



Global Policy for the Operation of Logistic Nodes

Global Logistics Department

FGB-OP-03

1. Objective

To establish the general guidelines for the control operation of logistic nodes including inbound and outbound of raw materials, packaging and wrapping, finished product, sub-assemblies, returns, waste, equipment, and indirect materials.

2. Scope

This policy is applicable to the associates at all plants, distribution centers, sales centers of Grupo Bimbo and logistics operators, who are directly related with the **inbound and outbound** of the logistic nodes goods.

3. Definitions

Waste: Shrinkage or decrease in the production lines generated during the manufacturing process that are delivered to the logistic node.

Goods: Raw materials, packaging and wrapping, finished product, sub-assemblies, returns, waste, equipment, and indirect materials.

Supply Chain: Processes directly or indirectly involved from the purchase of raw materials to the delivery of our finished products to our internal (Distribution Centers and Sales Centers) and/or external customers.

Returns: Finished product that is not purchased by the consumer at the sales point and is returned to the logistic node due to its remaining shelf life or expiration date.

Equipment: Generic name given to the set of containers and packaging for handling the finished product (e.g. tray or tub, corrugated, dolly, cage, pallet).

Freshness: Quality and design characteristics of the product itself through its shelf life.

Indirect logistic materials: Those that are not part of the finished product to be distributed, but are necessary for the operation (e.g. packaging material, personal protective equipment, uniforms and stationery).

Logistic node: It is a stage in the supply chain where the goods are received, organized and shipped.

Logistics operators: Supplier of transportation, storage and/or distribution services.

Discounted Items/Product: Product that has a limited shelf life to be sold in retail outlets. It can be classified at dealer or auction price.

Sub-assemblies: Finished product, which serves as an input for the generation of a final finished product.

Transactional systems: Those designed to collect, modify, store and retrieve information generated by the transactions of an organization and the different warehouses of the supply chain.

4. Responsibilities

Global Logistics Department: Define the operational tools, transactional systems and associated control points for the management of the logistics nodes.



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Logistics Nodes responsible at each Organization: Ensure compliance with the guidelines defined in this policy for the inbound, outbound storage of goods regarding the designated areas such as reception, storage, shipping, empty equipment, crosswalks, etc., cleanliness and safety in the logistics nodes, as well as designing detailed procedures at the operational level related to the purpose of this policy, documenting compliance, management and continuous improvement of the process through specific indicators.

Logistics nodes associates: Comply with the provisions of this policy.

5. General guidelines

To ensure the timely and reliable data recording in Grupo Bimbo's transactional systems for the control of incoming and outgoing goods and their physical traceability between the different logistics nodes along the supply chain, **as well as compliance with applicable legislation and their receipt or shipment in quality, quantity and timeliness**, it is Grupo Bimbo's policy that the associates in the supply chain and logistics operators of each organization comply with the following:

Goods

- Ensure compliance with **FGB-QS-02 Global Policy on Food Safety in Distribution Centers and Sales Centers**.
- Ensure that the reception and exchange of goods between logistics nodes and other destinations in the value chain complies with the quality and quantity established for the type of product (e.g. type and condition of equipment, keys, freshness, color, packaging, system registration, etc.).
- In case of detecting a **discrepancy** (rejects, shortages, leftovers), the correction must guarantee compliance with safety, **operative cost** and control aspects (registration, separation, destruction and/or return of the product to the node if applicable).
- Ensure batch traceability through the correct registration, follow-up and administration, as indicated in the **FGB-QS-03 Global Traceability Policy**.
- Safeguard the finished product with the shelf life required for its commercialization until its selection for shipment to the final consumer, respecting the rotation of products based on **FIFO** (First In/First Out) and **FEFO** (First Expires/First Outs).
- Safeguard equipment to maintain it in a physical condition that allows the proper use in the organization's operations.
- Ensure that the inventory levels defined by the Organization are **according to** the demand and supply processes **and based on** their rotation, safety stock and lifetime.
- Carry out physical inventories that cover all items in the warehouse and mitigate the risk of loss of product in custody. The times and percentage of items to be evaluated should be defined in local procedures ensuring that, at least, total inventories of products in custody are carried out 6 times a year.
- **Establish areas for managing returns and sweepings** at the logistics node to avoid cross-contamination,

Transportation

- Ensure that the items shipped are not modified or altered during its journey, **by placing a security seal on each trailer or container after the loading process at each logistic node**.
- **Validate that the loading process ensures** the freshness and quality of the product.

Return & Waste

- **Verify the correct management of the product recovery (return and waste)** through brand destruction, transparency and traceability in the process, ethical disposal of waste, integrity in dealing and relationship with buyers.
- Determine unit sales prices, when applicable.



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- Coordinate with the Legal area to elaborate the applicable agreements for prospective buyers to ensure proper management.
- Returned product that has been identified and marked as discounted product within the corresponding operating system may be sold through the outlets authorized by the commercial area of each organization.

Operation

- Have a transactional management system (ERP - Enterprise Result Planning, WMS - Warehouse Management System, RTM - Route To Market Platform, etc.) to efficiently manage the operation of goods and a contingency plan.
- All movements of goods, **within the logistics nodes of the value chain and to other destinations (nodes, routes and customers)**, must be recorded in the transactional systems at the time they are shipped.
- Work under the continuous improvement methodology, **identifying operational improvements and implementing them**.
- Have a layout **authorized by the Global Logistics Department, updated and visible, that contemplates the definition of work and designated areas for the goods in custody, such as: sanitary strips, spaces for counts, inventories, equipment and material areas, return areas, inspections, maintenance, segregation of non-conforming goods, etc.**
- Validate that the storage conditions are those required **in the technical data sheet of the finished product**, to maintain the quality according to the characteristics of each SKU (Stock Keeping Unit) such as: temperature, humidity, weight, maximum pallet height, stacking, etc.
- **Ensure the operation in a safe and controlled environment, according to the guidelines established in the GGB-015 Global Safety Policy.**
- Have signs, lighting and services that ensures compliance with local legislation.
- Ensure that the design and operation of the logistics node favors productivity and the development of sustainable conditions, in accordance with **FGB-IR-01 Global Sustainability Policy**.

6. Responsibility / Ownership

The Global Logistics Department is the assigned owner of this policy and main responsible for its content, update, monitoring of its compliance, and the submission for approval to the Global Internal Control and Risk Management Department, the Steering Committee and CEO.

7. Updates

The changes made between versions are described.

Review / review record				
Version	Revision Date	Updated by:	Approved by:	Main Changes
1	Dec 2017	Stefania Cabral	Antonio Parra	
2	Jun 2022	Luis Alberto Campos Campos María Anabell Valle Global Logistics Department	Andrés López Frisbie VP Global Logistics	<ul style="list-style-type: none">• Se agregan lineamientos sobre inventarios físicos y se corrige la temperatura de almacenamiento refrigerado.



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3	Nov, 2022	Luis Alberto Campos Campos María Anabell Valle Fabio Caicedo Armando Estrada Efrain Álvarez Global Logistics Department	Andrés López Frisbie VP Global Logistics	<ul style="list-style-type: none">• The responsibilities of the Operations Department are changed to the Logistics Department.• The definition of Transactional Systems, the points on goods that guarantee the reception and exchange of goods between logistic nodes are added, in addition to guaranteeing compliance with safety aspects in accordance with the <u>FGB-QS-02 Global Policy on Food Safety in Distribution Centers and Sales Centers</u> and the frequency and scope of inventories.• A security seal is added to ensure that the contents of the shipment are not modified or altered.• The layout used by the operation must include the definition of work areas and protection of goods in custody, endorsed by the Global Logistics Department.
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