

A VISION TO OUR FUTURE
ANNUAL REPORT 2019



10

ANNIVERSARY

110 Contents

3	Our History
5	Our Company
6	Vitro Brands
7	Global Presence
9	Letter to our Stakeholders
18	2019 Data Highlights:
20	Corporate Governance
21	Governance Structure and Committees
23	Vitro Sustainability
27	Our Ethics
31	Our Employees
38	Environment
42	Our Community
48	Our business
49	Flat Glass
50	Business Overview
51	Architectural Glass
52	Amid adversity, strategic solutions
53	Vision for a sustainable future

55	Vitro Automotriz
56	Estrategias para capitalizar oportunidades
56	Calidad y servicio, binomio de confianza
57	Vision for a sustainable future
59	Industria del Álcali
59	Strategic actions
60	Vision for a sustainable future
61	2019 Results
61	2020 outlook: a vision for the future
62	Containers
63	2019 overview
63	Operating flexibility and proactivity: tools to transcend
64	Solid strategies
68	Machine Manufacturing
68	Solid strategies
68	Exacting standards and operating efficiency, to be the best option.
69	2019 Results
69	2020 outlook: a vision for the future
70	Vision for a sustainable future
71	Financial and operating analysis
78	Membership in organizations and associations
79	GRI Index
89	Carta de verificación
90	Estados Financieros Consolidados

Our History

The company Pittsburgh Plate Glass (PPG)

opened the first glass factory in the United States.

1883

1909

Vidriera Monterrey

the first glass container plant, starts up operations in Monterrey, Nuevo León.

1920

PPG becomes

one of the first companies to successfully mass-produce glass with a patented process.

1929

Vitro opens

its first flat glass plant in Nuevo León.

1934

PPG creates Solex,

the first tinted, heat-absorbing environmental glass.

1960

Vitro begins

making automotive glass.

1963

PPG becomes the first

glass producer in the US to use the float glass process.

1968

The first float glass

line starts up operation in Mexico.

Our History

The Glass Museum

opens its doors, with the aim of recording, preserving and promoting the history of glass.

One of the largest glass

container plants in the world begins serving the needs of the CFT market

Vitro, S.A.B. de C.V.

acquires PPG Flat Glass, retaining the products, plants, people and proven processes that made the company an industry leader.

Vitro celebrated

110 years of being a leader in the glass industry by providing cutting-edge products and process, always striving for sustainable development, and caring about its employees and the communities in which it operates.

1991

1996

2007

2008

2016

2017

Vitro Colombia

is created to produce and distribute automotive and architectural glass.

Vitro obtains

“Socially Responsible Company” distinction for the first time.

Vitro completes

the purchase of Pittsburgh Glass Works from LKQ Corporation, strengthening the company’s automotive glass portfolio with cuttingedge technology and an automotive float glass plant in Meadville, Pennsylvania.

ANIVERSARIO

110 Our COMPANY

GRI: 102-1, 102-3, 102-5, 102-11, 102-16.

Vitro is one of the leading glass manufacturers in North America and one of the largest in the world, backed by more than 110 years of experience in the industry. Founded in 1909 in Monterrey, Mexico, the Company has subsidiaries around the world that offer quality products and reliable services to meet the needs of two businesses: glass containers and flat glass. Vitro's companies make, process, distribute and sell a wide range of glass articles that are part of the daily life of millions of people. Vitro brings solutions to numerous markets--cosmetics, fragrances and pharmaceuticals, automotive and architecture. It also supplies chemical products, raw materials, and machinery and equipment for industrial use. As a socially responsible company, Vitro pursues various initiatives within the framework of its sustainability model, in order to positively influence economic social and environmental aspects relating to its stakeholders, through responsible corporate management.

Our business philosophy is grounded in our values and in the commitment for which we are known, as we work for the well-being of all our stakeholders and the environment in which society evolves.

Our more than 110-year history is the bedrock on which Vitro and those who trust us have together built a solid, enterprising company, committed to its mission of creating value and developing innovative glass solutions that meet the needs of clients and the community.

We are progressing along the path to sustainability, with a clear vision of the future: to explore the full potential of glass to improve the world around us.

15,035 employees

Our Mission

We redefine the power of cooperation to generate value and bring innovative glass solutions to our clients and communities.

Our values

Focus on the customer

Our customers are at the heart of everything we do.

Operating excellence

Always going beyond what is expected of us, with greater efficiency, confidence and quality.

Innovation

Bringing new ideas to processes and operations to continuously improve our results

Our Vision

Together we will explore the full potential of glass to improve how we move, build and live in the future.

Our people

Bringing together our talent to grow and work together as a single entity.

Integrity

Always acting with honesty and in keeping with our principles.

Sustainability

Creating the conditions to operate and grow in harmony with our environment and communities where we serve

110 Vitro brands



Vitro
Architectural Glass

Vitromart

SOLARBAN
Solar Control Low-E Glass



Vitro
Automotive Glass

Vitrocar

VPM

VIT
VITEMCO
S.A.

CRINAMEX
S.A. DE C.V.
Seguridad



Vitro
Glass Containers



Diverse industries

FAMA

ALCALI

Sal Hada
Desde 1965

Solarban™
Solarban™ 60
Solarban™ 67
Solarban™ 70 XL
Solarban™ 72
Solarban™ 90
Solarban™ R100
Solarban™ z50
Solarban™ z75

Solarban™
Solarban™ Pacífica
Solarban™ Solarblue
Solarban™ Azuria

Solarcool™ Solargray
Solarcool™ Solarbronze

Vistacool™
Vistacool™ Pacífica
Vistacool™ Azuria

CLARO

Klare™
Aquity™
Starphire™
Filtrisol™
Filtraplus™
Tintex™

Tintex Plus™
Solarblue™
Vitrosol™
Optigray™
Azuria™
Pacífica™ Optiblu™
Platia™
Reflectasol™
Blindex™
Pyrosol™
Pavía™
Kolare™

110 Global Presence

GRI: 102-4, 102-6

OUR MAIN COMPANIES

VITRO, S.A.B. DE C.V.

Glass containers

- Vitro Packaging, LLC ⁽²⁾
- Servicios Integrales de Acabados

Machinery and Molds

- Machinery Manufacturing

Architectural Sector

- Vitro Flat Glass, LLC ⁽²⁾
- Vitro Flat Glass, Inc. ⁽³⁾
- Viméxico
- Vidrio Plano de Mexicali
- Vidrio Plano de México
- Vidrio Plano de México LAN
- Vitro Flotado Cubiertas
- Productos de Valor Agregado en Cristal

Automotive Sector

- Vitro Automotive Glass, LLC ⁽²⁾ antes Vitro Flat Glass Holdings

- PGW Holdings, LLC ⁽²⁾
- Pittsburg Glass Works, LLC ⁽²⁾
- Pittsburgh Glass Works GmbH ⁽⁴⁾
- PGW Technik GmbH ⁽³⁾
- Pittsburgh Glass Works Hong Kong Limited ⁽⁵⁾
- Pittsburgh Glass Works, Sp.z o.o. ⁽⁶⁾
- Pittsburgh Glass Works, S.à.r.l ⁽⁷⁾
- Shandong PGW Jinjing Automotive Glass Co. ⁽⁸⁾
- Vitro Automotriz
- Vitrocar
- Cristales Automotrices
- VVP Autoglass
- Vitro Colombia ⁽¹⁾
- Vitro Do Brasil Industria E Comercio
- Laminated and Tempered Crystal

Chemicals and Raw Materials

- Distribuidora Álcali
- Industria del Álcali
- Comercializadora Álcali
- Vitro Chemicals ⁽²⁾

United States

Mexico

Guatemala

El Salvador

Nicaragua

Ecuador

Venezuela

Peru

Canada

Puerto Rico

Cuba

Honduras

Costa Rica

Panamá

Colombia

Brazil

Bolivia

Argentina

Chile

- ⁽¹⁾ Company with operations in Colombia
⁽²⁾ Company with operations in U.S.
⁽³⁾ Company with operations in Canada
⁽⁴⁾ Company with operations in Germany
⁽⁵⁾ Company with operations in Hong Kong
⁽⁶⁾ Company with operations in Poland
⁽⁷⁾ Company with operations in Luxembourg
⁽⁸⁾ Company with operations in China



11 Letter to our Stakeholders

GRI: 102-10, 102-14, 102-15, 102-46,

DEAR STAKEHOLDERS:

Last year was a challenging one for Vitro. Market volatility and uncertainty over geopolitical events in the countries where we operate weighed heavily on decisions by investors and consumers, causing a slowdown in the activity of the main industries we serve. These and other factors influenced the company's results for the year and affected the goals we had set for this period.

Nevertheless, the company's financial position remains stable. Vitro has seen ups and downs throughout its history, but its determination and the commitment of its people, as well as the well-aimed decisions of its management, have enabled it since 1909 to become what it is today: a solid, sustainable company.

Market conditions

In 2019, the Mexican economy saw no growth at all, and in Latin America, particularly in the countries where we have commercial activities, economies were weak. In the United States and Canada, although economies expanded, the business segments in which we participate have been gradually slowing.

In Mexico, the government halted public investment and temporarily suspended construction work in

progress, and also stopped issuing new construction permits, causing a contraction in the industry. In the United States, construction began to show signs of weakness in the first half of the year, causing excess capacity and a glut of products on the market, a price war among competitors and the resulting margin shrinkage.

The automotive industry has also declined across the world, primarily because of economic slowdown, trade hostility between competitors who vie for volume in a climate of excess capacity, in addition to the market trend toward electric cars. In Mexico, the auto industry declined noticeably, as did exports of Mexican cars to the United States. This situation in the market has worsened in recent years.

The economic situation has affected the domestic perfume, cosmetics and pharmaceutical industries. Perfume and cosmetics manufacturers have been very cautious about production volumes, reducing their demand for glass containers. In the United States and Brazil, the performance of the perfume container segment improved over the year 2018.

In 2019, the Mexican government modified the system for supplying medications through the public health system, the largest buyer in the country's pharmaceutical industry, inhibiting a market to which the Company

supplies glass containers. In addition, a rise in energy prices in Mexico had an impact on the financial results. Despite market weakness, we are convinced that this will be temporary, and our main markets will return to a clear path of growth. In anticipation of this, Vitro continues to invest in technology to modernize facilities in order to offer added value products and be more competitive in the industries where we participate.





Financial Position

In order to improve its financial structure and reduce interest payments, both actions in line with the Company's goal of staying in sound financial condition and being prepared to seize any growth opportunities that may arise in the future, on February 18, 2019, Vitro announced the pre-payment of USD50 million to BBVA Bancomer, as Administrative Agent of a syndicated loan.

Also, on December 20, 2019 the Company signed an agreement to begin a portfolio sale program with Banco Santander, S.A., that would last for three years and may be extended for an additional year. The purpose of this program is improve Vitro's financial costs and capital structure.

We are pleased to inform you that the Company's financial position remains on very solid footing: total debt as of December 31, 2019 was USD715.9 million, and net debt was USD485.5 million, which implies a net debt to EBITDA ratio of 1.62 times.

Business performance

Adverse conditions in the economic climate and markets influenced our business results, although there were also some internal circumstances affecting our operations as well.

Architectural Glass

The startup of float glass operations at the Carlisle plant in the United States, which required some adjustments that created some interruption cost; the

cold repair of line 2 of the same plant; and the learning curve we had provided for in starting up the new jumbo coater glass line; were just some of the challenges we faced in the Architectural Glass division, which to some extent hampered our productivity and profitability.

Toward the end of the year, costs relating to the interruption at Carlisle had been partially covered by our insurance companies, and in 2020 we expect to have the final settlement.

On administrative matters, in 2019 we decided to bolster our sales in the United States by bringing in teams to separately serve the commercial, residential and industrial segment. The ultimate goal is to become closer to our clients, concerning ourselves precisely with their needs and offering the solutions to the projects when they need them, and in the most personalized way possible.

Aware of market conditions in Mexico, where specialty glass has not taken off as expected, we created a work specification team whose main goal is to support clients in recommending the products from our wide array of added value glass that best suit their projects.

The direct approach, combined with the quality features of our products and the experience that stands behind us helped restore commercial relationships with important clients and forge new ties with others. In parallel, we were able to adjust prices in a climate of close competition.

In Mexico we had a record year for sales of architectural glass with Solarban® solar control coating.



Automotive Glass

In 2018, we began a program of reconfiguring Vitro's automotive plants, in order to make operations more efficient, while minimizing any impact on our clients. So far, the production transfers have generated some temporary costs and inefficiencies, but we are convinced that over the long run, once we get past the first quarter of 2021, the program will bring benefits and improve competitiveness, and we will resume the usual levels of operating excellence and profitability. Another factor that affected our sales results last year was a work stoppage at General Motors (GM) toward the end of last year's third quarter.

In December 2019, equipment at one of the windshield plants in Mexico City ran into irremediable difficulties that destabilized the process, and although we followed all the appropriate procedures for this type of situation, we believe that operations in the spare parts market will feel the consequences in 2020.

Also last year, we launched a new windshield line to serve the original equipment market, and the plant focused on the spare parts market performed very well. Both of these are located in García, Nuevo León.

In February 2019, the Board of Directors approved an investment of USD60 million in new technologies that will strengthen Vitro's leadership in the automotive glass segment, to supply original equipment manufacturers and clients in the spare parts market.

The investments include a series of technologies aimed at aligning our capacities to become the preferred supplier of advanced automotive glass solutions like windshields, coatings, laminated side windows and sunroofs.

Our operations in Poland saw outstanding process. This plant serves clients in the European market operating in the premium automobile segment.

Containers

From the operating standpoint, the Container business had a good year. It maintained productivity levels, while its challenges lay more in optimizing its resources and facing growing pressure from competitors.

In line with the goal of continuous improvement in all processes, in 2019 we acquired four SI machines with cutting-edge technology, one of which is already up and running and the remaining three will be installed

in 2020. We also invested in finishing machines, automatic inspection equipment and product wrapping equipment, all to improve the operating efficiency of the business and meet the demands of our clients.

In the first half of the year, business volumes declined because of the flat performance of Mexico's economy. But the strategies and capacity of our human capital succeeded in reversing that impact in the second half of the year, venturing into other markets and new product lines.

The dynamics of the perfume container segment last year were irregular: in the United States, growth was positive, and Brazil saw a significant rise in volume, but requirements that invoicing be in local currency to some extent punished our margins.

In the rest of the Latin American countries where we participate, because of exchange-rate volatility and market uncertainty, the perfume industry weakened.

Thanks to commercial tactics applied, the capacity and experience of our company and our employees, along with our products' reputation, we were able to add ten new clients to our portfolio.

We were able to add ten new clients to our portfolio.

Industria del Álcali

In our chemical business, operating problems prevented us from reaching our production volume target, but we were still able to increase output by 2% compared to 2018.

Most of the segments served by Industria del Álcali remained in line with their 2018 performance, with a steady volume in terms of metric tons and a 4.9% increase in value. Among the more dynamic market last year were glass and oil, which showed growth of 12.1% and 4.8%, respectively.

The strategy of seeking out new markets with an increased focus on exports bore fruit: sales to the United States and South America boosted revenues for the Calcium Chloride plant. In 2019, we added nine new clients, with excellent results.

Machine manufacturing

Our machine and equipment manufacturing business (FAMA) continued to explore potential markets where it can apply its experience and capacity in the various industries it serves. In 2019, it reported higher yields by all indicators. Although it did not reach its sales target for the year, it did achieve a 2.5% growth over 2018. During the year we made the decision to close the no longer profitable molds area and focus on other segments that offer stronger growth, like machinery for producing glass containers and automation in various industries.

In keeping with its strategies, FAMA continues to gain strength as an autonomous business, capitalizing on its operating and technological capacities to access new markets to strengthen commercial initia-

tives, while opening channels of communication with potential clients in the various segments in which it specializes.

In 2019, the company delivered the first NextGen 40 machines, which have a complete line of servo motors, offering clients high levels of efficiency and competitiveness.

It also started up its first projects as a supplier of automation solutions and tooling, supporting the affiliates of Vitro Architectural Glass and Vitro Automotive Glass.

2019 Results

As of December 31, 2019, Vitro reported consolidated net sales of USD2.18 billion, a decline of X% compared to the previous year. EBITDA was USD300.4 million, a 2.6% reduction from 2018.

These results were due largely to the worsening contraction in the markets in which our products are sold, and the weak or flat growth of economies in the countries where we operate or have a commercial presence.

In 2019, excess capacity in US industry made competitors more aggressive and unleashed price pressures, so higher volume in some segments was not strong enough to offset the less favorable price mix. Another factor were the expenses originating from an interruption of work at the Carlisle plant which was under repair following the 2017 accident, although we hope to recoup some of these losses from the insurance companies.

The plan to reorganize and transfer capacity among our automotive plants in order to improve production and remain closer to our clients so we can better





meet their needs, caused us some short-term expenses that affected our returns this past year, but we are confident that in the future these measures will bring tremendous benefits and greater competitiveness.

In Mexico, rising fuel prices, economic stagnation, certain policies restricting government spending, and rising crime problems, kept investors very cautious and dampened the pace of economic activity. Although these are exogenous factors, they have an indirect impact on our results.

Sustainable Development

Vitro knows that a sustainable company is a company that can create comprehensive value, lead economic growth, care for the environment and encourage social development. That is why for more than eleven decades we accept responsibility for and are committed to operating in healthy, safe and sustainable environment.

Our primordial interest is the well-being of our employees and their families, the communities that surround us and with which we interact as a business and as persons, and protecting and preserving the environment.

Vitro's trajectory and endurance is primarily the result of its human time, and the support and confidence we have received from society in all senses, because they know we are concerned about and working to promote a sustainable environment.

Whether of our own volition, in compliance with government laws and regulations, or as an industry requirement, we pay close attention to ensuring that our processes and products meet and surpass client expectations in terms of quality, innovation, environmental responsibility and the well-being of our employees, their families and the community.

Our sustainable actions, processes and products are also distinguished and evaluated. In 2019, for the twelfth year in a row, we received the Socially Responsible Enterprise (SRE)

distinction in recognition of our commitment and consistent implementation of national and international best practices in the area of corporate social responsibility.

We create or play an active role in initiatives and programs that promote comprehensive development outside of and within our companies and the communities around us. This report provides more details on our progress and achievements last year in the area of sustainability.

2020 Outlook: A vision for the future

Projections of weak economic growth, the downturn in the markets we serve, investor caution and aggressive commercial practices by the competition, all tell us that 2020 will be a year of many challenges.

Internally, we will continue the process of consolidating our businesses, firming our commercial strategies, and continuing to bet on process, equipment and machinery modernization and upgrades. We will continue our approach of seeking out and acquiring the most advanced technology, in order to stay abreast of industry trends and meet the demands of clients and consumers.

In the Architectural Glass division, we have the right structure and products, and operations have stabilized. The next step is to restore and strengthen our relationship with clients, where we lost volume in the past because of insufficient capacity stemming from interruptions at the Carlisle plant in 2017.

Having defined teams in the commercial area to serve various market segments in the United States and the work specification team in Mexico, we will now be focusing our efforts on accompanying clients closely, from prospecting the ideal glass for their project until construction is complete.

Additionally, we will be carrying out major repairs on the float glass furnace no. 2 at García, Nuevo León, the largest in our system.

The reorganization and redistribution of production among our automotive glass plants will take the rest of the year, by our estimates, but during this process we will be sure to meet the needs of all our existing clients on time and with the required quality. We are confident that once this restructuring is complete, we will be better prepared to be even more competitive.

In the last four years, Vitro has invested more than USD 78 million in operations with cutting-edge process capacities for making automotive glass. These investments position Vitro Automotive Glass at the forefront of innovation in this industry. In 2020 it will start up a new automotive glass line with integrated high technology, giving us the capacity to provide energy efficient solutions, augmented-reality screens, connectivity, safety and acoustic protection, among others.

Our strategies will also aim at strengthening our position in growing markets like SUVs, hybrid cars and electric vehicles.

For the Container business, expectations are not much different; but as the perfumes, cosmetics and pharmaceutical segments recover, we will explore synergies with clients to adapt to their needs.

We will continue to explore new market niches and pursue growth in those in which the response has been positive--premium liquors, candles and home fragrances.

We intend to capitalize on our growth potential in Brazil through the commercial office we opened in that country. Our intent is to install finishing equipment to efficiently serve clients there.

Recent investments in SI machines and other equipment fortifies our operating structure and makes us more competitive, so we can continue to earn the patronage of our existing clients and grow our portfolio by adding new prospects.

In the chemical business, we will concentrate on improving productivity of all four plants and reaching 100% of capacity. We will continue to search for new markets where our products can be used, and new geographies to which we can export.

FAMA, our machinery and equipment division, will firmly continue its efforts to increase sales to clients in the glass container industry and will continue analyzing possibilities in the areas of automation, glass-casting and tooling.

We continue our process of transformation and consolidation; the company is redirecting its capacities and efforts toward higher value-added businesses that offer better conditions for profitability.

We are facing demanding, challenging scenarios, but we have the resources necessary to deal with them. We have a solid financial structure, advanced technology, and certifications and recognitions that attest to the quality of our processes and products.

We at Vitro are convinced that our more than 110 years of experience, teamwork, and the emphasis we place in our work, will continue to earn us the trust and recognition of our clients.

We are more than 15,000 employees committed to a clear vision of the future. Our aim is to direct all of our actions toward the creation of value, proactively and with a strict sense of urgency, to anticipate the needs of our clients and the end users of our products.

On behalf of the Board of Directors, the executive committee and every member of the Vitro team, I would like to express our gratitude to every one of our stakeholders, and particularly to our shareholders for their confidence in the decisions and initiatives we undertake day by day in this Company. Please be assured that our efforts will continue to make us a profitable, sustainable company.



Adrián Sada González
Chairman of the
Board of Directors

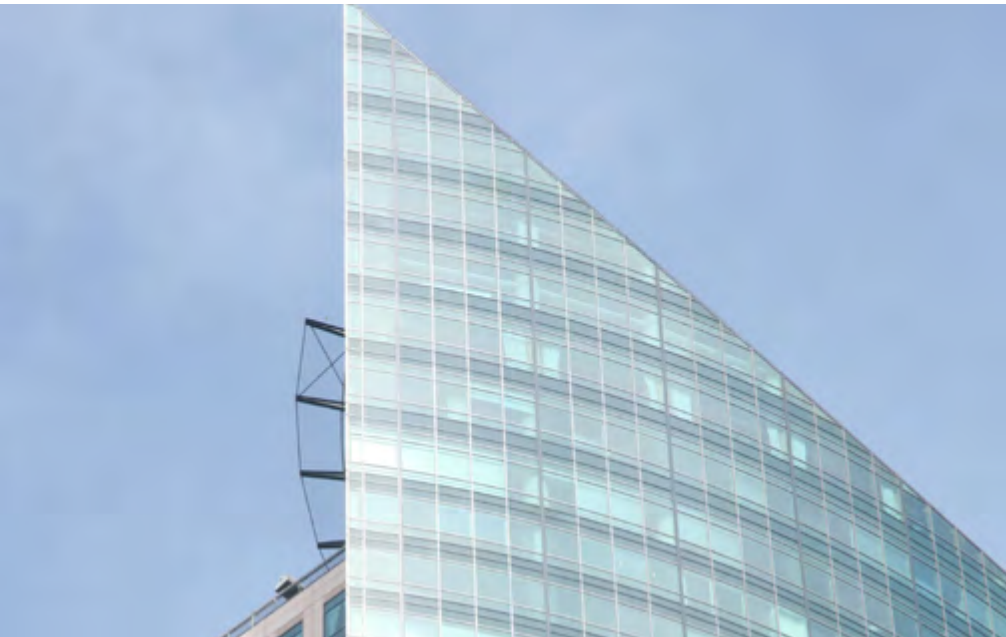


Adrián Sada Cueva
Executive CEO

February 19, 2020

11 Financial Statements

GRI: 102-45, 201-1,



Vitro, S.A.B. de C.V. y Subsidiarias

(Figures in millions of pesos under IFRS standards, except where otherwise indicated; dollar amounts are expressed in millions of nominal US dollars)

	Dollars ⁽¹⁾		%
	2019	2018	Change ⁽²⁾
INCOME STATEMENT			
CONSOLIDATED NET SALES	\$ 2,180	\$ 2,238	(2.6)
Domestic	627	649	(3.4)
Export	401	343	17.0
Offshore subsidiaries	1,152	1,247	(7.6)
EARNINGS BEFORE OTHERS (EBIT)	155	245	(37.0)
NET INCOME	64	162	
MAJORITY NET INCOME	64	162	
MAJORITY NET INCOME PER SHARE ⁽³⁾	0.13	0.34	
EBITDA ⁽⁴⁾	300	365	(7.2)
BALANCE SHEET			
Activo total	2,794	2,771	0.8
Pasivo total	1,364	1,303	4.7
Capital contable total	1,430	1,468	(2.6)
Capital contable mayoritario	1,429	1,467	(2.6)
FINANCIAL RATIOS			
DEBT(5) EBITDA (TIMES)	2.4	2.0	
NET DEBT(5) EBITDA (TIMES) ⁽⁶⁾	1.6	1.2	
INTEREST COVERAGE (TIMES) (EBITDA / TOTAL NET INTEREST EXPENSE)	4.5	5.6	
EBIT MARGIN (%)	7%	11%	
EBITDA MARGIN (%)	14%	16%	
NUMBER OF EMPLOYEES	15,035	14,912	0.8
CAPEX ⁽⁵⁾	160	154	4.3

⁽¹⁾ The functional currency for the company in 2018 was the U.S. dollar.

⁽²⁾ Change from 2017 to 2018.

⁽³⁾ Based on the weighted average number of shares outstanding.

⁽⁴⁾ EBITDA = operating income before others, plus depreciation, amortization and employee pension fund obligations.

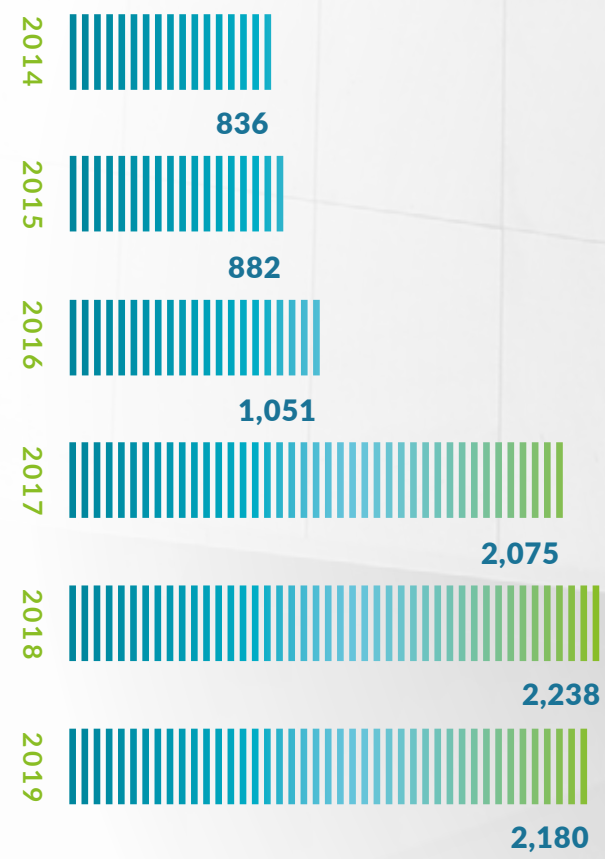
⁽⁵⁾ Represents investment in fixed asset during the fiscal year, and therefore differs from investments presented under cash flow.

⁽⁶⁾ Debt net of cash and equivalents.

The financial figures are presented in accordance with International Financial Reporting Standards (IFRS)

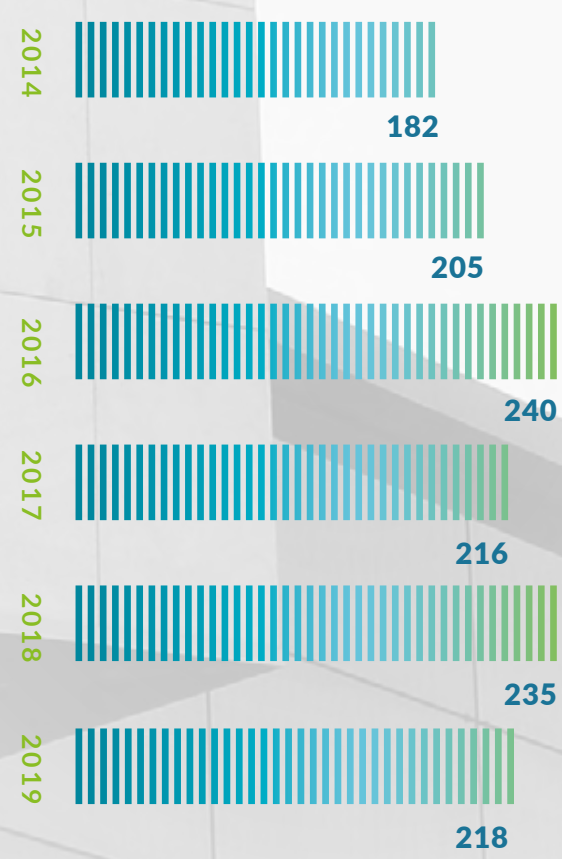
CONSOLIDATED NET SALES

Figures in millions of dollars



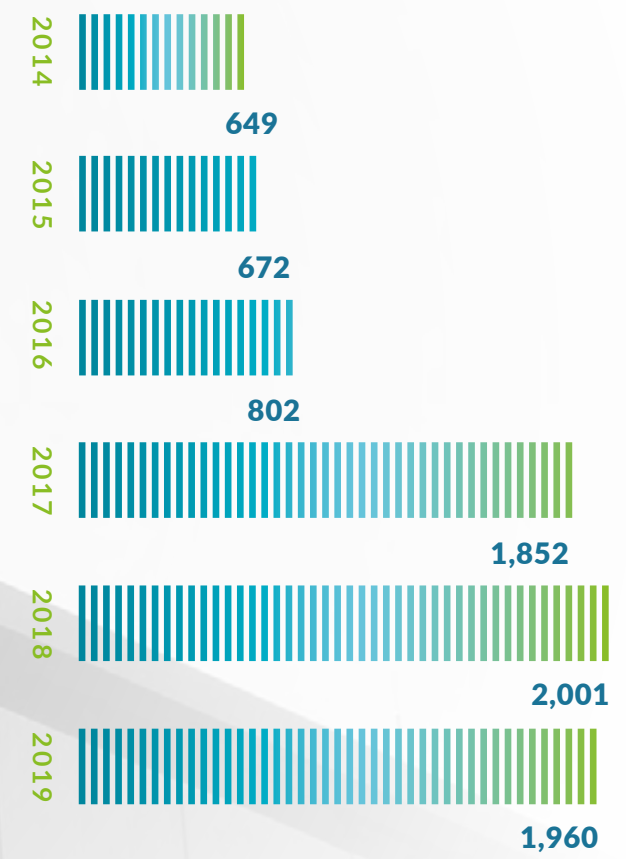
NET SALES CONTAINERS

Figures in millions of dollars



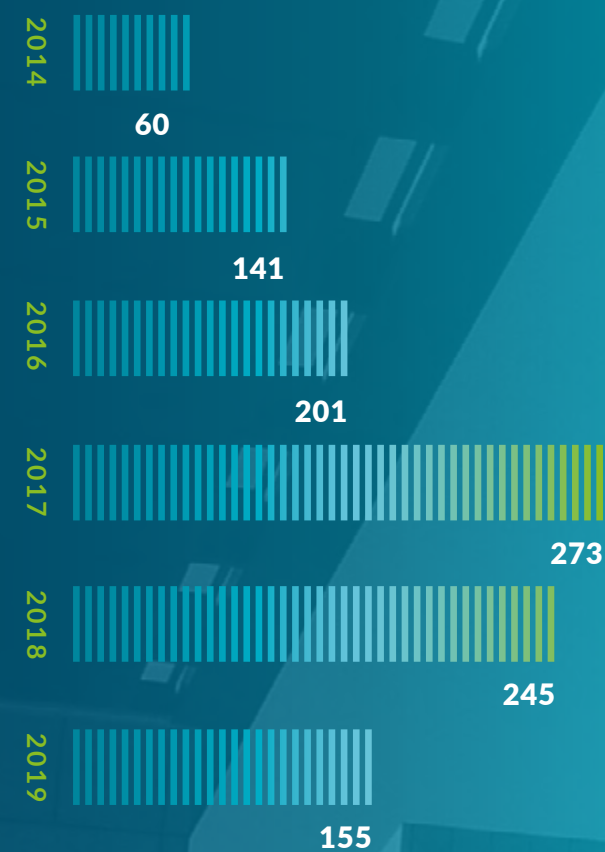
NET SALES FLAT GLASS

Figures in millions of dollars



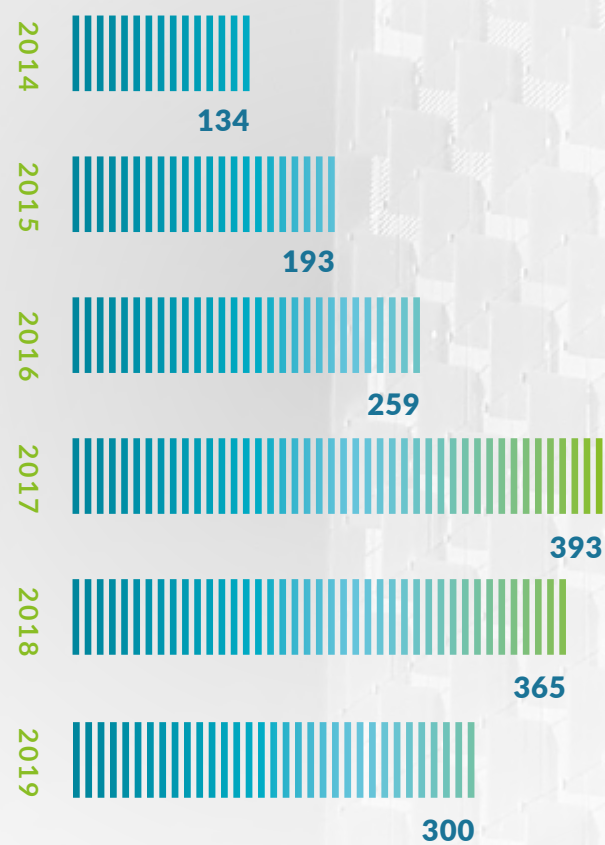
OPERATING INCOME (BEFORE OTHER INCOME AND EXPENSES)

Figures in millions of dollars



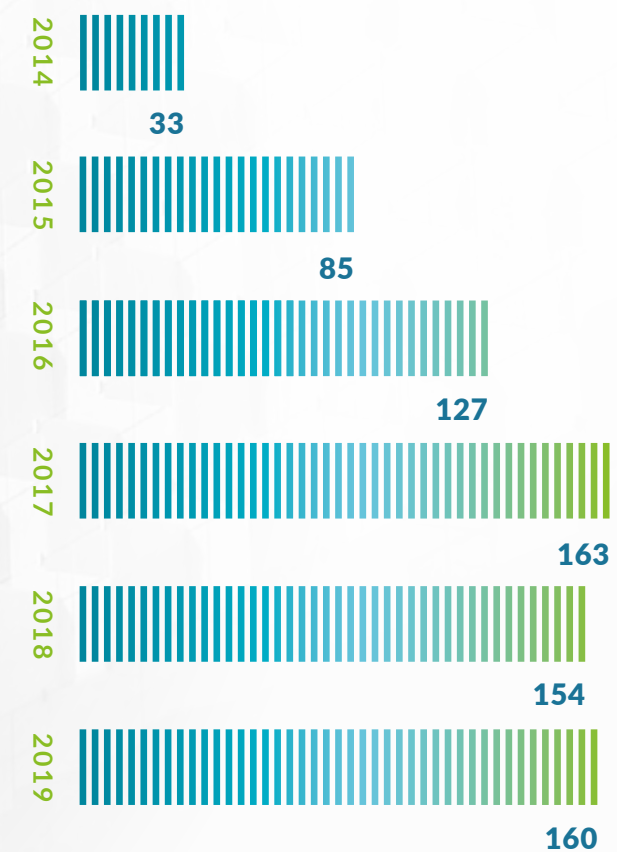
CONSOLIDATED DEBITDA

Figures in millions of dollars



CAPEX

Figures in millions of dollars



2019 Data Highlights

12 years

as a socially responsible
enterprise in Mexico.

+80

activities in favor
of the community.

+US\$15.4

million invested in health and
safety.

54 hours

average training per employee.

23%

of recycled glass comes
from outside suppliers.

93%

of our waste is recycled
or reused.

4,300

trees reforested in the Naturalmente
Vitro campaign in Mexico.

1,302

protected species and 55,081
hectares under conservation.

100%

of our original and chemical product
plants have ISO 14001 certification.

+60,000

direct beneficiaries from
our community activities.

A total of **712,708**
metric tons of glass recycled in 2019.

37%
reduction in accident rate.

3,9

58

new hires.

US\$1,733,186

invested in training.

US\$404,880

invested in social and community issues.

110 Corporate Governance

GRI: 102-18, 102-22, 102-33, 102-34, 405-1,

In line with the highest standards of corporate governance, the Company acts transparently and complies fully with all government and industry regulations, as well as the rules and standards issued by non-governmental organizations and other social organizations.

The Board of Directors has 12 members, 41.66 percent of which are independent. This is above the percentage required by Mexican law, and the process to qualify as an independent board member is stricter than what is established in the Mexican Securities Market Act. The Board is responsible for establishing and executing strategies, policies and guidelines for the proper management of the companies the group controls, and for ensuring that all activities are carried out according to the principles of responsible corporate management.

The Board of Directors has 12 members, 41.66 percent of which are independent.

110 Governance Structure and Committees

ADRIÁN SADA GONZÁLEZ (1944)

Member since 1984

Chairman of the Board of Directors
Chairman of the Chairmanship Committee
Board Member of ALFA, Cydsa, Consejo Mexicano de Negocios (CMN) and Grupo de Industriales de Nuevo León.

ÁLVARO FERNÁNDEZ GARZA (1968)

Member since 2011

Chief Executive Officer of ALFA and member of the boards of directors of Cydsa, Grupo Aeroportuario del Pacífico, Grupo Citibanamex, member of the Latin-American Council of the University of Georgetown. Mr. Fernández also is the President of the University of Monterrey.

TOMÁS GONZÁLEZ SADA (1943)

Member since 1980

Chairman of the Board and Chief Executive Officer of Cydsa; Vice President of the Mexican Institute for Competitiveness (IMCO), Honorary Consul of Japan in Monterrey, Mexico. Additionally, he is a member of the Regional Council of the Bank of Mexico (Central Bank), the Business Round Table (CMN), Grupo de Empresarios of Nuevo León and member of the Board of Trustees of Cáritas de Monterrey and Treasurer of the

Fundación Martínez Sada, the organization that grants academic scholarships.

MARIO LABORÍN GÓMEZ (1952)

Member since 2010

President of ABC Holding and ABC Capital. Mr. Laborín was previously managing director of Bancomext, CEO of Nacional Financiera, CEO of Bancomer and President of its Brokerage Firm, and founding President of Mexder, as well as co-founder and general director of Grupo Vector. He has served as a member of the boards of directors of TV Azteca, Cervecería Cuauhtémoc, Transportación Marítima Mexicana, Bancomer, the Mexican Stock Exchange, Mexder, Indeval, Xignux, Megacable, Cydsa, Astrum México, Banco de México Nuevo León, Gruma, AXA Seguros, Goldman Sachs, Avanzia and Across.

DAVID MARTÍNEZ GUZMÁN (1957)

Member since 2013

Chairman and Special Counsel for Fintech Advisory, Inc. and Board Member of ALFA, CEMEX, ICA Tenedora and Sabadell Banc.

RICARDO GUAJARDO TOUCHÉ (1948)

Member since 2013

Chairman of the Board of Solfi and Board Member of

BBVA Bancomer, Bimbo, Liverpool, ALFA, Grupo Aeroportuario del Sureste, and Coca-Cola FEMSA. He was a Member of the International Advisory Committee of the Federal Reserve Bank of New York. He has served in various executive positions in companies such as BBVA Bancomer, Valores de Monterrey, FEMSA and Grupo AXA.

GUILLERMO ORTIZ MARTÍNEZ (1948)

Member since 2010

Partner and Board Member of BTG Pactual, Chairman of the Fundación Per Jacobsson and Founder of Guillermo Ortiz y Asociados. Member of Grupo de los Treinta and of the Boards of Directors of Bombardier, Grupo Aeroportuario del Sureste, and Orbia. Has served as Chairman of the Board of the Bank for International Settlements, Governor of Banco de México and Minister of Finance and Public Credit for the Mexican federal government. At the International Monetary Fund, he acted as Chairman of the External Panel for the Review of the Fund's Risk Management Framework and also served as Managing Director.

RICARDO MARTÍN BRINGAS (1960)

Member since 2007

Chairman of the Corporate Practices Committee
Chief Executive Officer and Vice President of the Board



of Directors of Soriana. Board Member of Teléfonos de México, Grupo Financiero Banamex, Consejo Mexicano de Negocios (CMN), Grupo de Empresarios of Nuevo Leon and Asociación Nacional de Tiendas de Autoservicio y Departamentales (ANTAD). Chairman of the Endowment for the Hospital Regional Materno Infantil.

JAIME RICO GARZA (1957)

Member since 2008

Chief Executive Officer and Chairman of the Board of Vitro Europa and Vitro Global, as well as Board Member of Vitro Cristalglass and Chief Executive Officer of Vitro Cristalglass (2007-2012).

ADRIÁN SADA CUEVA (1975)

Member since 2010

Executive Chief Executive Officer of Vitro, S.A.B. de C.V. Board Member of Grupo Financiero Banorte, the Dallas Museum of Art, and Nemark; Chairman of the Board of Cámara de la Industria de Transformación (CAINTRA) Nuevo León since March 2019

JAIME SERRA PUCHE (1951)

Member since 1998

Chairman of SAI Consultores, Founder of Aklara (Electronic Auctions), and Centro de Arbitraje de México (CAM). Board Member of BBVA Bancomer and publicly-traded companies Fondo México, Tenaris, and Vitro. He held several positions in the Mexican federal government (1986-1994), as Undersecretary of Revenue, Minister of Trade, and Minister of Finance. Currently, he co-chairs the President's Council on International Activities of Yale University and is a Trustee for the Trilateral Commission.

JOAQUÍN VARGAS GUAJARDO (1954)

Member since 2000

Chairman of the Audit Committee
Chairman of the Board of Grupo MVS; Chairman of the

Board of Grupo CMR. Board Member of Grupo Financiero Santander, Grupo Costamex, El Universal, Grupo Aeroportuario del Pacífico and Médica Sur. He has served as Chairman of National Chamber of Radio and Television Industry (2000-2001), Chairman of Mexican Restaurant Association (1985-1987) and Chairman of Association of Restaurant Chain Directors (1989).

ALEJANDRO F. SÁNCHEZ MÚJICA (1954)

Member since 1980

Secretary of the Board since 2007 (Non Board Member)
He has been Legal Manager for Indeval, Chief Legal Officer for a division of Grupo Kuo, Legal Counsel of Grupo Pulsar/Savia, Vice President and Chief Legal Officer of Vitro, and is currently Senior Partner of the law firm Thompson & Knight. He has served on the board of various Mexican and foreign corporations and is currently a member of the Private Charitable Board for the State of Nuevo León. He has a law degree from the Escuela Libre de Derecho and Master's Degrees from the University of Texas at Austin.

MEMBERS OF THE VITRO
CORPORATE PRACTICES COMMITTEE

Lic. Ricardo Martín Bringas
President

Lic. Joaquín Vargas Guajardo
Independent Board member

Dr. Guillermo Ortiz Martínez
Independent Board member

C.P. Mario Martín Laborín Gómez
Independent Board member

Lic. Alejandro Francisco Sánchez Mújica
Non-Member Secretary

MEMBERS OF THE BOARD OF
DIRECTORS OF VITRO

Lic. Adrián G. Sada González
President

Lic. Joaquín Vargas Guajardo
Independent Board member

Lic. Álvaro Fernández Garza

Ing. Tomás Roberto González Sada

Ing. Ricardo Guajardo Touché

C.P. Mario Martín Laborín Gómez
Independent Board member

Lic. Ricardo Martín Bringas
Independent Board member

Ing. David M. Martínez

Dr. Guillermo Ortiz Martínez
Independent Board member

Ing. Jaime Rico Garza

Lic. Adrián G. Sada Cueva

Dr. Jaime José Serra Puche
Independent Board member

Lic. Alejandro Francisco Sánchez Mújica
Non-Member Secretary

CHAIRMANSHIP COMMITTEE

Adrián Sada González
President

Adrián Sada Cueva

Claudio L. Del Valle Cabello
Secretary

MEMBERS OF THE VITRO
AUDIT COMMITTEE

Lic. Joaquín Vargas Guajardo
President

Dr. Guillermo Ortiz Martínez
Independent Board member

Dr. Jaime José Serra Puche
Independent Board member

Lic. Jonathan Davis Arzac
Experto Financiero no Miembro

C.P. Claudio Luis Del Valle Cabello
Non-Member Secretary



More than 110 years of history stand behind Vitro's firm commitment to its sustainability strategy: offering reliable, high-quality goods and services that generate value for all our stakeholders. Every day the company works to build a better future for all.

Under a framework of transparency and responsible corporate management, the Sustainability Model is organized along four main axes: Our Ethics, Environment, Our Employees and Our Community, consistent with Vitro's business philosophy and values.

VITRO SUSTAINABILITY

2019 Materiality Assessment

GRI: 103-2, 102-2, 102-40, 102-47, 103-1

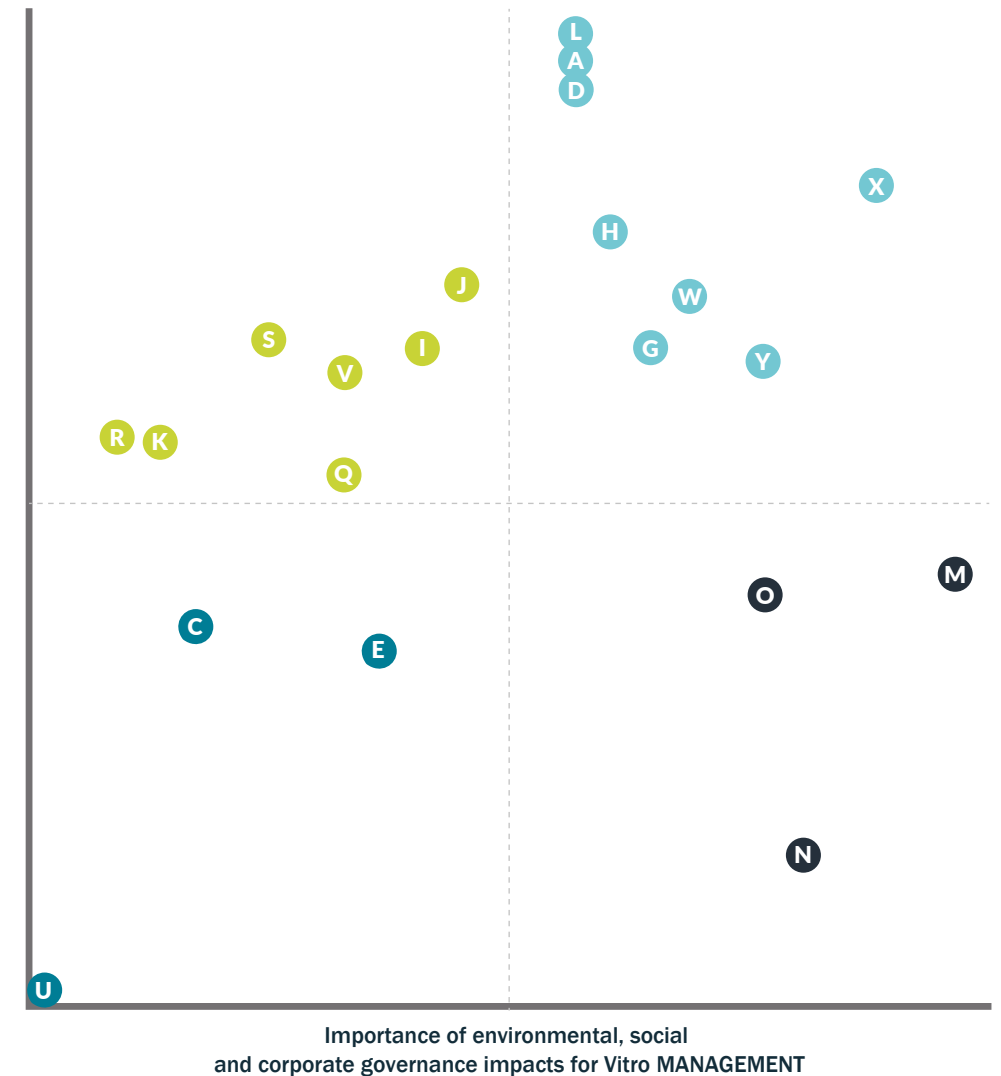
Following a number of acquisitions by the Company in recent years, within a dynamic environment and changing needs on the part of our stakeholders, we conducted a materiality study in 2019 to reassess the issues defined in 2015, and determine which ones we would focus on starting in 2020.

This process involved interviews, focus groups and online surveys of executives, administrators, workers, clients, suppliers and representatives of private organizations.

This study enabled us to define the most relevant issues for Vitro on the economic, environmental and social planes, which represent a significant impact on its operations and on stakeholder devising-making.

CODE	ISSUE
X	Product safety and quality
Y	Reputation of product or services offered among stakeholders
W	Innovation in products, quality, processes, marketing, organizational aspects and technology
G	Energy efficiency and renewable energy
H	Climate change and emissions
B	Risk management
L	Occupational health and safety
A	Ethics, transparency and anti-corruption
D	Regulatory compliance (national and international)
J	Prevention of environmental impacts
Ñ	Labor conditions
I	Circular economy (recycling, reuse and management of waste)
Q	Identification of supply chain risks
V	Product added value. Research and communication of benefits.
S	Positive impacts on communities where the company operates
K	Water management (consumption and discharge)
R	Sustainable Suppliers

Influence on STAKEHOLDER evaluations and decisions



CODE	ISSUE
M	Human capital development
N	Talent attraction and retention
O	Diversity and inclusion
P	Corporate culture and employee commitment
F	Vitro's brand positioning strategy
E	Stakeholder engagement
C	Corporate governance
U	Volunteer activities
T	Monetary and non-monetary donations to organizations

LIST OF MATERIAL ISSUES:



Our employees:

- Health and safety
- Talent attraction and development
- Labor conditions
- Diversity and inclusion



Innovation

- Product added value
- Innovation in products, quality, processes, marketing, organizational aspects and technology
- Product safety and quality
- Reputation of products or services offered among stakeholders



Governance and transparency

- Ethics, transparency and anti-corruption
- Risk management
- Legal compliance



Our Community

- Positive impact on communities where the company operates
- Identification of supply chain risks



Environment

- Energy efficiency and renewable energy
- Climate change and emissions
- Circular economy

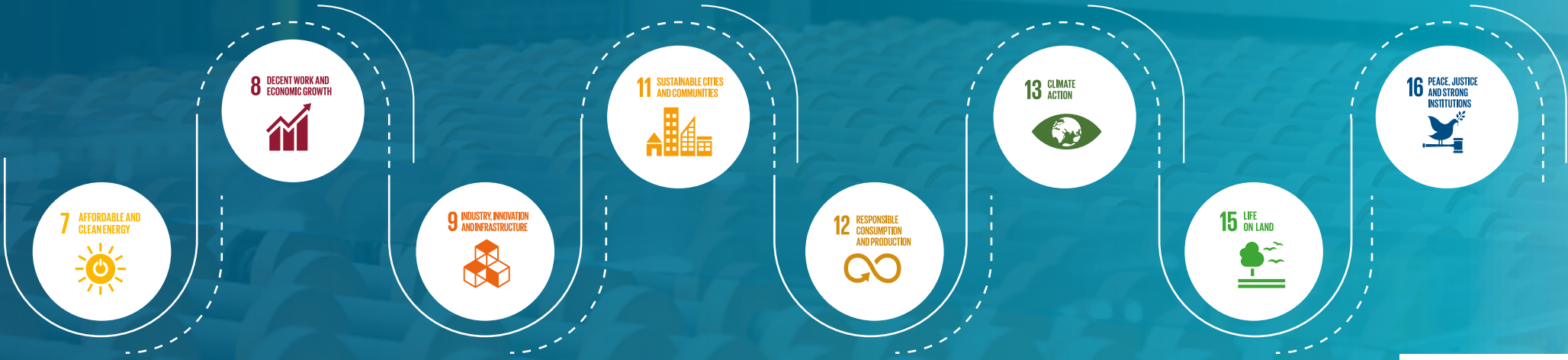
Target

In 2020, through a sustainability committee we will develop medium- and long-term initiatives and goals to address our material issues.



VITRO'S ACTIONS ARE ALIGNED
WITH THE FOLLOWING SDGS:

Alignment with the SDG



Aware of the value of Sustainability in creating conditions to operate and grow in harmony with the environment and with the communities we serve, our actions are aligned with the Sustainable Development Goals (SDG) defined by the United Nations Organization (UN).

These 17 goals are broad in scope and global in nature. Their intent is to encourage governments, private enterprise, civil society and communities in general to work for common goals, act in favor of sustainability, slow climate change and achieve well-being through human rights.



Since its origins, Vitro has proven its commitment and loyalty to all of its stakeholders, employees, clients, suppliers, shareholders, non-governmental organizations, among others. Commitment is embodied in its various initiatives, policies and procedures, formulated and regulated under transparent, responsible corporate management.

OUR ETHICS

CODE OF ETHICS AND CONDUCT

GRI: 205-2

The Code of Ethics and Conduct is one of the chief tools the company has for ensuring that in the context of its operations, its employees, clients and suppliers abide by the principles, laws and regulations applicable to the countries where the country is present.

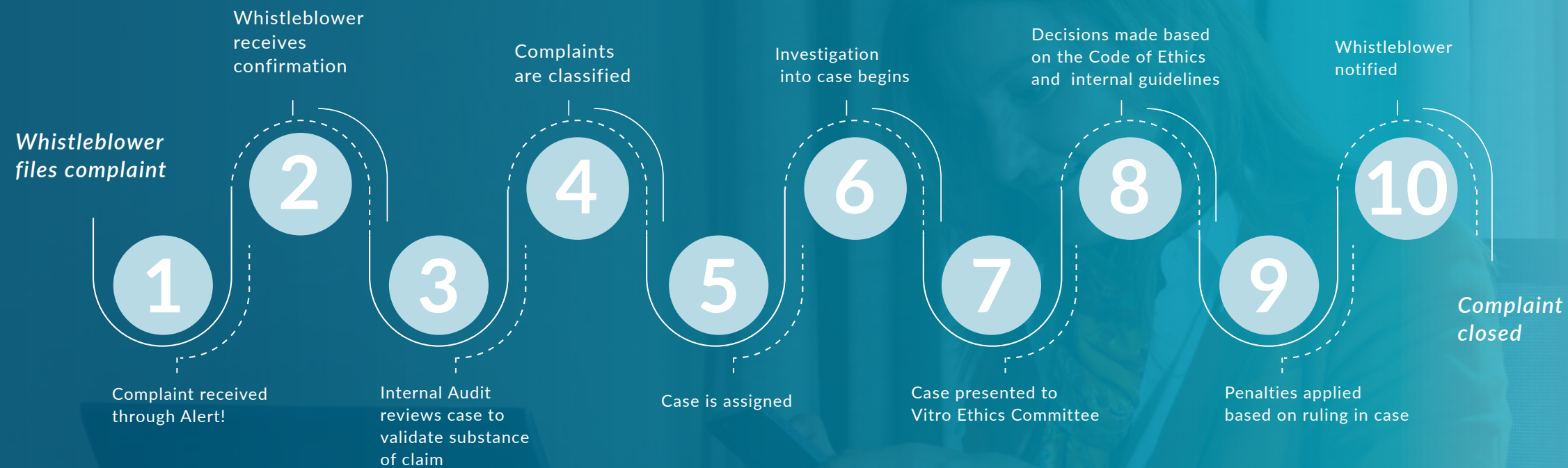
The Code of Ethics and Conduct defines Vitro's commitments to preserving human rights, managing commercial relations, respecting and promoting neighboring communities, caring for and protecting the environment, and maintaining harmonious relationships with governments and the authorities. It also defines our responsibilities in our operations, our regulatory compliance and our policy of zero tolerance for corruption.

All employees receive annual training about ethical aspects, values and principles aligned with our Code of Ethics and Conduct. We also carry out communication campaigns to maximize commitment to this Code.



View our Code of Ethics and Conduct at:

<https://vitro.com/es/sustentabilidad/competitividad-integral.aspx>



ALERT! WHISTLEBLOWER PROCESS



WHISTLEBLOWER SYSTEM

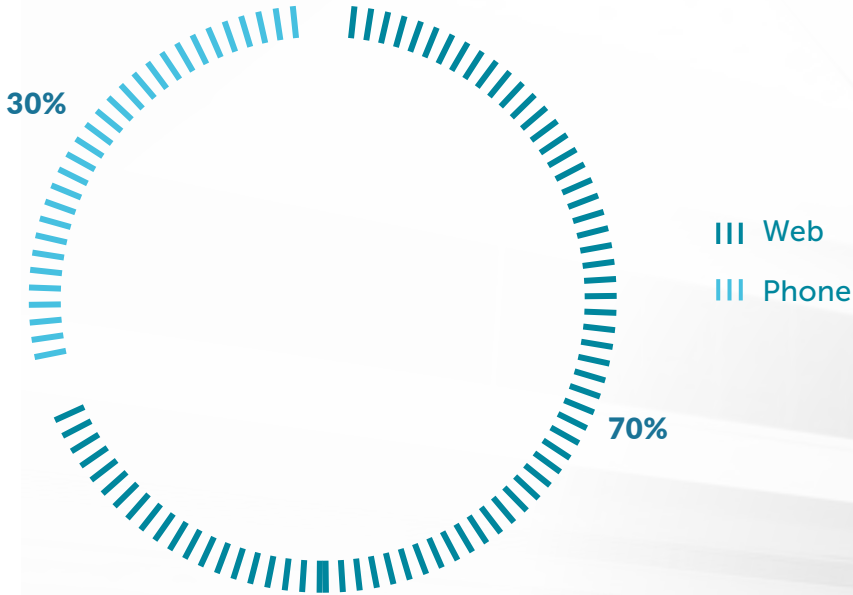
GRI: 102-33, 102-34, 205-3, 406-1, 418-1,

The Alert! Anonymous whistleblower system is a valuable tool that guarantees that our Code of Ethics and Conduct is strictly followed. Anyone can use this hotline whether employee, client, supplier or interested third party to anonymously record any question or report some action that goes against the company's business ethics and values, in any of our operations.

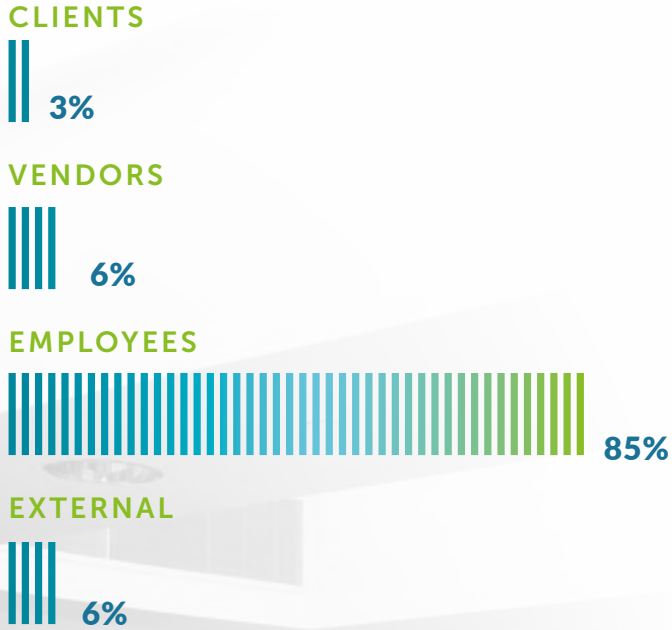
The system is administered by an independent firm certified to supply anonymous and trustworthy service. It is managed by the Ethics Committee through the Internal Audit area, which diligently manages every one of the reports from the time it received until the matter is closed.

It is available for 100% of our operations, 24 hours a day, 365 days a year, and can be accessed by phone or internet, in the language of the countries where Vitro operates.

REPORTS BY CHANNEL



REPORTS BY SOURCE



REPORTS BY TYPE



REGULATORY COMPLIANCE

GRI: 205-1, 206-1, 307-1, 411-1, 412-1, 416-2, 417-2, 417-3, 419-1

Aware that there are threats and opportunities in every human activity, Vitro is concerned with identifying and channeling these to minimize, prevent and offset the threats and to exploit and magnify the opportunities, in order to generate value in all respects.

We have a Compliance area in charge of addressing regulatory changes and Vitro's alignment to comply with standards and regulations everywhere we have operations. It also conducts an analysis of social, economic and environmental risks that might affect our operations in the short, medium and long term.

In 2019 there were no reports of material or significant non-compliance with the law that would affect the ordinary course of our business, relating to economic, environmental or social issues



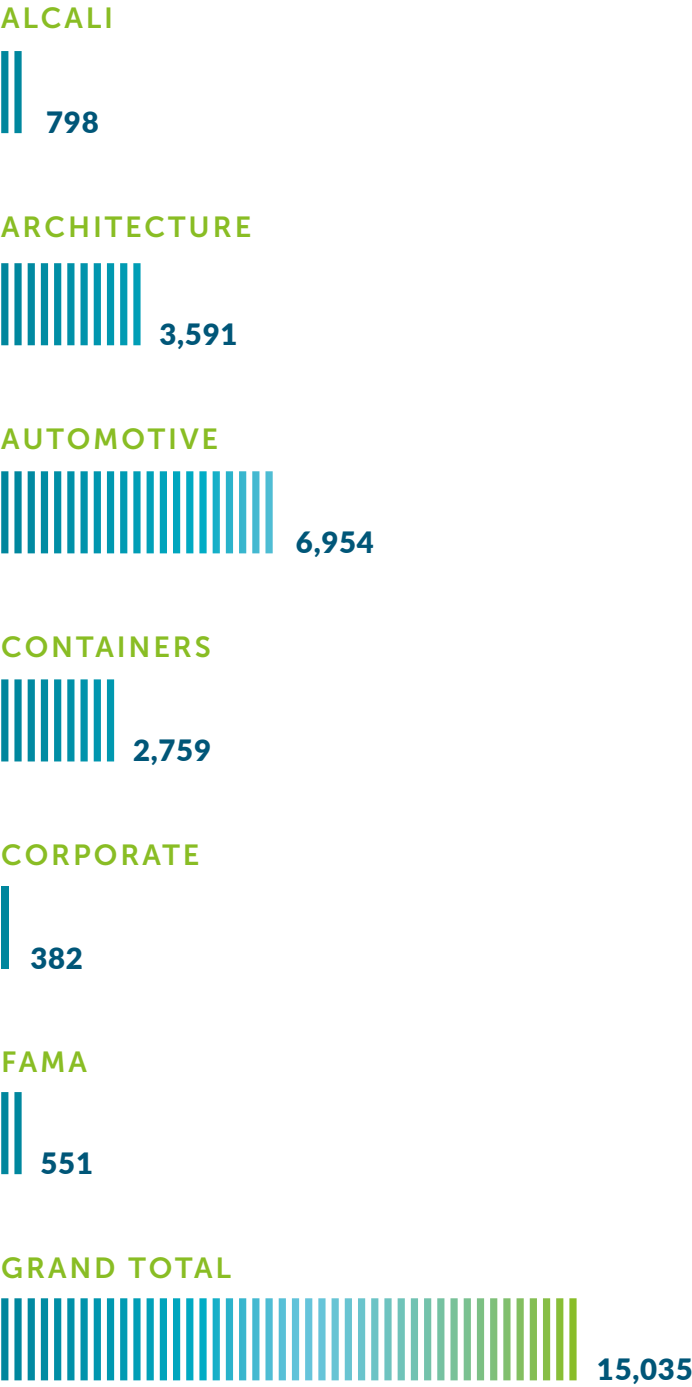
OUR COLLABORATORS,
PRESENT AND FUTURE
OF VITRO

For Vitro, our most valuable resource is our human team, so we endeavor to provide them with the ideal conditions for their professional and personal growth.

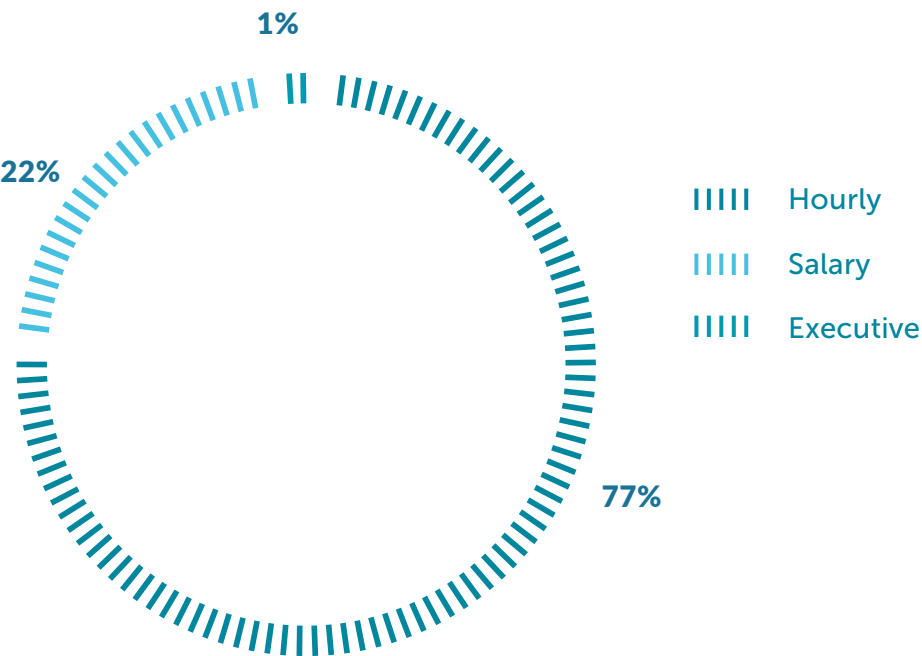
OUR EMPLOYEES



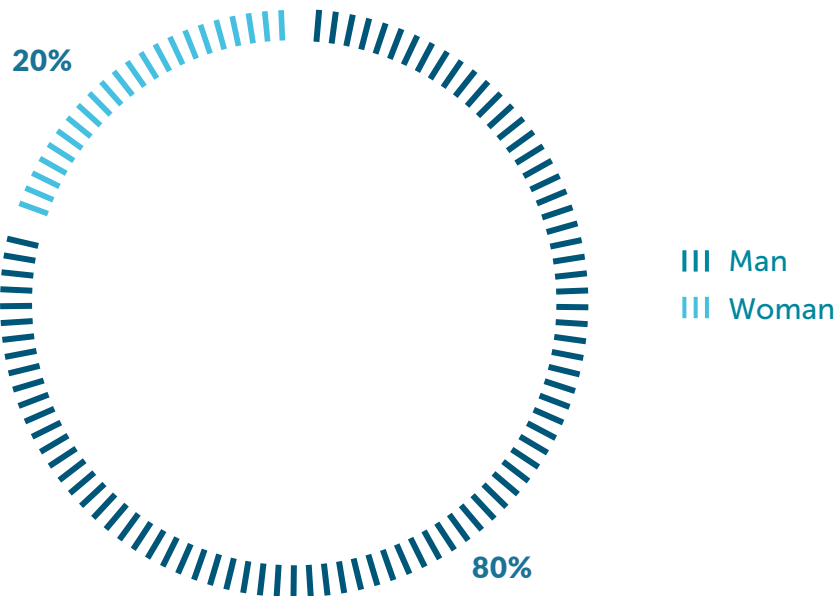
EMPLOYEES BY BUSINESS



EMPLOYEES BY JOB LEVEL



EMPLOYEES BY GENDER



In 2019, 100 percent of our operating staff were affiliated with some collective bargaining agreement in countries where this legal category exists.

LABOR PRACTICES

GRI: 102-41, 201-3, 401-2, 401-3, 403-1, 403-4, 407-1, 408-1, 409-1, 412-1,

COLLECTIVE BARGAINING

We encourage healthy labor relations that support freedom of association and recognize the right to collective negotiation.

In our workplaces we create mixed committees to strengthen and guarantee this freedom of association, expression and assembly for our employees, as well as their representation in decision-making. Among the matters covered in these committees are health, safety and training.

In keeping with best practices and current laws on the matter, Vitro makes sure that all of its companies have processes aligned with the International Labor Organization (ILO) declaration on fundamental principles and rights at work, as well as the U.N. Universal Declaration of Human Rights.

HUMAN RIGHTS

Vitro is committed to respecting and enforcing respect for human rights in each one of our operations and we recognize their importance and universality, aware that human rights are inherent, inalienable, universal, indivisible and interdependent.

We offer equal opportunities, training and professional growth to all our employees based on merit, work experience, job ca-

pacities and respect for our values; we prohibit discrimination in any business dealings or job on the basis of gender, color, race, age, language, religion, sexual preference or any other prejudice that may be grounds for discrimination.

Additionally, we comply with the applicable labor laws, including the payment of wages and benefits, and we establish the necessary controls to avoid forced or child labor or human trafficking at all times.

In 2019, within our diversity and inclusiveness efforts, we committed to the United Nations Women's Empowerment Principles (WEP) and include a self-evaluation of our practices to promote gender equity.

QUALITY OF LIFE AT WORK

Because one of our priorities is the comprehensive advancement of our people, for more than 30 years Vitro has been conducting a survey to measure and diagnose how its employees feel about the quality of life at work. In 2019 the satisfaction rate was 82%.

Among the factors measured are facilities, working environment, camaraderie, work days, compensation, and other factors.

In support of this quality of life and good working environment, we sponsored tournaments in various sports during the year -soccer, basketball, golf, volleyball and others, where our employees participate in internal leagues, building camaraderie and commitment to their jobs.

HEALTH AND SAFETY

GRI: 403-2, 403-3

COMPREHENSIVE HEALTH AND SAFETY SYSTEM (CHSS)

A company's success depends on many factors, but clearly the most important is its human team and their working environment. Vitro has proved as much by being one of the pioneer companies since its founding in providing a healthy and safe working environment.

The Comprehensive Health and Safety System establishes safe conditions within the company, creating operating controls through industrial safety and health policies and procedures and thus protecting the physical integrity of its people and its facilities.

Through this system, we keep track of indicators like the Accident Rate, which tells us where action needs to be taken to reduce the frequency and severity of accidents.

We follow an Accident Research and Analysis Methodology, by which we evaluate risks in equipment, materials and the environment, identify threats and anticipate or minimize the likelihood of injury to our employees

HEALTH AND SAFETY WEEKS

All of our plants held a health and safety week in 2019, working toward a single goal: building awareness about Safety, Health and the Environment (SHE) to strengthen leadership, motivation and responsibility for everyone working at Vitro.

100% of our employees took part in at least one health and safety activity in 2019.

In 2019, Vitro invested more than US\$15.47 billion in health and safety issues.

Committees were formed to organize various activities for employees, such as:

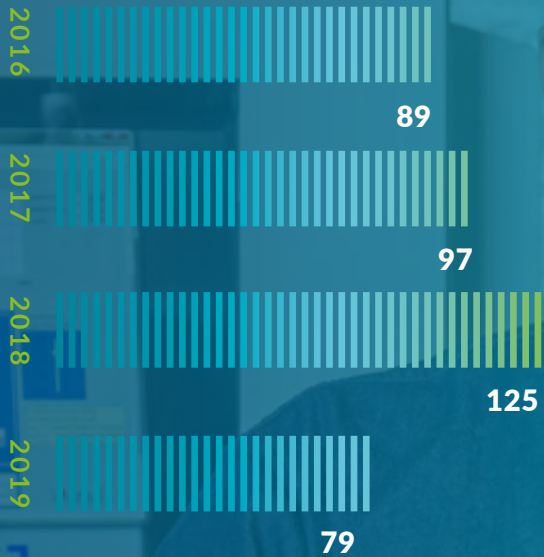
- Talks by experts on health care and accident prevention.
- Vaccination campaigns against flu, chikunguña fever, tetanus, and other illnesses.
- General medical checkups and awareness-raising about diabetes, cancer, high blood pressure, visual health, parasites and other health issues.
- Training in first aid and firefighting

All these activities were shared in our internal network, seeking to share the best practices, as well as to raise awareness of the safety efforts at Vitro.

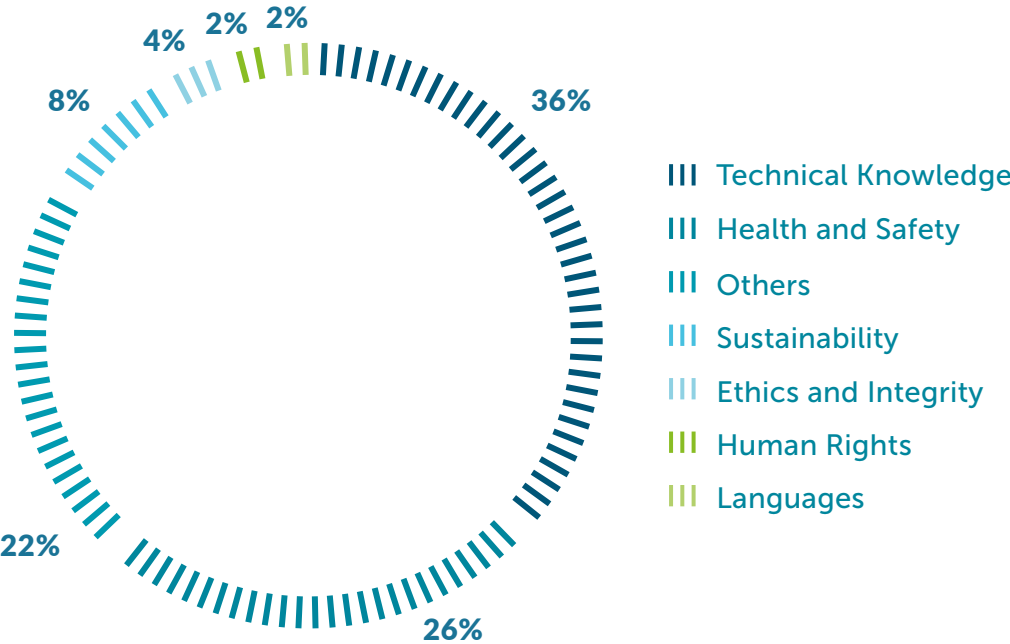
In 2019 we reduced the number of incapacitating accidents by

37%

INCAPACITATING ACCIDENTS



HOURS OF TRAINING BY TOPIC



TRAINING AND DEVELOPMENT

GRI: 404-1, 404-3, 412-2

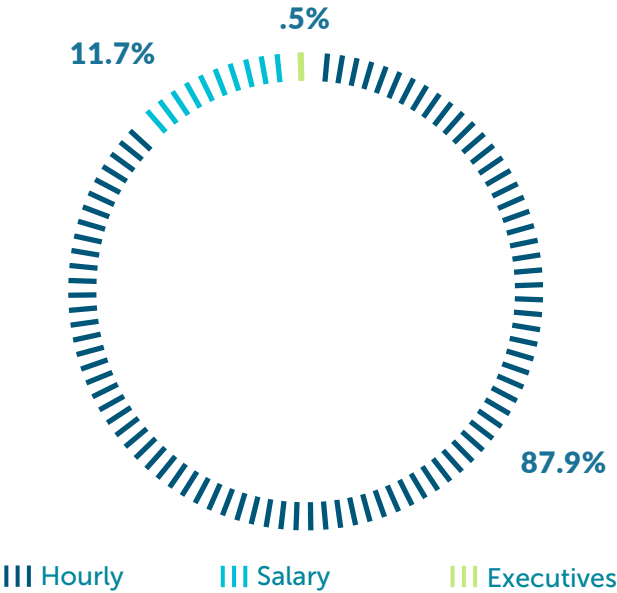
TRAINING

At Vitro, we invest in the comprehensive advancement of our employees through ongoing training, education and specialization programs.

The programs are designed based on the needs and skills required for certain jobs, and the availability of time and space, so training can be in person, by correspondence, or online.

The subjects that can be studied range from general issues like languages, health and safety, sustainabili-

HOURS OF TRAINING BY JOB LEVEL



ty, human rights, and personal growth to more specialized technical aspects, update, new technologies, industry trends, and others.

Constant advances in the media and technology have made learning methods increasingly accessible and increased the amount of self-learning. Mindful of this trend, we have the Vitro Talent Platform, which gives employees free access to tools for improving their performance and strengthening their professional careers.

At the close of 2019, the Platform had 4,862 courses, and 100% of our employees took at least one course.

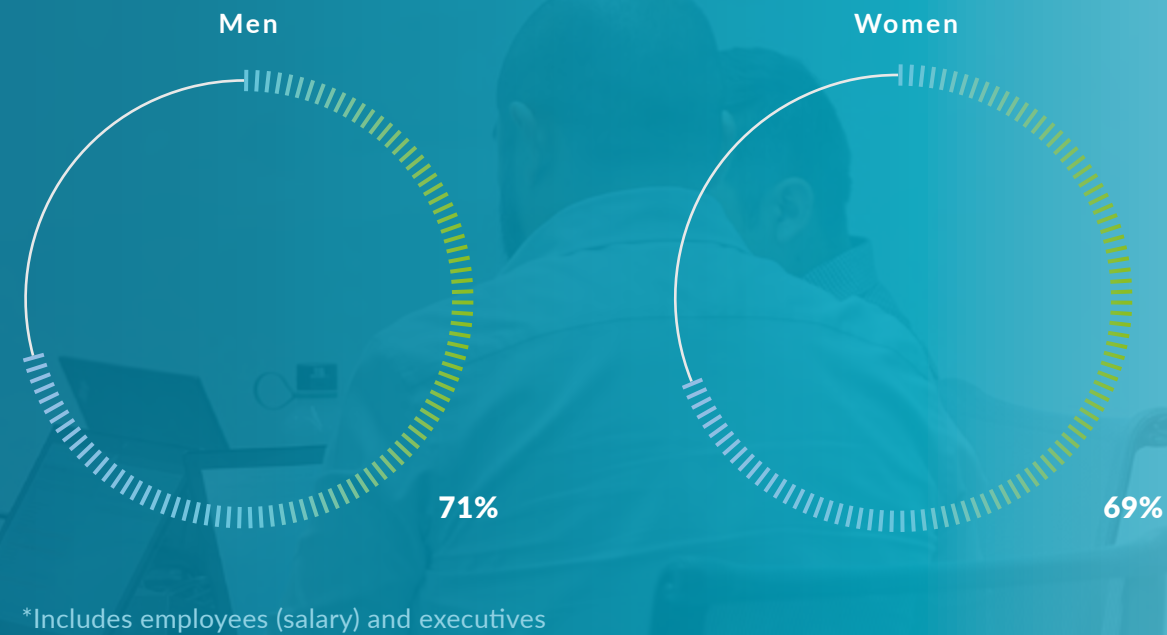
The average number of training hours provided in 2019 was 54 per employee, with an investment of US\$ 1,733,186.



EVALUATION BY JOB LEVEL



PERFORMANCE EVALUATIONS BY GENDER



In 2019, 70% of our employees underwent performance evaluations.

PERFORMANCE EVALUATIONS

Another incentive and impulse to the professional development and growth, is the evaluation of performance that is applied to employees in Vitro.

We have two globally established methods: one is through measuring our operational efficiency and annual results.

The other method is through our PADI system (Individual Performance Planning and Analysis), the procedure of which consists of each individual establishing performance objectives for his area or function aligned with the business strategy, his immediate boss reviews, validates and authorizes the plan and at the end of the period the results are measured.

This boosts employees' comprehensive growth while facilitating decision-making, risk and opportunity analysis, leadership and results-focused action, while recognizing individual performance and measuring productivity.



NNSPIRE PROGRAM

With our Innspire program, we encourage the creativity and inventiveness of employees. This consists of a call for proposals in which the company's employees can propose ideas for continuous improvement that they can identify thanks to their experience and daily activities.

We have an internal platform where participants publish their improvement projects, share details of their initiative and receive votes from their colleagues. All initiatives are evaluated and those that stand out for their benefits are recognized in an awards event.

This not only benefits the company but also recognizes, stimulates and empowers our employees.

*In 2019, there were 278 ideas,
16 outstanding projects and 95
recognized employees.*

We understand the importance of preserving the environment, and that is why, supported by our Safety, Health Environment and Energy Policy, Vitro designs and implements programs and projects that support sustainable development.

We work to create the conditions necessary to operate and grow in harmony with the environment and the communities we serve.

OUR PLANET



23%

of recycled glass came
from external suppliers.

CIRCULAR ECONOMY

GRI: 102-41, 301-2, 306-2

We at Vitro are aware of the importance of caring for all resources: material, economic, energy and human; we are committed to maintaining an environmental management system and policies consistent with the laws, the natural environment and sustainable social practices.

**In 2019 we
increased our
windshield
recycling capacity
in Mexico by 7%.**

GLASS RECYCLING

Glass is the main component in our extensive array of products, with characteristic that make it unique, safe and indispensable in life. Since its founding, Vitro has taken advantage of one of the greatest advantages of glass, which is that it is 100% recyclable. Although we use some virgin raw material, we also make the most of the cullet (glass waste) gleaned from our internal processes and from external suppliers.

Vitro's companies in Mexico recycle postconsumer glass, and plants in the United States apply the initiative of reusing postindustrial glass as well.

Some of the advantages of reusing glass are the lower volume of raw materials in the smelting furnace, process efficiency, energy savings and cost reductions.

Through our permanent glass recycling program, we receive glass from communities near our facilities, which serve as collection centers. This creates a chain of value favoring the local economy and raising awareness of the importance of recycling among various groups.

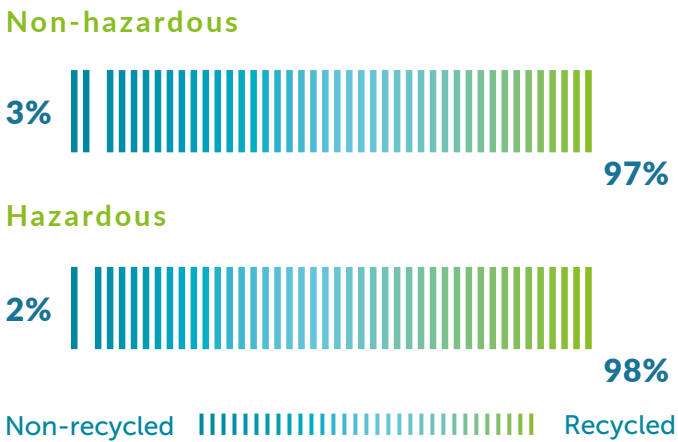
***In 2019,
we recycled
712,708
metric tons.***

In 2019, 93% of our waste was sent to recycling.

COMPREHENSIVE WASTE MANAGEMENT

We understand the value of resources and we try to optimize their use. To do so, our Comprehensive Waste Management Program includes assessments, processes and training; correct separation of waste; and helps identify areas of opportunity in the process, and ways to take advantage of recyclable waste.

WASTE MANAGEMENT BY TYPE



We reduced our hazardous waste generation by 20%.

EMISSIONS AND CLIMATE CHANGE

GRI: 305-1, 305-2, 305-5,

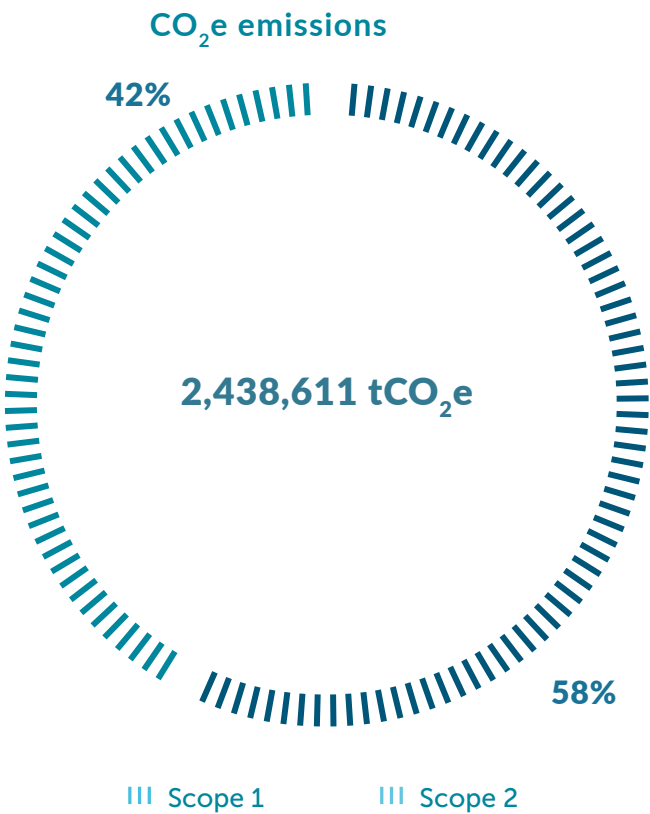
We undergo regular evaluations and certifications, which are governed by international standards that measure and diagnose degrees of conformity, strengths and areas of opportunity for each company.

In addition to these metric, we fully comply with regulations governing our industry, as well as audits by our clients, and we voluntarily comply with others as well.

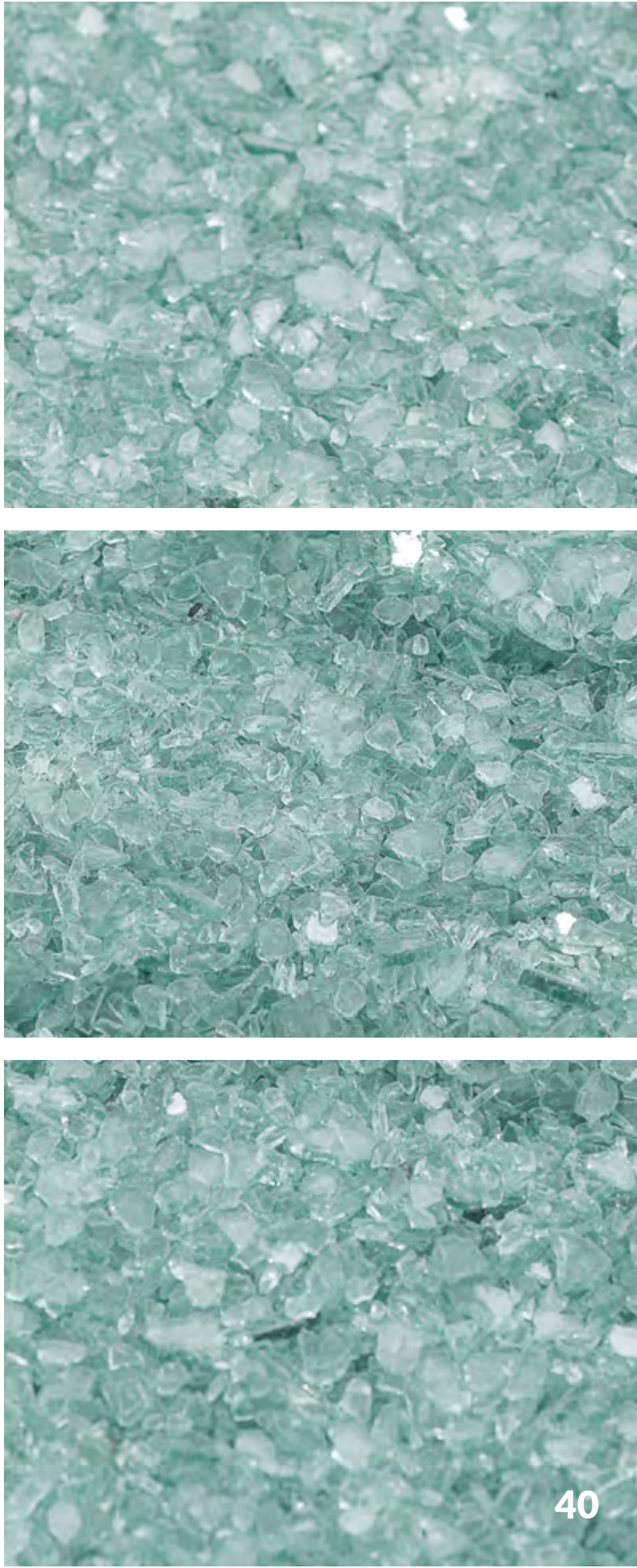
Vitro's plants in Mexico also have Clean Industry certification from the Federal Environmental Protection Agency, and are part of the National Environmental Audit Program.

The program is voluntary in nature, and its purpose is for companies to be evaluated for compliance with environmental laws, while improving process efficiency, environmental performance and competitiveness.

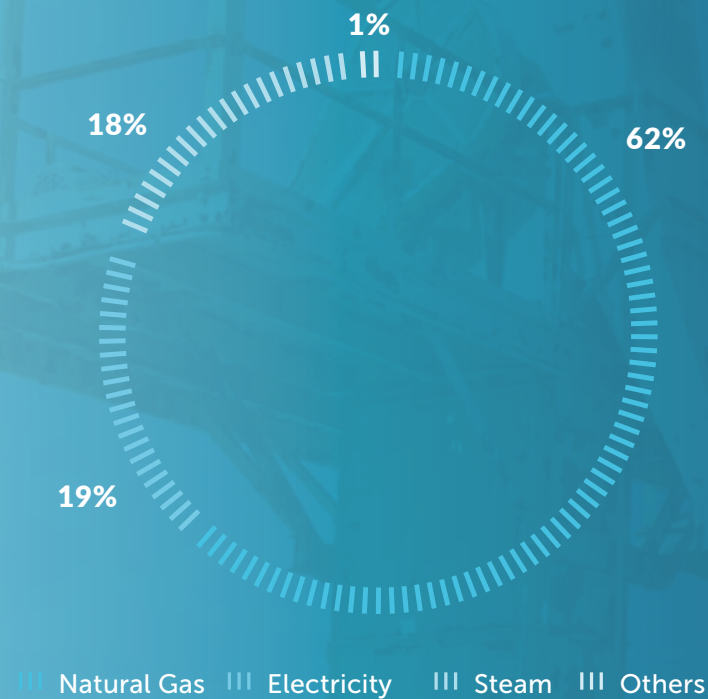
We also report our performance through the Carbon Disclosure Program (CDP), which evaluates threats and opportunities identified regarding climate change, control plans, emission reduction and transparency of climate change actions.



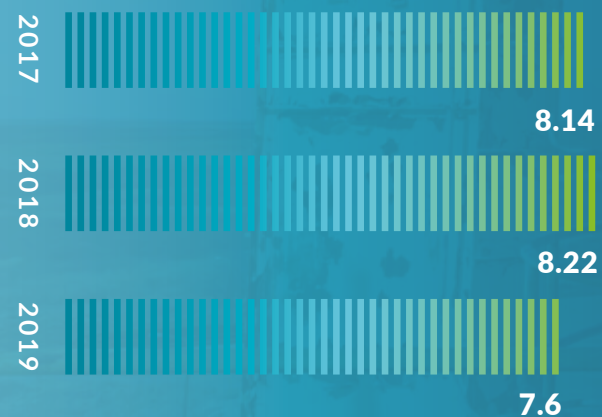
100% of our original and chemical product plants have ISO 14001 certification.



ENERGY CONSUMPTION BY SOURCE



GJ CONSUMED PER UNIT OF PRODUCTION



We also reduced our energy intensity by 8%.

In 2019 efficiency projects enabled us to reduce our carbon footprint by 6%.

ENERGY EFFICIENCY

GRI: 302-1, 302-3, 305-4,

Our interest in continuous improvement and innovation inspires us to make our processes more environmentally friendly.

We have an Energy Management System comprised of energy savings projects that reduce the overall environmental footprint of our operations.

Because of the nature of the products we manufacture, we consume a substantial amount of energy from non-renewable sources. This is because from the procurement of raw materials through logistics with clients or consumers we use various types of fuel. We work to mitigate this use through a program of renewable energy use.

Since 2015, two of our plants in Mexico have been supplied 90% with renewable energy from a wind farm in Juchitán, Oaxaca.

Vitro's ability to endure and transcend for more than eleven decades is not the product of chance. It is the result of hard work and persistence by the company together with its employees and communities.

Our mission is clear on that point: we redefine the power of collaboration to generate value and innovative glass solutions for our clients and communities. At Vitro, we believe in win-win relationships with all our stakeholders.

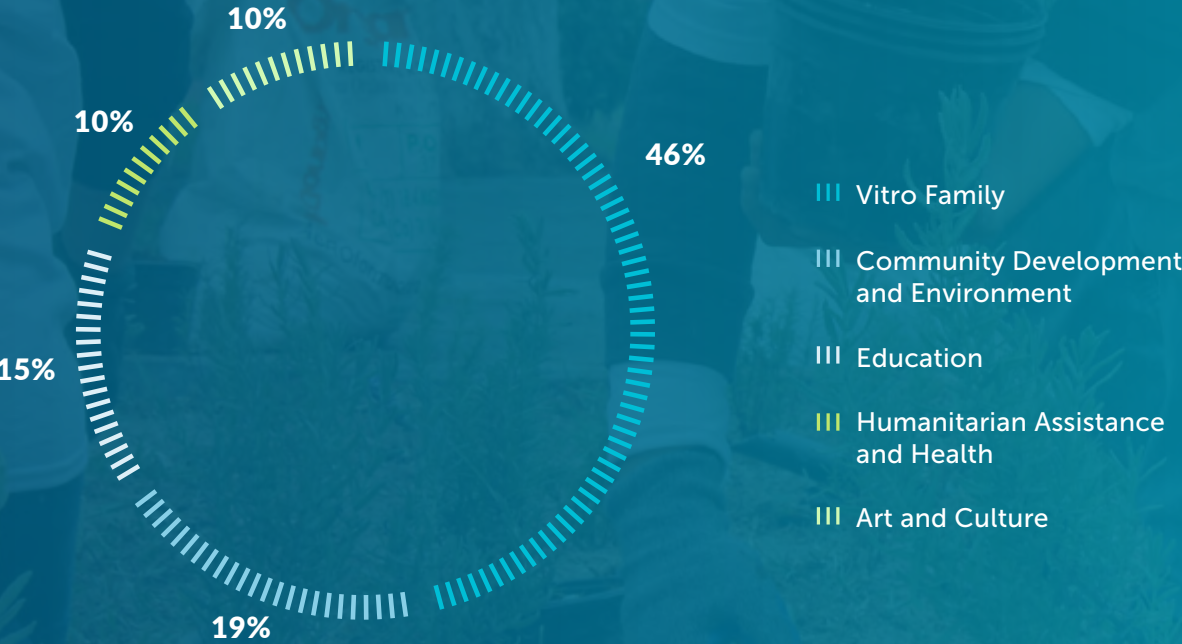
OUR COMMUNITY



US\$404,880

invested in the community

SOCIAL INVESTMENT BY AREA



61,048 direct beneficiaries

81 Volunteer activities

VOLUNTEER WORK

We work for the sustainable development of the communities where we are present, with volunteer programs, restoration of public spaces, courses and workshops for employees' families and the general public, and synergies and partnerships with other institutions, non-governmental organizations, nonprofits and governments, all working toward a common end: the well-being of the community.

Based on values that guide our words and deeds both as a business and as individuals, we at Vitro make an effort to act in keeping with our principles. Year after year, we join volunteer programs to be better neighbors and become active citizens who help to positively transform the world around us.

In every one of our plants we participate in actions like tree-planting, humanitarian aid and product donations to areas hurt by natural disasters, assistance for the needy in hospitals and charitable institutions, educational program support, and other issues that are important to the locations where we operate.

Con diversas acciones, pretendemos maximizar nuestro impacto a través de donativos a organizaciones externas que llevan a cabo proyectos con las comunidades, con la finalidad de hacer cambios positivos en nuestra comunidad.

GRI: 102-12, 413-1,

NATURALLY VITRO

The “Naturally Vitro” campaign encourages employees to take an active interest in caring for the environment, through an alliance with Organización Vida Silvestre (OVIS) and its Now! program.

We took on three reforestation challenges in Mexico in 2019:



In 2020, we worked on reinforcing our initiatives, aligning them under a single volunteer scheme to design specific targets and goals that enable us to amplify our impact.



The benefits of reforestation go beyond simply repopulating a plot of ground with plants and trees to beautify it; it also mitigates greenhouse gases, reduces soil temperatures, produces oxygen and creates a refuge for wildlife, just to mention a few.

WEEK OF GIVING

Every year, employees of Vitro’s Automotive Glass division in the United States bring support and a little joy to various charitable institutions and hospitals.

The event, called the Week of Giving, is a five-day campaign during which coworkers organize and participate in community activities like visiting families and children suffering from serious illness, supporting youth programs, bringing basic supplies to the needy, and others, sharing their time and their love with those who need it most.

VITRO FAMILY

WOMEN’S EMPOWERMENT

wives and daughters as well as residents of surrounding neighborhoods as part of the Asociación Nacional Pro Superación Personal, A.C. (ANSPAC), a comprehensive personal advancement, training, and human potential development program.

The 2019 school year began with the participation of 85 empowered women who lent their support to lead the activities, encouraging those present to develop their fullest potential and that of their families through courses in ethics, morals, values and crafts, among other issues.

Since the start of this program 336 women in the Vitro Family have benefited.

+35 activities with an average attendance of 1,600 employees and their families.

FAMILY EVENTS

In 2019, our plants worked on a variety of activities to ensure that families provide a supportive environment for employees' work life, generating commitment, promoting peace in the workplace and helping attract and retain talent.

These activities included visits by employees and their families to our plants, where they could learn about our products, processes, facilities and the company. They also took part in outdoor activities like picnics, drawing contests and others.

STRATEGIC ALLIES

Aware of the importance of operating in a sustainable environment that brings benefits to our business and to our stakeholders, Vitro strives to have a positive impact on the community around us through actions and programs that promote well-being and strengthen the social fabric.

In keeping with our sustainability strategy, we have strategic allies with whom we work together--as advisors, as points of reference or partners in the value chain--to promote community development.

FORMACIÓN EDUCATIVA, A.C. (FEAC)

Besides our employee training and education programs, we also provide incentives to support children and other family members through scholarships or partnerships with educational institutions.

Formación Educativa, A.C. (FEAC) is an institution that was created as an alternative to basic instruction schools for employee children. Today it has four schools, all open to the public, and independently operated. Employees who choose this option know their children will receive the best education.

From preschool through high school, students participate and earn recognition in sporting, cultural and civic events; teachers and administrators also encourage students and parents to participate in altruistic activities and support of charitable institutions.

For the 2019-2020 school year, the institution has 1,290 students enrolled, and a faculty of 70 teachers, distributed across four schools: preschool, primary school and high school.



66,291

visitors from Vitro employees and their families

VITRO PARQUE EL MANZANO

Our interest in preserving the environment is evident in the care we have given to a 585-hectare woodland owned by the company for the past four decades, called Vitro Parque El Manzano, located in Nuevo León, Mexico.

This protected natural area is home to various species of fauna--white-tailed deer, grey squirrel, black bear, red-tailed fox, gray-breasted jay, acorn woodpecker, and wild turkey. It also has flora species like the Mexican pine, white and dark oak and other types of bushes that populate this recreational space, which provide a place for Vitro employees and their families and the general public to enjoy themselves and nature.

18,490

members of the general public



For more
information, visit:

<http://www.vitroparqueelmanzano.com/>

THE GLASS MUSEUM

As one of the world's leading glass manufacturing companies, we are proud to have created the Glass Museum, "the home of Mexican glass," whose purpose is to revive, preserve and disseminate the history of glass in Mexico. A pioneer of its kind in Latin America, the museum encourages an appreciation for glass, explaining its origins and processes in its various spaces.

In its galleries, the museum displays pieces created by Mexican and foreign artists who have used various techniques and applications to create true glass works of art. The Museum offers guided visits to school groups and the general public, along with educational services through a workshop and summer courses.

3,355

people participating in
events outside the Museum

5,718

museum visitors



For more
information, visit:

<http://www.museodelvidrio.com/>

55,081

hectares under conservation.

1,302 protected species in environmental conservation spaces.

ORGANIZACIÓN VIDA SILVESTRE, A.C. (OVIS)

We are founders and active members of Organización Vida Silvestre, A.C. (OVIS), an organization created to ensure the future and conservation of ecosystems and wildlife species.

OVIS has a number of programs and projects for conserving flora and fauna, including:

- Multinational projects for protecting pollinizing species like the monarch butterfly
- Protecting endangered species like the golden eagle, bighorn sheep, white-tailed deer, black bear, Mexican grey wolf, and others.
- Restoration of mangroves and wetlands.

OVIS also offers a variety of consulting services on matters of forestry and restoration. Among its services are consulting on environmental responsibility and regulations, wildlife, use of wild flora and fauna, and environmental workshops.

In 2019 the organization received US\$1,110,172 for national and international projects.

1
OUR BUSINESS



The Flat Glass business unit is a worldwide leader in the manufacture and processing of float glass for the construction and automotive industries, for the latter in both the original equipment and spare parts segments. In addition to making, processing, marketing, distributing and installing glass, the division leads the industry in developing added-value products through its technological research center, enabling it to meet the exacting demands of every client. It also produces sodium carbonate, sodium bicarbonate, sodium chloride and calcium chloride for use in glassmaking, detergents, water treatment, pharmaceuticals, food, in the oil industry, road de-icing and in agriculture, among other applications.

FLAT GLASS

ARCHITECTURAL GLASS, AUTOMOTIVE GLASS AND CHEMICALS

BUSINESS OVERVIEW

2019 was a complex year for Flat Glass and its component businesses: intense competition and excess capacity in the architectural and automotive glass industries pressured prices in both segments. This, combined with a restructuring of the sales area in Architectural Glass and operating areas in Automotive Glass made the year a challenging one. But the talent and efforts of our employees also made it a year of opportunities to grow and strengthen the business unit.

110 Architectural Glass

Following the repair and restart of line 2 at our Carlisle, Pennsylvania plant, we were back at 100% of capacity by September of last year. At our García, Nuevo León plant in Mexico we set up a high-speed tempering line to turn out doors and windows with residential measurements.

The jumbo coater line has picked up speed now that the expected learning curve is behind us, and today this factory in Wichita Falls, Texas can produce all of our glass categories in larger-than-standard sizes. In 2019 we upped production to start a second shift, and in 2020 we plan to move on to three shifts.

Our operating results showed progress across the board. The percentage of customer returns for quality issues reached an all-time low, and we substantially improved customer service both in Mexico and in the United States, where we began measuring the On-Time In-Full index (OTIF) across the entire logistical process.

We also completed our launch of the Acuity® line with Solbarban® coating. This glass is an ultra-clear glass that is a slightly less transparent alternative to our

premium product, Starphire®, which means architects avoid the green cast typical of traditional glass and use a product with a more neutral appearance.

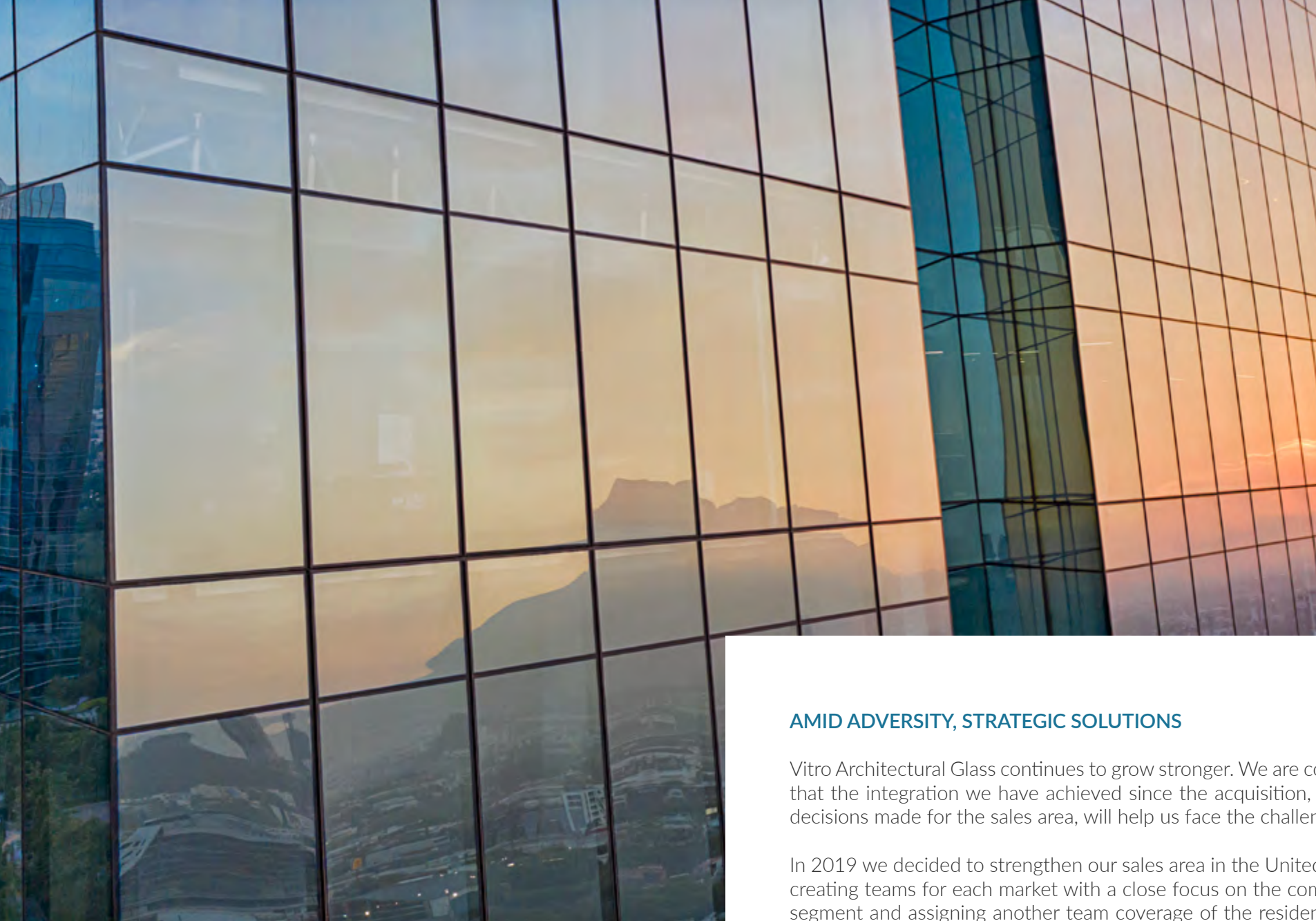
We anticipate a good response to this launch. To date we have begun specifications for new projects using this type of glass at an affordable price point that enables architects to migrate projects from simple clear glass to Acuity®.

The US market, which is where the bulk of our sales take place, was hampered by an over-saturation of product which put heavy pressure on prices. Additionally, early in the year the business was dealing with the learning curve on the jumbo coat line and the re-start of line 2 after repairs following the 2017 fire.

In the first half of the year, market conditions in Canada were stable, but less so in the second half, when prices were pressured downward and margins squeezed.

A stagnant Mexican economy led to a general slow-down in the entire construction industry, lowering our sales volume by 5% from the preceding year.





AMID ADVERSITY, STRATEGIC SOLUTIONS

Vitro Architectural Glass continues to grow stronger. We are confident that the integration we have achieved since the acquisition, and the decisions made for the sales area, will help us face the challenges.

In 2019 we decided to strengthen our sales area in the United States, creating teams for each market with a close focus on the commercial segment and assigning another team coverage of the residential and industrial markets. The idea is to develop and optimize our people's talent and to encourage more fluid communication and greater proximity with customers. Markets shrink and competition grows tougher, so we intend to defend our presence by anticipating their needs and becoming their commercial partners.

In Mexico, we created a National Architectural Manager (NAM) project specification team, which can assist clients in selecting value-added products according to project needs, supporting them in logistics and other aspects that guarantee client satisfaction and project success.

The response to these actions was immediately positive: the sales team restructuring in the United States restored commercial ties with major clients, including a multi-year agreement with Trulite, the second largest commercial client in the United States, enabling us to grow sales in this segment despite the broad-based downturn in our market.

We also inked some agreements with ODL in the residential doors segment. Supply to this company will come mainly from the new tempering furnace in García, Nuevo León. Meanwhile, our increased focus on promotion and specification of value-added products using our Mexican team brought us a record year in sales of solar control coated glass.

VISION FOR A SUSTAINABLE FUTURE

RELIABLE PRODUCTS AND PROCESSES, CERTAINTY FOR CLIENTS

Vitro Architectural Glass has an array of products that can be used in buildings to optimize energy yield, reduce dependence on artificial lighting and air conditioning, and drive long-term energy savings without sacrificing beauty or harmony in the design.

In 2019, the Architectural Glass business earned the following recognitions and certifications:

- Re-certification ISO 9001:2015.
- Re-certificationn BASC/C-TPAT /ISO 28000
- ENERGY STAR® Certification from the Environmental Protection Agency (EPA) for superior energy efficiency (Fresno Plant)

INNOVATION AND ENVIRONMENTAL RESPONSIBILITY

Because one of our core values is innovation, we pursue new ideas and partnerships in processes and operations to improve our results while creating products that support sustainable architecture.

LOW-EMISSIVITY GLASS TECHNICAL STUDY

To prove the energy-saving and economic potential of using Solarban® low-emissivity (or low-e) and so-

lar-control architectural glass, we sponsored a technical study by Group 14 Engineering, an independent research firm.

The purpose of the study was to analyze the energy and economic impact of using various types of architectural glass in the building prototype for 15-story buildings in nine cities of Mexico with various weather conditions, demonstrating the economic, energy and GHG emission advantages of each.

The results were published online and presented in two events, one in Mexico City and another in Monterrey, Nuevo León, to an audience of more than 110 people.

PARTICIPATION IN ENERGY EFFICIENCY AND SUSTAINABLE DEVELOPMENT FORUMS

Vitro is well aware of the importance of being aware and of raising awareness among our stakeholders regarding the problems our planet is facing due to climate change. We participate in various forums and scenarios where we can explain the importance of using energy-efficient glazing in buildings for today and the future.

- **Forum for National-Subnational Collaboration on Energy Efficient Building**

The purpose is to identify the three priorities that should be shared by Mexico's federal and local governments to focus efforts to improve energy efficiency in Mexican building and to foster collaboration on energy efficient building.

- **Greenbuild Mexico 2019**

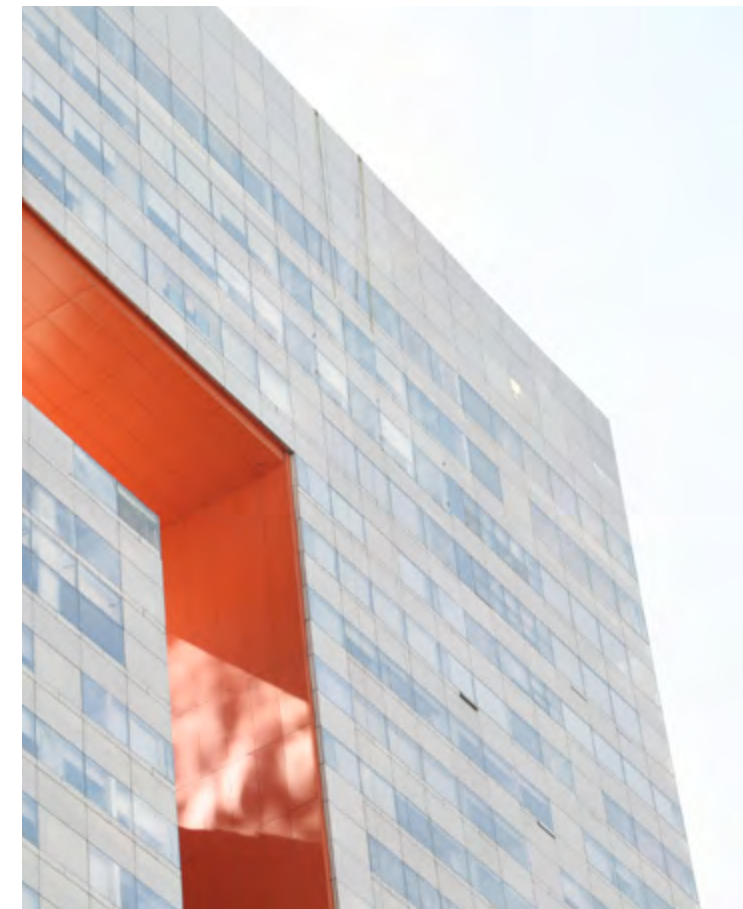
One of the major worldwide events in this field, organized by the US Green Building Council (USGBC)

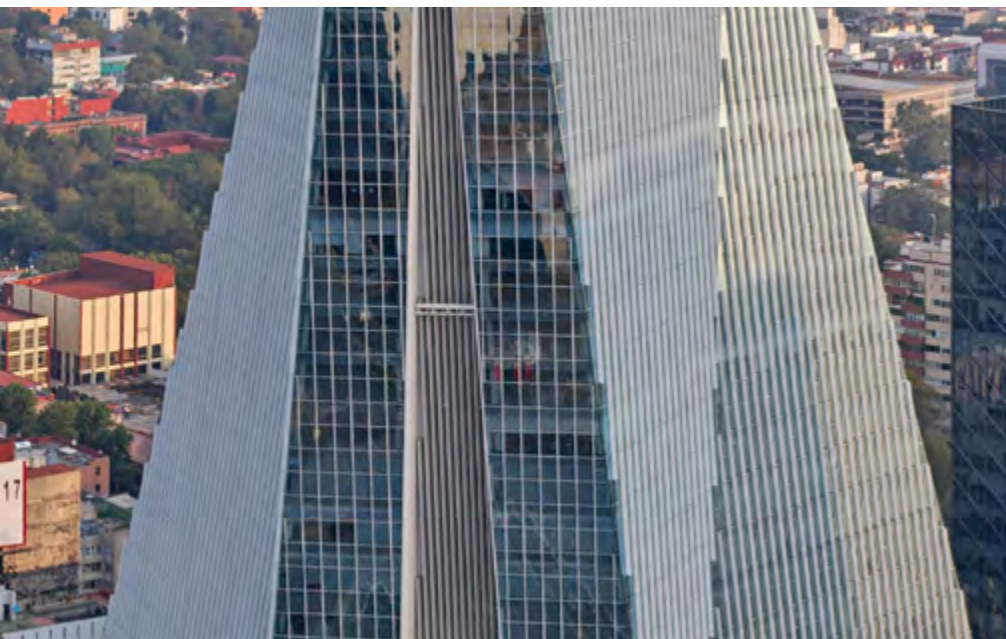
together with SUMe, involving more than 350 professional experts in ecological construction from 14 countries, representing more than 150 companies, for the purpose of learning from the experts about innovative sustainable construction products, services and technologies.

- **Forum on Challenges of the 2020 Sustainable Development Agenda**

In this forum, Vitro Architectural Glass spoke on the high percentage of energy supply consumed in the

world's large cities, and how they are responsible for 70% of GHG emissions that cause global warming. It also stressed how making the right decisions can make them part of the solution and help reduce this impact.





SHARED SOLUTIONS, VISION FOR THE FUTURE

Our vision is that together we can discover the full potential of glass to improve the way we move, build and live in the future. That is why we are convinced that creating partnerships, seeking out joint solutions and being present will help us build a better world.

SUME: A REAFFIRMING, SUPPORTIVE PRESENCE

We are active members of SUMe (Sustainability para México, A.C.), and in 2019 we were represented on the board of directors, as one of our employees was appointed to serve as Vice President for 2019-2021. SUMe is Mexico's official representative body before the World Green Building Council (WGBC) and is recognized as an Education partner by the US Green Building Council (USGBC).

SIGNING OF THE MONTERREY METROPOLITAN AREA CLIMATE CHANGE ALLIANCE

Alliances for Climate Action (ACA) are a global initiative of the World Wildlife Fund (WWF) intended to articulate and power key actors on a local level, in order to accelerate the transition to low-carbon, climate-resilient societies.

We began alliances in three of the country's largest metropolitan areas with the participation and agreement of representatives of civil society, academe, private enterprise, state governments, regional and municipal agencies, to create a portfolio of collective action to make more efficient building surfaces.

DECLARATION ON LOW-CARBON SUSTAINABLE BUILDING

With the involvement of various organizations, such as the UN, Concanaco, ALENER, Conuee, GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit - German Corporation for International Cooperation), the International Energy Agency (IEA), private groups and academics, Vitro Architectural Glass signed an agreement on low-carbon sustainable building as part of the Global Alliance for Buildings and Construction in Mexico (GABC Mx). The agreement promotes the design, construction and operation of efficient, resilient, low-carbon buildings.

PITTSBURGH NATIONAL AVIARY

Vitro Architectural Glass is one of the sponsors of the Pittsburgh National Aviary, a space dedicated to the conservation of bird species housed in a tropical rainforest environment; it also supports the entire project with the supply of bird-friendly glass.

110 Automotive Glass

A number of factors marked 2019 as a difficult year for Vitro Automotriz. The automotive industry, our main market, shrank by 4%, leaving capacity idle for global assembly plants as well as glass manufacturers and driving prices downward on automotive components amid growing competition.

In our operations, however, we continued with the integration of recently acquired businesses. We have adjusted and relocated infrastructure. There is still much to do, but the difficult conditions have not dampened our workers' enthusiasm and commitment to stay the course and to be a sustainable business.

The new plant we set up in García, Nuevo León, which produces components for the spare parts market, is working at high capacity levels. In 2019 we transferred part of the production of this new plant from a factory in Berea, Kentucky. We also launched a new windshield line to serve the original equipment market.

The performance of our plant in Poland showed significant progress. This plant serves clients in the premium segment, like Mercedes Benz, Audi, and BMW, having earned recognition for the quality of our automotive glass.

On the other hand, productivity lagged at some integrated plants where the appropriate maintenance had not been applied at the right time, a situation that led us to invest in updating and upgrading operations at those facilities.

Because of these reorganizations and production adjustments, we experienced some delays at one of the plants in the United States and one in Mexico, which were resolved during the year. Today, we are close to correcting the key problems, and in 2020 we expect operations to be more stable.

In September 2019, workers at General Motors (GM), one of our main clients, stopped work for 40 days, which had a negative effect on sales, among other aspects.

Furthermore, in December a piece of equipment at one of our windshield plants in Mexico City suffered an irreparable breakdown, which affected operating continuity. Contingency plans were immediately put in place to address the situation, but we expect it to continue affecting production in the spare parts market in 2020.



STRATEGIES FOR CAPITALIZING ON OPPORTUNITIES

Market dynamics were mixed last year. The United States raised tariffs on automotive glass from China, which created an opportunity for Vitro. To capitalize on this situation we opened a distribution center in Dallas, Texas, focused on increasing our market share in spare parts in the United States, currently served primarily by imports from China.

In the original equipment market, we encountered significant pricing pressure because the market contraction caused idle capacity at assembly plants, and a number of our competitors, eager to unload excess product, dropped their prices even at the sacrifice of margins.

In parallel, the uncertainty going on in Mexico and Latin America has prompted a drop in demand for new automobiles. This obligates us to probe other growth opportunities in more specialized markets.

To offset these adverse conditions, we focused efforts on clients that have been less active up until now, as well as certain platforms that are gaining presence in the market, like Sport Utility Vehicles (SUVs). New technologies in electric cars and enhanced autonomy systems are creating interesting situations for our business.

QUALITY AND SERVICE: A COMBINATION THAT BUILDS TRUST

The market staying power of Vitro Automotriz is the result of the quality and service it has always offered its clients; their ongoing patronage is a clear reflection of this.

In 2019, Vitro automotive glass was present in the launch of some important platforms--BMW Series 3, Ford Explorer, Lincoln Aviator, Lincoln MKC, Jeep Gladiator, Nissan Versa, Nissan Sentra, Toyota Corolla, and parts for the Cadillac CTS, Cadillac XT7, Cadillac ATS, and others.

Some of the clients whose platforms we will be supplying in 2020 are Ford, Honda, Nissan, Toyota, Volkswagen and Hyundai.

New technologies in electric cars and enhanced autonomy systems are creating interesting situations for our business.



Vitro Automotriz cares about creating a cohesive environment for all the employees

VISION FOR A SUSTAINABLE FUTURE

PRODUCTS AND PROCESSES, CERTAINTY FOR CLIENTS

Making an automobile involves exacting quality and security processes, which is why Vitro Automotive makes sure it works closely with clients to meet all their needs, meets industry requirements, and places added value in the automotive glass it produces.

In 2019, the Automotive division earned the following recognitions and certifications:

- Nuevo León Recognition for Greenhouse Gas Mitigation in 2012
- ISO 9001/2015 Certification
- ISO-TS-16949
- IATF-16949
- ISO 14001 Certification
- Clean Industry Certification
- VDA 6.0 Certification
- CNCA Certification
- Expansión Super Empresas de México
- Environmental Leadership for Competitiveness Program
- Nissan Distinction - Application of technology in manufacturing
- ISO 28000:2007
- BASC/C-TPAT/ISO 2800 Recertification
- 1@ Companies



COMPREHENSIVE SERVICE FOR THE CLIENT

The glass made by Vitro Automotive is designed by and for the client. Our engineers work hand-in hand with clients from designing the glass and components to developing its final packing for smooth incorporation into the final assembly line. This and other features make Vitro synonymous with excellence in the automotive industry and have earned us the preference of many of the world's leading automotive manufacturers.

QUALITY OF LIFE FOR ALL: A COMMON GOAL

Regardless of where they are in the world, the Vitro Automotive business is concerned about and involved in creating environments of social cohesion for its employees, their families and the communities around them.

We encourage a spirit of camaraderie among our employees through sports tournaments like golf and soccer, visits to parks, Pizza Day, and others.

Another way we promote quality of life is holding activities over the course of the year for employee families, in which we invite them to visit our plants, come together in recreational areas, or events like Family Day, coloring contests, summer camps and Christmas gift-giving.

We are members of the Quality Managers Club which is affiliated with the Wrocław Centre of Technology Transfer of the Wrocław Technical University in Poland, whose purpose is to educate students by giving them not only rock-solid technical grounding in the field but also the capacity for creative and critical thought.

VOLUNTEER WORK: THE TIES THAT BIND

We have volunteer events in which we make donations and participate in community activities. These keep us in close contact with our communities, strengthens relationships and lets us support them in areas where we are particularly capable of doing so.

In 2019 we had more than 30 volunteer activities, the most important of which were:

Annual Holiday Food Drive, when employees donated around USD22,000 in cash and food supplies to the Pittsburgh Food Bank.

We participated in the **United Way Campaign**, in which employees donated more than USD30,000 to support the campaign, and our coworkers presented gifts. The company brings together employees in all the offices or branches of a company and gives them a chance to donate, work as volunteers, and talk about the causes that matter to them.

First aid workshop. Security and health staff from our factory in Poland volunteered at a local technical school to give a first-aid workshop to students, giving them knowledge they can use to assist in accidents or to help prevent them.

**We have
volunteer events
in which we
make donations
and participate
in community
activities.**

INDUSTRIA DEL ÁLCALI

For Industria de Álcali, last year was full of challenges in our various businesses. The market segments we serve were stable, but without evident growth, and competition was even stronger. Nevertheless, and even though our results for 2019 fell short of our initial financial plan, we succeeded in increasing EBITDA by 10% compared to 2108.

On the operating side, there were some challenges in the second half of the year that affected our productivity. Maintenance failures at the plant increased costs and reduced production. This prompted us to redouble efforts to defend profitability at suitable levels for our industry and to stand up against the competition.

The businesses that make up Industria del Álcali attend a number of markets, whose performance depends on various factors. Total company sales grew 6% from 2018 to 2019. The breakdown of sales by business was as follows:

- Glass segment: With a growing use of glass in various markets, sales rose 12.1% (Crisa Libbey, Grupo Pavisa and Glass & Glass).
- Detergents: Because of a contraction in demand from Procter & Gamble (P&G) due to formula changes, we reported a 12.8% decline.
- Food segment: This market held steady at 2018 levels.
- Oil segment: Reported a 4.8% YoY growth, because activity recovered partially in the second half of

2019. In the United States growth was modest due to a drop in the price of West Texas Intermediate (WTI) crude, which affected independent drillers.

- De-icing segment. Demand was consistent with estimates and similar to the previous year. This segment measures average results in the winter seasons of 2018-2019.

Because of the nature of our operations, our processes are integrated, so failures in one plant ultimately impact the others, affecting overall productivity.

The Sodium Carbonate plant ran into operating difficulties in 2019, and produced 5% less than expected, remaining unchanged from 2018. Sodium Bicarbonate had no such issues, but we stopped making product to sell more sodium carbonate.

In the Sodium Chloride plant, production reached 93% of budget, though it was still 3% higher than in 2018. For Calcium Chloride, conditions were largely unchanged, and we came in 6% under budget but 6% above the previous year.

STRATEGIC ACTIONS

Our clients are at the heart of everything we do, so we have designed and implemented strategies with an eye to full satisfaction and consolidation of our businesses.

Customer service: we increased proximity to our clients to anticipate their needs and fulfill their expectations in relation to presentations and/or new launches.

Quality: The goal is to improve the quality of the products and services we offer and guarantee a timely supply of material to our client.

New markets: Export more product, mainly in calcium chloride, and bolster the operating capacity of this business.

Applying these strategies helped us strengthen production and sales out of the Calcium Chloride plant, particularly in exports to the United States and South America. We defended our market share in various businesses in Mexico.

We successfully installed some major equipment, like the hydrator and gas compressor, in record time. We added nine new clients to our portfolio with very good results, particularly in the calcium chloride line.

All of these actions, combined with strict budget control, helped us maintain profitability levels and even increase them compared to the previous year.





VISION FOR A SUSTAINABLE FUTURE

RELIABLE PRODUCTS AND PROCESSES, CERTAINTY FOR CLIENTS

In 2019, we maintained all our ISO certifications, as well as Clean Industry Certification.

Furthermore, we were audited by some of our clients - Bayer, Pochteca, Avantor, and Brentag, among others, and each of them we came out with excellent results

ENVIRONMENTAL AWARENESS

As part of our effort to build environmental awareness in our facilities, we started up a recycling campaign in which we collected PET, electronic waste and batteries and made sure they were responsibly disposed of. We also used various internal channels to disseminate

information about the benefits of recycling and presented a recognition to everyone who participated.

CIRCULAR ECONOMY

To optimize our resource use, we have projects for recovering the materials we use in our process. One example is the recovery and repair of materials and pieces that were used in our production. In some cases they were repaired and in others new pieces were made with the used components, which reduces the amount of waste generated.

SHARED ACTIONS

Our “Naturalmente Vitro” reforestation program gives us an opportunity to share with society our interest and excitement in offering future generations a better world, for example with the pollinizing garden we installed in one of our neighboring communities.

More than 100 Vitro employees and their families, as well as community members and government officials, participated in setting up the garden.

2019 Results

Various external and internal factors weighed negatively on the results of the Flat Glass business, which prevented us from reaching our projected results. A retraction in both the architectural and automotive industries, together with growing production capacity among our competitors, squeezed prices downward. In Mexico the construction industry shrank and automotive sales were affected by a strike at GM in September, and higher energy prices in Mexico. These are just some of the factors that hampered profitability in this business.

Within the company, higher logistical costs due to the relocation of production capacity among plants, and the reorganization of Vitro Automotive Glass, a less favorable price mix in Architectural Glass, XXXXXXXX.

Consolidated sales totaled US\$ 1,960 million at year-end, 2.1% percent less than in 2018, when they totaled USD 2,001 million.

The EBITDA of the Flat Glass division in 2019 was USD 233 million, 23.6 percent less than in 2018.

2020 OUTLOOK: A VISION FOR THE FUTURE

The year ahead is likely to be challenging once again. The industries in which the Flat Glass business participates will continue to shrink, and markets will grow increasingly competitive and aggressive. We are confident, however, in the strategies and actions we are taking. Some will cost more than others, but we know that in the end all our efforts will have been worth it, because we will be better positioned and prepared for when the markets turn up again.

At Vitro Architectural Glass, we expect difficult market conditions and a further restriction, with an increasing number of competitors. But we have what is needed to defend and resume our position: cutting-edge technology in our operations, crystal-clear commercial strategies, know-how and experience that enable us to work alongside our clients in every project, and above all the commitment and specialization of our employees.

In the United States, the construction industry, which is a big buyer of added-value glass, is a mature and hotly contested market. Vitro has competitive advantages, however, which we will exploit to stay close to clients and reinforce the use of our specialty products in their projects.

The strategy for Mexico will be to pave the way for a higher value-added market in the industry and further promote the use of added-value glass. With our project specification team we will accompany clients throughout the process and thus offer them the security and confidence that we are their best choice.

We will optimize all resources, make the most of our new facilities in Mexico and the United States, exercise strict cost and expense control, and, in keeping with Vitro values, we will maintain operating excellence to be able to face the difficult years ahead.

In the Automotive Glass division, we will continue reinforcing and upgrading operations. In the past four years we have invested in cutting-edge equipment and facilities, and in 2020 we will continue on that path.

We will work firmly on keeping the business at the forefront of innovation. Our strategies will focus on buttressing our position in growing segments like SUVs and higher-tech models like hybrid and electric vehicles.

In February 2019, the Company authorized a USD60 million investment to strengthen our facilities and maintain the Automotive Glass division's position as one of the leading manufacturers in the industry, with advanced technology.

In 2020 we will launch another line of windshields in Mexico with technology comparable to what we installed in our plant in Poland, directed toward the luxury segment. This new line in Mexico will enable us to compete effectively in the supply of high-performance windshields for electric cars and Advanced Driver Assistance Systems (ADAS) technology.

We will also be producing more volume out of our plant in China, so that in addition to the United States and Canada it can also serve the European market.

We will intensify resource optimization programs and keep costs and expenses within budget, while shielding the profitability of the business from variables beyond our control.

Although we do not expect volume to grow this coming year, we see an opportunity to push products that include the new technology the market is demanding, and this should help us improve our results.

The outlook for Industria del Álcali is clear: We will strive to remain competitive and to continue being the best choice in the segments we participate in. We will continue to watch for new business opportunities to exploit and to diversify our client portfolio, and to take advantage of industries with evident growth potential.

Productivity and profitability are key in this business. For 2020 our goals are to increase production to 100% of capacity, bolster our commercial position and thus improve operating and financial results. We are confident that we are the best option on the market for our clients, because of our proximity to and our familiarity with them, so we know we can place our products competitively.

Vitro containers are backed by quality and service excellence accumulated over more than 110 years of experience. With cutting-edge technology and strict quality, safety and hygiene controls, the Containers business unit produces highly sophisticated and aesthetic containers that are used in the cosmetics, perfumes and toiletry industries as well as the pharmaceutical segment. It also makes machinery and equipment for the glass container industry and offers engineering services, equipment and automation for various industries.

CONTAINERS





2019 OVERVIEW

Conditions were generally volatile and uncertain in Mexico and Latin America, but 2019 was nevertheless a good year for the Containers business. Thanks to our human team’s capacity for adaptation, operational and administrative discipline, we kept productivity levels flat and improved in the finishing area, while financial results were also basically stable compared to the previous year.

Note that most of our company’s activity takes place in Latin America, including Mexico. As in any economy, when the region is stable and growing, the company advances, and when it is not, the economy and markets shrink, casing a chain reaction that negatively affects our clients and therefore Containers.

OPERATING FLEXIBILITY AND PROACTIVITY: TOOLS TO TRANSCEND

Transitions toward new government administrations in several countries, jitters over tariff changes, and a weak economy, destabilized the markets we serve and made clients cautious about investing and expanding their businesses. This directly affected us, because they tended to buy less volume and take more time to submit purchase orders.

The response of our personnel was swift, stepping up expense reduction and control measures, focusing on productivity projects and savings in order to mitigate the cost impact. The resilience and competitiveness of the business and our people allowed us to respond to unexpected changes in demand and take the chal-

lenges proactively as a chance to achieve sales, new products and launches, and to offer innovation and quality to clients.

Two other challenges we faced last year were the increase in electrical energy costs and the growing presence of competitors in Mexico. We know we are not alone, but our strategies and our employees’ commitment have been key to confronting adversity of this type.

The trend in the perfume and cosmetics market varied according to the geographic region. The United States saw vigorous activity in skincare, treatments and air fresheners, which grew fairly well; while in Mexico, perfume, pharmaceuticals and beverages fell off sharply due to weak economic activity and clients’ decisions to wind down inventories.

In Colombia, Peru, Argentina, Chile and Ecuador, the perfume segment experienced a modest decline because of exchange-rate fluctuations and market instability; in Brazil volume rose sharply, as did billing in local currency, although this latter effect narrows margins.

Sales of containers for both perfumes and cosmetics, two of our top markets, grew compared to 2018. In the pharmaceutical segment we are mainly a local supplier in Mexico. In 2019, the changeover in presidential administration brought modifications in procurement policies for public health agencies--the largest buyer of pharmaceutical products in the country--which caused a contraction in this business and thus affected sales of the Container division overall.

Note that most of our company’s activity takes place in Latin America, including Mexico.

SOLID STRATEGIES

In recent years we have been pursuing our 2020 Strategic Plan, which consists of strategies for volume generation, competitiveness, innovation, and geographic growth. The results have been excellent so far, and we have also been paying special attention to automation, digitalization, and social responsibility.

In 2020 we will begin working on a new business strategy, Molded for 2025, based on the following pillars:



For the past two years we have been venturing into the premium liqueurs market, where we see strong prospects, because it is a segment that is very similar to perfumes, involving the design of exclusive, sophisticated bottles of the highest quality glass. Vitro has the ability and equipment necessary to serve this niche. We think it is a growing area with opportunities we can capitalize on.

Another segment we have been exploring recently has been home products, bath soaps and candles, which have been growing stronger; in 2019 the air fresheners segment saw significant growth.

With the idea of boosting competitiveness in every area, our sales office in Brazil reported good performance, and succeeded in growing sales in that country in local currency. The idea is to continue growing and serving the regional market.

Our Operating Excellence value means that Vitro will always try to do better than expected, with greater efficiency, confidence and quality. That is why the Container division is constantly modernizing and updating itself, and one of our priorities is to have state-of-

the-Art technology to not only meet clients' needs but to go one step further.

In 2019 the division bought four new IS molding machines with cutting-edge technology. The first has already been installed and the remaining three will be installed in 2020. We also bought three automatic inspection machines, and two latest-generation finishing machines to respond to increasingly exacting requirements from the market and meet the demand from our clients. Finally, we acquired equipment for packing our products to ensure they arrive safely with our clients outside of Mexico.

For the Container division, living and applying our values is essential to the company's success, which is confirmed in the fact that dollar sales of new products accounted for 35% of total consolidated revenues from the perfume business.

The combination of experience, responsibility, commercial strategies and the prestige of our new containers earned us the patronage of ten new clients who commissioned us to develop their containers.

In 2019 the division bought four new IS molding machines with cutting-edge technology

VISION FOR A SUSTAINABLE FUTURE

RELIABLE PRODUCTS AND PROCESSES, CERTAINTY FOR CLIENTS

Dedication, total commitment and crystal-clear goals are what our employees bring together in earnings recognitions and certifications for our Container products and processes.

In 2019, the Container business obtained the following recognitions and certifications:

- Recertification ISO 9001:2015
- Clean Industry Recertification
- Testimonial as Center for Peace and Development
- Family Responsible Company Distinction 2019
- Gilberto Rincón Gallardo Distinction 2019-2021
- Belcorp Quality Excellence
- ANSPAC Center Recognition

JOINING TALENTS, GROWING TOGETHER

One of Vitro's duties is to defend respect and equal treatment, which is why we have inclusion programs and initiatives. In 2019, thirty-nine people with disabilities were integrated into our workforce.

Within our Uniendo Talentos program we generate favorable conditions to integrate people with disabilities into our workforce.

2,000 employees enrolled in the Glass University in 2019

39 employees with disability are part of our work force

Among these activities is the adaptation of our plants based on the needs of our employees, accompanied by awareness campaigns related with diversity and inclusion.

In addition, we have an agreement with the DIF system (Integral Family Development) of Toluca, through which we offer classes in Mexican Sign Language for all our employees who wish to do so; during the previous period 30 people took the course.

CONTINUOUS IMPROVEMENT AND COMPREHENSIVE DEVELOPMENT: KEYS TO THE FUTURE

In line with our business philosophy and strategy, we encourage the growth of our employees while working for continuous improvement in our processes and products.

The Glass University is responsible for specializing employees of our business in each of the glass container manufacturing phases, which enables them to acquire standardized theoretical knowledge and apply them to practical experience on the job.

The training system is based on a 70-30 learning methodology: 70% is practical and 30% is theoretical, focused on a Life and Career Plan from the time they start work, in order to develop employees' specialization.





282

projects received

600

students competing

INNOVATION THAT BETS ON THE FUTURE

We are continually exploring different ways to support creativity and inventiveness among our employees and stakeholders, proof of that is the the Perfume Container Contest.

The Perfume Container University Contest invites students from various universities to submit ideas for containers to be used in the cosmetics, perfume, pharmaceutical, premium liqueurs and other industries.

Proposals are evaluated according to their concept, aesthetics, creativity, finishes, feasibility, ergonomics, integration of glass and its components, and the users' taste for the product.

*57 universities in
Mexico, Argentina
and Colombia*

RESOURCE OPTIMIZATION, SYNONYMOUS WITH SUSTAINABILITY

In our business, optimum use of resources and raw materials is transcendental for our results and commitment to the environment.

Because glass is 100% recyclable, our efforts are focused on maximizing use of post-consumer glass in the process without affecting product quality, with special attention to the purity and color of the glass. The target is to consumer at least 20% cullet per campaign in one of the furnaces.

To reduce consumption of fresh water, we have four wastewater treatment plants, meaning we use less well water and have a smaller water footprint.

***7575 m³ of treated
water used in 2019.***

COMPREHENSIVE EMPLOYEE WELLNESS

Holistic wellness and development for our employees has always been a primary concern for Vitro, so it has programs and initiatives to evaluate, preserve and monitor the health and wellness of our human capital.

Containers has a wellness program that consists of four pillars:

- Diagnostic evaluation: medical checkup for comprehensive health assessment.
- Nutritional evaluation: individualized diet and nutrition plans.
- Physical evaluation: creation of personalized routines
- Emotional counseling: identifies the emotional factors that may lead to unhealthy eating habits.

Employees undergo biweekly tracking until they reach the established goal, at which point they earn a recognition from the company.

MACHINE MANUFACTURING

For Fabricación de Máquinas (FAMA), 2019 was a challenging year, and to face the difficulties, the company adopted some strategic resolutions and underwent a broad-based transformation.

In operating terms, our performance was better by all indicators. We worked toward a more thorough cost absorption through a slimmed-down manufacturing process while keeping quality and service levels competitive, and consolidating our organizational structure according to the different market segments in which we participate.

Although competition in the machine manufacturing industry is intense, in 2019 we continued our solid commercial efforts in the container market, prospecting and certifying new clients for IS Machines, spare parts and engineering services, which mitigates the risk of a high portfolio concentration (90% of our sales last year came from the container(?) industry).

Although the financial results did not come up to our expectations, sales grew 2.6% over 2018, thanks to a 22.3% rise in sales in the Machinery business, which delivered the first NextGen4.0 machines. This fortifies our commitment to the industry as a strategic supplier than can help clients achieve increasingly high efficiency levels.

In the automotive and architectural glass segments, we gained strength as a supplier of automation solutions and tooling, with the support of Vitro subsidiaries as our clients. In 2019 this industry made up 10% of sales through revenues from Automation, Engineering Services and Smelting.

This reveals an opportunity for FAMA in the automation segment: to invest in and strengthen its business

by offering services to various manufacturing markets in Mexico, such as automotive, air & space and household appliances, among others.

In the last quarter of 2018, the company made the decision to close the mold manufacturing area of the container industry. Because of a sharp drop in sales that began in 2017, the mold segment had become a commodity market. With a steady influx of foreign competitors and narrowing production margins, where quality began to take a back seat to price, this had become an unprofitable business.

SOLID STRATEGIES

FAMA's strategic plan is sustained by four areas, where we see challenges as areas of opportunity to define goals and actions.

Commercial: Open and expand both the client portfolio and the offering of products and services. The biggest advances in this area were the sale of the first NextGen 40 machines and the growth in sales for the Smelting, Tooling and Automation businesses.

Transformation: Make FAMA a fully service- and customer-satisfaction-oriented company. We seek out internationally competitive businesses, and in 2019 we met our goal of preparing and specializing 80% of our key talent with the bilingual capacities needed to offer services globally.

Operating excellence: Align processes, restructure departments to prioritize continuous improvement efforts, reduce costs and improve operating efficiency to become more competitive. We earned ISO 9001:2015 and ISO 14001:2015 certifications.

Supply chain: Go from being a supply-chain-dependent company to an autonomous one. Today, our supply chain is consolidated end to end, from procure-

ment and logistics to delivery. This makes it easier to make on-time delivery to external and internal clients.

Research & Development: identify innovation opportunities to become technologically independent by developing servo motor systems. In 2019, FAMSA completed the first incorporations of the NextGen 4.0 machine, which offers a full line of servo motors and is a highly competitive product on the market.

EXACTING STANDARDS AND OPERATING EFFICIENCY, TO BE THE BEST OPTION.

In the industries we serve, FAMSA is not content to be just one option--we want to be the best. In every one of our processes and actions, efficiency isn't just our aim--it's our demand.

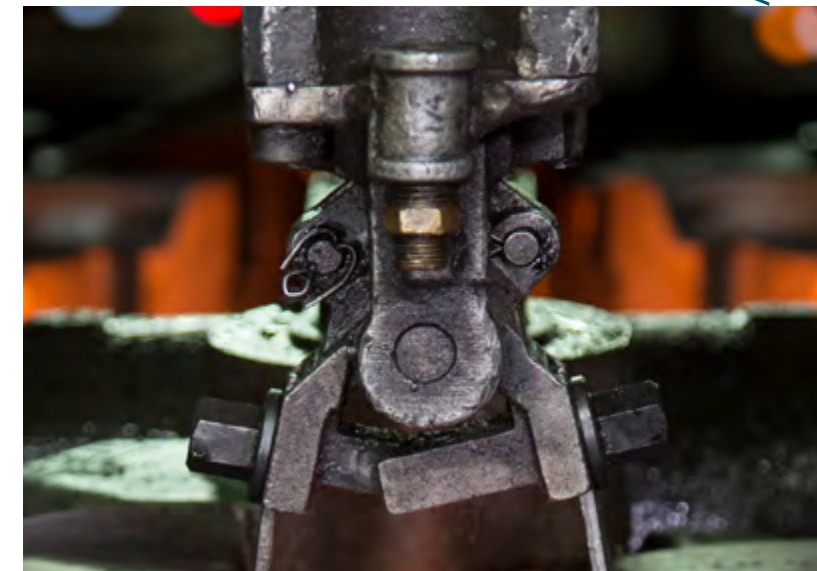
The Machinery area reported a number of achievements in 2019. Thanks to the teamwork of its personnel and the support of the Container business, it started up the first NextGen 4.0 machine. With the aim of being the best option for our clients, and aware of the aggressive competition for IS machines in Mexico and abroad, we worked intensively on this area's efficiency and performance.

Three years after we first began operating the Automation area, we have some notable achievements to report--we have developed 19 cells, 8 sub-assembly machines and curve clamps, and 3 peripheral devices.

The Foundry segment played a part in FAMA's profitability last year, kicking in 2% of total sales thanks to the internal production mix and a rise in foreign clients. A big challenge ahead for 2020 is maximizing the work load to offset the volume of casting that used molds in the past.

In Engineering Services, we developed the basic engineering for a new container plant, and helped build a

batch house at the XXX plant in the United States, acquiring valuable experience in the architectural glass market. Through these services we reinforced Vitro's companies' involvement in the areas of maintenance, operation, automation and control, and projects in general.



2019 Results

The results of the Container division in 2019 were stable compared to 2018. The slowdown of the Mexican economy, exchange-rate volatility involving the currencies of Latin American countries where we do business, market instability, and cautious ordering by clients, were just some of the factors that affected our revenues during the year.

Although export sales of value-added products to the U.S. in the perfume and cosmetics segment reflected excellent performance, and sales by Fabricación de Máquinas (FAMA) grew, this was not enough to boost consolidated sales. At the close of the year, total consolidated sales for the Container business stood at USD 218 million, an increase of 7.1% compared to the USD235 million reported in 2018.

EBITDA in the container business totaled USD55 million, which is 6% (less/more) than the USD58 million reported in 2018.

These results can be attributed to the rise in energy prices, a less favorable price/product mix in the pharmaceutical and fragrances segment in Mexico, and lower sales in the Machinery and Equipment business (FAMA), particularly in the molds area.

2020 OUTLOOK: A VISION FOR THE FUTURE

There are many challenges ahead in 2020. The markets are likely to remain volatile and skittish, and competitors will become increasingly aggressive in their commercial tactics.

We have confidence, however, in the operating and human capacity of our Container business. Under our Molded for 2025 strategy we intend to attack from all fronts in a concerted manner. We will continue to explore segments where, in addition to CFT, we have ventured successfully, like premium liqueurs, air fresheners and candles, among others.

The strong results of our sales office in Brazil encourage us to seek a stronger position in that country. Our commitment for 2020 is to install a finishing operation in order to operate closer to our clients and respond more quickly to their needs.

Having learned how to take advantage of investments to reinforce our own competitiveness and productivity, in 2020 we will install the remaining three IS machines we purchased. We will also continue exploring new market niches where we can offer differentiated advantages to current and prospective clients.

The creativity and innovation of our design team will be another strength we intend to exploit in order to bring novel, functional, environmentally-friendly, high-quality and reasonably priced containers to our clients.

The amalgamation of all these elements, along with our strong customer relationships and the trust we have earned on the basis of our quality, attention and service, lead us to expect a good year for the Container business in 2020.

In Machine Manufacturing, we will continue to transform and consolidate the areas we have been focusing on in recent years. Market prospects are good, and we are betting heavily on machinery and automation, along with increasing performance and efficiency in our operations with the shutdown of the molds area. Going forward, we

will focus our efforts on higher value-added businesses, without losing sight of segments where we are strong, and those that show growth potential.

We expect to keep Machinery sales stable, with a better product mix that maximizes profit margins, considerably increasing sales in the Automation segment by leveraging on internal needs and the Company's commitment to efficiency in its productive plants, along the opportunities found in outsourced manufacturing markets in Mexico.

Faced with prospects of limited innovation budgets ahead, we propose projects that lengthen lifecycles for our clients' equipment, offering low-investment solutions with the same quality they expect in order to remain competitive.

FAMA continues to build its positioning, increasing capacity utilization, and is working for financial stability with a goal of positive EBITDA in 2020.





VISION FOR A SUSTAINABLE FUTURE

RELIABLE PRODUCTS AND PROCESSES, CERTAINTY FOR CLIENTS

CIRCULAR ECONOMY

At Fabricación de Máquinas, we are very sensitive to the need to form a circular economy in our activities. With this in mind, administrative areas coordinate to apply the “3 R’s” methodology--reduce, recycle, reuse--and separating waste for correct handling and disposal.

“LET’S CLEAN UP MONTERREY” PROGRAM

Acting with unfailing honesty and in keeping with our principles is the definition of our value of Integrity. In our company we don’t just commit this principle to memory. We take every opportunity to embody it in our lives. One example of this is our participation in the “Let’s Clean up Monterrey” program, organized by the government of the state of Nuevo León.

Because dirty and abandoned streets invite crime, businesses, nonprofits and the general public answered the government’s call to clean up the Monterrey Metropolitan area in Nuevo León.

Vitro employees were assigned to squads that cleaned up adjoining areas by collecting trash, materials and rubble, then painting sidewalks.

FAMA participates in the electronics recycling campaign and waste separation in our dining areas.



FINANCIAL AND OPERATING ANALYSIS



2019 was a year of obstacles, challenges, and intense competition for Vitro and other industry players, characterized primarily by a pronounced slowdown in domestic and international economies, sapped by trade tensions, political instability, uncertain financial conditions in many countries and a lack of investment.

Market volatility and jitters over a series of geopolitical events dampened investment and consumption in the markets where we operate, slowing activity in the main industries we serve. This and other factors influenced the company's results last year.

Mexico's relationship with its main trading partner, the United States, was complicated by a lack of clarity on the new rules of the game, delays in ratification of the United States-Mexico-Canada Agreement (USMCA) and threats by members of both the president's staff and US Congress to withdraw from the pact altogether, a situation that dragged down both economies.



In Mexico, although the economy was stable, trade activity was weak. Authorities and the current government administration halted public investment particularly through measures such as the temporary suspension of construction works already under way and the interruption of new construction permits, as well as modifications to the system for supplying medications to the public health sector.

Although the economies of both the United States and Canada saw growth in 2019, the market in which we participate was sluggish. The US construction industry began showing signs of weakness, primarily due to an excess of supply and production capacity in the country, a price war among competitors and the resulting narrowing of margins.

GDP GROWTH	2015	2016	2017	2018	2019
México	3.3%	2.9%	2.1%	2.6%	-0.1%
United States	2.9%	1.5%	2.3%	3.0%	2.3%
Global	3.2%	3.2%	3.7%	3.7%	2.6%

During this period, growth in the global economy was slow, with less movement because of constant trade tensions, a deterioration of industry around the world,

and a lower flow of investment. Due to this process of global slowdown, in addition to some internal factors, economic activity in Mexico stagnated, resulting in a slight contraction of 0.1% from 2018 to 2019, as reported by the National Institute of Statistics and Geography (INEGI)el Instituto Nacional de Estadística y Geografía (INEGI).

INFLATION	2015	2016	2017	2018	2019
Mexico (MX)	2.1%	3.4%	6.8%	4.8%	2.8%
United States (US)	0.7%	2.1%	2.1%	1.9%	2.4%
Spread US/MX	1.4%	1.3%	4.7%	2.9%	2.4%
Average MX peso/US dollar exchange rate	15.8	18.7	18.9	19.23	19.25

As of December 31, 2019, the exchange rate stood at MXN18.86 per dollar, compared to MXN19.65 at the close of 2018.

In 2018, the exchange rate remained in a range of MXN18.77 to MXN20.13 per dollar, topping out in September 2018. Compared to the previous year, the peso was relatively stable, averaging MXN19.25 in 2019 compared to MXN19.23 in 2018.

OPERATING AND CONSOLIDATED RESULTS

The amounts presented in this section are expressed in nominal US dollars. In 2018 the company changed its functional currency for reporting purposes to the US dollar, pursuant to regulatory provisions contained in International Accounting Standard 21 (IAS-21), “The Effects of Changes in Foreign Exchange Rates,” because this currency better reflects Vitro’s current economic climate and way of operating.

SALES

Consolidated net sales totaled USD 2.18 billion for the fiscal year ended December 31, 2019, compared to USD 2.24 billion in 2018, a 2.6% reduction

CONSOLIDATED NET SALES

YEAR	USD MILLION
2013	881
2014	836
2015	882
2016	1,051
2017	2,075
2018	2,238
2019	2,180

FLAT GLASS

2019 was a challenging year because of market was sluggish in both Architectural or Automotive Glass. Sales in the Flat Glass division in 2019 totaled USD 1.96 billion, a 2.1% decline from the USD 2.00 billion sales reported for 2018.

Sales in the Architectural Glass business weakened by 2.4% between 2018 and 2019. Sales were fueled primarily by a growth in the US architectural glass segment due to higher volume in the commercial sector sold to both new and existing clients. But cost pressure, intense competition, excess capacity and supply of products triggered a slowdown and decline in accumulated sales.

In Mexico, the change in presidential administration and temporary suspension of construction projects caused sales in this segment to decline.

The Architectural Glass segment succeeded in penetrating some export markets, placing value-added products with new clients in various countries.

The automotive industry in Mexico and the world is constantly seeking out high-quality products with cutting-edge technology at competitive prices, despite the widespread lack of vigor in this market last year. Sales in the Automotive Glass business declined 2.6% in 2019 compared to the close of 2018.

The automotive industry in the United States began to experience a slowdown in the original equipment manufacturers (OEM) segment, accompanied by a battle to position products at highly competitive prices, which resulted in lower sales in that country.

Early in the year, the new windshield line we had opened in Mexico ran into some delays in the startup process, which affected production of some models, resulting lower-than-expected volume and efficiency.

The Inorganic Chemical Products business reported a 4.9% growth in sales for 2019 compared to 2018, thanks to strong performance in all four business lines. Later in the year, sales in this business were affected by maintenance efforts, normally a planned part of the annual cycle but this year influenced by unexpected delays in the operating startup phase.

FLAT GLASS SALES

YEAR	USD MILLION
2013	676
2014	649
2015	672
2016	802
2017	1,852
2018	2,001
2019	1,960

CONTAINERS

The Containers business reported a 7.1% reduction in sales, with revenues of USD218 million in 2019 compared to USD235 million in 2018, despite a strong growth in exports.

Container sales to the cosmetics, fragrances and perfume segment declined 1.7% from 2018 to 2019 due to a reduction in sales in the premium liquor, pharmaceutical, perfumes and fragrance markets in Mexico, offset in part by higher export sales of value-added products to the US perfume segment, and higher exports of fragrance containers.

Sales in the Container business were also affected by low demand from perfume and cosmetic manufacturers in general, including a reduction in volume by one multinational client and other clients’ year-end inventory management efforts.

An effort was made to offset the reduction in Mexico and focus more on the luxury and premium liquors segment in international markets during the year. Vitro recognized sales to new accounts in Central America and the United States in the fourth quarter of 2019.

The Container business serves a segment dedicated to closely following trends and fashion, and end clients are highly demanding about design and quality, so its processes require the most exacting standards of production and quality.

In our machine manufacturing division (FAMA), sales were up 2.5% over 2018, spurred largely by the Machinery and Equipment segment and better performance in automation services. FAMA decided to close its molds business due to low profitability.

Additionally, FAMA’s engineering service gained a



stronger positioning than in 2018, by offering services for project construction, plant maintenance and glass furnace manufacture, as well as technical assistance, training and audits.

CONTAINER SALES

YEAR	USD MILLION
2013	200
2014	182
2015	205
2016	240
2017	216
2018	235
2019	218

OPERATING INCOME BEFORE OTHER REVENUES AND EXPENSES (EBIT) AND EBITDA

EBITDA for the year 2019 was 7.7% lower than in 2018, attributed to a slowdown in the US residential construction industry and a broad-based economic downturn in Mexico, accompanied by substantial price pressures in the market which directly affected the Flat Glass segment.

The EBITDA margin was 13.8%, 2.5 percentage points lower than in 2018. The reduction occurred primarily in the Flat Glass division--both Automotive and Architectural glass.

In the Automotive business, Vitro was affected by ongoing inefficiency stemming from the process realignment program, as well as the associated reorganization costs, together with a rise in energy and gas costs in the United States and Mexico. In the fourth quarter of 2019, an accident at the Crinamex

plant in Mexico had an impact of USD 2 million in EBITDA. These effects were partially offset by new business opportunities in the architectural and container segments, particularly in cosmetics, fragrance and perfume containers, and solid, sustained results in the Inorganic Chemical Products business.

The consolidated comparison of EBITDA between 2019 and 2019 reveals two large extraordinary impacts which offset each other. In 2019, the company reported a lower insurance recovery than the year before (a total effect of -USD20.3 million), but this was offset by a foreign-exchange gain from the accounting treatment of leasing agreements (+USD 19.9 million).

OPERATING INCOME BEFORE OTHER REVENUES AND EXPENSES (EBIT)

YEAR	USD MILLION
2013	87
2014	60
2015	141
2016	201
2017	273
2018	245
2019	155

CONSOLIDATED EBITDA

YEAR	USD MILLION	% OF SALES
2013	155	18%
2014	134	16%
2015	193	22%
2016	259	25%
2017	393	19%
2018	365	16%
2019	300	14%

NET FINANCIAL COST

The Company reports a net financial cost of USD 67 million in 2019, 4% more than in 2018 when it totaled USD 65 million.

This increase in net financial cost in 2019 was due largely to foreign-exchange losses stemming from the peso's solidity against the dollar in company operations in this currency, and the effect of net interest expense on bank debt and leasing, as well as energy input hedging activity.

TAXES

In 2019, Vitro paid income tax of USD 13 million, equivalent to an effect tax rate of 17%. This is 72% less than the tax charge reported in 2018 (USD 46 million), due primarily to the amortization of previous tax year losses and its impact on deferred taxes.

NET INCOME FOR THE FISCAL YEAR

Consolidated net income for Vitro in 2019 totaled USD 64 million, compared to USD 162 million in 2018. This is a 60% reduction, year-over-year.

CASH FLOW

Free cash flow totaled USD 63 million in 2019, compared to USD 22 million the year before, representing a brisk 183% year-over-year increase in cash flow generation, enabling us to remain the most competitive option for our clients in all industries.

The increase is also a reflection of our lower investment in working capital, the result of our efforts to develop more efficient administrative processes, streamline the cost structure and maintain a healthy balance sheet.

This effort included a program of accounts receivable that began in December 2019, and other working capital optimization initiatives.

CAPITAL EXPENDITURES

The company invested a total of USD 172 million in Capex in 2019.

The Flat Glass business invested USD 85 million in the Architectural Glass segment, including cold repair of a production line at Carlisle, Pennsylvania, IT applications and general plant maintenance, as well as USD 49 million in the Automotive Business, which include investment in a new windshield line in Mexico to serve new platforms both in this country and in the United States; frames, molds, tooling, and IT applications. The Chemical Products Business allocated USD 5 million in investment toward general plant maintenance.

The Container business invested USD 27 million in IS machines, new casting technology, maintenance and increasing equipment capacity.

CONSOLIDATED FINANCIAL POSITION

As of December 31, 2019, the Company's total debt was USD 716 million, made up of USD 650 million in long-term debt denominated in US dollars and related to a syndicated loan, and the rest corresponding to leasing under the new IFRS 16 standard and negative mark-to-market effects of the Company's swap pegged to the LIBOR.

In the first quarter of the year, Vitro voluntarily paid off USD 50 million in advance on a syndicated USD 700 million loan expiring in June 2023 in order to reduce leverage and maintain a solid position.

At the close of 2019, the Company had a cash balance of USD 230 million, compared to USD 291 million at the end of 2018. The total debt/EBITDA ratio ended 2019 at 2.4x, and net debt to EBITDA was 1.6x.

During the year, Vitro improved its financial flexibility through a working capital optimization program that included a program to sell off certain accounts receivable. This transaction reduced the Company's financial cost and will further improve its financial condition.

STOCK PERFORMANCE (MXN PER SHARE)

In 2019, the Mexican Stock Market's IPC index disappointed market expectations with a yield 4.56% below the consensus, due to weak economic growth in the country, a contraction in public spending by the federal government, geopolitical uncertainty resulting in lower investment, both domestic and foreign, and the negotiations over a new trade agreement between Mexico, the United States and Canada (TMEC).

The value of the Company's capital stock on the Mexican Stock Exchange (ticker symbol VITROA) closed 2019 at 42.05 pesos per share, compared to 52.92 at the end of 2018.

MATERIAL EVENTS

QUARTER	LOW	HIGH
I	46.97	53.30
II	47.50	54.34
III	40.04	49.99
IV	39.50	43.98

Vitro Automotive Glass announces USD 60 million investment in new technologies

On February 27, 2019, Vitro announced that its Board of Directors had approved an investment of USD 60

million in new technologies. The Executive Committee will work over the next 18 months on implementing these investments according to the guidelines issued by the Board. The investment will focus on new facilities in North America to strengthen Vitro's market leadership in the automotive glass business, which will supply original equipment manufacturers and clients in the spare parts market.

Vitro announces voluntary prepayment of debt

On February 18, 2019, Vitro announced that had informed BBVA Bancomer, in its capacity as Administrative Agent of the syndicated loan, of its intention to pay voluntarily and in advance an amount of USD 50 million toward that loan, in order to improve its financial structure and reduce interest payments, both actions in line with the Company's goal of maintaining solid financial structure and being prepared to seize growth opportunities that may arise in the future. The payment was made on March 1, 2019.

Vitro issues an Accounts Receivable Program with Banco Santander with USD 110 million

Santander, with a duration of three years and the option to extend it for another year, in the amount of up to USD 110 million. The purpose of this program is to improve Vitro's financial costs and capital structure. With the proceeds of the transaction, Vitro voluntarily prepaid another portion of its syndicated loan on January 2, 2020.



110 Membership in organizations and associations

GRI: 102-13, 102-6



MX

- CONACYT - Consejo Nacional de Ciencia y Tecnología
- CLÚSTER Automotriz
- Grupo de Ayuda Mutua Industrial
- AIEM - Asociación de Industriales del Estado de México
- UNIDEM - Unión Industrial del Estado de México
- Asociación de Industriales De Ecatepec
- CANACINTRA - Cámara Nacional de la Industria y Transformación
- CONCANACO - Confederación de Cámaras Nacionales de Comercio, Industria y Transformación
- FIDE - Fideicomiso para el Ahorro de la Energía Eléctrica
- COPARMEX - Confederación Patronal de la República Mexicana
- AEAAE - Asociación de Empresas de Ahorro de Energía en la Edificación
- Asociación de Vidrieros de Nuevo León
- Cátedra Vitro - Convenio con el Instituto Tecnológico y de Estudios Superiores de Monterrey
- UANL - Tópico Impartido en la Universidad Autónoma de Nuevo León
- FTSA-Federación de Trabajadores de Sindicatos Autónomos
- CLÚSTER de Vivienda y Desarrollo Urbano Sustentable
- Asociación Nacional de la Industria Química
- Asociación Mexicana de la Industria de la Sal
- Comité de Ayuda Mutua Monterrey Poniente CLAMMOPO
- Asociación Mexicana de la Industria Salinera
- Industriales Regiomontanos del Poniente, AC
- Asociación de Representación Industrial y de Servicio

USA

- Fresno Chamber of Commerce
- Strategic Energy Management
- Berea Chamber of Commerce
- Richmond Chamber of Commerce
- Bluegrass Business Consortium
- Madison County LEPC
- Wichita Co. Local Emergency Planning
- Committee
- Chamber of Commerce
- Oregon Manufacturing Extension Partnership (OMEP)
- Richland Crawford Area 10 Workforce
- Development
- Friends of Evert
- MOCC
- Michigan Works
- Society for Human Resource Management (SHRM)
- Cascade Employers Association
- Strategic Economic Development Corporation
- Willamette Workforce Partnership
- Fred Pryor Learning Solutions
- Wichita Co. Local Emergency Planning Committee
- Chamber of Commerce Wichita

LATAM & EUROPE

- ACRIP - FEDERACIÓN NACIONAL DE GESTION HUMANA
- CAMARA Y COMERCIO
- Asociación de Empresarios de Chía
- Blair County Chamber of Commerce
- Tyrone Chamber of Commerce



GRI INDEX

SDG	Cont	Description	Response or reference	Independent Assurance
102. ORGANIZATIONAL PROFILE				
	102-1	Name of the organization	Vitro S.A.B de C.V.	
	102-2	Activities, brands, products, and services	Flat Glass - Page 49 Containers - Page 62 Global Presence - Page 7 Vitro Brands - Page 6	
	102-3	Location of headquarters	Monterrey, Nuevo León, Mexico	
	102-4	Location of operations	Global Presence - Page 7	
	102-6	Markets served	Global Presence - Page 7 Vitro Brands - Page 6"	
	102-7	Scale of the organization	Global Presence - Page 7 Our Employees - Page 32	
	102-8	Information on employees and other workers	Our Employees - Page 32 *Includes employees with permanent contracts in all Vitro operations. Does not include outsourcing, interns or independent professionals.	Yes
	102-10	Cambios significativos en la organización	Letter to Stakeholders - Page 9	
	102-11	Precautionary principle or approach	Our Employees - Page 31 Environment - Page 38 Our Community - Page 42	
	102-12	External initiatives	Our Community - Page 42 Strategic partners - Page 45	
17	102-13	Membership in associations	Membership in organizations and associations - Page 78	
2. STRATEGY				
	102-14	Statement from senior decision-maker	Letter to Stakeholders - Page 9	

SDG	Cont	Description	Response or reference	Independent Assurance
	102-15	Key impacts, risks, and opportunities	Letter to Stakeholders - Page 9 Flat Glass - Page 49 Containers - Page 62	
3. ETHICS AND INTEGRITY				
	102-16	Values, principles, standards, and norms of behavior	Our Company - Page 5	
16	102-17	Mechanisms for advice and concerns about ethics	Whistleblower Hotline - Page 29	
4. GOVERNANCE AND STAKEHOLDERS				
16	102-18	Governance structure	Corporate Governance - Page 20	
	102-21	Consulting stakeholders on economic, environmental, and social topics	Materiality Assesment - Page 24	
	102-22	Composition of the highest governance body and its committees	Corporate Governance - Page 20	
16	102-33	Communication of critical concerns	Corporate Governance - Page 20	
16	102-34	Nature and number of critical concerns	Corporate Governance - Page 20	
	102-40	List of stakeholder groups	Vitro stakeholders include: Internal: Partners and shareholders, employees, employee families and suppliers External: Clients, competitors, local community, NGOs, government, academia, among others.	
8	102-41	Collective bargaining agreements	Collective bargaining - Page 33	
6. REPORTING PRACTICES				
	102-45	Entities included in the consolidated financial statements	Consolidated Financial Statements - Page 90	
	102-46	Defining report content and topic Boundaries	The content of this report is consistent with Vitro's 2019 Materiality Assessment and is one of the ways we meet the expectations of our stakeholders, because it contains information and details of actions, initiatives and projects carried out by the company from January 1 to December 31, 2019. The information contained in this document is intended to provide greater insight into the organization's non financial and sustainability performance.	
	102-47	List of material topics	Materiality Assessment - Page 24	

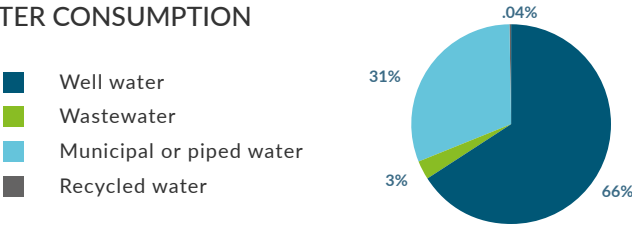
SDG	Cont	Description	Response or reference	Independent Assurance
	102-48	Restatements of information	The data presented contain some of the activities carried out in all the countries where we operate. This report contains no restatement of information with respect to previous reports.	
	102-49	Changes in reporting	This report has been prepared according to GRI Standards and the materiality assessment conducted in 2019.	
	102-50	Reporting period	The information in this Integrated Annual Report encompasses the period from January 1 to December 31, 2019, and corresponds to the actions of all of Vitro operations.	
	102-51	Date of most recent report	The last report was published in 2019, based on information for 2018.	
	102-52	Reporting cycle	The information in this integrated annual report encompasses the period from January 1 to December 31, 2019, and corresponds to the actions of all of Vitro operations	
	102-53	Contact point for questions regarding the report	Viridiana Delgado Elizondo Social Corporate Responsibility and Sustainability We welcome your comments on the content of this report. E-mail: social@vitro.com or at our corporate headquarters located at: Av. Ricardo Margaín #400, Col. Valle del Campestre, San Pedro Garza García, Nuevo León 66265, Mexico For more information, visit: www.vitro.com"	
	102-54	Claims of reporting in accordance with the GRI Standards	The 2019 Integrated Annual Report has been prepared in accordance with GRI Standards: Core Option.	
	102-55	GRI content index	GRI Index 2019	
	102-56	External assurance	This report was independently verified by VALORA SOSTENIBILIDAD E INNOVACION, S.A. DE C.V. According to the company's materiality standard. Independent verification letter - Page 89"	
103. MANAGEMENT FOCUS				
	103-1	Explanation of the material topic and its Boundary	Materiality Assessment - Page 24	
	103-2	Management approach and its components	Vitro Sustainability - Page 23	
201. ECONOMIC PERFORMANCE				
8	201-1	Direct economic value generated and distributed	Consolidated Financial Statements - Page 90	
8	201-3	Defined benefit and other retirement plans	Labor Practices - Page 33 At Vitro, all employees receive the wages and benefits established by law, along with incentives in keeping with their performance.	
205. ANTICORRUPTION				
16	205-1	Operations assessed for risks related to corruption	Regulatory Compliance - Page 30 Whistleblower Hotline - Page 29	

SDG	Cont	Description	Response or reference	Independent Assurance
16	205-2	Communication and training about anti-corruption policies and procedures	Our Ethics - Page 27	
16	205-3	Confirmed incidents of corruption and actions taken	Corporate Governance - Page 20	Yes
206. ANTI-COMPETITIVE BEHAVIOR				
16	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no material or significant incidents of non-compliance with the law in 2019 that might have affected the ordinary course of Company business or that of its subsidiaries as a result of such issues.	
301. MATERIALS				
12	301-1	Materials used by weight or volume	Circular Economy - Page 39	
12	301-2	Recycled inputs used	Glass Recycling - Page 39	Yes
302. ENERGY				
13	302-1	Energy consumption within the organization	In 2019, efficiency projects enabled us to reduce our carbon footprint by 6%. We reduced our energy intensity by 8%. Total energy consumption 28,407,988 GJ The factors used to calculate this consumption are taken from the California Heat Content of Natural Gas Deliveries to Consumers and Texas Heat Content of Natural Gas Deliveries to Consumers.	Yes
13	302-3	Energy intensity	Energy Efficiency - Page 41	Yes
303. WATER				

Extracción de agua Vitro

VITRO WATER CONSUMPTION	2017	2018	2019
m³	7,949,335.88	7,941,563.12	7,883,860.11

WATER CONSUMPTION



Intensidad de extracción hídrica 2.24 m³ /producción Vitro

SDG	Cont	Description	Response or reference	Independent Assurance														
303. AGUA																		
12	303-3	Water recycled and reused	Recycled water: 0.04% of total consumption															
304. BIODIVERSITY																		
14, 15 y 17	304-3	Habitats protected or restored	Organización Vida Silvestre, A.C (OVIS) - Page 47															
305. EMISSIONS																		
13	305-1	Direct (Scope 1) GHG emissions	Emissions and Climate Change - Page 40	Si														
13	305-2	Indirect (Scope 2) GHG emissions from power generation	Emissions and Climate Change - Page 40 To calculate GHG emissions from consumption of electricity from the CFE, the electrical emission factor used for the annual report was the indicator in effect for the 2018 period; this is because the calculations were performed before publication of the 2019 electrical factor.	Si														
13	305-4	GHG emission intensity	Emissions and Climate Change - Page 40	Si														
13	305-5	Reduction of GHG emissions	Emissions and Climate Change - Page 40															
13	305-6	Emissions of ozone-depleting substances (ODS)	No emissions of substances that might damage the ozone layer (Mtons CFC-11e) were detected in our operations in 2019.															
13	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Significant emissions totaled 13764.13 metric tons in all of the Company's operations and in all the countries where we operate, as follows: <table><tr><th>Atmospheric emissions</th><th>2019</th></tr><tr><td>NOX</td><td>82%</td></tr><tr><td>SOX</td><td>9%</td></tr><tr><td>COP</td><td>0%</td></tr><tr><td>COV</td><td>1%</td></tr><tr><td>HAP</td><td>0%</td></tr><tr><td>PM Particles</td><td>9%</td></tr></table> All these emissions are below the permissible limit in the various countries where we operate.	Atmospheric emissions	2019	NOX	82%	SOX	9%	COP	0%	COV	1%	HAP	0%	PM Particles	9%	
Atmospheric emissions	2019																	
NOX	82%																	
SOX	9%																	
COP	0%																	
COV	1%																	
HAP	0%																	
PM Particles	9%																	

SDG	Cont	Description	Response or reference	Independent Assurance
306. WASTEWATER AND WASTE				
12	306-1	Water discharge by quality and destination	TYPE OF DISCHARGE	2019
			Point discharges	88%
			Nonpoint discharges	12%
12	306-2	Waste by type and disposal method	Circular Economy - Page 39 In 2019, Vitro produced 803,577.2 metric tons of waste, 93% of which was sent for recycling.	Yes
12	306-3	Significant spills	There were no material or significant incidents of non-compliance with the law in 2019 that might have affected the ordinary course of Company business or that of its subsidiaries as a result of such issues.	
12	306-4	Transportation of hazardous waste	All hazardous waste generated was channeled to specialized companies who guarantee their proper handling and disposal.	
307. ENVIRONMENTAL COMPLIANCE				
16	307-1	Non-compliance with environmental laws and regulations	There were no material or significant incidents of non-compliance with the law in 2019 that might have affected the ordinary course of Company business or that of its subsidiaries as a result of such issues.	Yes
401. EMPLOYMENT				
8	401-1	New employee hires and employee turnover	In 2019 there were 3,958 new hires (including only full-time permanent employees) 20% were women 80% were men Turnover in 2019 was 23% on average for all our operations around the world.	
8	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Labor Practices - Page 33 At Vitro, all employees receive the compensation and benefits established by law and are given performance incentives as well.	
8	401-3	Parental leave	All employees, in all of Vitro's global operations, are entitled to parental leave	

SDG	Cont	Description	Response or reference	Independent Assurance										
402. LABOR-MANAGEMENT RELATIONS														
8	402-1	Plazos de aviso mínimos sobre cambios operacionales	Note that all the periods of prior notice of organizational change established in our collective bargaining contracts are respected fully. These agreements also include an assurance of physical safety protection through the review and regular provision of personal protection equipment.											
403. OCCUPATIONAL HEALTH AND SAFETY														
8	403-1	Workers representation in formal joint management-worker health and safety committees	100% of our union agreements and collective bargaining agreements incorporate matters of health and safety through mixed labor-management commissions.											
Health and Safety - Page 34														
Our accident rates are calculated using a specialized methodology that enables us to identify and prevent accidents more effectively. This includes the relationship between accident frequency and seriousness, and is another factor reflecting the well-being of our employees in the workplace.														
8	403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities or illness	<table><tr><th>INDEX</th><th>2019 per 100 employees</th></tr><tr><td>The Incident Rate (IR)</td><td>0.5</td></tr><tr><td>The Days Lost Rate (DLIR)</td><td>28.3</td></tr><tr><td>The General Illness Rate (GIR)</td><td>6.3</td></tr><tr><td>The General Illness Days Lost Rate (GIDLR)</td><td>192.7</td></tr></table>	INDEX	2019 per 100 employees	The Incident Rate (IR)	0.5	The Days Lost Rate (DLIR)	28.3	The General Illness Rate (GIR)	6.3	The General Illness Days Lost Rate (GIDLR)	192.7	Si
			INDEX	2019 per 100 employees										
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			The General Illness Rate (GIR)	6.3										
			The General Illness Days Lost Rate (GIDLR)	192.7										
			<table><tr><th>INDICATOR</th><th>2019 GLOBAL</th></tr><tr><td>Accidents</td><td>1111</td></tr><tr><td>Incapacitating accidents</td><td>79</td></tr><tr><td>Accident index</td><td>226</td></tr><tr><td>Fatalities</td><td>1</td></tr></table>	INDICATOR	2019 GLOBAL	Accidents	1111	Incapacitating accidents	79	Accident index	226	Fatalities	1	
			INDICATOR	2019 GLOBAL										
			Accidents	1111										
			Incapacitating accidents	79										
Accident index	226													
Fatalities	1													
Despite our commitment to protecting the safety of our employees, we regret to report one fatal work accident in 2019, an experience that compels us to continue strengthening our Comprehensive Health and Safety System and to continue training our employees.														
8	403-3	Workers with high incidence or high risk of diseases related to their occupation	Health and Safety - Page 34											

SDG	Cont	Description	Response or reference	Independent Assurance
8	403-4	Health and safety topics covered in formal agreements with trade unions	100% of our union agreements and collective bargaining agreements incorporate matters of health and safety through mixed labor-management commissions.	
404. TRAINING AND EDUCATION				
4 y 8	404-1	Average hours of training per year per employee	Training - Page 35 *Includes training for permanent employees, excluding independent professionals, outsourcing and interns. Average hours of training per employee does not include operations in Canada.	Yes
4 y 8	404-3	Percentage of employees receiving regular performance and career development reviews	Performance Evaluation - Page 36	Yes
405. DIVERSITY AND EQUAL OPPORTUNITY				
5, 8 y 16	405-1	Diversity of governance bodies and employees	Governance Structure and Committees - Page 21 Our Employees - Page 32	
406. NON-DISCRIMINATION				
16	406-1	Incidents of discrimination and corrective actions taken	Our Ethics - Page 27	Yes
407. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
8	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labor Practices - Page 33	
408. CHILD LABOR				
8, 16	408-1	Operations and suppliers at significant risk for incidents of child labor	Labor Practices - Page 33	
409. FORCED OR COMPULSORY LABOR				
8	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	100% of our operations have Recruitment and Hiring policies that prohibit the employment of minors, as established in each country where we operate. We know that diversity is the basis for our success. For this reason, we are committed to recruiting, hiring and promoting our employees based solely on their work experience, job skills and respect for our values. We support a diverse, inclusive workplace, open communication, and channels for effective feedback. Additionally, we comply with all applicable labor laws, including the payment of wages and benefits, and we establish the controls necessarily to avoid all kinds of forced or child labor.	

SDG	Cont	Description	Response or reference	Independent Assurance
411. RIGHTS OF INDIGENOUS PEOPLES				
2	411-1	Incidents of violations involving rights of indigenous peoples	There were no material or significant incidents of non-compliance with the law in 2019 that might have affected the ordinary course of Company business or that of its subsidiaries as a result of such issues.	
412. HUMAN RIGHTS ASSESSMENT				
8	412-1	Operations that have been subject to human rights reviews or impact assessments	Regulatory Compliance - Page 30	
8	412-2	Employee training on human rights policies or procedures	Training - Page 35	
17	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	At Vitro, our suppliers are key to the Company's growth. Our relationship with suppliers is based on mutual benefit, trust, and a long-term commercial relationship. We therefore conduct our relationships, trade agreements and contracts with suppliers in an honest, transparent manner, offering equal opportunities for all parties by presenting proposals, obtaining contracts and respecting human rights.	
413. LOCAL COMMUNITY				
	413-1	Operations with local community engagement, impact assessments, and development programs	Our Community - Page 42 Strategic partners - Page 45	
416. CUSTOMER HEALTH AND SAFETY				
16	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Regulatory Compliance - Page 30	
418. CUSTOMER PRIVACY				
16	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2019, there were no identified claims of violations of customer privacy or loss of customer data. Users of the websites of Vitro and its subsidiaries are entitled to exercise their ARCO rights (Access, Rectification, Cancellation and Opposition) by directly sending their request to the person responsible at the e-mail protecciondedatos@vitro.com For more information about Vitro's Privacy Notice, visit the corporate website at vitro.com/es/aviso-de-privacidad	
419. SOCIOECONOMIC COMPLIANCE				
	419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance - Page 30	Yes

Independent Review Report on the 2019 Annual Report of Vitro, S.A.B. de C.V.

(Translation from Spanish Language Original). This letter has been translated from the Spanish language original and for the convenience of foreign/English-speaking readers – in case of discrepancy, Spanish prevails.

To the Management of Vitro, S.A.B. de C.V. and to the readers of this Letter:

We were required by the Management of Vitro, S.A.B. de C.V. (hereinafter “Vitro”) to conduct a review of the non-financial information for the period January 1 to December 31, 2019, contained in the 2019 Annual Report (hereinafter “Report”) of Vitro. In regards to the financial information contained in such Report has been audited by independent third parties.

This report or the conclusions we have reached has been prepared exclusively in the interest of Vitro in accordance with the terms of this assignment, therefore we do not accept or assume any responsibility towards third parties other than the Management of Vitro and it is not intended nor should it be used by someone other than Vitro.

Management responsibilities

The Management of Vitro is responsible for the preparation of the information subject to our review, free from material misstatement in accordance with the contents, design and presentation or the Report, according to the “core” option of the GRI Standards.

The Management of Vitro is also responsible for the application and the maintenance of internal control deemed necessary so that the information contained in the Report is free from material misstatement whether due to fraud or error, and for identifying and ensuring that Vitro complies with the laws and regulations applicable to its activities.

Our responsibility

Our responsibility was to carry out a limited review on the content of the Report regarding the performance indicators included in the GRI Standards and, based on the work performed, to issue an Verification Letter exclusively referring to the information corresponding to our scope and for the Report related to the period January 1 to December 31, 2019.

The scope of our independent review, as well as the evidence gathering procedures performed was of limited assurance level, which is less than the one performed in an engagement with a reasonable assurance level and therefore also the security level provided. This report must not be understood as an audit report.

Assurance Standards and procedures

Our work was carried out in accordance with the Standard ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the *International Auditing and Assurance Standard Board (IAASB)* of the *International Federation of Accountants (IFAC)*, to ensure that the verification process accomplishes with the ethical requirements necessary to ensure the independence of our work as auditors of non-financial information.

The procedures that were carried out, in general, are described below:

- Selection of information to be verified based on Vitro's materiality and prior knowledge
- Interviews with Vitro's employees responsible for providing the information contained in the Report to learn the principles, systems and applied management approaches.
- Review of data collection, internal control and consolidation processes.
- Review of the scope, relevance and integrity of the information included in the Report based on Vitro's operations and the material aspects identified.
- Review of evidence based on a sampling of information according to a risk analysis.
- Review of the application of what is required in accordance with the GRI Standards.
- Verification of GRI Index with the contents of the Report, according to the core compliance option.



The Contents reviewed in accordance with the GRI Standards are as follows:

Standard	Content	Description
General disclosures		
Organizational profile	102-8	Information on employees and other workers
Economic		
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken
Environmental		
Materials	301-2	Recycled input materials used
Energy	302-1	Energy consumption within the organization
	302-3	Energy intensity
Emissions	305-1	Direct (Scope 1) GHG emissions
	305-2	Energy indirect (Scope 2) GHG emissions
	305-4	GHG emissions intensity
Effluents and Waste	306-2	Waste by type and disposal method
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations
Social		
Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
Training and Education	404-1	Average hours of training per year per employee
	404-3	Percentage of employees receiving regular performance and career development reviews
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area

Conclusion

Based on the procedures performed, as described above, on 2019 Annual Report from Vitro, S.A.B. de C.V., we conclude that:

Nothing has come to our attention that causes us to believe that the information contained in the Report has not been obtained with reliability, was not presented properly, or that there were significant discrepancies or omissions, or that has not been prepared in accordance with the requirements established in the GRI Standards

Valora Sostenibilidad e Innovación S.A. de C.V.

José Luis Madrid García
Valora México President

Mexico City, a 23rd March 2020

