

## 1. Purpose

Establish the general guidelines for the execution of investment projects for the supply chain, in accordance with the Investment Project Authorization Matrix (from here on "Authorization Matrix"), contained in the **FGB-FP-02 Global Policy of Investment Project**.

## 2. Scope

This policy applies to associates who plan, design, execute and follow up on supply chain investment projects, regardless of their position.

## 3. Definitions

**Business case:** Document that summarizes relevant information of a project, including the improvement opportunities, conceptualization, resources needed, expected benefits, implementation timeline, etc. It is prepared by the responsible party in the Business Unit, by a multidisciplinary team of all the involved areas.

**Engineering Project Approval Request (PLANI/E-PAR) or equivalent:** Support document used by the Business Units for the Investment project planning. It encompasses the following: description of the project, objectives, budget, balance sheet, and layout. It is one of the essential inputs for the project's business case development.

**Project:** Lineup of interconnected, planned and coordinated activities align to the strategic planning of Grupo Bimbo, its Business Units, Departments, and/or any additional strategic action by Grupo Bimbo; with limited financial or non-financial resources, and that are executed in a defined timeframe to create benefits, products, services or unique results, contributing to the Grupo Bimbo Business Plans.

**Value Chain Master Footprint:** The process used to determine the optimal location, size and flow of facilities based on an analysis of saturations, product demand and logistics costs.

**Value realization:** Validation of the benefits previously endorsed in the value targeting stage, it is the measure to validate the projects profitability.

**Value targeting:** Estimated benefits that will drive the profitability of the investments considered in the projects.

## 4. Responsibilities

**Global Financial Planning Department (GFPD):** Establish the criteria and dates for developing the Business Units' CAPEX projects annual budget.

**Global Engineering Department (GED):** Issue, consolidate and follow-up the execution of the investment projects throughout the supply chain of Grupo Bimbo.

**Global Logistics Department (GLD):** To ensure the viability of projects to increase production, storage, transportation capacity, etc., through the analysis of Grupo Bimbo Value Chain Master Footprint.

**Global Procurement Department:** Issue the CAPEX acquisitions process. Lead the process of assessment and approval of suppliers. Establish and manage contracts for the execution of investment projects.

**Global Real Estate Department:** Validate technically the projects with building/offices modifications regardless of the investment amount.

**Associates responsible of executing supply chain projects:** Comply with this policy and monitor its compliance in all its areas of responsibility.

## 5. General guidelines

Grupo Bimbo's policy compliance aims to ensure that investment projects meet the benefits established in the business cases and adhere to the established scheduling and budgeting.

### Planning and management

The associates responsible of executing supply chain projects must:

- Comply with the financial planning guidelines established in the **FGB-FP-01 Global Budget Policy** and in **FGB-FP-02 Global Policy of Investments Projects**.
- Ensure that all the investment projects are aligned with Grupo Bimbo's strategy.
- Conduct a Value Chain Master Footprint analysis of the projects to increase production capacity (e.g., new production lines), warehousing, transportation, etc.
- Create a multi-disciplinary team and specify the roles assigned to each member and their participation in the different stages of the project, in line with **PGB-EN-02 Procedure to define a Project Team in the Supply Chain Investment Projects**. The team must participate to define objectives, scope, key performance indicators, and value targeting (e.g. savings, headcount optimization, sales growth, etc.)
- Obtain the technical and financial approval from the appropriate department, whether it is Corporate or at a Business Unit level, considering the investment amount and the authorization matrix.
- Comply with the guidelines for management and documentation of all the project stages using the official platform, as stipulated in **FGB-CM-03 Global Project Administration Policy**.
- Reflect the authorized and active projects within the Business Unit's Engineering Office business plan.

### Validation

- The GED is responsible of technical validations and follow-up of:
  - Projects that exceed the threshold amount authorization level that the Business Unit Presidents can approve on, according to the authorization matrix.
  - Strategic projects, regardless of the amount of investment, when they are in the Global Operations Department's business plan portfolio.
  - Projects related to new production lines, new technologies, industrial processes (especially when an intellectual property will be required), or new equipment (when applicable).
  - Projects regarding critical process equipment, such as: material handling systems, mixers, fermentation rooms, ovens; automation systems, complete end-of-line systems (e.g. packaging, lifting, basketing, etc.).
  - Projects requiring an update or installation of fire prevention system and refrigeration equipment.
- The head of engineering from each Business Unit must validate technically the projects within the maximum threshold amount that the Business Unit President can approve, in accordance with the authorization matrix, and following the methodology established in this policy, which must be known by the bakeries or snack/confectionery manufacturers and departments related to the execution of projects.
- GLD must validate, through the analysis of the Value Chain Master Footprint, the following projects:
  - Projects that exceed the maximum amount that each Business Unit General Manager can approve, in accordance with the authorization matrix for investment projects.
  - Strategic projects, regardless of the amount of investment, and which are in the business plan of the Global Operations Director.
  - Projects involving new production lines, new operational nodes, new technologies that increase operating capacity.

- The person in charge of the Value Chain Master Footprint center of experience at each Business Unit must simulate and validate the feasibility of the projects that are within the amounts that the Business Unit General Manager can approve, in accordance with the authorization matrix; and follow the methodology established in this policy, which shall be known by the Production Centers, Distribution Centers, Transports, Sales Centers and areas related to the projects execution.

### Authorization

The GFPD must:

- Give official authorization for all the supply chain investment projects, based on the business cases presented and the authorization matrix; including projects related to industrial safety, legal compliance or environmental.
- Formally authorize projects through the official tool that the GFPD considers for this purpose.

### Authorized Projects

All authorized projects must have the following documents:

- PLANI/E-PAR or equivalent for projects with an investment of **\$200K USD** or higher in accordance to the **PGB-EN-05 Procedure for integrating a Plani E-PAR or equivalent file.**
- Mandatory business case authorized by the corresponding level, specifying due dates, budget, and both the value targeting and value realization for all projects.
- If the business unit policies establish investment amounts lower than those mentioned in this policy for the PLANI/E-PAR or equivalent document, the lowest amount shall be respected.
- Industrial and labor risk assessments.
- Contingency Analysis. 5% of the total investment should be considered by default. The use of the contingency amount must be authorized by the corresponding level, and it can only be used for unexpected items not considered in the budgeting.
- Value Chain Master Footprint analysis authorized by the Global Center of Experience, in projects to increase production, warehousing, transportation capacity, etc.

### Execution

The project responsible must:

- Execute the project until having the official authorization in the tool determined by the GFPD.
- Ensure that non-disclosure or intellectual property agreements with any supplier involved in the project execution are signed in accordance to **FGB-EPR-03 Grupo Bimbo Supplier Code of Conduct (External Policy)**.
- Know and apply the global suppliers' agreements and master agreement, which both the Global and local Purchasing Departments will provide.
- Ensure that all expenses generated in the projects comply with the **FGB-PR-01 Global Procurement Policy.**
- Carry out a feasibility analysis of reusing existing used equipment (self-owned or external), as stated in **FGB-OP-01 Global Idle Supply Chain Equipment Management Policy.**
- Ensure the following is met:
  - Have a Safety Supervisor, independent from third parties, trained in the local regulations on industrial safety.
  - Grupo Bimbo standards for equipment and facilities.
  - **FGB-OP-10 GB Global Policy of Usage and Migration of Refrigerants**
  - **FGB-OP-11 Global Fire Prevention Policy**
  - Mandatory practices for the Global Engineering Department, established in the red book, sustainability, and those defined by the Quality and food safety department.
  - Global process standards, when applicable (e.g. bread, buns and tortillas).

- Report to the GED the monthly progress on active projects when exceed the maximum threshold amount that Presidents can approve.
- For projects under the maximum threshold amounts that Presidents of the Business Units can approve, the progress report will be defined by the Business Unit itself but using the agile methodology.
- Evaluate projects, with business cases, in order to register and report the value captured (Value realization) to the GED, in accordance with the guidelines issued by the Global Financial Planning Department.

## Variations

In case of deviations in the investment projects, in time, budget or scope defined in the business case, the responsible parties must be aligned to **FGB-FP-02 Global Policy of Investment Projects**. Deviations must be justified and documented, based on **PGB-EN-03 Procedure for Change Control in Investment Projects**.

## 6. Responsibility / Ownership

The Global Operations Department is the assigned owner of this policy and is primarily responsible for its contents, updating, monitoring of its compliance and submission for approval before the Global Internal Control and Risk Management Department, the Steering Committee, and CEO.

## 7. Updates

The changes implemented in between versions are described below:

Revision / History of the revision				
Version	Revision Date	Updated by:	Approved by:	Main Changes
1				
2	October 2021	Carlos Daniel Morales	Amalio Suarez	Value Chain Master Footprint analysis is added for planning, validation and authorization.
3	February 2022	Carlos Daniel Morales	Amalio Suarez	The need of an independent Safety Supervisor was added. A validation and approval when having deviations greater than 5% in the projects was established.
4	March 2023	Carlos Daniel Morales	Liborio Villalobos Carranza	Alignment according to deviations based on what is established by the GFPD.