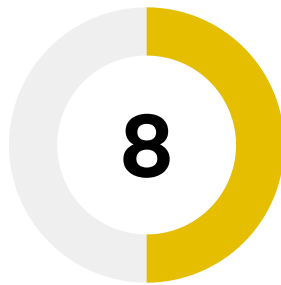


Grupo Bimbo ¹

Reported product categories
Bakery, Confectionery, Dried and Frozen Processed Food, Snacks



↓ Rank 8 / Score 5
Rank 6 (2016)



Product Profile

Rank 8 / Score 5.5

Headquarters
Mexico

Market capitalization
\$10,647 m

Reported revenue by geography ³
Not available

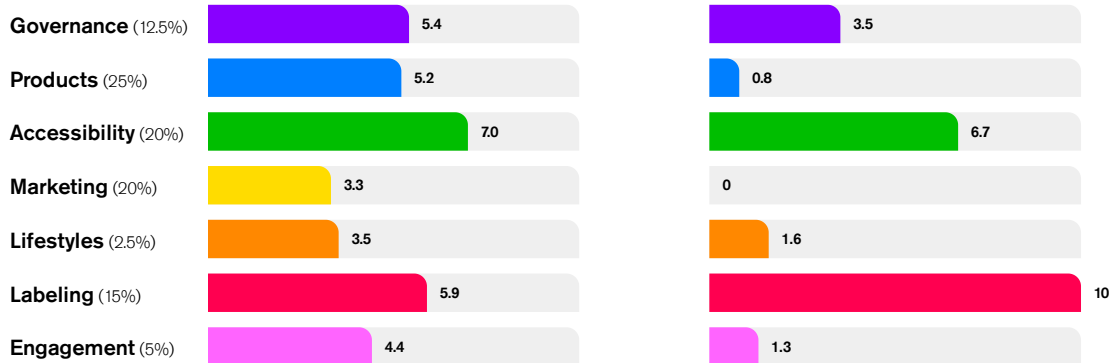
Number of employees
130,913

Total revenues ²
\$12,185 m

Corporate Profile

Nutrition 8/5.2

Undernutrition 8/3.6



Main areas of strength

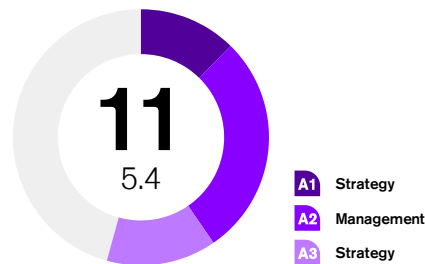
- Grupo Bimbo's score has increased from 3.6 in 2016 to 5.0 out of 10 in 2018. The largest increase in scores are in Category C (accessibility and affordability of healthy products) and Category F (labeling).
- Since the last Index, Grupo Bimbo has updated its Health and Wellness strategy including its 2020 goals. Its strategy, 'A Sustainable Way' includes global, clear and measurable 2020 objectives related to product reformulation, nutrition information, responsible marketing, promotion of healthy lifestyles, and alliances and research. The accountability for the strategy rests with the executive team.
- The company has formalized its commitment and objectives to address the accessibility and affordability of its healthy products in a global policy. The strategy is based on studies on appropriate pricing of healthy products for low-income populations in multiple countries, both developed and developing. Grupo Bimbo is also one of the few companies that can provide examples across several markets of improving the pricing of healthy products (based on the company's own definition of healthy) and offering discounts on these products.
- Grupo Bimbo has significantly strengthened its labeling commitments related to micronutrients, and the use of health and nutrition claims for fortified products targeted at consumers at risk of undernutrition. This helped it achieve a full score on Category F for undernutrition. In 'A Sustainable Way', Grupo Bimbo commits that, in the absence of regulation, it will base its fortification on Codex standards and will adopt the best practices of the countries in which it operates.

Priority areas for improvement

- Grupo Bimbo has metrics in place to calculate the proportion of its product portfolio that meets its healthy standards. However, these calculations cover only 80% of its sales. The company should expand its calculations to cover all markets and thus provide consumers and stakeholders with a complete picture of the nutrient profile of its product portfolio.
- Grupo Bimbo's targets for sodium, sugars and saturated fats are focused only on specific product categories. The company should expand these targets to cover its entire portfolio and strengthen its positive nutrient targets, and set baseline and target years, and the percentage coverage of products.
- Even though the company strengthened its responsible marketing commitments to all consumers, these remain limited and do not specify which media they apply to. The company should commit to supporting the principles of the ICC. This would have positive impact on its marketing to children commitments which still remain rather limited compared to some of its peers.
- Grupo Bimbo's commercial undernutrition strategy is mostly focused on lower-priority countries without explicit focus on priority groups. Greater emphasis could be placed on addressing the needs of women of childbearing and children under-two in higher priority countries.
- As identified in the 2016 Global Index, Grupo Bimbo focuses on active lifestyle programs but little emphasis is placed on programs that promote healthy eating and nutrition education. The company could add to its active lifestyle programs elements to help consumers make healthy diet choices.
- Grupo Bimbo ranks eighth on the Product Profile assessment with a score of 5.5 out of 10, based on an assessment of its major product categories in four countries. Grupo Bimbo was estimated to derive 41% of its total sales from healthy products, i.e. those that achieve a HSR of 3.5 stars or more. These findings illustrate that Grupo Bimbo has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or acquisitions or disposals.

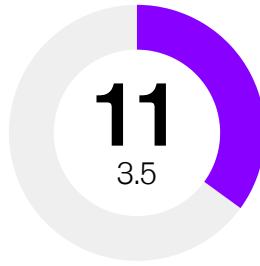
Category Analysis

Category A - Governance 12.5% - Nutrition



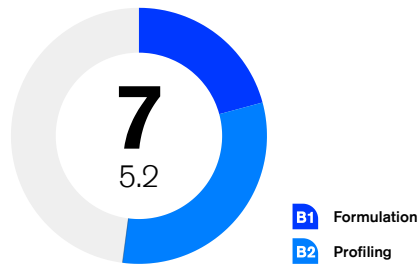
- In 2016, Grupo Bimbo updated its Health and Wellness strategy 'A Sustainable Way'. It is a comprehensive strategy with a broad range of 2020 goals and objectives that guide the company efforts to improve the nutritional profile of its portfolio and develop new products, better labels, responsible marketing to children and promote healthy lifestyles and physical activity.
- The strategy is overseen by the CEO and day-to-day responsibility lies with Executive Managers who report directly to the Board. This is an improvement compared with 2016. Further, Grupo Bimbo is one of only two companies that link the remuneration of its CEO to delivery of its nutrition objectives in the Health and Wellness strategy. This is leading industry practice.
- The company is encouraged to translate its Health and Wellness strategy into strategic commitment to grow through a focus on health and make this an integral part of its core business.
- The company is encouraged to incorporate nutrition and health as a decision-making factor in its mergers and acquisition. Based on information available, nutrition did not seem to have been a driver in Grupo Bimbo's acquisitions of Pannettiere in Colombia, General Mills' business in Argentina, Panrico (renamed to Donuts Iberia) in Spain, not the joint venture with Harvest Gold in India which all took place in the last three years. Unlike many companies in the Index, Grupo Bimbo does not refer to the SDGs, nor explain how it will contribute to fulfilling them. Further, Grupo Bimbo's nutrition-related risk assessment is rather limited in scope. The company is encouraged to expand the current scope of that assessment to ensure it is prepared to address any potential nutrition related market, regulatory, litigation and reputational risks.
- The company has strategic alliances with several partners such as the World Research Improvement Center for Corn and Wheat, Whole Grain Council, CONMEXICO, IFBA, and the Consumer Goods Forum. The partnerships aim to promote correct diets and healthy lifestyles, disseminate information that will allow consumers to make better purchasing decisions, and to share information about importance of physical activity. However, there is limited evidence that the company seeks specialist external expert advice on its strategy and performance on nutrition at a Board level. To strengthen its governance, the company could establish a formal panel of experts with a broad range of expertise that would provide strategic advice to the Board.
- The company regularly publishes its progress in implementing its nutrition strategy for its global operations. Despite its global presence, the company does not publish separate reports for its major markets. Grupo Bimbo could improve its performance by putting more emphasis on illustrating how its focus on nutrition contributes to its overall business strategy and conduct an external review of its nutrition data.

Category A - Governance 12.5% - Undernutrition



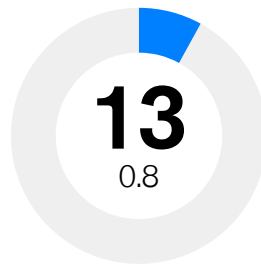
- Grupo Bimbo commits to playing a role in tackling undernutrition and has set objectives related to developing fortified products. The company's commercial undernutrition strategy is overseen by Grupo Bimbo's Wellness Business Development Vice President who leads implementation of 'A Sustainable Way'.
- Most corporate activities in this area retain a commercial character and Grupo Bimbo mostly provided examples from Mexico. To strengthen its approach the company should conduct a strategic review of the commercial opportunities related to tackling undernutrition and expand its strategy to more countries, especially higher-priority countries such as India and Guatemala, including identifying target populations at most risk of undernutrition.
- Grupo Bimbo is also encouraged to inform its commercial undernutrition initiatives by using market research or wider studies to assess the need and potential for micronutrient fortification of products. It should also form a formal panel of experts with a broad range of expertise and seek their advice on how to prevent and address undernutrition.
- There is no evidence of Grupo Bimbo supporting other non-commercial activities to address undernutrition; it could do more in this area.

Category B - Products 25% - Nutrition



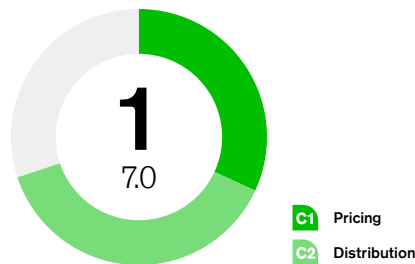
- In its strategy, Grupo Bimbo made a commitment to, “continue to invest in the innovation of ingredients, products and processes as a fundamental part of our health and wellness strategy, offering differentiated, delicious and nutritious products that can be part of the current and future needs and trends of consumption.” Despite this commitment, Grupo Bimbo did not provide evidence of targets for increasing its R&D spending on nutrition, making it hard to assess how substantial the company’s commitment is.
- The company set a 2020 goal to increase the proportion of healthy products within its product portfolio to 50%. In financial year 2016, 14% of products by number were defined as “best” and 23% as “better”. Even though the products classified as “better” are considered part of the company’s healthy products offering, only 14% are of the highest nutritional quality. Grupo Bimbo’s metrics to calculate percentage of healthy products covers only 80% of its sales. The company should expand its metrics and cover all markets and sales. Furthermore, the company is encouraged to establish a way of determining revenues generated by healthy products.
- The Product Profile estimated that 41% of the company’s 2016 revenues and 31% of its product portfolio in the four countries assessed were healthy. This indicates some degree of alignment between the company’s metrics and the Health Star Rating system. Nevertheless, in both cases the company derives the majority of sales from products of lower nutritional quality and so should expand the number of healthy products it offers and invest in driving their sales. In addition, the company should increase the availability of healthy products in each brand, offering at least one product in all brands that meet the company’s healthy standard for both adults and children.
- In 2015, Grupo Bimbo redefined its product reformulation goals in respect of reducing saturated fat, trans-fat and sodium, and also has some targets to increase whole grains. The company should base its reformulation efforts on national or regional guidelines. Furthermore, it should strengthen its trans-fat targets, aligning them to WHO recommendations. Further, the company should develop a set of clear and strong targets for whole grains and other positive nutrients. The company could increase its disclosure of performance on these targets.
- Grupo Bimbo has developed an NPS to guide its product reformulation and innovation. The NPS is applied globally, covers all products and product categories. Grupo Bimbo could improve the quality of its NPS however by incorporating external input and sharing the NPS in full in the public domain to allow customers and other stakeholders to assess and understand it.

Category B - Products 25% - Undernutrition



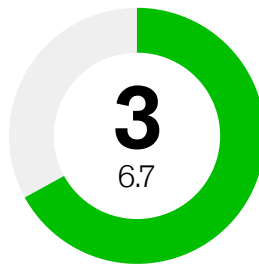
- The company commits to develop two fortified or enriched products aimed at vulnerable populations annually, starting in Mexico and Latin America, as part of the fight against undernourishment by 2020.
- This commitment is supported by the company's commentary on investments made in research or other areas of the business to develop solutions to undernutrition. The company reports that Grupo Bimbo's global R&D management assigns 30% of the annual budget to projects focused on implementing state-of-the-art technologies and ingredients, whose purpose is, among others, to develop affordable products for vulnerable populations. This is a strong practice demonstrated only by a handful of companies. Despite strong commitments, examples of selling fortified products and products inherently high in micronutrients, remain vague and limited.
- As in 2016, evidence of a commitment to base its approach to fortification on international guidance, such as Codex or equivalent guidance is lacking. The company is encouraged to make such commitment and in addition, commit to use ingredients with higher inherent levels of micronutrients and only fortify those items with high underlying nutritional quality. Leading practice includes developing and publishing a fortification policy which includes these commitments.

Category C - Accessibility 20% - Nutrition



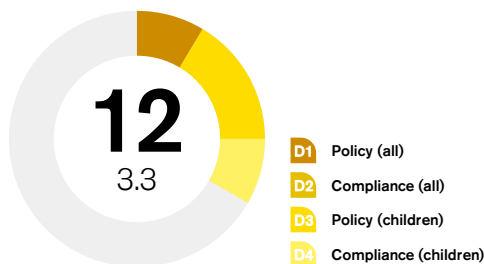
- Since 2016, Grupo Bimbo has significantly strengthened its approach to accessibility and affordability, and now leads the ranking on Category C.
- In its new strategy, the company incorporated commitments and objectives to address accessibility and affordability. By 2020, the company aims to distribute and market fortified or enriched products developed specifically for the vulnerable population, with a wide distribution range and a cost per piece at least 5% under the average per category. Grupo Bimbo's commitments, objectives and targets in this area are industry leading practice.
- This strategic commitment is translated into a global policy that integrates into Grupo Bimbo's business strategy pricing and distribution practices that ensure the accessibility of all categories of its portfolio. This is industry leading practice.
- The company has conducted studies on appropriate pricing of healthy products for low-income populations in developed and/or developing countries (Canada, Spain, Mexico and China). To reduce the price of healthy products, the company reported offering discounts on products of high nutritional quality in Canada, Mexico and Brazil. It focused its accessibility efforts on the "traditional channel" (small stores) sales and distribution.
- To strengthen its performance further, the company should publish its accessibility and affordability policy and assign responsibility for implementing it to an executive rather than a manager, as is currently the case.

Category C - Accessibility 20% - Undernutrition



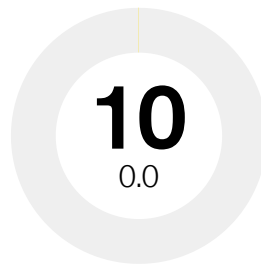
- The company articulated a commitment and objectives related to the accessibility and affordability of healthy fortified products in developing countries. By 2020, the company aims to distribute and market fortified or enriched products developed specifically for vulnerable population, with a wide distribution range (trading channels with over 50% of range) and a cost per piece at least 5% under the average per category.
- Grupo Bimbo demonstrated examples of having improved the affordability of its healthy fortified products by reducing product sizes in Mexico, China, Brazil and other South American countries.
- To improve the accessibility of healthy, fortified products, in Mexico, in financial year 2015-2016, the company cooperated with the country's largest social network supplier, whose goal is to guarantee the distribution of economically affordable food of high nutritional quality to populations living in marginalized conditions. The price of the products distributed, on average, decreased 30% compared with the company's main distribution channel. This is considered a best practice example.
- Overall, Grupo Bimbo's accessibility and affordability efforts focus on lower priority developing countries. The company could expand its scope and focus on higher priority countries such as India or Guatemala.
- The company did not provide evidence of having developed or supported non-commercial initiatives to address accessibility and affordability of fortified products in developing countries. It should do so, and disclose more in this area.

Category D - Marketing 20% - Nutrition



- In 2016, Grupo Bimbo lacked an approach to responsible marketing for all consumers. In 'A Sustainable Way', Grupo Bimbo makes a few general commitments related to marketing to all consumers. Despite this improvement, the commitments remain rather limited and it is unclear to which media they apply. Consequently, audits of compliance do not seem to be implemented.
- Grupo Bimbo should develop more comprehensive standards for responsible marketing for all consumers covering broad range of media and an approach for auditing compliance with its commitments to all consumers.
- In addressing marketing to children, Grupo Bimbo follows the principles laid out in its strategy and its commitments as a member of the International Food and Beverage Alliance (IFBA). The company's policy covers a broad range of media (the company omits in-store marketing and sponsorship) and it commits only to market healthy products to children aged 2-12. Furthermore, the company commits not to advertise in primary schools.
- The company could strengthen its commitments in a number of areas, including committing to ICC principles related to marketing to children, not to market at all to children up to 12 regardless of the nutritional quality of its products, and to strengthen the audience threshold to 25%. As in the previous assessment, there are no commitments that prohibit any advertising near primary schools nor in or near secondary schools or other places popular with children, as recommended by the WHO.
- Compliance with IFBA principles is audited annually across the organization by an independent third-party. Unlike in 2016, individual compliance levels for TV and digital marketing was not shared or disclosed in the public domain. (In 2016, Grupo Bimbo was 100% compliant with its commitments). This is a decline in the company's transparency and it is encouraged to report its compliance levels.

Category D - Marketing 20% - Undernutrition



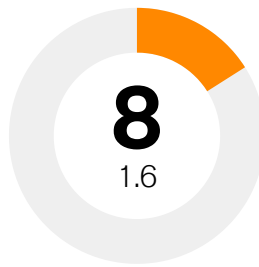
- Grupo Bimbo does not disclose any commitments or examples of marketing strategies designed to ensure that its healthy, fortified products reach undernourished populations in developing countries. The company should consider investing more in developing such strategies and reporting on their effectiveness.

Category E - Lifestyles 2.5% - Nutrition



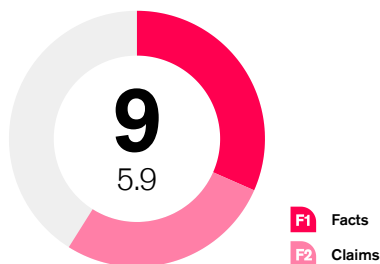
- In 2017, Grupo Bimbo adopted a new Wellness Policy and Implementation Guidelines. Grupo Bimbo continues to have a global commitment and developed an employee health and wellness model built around four pillars – correct eating, physical activity, health and a balanced life. The company offers a very broad range of programs which are available to all employees and some family members. Grupo Bimbo's approach to employee health and wellness could be strengthened further by defining participation targets for these programs and by articulating expected health and business outcomes which the company intends these programs to achieve.
- As in previous Global Indexes, Grupo Bimbo conducted internal evaluations of its health and wellness programs through which it demonstrated the health improvements delivered by its programs. Grupo Bimbo should move to commissioning independent evaluations and disclosing more information about the results.
- Grupo Bimbo has made a commitment to support breastfeeding mothers and has arrangements in place. However, the working arrangements and facilities it offers, and the length of paid maternity leave, vary by country. To strengthen its performance in this area, Grupo Bimbo should formalize its commitment in a global, publicly available policy with the same arrangements and paid maternity leave of six months (if country legislation is not stronger) across all countries in which the company operates.
- Grupo Bimbo supports active lifestyle programs but does not preclude brand-level sponsorship of these initiatives. Currently, the company exercises influence over the content of the programs it sponsors. Grupo Bimbo should shift its resources to supporting independently designed programs that are implemented by third parties, and which are holistic in design, i.e. which comprise a range of activities to improve both diets and lifestyles.

Category E - Lifestyles 2.5% - Undernutrition



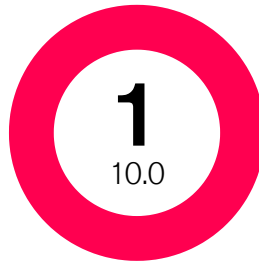
- As in 2016, Grupo Bimbo's approach to supporting consumers through commercial and philanthropic undernutrition-focused programs remains weak. The company should develop a formal commitment that defines the types of educational programs it will support, and roll them out while defining the role of the company in the design and delivery of those programs.

Category F - Labeling 15% - Nutrition



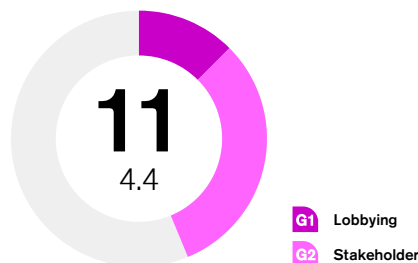
- Grupo Bimbo commits to disclose nutrition information on both front-of-pack (FOP) and back-of-pack (BOP) labels. This is reinforced by its membership in the IFBA, through which a global approach to fact-based nutrition labeling on a global scale is required. This global commitment encompasses guidance for consumers expressed in daily amounts of all key nutrients. The company could also improve its labeling practices by using an interpretive, rather than numeric, format on its FOP labels, for which it currently has a global commitment. Like all companies, Grupo Bimbo should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- In financial year 2015, in more than 80% of its market the company rolled out its full labeling analysis. The company is encouraged to report its progress on implementing its labeling commitments.
- Its strategy reconfirmed the company's commitment related to the use of health and nutrition claims, committing to adopt the best practices of countries in which it operates and, in its absence, with Codex standards.
- Currently, Grupo Bimbo tracks its use of nutrition claims only. The company should expand its tracking system to include health claims. In addition, the company should disclose this data annually in the public domain.

Category F - Labeling 15% - Undernutrition



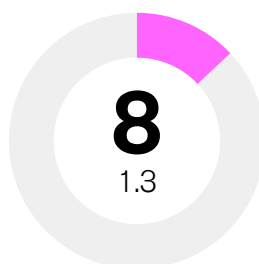
- Grupo Bimbo has improved substantially in this area and now scores 100% on this category in relation to undernutrition.
- Compared with 2016, Grupo Bimbo now makes a commitment that where there are no applicable regulations, it will be ruled by international regulations such as Codex or the best practices in the countries where it operates. This commitment also extends to health and nutrition claims – the company follows Codex standards in countries where there is no regulatory framework on the use of nutrition and health claims, and specifically mentions that this approach covers fortified products.

Category G - Engagement 5% - Nutrition



- Grupo Bimbo has a global policy for Relations with Authorities and Institutions in the Public Sector. However, it does not include a commitment to engage with governments, political parties, policymakers and policymaking bodies only in support of measures to prevent and address obesity and diet-related chronic diseases.
- Even though the company sets a 2020 goal to launch and establish the necessary strategic alliances with several representatives and leaders of the society including governments in order to face challenges in health and wellness, these remain very broad. Furthermore, the company does not disclose any information about its memberships in industry associations, financial support of these organizations and Board seats at industry organizations. Improving its disclosure on these activities would allow stakeholders to better understand the company's position on key nutrition issues and how it tries to influence the policymaking process.
- Grupo Bimbo commits to engage with stakeholders in developing its nutrition policies and programs but failed to provide examples of such engagement. More comprehensive disclosure in this area would strengthen the company's performance.

Category G - Engagement 5% - Undernutrition



- Grupo Bimbo does not demonstrate a commitment to support government efforts to address undernutrition through public policy initiatives. It only provided evidence of engagement with the Integral Family Development Program in Mexico. It should expand its engagement with stakeholders to help it fill the gaps in performance identified here.

Product Profile



Rank 8 / Score 5.5

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.7 stars	41%	42%	477	477	4

- Grupo Bimbo's average sales-weighted HSR is 2.7 (2.4 unweighted), generating a Product Profile score of 5.5 out of 10, and it ranks eighth.
- In total, 41% of revenues were generated by sales of products that met the healthy threshold (31% of its products by number). The increase in sales-weighted HSR scores suggest that its products of higher nutritional quality contributed more to 2016 sales than products of lower nutritional quality.
- Of the four countries in which Grupo Bimbo's products were analyzed, the U.K. had both the highest mean HSR of all countries as well as the highest proportion of products receiving an HSR of 3.5 or more (75%). China had the lowest proportion of products (15%) meeting the threshold for healthy.
- Less than a third of Grupo Bimbo products (30%) were eligible for marketing to children under the WHO Euro criteria; this percentage increased to 42% when results were weighted by sales. In the U.K., the country with highest proportion of products eligible to be marketed to children, almost 70% of products met the threshold, with China having the lowest proportion of products eligible to market to children. At a category level, 'Baked Goods' was the only category in which Grupo Bimbo products were eligible for marketing to children.
- The 'Baked Goods' category had the highest proportion of products that met the definition of healthy, likely driven by Grupo Bimbo's plain bread-based products within this category. Zero 'Confectionery' and 'Spreads' products met the threshold for healthy.
- The Product Profile shows that Grupo Bimbo generates relatively low levels of sales from healthy products and overall only 31% percent of its portfolio comprises healthy products. The results suggest that the company should continue to focus on expanding its healthy portfolio and should invest in marketing to drive the sales of healthy products.

For full details, see the company's Product Profile scorecard.

Disclaimer

Global Index

2018

General Disclaimer

As a multi-stakeholder and collaborative project, the findings, interpretations, and conclusions expressed in the report may not necessarily reflect the views of all companies, members of the stakeholder groups or the organizations they represent or of the funders of the project. This report is intended to be for informational purposes only and is not intended as promotional material in any respect. This report is not intended to provide accounting, legal or tax advice or investment recommendations. Whilst based on information believed to be reliable, no guarantee can be given that it is accurate or complete.

Sustainalytics participated in the data collection and analysis process for the Global Index 2018, contributed to the company scorecards and supported writing the report.

Westat is responsible for the collection of data related to company compliance with the International Code of Marketing of Breast-milk Substitutes and any additional country specific regulations related to marketing of these products in Bangkok, Thailand and Lagos, Nigeria. Westat is responsible for the analysis of the data related to compliance with the BMS Marketing standards and for the preparation of its final study report, the results of which have been incorporated by ATNF into the 2018 Global Access to Nutrition report and the scoring of company performance for the same Index.

The George Institute for Global Health (TGI) is responsible for the data collection for the Product Profile assessment, using data from available databases that was supplemented with data provided by companies to ATNF. TGI is also responsible for the analysis of the data related to the Product Profile and the TGI Product Profile final report, the results of which have been incorporated by ATNF into the 2018 Global Access to Nutrition report. Furthermore, TGI is responsible for the data collection and analysis related to the historic sodium reduction assessment in Australia, the results of which have been incorporated into the Product Profile chapter of the 2018 Global Access to Nutrition report.

Innova Market Insights (Innova) is responsible for the data collection and analysis related to the historic sodium reduction assessment that was performed in four countries, the results of which have been incorporated into the Product Profile chapter of the 2018 Global Access to Nutrition report.

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Footnotes

1. Scorecard version 2, 31 October 2018.
2. Source: Morningstar, USD historic exchange rate
3. Source: Morningstar