wide and long term commitment to minimize our environmental footprint by implementing sustainable practices while we grow the business.

Therefore, Grupo Bimbo, its subsidiaries and all its associates follow the next principles:

- **Strategic planning that integrates sustainability.**
- **Sound environmental management through visible leadership in all areas of our organization.**
- **Involvement of stakeholders with our environmental policy and programs:**
  - **Associates training.**
  - **Collaboration with suppliers to reduce the environmental impact, conserve biodiversity and combat deforestation.**
  - **Dialogue with local governments and communities in which we operate to consider their concerns.**
- **Continual improvement and monitoring of the environmental performance, efficient use of resources (water, energy, raw materials and others) and minimization of waste and emissions generation.**
- **Communication of the performance to internal and external audiences and encouragement of a sustainability culture.**
- **Refurbishments and new constructions according to environmental sustainability criteria.**
- **Packaging optimization and use of recycled materials and/or from renewable sources, considering the requirements of our products.**

Protecting Nature is everybody's responsibility and must be part of how we conduct our business.

Daniel Servitje Montull
President and CEO
Grupo Bimbo

DMA BIODIVERSITY

GLOBAL TIMELINE TO END DEFORESTATION

The United Nations Secretary-General Climate Summit held in September 2014 included the New York Declaration on Forests, which is a non-legally binding political declaration. Grupo Bimbo signed the Declaration endorsing a global timeline to cut natural forest loss in half by 2020, and strive to end it by 2030.

The Declaration is ratified by dozens of governments, 30 of the world's biggest companies, and more than 50 influential civil society organizations. There is also an action agenda that includes commitment to eliminate deforestation from the supply chain (including third party suppliers) by no later than 2020, traceability and transparency and set quantifiable emissions reduction targets in agricultural chains.

DMA EMISSIONS

PARTICIPATION WITH CDP

We collaborated with the CDP (previously known as the Carbon Disclosure Project) answering the information requests for energy and forests disclosure.

By participating with the CDP, we demonstrate leadership in understanding the risks from climate change and deforestation

GRUPO BIMBO ENVIRONMENTAL SUSTAINABILITY AWARDS

Our subsidiary in the USA, Bimbo Bakeries USA, organized the first edition of the Sustainability Awards to celebrate teams that have demonstrated outstanding leadership in the promotion and implementation of environmental sustainability within the company. Some of the winner projects include: energy conservation, steam cleaning, glycol cooling system improvement and LED exterior lighting.

NATURAL CAPITAL BUSINESS HUB

Through our USA Subsidiary, we joined the Natural Capital Hub to share ideas and opportunities to integrate the value of nature into business strategy. The Hub consists of a network of professionals and a database with case studies and resources to help companies evaluate the possibility to undertake businesses which consider strategies respecting natural capital.

The Company's operations in the USA are showcased among 40 other recognized corporations. Designed to be a truly open and collaborative space, the Hub will help companies and organizations learn from each other's work, forge meaningful connections and avoid duplication in their efforts to incorporate the value of nature's assets into their businesses.

CORPORATE ENVIRONMENTAL SUSTAINABILITY TEAM

In 2014, the Corporate Environmental Sustainability team was strengthened with more resources and capabilities to leverage the efforts in all the countries where Grupo Bimbo operates. Thus allowing a more global and strategic approach to sustainability.

G4-EN27

LEHIGH VALLEY PLANT, LEED

Our newly constructed plant in Lehigh Valley (Pennsylvania, USA) was awarded a LEED Gold Certificate because of its environmental credentials in water efficiency, alternative transportation, rainwater use and innovation in the design.

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page 54
GRUPO BIMBO

CARBON FOOTPRINT

DMA EMISSIONS
PRODUCTS AND SERVICES

ACTIONS ON CLIMATE CHANGE AND AIR POLLUTION

We implement different initiatives to decrease air pollutants including the value chain and reduce its contribution to climate change; some of them become a common and standard practice while others help solve temporary needs or are pilot projects.

The following are an example of the most representative actions we took during the year.

1 CLEAN TRANSPORTATION PROGRAM

Our operations in Mexico are enrolled in the government voluntary program called "Transporte Limpio" (Clean Transport) which objectives are to decrease greenhouse gases and air pollutants like nitrogen oxides and particles by reducing fuel consumption.

2 BOILER FREE PLANTS

We recover heat from the processes to supply steam and hot water in newly constructed plants like Rockwall (Texas, USA), Lehigh Valley (Pennsylvania, USA).

Another alternative to traditional boilers are electric heaters for steam generation. We are saving thousands of cubic meters of gas per month at our plants in Uruguay and Santa Maria in Mexico City by using this technology and assessing it for other plants.

3 TORTILLA PRESS EFFICIENCY

The production lines of tortillas normally consume large amounts of energy. We installed variable frequency drives in the tortilla presses of most of our plants to save energy and improve process performance.

4 ENERGY MANAGEMENT CENTER

Our Company hired with Schneider Electric to set up an energy management center at the corporate headquarters that, on a first phase, helps managing the 90 MW Piedra Larga wind farm located in Oaxaca, Mexico. The system used is called AIRE (it stands for Integral Administrator of Energy Resources in Spanish) which includes the installation of measurement and communication equipment in Mexico.

ENERGY AND CLIMATE CHANGE

DMA ENERGY

Energy plays an important role in our business, from baking to transporting.

At Grupo Bimbo, we are continuously working on decreasing our contribution to climate change and air emissions.

We are reducing the energy use in our operations, researching renewable energy alternatives and improving the efficiency of our distribution fleet.

G4-EN3

GRUPO BIMBO'S ENERGY CONSUMPTION

The following chart shows the total energy consumption (fuel and electricity) of Grupo Bimbo's plants and vehicles.

GRUPO BIMBO IN GJ	2010	2011	2012	2013	2014
Total Fuel Consumption from non-renewable sources	15,062,453	15,068,360	20,413,615	17,346,175	14,287,157
Total Fuel Consumption from renewable sources	0	0	0	0	236
Electricity Consumption	2,260,513	2,271,171	3,213,065	3,240,572	2,610,985
Total Energy Consumption	17,322,966	17,339,531	23,626,680	20,586,747	16,898,378

*The data shown for 2014 may not be comparable because it only includes the months from January to October.

The increase in total energy consumption for 2012 is due to the large acquisitions from the USA and Spain. At Grupo Bimbo we only use ethanol in Brazil and is accounted under renewable sources.

PIEDRA LARGA WIND FARM

304 GWH
GENERATED (FROM NOV 2013 TO OCTOBER 2014)*

* For Grupo Bimbo and friend companies that also get the electricity supply.

139 THOUSAND TONS OF CO_2E
emissions abatement

45 MILLS,
with 2 MW capacity each mill.

Electricity coming from renewable sources such as solar and wind generally does not contribute to climate change or air pollution because there is no fuel combustion.

The Piedra Larga Wind Farm in Oaxaca (Mexico) has become our flagship project on renewable energy. It started operations in November of 2012 to supply approximately 90% of the electricity of our plants in Mexico*, two distribution centers (Guadalajara and Monterrey) and the corporate offices in Mexico City during any given twelve month period. We are in the process of incorporating more than 50% of the sales centers, 25% of El Globo stores and one plant to the supply of the wind farm.

*Piedra Larga does not supply electricity to the three plants in Baja California since that area of the country is not connected to the national grid. The plants of Dulces Vero and Hazpan are temporarily not supplied due to administrative processes.

RENEWABLE ENERGY PROJECTS

We are always on the lookout of solutions that supply clean energy to our facilities in all the countries where we operate. Each operation and country demands a tailor-made alternative energy project.

CO_2e: to take into account the emission of carbon dioxide and other greenhouse gases when calculating the level of greenhouse gas emissions, scientists devised an equivalent measure called CO_2e (which means carbon dioxide equivalent). This measure allows other greenhouse gas emissions to be expressed in terms of CO_2 based on their relative global warming potential (GWP).

ELECTRICITY CONSUMPTION

In general, electricity generation has some level of environmental impact depending on the source. At Grupo Bimbo, we understand that by using electricity more efficiently we reduce the amount of pollutants and greenhouse gases released into the atmosphere.

The following table shows the consumption of electricity from the grid (indirect) and self-generated wind energy from Piedra Larga.

At Grupo Bimbo, we understand that by using electricity more efficiently we reduce the amount of pollutants.

GRUPO BIMBO IN GJ	2010	2011	2012	2013	2014
Total indirect consumption of energy from suppliers	2,260,513	2,271,171	3,072,959	2,473,933	1,932,634
Wind energy	0	0	140,106	766,639	678,441
Total	2,260,513	2,271,171	3,213,065	3,240,572	2,611,075

*The data shown for 2014 may not be comparable because it only includes the months from January to October.

THERMAL (FUEL) ENERGY CONSUMPTION

Everyone at Grupo Bimbo is focused in making an efficient use of fuel throughout our operations in plants and the distribution fleet. The following table shows the consumption by type of fuel. This is the first year we are reporting the data for third party distribution vehicles; at this stage the figures do not include third party vehicles from Mexico and the USA.

DISTRIBUTION OF FUEL USE

G4-EN6

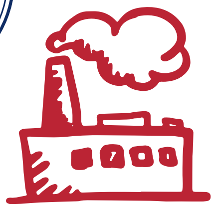
GRUPO BIMBO IN GJ	2010	2011	2012	2013	2014
Natural gas in plants	6,308,151	6,095,813	8,038,092	8,124,529	6,216,706
LP gas in plants	424,985	465,627	453,960	464,720	419,313
Diesel in plants	62,086	66,604	24,867	13,827	52,185
Other fuels in plants (fuel oil)	97,950	74,638	92,567	120,108	110,792
GJ Sub-total in plants	6,893,173	6,702,682	8,609,486	8,723,184	6,798,995
Natural gas in vehicles	-	-	-	123	2,805
LP gas in vehicles	89,991	66,080	44,759	25,693	23,022
Diesel in vehicles	6,145,779	6,315,369	9,650,926	6,461,793	4,548,479
Gasoline in vehicles	1,933,510	1,984,229	2,108,443	2,135,382	2,057,527
Other fuel in vehicles (ethanol)	0	0	0	0	236
GJ Sub-total in vehicles	8,169,280	8,365,679	11,804,129	8,622,990	6,632,068
Diesel in 3rd party vehicles	0	0	0	0	860,009
GJ Sub-total in 3P vehicles	0	0	0	0	860,009
Total direct consumption of fuels (purchased)	15,062,453	15,068,360	20,413,615	17,346,175	14,291,073

*The data shown for 2014 may not be comparable because it only includes the months from January to October.

The increase in diesel use for 2014 is due to the electricity supply in Mexico which caused that some four plants had to supplement their electricity by running the emergency generators. This increase is also due to improved monitoring systems in the plants in Brazil.

G4-22, EN27

The energy consumption reported for third party vehicles refers to distribution vehicles only and does not include USA and Mexico. The data was accumulated within the subtotal for vehicles in the previous years; therefore, it is the first time we present a separate data. The savings in fuel consumption from vehicles are due to efficiencies in fuel consumption and a more accurate calculation and data gathering process.



CARBON EMISSIONS AND CLIMATE CHANGE

We have taken actions on energy and fuel consumption efficiency

We established a 2015 goal to reduce 27% of our CO2e emissions (carbon dioxide equivalent) from plants and the distribution fleet compared to a 2009 base year. We have taken actions on: energy and fuel consumption efficiency and reducing to reduce the waste amounts that go to landfill and the corresponding methane.

During 2014, we improved information traceability of fuel consumption and associated emissions allowing us to monitor the third party vehicles more closely. The emissions reported under Scope 3 correspond to indirect emissions from distribution vehicles not owned by the Company (third party vehicles), except the vehicles from Mexico and USA.

G4-EN15, G4-EN16, G4-EN17, G4-EN19

EMISSIONS BY YEAR AND BY FUEL TYPE

CO_2E TON	2010	2011	2012	2013	2014
Natural gas natural in plants	336,211	341,495	451,355	433,960	337,362
LP gas LP in plants	25,031	29,405	28,669	29,348	26,482
Diesel in plants	4,494	4,821	5,073	5,114	3,623
Other fuels in plants (fuel oil)	5,841	4,451	5,520	7,658	7,382
CO_2e Sub-total in Plants	371,577	380,172	490,617	476,080	374,849
Natural gas in vehicles	0	0	0	7	0
LP gas in vehicles	5,824	4,276	2,829	1,624	1,486
Diesel in vehicles	444,012	456,960	714,265	478,237	328,294
Gasoline in vehicles	128,302	132,840	146,010	147,875	137,397
Other fuel in vehicles (ethanol)	0	0	0	0	16
CO_2e Sub-total in Vehicles	578,138	594,076	863,104	627,743	467,193
CO_2e total direct emissions (scope 1)	949,715	974,248	1,353,721	1,103,823	842,042
Electricity	287,430	286,376	424,327	300,472	230,170
CO_2e total indirect emissions (scope 2)	287,430	286,376	424,327	300,472	394,283
Diesel in third party vehicles	0	0	0	0	62,040
CO_2e total third party vehicles emissions (scope 3)	0	0	0	0	62,040
TOTAL CO_2e EMISSIONS FOR GB	1,237,145	1,260,624	1,778,048	1,404,295	1,134,252

*The data shown for 2014 may not be comparable because it only includes the months from January to October.
*Calculations were based on the GHG Protocol.

OTHER AIR EMISSIONS

Air emissions may be created as a by-product from fuel combustion taking place in ovens and emergency/back-up generators.

We have reported the nitrogen oxides (NOx) and sulfur oxides (SOx) emissions since 2013 for our United States of America (USA) operations. We are implementing standardized monitoring systems in the rest of the business units and will be able to report them in future years. The following table shows the emissions of both pollutants for the plants in the USA.

G4-EN21

TONNES	2013	2014
NOx	153.90	112.48
SOx	0.92	0.67

*The data shown for 2014 may not be comparable because it only includes the months from January to October.

GREENING THE DISTRIBUTION FLEET

DMA TRANSPORT
G4-EN19, G4-EN30

Our strong distribution network allows us to deliver fresh products to every store in the markets we serve. We are very proud of our own fleet and the steps we are taking towards making it the greenest distribution fleet. We also work side by side with our third party distribution partners to help them become more sustainable.

SOME OF OUR GLOBAL ACTIONS

We installed 2,953 speed controllers that improve fuel performance. According to the Mexican Commission for the Efficient Use of Energy, speeds above 110km/h may cause up to 15% overconsumption of fuel.

We are currently running 163 vehicles on compressed natural gas in Mexico and Colombia. In the USA, we purchased 16 tractors for our operations in California and received a grant for converting 81 vehicles to compressed natural gas in 2015.

CENTRAL AND SOUTH AMERICA

We converted gasoline vehicles into LP gas and ethanol, which resulted in 195,296 liters of fuel savings. We are carrying out trials of LP gas vehicles in the USA.

BEIJING

48 electric bicycles travelled 423,600 km in the Chinese capital from January to October 2014 to deliver fresh products saving an estimate of 59,245 liters of diesel.

MEXICO

40 ELECTRIC VEHICLES WERE ADDED IN LATE 2014 TO THE FLEET IN COZUMEL ISLAND

Reduction in the number of trips, by using cabin-over-the-motor tractors and extra-large trailers.
73 electric vehicles distributed products in the center of Mexico City through 247,969 km. Other 40 electric vehicles were added in late 2014 to the fleet in Cozumel Island in the Mexican Caribbean.

SUSTAINABLE COMMUTING

We partnered with Embarq Centro de Transporte Sustentable (Embarq CTS) in Mexico for a pilot project of a shared shuttle for Grupo Bimbo headquarters and two other corporate offices in the neighborhood of Santa Fe in Mexico City. The reason for the project is that the three companies have their own shuttles although these do not usually reach their full capacity but by sharing their commuting needs we are able to offer more routes to our associates to come and go from the office.

Towards the end of 2014, Embarq CTS carried out a survey at Grupo Bimbo's corporate office to understand the commuting behavior and needs of the associates. The conclusions were used to plan alternatives for commuting to be implemented during 2015 to decrease air pollutants, demand for space and stress from travelling.

For achieving LEED Certification for our new Lehigh Valley plant (USA, Pennsylvania), we teamed up with the Lehigh and Northampton Transportation Authority to retrace their bus routes to provide public transportation to our associates at that plant.

ENERGY CONSUMPTION INTENSITY RATIO

THIS INDICATOR SHOWS THE AMOUNT OF ENERGY CONSUMED BY GRUPO BIMBO FOR EVERY TON OF PACKAGED PRODUCT. IT IS THE BEST WAY TO MEASURE OUR EFFICIENCY IN TERMS OF ENERGY.

The following tables show the energy intensity ratio considering fuel consumption in plants, vehicles and third party vehicles (except the third party vehicles from Mexico and the USA).

ENERGY INTENSITY RATIO IN GJ WITHIN THE ORGANIZATION (plants and own vehicles)	FUEL
Total Fuel Consumption GJ	13,431,063.64
TPE (tons)	3,257,910.69
Ratio	4.12

*The data shown for 2014 may not be comparable because it only includes the months from January to October.

ENERGY INTENSITY RATIO IN GJ OUTSIDE THE ORGANIZATION (Third party vehicles and electricity)	FUEL & ELECTRICITY
Total Fuel Consumption 3P Vehicles	860,009.47
Total Electricity Consumption	2,611,075.00
Total Energy Consumption	3,471,084.47
TPE (tons)	3,257,910.69
Ratio	1.07

*The data shown for 2014 may not be comparable because it only includes the months from January to October.

The intensity ratio results from dividing the total energy consumption by tons of packaged product. It is the first year Grupo Bimbo reports on this data following the GRI recommendations. In the coming years, this indicator will help make better analysis on our progress to sustainable use of resources.

GENERATED EMISSIONS INTENSITY RATIO

This is an important indicator that is comparable through the years and offers transparency. It is calculated by dividing the amount of CO_2e emissions by tons of packaged product.

The following table shows the CO_2e intensity ratio considering emissions from plants, vehicles and third party vehicles (except the third party vehicles from Mexico and the USA).

CO2e INTENSITY RATIO WITHIN THE ORGANIZATION, SCOPE 1	CO_2E
Total CO_2e Emissions (tons)	842,042.18
Tons of Packaged Product (TPE)	3,257,910.69
Ratio	0.26

CO2e INTENSITY RATIO OUTSIDE THE ORGANIZATION, SCOPE 2 & 3	CO_2E
Total CO_2e Emissions (tons)	292,209.53
Tons of Packaged Product (TPE)	3,257,910.69
Ratio	0.09

*The data shown for 2014 may not be comparable because it only includes the months from January to October.

WASTE MANAGEMENT

We are committed to reducing the generation of all kinds of waste, reason why we continually invest to conserve raw materials, reduce waste in our facilities, recycling, use renewable materials and optimize packages to use fewer materials.

We have improved our processes towards zero waste to landfill and we are close to get there. Managing waste correctly makes business sense and is the sustainable way to go.

ZERO WASTE TO LANDFILL

We aim to increase the amount of waste sent for beneficial uses such as reusing, recycling and recovery. Since 2009, we have reached over 95% of waste diverted from landfill to beneficial uses.

Since 2009, we have been able to send

95% OF WASTE

for beneficial use.

G4-EN23

Waste (tons)	2014
Recyclables	192,787
Non-recyclables	11,401
Special handling	9,780
Hazardous waste**	866
Total waste disposal	214,833

* The data shown may not be comparable because it only includes the months from January to October.
**Mainly composed of vehicle maintenance waste such as used mineral oil, batteries, paint and solvents, among others.

During 2014, we added waste management records from all our operations (except El Salvador) into our in-house environmental monitoring system allowing us to have a more precise way to calculate the type of waste generated and its disposal method.

Most of the waste classified as special handling is sent for beneficial uses as well as the hazardous waste. Therefore, the percentage of total waste sent to recycling and other beneficial uses is well over 90% and less than 10% of waste going to landfill.

In the USA, fourteen plants reached the goal of zero waste to landfill during 2014. The Sioux Falls plant (South Dakota, USA) has not shipped any waste to landfill since June 2013 due to recycling and best practices.

TRANSPORTATION OF WASTE AND INTERNATIONAL SHIPPING

G4-EN25

At **Grupo Bimbo**, we do not transport our waste, either hazardous or non-hazardous. We hire the services of third party companies.

PACKAGING MATERIALS

DMA PRODUCTS AND SERVICES
G4-EN27

THE PACKAGES OF OUR PRODUCTS HELP TO ENSURE THAT WE DELIVER QUALITY PRODUCTS TO OUR CONSUMERS. WE ARE CONTINUALLY STRIVING TO IMPROVE THE SUSTAINABILITY OF OUR PACKAGES BALANCING FOOD SAFETY, ENVIRONMENTAL AND TRANSPORTATION CONCERNS.

At **Grupo Bimbo,** we understand the needs of packaging of each of our products in the different countries where we operate and the local legislation. Our packages meet strict company quality requirements.

In 2014, we developed and implemented new formulas that help standardizing the polyethylene packages to guarantee its performance and decrease the weight of plastic packages. We have been reducing the thickness of our packages as well as optimizing the capacity of our containers.

Some of the initiatives taken during 2014 were reducing the thickness of the tortillas packaging by 23% in Mexico, the pound cake packaging by 16% in Brazil and the bread packaging in Spain by 8%.

The following table shows the progress we have made thru the past five years. The highest reduction of caliber was reached in 2013.

PACKAGING CALIBER	2010	2011	2012	2013	2014
Kg reduced	394,862	99,804	164,706	963,965	199,110

Grupo Bimbo uses different kinds of materials for packaging our diverse product lines according to quality and marketing needs. We are improving our tracing systems to closely monitor the materials and adding sustainability criteria to the purchasing process.

Added to purchasing renewable materials, we are working to increase the amount of recycled content of our packages.

GRUPO BIMBO & TERRACYCLE

Grupo Bimbo and Terracycle started working together in 2011 to divert packaging waste from landfill. TerraCycle is a company specialized in recycling packages and raising awareness among consumers.

There are more than five thousand groups of people called brigades that collect packages from brands like Bimbo, Ricolino and Entenmanns in Mexico and the USA. The brigades help eliminate waste and get the opportunity to earn money for their schools or favorite NGO.

TerraCycle receives the packages in their facilities and select the best method of treatment for each. The packages can be reused, recycled or upcycled for promotional materials by Grupo Bimbo.

More than **1 MILLION** packaging pieces were collected during 2014

G4-EN27

CORNSTARCH TRAYS AT EL GLOBO, MEXICO

At El Globo bakeries we sell most of our products on trays, using almost 4 million of them a year. In 2014, cornstarch trays replaced the traditional plastic trays thus offering consumers a more sustainable experience, as this is a renewable and biodegradable material. At the time of writing this report, El Globo had already replaced 2 million trays.

Cornstarch takes **90 TO 240 DAYS** to degrade under compost environmental conditions.

The new bioplastic polymer was introduced during the second semester of 2014 to replace other polystyrene packaging materials.

WOOD SUBSTITUTE

In October 2014, through our subsidiary company Moldex, we started the production of an ecological alternative to wood made from waste materials. We are excited to think about alternatives and allocate resources for research and development of sustainable technologies.

We developed plaques with appearance of rustic wood made of extruded plastic and natural fiber waste; a recycled and recyclable material. The material went through a development phase to adapt and strengthen its applications using the plastic packaging from our products in Mexico. It is a solution that helps managing waste and may substitute wood, cardboard, plastic and concrete.

This ecological substitute for wood is not toxic, fire retardant, lasting, impact resistant, low maintenance, rot resistant and low water absorption. Some of its uses are point of sale material, exterior furniture, construction material, pallets and many other products.

WATER FOOTPRINT

WATER CONSERVATION

DMA WATER

At Grupo Bimbo we take pride of our comprehensive water management system with practices such as efficient use, treatment and reuse throughout all our operations.

A total of 29 plants consume water from wells that have been authorized by the regulatory bodies. In Mexico, 16 plants harvest and use rainwater. Accurate measuring of rain water harvesting will take place in 2015.

G4-EN28

GLOBAL m^3	2012	2013	2014
Well water	1,548,221	1,334,810	983,852
Rainwater collected	0	3,965	0
Municipal water supplies or water utilities	3,264,032	3,160,999	2,642,903
Total	4,812,253	4,499,773	3,626,755

* The data shown may not be comparable because it only includes the months from January to October.

WASTEWATER DISCHARGE

We are reducing our ecological impact by increasing the capacity for treating water and reusing it within our facilities for washing vehicles, services and gardening. At some countries, we are not required to treat the discharge water on-site since there are municipal treatment systems.

The water treatment plants from El Salvador and Honduras started operations in September; while the plants in Tenjo (Colombia) and Costa Rica are building new water treatment facilities to be inaugurated in the first quarter of 2015.

In 2013, the percentage of treated water was reported using a new methodology. After an analysis in 2014, it was decided the data would be reported in the same format as 2012.

G4-EN10, G4-EN22

GLOBAL (M^3)	2012	2013	2014
Total volume of water treated	939,098	2,117,430	720,666
Total volume of water reused	416,003	1,523,300	369,133
% of water treated from the Total Consumed Volume	20%	47%	20%

*The data shown may not be comparable because it only includes the months from January to October.
*The data for 2012 does not include information from the USA. The data from the plant in China is not included.

In our operations in Mexico, the water treated is used for gardening and washing vehicles. In Central America, we started harvesting rain water in some sale centers that is used for washing vehicles.

NATURAL CAPITAL

FOCUS ON NATURE AND AGRICULTURE ECOSYSTEMS

Back in 2012 we studied the impact on biodiversity from our 158 production plants. The study concluded that the direct impact from our plants on critical biodiversity sites and endangered species showed low impact since our plants up to 2013 were located in urban or semi-urban areas.

Several governmental organizations like the United Nations Environment Program (UNEP) and non-governmental organizations like the Worldwide Fund for Nature (WWF) declare that the largest environmental impacts of the food industry happen through the supply and value chains linked to agriculture. The greatest impacts of the industry are greenhouse gases emissions due to land use, release of toxic substances and water consumption.

DMA SPECIFIC SUPPLIERS' ENVIRONMENTAL ASSESMENT

In 2014, besides from assuring that Grupo Bimbo's plants operate responsibly with the environment, we started focusing our efforts in understanding the impacts we generate in ecosystems through the raw materials supply chain.

We are currently planning a global strategy for Grupo Bimbo to address the impact of its value chain in natural ecosystems.

At a regional level, we started a local pilot project in Mexico to research the impact in nature from our suppliers of potato and goat milk. While in the USA we are currently engaged with a major flour supplier to better understand the impacts of wheat farming on the environment.

POTATO AND GOAT MILK IN MEXICO, A PILOT PROJECT

The Company in Mexico sources potato for the production of chips under the Barcel brand and goat milk for confectionery under the Coronado brand. One of the first challenges we had, was researching precise geographical data of the land of the suppliers. The second step is to identify the relationship between their locations and potential habitat damages. The results will help us design action plans for protecting nature in the local areas.

EUREKA! ORGANIC BREAD

Eureka! Organic Bread is the only organic brand within Grupo Bimbo portfolio of productsand is uniquely positioned to be about the discovery of great tasting, organic bread (hence Eureka!). The bread is baked with organic whole grains and high-quality natural ingredients, earning it the right to display the "USDA Organic" and "Certified Vegan" certification logos. Since the launch in 2012, in California (USA), Eureka! Organic Bread expanded throughout the United States of America in 2014, most recently to the entire USA east coast with 3 new items. The current Eureka! brand includes the following varieties:

SWEET BABY GRAINS
flavorful and sweet

TOP SEED
five different seeds into this crunchy bread

"SAAA-WHEAT"
Chewy and full of flavor with just the right amount of crunch

GRAINIAC
twelve grains in this chewy bread

SEEDS THE DAY
six seeds and rolled in more seeds

SMOOOTH WHEAT
classic wheat bread

Eureka! Organic Bread is #2 in growth within the Organic Bread segment in the USA and continues to expand through distribution, trial and repeat purchase. The brand is sold in all major USA retailers and many smaller, natural and organic food retailers.

G4-EN27

Eureka! Organic Bread also recently launched an innovative new packaging that is up to 39% bio based, made from Braskem's Green Polyethylene, a renewable raw material verified using ASTM D6866. Eureka! is the first packaged bread in North America to use this renewable and sustainable technology. To help consumers recognize the green packaging material in stores, Braskem created a seal that guarantees the renewable content of the plastic, which all Eureka! products proudly carry on the front of the package.

WHAT DOES "ORGANIC" MEAN?

Products labeled as organic were produced using methods that preserve the environment, and avoided the use of chemical substances like pesticides and antibiotics. Al-though organic standards may vary from country to country, all products share basic principles like: preserving natural resources and biodiversity, supporting animal health and welfare and not using genetically modified (GM) ingredients. Organic farms receive annual onsite inspections to guarantee compliance to the standards.

WHAT DOES VEGAN MEAN?

Vegan certified products do not contain animal ingredients or by-products and have not been tested on animals. The certification requires that products must provide supplier verification that animal products were not used in the manufacturing of ingredients and contain no known animal-derived genetically modified or genes used to manufacture ingredients or finished products.

PALM OIL POLICY

The Company worked during 2014 on developing an ambitious long-term policy on palm oil purchasing.

To accomplish our 2015 commitment, we have developed a plan that ensures the sourcing of 100% Certified Sustainable Palm Oil through RSPO* Green Palm Certificates and Mass Balance by the end of 2015.

Additionally, we are working on a new Sustainable Palm Oil Policy to be released during the first half of 2015 that goes beyond RSPO requirements and reinforces our commitment to no deforestation of High Conservation Value (HCV) land and High Carbon Stock (HCS) forest, no peatland development, no social or labor exploitation and ensures traceability.

G4-EN27

Green Palm certificates is a certificate trading system in which companies purchase palm oil from established suppliers along with a certificate to pay directly to a producer of Certified Sustainable Palm Oil. Mass Balance is a system where certified sustainable palm oil and non-certified palm oil are mixed to avoid the costs of keeping the two separate.

ENVIRONMENTAL ENHANCEMENT OF PRODUCTS

PRE-COOKED TORTILLAS

Grupo Bimbo in Mexico recently added a new line of pre-cooked tortillas to its pre-cooked products category. Under the brand of Tortillinas Tía Rosa, these tortillas have only been pre-cooked, meaning that the consumer has to fully cook them at home. The Mexican consumer usually heats on the stove the traditional Tortillinas (which have already been fully cooked at our facilities) which means that, in total, the consumer and Grupo Bimbo would be consuming a greater amount of energy. By only pre-cooking these new tortillas at the plant and the consumer heating them at home, we both save on gas in terms of the full life cycle of the product.

sembrando juntos | Community

In Grupo Bimbo we know that success is achieved when the benefit is for everyone. In addition to the good development and management of the company, a program for support and development for the communities that the company serves is needed.

Since its inception, Grupo Bimbo adopted social responsibility practices based on this principle. Today, these actions are managed by the Community Pilar in the *Sembrando Juntos* platform.

LINES OF ACTION

These lines of action bring us closer to communities where we can work on common projects, contributing our grain of flour for improving their day-to-day environment.


BIMBO

To do so, Grupo Bimbo has to know what elements are useful for its stakeholders. Over the course of the year, we took a number of actions to approach them and find out what aspects we should be reporting on. What we discovered were the following:

ASPECT	
FIghting corruption	Because of the size of the organization and the commitment we assume as part of the Mexican Stock Exchange Sustainable Index and the UN Global Compact.
Regulatory Compliance	Compliance with all legal requirements in each of the communities where we operate. This includes rules, specific regulations for the industries we participate in, and any other guideline or law that applies to our operations.

One particularly important aspect, given the nature of our business, is encouraging physical activity and helping to improve human health. Although this is not among the guidelines recommended by the Global Reporting Initiative (GRI), we believe it is an important issue, so we provide information about the programs we provide to promote physical activity and health care in our communities.

At Grupo Bimbo, we have abided by the principle of social responsibility since our foundation. We know that this principle must constantly be put into practice, and we need to bring in new partners to make tangible progress on this front.

DMA INDIRECT ECONOMIC IMPACTS
G4-EC7

For this reason, we believe it is important to report on two of our basic programs for transmitting and involving communities in our approach to social responsibility: Volunteering and Good Neighbor.

The Community Pillar is part of Grupo Bimbo's Social Responsibility Strategy, which we call "Sembrando Juntos." Through it, the basic guidelines for Volunteering and Good Neighbor programs are defined and shared as well to every of the participant plants that adapt each program in order to meet the requirements of each region.
Once the needs are identified, participants implement, measure and report on each of the activities authorized by headquarters in Mexico, ensuring that the programs are continued.

The table below shows the components and material aspects involved in managing this pillar.

Policies	Social Responsibility Policy, Donation Policy, Natural Disaster Policy
Commitments	Contribute to the welfare of the communities where Grupo Bimbo is present, through actions focused mainly on health and physical activity promotion, environment conservation, education, , and community development
Objectives and goals	For all of Grupo Bimbo's plants to have a Good Neighbor project. By the year 2020, to have Good Neighbor Programs in 100% of our plants.
Responsibilities	To be a good corporate citizen
Resources	2% of net profits from the previous year donated to charitable institutions.
Specific measures	Number of people directly and indirectly benefited, number of projects

With the combination of these programs, Grupo Bimbo hopes to make a measurable contribution to the various communities where it operates.

VALUE CHAIN

G4-12, G4-13

At Grupo Bimbo, we continually work for a closer relationship with our suppliers and clients, two essential links in our value chain, as well as with other key participants .

In 2013, we defined the links of our value chain, which are shown below:

WHERE Sembrando Juntos	WHAT WE DO create the best flavor	HOW WE bring our brands closer to our consumers
SUPPLY 33 suppliers of raw materials audited	**OPERATIONS** 144 plants in 19 countries 4 innovation and nutrition centers	**DISTRIBUTION AND SALES** More than 52,000 distribution routes 1000 distribution center

OUR ACTIONS

- Code of conduct for suppliers
- Green Purchasing program

- Piedra Larga Wind Farm
- Good Neighbor Program
- Reformulation and devolp-ment of healthy products

- Green Fleet
- Ecological sales center

WE HAVE THE BEST OPTIONS TO nourish and delight you	LONG TERM ALLIANCES	WHY we work for a better future
MARKETING More than 10,000 products in more than 100 products	**CLIENTS** More than 22'000,000 points of sale	**POST CONSUMPTION** Alliance with Terracycle Limpiemos Nuestro México

OUR ACTIONS

- Responsible marketing
- Promotion of a healthy lifestyle

- Training and speciallized con-sultancies
- Attention for improvements of the operation and manage-ment of their business
- Client development

- Sustainable packaging
- Terracycle Brigades

In 2014, we began or continued working on initiatives in several of these links. Some of them are highlighted below:

SUPPLY	OPERATIONS	DISTRIBUTION AND SALES	MARKETING	CLIENTS	POST-CONSUMPTION
Support for Stevia growers	Electric cars.	Fin Común loans to suppliers	Innovation in the product portfolio	Client development	Moldex Wood substitute
Potato Initiative	Nutritional improvement of products	Opening of ecological sales centers	Responsible marketing	Project "Qiubo"	Terracycle
Sesame seeds	Good Neighbor program and Volunteering work in areas neighboring our plants		Futbolito Bimbo -Soccer tournament Bimbo Walk-Run	Improvement of mom&pop stores	*Limpiemos Nuestro México* (Let's Clean up Mexico)
			Actions with consumers to benefit the community		Biodegradable packaging

MAIN ACTIVITIES IN OUR VALUE CHAIN

We have been building closer ties with our value chain for a long time. In 2014, we redoubled our efforts to cover each link in the chain. The first step was to identify the value chain in a complete and comprehensive way. Once this was done, we identify opportunity areas where we could contribute.

Clients

One of the links we have been involved with consistently over the years has been our clients.

The following are the main activities we carried out with them in 2014:

ACTIVITY	RESULT	REGION
Training in business administration and operation	477 clients trained	Mexico
Loans through the "Pesito" program	327,674 loans, equivalent to MXN 238,803,230	Mexico
Training through the Foundation for Educational and Social Action (FUNDAES)	75 store owners trained	Panama
Store layout improving program	34,507 stores improved or transformed	Mexico
Establishments with the "Qiubo" charge card system	75,000	Mexico

In countries like Venezuela, loans were extended to high-potential store owners; in Guatemala, 811 clients received support with "Quetzalito" loans. Bimbo Panama once again introduced the Fundes program, providing management, food safety and services training to 75 store owners in the Retail Channel.

Additionally, improvements were done in stores' front of buildings in Mexico, Colombia, Guatemala, Panama and El Salvador, increasing the customers' flow in those kind of stores.

Qiubo, a minority joint venture with Blue Label Telecoms, reached 75,000 clients throughout Mexico, giving them another option of payment system. Through these terminals, 35% of our store owners can charge customers using credit cards, debit cards and vouchers, and they can also sell air time and serve as payment channels for utility bills. This boosts store traffic increasing their income.

Suppliers:
Our suppliers have been tireless allies at all times, serving as a key support for our value chain. Through the Purchasing area, various activities were coordinated to help our suppliers develop their businesses. Last year, we achieved the following results:

G4-EN32, G4-EN33, G4-HR10, G4-HR11, H4-SO9, G4-SO10

ACTIVITY	RESULT	REGION
Audits		
Evaluation through the international Negotiation, Operation, Innovation and Supply (NOIS) indicator	Choice of best supplier in 2014 for Bimbo and Barcel	Mexico
Packaging audits through certifications backed by the Global Food Safety Initiative (GFSI)	At the close of 2014, 73% of our expenditures related to suppliers that had of some GFSI-backed certification or process audit	Mexico
Training		
Introduction of the Supplier development program	254 suppliers signed up for the program in categories like raw materials, packaging and containers,and maintenance services	Mexico
Overall best practice implementation	Publication on the suppliers website	Global
INSTITUTIONAL STRENGTH		
Social responsibility questionnaire	120 questionnaires applied, 2.5% of the target	Mexico
Carbon Disclosure Project (CDP-FFDP)	2014 Questionnaire completed	Global
Participation in fairs and events	Participation in Entrepreneur Week	Mexico

SUPPLIER ENVIRONMENTAL ASSESSMENT

We developed a strategy for assessing the environmental sustainability of our suppliers in Mexico that was presented in October 2014. The strategy includes specific guidelines for purchasing and is validated with audits and verifications. We also promote the exchange of information and good practices between Grupo Bimbo and the suppliers.

Sustainability Survey

The first phase involved asking over 100 suppliers to answer a sustainability survey together with the audit process, with the aim of understanding their current situation on several issues such as the environment.

The survey lets us know if the suppliers have energy saving programs, water conservation practices, waste management and monitoring, use of recycled materials and mitigation action plans, among other aspects. Then we confirm their answers through an on-site audit.

Also, as in every year, the Annual Suppliers' Meeting was held in Mexico City, involving commercial partners from various countries. The meeting also included a workshop to discuss key issues for suppliers and for Grupo Bimbo.

In 2014 we started up a webpage for Grupo Bimbo suppliers, opening a new channel for communication and the exchange of relevant information, as well as for communicating.. The webpage was also used to communicate the Third Party Code of Ethics so that Grupo Bimbo suppliers would familiarize themselves with it and sign it. The code includes environmental aspects such as water conservation, waste management, energy and climate change as well as human rights issues, among

DMA SUPPLIERS' ENVIRONMENTAL ASSESMENT

others. It is currently in the process of being signed by all of the company's suppliers.

We encourage our suppliers to minimize or eliminate all negative impacts on the environment caused by their operations as well as complying or exceeding with all environmental regulations.

Another key supplier development initiative is a project we are carrying out with our primary suppliers of potato products. Through a course of Good Agricultural Practices (GAPs) with an emphasis on the GLOBAL GAP protocol, Grupo Bimbo provides potato growers with the know-how and tools they need to correctly document and implement the GAP version 4.0 processes, and basic principles required by various supermarket chains in the United States and Europe. With this, we help our suppliers to learn about and implement best agricultural practices, resulting in safer and more sustainable practices and ultimately improving the quality of the product sold.

We introduced the DESEO program with 195 small and mid-sized businesses, in the categories of raw materials, packaging, finished product, civil work, contract manufacturing, and others, in order to inform them about the minimum requirements for being Group Bimbo suppliers. The program covers areas such as food safety, social responsibility, sustainability and compliance with local laws, among others.

Bimbo of Colombia, has been working with farmers in that country, for 3 years now, to develop sesame seed.

The aim is to support a family group of farmers with resources for planting, harvesting and cleaning of sesame.

COMMUNITY

Our contribution to society focuses on the issues of health and physical activity promotion, environment, education, and community development.

Donations

DMA ECONOMIC PERFORMANCE
G4-EC1, G4-EC8

Through our donation strategy, we help the most vulnerable members of society through various non-profit organizations. Combining our material support with their experience and know-how, we can work together for the benefit of these communities.

The donations program focuses on institutions involved in the following areas: physical activity and health, environmental care, education and community development.

Through our donation budget (regulated by our policy), we support many communities. In 2014, we allocated 86 million Mexican pesos to the support of 370 institutions, including cash donations to 144 causes and in-kind donations to 226 others.

Grupo Bimbo, since its beginnings almost 70 years ago, assumed social responsibility as part of the philosophy and commitment of its founders to give back to society some of what was received from it. That is why, since community support is a material concern for Grupo Bimbo, we are currently more focused more on supporting projects in Mexico. Many projects are implemented in other countries, where the impact will increase in the coming years.

Donations Policy

Most of the countries where we operate have a budget for supporting community. This is assigned by the Donations Committee, which is in charge of authorizing projects and donation amounts. Once the donation is approved, it is channeled to non-profit organizations involved in our key areas of concern.

Donation Results

The following table highlights some of the 370 organizations we support, showing the results for each strategic category.

Education:

INSTITUTION	COUNTRY	RESULT
Enactus	United States and Mexico	1,832 social entrepreneurs supported.
Impulsa – Junior Achievement	United States and Mexico	We support young people that participated in entrepreneurs development and value projects.
Papalote Museo del Niño	Mexico	10,000 children from low-income families visited the museum
Fundación Pro Empleo Productivo	Mexico	486 entrepreneurs received business training.
GPARE	United States	We contribute to the education of young people in a risk situation.
Empresarios por la Educación	Colombia	We contribute to the improvement of education quality in the country
Fundación Sara Raier de Rassmuss	Chile	We support educational projects through management tools.
ONG Sohnar Acordado	Brazil	We supported 1,200 children with educational materials.

Health, physical activity and healthy lifestyles

INSTITUTION	COUNTRY	RESULT
Fundación Nemi, A.C.	Mexico	72,830 public and private high school students received a talk on healthy lifestyles.
Queremos Mexicanos Activos, A.C.	Mexico	Promotes initiatives to encourage physical activity in various spaces like work, schools, government offices, etc.
Casa de la Amistad para Niños con Cáncer	Mexico	Support for 86 children with cancer, through medicine, special lab tests and requirements during their treatment.
APAC	Mexico	Benefited 500 children with Cerebral Palsy.
Pitt Hopkins Research Foundation	United States	We contribute to the investigation to find treatment and eventual cure of the Pitt Hopkins Syndrome.
Back on my Feet	United States	We promote self-sufficiency of those experiencing homelessness building confidence, strength and self-esteem through running.
Children's Miracle Network	United States	We contribute to the equipment, educational programs and other services at the Janet Weis Children's Hospital.
Movimiento Nueva Generación	Panama	We support children and adolescents in a risk situation through social, cultural and sports activities.
Fundación Bambi	Colombia	We help vulnerable children in their wellbeing and development
Asociación de Lucha contra el Cáncer Infantil	Costa Rica	We support children in their cancer treatment
Escuela de Beisbol Menor	Venezuela	We promote physical activity among children in Plaza and Zamora municipalities
CONADIS	Peru	We support actions to achieve the social, economic and cultural integration of people with disabilities
Yo Mujer	Chile	We support women with breast cancer and promote timely detection
Fundación Descúbreme	Chile	We contribute to increase sensitivity related to the inclusion of disabled people
Abrigo Santa Luzia	Brazil	We support integral care of old women

Environment

INSTITUTION	COUNTRY	RESULT
Reforestamos Mexico	Mexico	Community commitment to sustainable forests.
Fundación Azteca	Mexico, Guatemala, El Salvador	Cleaning campaign, with the participation of over 8.5 million people, gathering 42 thousand tons of trash.
CESPEDES	Mexico	Promotion of sustainable development.
New Mexico Bio Park Society	United States	We contribute to the park care and its educational and recreational programs.

Rural Development

INSTITUTION	COUNTRY	RESULT
Fundación León XIII	Mexico	Benefited 8,450 people from indigenous communities.
Patronato Pro Zona Mazahua	Mexico	Supported productive processes benefiting 120 indigenous people and their families.
Mexico Tierra de Amaranto,	Mexico	Benefited 540 people from indigenous communities.
Fundación Pro Mixteca	Mexico	Benefited 1,000 people from indigenous communities with training, reforestations, greenhouses, vegetable gardens, etc.
Fundación CIE	Mexico	Benefited 80 tepehuan indigenous children through support to the La Ventana shelter in Durango.
Secretos para Contar	Colombia	We support Reading and education strengthening in Antoquia rural families and teachers.

By supporting various institutions in Mexico, we achieved the following results in 2014:

VALUES		
INDICATOR	Total Direct Beneficiaries	Total Indirect Beneficiaries
Older adults	1,655	0
Training	350,387	120,590
Education	332,723	904,791
Entrepreneurism	131,036	68
Vulnerable Families	60,000	0
Indigenous people	31,465	30,820
Youth	1,175	380
Children	342,465	0
Health	13,458	6,263
Productive projects	129,429	2,950
Grand total	**1,393,793**	**1,065,862**

The programs we supported through our donations are focus to improve quality of life in the neediest communities near where we operate. These actions are consistent with the interests expressed by the stakeholders evaluated, for whom rural development and community were among the most frequently mentioned priorities.

INSTITUTIONAL PROFESSIONALISM

In 2014, we organized training for the non-profit organizations we support, in order to help them to improve their knowledge and skills for designing and introducing evaluation tools, so they can better know and communicate to their stakeholders the ways in which they benefit the populations they serve.

31 institutions and 60 of their associates participated in the training , which was given by an expert in the field.

Other actions benefiting the community:
Among the consumer actions we pursued last year, for the second year in a row, was the Bimbo brand's participation in the "Pink Campaign" in Mexico during the month of October. The packages of Bimbo's "Silueta" bread were printed in pink to commemorate the campaign, and during the month a portion of the revenues from the sale of this product were donated to the Mexican Cancer Association (Asociación Mexicana de Lucha Contra el Cáncer AC), providing mammograms for women in vulnerable communities, breast prosthetics and lymphedema sleeves. Because of the timing of the campaign and remittance of the cash donation, most of these women will benefit in 2015.
The donation made in 2013, benefited in 2014, a total of 516 women with mammograms, 37 with external breast prosthetics, 40 with lymphedema sleeves. Furthermore, the El Globo bakeries were equipped with donation boxes for the campaign.

In a joint effort to support the comprehensive development of indigenous communities in Mexico, and with the involvement of musician Miguel Bosé, Bimbo together with the National Commission for the Development of Indigenous Peoples (CDI) and other companies, launched a the "Alliance for the Development and Welfare of Indigenous Peoples," which worked on equipping shelters for indigenous schoolchildren throughout the country, turning them into sustainable spaces that promote education, health and nutrition, where indigenous boys and girls can learn a trade and become agents of change, promoters of their own cultures and of sustainable development in their regions.

DASH BERLIN

The Barcel brand, which works to connect young people with social responsibility, together with world-famous DJ Dash Berlin, carried out two key social responsibility projects in 2014. Inspired by the huge support generated by its support of the Mixteca community in 2013, and coinciding with the 2014 World Cup Tournament in Brazil, Dash Berlin made a public bet through social networks, in which, if Mexico won the Mexico-Netherlands match, he would wear the green jersey in his next concert. If Netherlands won, Dash Berlin and Barcel would donate a soccer field in the state of Yucatán. Netherlands' win over Mexico resulted in the full remodeling of a soccer field in the city of Izamal, Yucatan, including resurfacing the playing field, painting all the structures, renovating the bathrooms and grandstands, walls and mesh fencing. In September, the field was opened to children and young people, providing a space fully equipped for physical activity and healthy socialization.

With the goal of raising awareness among young people about the importance of environmental care, also in September,

DASH BERLIN Y BARCEL
organized an event to break the
GUINNESS WORLD RECORD
energy generated by pedaling on bicycles

with the energy used to power the stage for the event (screens, amplifiers, etc.), in which the DJ performed a musical showcase. Young people were invited to join in the event, and more than 1,700 people took part, generating 5,545 watts of power.

Deep Dish, another world-famous musical group, organized a concert together with Barcel to benefit the Mexican Cerebral Palsy Association (Asociación Pro Personas con Parálisis Cerebral I.A.P., or APAC), in which a portion of the ticket sales went to improve the quality of life of children suffering from cerebral palsy, by helping to develop psychomotor abilities among 500 students at that institution, among other actions.

Together with the Fundación CIE, we continue to bring joy and entertainment to vulnerable members of society by contributing products for events designed especially for them. One of these was a celebration of Grandparents' Day, together with the legendary tropical music band Sonora Santanera, for some 1,500 senior citizens, and the Christmas party held for 800 boys and girls in Mexico.

To celebrate Three Kings' Day on January 6 we supported Fundación Azteca's "Jugetón" with 9 delivery vehicles to distribute toys to boys and girls in vulnerable situations at various institutions, hospitals and shelters in Mexico City.

Since its founding in 2002, we have supported the nonprofit organization Reforestamos México (We Reforest Mexico) who works to transform the relationship between people and forests to increase the competitiveness of the sector and therefore its sustainability. To achieve this, they have programs as: Community Business Development, which promotes the creation of forest companies that help people acquire entrepreneurial skills; Young Forestry Entrepreneur Contest where university students receive training and advice to make a project and with Better Alliances, Better Forests they link companies with forest communities to recover them.

DURING 2014 THESE PROGRAMS REACHED 993 PEOPLE

SUPPORT IN NATURAL DISASTERS

Grupo Bimbo Mexico Natural Disaster Fund

At Grupo Bimbo Mexico, we have organized a fund to support associates who have been affected by natural disasters such as earthquakes, hurricanes, floods, etc.

The fund is made of contributions from company associates and the company itself. The support is triggered when any natural disaster affects the property of any associates and his or her family. In 2014 the fund supported 136 associates in Tabasco, Mexico State and Baja California.

Northern Mexico was hit hard by Hurricane Odile last year, and the fund was used to support associates whose homes were damaged. Other actions were also taken, as listed below:

GRUPO BIMBO SUPPORT FOR BAJA CALIFORNIA

ACTIVITY	SUPPORT
Internal collection to support affected Grupo Bimbo associates associates	14,575 associates donated, and the amount was matched by the company
Support to the National Disaster Authority for transporting food supplies	4 trailers
Donated Grupo Bimbo Products	9.8 metric tons
Basic staple goods and purified water	6.7 metric tons donated by associates and the company
Associates supported by the Grupo Bimbo Mexico Natural Disaster Fund	41

In April 2014, we helped the people of Chile deal with two disasters, first the April 1 earthquake and shortly after the wildfire that devastated part of the city of Valparaíso.

Earthquake:
A group of associates from Ideal traveled to the affected region to support children, giving them a glimpse of hope amidst the devastation. They carried out entertainment activities for children in some villages and schools, and donated products and gifts for the families.

They also worked together with a team from the Salvation Army, who set up in Huara, a small commune in northern Chile where most homes were devastated by the earthquake because of the type of material they were built with. This team prepared food for people who were in the area, living in tents or in severely damaged homes, and were our companions in this effort.

Valparaíso Fire:
Besides taking up a collection of canned goods and supplies among associates, Ideal in Chile launched a campaign in social networks to bring together online support and provide real aid to those left homeless by the fire.

Ideal's Facebook followers were asked to "like" an image of the campaign to express their solidarity with and awareness of the plight of Valparaíso's families. The brand pledged to donate as many Ideal cereal bars as "likes" it received, to the affected community through the Chilean Red Cross.

The result was a total of 1,755 cereal bars given to the people affected by the Valparaíso fire.

VOLUNTEERING

Sembrando Juntos means working together for better results, but for our strategy to be truly inclusive, we need to share the experience with more people. Our volunteering program was created to promote the active involvement of our associates and their families in promoting development and a better quality of life among the communities where we are present, helping to fulfill their needs and offering them a better present and future.

The results of our volunteer work in 2014 were as follows:

13 COUNTRIES with a Grupo Bimbo volunteering program

105 MIL volunteers worldwide

101 PROJECTS worldwide

27 PROJECTS in Mexico

Among the most important of our volunteering programs were:

Limpiemos Nuestro México
(Let's Clean our Mexico)
For fifth consecutive year, we join the Limpiemos Nuestro México (Let's Clean our Mexico) campaign. Its purpose is to raise awareness among the general public about the problem of trash and create a culture of responsible management of waste through the correct disposal, recycling and reuse of solid waste products.

LIMPIEMOS NUESTRO MÉXICO (LET'S CLEAN MEXICO) RESULTS IN 2014:

Description	México
Number of participants	79,477
Metric tons of trash collected	406

Evolution of *Limpiemos Nuestro México* over the years:

GRUPO BIMBO	2010	2011	2012	2013	2014
Number of participants	30,084	46,667	55,927	62,382	79,477

This campaign also took place in Guatemala and El Salvador where 380 volunteers participated.

Associates in countries like Costa Rica, Honduras and Venezuela also carried out cleanup days at various public places like plazas, rivers and beaches.

In 2014, in Mexico, we began by approaching schools close to our work centers, inviting schoolchildren and their families to participate in the project, and thus also help teach young people about the correct disposal of trash.

G4-EC8

Economic volunteering

Grupo Bimbo volunteers also made an economic contribution, which was matched by the Company, for a total of MXN 6,084,000.

This amount includes the campaign to capitalize the Grupo Bimbo Mexico Natural Disaster Fund.

Reforestation:

In 2014, Grupo Bimbo was involved in **9 REFORESTATION** efforts in various countries, involving 2,591 volunteers and family members in the work of restoring damaged or depleted woodlands and green areas.

New volunteer corps projects:

BLOOD DONATION in Chile, Costa Rica, Colombia and Mexico, we carried out blood donation programs, in which more than 300 associates took part in this new initiative for the Company.

HAIR DONATION Organización Barcel in Mexico organized a hair collection to make wigs for children with cancer. 62 associates donated lengths of hair that were used to make 11 wigs.

Other volunteer projects:

Other volunteer efforts being carried out at Grupo Bimbo include:

- Visits to disadvantaged communities for social program support
- Visits to institutions for socializing with people in need
- Collecting funds for charitable institutions
- Collecting clothing, food, toys, tools and school supplies for communities or for families left homeless by natural disasters
- Restoration or equipment for public spaces
- Purchase of equipment for institutions or schools
- Support in building homes

Some of the volunteer work was carried out together with the Good Neighbor program, combining support from the company and its associates volunteers to benefit communities.

GOOD NEIGHBOR

G4-EC7, G4-SO1

Through our "Good Neighbor" program, we work to improve the quality of life of those working in or living near our plants. In 2014, 64% of Grupo Bimbo's plants (not considering acquisitions) participated in this program, 94 projects have been completed, and 16 are in process. These projects focus primarily on promoting physical activity, improving the environment, or safety.

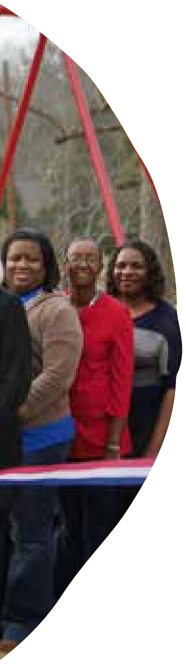
The following are the key results of the Good Neighbor Program:

Organization	Total number of initiatives that make up the project and status	Projects completed	Projects in process
Mexico	41	41	0
United States	33	24	9
Latin America	28	28	3
Asia	1	1	0
Spain/Portugal	4	0	4
TOTAL	110	94	16

Key projects by region and population benefited directly and indirectly:

MEXICO:

- **Guadalajara** Construction of sidewalks to protect pedestrians: 550 benefited. Installation of open-air fitness centers: 2,300 benefited.
- **Mérida** Restoration of communal area: 260 benefited.
- **Mazatlán** Restoration of green areas and open air fitness centers: 1,500 benefited
- **Ciudad de México** Improvement of sports facilities in areas around the plants and installation of open-air fitness centers: 11,000 benefited.
- **Monterrey** Equipment for public parts and installation of open-air fitness equipment: 7,000 benefited.
- **Mexicali** Installation of open-air fitness centers in 2 primary schools: 520 benefited.
- **Torreón** race and children's soccer tournament: 600 benefited.
- **Chihuahua** Installation of an open-air fitness center and restoration of park and sports area: 1,500 benefited.
- **Hermosillo** Restoration of sports facilities: 615 benefited
- **Lerma** Installation of bus stops, placement of traffic signals and sidewalks. Neighborhood activities like Zumba classes. Restoration of sports area. Open-air fitness center: more than 16,000 benefited



- **Tijuana** Restoration of a perimeter jogging/ walking path, stairs and school playground: 2,600 benefited

- **Villahermosa** Restoration of the soccer and basketball courts: 8,000 benefited

- **Puebla** Installation of an open-air fitness center and restoration of the area underneath an overpass: 5,500 benefited.

- **San Luis Potosí** Installation of an open-air fitness center. Restoration of sports area and walking track: 1,600 benefited.

- **Matehuala** Installation of an open-air fitness center: 120 benefited

Other actions included athletic races for neighbors, dance classes, local sports tournaments, renovation of cultural spaces, restoration of streetlights, cleanup activities together with Grupo Bimbo's volunteer corps, etc.

ASIA:

- **China** Cleanup and repair of the main avenue near the plant and reforestation: 600 benefited.

LATINOAMÉRICA

- **Guatemala** installation of gym modules in sport's house: 1,500 benefited

- **El Salvador** Installation of open-air fitness centers: 200 benefited

- **Honduras** Cleanup, reforestation and restoration of recreational park and public roads: 1,500 benefited

- **Costa Rica** Remodeling of public spaces and construction of perimeter path: 1,000 benefited

- **Venezuela** Installation of a bio-healthy park, promoting healthy leisure activities and physical activity among young people: 2,000 benefited

- **Colombia** Reforestation and talks on environmental care, installation of streetlights, training in highway safety for students, remodeling public spaces: 2,600 benefited.

- **Perú** Installation of open-air fitness center: 10,000 benefited

- **Panamá** reforestation, restoration of basketball court and installation of trash can. More than 600 benefited

- **Brazil** Restoration of bus station and physical activity day at the plant

Other actions in the region: in-school training about the use of fire extinguishers, in-school talks on pedestrian safety, restoration of cultural spaces, encouraging physical activity among children residing in the area, crime and safety talks with the community, physical activity days, drug and alcohol prevention talks among young people, etc.

UNITED STATES:

- **Escondido, CA** Repairing a skateboard deck: 550 benefited
- **Williamsport, PA.** Installation of a stove in the community kitchen: 70 benefited
- **Gastonia, NC** Remodeling a basketball court: 3,000 benefited
- **Carlisle, PA** Installation a climbing wall at the pool: 5,000 benefited
- **Fort Worth, TX** Creation of a volleyball court at the park: More than 500 benefited
- **Oklahoma City, OK** Preparing a sports facility: More than 650 benefited
- **Oconomowoc, WI** Installation of an open-air fitness center and bike parking: 15,000 benefited
- **Salt Lake City, UT** Installing a playground to encourage sensorial development for differently abled children: 687 benefited
- **Sayre, PA** Restoration of the emblematic clock tower: 3,000 benefited

Good Neighbor over the years

	2012	2013	2014	TOTAL
Projects	31	77	94	202

2014 was the third year of our Good Neighbor program, and although we have made impressive progress, we are working on developing the most appropriate methodology for objectively measuring the impact these programs have on communities.

We are also working to make sure every Grupo Bimbo plant has at least one project a year.

DMA LOCAL COMMUNITIES

Programs are selected for each zone based on observation and communication with neighbors and/or local authorities. This helps us to decide whether the proposed project alleviates some real need, and how Grupo Bimbo can help. The relationship with neighbors is formed by each work center

PLANT VISITS

Grade school children are invited to learn about the processes we use to make baked goods, candies and snacks, through our Plant Visit program. Besides finding out about how Grupo Bimbo products are made, we promote healthy lifestyles and raise awareness about the importance of environmental care.

Every year, we welcome thousands of visitors. We love surprising and inspiring them by sharing with them the experiences and projects we carry out at the Group.

The following table shows the results of this program.

	Region	Results
Percentage of plants participating	Global	34 plants
Number of visitors worldwide during report year	Grupo Bimbo	651,902 visitors

SOME ADDITIONAL ACTIVITIES

For the second year in a row, we participated in the "Read More" campaign promoted by the Communication Council, which is designed to encourage people to become more involved in books and reading.

	Region	Results
Hours of reading reported by Grupo Bimbo associates and their families	Mexico	1,054,998.67
Hours of reading reported in 2013	Mexico	667,677

At Grupo Bimbo, Sembrando Juntos means working together for the community, because we know that each person is a valuable part of our world.

sembrando juntos

Associates

DMA EMPLOYMENT

At Grupo Bimbo, we look forward to be a highly productive, fully human company, and this philosophy permeates our 167 plants in 22 countries and our more than 129,000 associates, who make our company the greatest bakery firm in the world.

We are committed to the Health and Safety and the professional and personal advancement of our associates and their families. We work every day to give them a better quality of life, aware that they are the basis for our success, and that with their work we are able to meet the goals and objectives we set for ourselves, through our golden rule: respect, fairness, trust and affection, which are our guiding principles.

We have a responsibility to provide each of our associates with the tools they need to do their jobs right, and to give them the training their work requires, as well as the evaluations to discover areas where they need improving. For all this we have very specific processes.

MORE THAN
128,000
ASSOCIATES

We have also worked intensively to develop policies that protect all our associates in the workplace, and they are posted publicly on our website.

DMA EMPLOYMENT, HEALTH AND SECURITY, EDUCATION AND TRAINING, DIVERSITY AND EQUAL OPPORTUNITIES

- Anti-corruption policy
- Data privacy notice
- Health and Safety policy
- Training and development policy
- Human rights policy
- Labor policy

GLOBAL TOTAL OF ASSOCIATES ON THE PAYROLL

125,719

We are one of the largest employers in the global bakery industry, and we apply good hiring practices that are inclusive and talent-based. We have a global policy of hiring local residents.

EMPLOYMENT

G4-9

GLOBAL TOTAL

128,583

G4-EC6

81.9%

OF OUR SENIOR MANAGEMENT IS FROM THE LOCAL COMMUNITY

Note: Total for Grupo Bimbo.
Senior management includes 2nd management level and higher.

G4-LA1, G4-10

2014 HIRING AND TURNOVER

16,464
NEW ASSOCIATES IN 2014

	TOTAL NOT RETAINED (2014 DEPARTURES)		TOTAL NEW HIRES	
	Total new associates	% of Total new associates	Total new associates who left their new job during the year	% who left their new job during the year
Mexico	8911	54.12%	870	67.18%
Percentage of associates under 30	5897	66.18%	662	76.09%
Percentage of associates between 30 and 50	3003	33.70%	208	23.91%
Percentage of associates over 50	11	0.12%	0	0.00%
United States	2023	12.29%	47	3.63%
Percentage of associates under 30	718	35.49%	24	51.06%
Percentage of associates between 30 and 50	960	47.45%	19	40.43%
Percentage of associates over 50	345	17.05%	4	8.51%
Europe	724	4.40%	97	7.49%
Percentage of associates under 30	205	28.31%	30	30.93%
Percentage of associates between 30 and 50	453	62.57%	63	64.95%
Percentage of associates over 50	66	9.12%	4	4.12%
Latin America	4509	27.39%	258	19.92%
Percentage of associates under 30	2494	55.31%	179	69.38%
Percentage of associates between 30 and 50	1962	43.51%	78	30.23%

Percentage of associates over 50	53	1.18%	1	0.39%
Asia	297	1.80%	23	1.78%
Percentage of associates under 30	108	36.36%	8	34.78%
Percentage of associates between 30 and 50	184	61.95%	14	60.87%
Percentage of associates over 50	5	1.68%	1	4.35%
Global Total	16464	100.00%	1295	100.00%
Percentage of associates under 30	9422	57.23%	903	69.73%
Percentage of associates between 30 and 50	6562	39.86%	382	29.50%
Percentage of associates over 50	480	2.92%	10	0.77%

Mexico: Includes OB, OBL (Mexico), Corporativo Bimbo, Moldex, QNET and El Globo
United States: Includes BBU ND OBL (USA)
Europa: Includes Bimbo Iberia (Spain and Portugal)
Latin America: Includes LAC, LAS and Bimbo Brazil
Asia: Includes Bimbo China
* Does not include information on Canada Bread, New York Bakery and Wholesome Harvest Baking

122,360
FULL-TIME ASSOCIATES

3,359
PART-TIME ASSOCIATES

10,816
FREELANCE ASSOCIATES

G4-10

We respect our associates' right to collective bargaining processes. We work with all organizations that represent them in this way, and we respect their right of association, in full compliance with the laws of the countries where we operate.

G4-11

31.8% OF PERSONNEL NON-UNIONIZED

68.2% ARE UNION MEMBERS

Includes: Asia, Brazil, Canada, US, Iberia, LAC, LAS, Mexico, United Kingdom

TOTAL ASSOCIATES BY REGION	
Mexico	72,071
United States and Canada	27,719
Europe	2,736
Latin America	24,798
Asia	1,259

Note:
- United States and Canada: Includes BBU, Bimbo Canada, OBL USA and Bimbo Frozen.
- Europe: Bimbo Iberia (Spain and Portugal) and Bimbo UK
- Latin America: Includes LAC, LAS and Bimbo Brazil

G4-49, G4-50, G4-56, G4-57, G4-58, DMA NON DISCRIMINATION, CHILD LABOR, FORCED LABOR, HUMAN RIGHTS CLAIMS PROCEDURES

CODE OF ETHICS

We strive for optimum working conditions in all of our business units, based on our Code of Ethics, a document that governs our conduct with respect to our internal and external stakeholders, and which has been approved by our Board of Directors.

We also have an Ethics Committee, whose purpose is to promote the Group's organizational values and strengthen the Group's regulatory compliance in all the countries where we operate.

The Ethics Committee is also in charge of formulating and recommending policies to the Board of Directors and the Chief Executive Officer, reviewing and proposing improvements to internal controls and procedures, coordinating internal audit programs and supervising regulatory compliance, conducting special investigations, administering the internal whistleblowers' hotline and complaint lines for associates and others, and sanctioning conduct that violates regulatory provisions.

In addition to the Code of Ethics, there is the company's Code of Corporate Governance, which is a compendium of various documents that regulate the Group's corporate governance. These include its corporate charter, the rules of the various committees of the Board of Directors, and the main policies on operation of the company's key governance bodies.

Associates who become aware of any violation of the Code of Ethics may tell us about it through our "Línea Comenta" (Comment Line) hotline, a communication link for complaints and suggestions, and through the annual labor satisfaction survey. The process of investigating, following up on and ruling on such violations is reported on a quarterly basis to the Audit Committee of the Board of Directors.

We seek to provide the best working conditions in all of our business units, placing a priority on equality, respect and fairness. We reject child labor as well as any form of forced labor and discrimination.

G4-HR5

To be hired by Grupo Bimbo, every applicant must present official identification showing them to be of legal age. Our Code of Ethics promotes respect for the Universal Values regarding Children, and we do not hire minors, although in some countries, local laws do allow minors to work and even have programs obliging companies to hire them.

To avoid risks to minors, they must work primarily in the administrative areas, away from machinery, nor must they work in the street, handle cash, or other such responsibilities.

We have policies specifying that we do not permit young people to perform jobs that jeopardize their health and safety. Through Internal Personnel Audits and Safe Driving Audits – established in our Health and Safety Model – we can identify possible risks not only to young people, but to all of our associates in general; furthermore, government authorities conduct audits or visits in all of our operations.

WE HAVE POLICIES SPECIFYING THAT WE DO NOT PERMIT YOUNG PEOPLE TO PERFORM JOBS THAT JEOPARDIZE THEIR HEALTH AND SAFETY.

G4-52, G4-HR6, G4-EC5

We have not detected any particular place or country that is a focus of forced labor risk; in some countries, this depends greatly on prevailing attitudes.

However, we have adopted various measures to avoid forced labor: our Code of Ethics, Policies, Regulations, the Grupo Bimbo Model, and others. Our policies specify that all workers' basic human rights must be respected, and that they must be treated with respect and dignity. Employment should be freely chosen, without using any means to force them to work, including threats, kidnapping, deception or use of force.

COMPENSATION AND BENEFITS

DMA MARKET PRESENCE

Our salaries are fair and competitive in all the regions where we operate, and consistent with the duties, knowledge and performance of our associates. Associates also received benefits and compensation consistent with their internal level and the competitiveness of the reference markets in each country where we operate.

RELATIONSHIP BETWEEN STARTING SALARY AND LOCAL MINIMUM WAGE

G4-EC5, G4-LA13

	Minimum wage in the country*	Minimum salary at GB**	% difference
	General	Total	Total
Mexico	132.7	480.8	362%
United States	1,167.1	2,119.0	182%
Canada Bread ***	1,505.0	2,018.3	134%
Latin America	343.2	614.9	178%
Europe	1,136.0	1,314.9	124%
Asia	298.3	349.7	117%
Total Average	763.7	1,149.6	183%

Monthly Base Wage in USD with exchange rates as of January 15th, 2015
* Without distinction as to gender
**Based on the average monthly Base Wage in the country of the lowest operating position at GB
***Minimum salary at GB is lowest salary on the payroll
Mexico: Disclosure of 5 companies average values.
Latin America: Disclosure of 3 Organizations average values (LAS, LAC, Brazil)
Europe: Disclosed the average value of 2 Organizations (Iberia and United Kingdom)
Note: Significant operations include countries with more than 25,000 associates

BENEFITS

G4-EC1, G4-LA2

	Full time	Part time	Temporary	Regions where it applies
Stock Options, Executive and Senior Management	✓			Brazil, Canada, China, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Iberia, LAS, Mexico, Nicaragua, Panama, United Kingdom, USA, Venezuela
Company Car, Executive and Senior Management	✓			Colombia, Guatemala, Honduras, Iberia, LAS, Mexico, Nicaragua, Panama, Venezuela
Maternity or paternity leave	✓	✓	✓	Canada, Iberia, LAS, United Kingdom, USA Offered to part-time associates only in: Iberia, United Kingdom, USA, Canada. Offered to temporary associates only in: Iberia, United Kingdom
Annual performance bonus	✓	✓	✓	Argentina, Brazil, Canada, Chile, China, Iberia, LAC, Mexico, Peru United Kingdom, Uruguay, USA
Medical checkup at least at senior management level	✓			LAS, Mexico, United Kingdom
Permanent or temporary disability insurance	✓	✓	✓	Brazil, Canada, Colombia, Iberia, Mexico, Panama, United Kingdom, USA, Uruguay **Offered to temporary workers only in:** Iberia, United Kingdom.
Life insurance	✓	✓	✓	Argentina, Brazil, Canada, Chile, Iberia, LAC, Mexico, Peru, United Kingdom, Uruguay, USA **Offered to temporary workers only in:** El Salvador, Honduras, United Kingdom, Brazil, Canada.
Medical insurance	✓	✓	✓	Argentina, Brazil, Canada, Chile, Iberia, Mexico, Peru, United Kingdom, USA **Offered to part-time and temporary workers only in:** United Kingdom.

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

OCCUPATIONAL HEALTH & SAFETY

G4-LA5

The Health and Safety of our associates in our work centers around the world is a priority for Grupo Bimbo, and it is not negotiable.

We encourage our managers at all times to act as "safety leaders" and to demonstrate a visible commitment to Grupo Bimbo's Health and Safety policy.

G4-2

We offer ongoing training to all of our associates on Safety issues, placing special emphasis on high-risk activities, which follow very strict specific procedures. Additionally, associates working in the commercial area must complete an extensive highway safety program.

We are constantly identifying workplace risk factors that could result in occupational injuries and/or illness, in order to control them using the risk management methodology.

We promote the health of our associates through an extensive occupational health program, and we promote healthy lifestyles and physical activity.

DMA OCCUPATIONAL HEALTH AND SAFETY

G4-LA7

During 2014, we developed more than 150 educational, training, guidance, prevention, and risk control activities for our associates, their families, and community members, related to serious illnesses.

Some outstanding examples of these actions are:

VACCINATION CAMPAIGNS

HEALTH AND SAFETY FAIRS

TRAINING IN THE USE OF DEFIBRILLATORS (AMERICAN HEART ASSOCIATION CERTIFICATION)

SMOKE FREE COMPANY CERTIFICATIONS

EXERCISE ROUTINES

HEALTH AND ERGONOMICS CAMPAIGNS

ZUMBA CLASSES

G4-LA5

We have Health and Safety Committees that represent 100% of our workforce and operate in every work center, country and organization.

CENTRAL HEALTH AND SAFETY COMMITTEE

ORGANIZATION COMMITTEE

1. Subcommittee for Investigation and analysis of accidents and incidents
2. Subcommittee for Safe Conduct Audits
3. Subcommittee for Communication, participation recognition
4. Subcommittee for high performance standards and procedural compliance

G4-LA6, LA7

At Grupo Bimbo, safety is not just a matter for our associates, but also for our contractors and service providers, for whom we have specific rules and procedures.

All of these initiatives have helped us to reduce the severity index at Grupo Bimbo and substantially reduced the frequency index in our productive plants, many of which have attained the goal of zero accidents.

Types of injury, index of accidents with injury, rate of occupational illness, days lost rate, absenteeism rate and fatalities (*)

Associates	Incident Rate (IR)	Days Lost Rate (IDR)	Absenteeism Rate (AR)
Mexico	2.35	66.40	449.25
United States and Canada	2.04	145.81	814.52
Latin America	2.68	56.08	392.31
Europe	1.98	32.77	171.67
Asia	0.46	13.96	97.24
Total GB	2.33	77.94	508.17

* There were no fatalities among our associates in 2014; there was one fatality among our contractors.
* No associates with a high rate of incidence of specific illnesses relating to their work activities.

SOME OF OUR PRIMORDIAL ACTIVITIES IN THIS AREA ARE:

- **Updating the Health and Safety Policy to include the issues of Well-Being, Legal Framework and Employment conditions.**
- **The initiative for incorporating the principles of Responsibility and Leadership in Health and Safety into our Code of Ethics was presented.**
- **Smokers' workshops in corporate buildings, 80% of participants stop smoking.**
- **Successful Health and Safety awareness-raising campaign called "Never Reach..." (United States).**
- **Training in ergonomic evaluation tools for preventing skeletal-muscular injuries (Canada and the United States).**
- **Our Rotherham and Maidstone plants were given the British Safety Council International Safety Award (Great Britain).**

G4-2, G4-LA9

- **Introduction of a Risk Management methodology, strengthening of the Health and Safety Model In Our Sales Centers and creation of a unique electronic system for Safe Driving (in one of our Mexican operations).**

- **Safe Associate certification and Health and Safety Leadership Growth Workshop for managers (in one of our Mexican operations)**

- **Creation of a mobile app for Safe Driving Audits to encourage our associates to adopt safe driving habits (Central America).**

- ***Crear* (Create) and Deloitte Prizes (Uruguay) and introduction of the Grupo Genesis project (plant workers and master bakers in Chile).**

- **Incorporation of safety criteria into the design phase of our projects and re-training in Preventive Driving and Ergonomics in the commercial area (Spain and Portugal).**

- **Passed the government industrial safety check, installed safety devices in vehicles and introduced the internal drivers' license (Asia).**

TALENT DEVELOPMENT

G4-LA9
DMA HUMAN RIGHTS GRIEVANCES MECHANISMS, EDUCATION AND TRAINING

At Grupo Bimbo, it is primordial that we have the talent we need to ensure our present and future growth; to this end, developing talent plays a key role in this group's goals and objectives, and it also gives our Associates the necessary tools for their personal and professional development, boosting their performance and their talent.

Global investment in training
$322 MILLION PESOS

Job Category	Total Training Hours	Average Hours per Associate	
	Women and Men	Women	Men
Administrative and Plant Personnel	671,768.70	7.99	5.75
Supervisors	249,218.86	25.15	20.82
Executives and Senior Management	63,485.31	24.79	10.33
Global Total by Job Level	984,472.87	10.52	7.25

*The Goal for 2016 Is to Increase the Number of Man-Hours per Associate by 5%

HUMAN RIGHTS TRAINING

G4-HR2

In 2014, we joined the United Nations Global Compact, under which we pledge to abide by 10 principles relating to human rights, the environment, and anticorruption, and we continue to provide training courses in these issues.

	Number of man-hours of training in Human Rights	% of Associates who received Human Rights training
Mexico	72,332.00	10.02%
United States y Canada	27,437.00	3.49%
Latin America	22,762.00	9.36%
Europe	2,407.00	2.99%
Asia	1,175.00	0.00%
Total GB	107,719.92	8.26%

G4-LA11

Managing our associates' performance is a priority for us, and we provide regular evaluations that help us to identify those areas that deserve recognition and those weak ones that might be an opportunity to improve training.

REGULAR PERFORMANCE EVALUATIONS		
	% of Women	% of Men
Administrative and Plant Personnel	78.4%	76.1%
Supervisors	98.4%	97.7%
Executives and Senior Management	90.5%	98.1%
Global Total by Job Level	73.4%	75.8%

G4-LA10

During the year we provided a series of workshops for our associates focused on helping them transition to retirement.

		Type of program			
	Program	**Internal training**	**Economic support for external training programs**	**Sabbaticals after which the associate they return to work**	**Scope**
Mexico	Program for Associates Close to Retirement	Courses and Workshops			Associates 58 and older at all levels
Latin America	Pensioner Guidance Program	Legal advice and Guidance for future pensioners		Associates close to retirement age in Colombia	
Europe	Outplacement	Professional orientation, courses, coaching, prospecting and job offer intermediation	€4500 per person		Offered to Associates laid off for re-organizational purposes in Spain

DESCRIPTION OF PROGRAMS

MEXICO

PROGRAM FOR ASSOCIATES CLOSE TO RETIREMENT

Associates 58 years or older, courses in workshop

Workshops for personnel close to retirement. These workshops provide associates with a set of tools and skills that will enable them to plan their retirement, identify what documents they will need at the time they retire, and information on how to collect pensions, etc.

LATIN AMERICA

PENSIONER GUIDANCE PROGRAM

Associates close to retirement age in Colombia.

Support for associates who are close retirement age, consisting of legal advice, pension system information, etc.

IBERIA

OUTPLACEMENT

Workshop I Professional Analysis

Helps associates to reflect on the various phases of their professional career and become more self-aware about their professional path and their personal plans.

Workshop II Professional Orientation

Professional training and search for new opportunities.colaborador para la búsqueda de empleo, siempre guiado por su consultor a través de sesiones grupales e individuales.

Training and coaching

Provides a set of job market tools and skills to help associates become more self-sufficient in searching for jobs, under the guidance of their advisor, through group and individual sessions.

Activation and productivity workshops

A group of associates with different professional profiles are directly involved in the program, sharing the same objective as well as synergies, common interests and networking. (Reorganize this sentence)

Selective search for job offerings

In keeping with the candidate's professional profile and preferences.

DIVERSITY AND INCLUSIVENESS

DMA DIVERSITY AND EQUAL OPPORTUNITY

Because we always want to be a great place to work, we began a global diversity and inclusion project in 2014, the purpose of which is to encourage an attitude of inclusiveness by which people of all different origins, lifestyles and experiences, have the opportunity to develop and contribute to the company's success, and to appreciate the diversity of the communities in which we operate, helping to make us a world-class company.

CHIEF EXECUTIVE OFFICER'S MANIFESTO:

- Our organization should be a reflection of the societies in which we participate.

- At Grupo Bimbo, advancement opportunities should be open to all people, regardless of the qualities that make them different.

- Diversity and Inclusiveness should be understood as a business strategy with global scope, that must be applied locally.

- Our company should attract and retain the best talent.

OUR BELIEFS:

Clients and consumers: Our people should reflect the diversity of our clients and consumers.

Personal values: We have an obligation to appreciate the differences between people, their unique and individual talents, and support their professional advancement.

Innovation: Working alongside people with different perspectives stimulates creativity and the generation of new ideas.

Culture and inclusiveness: Being the best place to work means having an inclusive environment.

OUR PRINCIPLES

- Treat all people based on the golden rule: Respect, Fairness, Trust and Affection.

- Value each person, appreciating their differences, unique ideas, abilities and perspectives.

- Be responsible for creating an environment in which all associates can freely express their ideas.

- Build and maintain an inclusive culture that attracts, develops and supports a diverse workforce.

Some of the actions taken within this initiative were:

- **Creation of a Global Diversity and Inclusiveness Committee, as well as 7 Diversity and Inclusiveness Committees (2 in Mexico, 3 in Latin America, 1 in the United States and 1 in Spain)**

- **Holding a Diversity and Inclusiveness seminar, which was held for the first time in the United States in 2013, and in Mexico, during 2014.**

DIVERSTIY AND INCLUSIVENESS SEMINAR

Organization	No. Participants	Speakers
Latin America	81	Senior Management, Diversity and Inclusiveness committee and Executives
Mexico	126	
Spain	10	
United States	484	

- Modification of 16 questions in the survey on workplace environment and culture and the addition of 5 new questions.

- Publication of the Library on Diversity and Inclusiveness, available through Grupo Bimbo intranet, which contains a variety of support materials on Diversity and Inclusiveness, and has been visited more than 380 times*

*As of the close of March 2015

We are currently developing a Diversity and Inclusiveness policy and are continuing awareness-raising efforts and training for our associates.

CORPORATE GOVERNANCE

G4-34, G4-35, G4-36, G4-38, G4-39, G4-40, G4-42, G4-43, G4-44, G4-45, G4-46, G4-47

BOARD OF DIRECTORS

We follow the best international practices in Corporate Governance, as well as those suggested by institutions like the Mexican Stock Exchange. All of our governance bodies are made up of professionals with extensive experience in and knowledge of the industry in Mexico.

Our highest governing body is the Shareholders' Meeting, which has the authority to designate members of the Board of Directors. The Board of Directors is supported by the specialized work of three Committees.

In keeping with Grupo Bimbo's corporate charter, the Board of Directors must be made up of between five (5) and twenty-one (21) regular members, at least twenty-five percent (25%) of which must be independent (outside) members.

The Board of Directors, appointed and ratified during the General Extraordinary and Ordinary Shareholders' Meeting held on April 8, 2014, is made up of eighteen (18) regular members, who will remain in their post until the persons appointed to replace them assumes his or her duties.

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

For more information, see the section entitled "Management and Shareholders" of the annual report filed with the Mexican Stock Exchange. Available online at www.grupobimbo.com

The Board of Director is supported by three Committees:

Audit and Corporate Practices Committee

The Audit Committee is made up solely of Independent Members and its primary duties are:

- To ensure that Grupo Bimbo operates in accordance with the applicable laws and regulations, with the faculty to evaluate and supervise administrative efforts regarding compliance with accounting policies and practices and the performance of Grupo Bimbo's internal and external auditor or auditors.

- To investigate violations of internal control and internal auditing policies and evaluate risk management policies, among other.

To provide an opinion on:

- Relevant modifications or changes in the accounting policies, criteria and practices by which Grupo Bimbo's financial statements are prepared.

- The execution of relevant or unusual transactions.

- Transactions with related parties, and the appointment, evaluation and removal of the Chief Executive Officer and other key executives.

- The comprehensive compensation packages provide to the Chief Executive Officer and other key executives of Grupo Bimbo.

CHAIRMAN

Henry Davis Signoret

Arturo Fernández Pérez
Thomas Heather Rodríguez
Agustín Irurita Pérez
Ignacio Pérez Lizaur
Edmundo Miguel Vallejo Venegas

Evaluation and Results Committee

This committee is in charge of:

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

- Analyzing the financial results of Grupo Bimbo and their impact on the general compensation structure of the Group.

CHAIRMAN

Raúl Obregón del Corral

Thomas Heather Rodríguez
Nicolás Mariscal Servitje
Edmundo Vallejo Venegas
Daniel Servitje Montull

Finance and Planning Committee

This committee is responsible for:

- Analyzing Grupo Bimbo's long-term strategies and its primary investment and financing policies and submitting these evaluations for approval by the Board of Directors.

- Identifying the risks entailed in those strategies and evaluate policies for managing them.

CHAIRMAN

José Ignacio Mariscal Torroella

Javier de Pedro Espínola
Ricardo Guajardo Touché
Luis Jorba Servitje
Raúl Obregón del Corral
Daniel Servitje Montull
Guillermo Jorge Quiroz Abed

For more information about the experience of our board members, visit:
www.grupobimbo.com/ri/

TIME ON THE BOARD OF OUR MEMBERS		
REGULAR MEMBERS	TIME ON THE BOARD (YEARS)	POSITION
Jaime Chico Pardo	1	Board Member
Henry Davis Signoret	16	Independent Member
Arturo Fernández Pérez	9	Independent Member
Ricardo Guajardo Touché	11	Independent Member
Thomas Stanley Heather Rodríguez	3	Independent Member
Agustín Irurita Pérez	11	Independent Member
Luis Jorba Servitje	9	Board Member
Mauricio Jorba Servitje	18	Board Member
Fernando Lerdo de Tejada Luna	4	Board Member
Nicolás Mariscal Servitje	7	Board Member

TIME ON THE BOARD OF OUR MEMBERS		
REGULAR MEMBERS	TIME ON THE BOARD (YEARS)	POSITION
José Ignacio Mariscal Torroella	26	Board Member
María Isabel Mata Torrallardona	9	Board Member
Raúl Carlos Obregón del Corral	21	Board Member
Javier de Pedro Espínola	4	Board Member
Ignacio Pérez Lizaur	4	Independent Member
Jorge Pedro Jaime Sendra Mata	2	Board Member
Daniel Javier Servitje Montull	21	Board Member / Chairman
Edmundo Vallejo Venegas	3	Outside Member

Note: these dates have been updated to April 10, 2015.

Regular Secretary	Secretary Pro Tem
Luis Miguel Briola Clement	Pedro Pablo Barragán Barragán

BOARD MEMBER EXPERIENCE

Daniel Servitje Montull

Chairman of the Board and Chief Executive Officer of Grupo Bimbo S.A.B. de C.V.

Member of the Board of Directors of:

- *Grupo Financiero Banamex, S.A. de C.V.*
- Coca-Cola Femsa, S.A.B de C.V.
- *Instituto Mexicano para la Competitividad, A.C.*
- The Global Consumer Goods Forum.
- Latin America Conservation Council (The Nature Conservancy).
- Stanford GSB Advisory Council.
- *Aura Solar*

Henry Davis Signoret

President of Promotora DAC, S.A.

Member of the Board of Directors of:

- Kansas City Southern.
- *Telefónica Móviles México, S.A. de C.V.*
- *Alcanza Seguros, S.A. de C.V.*

Thomas Heather Rodríguez

Partner, Ritch, Mueller, Heather y Nicolau, S.C.

Chairman of the Audit and Corporate Practices Committee of:

- *Grupo Financiero Scotiabank Inverlat, S.A. de C.V.* and subsidiaries.
- *Grupo Industrial Maseca, S.A.B. de C.V.*
- *Gruma, S.A.B. de C.V.*
- Member of the Advisory Council of Harvard University's International Financial Systems Program.
- Member of the Best Corporate Practices Committee of Mexico's Business Coordinating Council.

Edmundo Vallejo Venegas

Professor of Corporate Policy, *Instituto Panamericano de Alta Dirección de Empresa-IPADE*

- Former Chairman and CEO of GE Latin America.

Nicolás Mariscal Servitje

CEO of Grupo MARHNOS

- Member of the Board of Directors of *Fundación Mexicana para el Desarrollo Rural, A.C.*

Raúl Obregón del Corral

Alianzas, Estrategia y Gobierno Corporativo, S.C., Directing Partner.

Proxy Gobernanza Corporativa, S.C., Associate.

Member of the Board of Directors of:

- *Grupo Palacio de Hierro, S.A.B. de C.V.*
- *Industrias Peñoles, S.A.B. de C.V.*
- *Grupo Nacional Provincial, S.A.B. de C.V.*
- *Invermat, S.A. de C.V.*
- *Altamira Unión de Crédito, S.A. de C.V.*
- *Activos Turísticos de México, S.A.P.I. de C.V.*
- *Valores Mexicanos, S.A. de C.V.*
- *Crédito Afianzador, S.A.*
- *Fondo Nacional de Infraestructura*, outside board member on the sub-committee for evaluation and finance.
- *Instituto Tecnológico Autónomo de México,* member of the Board Governors.

Ricardo Guajardo Touché

Member of the Board of Directors of:

- *Grupo Financiero BBVA Bancomer, S.A. de C.V.*
- *Instituto Tecnológico y de Estudios Superiores de Monterrey.*
- *Grupo Fomento Económico Mexicano S.A.B. de C.V.*
- Coca-Cola FEMSA S.A.B. de C.V.
- *Grupo Industrial Alfa.*
- *El Puerto de Liverpool, S.A.B. de C.V.*
- *Grupo Aeroportuario del Sureste, S.A.B. de C.V. (ASUR).*
- *Grupo COPPEL.*
- *Grupo Vitro*
- Vice President of *Fondo para la Paz*, a community fund for areas suffering from extreme poverty.
- President of *SOLFI Microfinanzas.*

Agustín Irurita Pérez

National Board Member and Member of the Executive Committee of the *Confederación Patronal de la República Mexicana (COPARMEX).*

Member of the Board of Directors of:

- *Cámara Nacional de Autotransporte de Pasaje y Turismo* (Lifelong Board Member).
- *Grupo Comercial Chedraui, S.A. de C.V.*
- *Fincomún Servicios Financieros Comunitarios, S.A de C.V.*
- *Grupo Financiero Aserta, S.A. de C.V.*

José Ignacio Mariscal Torroella

Chairman of the Board of *Grupo Marhnos* (An Infrastructure, Housing and Real-Estate Developer).

Member of the Board of Directors of:

- *Afianzadora Aserta, S.A. de C.V.*
- *Grupo Financiero Aserta, S.A. de C.V.*
- *Grupo Calidra, S.A. de C.V.*
- Arko
- City Express
- *Aura Solar*
- Mexoil
- Vice President of *FinComún Servicios Financieros Comunitarios, S.A. de C.V.*
- Chairman of the *Comité por Una Sola Economía, Todos Dentro de la Ley*, of the *Consejo Coordinador Empresarial (CCE).*
- Member of the Board, the Executive Committee and the Office of the Chairman of *COPARMEX.*
- Commissioner of the Human Development Committee of *COPARMEX.*
- Vice President for International Affairs at *COPARMEX*
- Member of Executive Board of Business and Industry Advisory Committee to the OECD (BIAC).
- President of the *Fundación León XIII, I.A.P..*
- Member of the Board and the Executive Committee of the *Unión Social de Empresarios Mexicanos (USEM).*
- Former Chairman and Board Member of *UNIAPAC* and *Fundación Uniapac.*
- Former Chairman and Member of the Oversight Committee of *IMDOSOC.*

María Isabel Mata Torrallardona

CEO, *Fundación José T. Mata*

- Member of the Board of Directors of *Tepeyac, A.C*

Luis Jorba Servitje

CEO of *Frialsa Frigoríficos, S.A. de C.V.*

Chairman of the Board of:

- *Efform, S.A. de C.V.*

Member of the Board of Directors of:

- Texas Mexico Frozen Food Council.
- International Association of Refrigerated Warehouses.
- World Food Logistics Organization.
- World Group of Warehouses.

Arturo Manuel Fernández Pérez

Rector of *Instituto Tecnológico Autónomo de México (ITAM)*

Member of the Board of Directors of:

- *Industrias Peñoles, S.A.B. de C.V.*
- *Grupo Nacional Provincial, S.A.B. de C.V.*
- *Grupo Palacio de Hierro, S.A.B. de C.V.*
- *Valores Mexicanos, Casa de Bolsa, S.A.B. de C.V.*
- *Grupo Financiero BBVA Bancomer, S.A. de C.V.*
- *Fomento Económico Mexicano, S.A.B. de C.V.*
- *Fresnillo, P.L.C.*

Mauricio Jorba Servitje
Chairman of the Board of Directors of *Bimbo Iberia* (Bakery Iberian Investments SLU).

- Member of the Board of Directors of VIDAX.
- Member of the Board of Directors and Administration of *Promociones Monser, S.A. de C.V.*

Javier de Pedro Espínola
Chief Administrative and Financial Officer of MXO Trade, S.A. de C.V.

Member of the Board of Directors of:
- Global Biotherapeutics.
- *Industrias Rampe.*
- MXO Trade, S.A. de C.V.
- *Fundación José T. Mata.*

Ignacio Pérez Lizaur
Partner: *Consultores Pérez Lizaur, S.C.*

Member of the Board of Directors of:
- Central American Bottling Corporation (Guatemala), and Chairman of the Audit Committee
- Newell Rubbermaid, Inc. (Atlanta, USA). Member of the Audit and Corporate Governance and Nomination Committees.
- *Nacional Monte de Piedad* (México DF). Member of the Board of Trustees and Member of the Social Investments and the Finance and Credit Committees.
- *Fundación Mexicana para el Desarrollo Rural, A.C.* (México, D.F.). Chairman of the Education Committee.

Fernando Lerdo de Tejada Luna
Chairman and CEO of *Asesoría Estrategia Total, S.C.*

Member of the Board of Directors of:
- *Consultoría Estratégica Primer Círculo, S.C.*
- *Fundación Mexicana para el Desarrollo Rural, A.C.*
- Advisory Board Accenture, S.C.

Consultant to:
- Breskem Idesa, S.A.P.I.
- *Asociación Mexicana de Industrias de Investigación Farmacéutica (AMIIF).*
- *Asociación Nacional de la Industria Química (ANIQ).*
- Microsoft.
- *Instituto Nacional de las Mujeres (INMUJERES).*
- *Banco Nacional de Comercio Exterior (BANCOMEXT).*
- *Grupo Aeroportuario del Pacífico, Sureste y Centro Norte.*
- *Nacional Monte de Piedad (NMP)*
- *Instituto Nacional para la Evaluacion de la Educación (INEE)*

Jorge Jaime Pedro Sendra Mata
Administrator of JJ Textiles S.A.

Member of the Board of Directors of:
- Advance Design Center, Inc.
- db Homes, S.A.
- JRPVJ, Inc.

Jaime Chico Pardo
Partner and Chairman of the Board of *Enesa, S.A. de C.V.*

Member of the Board of Directors of:
- Honeywell International Inc.
- AT&T Inc.
- Chicago Booth GSB
- *Tec de Monterrey (Valle de México)*

From left to right: Guillermo Jorge Quiroz Abed, Gabino Gómez Carbajal, Javier Augusto González Franco, Pablo Elizondo Huerta, Daniel Servitje Montull, Alfred Penny, Reynaldo Reyna Rodríguez , Miguel Ángel Espinoza Ramírez, Raúl Argüelles Díaz González.

MANAGEMENT COMMITTEE

Daniel Servitje Montull

Chief Executive Officer of *Grupo Bimbo, S.A.B. de C.V.*

Joined Grupo Bimbo in 1982, earned his undergraduate degree in Business Administration and MBA from Stanford University in the US.

He is a member of the Board of Directors of *Grupo Financiero Banamex*, Coca-Cola Femsa, the *Instituto Mexicano para la Competitividad*, the *Consejo de Proveedores de Walmart México*, The Global Consumer Goods Forum, Latin America Conservation Council (The Nature Conservancy), Stanford GSB Advisory Council, and *Aura Solar.*

Pablo Elizondo Huerta

Executive Vice President of Grupo Bimbo.

Joined Grupo Bimbo since 1977. Studied Chemical Engineering. Completed the Advanced Management Program at Harvard Business School.

Javier Augusto González Franco

Executive Vice President of Grupo Bimbo.

Joined *Grupo Bimbo* in 1977. Earned a degree in Chemical Engineering and an MBA from Universidad Diego Portales in Chile. Completed the Advanced Management Program at Harvard Business School and the Breakthrough Program at the IMD in Switzerland. Chairman of the Board of *CONMEXICO (Consejo Mexicano de la Industria de Productos de Consumo, A.C.)* from 2009 to 2013.

Alfred Penny

President of Bimbo Bakeries USA.

Joined Grupo Bimbo in 2009. 34 years of experience in the bakery industry, working with various companies and in various posts, the most recent of which was Executive Vice President of BBU. Has an MBA in Finance from New York University and an undergraduate degree in Business Administration from the University of Long Island.

Miguel Ángel Espinoza Ramírez

President of Bimbo, S.A. de C.V.

Joined Grupo Bimbo in 1981. Studied Industrial Engineering and completed the Advanced Management Program at Harvard Business School en 2006.

Gabino Gómez Carbajal

President of Barcel, S.A. de C.V.

Joined Grupo Bimbo in 1981. Undergraduate Degree in Marketing and Master's in Business Administration from the University of Miami. Member of the Board of Directors of *CONMEXICO* and member of Food Group.

Guillermo Jorge Quiroz Abed

Chief Financial Officer, Grupo Bimbo.

Joined *Grupo Bimbo* in 1999. Obtained a degree in Actuarial Studies and an MBA from IPADE.

Raúl Argüelles Díaz González

Chief Human Relations and Corporate Affairs Officer, Grupo Bimbo.

Joined Grupo Bimbo in 2011. Studied Industrial Engineering at UNAM and earned a Master's Degree in Administrative Engineering from Stanford University. Currently board member of the US-Mexico Foundation, Enactus México and head of the Mexico-US Business Committee of the COMCE.

Reynaldo Reyna Rodríguez

Chief Global Services Officer, Grupo Bimbo.

Joined Grupo Bimbo in 2001. Studied Industrial and Systems Engineering and obtained a Masters' Degree in Operations Research and Finance from Wharton University.

ABOUT OUR REPORT

G4-15, G4-17, G4-22, G4-23, G4-28, G4-29, G4-30, G4-32

In this, our fourth Integrated report, we present the global results of our operations in economic, social and environmental terms, for the period between January 1 and December 31, 2014, except the information included for our Planet Pilar which includes information from October 2014 to December 2014.

As always, we present our report annually, and the previous report was from 2013. It is important to mention that for the first time the report was prepared under the G4 guidelines of the Global Reporting Initiative "In Accordance" core option. We are also including the Food Processing Supplement and the information requested by EIRIS and Anahuac University to be part of the Mexican Stock Exchange Sustainability Index.

Furthermore and as part of the GRI guidelines we conducted a Materiality Study, through which we were able to find out the material aspects for our Stakeholder, to be included in this report.

We have also prepared an executive resume, and in respect with the environment, a digital version to avoid the use of paper.

This report covers the activities from the following entities: Mexico, United States, Latin America, Iberia, Asia and Canada, including qualitative and quantitative data. Throughout the document we have clearly indicated when the information does not include any of the above entities..

This year we adhered to the Global Compact Principles, therefore also reflects the implementation of these principles in the report. This document is our Communication on Progress 2014.

Throughout the document we make reference to the GRI indicators that are matrerial and for more information we have a microsite www.grupobimbo.com/eng/rse where you can find more information about the Company, our financial and sustainability results and other consultation documents, as well as a feedback section through which we hope to receive your comments, considered very important to Grupo Bimbo.

GENERAL STANDARD DISCOLSURES			
General Standard Disclosures	Page or link	Direct Answer / Observations	External Assurance
Strategy and Analysis			
G4-1	6,14		
G4-2	6, 98,100		
Organization Profile			
G4-3	14		
G4-4	14,18		
G4-5	Third lining	Mexico City	
G4-6	12		
G4-7	14		
G4-8	12		
G4-9	1,4,12,92,100		
G4-10 UN Global Compact	93,94	Grupo Bimbo does not report employment information by gender for the existence of internal regulations	
G4-11 UN Global Compact	94		
G4-12	17,75		
G4-13	4,17,75		
G4-14	16,18		
G4-15	5,112		
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G4-22	58,59		
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General Standard Disclosures	Page or link	Direct Answer / Observations	External Assurance
G4-32	112		
G4-33		This report has no external assurance	
Governance			
G4-34	104		
G4-35	104		
G4-36	104		
G4-37	104		
G4-38	104		
G4-39	104		
G4-40	104		
G4-41	104		
G4-42	104		
G4-43	104		
G4-44	104		
G4-45	104		
G4-46	104		
G4-47	104		
G4-48	52		
G4-49	28,97		
G4-50	97	Confidential Information	
G4-51	102		
G4-52	96		
Ethics and Integrity			
G4-56	95		
G4-57	95	Línea Comenta (Comment Line)	

Specific Standard Disclosures

DMA and indicators	Page or Link	Identified Omissions	Reason for Omission	Omission Explanation	Direct answer / Observation	External Assurance
CATEGORY: ECONOMIC						
ASPECT: ECONOMIC PERFORMANCE						
G4-DMA	6,79					
G4-EC1	1,3,4,79	Associates wages; payment to providers of capital; payments to government	The information is currently unavailable	Grupo Bimbo is striving to report this information		
G4-EC4			The Standard Disclosure or part of the Standard Disclosure is not applicable	Grupo Bimbo does not receive financial assitance from the Government		
ASPECT: MARKET PRESENCE						
G4-DMA	96					
G4-EC5	96					
G4-EC6	92					

DMA and indicators	Page or Link	Identified Omissions	Reason for Omission	Omission Explanation	Direct answer / Observation	External Assurance
INDIRECT ECONOMIC IMPACTS						
G4-DMA	74					
G4-EC7	74					
CATEGORY: ENVIRONMENTAL						UN Global Compact
MATERIAL ASPECT: ENERGY						
G4-DMA	52,56,57					
G4-EN3	56					
G4-EN4	58					
G4-EN5	63					
G4-EN6	58					
MATERIAL ASPECT: WATER						
G4-DMA	67					
G4-EN8	67					
G4-EN10	68					
MATERIAL ASPECT: EMISSIONS						
G4-DMA	52,53,54,60					
G4-EN15	60					
G4-EN16	60					
G4-EN17	60	Both Upstream and part of downstream emissions	The information is currently unavailable	Grupo Bimbo only reports indirect emissions from tercerized vehicles. The Company is working on several issues related with its value chain, among them environmental indicators		
G4-EN18	63					
G4-EN19	60,61	Amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions, in metric tons of CO2 equivalent	The information is currently unavailable	Grupo Bimbo does not have information about reductions in GHG emissions, but the Company will establish specific environmental indicators		
G4-EN21	61	Source of the emission factor used; the amount of NOx and SOx emissions in all Company's facilities	The information is currently unavailable	Grupo Bimbo only reports information about NOx and SOx emissions resulting from USA facilities. The Company is working on monitoring systems' implementation in the remaining business units		
MATERIAL ASPECT: EFFLUENTS AND WASTE						
G4-DMA	52,64					
G4-EN22		Volume discharges and destination	The information is currently unavailable	Grupo Bimbo does not have information about total volume discharges and destination. The Company only reports the volume of reusable water and is looking to implement a monitoring system		
G4-EN23	64					

DMA and indicators	Page or Link	Identified Omissions	Reason for Omission	Omission Explanation	Direct answer / Observation	External Assurance
G4-EN25	65					
ASPECT: PRODUCTS AND SERVICES						
G4-DMA	52,54,57,65					
G4-EN27	54,65,66,70,71					
G4-EN28	66	Percentage of reclaimed products; percentage for each product category	The information is currently unavailable	Grupo Bimbo has information about the volume of packaging materials collected. The Company is working on reporting the percentage for each product category		
MATERIAL ASPECT: TRANSPORT						
G4-DMA	61					
G4-EN30	61	Environmental impacts	The information is currently unavailable	Grupo Bimbo has information about transport efficiency and mitigation actions. The Company does not report environmental impacts, but is working on an identification system		
ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT						
G4-DMA-b	68,70					
G4-EN32	77	Percentage of new suppliers were screened using environmental criteria	The information is currently unavailable	Grupo Bimbo does not have information about the percentage of new suppliers that were screened using environmental criteria, it just reports the screening process		
G4-EN33	77	Environmental impacts	The information is currently unavailable	Grupo Bimbo does not have information about the significant environmental impacts on its supply chain, it just reports the screening process		
CATEGORY: SOCIAL						
SUBCATEGORY: LABOR PRACTICES AND DECENT WORK						
ASPECT: EMPLOYMENT						
G4-DMA	90,92					
G4-LA1	93					
G4-LA2	97					
ASPECT: OCCUPATIONAL HEALTH AND SAFETY					UN Global Compact	
G4-DMA	98					
G4-LA5	98					
G4-LA6	99					
G4-LA7	98,99					
ASPECT: TRAINING AND EDUCATION						
G4-DMA	92,100					
G4-LA9	100					
G4-LA10	101					
G4-LA11	101					
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY						
G4-DMA-b	103					

DMA and indicators	Page or Link	Identified Omissions	Reason for Omission	Omission Explanation	Direct answer / Observation	External Assurance
G4-LA12					Grupo Bimbo respects equal opportunities based on its Golden Rule. The Company is striving for the implementation of new actions to tangibly support this	
ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN						
G4-DMA	92					
G4-LA13	96					
SUBCATEGORY: HUMAN RIGHTS						
ASPECT: INVESTMENT						
G4-DMA			There is no information	Grupo Bimbo has no human rigths clauses in contracts		
G4-HR2	101	Training hours	Grupo Bimbo has no information on training hours			
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING						
G4-DMA						
G4-HR4					Grupo Bimbo has not identified operations and suppliers in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk	
ASPECT: CHILD LABOR						
G4-DMA	95					
G4-HR5	95					
ASPECT: FORCED OR COMPULSORY LABOR						
G4-DMA	95					
G4-HR6	96					
ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT						
G4-DMA						
G4-HR10		Percentage of new suppliers were screened using human rights criteria	The information is currently unavailable	Grupo Bimbo does not have information about the percentage of new suppliers that were screened using human rights criteria, it just reports the screening process		
G4-HR11	77	Human rights impacts	The information is currently unavailable	Grupo Bimbo does not have information about the significant human rights impacts on its supply chain, it just reports the screening process		
SUBCATEGORY: SOCIETY						
MATERIAL ASPECT: LOCAL COMMUNITIES						
G4-DMA	88					

DMA and indicators	Page or Link	Identified Omissions	Reason for Omission	Omission Explanation	Direct answer / Observation	External Assurance
G4-SO1	86					
ASPECT: PUBLIC POLICY					UN Global Compact	
G4-DMA	34					
G4-SO6					Grupo Bimbo has no political contributions	
ASPECT: ANTI-COMPETITIVE BEHAVIOR						
G4-DMA	15					
G4-SO7	20				Grupo Bimbo discourages monopolistic practices and encourages the free market competition	
ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY						
G4-SO9	77	Percentage of new suppliers were screened using criteria for impacts on society	The information is currently unavailable	Grupo Bimbo does not have information about the percentage of new suppliers that were screened using criteria for impacts on society, it just reports the screening process		
G4-SO10	77	Impacts on society		Grupo Bimbo does not have information about the significant impacts on society on its supply chain, it just reports the screening process		
SUBCATEGORY: PRODUCT RESPONSIBILITY						
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY						
G4-DMA	43,45					
G4-PR1	45					
FP6	45					
FP7	45					
ASPECT: PRODUCT AND SERVICE LABELING						
G4-DMA-b	43					
G4-PR1	45					
G4-PR3	46					
G4-PR5	43					
G4-PR8	46					
FP8	46					
FOOD PROCESSING SECTOR SUPPLEMENT						
ASPECT: LABOR / MANAGEMENT RELATIONS						
FP3					During the reporting period, the Company did not have industrial disputes, strikes and/or lock-outs	
MATERIAL ASPECT: HEALTHY AND AFFORDABLE FOOD						
G4-DMA(FP4)	43,47					

Mexico City, April 10, 2015

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

Dear Sirs,

In conformity with the provisions of the Securities Market Act, the corporate charter of this Company and the Regulations of the Audit and Corporate Practices Committee of Grupo Bimbo, S.A.B. de C.V. (the "Group" or the "Company"), I hereby present to you the report of the activities carried out by the Audit and Corporate Practices Committee (the "Committee") during the year ended December 31, 2014. In carrying out our work, we abided by the recommendations established in the Code of Best Corporate Practices.

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

INTERNAL CONTROLS

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

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

CODE OF ETHICS

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

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

EXTERNAL AUDIT

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

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

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

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

Finally, we conducted an evaluation of the services of the external auditing firm for the year 2014 and were promptly informed of the preliminary financial statements.

INTERNAL AUDIT

We reviewed and approved the annual work plan and activities budget for 2015.

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

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

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

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

FINANCIAL INFORMATION AND ACCOUNTING POLICIES

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

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

COMPLIANCE WITH REGULATORY STANDARDS AND LAWS; CONTINGENCIES

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

At the close of each quarter, we reviewed the Company's various tax, legal and labor contingencies and confirmed that appropriate procedures were in place and consistently followed, so that Management could identify and address them in an appropriate manner.

The Risk Committee informed us of the methodology it follows to determine and evaluate the risks the group faces, and we verified that the risks were being monitored and mitigated where possible, and that they were considered in the work plans of the Internal Auditors.

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

COMPLIANCE WITH OTHER OBLIGATIONS

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

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

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

TRANSACTIONS WITH RELATED PARTIES

We reviewed and recommended for approval by the Board of each and every related party transaction requiring approval by the Board of Directors for fiscal year 2014, as well as for recurring transactions that are expected to be conducted in fiscal year 2015 that require Board approval.

EVALUATION OF MANAGEMENT

We reviewed and recommended for approval by the Board the designation, evaluation and compensation of the Chief Executive Officer as well as the members Bimbo's Executive Committee in 2014.

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

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

Sincerely,

Henry Davis Signoret
Chairman of the Audit and Corporate Practices Committee
Grupo Bimbo, S.A.B. de C.V.

Mexico City, April 10, 2015

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

In my capacity as chairman of the Audit and Corporate Practices Committee (the "Committee") of Grupo Bimbo, S.A.B. de C.V. (the "Company"), and in accordance with point e), section II of Article 42 of the Securities Market Act, I hereby present you the opinion of the Committee regarding the content of the report of the Chief Executive Officer regarding the financial situation and results of the Company for the year ended December 31, 2014.

In the opinion of the Committee, the accounting and information policies and criteria followed by the Company and used to prepare the consolidated financial information are appropriate and sufficient, and consistent with international financial reporting standards. Therefore, the consolidated financial information presented by the Chief Executive Officer reasonably reflects the financial situation and results of the Company as of December 31, 2014 and for the year ended on that date.

Sincerely,

Henry Davis Signoret
Chairman of the Audit and Corporate Practices Committee
of Grupo Bimbo, S.A.B. de C.V.

CONSOLIDATED FINANCIAL STATEMENTS

for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report Dated March 30, 2015

GRUPO BIMBO®

Index to the notes to the consolidated financial statements Page

Deloitte.

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Grupo Bimbo, S. A. B. de C.V. and its Subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statements of cash flows for the years ended December 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grupo Bimbo, S. A. B. de C.V. and its subsidiaries as of December 31, 2014 and 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Octavio Aguirre Hernández

Mexico City, México
March 30, 2015

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

Consolidated Statements of Financial Position

As of December 31, 2014 and 2013
(In millions of Mexican pesos)

	Notes	December 31, 2014	December 31, 2013
Assets			
Current assets:			
Cash and cash equivalents		$ 2,572	$ 2,504
Accounts and notes receivable- net	6	19,028	15,848
Inventories- net	7	4,978	4,729
Prepaid expenses		695	1,421
Derivative financial instruments	14	386	38
Guarantee deposits for derivative financial instruments		18	659
Assets available for sale	9	188	54
Total current assets		27,865	25,253
Non-current assets:			
Notes receivable from independent operators		1,109	1,560
Property, plant and equipment- net	9	52,475	42,683
Investment in shares of associated companies	10	2,031	2,132
Derivative financial instruments	14	1,653	695
Deferred income taxes	18	8,709	5,399
Intangible assets- net	11	37,960	26,977
Goodwill	12	45,257	29,822
Other assets- net		702	206
Total assets		$ 177,761	$ 134,727
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term debt	13	$ 1,789	$ 7,997
Trade accounts payable		11,867	9,698
Other accounts payable and accrued liabilities		12,776	10,779
Due to related parties	17	789	523
Income tax	18	3,232	2,372
Statutory employee profit sharing payable		1,114	876
Derivative financial instruments	14	673	1,033
Total current liabilities		32,240	33,278
Non-current liabilities:			
Long-term debt	13	60,415	32,332
Derivative financial instruments	14	1,540	236
Employee labor obligations and workers' compensation	15	24,595	18,771
Deferred income taxes	18	3,380	1,554
Other liabilities		1,989	773
Total liabilities		124,159	86,944

	Notes	December 31 2014	December 31 2013
Stockholders' equity:			
Capital stock	16	4,227	4,227
Reserve for repurchase of shares		916	917
Retained earnings		46,975	43,617
Accumulated translation effects of foreign subsidiaries		(2,064)	(3,975)
Remeasurement effects of employee benefits		103	1,067
Revaluation surplus		1,038	–
Valuation effects of cash flow hedges	14	(220)	(234)
Equity attributable to owners of the Entity		50,975	45,619
Non-controlling interests in consolidated subsidiaries		2,627	2,164
Total stockholders' equity		53,602	47,783
Total liabilities and stockholders' equity		$ 177,761	$ 134,727

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Income

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos, except earnings per common share)

	Notes	December 31, 2013	December 31, 2013
Net sales		$ 187,053	$ 176,041
Cost of sales	19	87,916	83,942
Gross profit		99,137	92,099
General expenses:			
Distribution and selling		71,305	66,882
Administrative		12,330	11,750
Integration costs		2,489	1,834
Other general expenses	20	2,701	1,143
	19	88,825	81,609
Operating income		10,312	10,490
Interest expense		3,692	3,146
Interest income		(271)	(268)
Exchange gain, net		(90)	(1)
Monetary position gain		(66)	(81)
Net financing costs		3,265	2,796
Equity in loss of associated companies		(61)	(38)
Income before income taxes		6,986	7,656
Income tax expense	18	2,955	2,878
Consolidated net income		$ 4,031	$ 4,778
Net income attributable to owners of the Entity		$ 3,518	$ 4,404
Net income attributable to non-controlling interests		$ 513	$ 374
Basic and diluted earnings per common share		$ 0.75	$ 0.94
Weighted average number of shares outstanding (000's)		4,703,200	4,703,200

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

	December 31, 2014	December 31, 2013
Consolidated net income	$ 4,031	$ 4,778
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Net change in actuarial losses on defined benefit plans of labor obligations	(1,411)	2,330
Revaluation surplus	1,038	–
Income taxes relating to items that will not be reclassified	430	(796)
	57	1,534
Items that may be reclassified subsequently to profit or loss:		
Hedges of net investments in foreign operations, net	(5,463)	(385)
Exchange differences on translating foreign operations	5,936	(2,235)
Net fair value gain on hedging instruments entered into for cash flow hedges	(19)	(140)
Income taxes related to items that will be reclassified in the future	1,682	153
	2,136	(2,607)
Other comprehensive income (loss) for the year	2,193	(1,073)
Total comprehensive income for the year	$ 6,224	$ 3,705
Comprehensive income attributable to owners of the Entity	$ 5,517	$ 3,294
Comprehensive income attributable to non-controlling interests	$ 707	$ 411

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

	Capital stock	Reserve for repurchase of shares
Balances as of January 1, 2013	$ 4,227	$ 906
Consolidation effect of structured entities	–	–
Dividends declared	–	–
Increase in reserve for repurchase of shares	–	11
Balances before comprehensive income (loss)	4,227	917
Consolidated net income for the year	–	–
Other comprehensive loss	–	–
Total comprehensive (loss) income	–	–
Balances as of December 31, 2013	4,227	917
Consolidation effect of structured entities	–	–
Loss on investment of associate due to dissolution	–	–
Increase in reserve for repurchase of shares	–	(1)
Balances before comprehensive income	4,227	916
Consolidated net income for the year	–	–
Other comprehensive income	–	–
Total comprehensive income	–	–
Balances as of December 31, 2014	**$ 4,227**	**$ 916**

See accompanying notes to consolidated financial statements.

Retained earnings	Accumulated other comprehensive income (loss)	Equity attributable to owners of the Entity	Non-controlling interests in consolidated subsidiaries	Total stockholders' equity
$ 41,635	$ (2,032)	$ 44,736	$ 2,322	$ 47,058
–	–	–	(284)	(284)
(2,422)	–	(2,422)	(285)	(2,707)
–	–	11	–	11
39,213	(2,032)	42,325	1,753	44,078
4,404	–	4,404	374	4,778
–	(1,110)	(1,110)	37	(1,073)
4,404	(1,110)	3,294	411	3,705
43,617	(3,142)	45,619	2,164	47,783
–	–	–	(244)	(244)
(160)	–	(160)	–	(160)
–	–	(1)	–	(1)
43,457	(3,142)	45,458	1,920	47,378
3,518	–	3,518	513	4,031
–	1,999	1,999	194	2,193
3,518	1,999	5,517	707	6,224
$ 46,975	**$ (1,143)**	**$ 50,975**	**$ 2,627**	**$ 53,602**

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013
(In millions of Mexican pesos)

	December 31, 2014	December 31, 2013
Cash flows from operating activities:		
Income before income taxes	$ 6,986	$ 7,656
Adjustments for:		
Depreciation and amortization	5,831	5,247
Loss on sale of property, plant and equipment	330	194
Equity in loss of associated companies	61	38
Impairment of long-lived assets	166	393
Multi-employer pension plan provision	1,990	368
Interest expense	3,692	3,146
Interest income	(271)	(268)
Changes in assets and liabilities:		
Accounts and notes receivable	(881)	(340)
Inventories	630	(262)
Prepaid expenses	789	(986)
Trade accounts payable	84	197
Other accounts payable and accrued liabilities	2,280	(350)
Due to related parties	266	(154)
Income tax paid	(3,921)	(2,369)
Derivative financial instruments	260	(213)
Statutory employee profit sharing	238	126
Employee labor obligations and workers' compensation	(211)	(1,029)
Net cash flows generated by operating activities	18,319	11,394
Investing activities:		
Acquisition of property, plant and equipment	(6,829)	(6,766)
Acquisition of businesses, net of cash received	(22,351)	(139)
Divestiture of plants in the USA	–	455
Proceeds from sale of property, plant and equipment	85	277
Acquisition of trademarks and other assets	(1,415)	(497)
Other assets	(672)	811
Investments in shares of associated companies	(120)	(28)
Interest collected	720	266
Net cash flows used in investing activities	(31,032)	(5,621)
Financing activities:		
Proceeds from long-term debt	46,476	3,046
Payment of long-term debt	(30,231)	(4,522)
Interest paid	(3,128)	(3,465)
Payments of interest rate swaps	(1,277)	(1,470)
Interest rate swaps collected	1,478	1,805
Repurchase of shares	–	11
Dividends paid	–	(2,707)
Net cash flows used in financing activities	13,318	(7,302)
Adjustments to cash flows due to exchange rate fluctuations and inflationary effects	(537)	(245)
Net (decrease) increase in cash and cash equivalents	68	(1,774)
Cash and cash equivalents at the beginning of the year	2,504	4,278
Cash and cash equivalents at the end of the year	$ 2,572	$ 2,504

See accompanying notes to consolidated financial statements.

(In millions of Mexican pesos)

1. ACTIVITIES AND SIGNIFICANT EVENTS

Activities – Grupo Bimbo, S. A. B. de C. V. and Subsidiaries ("Grupo Bimbo" or the "the Entity") is engaged in the manufacture, distribution and sale of bread, as well as in the manufacture, distribution and sale of cookies, cakes, candies, chocolates, snacks, tortillas and processed foods.

The Entity operates in the following geographical areas: Mexico, the United States of America ("USA"), Central and South America, Europe and China. Due to its minimal significance, the financial information of China is aggregated with Mexico in the disclosures that follow.

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

During 2014 and 2013, net sales of Bimbo S. A. de C. V. and Barcel, S. A. de C. V, located in Mexico, represented approximately 36% and 40%, respectively, of consolidated net sales. During 2014 and 2013, net sales of Bimbo Bakeries USA, Inc. ("BBU"), and Canada Bread Inc. ("Canada Bread" or "CB") located in the USA and Canada region represented approximately 48% and 46%, respectively, of consolidated net sales.

Significant events – During 2013, the Entity divested of certain plants in California, as a result of the restructuring stemming from the acquisition of Sara Lee in 2011.

In 2014, the Entity purchased 100% of several businesses in Canada, the USA and United Kingdom ("UK"), referred to as Canada Bread and in Ecuador, referred to as Supan, SA ("Supan") as described below:

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

Canada Bread

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

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

Funding sources

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

Accounting effects of the acquisition of Canada Bread and Subsidiaries

The acquisition was accounted for in accordance with International Financial Reporting Standard ("IFRS") 3, *Business Combinations*. The following table presents the fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on May 23, 2014 using the exchange rate as of the date of the transaction:

Consideration transferred		$	21,731
Fair value of identifiable assets acquired and assumed liabilities			
Cash and cash equivalents	200		
Accounts receivable	1,359		
Inventories	719		
Property, plant and equipment	6,031		
Intangible assets	7,746		
Other assets	122		
Total identifiable assets			16,177
Goodwill			10,836
Total acquired assets			27,013
Current liabilities	2,274		–
Deferred taxes	1,883		
Long-term liabilities	1,125		
Total assumed liabilities			5,282
Acquired investment value		$	21,731

Supan

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

Accounting effects of the acquisition of Supan

The acquisition was accounted for in accordance with IFRS 3. The allocation of final fair values will conclude during the twelve months subsequent to the acquisition. The following table shows the preliminary fair values of the assets acquired and liabilities assumed that were recognized for the acquisition on July 15, 2014 using the exchange rate as of the date of the transaction. As such amounts are preliminary, they are subject to change:

Consideration transferred			$	858
Fair value of identifiable assets acquired and assumed liabilities				
Cash and cash equivalents	$	38		
Accounts receivable		27		
Inventories		33		
Property, plant and equipment		409		
Other assets		10		
Total identifiable assets				517
Goodwill				573
Total acquired assets				1,090
Current liabilities		174		
Long-term liabilities		58		
Total assumed liabilities				232
Acquired investment value			$	858

Funding sources

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

Consolidated amounts

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

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

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

Consolidated net sales and consolidated net income, if Canada Bread and Supan had been consolidated from January 1, 2014, would have been $193,821and $4,293, respectively.

Goodwill recorded in 2014 as a result of these acquisitions totaled $11,409, which is representative of the expected synergies in both acquisitions.

The Entity incurred in 2014 in fees and expenses to carry out these acquisitions, which are included in general expenses and approximately added up to approximately $124.

2. BASIS OF PREPARATION

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

In the current year, the Entity has applied a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board ("IASB") that are mandatorily effective on or after January 1, 2014.

Amendments to IAS 32 *Offseting Financial Assets and Financial Liabilities*

The Entity has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

As the Entity does not have any financial asset and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures of on the amounts recognized in the Entity´s consolidated financial statements.

Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The Entity has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 *Fair Value Measurements.*

The application of these amendments has had no material impact on the disclosures in the Entity's consolidated financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Entity has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

As the Entity does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

IFRS Interpretation Committe ("IFRIC") 21 *Levies*

The Entity has applied IFRIC 21 *Levies* for the first time in the current year. IFRIC 21 addresses the issue as to when to recognize a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of this Interpretation has had no material impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

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

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

IFRS 9,	*Financial Instruments*[3]
IFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]

[1] Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
[3] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

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

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

The Entity's management anticipates that the application of IFRS 15 in the future may not have a material impact on the amounts reported and disclosures made in the Entity's consolidated financial statements.

Amendments to IAS 16 IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Entity uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively. The Entity's management believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, does not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Entity's consolidated financial statements.

c. *Comprehensive income*

The Entity presents comprehensive income in two different statements: (i) a statement of income and (ii) a statement of comprehensive income. The expenses in the statement of income are presented according to their function, as this is the common practice in the sector to which the Entity belongs. The nature of these expenses is presented in the notes. Additionally, the Entity presents the subtotal operating income, which, although not required by IFRS, is included as it contributes to a better understanding of the economic and financial performance of the Entity.

d. *Cash flow statement*

The Entity presents its cash flow statement using the indirect method. Proceeds from interest and dividends are presented in investing activities, whereas payment of interest and dividends are presented as financing activities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Statement of compliance*

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

b. *Basis of measurement*

The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities (derivative financial instruments and net assets acquired in business combinations), property, plant and equipment in hyperinflationary economies that are measured at revalued amounts or their fair value at the end of each period, as explained in the accounting policies below.

i. Historical cost

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

ii. Fair value

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

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

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

The financial statements of subsidiaries whose functional currency is the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the end of the reporting period. As of December 31, 2014 and 2013, only Venezuela qualifies as an hyperinflationary economy.

c. *Basis of consolidation*

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

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

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

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

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

1 Canada Bread was acquired on May 23, 2014, date in which the Entity took control over it.

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

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

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

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

d. *Business combinations*

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

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

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

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share based paymentsat the acquisition date (as of December 31, 2014 and 2013 the Entity does not have share-based payments); and

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

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

e. ***Assets available for sale***

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

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

f. ***Recognition of the effects of inflation***

Inflationary effects are recognized in the financial statements when the economy of the currency in which the Entity's transactions are recorded is considered hyperinflationary, defined generally as economies in which inflation in the preceding three fiscal years equals or exceeds 100%. The Mexican economy ceased to be hyperinflationary in 1999. Therefore, inflation effects for the Entity's Mexican operations were recognized through that date, except for certain office equipment, machinery and equipment, for which inflation was recognized through 2007, as permitted by Mexican Financial Reporting Standards ("MFRS"), and retained as deemed cost as permitted by the transition rules of IFRS. Inflation continues to be recognized for operations in those countries operating in hyperinflationary economic environment. In 2014 and 2013, the operation in Venezuela qualified as hyperinflationary in relation to the inflation of the three preceding years and for which the effects of inflation were recognized. These effects are not material to the financial position, performance or cash flows of the entity.

g. ***Leasing***

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

– <u>The Entity as lessee</u>

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

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

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

h. ***Foreign currency transactions***

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 14).

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

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

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

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

i. ***Cash and cash equivalents***

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

j. ***Financial assets***

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1. Effective interest method

   The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as of FVTPL.

2. Financial assets at FVTPL

Financial assets are classified as of FVTPL when the financial asset is either held for trading or it is designated as of FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

3. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to maturity investments are measured at amortized cost using the effective interest method less any impairment.

4. Assets classified as held for sale

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Entity's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

5. Loans and receivables

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

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

6. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days in Mexico, 60 days in USA, 21 days in Canada and 30 days in Central and South America ("OLA"), as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

7. Derecognition of financial assets

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Entity retains an option to repurchase part of a transferred asset), the Entity allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

k. Inventories and cost of sales

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

l. Property, plant and equipment

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

Only for subsidiaries in hyperinflationary economies, property, plant and equipment is stated at fair value, starting in 2014. Any revaluation increase arising on the revaluation of such land, and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit of loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

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

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

Depreciation on revalued buildings is recognized in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated. Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Useful lives are as follows:

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

The Entity allocates the amount initially recognized in respect of an item of buildings and manufacturing equipment to its various significant parts (components) and depreciates each of such components separately.

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

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

Leasehold improvement and adaptations to buildings and premises in which the Entity is the lessee are recognized at historic cost less the respective depreciation based on useful lives on the same basis as owned assets.

m. Investments in associates

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

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

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

The entity discontinues the use of the equity method from the date the investment ceases to be an associate or when the investment is classified as held for sale.

The Entity continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

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

n. Intangible assets

Intangible assets are primarily comprised of trademarks and customer relationships resulting from the acquisition of businesses in the USA, Canada, Iberia, Compañía de Alimentos Fargo, S.A. ("Fargo") and certain trademarks in South America, and are recorded at their fair value on acquisition date. The intangible assets costs acquired through an acquisition is their fair value as of the acquisition date. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally-generated intangible assets, except for development costs, are not capitalized and are recognized as expenses in profit and loss in the period in which they are incurred.

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

p. Goodwill

Goodwill arising on acquisition of a business is carried at cost, which is determined as explained in the business acquisitions policy note above, less accumulated impairment losses, if any (see note 12).

For purposes of impairment testing, goodwill is allocated to each cash-generating unit (or group of cash generating units) that is expected to benefit from the synergies of the business combination.

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

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

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

q. Financial liabilities

Financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the issuance of financial liabilities (except for those financial liabilities classified as at fair value with changes through profit and loss) are deducted from the fair value of the financial liability; transaction costs directly attributable to the issuance of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Subsequent measurement depends on the category in which the financial liability is classified.

Financial liabilities are classified as either "Financial liabilities at fair value through profit or loss" or "Other financial liabilities". Note 14 provides further detail regarding financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when they are designated as at FVTPL (and comply with certain conditions to be directly classified as such) or when they are held for trading. The Entity has not designated financial liabilities as at FVTPL. Derivative financial instruments are classified as trading, except those designated and effective as hedging instruments (the specific accounting policy for derivative financial instruments is explained in more detail within Note 14).

Other financial liabilities

Other financial liabilities, mainly including borrowings and trade and other payables, are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, (or when appropriate a shorter period), to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Entity derecognizes a financial liability when, and only when, the Entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

r. ***Derivative financial instruments and hedging activities***

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Presentation of the related gain or loss from changes in fair value of the derivative financial instrument depends on whether they are designated as hedging instruments, and if so, the nature of the hedging relationship. The Entity only holds derivative financial instruments classified as cash flow hedges and hedges of net investment in foreign operations.

The Entity documents all hedging relationships at the beginning of the transaction, including their objectives and risk management strategies for undertaking derivative transactions. Periodically, the Entity documents whether the derivative financial instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The fair value of derivative financial instruments used as hedging instruments is disclosed in Note 14.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under "Valuation effects of cash flow hedges". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the Entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Hedges of net investment in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of "Translation effects of foreign subsidiaries". The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "Exchange loss (gain), net" line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated other comprehensive income are reclassified to profit or loss on the disposal of the foreign operation.

Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

s. Income taxes

Income tax expense comprises current tax and deferred tax.

1. Current income taxes

In Mexico, income taxes are comprised of regular income tax (*Impuesto Sobre la Renta* or ISR) and through December 31, 2013 a business flat tax (Impuesto Empresarial a Tasa Única or IETU), and are recorded when incurred. Through December 31, 2013, current income tax was calculated as the higher of the ISR and the Business Flat Tax ("IETU").

Current income taxes are calculated in accordance with rates that have been enacted or substantively enacted as of the end of the reporting period for the countries in which the Entity operates.

2. Deferred income taxes

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the end of the reporting period. In Mexico, through December 31, 2012, to recognize the deferred tax, the Entity determined, based on tax projections, whether it expected to incur ISR or IETU, and recognized the deferred taxes based on the respective tax expected to be payable.

Following the 2014 Fiscal Reform in Mexico, effective January 1, 2014, IETU has been eliminated. Accordingly, any existing deferred income tax effects was eliminated in profit or loss in 2013.

The deferred income tax is recognized on temporary differences between the statements and the corresponding tax bases used for determining taxable income by applying the rate corresponding to these differences, including benefits from tax loss carryforwards and certain tax credits, if applicable. The liability for deferred income taxes are generally recognized for all temporary tax differences. An asset is recognized deferred tax for all deductible temporary differences to the extent that it is probable that the Entity will have future taxable income against which to apply those deductible temporary differences.

Deferred income tax is not recognized on the following temporary differences: i) amounts that arise from the initial recognition of assets or liabilities resulting from transactions other than in a business combination, that affects neither the accounting profit nor the taxable profit; ii) those related to investments in subsidiaries and associates, to the extent that it is not likely they will reverse in the foreseeable future, and, iii) those that result from the initial recognition of goodwill. The deferred income tax asset is recognized only to the extent that it is likely there will be future taxable profits it can be used against.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Assets and deferred tax liabilities are offset when a legal right to offset assets with liabilities exists and when they relate to income taxes relating to the same tax authorities and the Entity intends to liquidate its assets and liabilities on a net basis.

3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

t. Employee benefits from termination, retirement and statutory employee profit sharing ("PTU")

i. Pensions and seniority premiums

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions. The obligation is recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The amount recognized in the consolidated statement of financial position as a liability or asset for defined benefit plan represents the present value of the net defined benefit obligation (defined benefit obligation minus the fair value of plan assets). The present value of the net defined benefit obligation is determined based on the discounted value of estimated net cash flows, using interest rates tied to government bonds denominated in the same currency in which the benefits are to be paid and whose terms are similar to those of the obligation.

The Entity provides a bonus in cash to certain executives, which is calculated using performance metrics. The payment, net of ISR withheld, is used to purchase shares of the Entity. The employee may dispose of such shares, even if he or she leaves the Entity.

ii. Statutory employee profit sharing

In Mexico, Venezuela and Brazil, there is an obligation to recognize a provision for the statutory employee profit sharing when the Entity has a legal or constructive obligation, as a result of past events and the amount can be reliably estimated. PTU is recorded in profit or loss of the year in which it is incurred.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

iii. Termination benefits

The Entity recognizes a liability for termination benefits only when the Entity is without realistic possibility of withdrawal from an offer to provide termination benefit to employees, or before, if it complies with the criteria for recognition of a liability related to a restructuring.

iv. Multi-employer pension plans ("MEPP")

The Entity classifies the multi-employer plans as defined contribution plans or defined benefit plans in order to determine the accounting for such plans. If the MEPP is classified as a defined benefit plan, the Entity accounts for its proportionate share of the defined benefit obligation, plan assets and costs associated with the plan in the same manner as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a MEPP, the Entity accounts for such plan as a defined contribution plan.

Liabilities related to the wind-up or the Entity's withdrawal from a multi-employer plan is recognized and measured in conformity with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

u. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account the estimated customer returns, rebates and other allowances.

<u>Sale of products</u>

Revenue from the sale of products is recognized when the goods are delivered, at which time all the following conditions are satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Interest income</u>

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Entity's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. *Critical judgment in applying accounting policies*

Consolidation of structured entities

As described in more detail in Note 8, BBU and Sara Lee have entered into agreements with third party contractors ("Independent Operators"), in which they hold no direct or indirect interest but that qualify as structured entities. The Entity has concluded that they have control with respect to certain independent operators, primarily with respect to rights or obligations to secure or grant financing, as well as the maintenance obligation related to distribution routes. In other cases, the Entity has concluded it does not exercise control over such independent operators.

b. *Key sources of estimation uncertainty*

1. Useful lives, residual values and depreciation and amortization methods of long-lived assets

   As described in Note 3, the Entity periodically reviews the estimated useful lives, residual values and depreciation and amortization methods of long-lived assets, including property, plant and equipment and intangibles. Additionally, for intangibles, the Entity determines whether their useful lives are finite or infinite. During the periods presented in the accompanying consolidated financial statements, there were no modifications to such estimates.

2. Allowance for doubtful accounts

   The Entity considers the credit risk of the customer, unguaranteed accounts and significant delays in collection according to the established credit limits in determining the allowance for doubtful accounts.

3. Goodwill impairment

   Determining whether goodwill is impaired involves calculating the best use of the cash generating to which goodwill has been allocated, between its value in use and fair value. The calculation of value in use requires the Entity to determine the expected future cash flows from the cash generating units, using an appropriate discount rate to calculate the present value. Fair value is determined based on multiples of earnings before interest, depreciation and amortization ("EBITDA"). For the determination of an appropriate multiple, the Entity identifies comparable entities.

4. Fair value measurements

   Derivative financial instruments are recognized at fair value as of the date of the consolidated statement of financial position. Additionally, the fair value of certain financial instruments, mainly with respect to long-term debt, is disclosed in the accompanying notes, although there is no risk of adjustment to the related carrying amount. A detailed description of the methodologies to determine fair values of derivative instruments as well as to determine fair value disclosures for long-term debt is included in Note 14. Finally, the Entity has acquired business that require fair value to be determined, at the date of acquisition, for consideration paid, identifiable assets acquired and liabilities assumed and non-controlling interest, as noted in Note 1.

   The fair values described above are estimated using valuation techniques that may include inputs that are not based on observable market data. The main assumptions, used by management are described in the respective notes. Management considers the valuation techniques and selected assumptions appropriate.

5. Employee benefits

Cost of defined benefit plans and MEPP provided to employees is determined using actuarial valuations that involve assumptions related to discount rates, future salary increases, employee turnover rates and mortality rates, among others. Due to the long-term nature of these plans, such estimates are sensitive to changes in assumptions.

6. Determination of income taxes

To determine whether a deferred income tax asset related to tax losses carryforwards is impaired, the Entity prepares tax projections to determine its recoverability.

7. Employee benefits, insurance and other liabilities

Insurance risks exists in the USA which respect to the liability for general damages to other parties, car insurance and employee benefits that are self-insured by the Entity with coverage subjected to specific limits agreed in an insurance program. Provisions for claims are recorded on a claim-incurred basis. Insurable risk liabilities are determined using historical data of the Entity. The net liabilities at December 31, 2014 and 2013 amounted to $3,288 and $3,204, respectively.

5. TRANSACTIONS THAT DID NOT RESULT IN CASH FLOWS

During the year, the Entity acquired $315 of equipment in financial lease in 2014, which represents a non-cash financing activity and investment that is not reflected in the consolidated statements of cash flows. In 2013 there was no significant effect.

6. ACCOUNTS AND NOTES RECEIVABLE

		December 31, 2014		December 31, 2013
Trade receivables	$	13,596	$	11,459
Allowance for doubtful accounts		(498)		(496)
	$	13,098		10,963
Notes receivable		151		232
Notes receivable from independent operators		468		513
Income, value –added and other recoverable taxes		4,782		3,185
Other receivables		529		955
	$	19,028	$	15,848

The average credit terms on sales of goods within Mexico are 30 days, within the USA is 60 days, Canada is 21 days and within "OLA", which includes the countries of Central and South America, is 30 days. Amounts past due but not impaired (reserved) are not significant as of the dates of the consolidated statement of financial position. Amounts due over 90 days are 75% reserved and amount due over 180 days are 100% reserved.

7. INVENTORIES

		December 31, 2014		December 31, 2013
Finished products	$	1,891	$	1,677
Orders in-process		100		138
Raw materials, containers and wrapping		2,644		2,482
Other		282		3
Allowance for slow-moving inventories		(84)		(44)
		4,833		4,256
Raw materials in-transit		145		473
	$	4,978	$	4,729

8. STRUCTURED ENTITIES

The Entity enters into distribution agreements with independent operators that own distribution rights to sell and distribute the Entity's products via direct-store-delivery to retail outlets in defined sales territories. The Entity does not hold equity interest in any of the independent operator entities. Independent operators generally finance the purchase of distribution rights through note agreements with the Entity or a financial institution. Note agreements with a financial institution are, in the aggregate, partially guaranteed by the Entity.

Assets and liabilities of independent operators included in the accompanying consolidated financial statements are as follows:

		December 31, 2014		December 31, 2013
Inventories – finished goods	$	–	$	9
Property – vehicles		1,687		993
Intangible distribution rights and goodwill		3,767		2,183
Total assets	$	5,454	$	3,185
Current maturities of long-term debt:				
Obligations under finance leases	$	367	$	195
Independent operator loans		32		33
Other current liabilities		–		20
Long-term debt:				
Obligations under finance leases		965		560
Independent operator loans		65		103
Due to affiliates (net of receivables) – eliminated in consolidation		2,781		1,288
Total liabilities	$	4,210	$	2,199
Noncontrolling interest	$	1,244	$	986

Financing provided by BBU to independent operators is eliminated in the accompanying consolidated financial statements.

Lease obligations presented within long-term debt on the consolidated statements of financial position are secured by the vehicles subject to leases and do not represent additional claims on the Entity's general assets. The Entity's maximum exposure for loss associated with independent operators entities is limited to $97 of long-term debt of the independent operators as of December 31, 2014.

In addition, the Entity has sold certain equipment and distribution rights in the US to former Entity's employees and individuals, also considered as independent operators, but not as consolidated structured entities. Such amount equals in 2014 and 2013 $1,577 and $2,073, respectively, which are presented in the statement of financial position as receivables from independent operators.

BBU funds 90% of the distribution rights sold to certain independent operators at rates between 5% and 11%, with 120 months installments. Independent operators make an initial payment of the Entity for the remaining 10% of the purchase price. In most cases, an independent third party lender finances the down payment. Both the Entity and the financing of independent third parties are insured by the distribution rights, equipment, customer lists, and other assets. The independent third party lender has priority over the collateral.

9. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of beginning and ending carrying values in 2014 and 2013 is as follows:

	Balances as of January 1, 2014	Additions	Additions from business acquisitions	Transfers	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2014
Investment:								
Building	$ 14,273	$ –	$ 1,673	$ 704	$ 406	$ (418)	$ 333	$ 16,971
Industrial machinery and equipment	39,772	–	3,589	3,543	1,286	(1,225)	738	47,703
Vehicles	11,291	–	60	1,423	136	(416)	88	12,582
Office furniture	544	–	92	269	17	(260)	-	662
Computer equipment	3,159	–	25	388	156	(472)	11	3,267
Total investments	69,039	–	5,439	6,327	2,001	(2,791)	1,170	81,185
Depreciation:								
Building	(6,519)	(522)	(16)	–	(202)	240	(61)	(7,080)
Industrial machinery and equipment	(21,073)	(3,495)	(46	–	(621)	1,158	(78)	(24,155)
Vehicles	(5,198)	(864)	(14)	–	(18)	416	(13)	(5,691)
Office furniture	(456)	(41)	(5)	–	(13)	139	–	(376)
Computer equipment	(2,344)	(486)	(9)	–	(74)	472	–	(2,441)
Total accumulated depreciation	(35,590)	(5,408)	(90)	–	(928)	2,425	(152)	(39,743)
	33,449	(5,408)	5,349	6,327	1,073	(366)	1,018	41,442
Land	5,280	111	586	–	141	(45)	20	6,093
Projects-in-progress and machinery in transit	4,008	7,033	505	(6,327)	(87)	(4)	–	5,128
Reclassified as assets available for sale	(54)	(127)	–	–	(7)		–	(188)
Net investment	$ 42,683	$ 1,609	$ 6,440	$ –	$ 1,120	$ (415)	$ 1,038	$ 52,475

	Balances as of January 1, 2013	Additions	Additions from business acquisitions	Transfers	Translation effect	Retirements	Revaluation for inflation	Balance as of December 31, 2013
Investment:								
Building	$ 13,044	$ –	$ 62	1,759	$ (641)	$ (165)	$ 214	$ 14,273
Industrial machinery and equipment	38,910	–	91	3,078	(1,092)	(1,424)	209	39,772
Vehicles	11,324	–	–	581	(81)	(559)	26	11,291
Office furniture	534	–	–	53	(12)	(31)	–	544
Computer equipment	2,824	–	1	431	(51)	(46)	–	3,159
Total investments	66,636	–	154	5,902	(1,877)	(2,225)	449	69,039
Depreciation:								
Building	(6,009)	(793)	–	–	285	113	(115)	(6,519)
Industrial machinery and equipment	(19,672)	(3,115)	–	–	561	1,297	(144)	(21,073)
Vehicles	(5,119)	(489)	–	–	67	367	(24)	(5,198)
Office furniture	(339)	(155)	–	–	7	31	–	(456)
Computer equipment	(2,071)	(347)	–	–	28	46	–	(2,344)
Total accumulated depreciation	(33,210)	(4,899)	–	–	948	1,854	(283)	(35,590)
	33,426	(4,899)	154	5,902	(929)	(371)	166	33,449
Land	4,395	1,054	31		(129)	(100)	29	5,280
Projects–in–progress and machinery in transit	4,350	7,501	–	(5,902)	(152)	(1,789)	–	4,008
Reclassified as assets available for sale	(160)	–	–	–	–	106	–	(54)
Net investment	$ 42,011	$ 3,656	$ 185	$ –	$ (1,210)	$ (2,154)	$ 195	$ 42,683

10. INVESTMENT IN SHARES OF ASSOCIATED COMPANIES

The investments in associated companies are as follows:

Associated companies	% of ownership	December 31, 2014	December 31, 2013
Beta San Miguel, S. A. de C. V.	8	$ **528**	$ 522
Mundo Dulce, S. A. de C. V.	50	**271**	272
Fábrica de Galletas La Moderna, S. A. de C. V.	50	**247**	247
Grupo La Moderna, S. A. de C. V.	3	**156**	156
Congelación y Almacenaje del Centro, S. A. de C. V.	15	**126**	111
Fin Común, S. A. de C. V.	36	**96**	94
Productos Rich, S. A. de C. V.	18	**118**	113
Frexport, S.A. de C.V.	–	**–**	110
Ovoplus, S. A. de C. V.	25	**47**	24
Blue Label de México, S. A. de C. V.	46	**376**	413
Others	Various	**66**	70
		$ **2,031**	$ 2,132

All associated companies are incorporated and operating in Mexico and are recognized using the equity method in the consolidated financial statements. Equity investments in Beta San Miguel, SA de CV, Grupo Moderna, SA de CV, Rich Products, SA de CV, and Frexport, SA de CV, are considered to be associated entities over which the Entity exercises significant influence, based on its representation in the Board of Directors. In January 2014 the Entity's participation in Frexport , SA de CV, was sold at which time the Entity ceased to recognize the equity method.

11. INTANGIBLE ASSETS

Following is an analysis of the balance of intangible assets by geographical area:

	December 31, 2014	December 31, 2013
Mexico	$ 8,890	$ 8,929
USA	25,830	15,515
Europe	1,598	871
OLA	1,642	1,662
	$ 37,960	$ 26,977

As of December 31, 2014 and 2013 detail of intangible assets is as follows:

	Average useful life	December 31, 2014	December 31, 2013
Trademarks	Indefinite and 9 years	$ 27,151	$ 20,139
Use and distribution rights	Indefinite	4,244	2,514
		31,395	22,653
Customer relationships	18, 21 and 22 years	8,650	5,664
Licenses and software	8 and 2 years	471	336
Non-compete agreements	5 years	104	92
Others		38	34
		9,263	6,126
Accumulated amortization		(2,698)	(1,802)
		6,565	4,324
		$ 37,960	$ 26,977

The Entity owns intangible assets related to customer relationships, resulting from the acquisition of Weston Foods, Inc. in 2009 and Sara Lee Bakery Group, Inc. in 2011. The carrying value of the assets related to these two acquisitions at December 31, 2014 and remaining useful lives are $3,029 and $1,141, 12 and 15, respectively, and at December 31, 2013, $2,913 and $1,081, and 13 and 16, respectively.

The intangible assets by geographical area correspond to the following:

	December 31, 2014	December 31, 2013
Mexico:		
Barcel	$ 1,113	$ 1,130
El Globo	358	360
Bimbo	310	310
BBU	7,048	7,048
Others	61	81
USA and Canada:		
USA	18,358	15,515
Canada	7,472	–
Iberia:		
Spain	792	802
United Kingdom	752	–
Argentina	54	69
OLA:		
Brazil	538	546
Fargo	604	615
Others	500	501
	$ 37,960	$ 26,977

Cost

	Trademarks	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Assets held for sale	Total
Balances at beginning of 2013	$ 20,047	$ 2,428	$ 5,629	$ 333	$ 23	$ 34	$ (505)	$ 27,989
Additions	510	11	–	1	69	–	–	591
Structured entities	–	58	–	–	–	–	–	58
Disposals	(460)	–	–	–	–	–	455	(5)
Effect of exchange rate differences on foreign currency	42	17	35	2	–	–	50	146
Balances as of December 31, 2013	20,139	2,514	5,664	336	92	34	–	28,779
Additions	–	6	–	–	–	–	–	6
Structured entities	–	1,409	–	–	–	–	–	1,409
Business acquisitions	5,473	–	2,186	87	–	–	–	7,746
Effect of exchange rate differences on foreign currency	1,539	315	800	48	12	4	–	2,718
Balances as of December 31, 2014	**$ 27,151**	**$ 4,244**	**$ 8,650**	**$ 471**	**$ 104**	**$ 38**	**$ –**	**$ 40,658**

Accumulated amortization and impairment

	Trademarks	Use and distribution rights	Clients relationships	Licenses and software	Non-compete agreements	Others	Assets held for sale	Total
Balances at beginning of 2013	$ (63)	$ (99)	$ (958)	$ (144)	$ (15)	$ (20)	$ –	$ (1,299)
Amortization expenses	–	–	(304)	(33)	(5)	(6)	–	(348)
Impairment	(55)	(95)	–	–	–	–	–	(150)
Effect of exchange rate differences on foreign currency	–	–	(5)	–	–	–	–	(5)
Balances as of December 31, 2013	(118)	(194)	(1,267)	(177)	(20)	(26)	–	(1,802)
Amortization expenses	(4)	–	(362)	(42)	(15)	–	–	(423)
Impairment	(69)	(97)	–	–	–	–	–	(166)
Effect of exchange rate differences on foreign currency	(19)	(38)	(222)	(28)	–	–	–	(307)
Balances as of December 31, 2014	$ (210)	$ (329)	$ (1,851)	$ (247)	$ (35)	$ (26)	$ –	$ (2,698)
Balances as of December 31, 2013	$ 20,021	$ 2,320	$ 4,397	$ 159	$ 72	$ 8	$ –	$ 26,977
Balances as of December 31, 2014	**$ 26,941**	**$ 3,915**	**$ 6,799**	**$ 224**	**$ 69**	**$ 12**	**$ –**	**$ 37,960**

During 2014, the Entity recognized an impairment loss in the value of the trademarks Earth Grains, Iron Kids and Various Interstate brands, assigned to the USA segment, for $37. In the Mexico segment recognized an impairment related to the trademarks of el Molino, Beijing Jinhongwei, Rutti-Mania and Veggi-Mania for a total of $32. During 2013, an impairment to brands of $55 was recognized in the USA segment related to the Earth Grains, Iron Kids and Various Interstate brands. In the aforementioned cases, the loss resulted from a decrease in sales of these brands. These impairments were recognized in general expenses in the consolidated statements of income.

For the purpose of impairment tests, the fair value of trademarks was estimated using the relief from royalty valuation technique, using a range of royalty rates between 2% and 5%, being 3% the rate used for most trademarks.

12. GOODWILL

Following is an analysis of the balance of goodwill by geographical area:

	December 31, 2014	December 31, 2013
Mexico	$ 1,338	$ 1,339
USA	46,075	30,863
Europe	540	448
OLA	2,461	1,843
	50,414	34,493
Impairment	(5,157)	(4,671)
	$ 45,257	$ 29,822

Movements in goodwill during the years ended December 31, 2014 and 2013 were as follows:

		December 31, 2014		December 31, 2013
Balance as of January 1	$	29,822	$	29,754
Acquisitions		11,409		195
Impairment		–		(243)
Adjustments due to variations in exchange rates		4,026		116
Balance as of December 31	$	45,257	$	29,822

During 2014 there was no impairment loss of goodwill and due to recurring losses, the Entity recognized an impairment loss of goodwill in 2013 related to El Globo (which is part of the Mexico reportable segment) in the amount of $243.

Movement in accumulated impairment losses as of December 31, 2014 and 2013 is as follows:

		December 31, 2014		December 31, 2013
Balance as of January 1	$	4,671	$	4,441
Impairment		–		243
Adjustment due to variations in exchange rates		486		(13)
Balance as of December 31	$	5,157	$	4,671

Allocation of goodwill to cash generating unit

When analyzing impairment, goodwill is allocated to cash-generating units, which are represented mainly by Mexico (Bimbo, Barcel and El Globo), USA, Brazil and others (Canada, Iberia and Argentina).

Balances of goodwill assigned to each cash-generating unit, after impairment losses, are as follows:

		December 31, 2014		December 31, 2013
USA	$	30,059	$	26,800
Brazil		668		678
Other CGUs without impairment		14,530		2,344
	$	45,257	$	29,822

Until 2013 the Entity recognized an impairment related to El Globo, in the region of Mexico, which has a zero value at December 31, 2014 and 2013.

USA

The recoverable amount of the USA cash-generating unit is determined based on a value-in-use method, which uses cash flow projections based on financial budgets approved by management of the Entity covering a ten-year period. The cash flows beyond the 10-year period have been extrapolated; using growth rates and operating profit reaching 8% that consider both long-term average operating profits for the industry as well as past experience of the Entity. The Entity considers a 10-year period for cash flow projections as it is expected that during such period USA will reach average growth rates consistent with the industry. In 2014 and 2013, the pre-tax discount rate used in such projections was 6.88% per annum, considering the time value of money and the specific risks associated with the cash-generating unit. Management believes that a possible significant change in the key assumptions on which the recoverable amount of the cash-generating unit is based would not result in the carrying value of the cash-generating unit to exceed its recoverable amount.

Brazil

The recoverable amount of Brazil as a cash-generating unit is determined based on a value in use method, which uses cash flow projections based on financial budgets approved by management of the Entity. The cash flows beyond the 10-year period have been extrapolated; using growth rates and operating profit reaching 8% that consider both long-term average operating profits for the industry as well as past experience of the Entity. The Entity considers a 10-year period for cash flow projections as it is expected that during such period Brazil will reach such average growth rate of the industry. In 2014 and 2013, the pre-tax discount rate used in such projections was 9.1% per annum, considering the time value of money and the specific risks associated with the cash-generating unit.

At December 31, 2014, a change in the consideration of operating margin where the Entity reaches an stable 7.5% to 8% normalized margin in 2022 and delaying the annual increases by one year, would cause the carrying value in Brazil to exceed the recoverable amount for $225. At December 31, 2013, a change in operating income margin account where stable margins reached 7.5% to 8% in 2018, slowing the rate of increase in operating margin by 1% for 5 years, would cause the Brazil's carrying value exceeds the recoverable amount by $176.

Others

The recoverable amount of other cash-generating units is determined by the model of value in use or fair value for Argentina and China. The model of value in use consists of cash flow projections based on financial budgets approved by management of the Entity, covering a period of 1 to 5 years. Fair value is determined based on EBITDA of comparable companies in the market. Management believes that the possibility of significant changes in the key assumptions on which the recoverable amount is based would not result in the carrying amount value of the cash-generating unit exceed its recoverable amount.

During the sensitivity tests it was determined for Argentina that a change of (0.5) in multiples of EBITDA, would cause the carrying amount exceeds the recoverable amount for $302.

The key assumptions vary among each cash-generating unit; however, the key long-term assumptions with the most significant impact in cash flow projections are those included in the perpetuity. Amounts and ranges of such assumptions are as follows:

Increase in sales	3%
Operating margin	8 – 12%
Capital expenditures as percentage of depreciation	100%

13. LONG-TERM DEBT

		Fair Value		December 31, 2014		December 31, 2013
International bonds – On June 30, 2010, the Entity issued a bond under U.S. SEC Rule 144 A Regulation S for US$800 million maturing on January 30, 2020. Such bond pays a fixed interest rate of 4.875% with semiannual payments. The proceeds from this issuance were used to refinance the Entity's debt, extending the maturity date.	$	12,722	$	**11,774**	$	10,461
On January 25, 2012, the Entity issued a bond under U.S. Securities and Exchange Commission ("SEC") Rule 144 A Regulation S for US$800 million maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50%, with semiannual payments. The proceeds from this issuance were used to refinance the Entity's debt.		12,646		**11,774**		10,461
On June 27, 2014, the Entity issued a bond under U. S. SEC Rule 144 A Regulation S for US 800 million maturing on June 27, 2024. Such bonds pay a fixed interest rate of 3.875% with semiannual payments. The proceeds from this issuance were to refinance the Entity's debt, extending the maturity.		11,826		**11,774**		–
On June 27, 2014, the Entity issued a bond under U. S. SEC Rule 144 A Regulation S for US 500 million maturing on June 27, 2044. Such bonds pay a fixed interest rate of 4.88% with semiannual payments. The proceeds from this issuance were to refinance the Entity's debt, extending the maturity.		7,487		**7,359**		–
Local bonds – As of December 31, 2014, the Entity holds the following local bonds due as follows:						
Bimbo 12 – Issued on February 10, 2013, maturing in August 2018, with a fixed interest rate of 6.83%		5,245		**5,000**		5,000
Bimbo 09 – Issued June 15, 2009, maturing in June 2014, with interest at the 28–day Interbank Equilibrium rate ("TIIE") plus 1.55%		–		**–**		5,000
Bimbo 09-2 – Issued June 15, 2009, maturing in June 2016, with a fixed interest rate of 10.60%		2,187		**2,000**		2,000
Bimbo 09U – Issued June 15, 2009 in the amount of 706,302,200 UDIs, maturing in June 2016, with a fixed interest rate of 6.05%. The UDI value at December 31, 2014 and 2013 was $5.2704 and $5.058, Mexican pesos per UDI, respectively.		3,961		**3,722**		3,573

	Fair Value	December 31, 2014	December 31, 2013
Syndicated bank loan 2011 – On April 26, 2011, the Entity entered into a long–term bank loan in the amount of the equivalent of US$1,300 million, in which Bank of America, N. A., as lead administrative agent, and a bank syndicate, comprised of ten institutions as of the date of the accompanying consolidated financial statements, participate. This bank loan is amortized on a semiannual basis from October 2014 to April 20, 2016. The Entity pays interest at London Interbank Offered Rate ("LIBOR") plus 1.10%. The proceeds obtained from this financing were used to refinance existing obligations of the Entity contracted during the acquisition of Weston in 2009 and to partially pay for the acquisition of Sara Lee. As of December 2014 the Entity prepaid the loan in full.	–	**–**	693
Commited Revolving Credit Line (Multicurrency)– In December 2013, the Entity renewed and amended the terms and conditions of the committed multicurrency credit line, originally issued on April 26, 2010.			
According to the new terms and conditions there are 9 financial institutions engaged in this credit line. The total amount is up to 2,000 million US dollars, maturing on March 13, 2019 and with an applicable interest rate of LIBOR plus 1% for the provisions in US dollars, CDOR plus 1% for provisions in Canadian dollars, and TIIE plus 0.75% for provisions in Mexican pesos.			
The credit line has been withdrawn during 2014 primarily for the acquisition of Canada Bread and Supan. Withdrawals were made in US dollars, Canadian dollars and Mexican pesos.	6,656	**6,656**	–
Secured working capital loans – The Entity occasionally hires unsecured short-term loans to cover working capital needs.	280	**280**	1,900
Others – Certain subsidiaries have entered into other direct loans to meet their working capital needs, maturing from 2014 to 2017, at various interest rates.	2,295	**2,295**	1,501
Debt issuance cost	(430)	**(430)**	(260)
	64,875	**62,204**	40,329
Less – Current portion of long–term debt	(1,789)	**(1,789)**	(7,997)
Long–term debt	$ 63,086	**$ 60,415**	$ 32,332

At December 31, 2014, long–term debt matures as follows:

Year		Amount
2016	$	6,095
2017		391
2018		5,000
2019		6,656
2020 and thereafter		42,273
	$	60,415

The committed dual–currency revolving credit facility, local bonds, international bond and syndicate bank loan 2009 are guaranteed by the principal subsidiaries of Grupo Bimbo. At December 31, 2014 and 2013, the Entity has complied with all the obligations, including financial ratios established in the loan agreements for the Entity and its subsidiaries.

14. FINANCIAL INSTRUMENTS

14.1 Categories of financial instruments as of December 31, 2014 and 2013:

		December 31, 2014		December 31, 2013
ASSETS				
Current assets:				
Cash and cash equivalents	$	**2,572**	$	2,504
Accounts and note receivables, net		**19,028**		15,848
Derivative financial instruments		**386**		38
Guarantee deposits for derivative financial instruments		**18**		659
Total current assets		**22,004**		19,049
Non-current assets:				
Notes receivable from independent operators		**1,109**		1,560
Derivative financial instruments		**1,653**		695
Total financial assets	$	**24,766**	$	21,304

		December 31, 2014		December 31, 2013
LIABILITIES				
Current liabilities:				
Bank loans	$	**1,789**	$	7,997
Trade accounts payable		**11,867**		9,698
Other accounts payable and accrued liabilities		**1,414**		638
Due to related parties		**789**		523
Derivative financial instruments		**673**		1,033
Total current liabilities		**16,532**		19,889
Bank loans		**7,442**		1,097
Bonds		**52,973**		31,235
Derivative financial instruments		**1,540**		236
Total financial liabilities	$	**78,487**	$	52,457

14.2 Risk management

During the normal course of its operations, the Entity is exposed to risks inherent with variables related to financing as well as variations in the prices of some of its raw materials that are traded in international markets. The Entity has established an orderly risk management process that relies on internal bodies that assess the nature and extent of those risks.

Main financial risks the Entity is exposed to are:
- Market risk
- Interest rate risk
- Foreign currency risk
- Price risk
- Liquidity risk
- Credit risk
- Capital risk

The Entity's Corporate Treasury is responsible for managing the risks associated with interest rate, foreign currency, liquidity and credit risk that result from the ordinary course of business. Meanwhile, the purchases department is responsible for risk management of purchase prices of commodities and reviews the consistency of Entity´s open positions in the futures markets with the Entity's corporate risk strategy. Both departments report their activities to the Risk Management Department. The main objectives of the Risk Management Department are as follows:

- Identify, evaluate and monitor external and internal risks that could significantly impact the Entity;
- Prioritize risks;
- Secure the assignment and monitoring of risk;
- Validate the functions and/or those responsible for risk management;
- Validate the progress in each of the prioritized risks; and
- Recommend future action to take.

Given that the variables the Entity is exposed are dynamic in behavior, hedging strategies are evaluated and monitored formally on an ongoing basis. Additionally, such strategies are reported to the relevant governing body within the Entity. The primary purpose of hedging strategies is to achieve a neutral and balanced position in relation to the exposure created by certain financial variables.

14.2.1 Market risks

The Entity is exposed to the financial risks associated with fluctuations in foreign currency and interest rates, which are managed by Purchases department. The Entity is also exposed to price risk related to certain commodities purchased in its operation, which is managed by commodities subcommittees. The Entity occasionally uses derivative financial instruments to mitigate the potential impact of fluctuations in these variables and prices on its results. The Entity considers that the derivative financial instruments it enters into provide flexibility that allows for greater financial stability, better earnings visibility and certainty regarding costs and expenses to be paid in the future.

The Entity determines the amounts and objective parameters of the primary positions for which the derivative financial instruments are entered into, with the objective of minimizing one or more of the risk exposures in a transaction or group of transactions associated with the primary position.

The Entity only enters into derivative financial instrument contracts with recognized financial institutions of wel l-known solvency and within the limits set for each institution.

The principal types of derivative financial instruments used by the Entity are:

a) Contracts that establish a mutual obligation to exchange cash flows on specific future dates, at the nominal or reference value (swaps):

    1. Interest rate swaps to balance the mix of fixed and variable interest rates used for financial liabilities.
    2. Cross currency swaps, to change the currency in which both the principal and interest of a financial liability are expressed.

b) Foreign currency exchange forwards;
c) Foreign currency exchange calls;
d) Commodity futures;
e) Options on commodities futures; and
f) Inputs swaps

Market risk exposure is monitored and reported on an ongoing basis to the responsible governing area within the Entity.

The Entity has established a policy that derivative financial instruments are entered into exclusively to hedge a risk. Accordingly, in order to enter into a derivative financial instrument contract, it must necessarily be associated with a primary position that exposes the Entity to a specific risk. Consequently, the notional amounts of the Entity's derivative financial instruments will be consistent with the amounts of the primary positions that are being hedged. The Entity does not enter into derivative financial instruments for speculative purposes. If the Entity decides to enter into a hedging strategy whereby options are combined, the net premiums paid/collected must represent a cash outflow, meaning the Entity should not enter into derivative financial instrument transactions for speculative purposes.

Derivative financial instruments are comprised as follows:

	December 31, 2014	December 31, 2013
Assets:		
Current –		
Forwards	$ 16	$ 9
Premiums paid on options, net	146	–
Futures contracts:		
Fair value of corn, wheat and soybean oil	224	–
Fair value of natural gas and diesel	–	29
Total asset derivatives – current	$ 386	$ 38
Long-term swaps	$ 1,653	$ 695
Liabilities:		
Current –		
Swaps	$ –	$ (615)
Forwards	(8)	–
Forwards on raw material	(1)	(3)
Liabilities guarantee account	(76)	–
Futures contracts:		
Fair value of natural gas and diesel	(588)	–
Fair value of wheat, corn, and soybean oil	–	(415)
Total derivatives liabilities current	$ (673)	$ (1,033)
Long term swaps	$ (1,540)	$ (236)
Stockholders' equity:		
Fair value of financial instruments designated as cash flow hedges, net of accrued interest	$ (362)	$ (317)
Closed contracts for unused futures	(17)	(43)
	(379)	(360)
Deferred income tax, net	159	126
Accumulated other comprehensive income related to derivative financial instruments	$ (220)	$ (234)

14.2.2 Interest rate risk management

The Entity is exposed to interest rate risk, mainly with respect to its financial liabilities. The risk is managed through an adequate mix of fixed and variable rates, which on occasion, is achieved by entering into derivative financial instruments, such as interest rate swaps, which are accounted for as hedging instruments when they comply with the all criteria to be classified as such.

Management considers that its interest rate risk related to its financial assets is limited as their maturities are generally current.

As of December 31, 2014 and 2013 and January 1, 2011, the Entity held long-term debt that accrues interest at variable rates referenced to the TIIE, UDI, CDOR, LIBOR and EURIBOR respectively, and entered into interest rate swaps to fix such interest rates. The swaps have been designated as cash flow hedges.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on balances exposed to interest rate risk, considering both derivative and non-derivative instruments at the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the interest rate risk during the period due to variances in the balances exposed to such risk. For floating rate instruments, for which the Entity has not contracted a hedge to fix the rate, the sensitivity analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A change of 20 basis points in the one-month LIBOR and 20 basis points in the one-month CDOR and a change of 100 basis points in the 28 days TIIE represents management´s best estimate of a reasonable potential change with respect to those rates. The Entity has fully mitigated interest rate risks related to fluctuations in TIIE and the value of UDI through interest rate swaps.

An increase/decrease of 20 basis points in LIBOR, would result in a decrease/increase in profit or loss of approximately $2.5 and $0.4 for the years ended December 31, 2014 and 2013, respectively. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 20 basis points in CDOR would result in a decrease/increase in profit or loss of approximately $7.4 and $0 for the years ended December 31, 2014 and 2013, respectively. Such amounts are not deemed significant to the results of the operations of the Entity.

An increase/decrease of 100 basis points in TIIE, would result in an decrease/increase in the Entity's profit or loss of approximately $9.7 and $0 respectively.

14.2.3 Foreign currency risk management

The Entity undertakes transactions denominated in a variety of foreign currencies and presents its consolidated financial statements in Mexican pesos; it also has investments in foreign operations whose currencies differ from the Mexican peso. Accordingly, it is exposed to foreign currency risk (i.e., the forecasted purchase of inputs, contracts and monetary assets and liabilities) and foreign currency translation risk (i.e. net investments is foreign subsidiaries). The main risk is with respect to the parity of Mexican pesos to US dollars, Mexican pesos to Canada dollars, and Canada dollars to US dollars.

– *Management of translation of foreign currency risk*

  The Entity has investments in foreign subsidiaries whose functional currency is other than the Mexican peso, which exposes it to the risk of foreign currency translation. Also, the Entity has contracted intercompany financial assets and liabilities with those foreign subsidiaries, in various currencies, therefore representing a foreign currency risk.

  The risk is mitigated through the issuance of one or more loans denominated in currencies other than the functional currency to naturally hedge exposure to foreign currency, and presented as a net investment in foreign subsidiaries within other comprehensive income.

As of December 31, 2014 and 2013, loans that have been designated as hedges on the net investment in foreign subsidiaries amounted to US$2,867 and US$2,894 million, respectively.

As of December 31, 2014 and 2013, the amounts that have been designated as hedges for long-term intercompany loans are $2,811 and $3,769 million, respectively.

As of December 31, 2014 and 2013, amounts that have been designated as hedges of intercompany long-term debt are EUR$30 and EUR$29 million, respectively.

At December 31, 2014, the amounts of loans that have been designated as hedges for net investment in foreign subsidiaries totaled CAD$1,393 million.

At December 31, 2014, the amount that has been designated as a hedge for intercompany asset positions is CAD$650 million.

At December 31, 2014, the amount that has been designated as a hedge for intercompany liability positions is US$24 million.

Management of foreign currency transactional risk

Risk management policy regarding foreign currency also contemplates hedging expected foreign currency cash flows, mainly related to future purchases of inputs. Such purchases qualify as hedged items, represented by "highly probable" forecasted transactions for purposes of hedge accounting. At the time the purchase occurs, the Entity adjusts the non-financial asset that is considered the hedged item for the gain or loss previously recognized in other comprehensive income.

Foreign currency sensitivity analysis

The sensitivity analyses below have been determined based on the balances exposed to foreign currency exchange rate risk for both derivative and non-derivative instruments as of the date of the consolidated statement of financial position; therefore, the analyses may not be representative of the foreign currency exchange rate risk that existed during the year due to variances in the balances exposed to such risk.

A depreciation/appreciation of 1 peso per US dollar, represents management´s estimate of a reasonable potential change on the parity of both currencies, and would result in an increase/decrease of approximately $19 and $108 in profit or loss for the years ended December 31, 2014 and 2013, respectively.

Detail of derivative transactions to hedge the interest and exchange rate risk

The characteristics of the derivatives used to hedge the risks mentioned above and their fair values are as follows:

Amounts as of December 31, 2014

	Date		Notional		Interest rate		Fair
	Beginning	Maturity	Value		Paid	Received	Value
A)	**Swaps that modify the Bimbo 09U local bond currency and interest rate:**						
	June 10, 2009	June 6, 2016	$	1,000	10.54% (Pesos)	6.05% (UDI)	247
	June 24, 2009	June 6, 2016	$	2,000	10.60% (Pesos)	6.05% (UDI)	491

Amounts as of December 31, 2014

Date		Notional	Interest rate		Fair
Beginning	Maturity	Value	Paid	Received	Value
B) Swaps that convert 2024 144A bond from American dollars into Canadian dollars and change the fixed interest rate in US dollars to fixed interest rates in Canadian dollars:					
June 30, 2014	June 27, 2024	240 (***)	4.1175% (CAD)	3.875% (USD)	208
June 30, 2014	June 27, 2024	290 (***)	4.1125% (CAD)	3.875% (USD)	267
June 30, 2014	June 27, 2024	108 (***)	4.1246% (CAD)	3.875% (USD)	104
June 30, 2014	June 27, 2024	99 (***)	4.0415% CAD)	3.875% (USD)	104
June 30, 2014	June 27, 2024	110 (***)	4.1558% (CAD)	3.875% (USD)	101
June 30, 2014	June 27, 2024	10 (***)	4.1498% (CAD)	3.875% (USD)	10
C) Swaps that convert the 2044 144A bond from American dollars into Canadian dollars and change the fixed interest rate in US dollars to fixed interest rates in Canadian dollars:					
July 21, 2014	June 27, 2044	107 (***)	5.0455% (CAD)	4.875% (USD)	121
Total long term assets					$ 1,653
D) Swaps that convert the Bimbo 09-2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
September 13, 2010	June 6, 2016	155.3 (*)	6.35% (USD)	10.60% (Pesos)	$ (257)
E) Swaps that convert the Bimbo 12 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 14, 2012	August 3, 2018	50.0 (*)	3.24% (USD)	6.83% (Pesos)	(76)
February 15, 2012	August 3, 2018	50.0 (*)	3.30% (USD)	6.83% (Pesos)	(76)
February 17 2012	August 3, 2018	50.0 (*)	3.27% (USD)	6.83% (Pesos)	(78)
February 17 2012	August 3, 2018	72.1 (*)	3.33% (USD)	6.83% (Pesos)	(115)
February 17 2012	August 3, 2018	70.0 (*)	3.27% (USD)	6.83% (Pesos)	(115)
February 17 2012	August 3, 2018	100.0 (*)	3.25% (USD)	6.83% (Pesos)	(160)
F) Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 17, 2011	June 6, 2016	83.1 (*)	6.47% (USD)	10.54% (Pesos)	(220)
February 17, 2011	June 6, 2016	166.3 (*)	6.53% (USD)	10.60% (Pesos)	(443)
Total long term liabilities (swaps)					$ (1,540)

(*) Amounts in millions of US dollars
(**) Amounts in millions of euros
(***) Amounts in millions of Canada dollars

A) In connection with the issuance of the Bimbo 09U local bonds, between June 10 and 24, 2009, the Entity entered into two foreign currency swaps for $1,000 and $2,000 that together hedge the entire Bimbo 09U issue and converts the debt from 6.05% in UDIs to Mexican pesos at fixed rates of 10.54% and 10.60%, respectively.

B) In order to convert part of the 2024 International 144A Bond from US to Canadian dollars, between June 30 and July 21, 2014,cross currency swaps were contracted for $240, $290, $110, $10.73, $108.34 and $99.3 Canadian dollars. These instruments receive 3.875% interest in USD and pay 4.1175%, 4.1125%, 4.1558%, 4.1498%, 4.1246% and 4.0415% interest in Canadian dollars, respectively.

C) In order to convert a portion of 2044 International 144A Bond to from US to Canadian dollars, on July 21, 2014, a cross currency swaps was contracted in an amount of $107.4 million Canadian dollars . This instrument receives 4.875% interest in US dollars and pays 5.0455%.

D) In connection with the issuance of the Bimbo 09–2 local bonds, for a national amount of $2,000 (equivalent to US$155.3 million), in 2010 the Entity entered into a foreign currency swap, which convert the debt from Mexican pesos to US dollars. The exchange rate was set at $12.88 Mexican pesos per US dollar, and the fixed interest rate to be paid is 6.35%.

E) In order to convert all the Bimbo 12 local bonds from Mexican pesos to US dollars, between February 14 and 17, 2013 the Entity entered into 6 cross currency swaps for an amount of $50, $50, $72.1, $70, $100 and $50 USD respectively. All the instruments earn interest at a rate of 6.83% in Mexican pesos and pay interest at a rate of 3.24%, 3.30%, 3.27%, 3.33%, 3.27% and 3.25% respectively.

F) In order to convert the liability positions of instruments related to the issuance of the Bimbo 09-U bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into two foreign currency and interest rate swaps, one for $1,000 (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. The exchange rates applicable to these instruments were set at $12.03 Mexican pesos per US dollar and interest was fixed at 6.47% and 6.53%, respectively.

Amounts as of December 31, 2013

Date		Notional	Interest rate		Fair
Beginning	Maturity	Value	Paid	Received	Value
A) Swaps that convert the Bimbo 09-2 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
September 13, 2010	June 6, 2016	155.3 (*)	6.35% (USD)	10.60% (Pesos)	$ 17
B) Swaps that modify the Bimbo 09U local bond currency and interest rate:					
June 10, 2009	June 6, 2016	$ 1,000	10.54% (Pesos)	6.05% (UDI)	212
June 24, 2009	June 6, 2016	$ 2,000	10.60% (Pesos)	6.05% (UDI)	420

Amounts as of December 31, 2013					
Date		Notional	Interest rate		Fair
Beginning	Maturity	Value	Paid	Received	Value
C) Swaps that convert the stock certificate Bimbo 12 Mexican pesos into US dollars and change the fixed interest rate pesos to US dollars :					
February 14, 2012	August 3, 2018	50.0 (*)	3.24% (US Dollars)	6.83% (Mexican pesos)	5
February 15, 2012	August 3, 2018	50.0 (*)	3.30% (US Dollars)	6.83% (Mexican pesos)	7
February 17, 2012	August 3, 2018	50.0 (*)	3.27% (US Dollars)	6.83% (Mexican pesos)	5
February 17, 2012	August 3, 2018	72.1 (*)	3.33% (US Dollars)	6.83% (Mexican pesos)	9
February 17, 2012	August 3, 2018	70.0 (*)	3.27% (US Dollars)	6.83% (Mexican pesos)	7
February 17, 2012	August 3, 2018	100.0 (*)	3.25% (US Dollars)	6.83% (Mexican pesos)	13
Total long term assets					$ 695
D) Swaps that fix the rate of the long–term bank loan in US dollars:					
May 27, 2009	January 15, 2014	37.5 (*)	2.33% (Fixed)	0.19% (LIBOR)	$ (1)
E) Swaps that fix interest rates of stock certificates Bimbo 09:					
February 24, 2011	June 9, 2014	1,000	8.00% (Fixed)	5.85% (TIIE+1.55%)	(12)
February 24, 2011	June 9, 2014	1,000	7.94% (Fixed)	5.85% (TIIE+1.55%)	(12)
February 28, 2011	June 9, 2014	1,000	8.03% (Fixed)	5.85% (TIIE+1.55%)	(12)
June 26, 2009	June 9, 2014	2,000	7.43% (Fixed)	4.30% (TIIE)	(34)
F) Swaps that convert the Bimbo 09 local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 11, 2011	June 9, 2014	166.2 (*)	5.06% (US Dollars)	8.98% (Mexican Pesos)	(165)
April 27, 2011	June 9, 2014	86.6 (*)	3.73% (US Dollars)	7.94% (Mexican Pesos)	(128)
April 25, 2011	June 9, 2014	86.2 (*)	3.83% (US Dollars)	8.03% (Mexican Pesos)	(122)
April 28, 2011	June 9, 2014	86.7 (*)	3.78% (US Dollars)	8.00% (Mexican Pesos)	(129)
Total current liabilities					$ (615)
G) Swaps that convert the Bimbo 09U local bonds from Mexican pesos to US dollars and modify their interest rates from Mexican pesos fixed to US dollars fixed:					
February 17, 2011	June 6, 2016	83.1 (*)	6.47% (US Dollars)	10.54% (Mexican Pesos)	(79)
February 17, 2011	June 6, 2016	166.3 (*)	6.53% (US Dollars)	10.60% ((Mexican Pesos)	(157)
Total long-term liabilities (swaps)					$ (236)

(*) Amounts in millions of US dollars
(**) Amounts in millions of euros

A) In connection with the issuance of the Bimbo 09–2 local bonds, for a national amount of $2,000 (equivalent to US$155.3 million), in 2010 the Entity entered into a foreign currency swap, which convert the debt from Mexican pesos to US dollars. The exchange rate was set at $12.88 Mexican pesos per US dollar, and the fixed interest rate to be paid is 6.35%.

B) In connection with the issuance of the Bimbo 09U local bonds, between June 10 and 24, 2009, the Entity entered into two foreign currency swaps for $1,000 and $2,000 that together hedge the entire Bimbo 09U issue and converts the debt from 6.05% in UDIs to Mexican pesos at fixed rates of 10.54% and 10.60%, respectively.

C) In order to convert all the Bimbo 12 local bonds from Mexican pesos to US dollars, between February 14 and 17, 2013 the Entity entered into 6 cross currency swaps for an amount of $50, $50, $72.1, $70, $100 and $50 USD respectively. All these instruments receive 6.83% in Mexican pesos and pay 3.24%, 3.30%, 3.27%, 3.33%, 3.27% and 3.25% respectively.

D) To hedge the interest rate risk on the US dollar portion of Tranche A of the Bank Loan, between May 27 and 29, 2009, the Entity entered into three swaps that originally totaled $300 million USD and fixed the LIBOR rate to a weighted average rate of 1.63% and 1.66%. As a result of the prepayment in 2011 and 2010 of a portion of the $300 million USD and by contracting a cross-currency swap that converts $68.4 million USD to euros, as of December 31, 2013, $37.5 million USD remain outstanding, which were allocated as hedge of the syndicated bank loan which uses Libor fixed rate of 2.33%.

E) To hedge the interest rate risk on the issuance of the Bimbo 09 local bonds, on June 26, 2009 the Entity entered into an interest rate swap for $2,000 that fix the variable rate to 7.43%, effective July 13, 2009. Additionally, on February 24, 2011, the Entity entered into two instruments for $1,000 that fixes the rate from TIIE + 1.55% to 8.00% and 7.94%, respectively. On February 28, 2011, the Entity entered into another instrument for $1,000 that fixes the rate from TIIE + 1.55% to 8.03%.

F) In order to convert the fixed portion of the Bimbo 09 local bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into foreign currency and interest rate swaps for $2,000 (equivalent to US$166 million). The exchange rate was set at $12.05 Mexican pesos per US dollar and the interest rate at 5.06%. Additionally, between April 25 and 28, 2011, the Entity entered into three additional instruments, each one for $1,000, with exchange rates set at $11.53, $11.55 and $11.60 Mexican pesos per US dollar and fixed interest rates of 3.78%, 3.73% and 3.83%, respectively.

G) In order to convert the liability positions of instruments related to the issuance of the Bimbo 09-U bonds from Mexican pesos to US dollars, on February 17, 2011, the Entity entered into two foreign currency and interest rate swaps, one for $1,000 (equivalent to US$83.1 million) and the second for $2,000 (equivalent to US$166.3 million), respectively. The exchange rates applicable to these instruments were set at $12.03 Mexican pesos per USD and interest was fixed at 6.47% and 6.53%, respectively.

Foreign Currency Hedge

Based on its projections of expense, Corporate treasury has diverse obligations in USD, for which reason, at December 31, 2014 and 2013, it maintains a portfolio of options and forwards that result in a long-term position in forwards with monthly maturities of $18 and $170 million USD, respectively, at an average exchange rate of $13.9039 and $13.0719 Mexican pesos per USD.

In addition to hedge a portion of the debt in US dollars and convert it into Canadian dollars, the Entity keeps as of December 31, 2014 a portfolio in forwards that result in a short position for a total of $85 million Canadian dollars at an average exchange rate of $1.1662 Canadian dollars per USD.

In order to meet the needs of corporate treasury in euros tied to various forecasted transactions, the Entity held as of December 31, 2014, a portfolio of options and forwards that result in a long position for a total of EUR$9 million, at an exchange rate of $17.85 pesos per euro.

As of December 31, 2014 and 2013, these aforementioned instruments have a net market value (asset) of $8 and $9, respectively.

As of December 31, 2014 and 2013, the Entity had forwards to hedge currency risk of raw materials associated with the operation of Mexico. These instruments hedged a notional amount of $137.7 and $91.3 million US dollars, respectively, fixing the exchange rate for the purchase of currency at a price of $13.73 and $13.18 Mexican pesos per US dollar and its fair value was $146 and $(1).

In 2014 and 2013, the Entity entered into a forward to hedge the exchange risks related to the purchase of commodities in Uruguay. This instrument hedges a notional amount of $3.9 and $4.8 million USD and fixed the exchange rate at $25.26 and $22.72 Uruguayan pesos per USD. The fair value of the instrument as of December 31, 2014 and 2013 was $(1) and $(2) respectively.

As of December 31, 2014, the Entity had forwards to hedge currency risk of raw materials associated with the operation of Chile. These instruments cover a notional amount of US$6 million , fixing the exchange rate for the currency purchase at a price of $609.8 Chilean pesos per USD and its fair value was $(18) Chilean pesos.

14.2.5 Commodities price risk management

In accordance with the Entity´s risk management policies, it enters into wheat, natural gas, and other commodities futures contracts to minimize the risk of variation in international prices of such inputs.

Wheat, the main input used by the Entity, together with natural gas, are some of the commodities hedged. The transactions are carried out in recognized commodity markets, and through their formal documentation are designated as cash flow hedges of forecasted transactions. The Entity performs prospective and retrospective effectiveness tests of the instruments to ensure they mitigate the variability of cash flows from fluctuations in the price of such inputs.

As of December 31, 2014 and 2013, the Entity has recognized, in other comprehensive income, closed contracts that have not yet been transferred to cost of sales due to the fact that the wheat under these contracts has not been used for flour consumption.

Detail of derivative transactions that hedge commodities price risk

As of December 31, 2014 and 2013, the contracted futures and their main characteristics were as follows:

Amounts as of December 31, 2014

		Contracts				Fair
Commencement date	Position	Number	Maturity	Region		Value
Futures contracts to fix the purchase price of wheat and soybean oil:						
Various (diesel)	Long	2,486	Various	US	$	(112)
Various (gasoline)	Long	5,687	Various	US		(421)
Varias (natural gas)	Long	999	Various	México		1
Varias (natural gas)	Long	496	Various	US		(56)
Total current liabilities					$	(588)

Amounts as of December 31, 2014

Commencement date	Position	Contracts Number	Contracts Maturity	Region	Fair Value
Futures contracts to fix the purchase price of wheat and soybean oil:					
Various (wheat)	Long	4,143	March-December 2015	US	$ 132
Various (wheat)	Long	3,162	March-September 2015	Mexico	60
Various (corn)	Long	219	March-May 2015	US	10
Various (soybean oil)	Long	665	March-December 2015	US	(3)
Various (wheat)	Long	1,063	March 2015	Canada	25
Various (wheat)	Long	59	March-December 2015	OLA	1
Various (soybean oil)	Long	114	May-October 2015	Canada	(1)
Total current assets					$ 224

Amounts as of December 31, 2013

Commencement date	Position	Contracts Number	Contracts Maturity	Region	Fair Value
Futures contracts to fix the purchase price of natural gas and diesel:					
Various (diesel)	Long	918	Various	USA	$ 17
Various (gasoline)	Long	136	Various	USA	5
Various (natural gas)	Long	135	Various	USA	10
Various (natural gas)	Long	2,620	Various	Mexico	(3)
Total current assets					$ 29
Futures contracts to fix the purchase price of natural gas and diesel:					
August through December 2013 (wheat)	Long	5,974	May through December 2014	USA	$ (280)
April through December 2013 (wheat)	Long	3,950	May through December 2014	Mexico	(118)
Various (corn)	Long	90	July through December 2014	USA	–
Various (soybean oil)	Long	421	March through December 2014	USA	(7)
October through December 2013 (wheat)	Long	250	March through July 2014	OLA	(10)
Total current liabilities					$ (415)

As of December 31, 2014, the Entity held two forward contracts to hedge cash flows related to the purchase of inputs denominated in US dollars.

Amounts as of December 31, 2014

Commencement date	Maturity	Notional Amount	Contracts Average exchange rate		Fair Value	
Forwards to hedge cash flows related to the purchase of inputs in USD:						
July through December 2014	January through June 2015	$137.7 (US Dollars)	$	13.73 *	$	146
July through December 2014	January through May 2015	$3.9 (US Dollars)	$	25.26 **		1
July through December 2014	January through May 2015	$6.0 (US Dollars)	$	609.85 ***		(1)
Total current assets					$	146

(*) Mexican pesos per US dollar
(**) Uruguayan pesos per US dollar
(***) Chilean pesos per US Dollar

Embedded derivative instruments - As of December 31, 2014 and 2013, the Entity has not identified any embedded derivative financial instruments that require bifurcation.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of financial assets and liabilities is determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions which are traded on active, liquid markets are determined with reference to their quoted market prices. Derivative financial instruments fall in this category Therefore, these instruments are considered as hierarchy level 1 according to the classification of fair value hierarchy described below.

The fair value of other financial assets and liabilities carried at fair value are determined in accordance with accepted pricing models, generally based on discounted cash flow analysis.

As of December 31, 2014 and 2013, the carrying value of financial assets and liabilities that are carried at amortized cost, other than long-term debt as disclosed in Note 13, does not vary significantly from their fair value.

The fair value of market long-term debt, such as bonds, was determined based on the prices provided by Valuación Operativa y Referencias de Mercado S. A. de C. V. ("VALMER") which is an entity supervised by the Mexican National Securities and Banking Commission (*Comisión Nacional Bancaria y de Valores*), that provides prices for financial instruments. Such valuation is considered as Level 1, according to the hierarchy described as follows:

Fair value hierarchy

The amount of assets and liabilities in the consolidated statements of financial position, measured at fair value, are grouped into one of the following three hierarchy levels. Categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurement are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

14.2.5 Liquidity risk management

Corporate treasury is responsible for managing liquidity risk. Risk management allows the Entity to determine its short-, medium- and long-term cash flow needs, while seeking financial flexibility. The Entity maintains sufficient liquidity through an orderly management of its resources and permanently monitoring of cash flows, as well as maintaining a variety of credit lines (some of them committed) with bank institutions and proper management of working capital. These actions ensure the payment of future obligations. The Entity believes that due to the nature of its business, liquidity risk is low.

Obligations resulting from financial instruments and debt amortization are as follows:

	X<1 year	1 year <X<3 years	3 years<X<5 years	X>5years
Debt	$ (2,942)	$ (7,506)	$ (10,479)	$ (54,871)
Derivative instruments	–	–	(447)	–
Total	$ (2,942)	$ (7,506)	$ (10,926)	$ (54,871)

14.2.6 Credit risk management

Credit risk arises from the possible loss if a customer is unable to pay its obligations, loss on investments and principally the risk related to derivative financial instruments.

When accounts receivable to customers is impaired, the Entity recognizes an allowance for doubtful accounts. The allowance is increased for those accounts beyond 90 days past due, based on the results of the analysis of each account and the overall results of changes in the accounts receivable and the seasonality of the customers' business. The methodology used to determine the allowance has been applied consistently and the allowance has been historically sufficient to cover impaired unrecoverable accounts.

With respect to operations with derivative financial instruments related to interest rate and exchange rate hedges, and some commodities like natural gas, these instruments are entered into bilaterally ("OTC"), with counterparties of high repute that meet certain criteria mentioned below, and who maintain a significant and continuous commercial relationship with the Entity.

These counterparties are deemed of high repute, as they are sufficiently solvent -based on their "counterparty risk" rating from Standard & Poor´s- for short- and long-term obligations in local and foreign currency. The principal counterparties with whom the Entity has contracts with respect to derivative financial instruments are:

Banco Nacional de México, S. A., BBVA Bancomer, S. A., Barclays Bank, PLC W. London, Bank of America México, S. A., Citibank N.A., Merrill Lynch Capital Services, Inc., HSBC Bank, ING. Capital Markets, JP Morgan Chase Bank, N. A., Banco Santander, S. A., Mizuho Corporate Bank, Ltd, Mizuho Capital Markets Corporation and The Bank of Tokyo Mitsubishi ufj, Ltd.

Principa commodities derivatives financial instruments are contracted in the following recognized markets:

a. Minneapolis Grain Exchange (MGE)
b. Kansas City Board of Trade (KCBOT)
c. Chicago Board of Trade (CBOT)
d. Mercado a Término de Buenos Aires
e. New York Mercantile Exchange (NYMEX)

Exposure to each counterparty is monitored on a monthly basis.

All derivative financial instrument transactions are performed under a standardized contract and duly executed by the legal representatives of the Entity and those of the counterparties.

Appendix and annexes to the contract, establish the settlement and other relevant terms in accordance with the manners and practices of the Mexican market.

Some derivative financial instrument contracts include the establishment of a security deposit or other securities to guarantee payment of obligations arising from such contracts. Credit limits that the Entity has with its counterparties are large enough to support its current operations; however, the Entity maintains cash deposits as collateral for payment of derivative financial instruments.

For those commodities future contracts executed in recognized, international markets, the Entity is subject to the regulation of those markets. These regulations include, among others, establishing an initial margin call for futures contracts and subsequent margin calls required of the Entity.

14.2.7 Equity structure management

The Entity maintains a healthy relation between debt and equity, to maximize the shareholders' return.

The leverage ratio at the end of each period is as follows:

	December 31, 2014	December 31, 2013
Debt [i]	$ 62,204	$ 40,329
Cash and cash equivalents	2,572	2,504
Net debt	59,632	37,825
Stockholders' equity	53,602	47,783
Net debt to stockholders' equity	1.11 times	0.79 times

[i] Debt is comprised of bank loans and short- and long-term bonds.

The Entity is not subject to any externally imposed capital requirements.

15. EMPLOYEE BENEFITS AND WORKERS' COMPENSATION

Net projected liabilities of employee and welfare benefits plans and workers' compensation, by geographical area, are as follows:

	December 31, 2014	December 31, 2013
Mexico:		
Retirement benefits in México	$ 2,922	$ 1,577
USA:		
Retirement and post-retirement benefits in USA	$ 4,899	$ 4,173
Workers' compensation in USA	2,104	2,399
MEPP in USA	13,992	10,453
	20,995	17,025
Canada:		
Retirement and post-retirement benefits	$ 542	$ –
OLA:		
Retirement	136	169
Total net liability	$ 24,595	$ 18,771

a. *Mexico*

The Entity has a defined benefit pension and seniority premium plan. The Entity is also required to pay termination benefit obligations, which do not qualify as post-retirement benefit plans under IFRS, for which reason a liability for the benefits is not recognized until the obligation occurs, generally upon payment. The Entity´s funding policy is to make discretionary contributions. During 2014 and 2013, the Entity has not contributed to the plans.

Seniority premiums payment consist of a one–time payment of 12 days for each year worked based on the final salary, not exceeding twice the minimum wage, applicable at the payment date, established by law for all its personnel, as stipulated in the respective employment contracts. Such benefits vest for employees with 15 or more years of service.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2014 and 2013 by Bufete Matemático Actuarial, S.C., member of Colegio Nacional de Actuarios, A. C. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2014	December 31, 2013
Discount rate	7.50%	8.50%
Wage increases	4.50%	4.50%

The amounts recognized in profit or loss with respect to defined benefit pension plans:

	December 31, 2014	December 31, 2013
Current service cost	$ 361	$ 449
Interest cost	545	541
Interest income on plan assets	(409)	(358)
	$ 497	$ 632

The net cost of the period was allocated $86 and $137 in 2014 and 2013, respectively, as cost of sales and the remainder as general expenses. The interest on the net obligation was recognized as finance costs.

The following table shows the funded status of the pension and seniority premium obligations as of the date thereon:

	December 31, 2014	December 31, 2013
Present value of defined benefit obligation	$ 7,814	$ 6,513
Less- Fair value of plan assets	4,892	4,936
Underfunded status of the defined benefit obligation	$ 2,922	$ 1,577

Movements in the present value of the defined benefit obligation:

	December 31, 2014	December 31, 2013
Present value of the defined obligation as of January 1,	$ 6,513	$ 7,716
Service cost	361	449
Interest cost	545	541
Actuarial loss (gain) on estimate of obligation	735	(1,911)
Other experience adjustments on the obligation	–	(16)
Benefits paid	(340)	(266)
Present value of the defined benefit obligation as of December 31	$ 7,814	$ 6,513

Movements in fair value of plan assets:

	December 31, 2014	December 31, 2013
Plan assets at fair value as of January 1	$ 4,936	$ 4,804
Return on plan assets	409	358
Actuarial (loss) gain on estimate of plan assets	(154)	40
Benefits paid	(299)	(266)
Plan assets at fair value as of December 31	$ 4,892	$ 4,936

Categories of plan assets:

	Fair value of plan assets			
	As of December 31, 2014		As of December 31, 2013	
Equity instruments	$	2,950	$	1,397
Debt instruments		1,448		3,011
Others		494		528
Total	$	4,892	$	4,936
Expected weighted return		8.50		8.50
Real weighted return		6.40		4.65

The fair value of equity and debt instruments mentioned above are determined based on quoted market prices in active markets.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected wage. The sensitivity analysis presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the projected defined obligation would decrease by $1,367, (increase by $1,764).

If the expected wage increases (decreases) by 1%, the defined benefit obligation would increase by $1,065 (decrease by $906).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

Main strategic choices that are formulated in the actuarial and technical policy document of the Fund are:

- Asset mix based on 30% equity instruments, 60% debt instruments and10 % of other instruments or alternative.

The technical committee of the Entity has the responsibility to define and monitor quarterly, strategy and investment policies in order to optimize the risk / return over the long term.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. Also, there has been no change to the process followed by the Entity to manage the plan assets compared to previous years.

The average duration of the benefit obligation as of December 31, 2014 is 25 years. This number can be analyzed as follows:

- Grupo Bimbo: 28 years (2013: 30 years);
- Active members: 30 (2013: 32 years), and
- Retired members: 8 years (2013: 7 years).

The history of experience adjustments are as follows:

	As of December 31, 2014	As of December 31, 2013
Present value of defined benefits obligation	$ 7,814	$ 6,513
Less – Fair value of plan assets	4,892	4,936
Underfunded status	$ 2,922	$ 1,577
Experience adjustments on the defined benefit obligation	$ 735	$ 1,927
Experience adjustments on plan assets	$ (154)	$ 40

b. *USA* – The Entity has established a defined benefit pension plan that covers eligible employees. Some of the benefits of the plan were frozen. The Entity´s funding policy is to make discretionary contributions. As of December 31, 2014 and 2013, the Entity contributed to such plan $641 and $628, respectively.

The Entity also has established post-retirement employee welfare plans, which covers the medical insurance of certain eligible employees. The Entity has insurance and pays these expenses as they occur.

The most recent actuarial valuations of the plan assets and present value of defined benefits obligation were performed as of December 31, 2014 and 2013 by Mercer (US), Inc., member of the Institute of actuaries in the U.S. The present value of defined benefits obligation, cost of services of the year, and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2014	December 31, 2013
Average of discount rates	4.05%– 4.85%	4.75%– 3.55%
Wage increases	3.75%	3.75%
Inflation rates	2.75%	2.75%

The amounts recognized in profit or loss with respect to defined benefit pension plans and post-retirement benefits:

	December 31, 2014	December 31, 2013
Current service cost	$ 137	$ 242
Interest cost	785	603
Prior service costs and other	–	26
Interest income on plan assets	(601)	(426)
	$ 321	$ 445

The net cost of the period was allocated $122 and $140 in 2014 and 2013, respectively, in the consolidated statements of income as cost of sales and the remainder as general expenses. The interest on the obligation and the expected return on the plan assets are recognized as finance costs.

The following table shows the funded status of the pension and seniority premium obligations as of the date thereon:

	December 31, 2014	December 31, 2013
Present value of defined benefit obligation	$ 20,130	$ 15,912
Less - Fair value of plan assets	15,231	11,739
Present value of unfunded defined benefits	$ 4,899	$ 4,173

Movements in the present value of the defined benefit obligation:

	December 31, 2014	December 31, 2013
Present value of the defined obligation as of January 1	$ 15,912	$ 16,959
Service cost	137	242
Interest cost	785	603
Effect of experience adjustments	(232)	(70)
Effect of changes in demographic assumptions	556	556
Effect of changes in financial assumptions	1,790	(1,676)
Assumed liabilities in business acquisition	124	–
Adjustment for fluctuation in currency exchange	1,893	87
Benefits paid	(835)	(789)
Present value of the defined benefit obligation as of December 31	$ 20,130	$ 15,912

Movements in fair value of plan assets:

	December 31, 2014	December 31, 2013
Plan assets at fair value as of January 1	$ 11,739	$ 11,597
Interest income, and others	601	426
Actuarial gain (loss)	1,460	(302)
Employer and employee contributions	706	628
Adjustment for fluctuation in currency exchange	1,473	59
Benefits paid	(748)	(669)
Plan assets at fair value as of December 31	$ 15,231	$ 11,739

Categories of plan assets:

	Fair Value of plan assets As of December 31, 2014	As of December 31, 2013
Equity instruments	$ 8,468	$ 4,178
Debt instruments	4,783	5,580
Others	1,980	1,981
Total	$ 15,231	$ 11,739
Expected weighted return	4.15	3.60
Real weighted return	15.90	1.40

Fair value of the assets of the plan are measured using valuation techniques that include inputs that are not based on observable market data.

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and expected wage increase. The sensitivity analysis presented below were determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases/decreases 50 basis points, the expected benefit obligation would decrease/increase by $1,005.

If the expected wage increases/decreases 100 basis points, the defined benefit obligation would increases/decreases by $97.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

The Entity's technical committee has the responsibility to define and monitor on a quarterly basis, the strategy and investment policies in order to optimize the risk / performance at long term.

Main strategic choices that are formulated in the actuarial and technical policy document of the Fund are:

- Asset mix on 56% equity instruments, 31% debt instruments and 13% other instruments or alternative.

The average duration of the benefit obligation as of December 31, 2014 is 13 years. This number can be analyzed as follows:

- Active members: 16 years (2013: 16 years);
- Deferred members: 18 years (2013: 18 years), and
- Retired members: 9 years (2013: 9 years).

The Entity made contributions of US$48 million in 2014 and 2013 to the defined benefit plans.

The amounts of experience adjustments are as follows:

	December 31, 2014		December 31, 2013	
Present value of defined benefits obligation	$	**20,130**	$	15,912
Less – Fair value of plan assets		**15,231**		11,739
Underfunded status	$	**4,899**	$	4,173
Experience adjustments on plan obligation	$	**(232)**	$	(70)
Experience adjustments on plan assets	$	**1,460**	$	(302)

Multi-employer pension plans ("MEPP")

The Entity participates in benefit plans known as MEPPs. A MEPP is a fund in which several unrelated employers, in the same or similar industry, make payments to fund retirement benefits for unionized employees enrolled in the plan. Originally, it was set to facilitate the mobility of employees between companies in the same industry preserving pension benefits. Usually they are managed by a trust that is overseen by representatives of all employers and employees. Currently BBU participates in 34 MEPPs.

When the exit of a MEPP is highly probable, a provision is recognized for the present value of estimated future cash outflows, discounted at the current rate. In addition to the recognition of its contributions under the MEPP, the Entity has recognized a withdrawal liability related to three MEPPs, for which an exit contracts exist.

Contributions to MEPPs for the years ended December 31, 2014 and 2013 amounted to $1,640 and $1,489, respectively, which are recognized in profit or loss as incurred. The estimated contributions for 2015 are approximately $1,653. Annual contributions are charged to results.

In case that another employer exits the MEPP without satisfying its obligation related to its exit, the non-covered amount is distributed to the other active employers. Generally, the distribution of the liability for the exit of the plan is based on the Entity's contributions to the plan compared to the contributions of the other employers in the plan.

When the exit of a MEPP is highly problable to happen, is recognized as a provision for the estimated future cash outflows present value, discounted at the accrual rate. The entity recognizes the withdrawal liability related to two MEPPs for which a contract exits. The total liability related to MEPPs is in the employee labor obligations line.

The MEPPs withdrawal liability results from two contracts entered into by the Entity in 2012 to execute a complete withdrawal from the MEPP and re-enter under more advantageous terms designed to maintain the financial stability of the plan. The terms of the agreement allow the Entity to cap its complete withdrawal liability and fund it interest free over 25 years. In 2012, the Entity notified another MEPP of the intent to exit from the MEPP, which caused the trustees of the plan to declare a mass withdrawal. In 2013, the Entity adjusted the liability previously recognized, based on a notification from the trustees of the plans. The MEPPs withdrawal liability was $81, recorded within accrued liabilities and $1,291 within other liabilities.

During 2014 and 2013, the Entity recorded a charge to results with respect to the liability for MEPPs of $2,022 and $368, respectively, presented in the other general expenses line.

Liabilities recognized with respect to MEPPs are updated each year derived from changes in wages, aging and the mix of employees in the plan, which are recorded in results of the income year, in addition to amounts that are contributed regularly to different MEPPs.

If the Entity were to withdraw from all plans, the estimated potential cost of withdrawal is $28,126, of which the Entity has provisioned $13,992. The differential not provisioned represents the Entity's best estimate of withdrawal cost of the other plans, for which as of the date of the accompanying consolidated financial statements, the Entity does not have the intent of withdrawing.

Welfare benefit plans USA

The Entity maintains a welfare benefit plan that covers certain eligible employees' postretirement medical expenses. Amounts correspond to expenses that are recorded in profit or loss as incurred. These obligations are classified as current or long-term welfare benefit plans and the amounts are included in the income statement. As of December 31, 2014 and 2013, these liabilities were:

	December 31, 2014	December 31, 2013
Welfare benefit plans		
Current [a]	$ 471	$ 1,182
Long-term	2,104	2,399
	$ 2,575	$ 3,581

[a] Included in other accounts payable and accrued expenses

c. *Canada*

The Entity has established a defined benefit plan for pension payments covering eligible employees. Some of the benefits of unionized personnel plans were frozen. The funding policy of the Entity is to make discretionary contributions. The contributions made during 2014 amounted to $ 43.

The most recent plan assets and the present value of the defined benefit obligation actuarial valuations were performed as of December 31, 2014 by Mercer (Canada), Inc. The present value of the defined benefit obligation, the labor cost of the current service and past service cost were calculated using the projected unit credit method.

The Entity also has established a defined contribution plan in which contributions are paid as incurred.

The main assumptions used for the actuarial valuations purposes are:

	December 31, 2014
Discount rate	3.90%
Expected rates of wage increase	3.50%
Inflation rate	2.00%

The amounts recognized in the results of these defined benefit plans are:

		December 31, 2014
Current service	$	25
Interest cost		48
Past service and other costs		7
Interest income		(37)
	$	43

The net cost of the period was allocated $6 in 2014 as cost of sales and the remainder as general expenses. The interest on the net obligation was recognized as finance costs.

The amount included in the statement of financial position as of December 31, 2014 arising from the Entity's obligation regarding their defined benefit plans is as follows:

		December 31, 2014
Present value of unfunded defined benefit obligation	$	2,142
Plan assets fair value		1,600
Present value of unfunded defined benefit	$	542

Movements in present value of defined benefit obligation in the period:

		December 31, 2014
Present value of defined benefit obligation as of May 23, 2014	$	2,070
Labor cost of current service		25
Interest cost		48
Effects of changes in demographic assumptions		7
Effect of changes in financial assumptions		56
Experience adjustments on plan liabilities		(4)
Benefits paid		(60)
Present value of defined benefit obligation as of December 31	$	2,142

Movements in the fair value of plan assets in the period:

		December 31, 2014
Present value of plan assets as of May 23, 2014	$	1,570
Interest income		37
Actuarial gain		17
Entity contributions		43
Cost of past service and other		(7)
Benefits paid		(60)
Fair value of plan assets as of December 31	$	1,600

Plan assets categories:

		December 31, 2014
Equity instruments	$	944
Debt intstruments		640
Others		16
	$	1,600

Expected weighted average return

Real weighted average return

The fair value of equity and debt instruments mentioned above are determined based on quoted market prices in active markets.

The actuarial assumptions significant for the determination of the defined obligation are the discount rate and expected wage growth. The sensitivity analyzes presented below were determined based on reasonably possible changes in the respective cases occurred at the end of the reporting period, while all other assumptions remain constant.

If the discount rate increases / decreases in 0.25% the projected benefit obligation would decrease / increase by $(66) and $69.

If the provided wages growth increases / decreases 0.5%, the defined benefit obligation would increase/decrease by $8.

Furthermore, when introducing the sensitivity analysis above , the present value of the defined benefit obligation is calculated by using the projected unitary credit at the end of the period for which it is reported, which is the same as that applied in the calculation of the liability for defined obligations recognized in the statement of financial position.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis of previous years.

Each year a study of Assets and Liabilities pairing in which the consequences are analyzed in terms of risk and return profiles of the strategy of investment policies and contributions is performed.

The history of experience adjustments made is as follows:

		December 31, 2014
Present value of defined benefits obligation	$	2,142
Less – Fair value of plan assets		1,600
Underfunded status	$	542
Experience adjustments on plan liabilities	$	(4)

d. OLA

Venezuela – The Entity maintains a defined benefit plan in respect of the social benefits of their employees in accordance with the provisions of the Labor Law, the Workers and Employees Act ("LOTTT", for its acronym in Spanish).

On May 7, 2013, the President of the Bolivarian Republic of Venezuela amended the LOTTT Act, which entitles each employee with social security benefits equivalent to fifteen days' wages for each three months of work, calculated based on the last wage accrued. Additionally, after the second year of employment, the employee is entitled to two days' pay for each year of work, cumulative up to thirty days' salary. This benefit is retroactive as of June 19, 1997, and applicable for all employees that joined the Entity before that date. For employees that joined after such date, the benefit accrues from the date of hire.

Upon termination of employment, the employee is entitled to receive a payment equal to the higher of: thirty days per year of service or fractions of more than six months, or the full guaranteed benefits.

Also, upon the termination of employment for reasons beyond the control of the employee, or in cases of dismissal without justifiable reasons, the Entity pays additional compensation equivalent to the amount that equals to the worker's social benefits. This compensation is considered a termination benefit and the Entity recognizes a liability and related expense when, and only when, it is demonstrably committed to the termination of the employment relationship.

Honduras – According to the Labor Code of Honduras and decree No.150/2008 October 3, 2008, workers who completed fifteen years of continuous work are entitled to thirty-five percent of the amount of their benefits as retirement pay for their years of service.

Ecuador – According to measures of the local Labor Code, workers who for twenty years or more had served in continuous or interrupted periods, shall be entitled to be retired by their employers without prejudice to the retirement they deserve in their membership to the Instituto Ecuatoriano de Seguridad Social.

Termination allowance - In accordance with the provisions of the Labor Code, in cases of termination of employment requested by the employer or the employee, the Entity will pay 25% of the last monthly salary for each year of service.

Actuarial calculations were made as of December 31, 2014 and 2013 based on the projected unit credit method.

El Salvador – The Entity pays to permanent employees with two years of work, upon voluntary leaveentity, the amount equivalent to fifteen days of salary for each year of service. The daily salary is capped to twice the minimum legal salary in the respective sector of the employee. The employer can write off this provision after fifteen days from the employee's termination if the benefits have not been taken.

16. STOCKHOLDERS' EQUITY

At December 31, 2014, stockholders' equity consists of the following:

	Number of shares	Historical value	Restatement / translation effect	Total
Fixed capital series "A"	4,703,200,000	$ 1,901	$ 2,326	$ 4,227
Reserve for repurchase of shares		757	159	916
Retained earnings		32,157	11,300	43,457
Consolidated net income		3,518	–	3,518
Accumulated translation effect of foreign subsidiaries		–	(2,064)	(2,064)
Revaluation surplus		1,038	–	1,038
Accumulated effect of employee benefits		103	–	103
Unrealized loss on cash flow hedges		(220)	–	(220)
Non-controlling interest in consolidated subsidiaries		2,283	344	2,627
Total		$ 41,537	$ 12,065	$ 53,602

Capital stock is fully subscribed and paid–in and represents fixed capital. Variable capital cannot exceed 10 times the amount of minimum fixed capital without right of withdrawal and must be represented by Series "B", ordinary, nominative, no–par shares and/or limited voting, nominative, no–par shares of the Series to be named when they are issued. Limited voting shares cannot represent more than 25% of non–voting capital stock.

i. Dividends declared in 2013 were:

Approval date:	Mexican pesos per Share	Total value
April 09, 2013	$ 0.17	$ 776
November 22, 2013	$ 0.35	$ 1,646

Dividends paid to non-controlling interests as of December 31, 2013 were $ 285. There were no dividends declared or paid during 2014.

ii. An additional income tax, in Mexico,Income Tax on dividends was enacted in 2014 of 10% when such dividends are distributed to individuals and persons residing outside the country The income tax is paid via withholding and is considered a final payment by the shareholder. For foreigners, treaties to avoid double taxation may apply. This tax will apply to the distribution of profits generated beginning 2014.

iii. Retained earnings include the statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical Mexican pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2014 and 2013 the legal reserve, in historical Mexican pesos, was $500.

iv. Stockholders' equity, except restated paid–in capital and tax-retained earnings, will be subject to income taxes payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

v. The balances in the stockholders' equity tax accounts at December 31 are:

		December 31, 2014		December 31, 2013
Paid-in capital	$	28,464	$	27,354
Net after-tax income		37,174		35,958
Total	$	65,638	$	63,312

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Balances and transactions between the Entity and its subsidiaries, which are related parties, have been eliminated in consolidation and are not disclosed in this note.

a. Transactions with related parties, carried out in the ordinary course of business, were as follows:

		2014		2013
Collected interest income	$	–	$	2
Expenditures for purchases of:				
Raw material				
Beta San Miguel, S.A. de C.V.	$	429	$	1,190
Frexport, S.A. de C.V.		592		629
Grupo Altex, S.A. de C.V.		–		2,761
Industrial Molinera Monserrat, S.A. de C.V.		385		413
Makymat, S.A. de C.V.		–		41
Ovoplus del Centro, S.A. de C.V.		320		401
Paniplus, S.A. de C.V.		57		127
Finished inventory				
Fábrica de Galletas La Moderna, S.A. de C.V.	$	517	$	496
Grupo La Moderna, S.A.B. de C.V.		–		140
Mundo Dulce, S.A. de C.V.		624		611
Pan-Glo de México, S. de R.L. de C.V.		48		45
Stationary, uniforms and others				
Asesoría Estratégica Total, S.A.	$	–	$	9
Efform, S.A. de C.V.		156		161
Galerias Louis C Morton, S.A. de C.V.		4		6
Marhnos Inmobiliaria, S.A.		29		31
Proarce, S.A. de C.V.		123		396
Uniformes y Equipo Industrial, S.A. de C.V.		69		105
Financial services				
Efform, S.A. de C.V.	$	–	$	338
Fin Común Servicios Financieros, S.A. de C.V.		456		–

Transactions with related parties are carried out at market prices expected between independent parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior years for bad or doubtful accounts in respect of the amounts owed by related parties.

b. ***The net balances due to related parties are:***

b. The net balances due to related parties are:

		December 31, 2014		December 31, 2013
Beta San Miguel, S. A. de C. V.	$	326	$	108
Efform, S. A. de C. V.		41		24
Fábrica de Galletas La Moderna, S. A. de C. V.		65		63
Frexport, S. A. de C. V.		116		83
Industrial Molinera Montserrat, S. A. de C. V.		34		15
Makymat, S. A. de C. V.		4		8
Mundo Dulce, S.A. de C.V.		48		8
Ovoplus del Centro, S. A. de C. V.		7		10
Pan-Glo de México, S. de R. L. de C. V.		14		7
Paniplus, S. A. de C. V.		–		25
Proarce, S. A. de C. V.		47		15
Fin Común Servicios Financieros, S.A. de C.V.		8		15
Uniformes y Equipo Industrial, S. A. de C. V.		21		15
Otros		58		127
	$	789	$	523

c. ***Employee benefits granted to the Entity's key management were as follows:***

		2014		2013
Short- and long –term direct benefits	$	409	$	379
Severance benefits		576		533
Bonus in cash for purchase of shares		103		95
	$	1,088	$	1,007

The compensation of management and key executives is determined by the Compensation Committee based on the performance of individuals and market trends.

18. INCOME TAXES

Income taxes in México –

The Entity is subject to ISR and through December 31, 2013, to ISR and IETU.

ISR -The rate was 30% in 2014 and 2013 and as a result of the new 2014 ISR law (2014Tax Law), the rate will continue at 30% in 2014 and thereafter.

IETU – IETU was eliminated as of 2014; therefore, through December 31, 2013, this tax was incurred both on revenues and deductions and certain tax credits based on cash flows from each year. The respective rate was 17.5%.

Through 2013, based on financial projections, the Entity identified that essentially it would pay ISR in some subsidiaries and IETU in others, for which reason it recognized deferred ISR and IETU. However, due to the elimination of IETU in 2014, the effect of the deferred IETU was canceled by the Entity through 2013 results of the year, and the respective deferred ISR was recorded.

Income taxes in other countries –

Foreign subsidiaries calculate income taxes on their individual results, in accordance with the regulations of each country. The subsidiaries in the USA have authorization to file consolidated income tax returns.

The tax rates applicable in other countries where the Entity mainly operates and the period in which tax losses may be applied, are as follows:

		Legal tax rate (%)			
		December 31, 2014	December 31, 2013	Due date tax loss carryforward	
Argentina		**25.0**	35.0	(A)	5
Brazil		**34.0**	34.0	(B)	
Canada		**15.0**	15.0	(O)	20
Colombia		**25.0**	25.0	(C)	
Costa Rica		**30.0**	30.0	(N)	4
Chile	(D)	**21.0**	20.0	(E)	
China		**25.0**	25.0		5
Ecuador		**22.0**	22.0	(R)	5
El Salvador		**30.0**	30.0	(F)	
España		**30.0**	30.0	(Q)	18
EUA		**35.0**	35.0	(G)	20
Guatemala		**31.0**	31.0	(H)	
Holanda	(K)	**25.0**	25.0		9
Honduras	(I)	**25.0**	25.0		3
Hungría		**19.0**	19.0	(E)	
Luxemburgo		**22.47**	22.47	(E)	
Nicaragua		**30.0**	30.0	(M)	3
Paraguay		**10.0**	10.0	(F)	
Panamá		**25.0**	25.0	(P)	5
Perú		**30.0**	30.0	(J)	
United Kingdom		**21.0**	23.0	(P)	
Czech Republic		19.0	19.0	(K)	
Uruguay		**25.0**	25.0	(K)	
Venezuela		**34.0**	34.0	(L)	

Each company calculates and pays under the assumption of individual legal entities. The annual tax return is filed within six months of the end of the fiscal year; additionally the Entity must register monthly payments during the fiscal year.

Companies with tax residence in the UK pay their taxes on a stand-alone global revenue source of wealth.

Tax losses caused by the Entity are mainly in the USA, Mexico and Brazil.

(A) Tax losses from sales of shares or other equity investments may only be offset against income of the same nature. The same applies for losses on derivatives. Foreign source tax losses may only be amortized with income from foreign sources. Operational tax losses expire after 5 years.

(B) Tax loses may be applied indefinitely, but may only be offset each year up to an amount equivalent to 30% of the net taxable profit for each year.

(C) In 2014 the tax rate goes from 33% to 25%. Also the tax rate on non-current gains goes from 33% to 10%. Additionally, the "income tax for equity"(CREE) is enacted, with a tax rate of 9% for the 2014, 2014 and 2015 fiscal years.

Tax losses generated in generated between 2003 and 2006 may be amortized within the following eight years, but only up to 25% of the income tax of each year. Beginning 2007, tax losses may be amortized without limitation with respect to value or period.

(D) The rate for 2013 was 20%. In 2014 a reform was enacted, whereby a gradual increase beginning in 2014 was established, such that the rate will be 21% for 2014, 22.5% for 2015, 24% for 2016 and 25% for 2017.

(E) No maturity date.

(F) Operating losses are not redeemable.

(G) To the federal rate, must be added a state tax, which varies in each state American Union. The weighted statutory rate for the Entity in December 2014 and 2013 was 38.8% and 38.9%, respectively. Tax losses are amortized over 20 years, and different states have different amortization periods and are generally 20 years or less.

(H) A rate of 28% for 2014 and 25% for 2015 and thereafter is applied to taxable profits.

(I) In the case of a taxable income greater than 1 million Lempiras, an additional 5% must be paid as temporary solidarity tax.

(J) There are two alternatives allowed for tax losses: 1) in the following four years or 2) no expiration but with the application up to 50% of income each year. Once an entity has selected and option, it may not change its option until all accumulated losses through the year prior to the change have been amortized.

(K) Losses generated since 2007 can be amortized in the following 5 years

(L) Depending on the nature of the tax losses, the period of amortization may vary: 1) Operating, 3 years; 2) tax inflation adjustment, 1 year; 3) foreign, can only be applied to foreign profits, 3 years; and 4) those originated in tax havens can only be applied to those profits obtained in such jurisdictions, 3 years.

(M) The tax rate for 2014 and 2015 remains at 30% and from 2016 will be reduced by one percentage point per year for the next five years. This period of reduction depends on the performance of tax collection.

(N) Fiscal losses prior to 2013 have a maturity of 3 years, after 2013 of 4 years.

(O) Corporate rate in Canada is 26.5%. The rate is comprised of 15% which corresponds to the federal rate and 11.5% which corresponds to the state, which varies by state. Therefore the rate can vary from 25% to 31%.

(P) The principal tax rate on corporate profits is 21% as of April 1, 2014 (reduced to 20% from 1 April 2015). UK resident companies with revenues of up to £ 300,000 are taxed at a rate of 20%. Marginal relief applies to companies with profits between 300,000 and 1.5 million pounds, which are taxed on a sliding scale at a rate between the prime rate and the rate for small gains.

(Q) The tax rate will be reduced to 28% for 2015 and to 25% from 2016 and thereafter.

(R) Taxable income earned by companies incorporated in Ecuador, as well as branches of foreign companies domiciled in the country and permanent establishments of foreign companies not domiciled apply the rate of 22% on its taxable income. However, the tax rate will be 25% when the company has shareholders, partners, stakeholders, constituents, beneficiaries or similar resident or established in tax havens or lower taxation schemes directly or indirectly, individually or jointly, equal to or greater participation 50% of the capital or the one that corresponds to the nature of society

Operations in the USA, Argentina, Colombia, Guatemala, Panamá and Nicaragua are subject to minimum payments of income tax.

Details of provisions, effective tax rate and deferred effects

a. Income tax in profit and loss:

	December 31, 2014	December 31, 2013
Income tax:		
Current	$ 3,921	$ 2,712
Deferred	(966)	465
	2,955	3,177
IETU:	–	(299)
	$ 2,955	$ 2,878

b. The reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income for the years ended December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
Income before taxes	$ 6,986	$ 7,656
Statutory rate in Mexico	30%	30%
ISR at statutory tax rate	2,096	2,297
Add (less) tax effects of the following items:		
Inflationary effects on the monetary financial position	524	407
Nondeductible expenses, nontaxable revenues and other	390	56
Difference in tax rates and currency of subsidiaries in different tax jurisdictions	(286)	(99)
Effect of changes in Mexican tax law	–	(27)
Tax effect on the values of property, plant and equipment	(131)	(99)
Recognition of deferred ISR for entities that previously recognized deferred IETU	–	(233)
Cancellation of deferred IETU	–	(299)
Participation in the results of associates	18	11
Change in unrecognized tax benefits	344	864
Income tax recognized in profit or loss	$ 2,955	$ 2,878
Effective tax rate	42.3%	37.6%

To determine deferred ISR at December 31, 2014, entities applied the tax rates expected to be in effect to temporary differences, based on the estimated reversal date of the temporary difference.

Certain companies that have tax losses have not recognized the deferred benefit as they do not believe they have projections of sufficient taxable income in order to recover the benefit of such losses. Unrecognized benefits were $3,524 in 2014 and $7,097 in 2013.

The main items originating a deferred income tax asset as of December 31, 2014 and 2013 are:

	December 31, 2013	Effects through profit or loss	Effects through comprehensive income	Translation effects and others	Business combinations	December 31, 2014
Allowance for doubtful accounts	$ (317)	$ (4)	$ –	$ –	$ –	**$ (321)**
Inventories and payments in advance	230	(241)	–	–	(1)	**(12)**
Property, plant and equipment	3,627	328	–	–	505	**4,460**
Intangible and other assets	5,493	969	–	–	1,855	**8,317**
Other reserves	(9,999)	(1,992)	(430)	–	(193)	**(12,614)**
Employee profit sharing	(246)	(72)	–	–	–	**(318)**
Tax loss carry forwards	(3,152)	(2,009)	–	–	(283)	**(5,444)**
Derivative financial instruments	–	1,649	(1,649)	–	–	**–**
Other items	519	406	(33)	(289)	–	**603**
	$ (3,845)	$ (966)	$ (2,112)	$ (289)	$ 1,883	**$ (5,329)**

	December 31, 2013	Effects through profit or loss	Effects through comprehensive income	Translation effects and others	Business acquisition	December 31, 2013
Allowance for doubtful accounts	$ (300)	$ (17)	$ –	$ –	$ –	$ (317)
Inventories and payments in advance	(18)	248	–	–	–	230
Property, plant and equipment	3,207	317	–	–	103	3,627
Intangible and other assets	5,020	473	–	–	–	5,493
Other reserves	(10,480)	(315)	796	–	–	(9,999)
Employee profit sharing	(225)	(21)	–	–	–	(246)
Tax loss carry forwards	(2,767)	(385)	–	–	–	(3,152)
Derivative financial instruments	–	115	(115)	–	–	–
Deferred IETU	299	(299)	–	–	–	–
Other items	592	50	(38)	(85)	–	519
	$ (4,672)	$ 166	$ 643	$ (85)	$ 103	$ (3,845)

The deferred income tax asset and liability have not been offset in the accompanying consolidated statements of financial position as they result from different taxable entities and tax authorities. Gross amounts are as follows:

	December 31, 2014	December 31, 2013
Deferred income tax asset	**$ (8,709)**	$ (5,399)
Deferred income tax liability	**3,380**	1,554
Total asset, net	**$ (5,329)**	$ (3,845)

c. As of December 31, 2014, tax loss carry forwards, pending amortization against future income taxes, expire as follows:

Years		Amount
2015	$	169
2016		300
2017		304
2018		254
2019		81
2020 and thereafter		22,931
		24,039
Unrecognized tax losses		(6,940)
	$	17,099

19. COSTS AND EXPENSES BY NATURE

Cost of sales and distribution, selling, administrative, and other general expenses presented on the consolidated statements of income, are comprised as follows:

		December 31, 2014		3December 31, 2013
Cost of sales				
Raw materials and manufacturing expenses	$	**80,747**	$	77,228
Freight, fuel and maintenance		**3,789**		3,600
Depreciation		**3,380**		3,114
	$	**87,916**	$	83,942

		December 31, 2014		December 31, 2013
Distribution, selling, administrative and other expenses				
Wages and salaries	$	**35,838**	$	34,716
Depreciation		**2,028**		1,785
Freight, fuel and maintenance		**4,376**		2,822
Professional services and consulting		**9,826**		8,122
Advertising and promotional expenses		**6,951**		4,977
Other		**29,806**		29,187
	$	**88,825**	$	81,609

20. OTHER GENERAL EXPENSES

a. Other general expenses are comprised as follows:

		December 31, 2014		December 31, 2013
Tax incentives	$	**(3)**	$	(38)
Loss on sale of property, plant and equipment		**330**		194
Recovery on claims		**(8)**		(56)
Provision for updating MEPPs		**2,022**		368
Others		**360**		675
	$	**2,701**	$	1,143

21. COMMITMENTS

Guarantees and/or guarantors

a. The Entity, along with certain subsidiary companies have issued letters of credit to guarantee certain commercial obligations and contingent risk related to workers' compensation of certain subsidiaries. The value of such letters of credit at December 31, 2014 and 2013 are US$270 and US$220 million, respectively.

b. The Entity entered into contracts, which requires it to acquire certain amounts of renewable energy for an 17-year period at a fixed price, that will be updated according to changes in the INPC factors for the first 15 years. Even though the contracts have derivative financial instruments characteristics, they fall within the exception of "own-use"; therefore, they are recognized in the financial statements as the consumption of energy occurs. The estimated commitment to purchase energy in 2015 amounts to $288, and is to be updated annually based on inflation, for the remaining 14 years of the contract.

Lease commitments

a. The Entity has long–term commitments under operating leases, related to the facilities used to produce, distribute and sell its products. These commitments vary from 3 to 14 years, with a renewal option of between one and five years. Certain leases require the Entity to pay all related expenses, such as taxes, maintenance and insurance for the term of the contracts. Lease expense was $3,485 and ,$3,052 for the years ended December 31, 2014, 2013 respectively. The total amount of future minimum lease commitments is as follows:

Years	Operating leases	Finance leases	Finance leases Non-controlling Interest
2015	$ 2,257	$ 28	$ 465
2016	1,858	21	381
2017	1,413	4	310
2018	1,021	–	246
2019	775	–	176
2020 and thereafter	1,933	–	85
Total minimum lease payments	9,257	53	1,663
Amounts representing interest	–	(3)	(332)
Present value of net minimum lease payments	9,257	50	1,331

22. CONTINGENCIES

Certain contingencies exist, of varying nature, that have arisen in the normal course of business of the Entity, for which management has evaluated the likelihood of loss as remote, probable or possible. Based on such evaluation, for those contingencies for which the Entity believes it is probable it will be required to use future resources to settle its obligation, the Entity has accrued the following amounts:

Type	Amount
Labor-related	$ 159
Tax-related	69
Civil-related	15
Other	11
Total	$ 254

Those contingencies for which management does not believe it is probable that it will be required to use future resources to settle its obligations and that are not expected to have a material adverse effect are not accrued until other information becomes available to support the recognition of a liability.

The Entity has restricted cash of $268 and pledged certain assets in Brazil amounting to an additional $13 million as a guarantee of certain tax contingencies, which are presented in other long–term assets.

Derived from the purchase of items of property, plant and equipment and intangible assets in Brazil concerning the Firenze brand, made in 2008, the Entity is subject to tax liens and presumed successor of companies involved in these actions. The court issued an injunction, ordering the restriction of the accounts receivable of the Entity from the sale of branded products "Firenze". The Entity continues to defend itself regarding this claim, which is expected to be resolved in the long-term. There is a provision recorded for $21.

23. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on four geographical zones: Mexico, USA, OLA and Europe. Segment revenue is comprised of bread (for all segments) and confectionery (Mexico and USA) products.

The following presents the condensed financial information by reportable segment based on the geographical areas in which the Entity operates for the years ended December 31, 2014 and 2013:

	2014					
	México	USA and Canada	OLA	Europe	Consolidation eliminations	Total
Net sales	$ 72,098	$ 90,375	$ 21,931	$ 6,897	$ (4,248)	**$ 187,053**
Operating income (loss) (*)	$ 10,132	$ 392	$ 7	$ (209)	$ (10)	**$ 10,312**
Depreciation and amortization	$ 1,824	$ 3,072	$ 794	$ 141	$ –	**$ 5,831**
Impairment and other non-cash	$ 93	$ 2,124	$ 55	$ 5	$ –	**$ 2,277**
EBITDA (*)	$ 12,049	$ 5,588	$ 856	$ (63)	$ (10)	**$ 18,420**
Net income of controlling stockholders	$ 4,977	$ (1,011)	$ (492)	$ (53)	$ 97	**$ 3,518**
Interest income	$ 303	$ 309	$ 34	$ 324	$ (699)	**$ 271**
Interest expense	$ 3,007	$ 942	$ 300	$ 29	$ (586)	**$ 3,692**
Total assets	$ 44,794	$ 107,808	$ 19,057	$ 7,541	$ (1,439)	**$ 177,761**
Total liabilities	$ 78,238	$ 37,935	$ 5,941	$ 2,516	$ (471)	**$ 124,159**

	2013					
	México	USA	OLA	Europe	Consolidation eliminations	Total
Net sales	$ 73,179	$ 79,767	$ 21,822	$ 5,323	$ (4,050)	**$ 176,041**
Operating income (loss) (*)	$ 9,556	$ 2,613	$ (1,168)	$ (545)	$ 34	**$ 10,490**
Depreciation and amortization	$ 1,758	$ 2,667	$ 726	$ 96	$ –	**$ 5,247**
Impairment and other non-cash	$ 243	$ 518	$ 583	$ 245	$ –	**$ 1,589**
EBITDA (*)	$ 11,557	$ 5,798	$ 141	$ (204)	$ 34	**$ 17,326**
Net income of controlling stockholders	$ 5,753	$ 907	$ (1,697)	$ (558)	$ (1)	**$ 4,404**
Interest income	$ 181	$ 388	$ 71	$ 4	$ (376)	**$ 268**
Interest expense	$ 2,280	$ 640	$ 383	$ 33	$ (190)	**$ 3,146**
Total assets	$ 42,436	$ 71,790	$ 19,278	$ 3,103	$ (1,880)	**$ 134,727**
Total liabilities	$ 50,193	$ 27,551	$ 7,996	$ 2,035	$ (831)	**$ 86,944**

(*) Amount does not include intercompany royalties.
(**) The Entity determines EBITDA as operating income plus depreciation, amortization, impairment and other cash items.

For the years ended December 31, 2014 and 2013 the sales to its largest customer represented 12% and 14% respectively of consolidated net sales of the Entity. There are no other customers whose sales exceed 10% of total consolidated sales, which corresponds mainly to the regions of Mexico and the US and Canada. There are no other customers whose sales exceed 10% of total consolidated sales.

24. EVENTS AFTER THE REPORTING PERIOD

On February 3, 2015, the Entity concluded through its subsidiary Canada Bread Company, Limited ("Canada Bread") to acquire all the shares of Saputo Bakery, Inc. This company is leader of cupcakes in Canada. This acquisition strengthens the position of Canada Bread in the country. The acquisition includes leader brands like Vachon®, Jos Louis®, Caramel® Ah, Passion Flakie® and May West® , among others.

25. FINANCIAL STATEMENTS ISSUANCE AUTHORIZATION

On March 30, 2015 the issuance of the accompanying consolidated financial statements was authorized by Lic. Daniel Servitje Montull, Chief Executive Officer, and the Board of Directors of the Entity. Consequently, they do not reflect events occurred after that date. These consolidated financial statements are subject to the Entity stockholders' approval at the General Stockholders' meeting, where they may be modified, based on provisions set forth by Mexican General Corporate Law.

SHAREHOLDER INFORMATION

G4-5, G4-31

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Ticker symbol: BIMBO

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