

1. Purpose

Establish the general guidelines on requirements and flow for approval of investment projects.

2. Scope

This policy applies to all Directors, Vice Presidents and members of project teams, who evaluate, authorize, manage and execute investment projects in Grupo Bimbo's Corporate and Business Units, in its different regions and functions.

For projects and initiatives that do not require an investment, please consult **FGB-CM-03 Global Project Administration Policy**.

3. Definitions

Business Case: Document that compiles all the relevant information around a project (e.g. area of opportunity, required resources, expected benefits, implementation timeline, among others).

Capitalizable resources: Those intended for the acquisition of fixed and / or intangible assets and that are recorded in an asset account in the Balance Sheet.

Finance and Planning Committee ("FPC"): Governing body made up of Grupo Bimbo's members of the Board of Directors, and to whom Grupo Bimbo's Chief Executive Officer (CEO) submits for approval investment projects of more than USD 45 MM.

Financial Evaluation: Methodology that aims to evaluate a project's profitability, as well as its main financial parameters.

Global Project Evaluation Team ("GPET"): Team coordinated by the Global Financial Planning Department, made up of the representatives of Global Operations, Real Estate, Procurement, Systems, Marketing and Sales Departments.

Investment: Company's resource allocation required to execute a project, which may or may not be capitalizable.

Non-capitalizable resources. Those intended for the acquisition of consulting services, advice, supervision, etc... and that in general are recorded as expenses in the Income Statement.

Project: Group of planned, interrelated and coordinated activities that are aligned with the strategic planning of Grupo Bimbo, its Business Units, the Corporate Functional Departments, or any other strategic action of Grupo Bimbo, which have limited resources, financial or non-financial, and are executed within a defined period of time, to create benefits, products, services or unique results, in contribution to Grupo Bimbo's Business Plan.

Results from Idle Assets: Refers to the result from asset transactions between subsidiaries that are not in operation, such as:

- Seller Subsidiary: results from selling the asset.
- Buying Subsidiary: depreciation amount.

Value Realization: Confirmation of the expected benefits in the *value targeting* to verify project profitability.

Value Targeting: Expected benefits supporting the profitability of the investments considered in the projects.

4. Responsibilities

Directors, Executives and Managers: Comply with this policy and monitor compliance in all areas of their responsibility.

Global Project Evaluation Team ("GPET"): Ensure comprehensive analysis and local and global commitments of the projects.

Global Financial Planning Department ("GFPD"): Establish the local and global Government Model; define elements to be included in the investment projects justification to ensure comprehensive analysis; perform a validation of business cases corresponding to the authorization matrix and provide the appropriate validation certificate; follow up to verify that the expected benefits of these projects are real ("*Value Realization*"); provide training in the official methodology.

Global Functional Management: Validate elements within investment projects related to the purchase of machinery and equipment, define logistic centers, sales forecasts, capture of points of sale, IT, etc. that guarantee alignment with what has been defined in Grupo Bimbo.

Business Units: Prepare business cases containing elements defined by the Global Financial Planning Department, for its later authorization; ensure that they have the capacity to carry out these business cases and to comply with the authorization flow based on the authorization matrix.

5. General guidelines

To ensure the tangible or intangible benefits of investment projects, management must:

- Comply with the present guidelines and with the methodology described in this document.
- Review and report all projects as part of the planning of each Business Unit.
- Ensure all projects have a business case and a financial evaluation to determine its profitability and impact on the comprehensive results of the operation.
- The results from Idle Assets must not be considered for the rate of return analysis of investment projects.
- Make sure that during the financial evaluation that the Business Unit has the resources to carry out the projects, regardless of the origin of the resources.
- Use the official Project Evaluation Methodology of discounted cashflows (consult Financial Evaluation General Model built, updated and provided annually by the Global Financial Planning Department) established by the Global Financial Planning Department in all projects and obtain authorization from them locally, unless, by amount and according to the authorization matrix, using this global process is required.
- Consider that, based on the value targeting and value realization governance model, the DNA and/or the local financial area of each Business Unit are responsible for building all the business cases within it. Only the business cases that exceed the amounts established in the authorization matrix, will be validated by the Global Financial Planning Department to later sent them to the Functional VP, Organizational President and Grupo Bimbo Executives for its authorization.
- Take into account that the evaluations that must be sent to the Global Financial Planning Department will be answered based on the amount of the project investment once there is enough information for it:
 - Investments less than USD 1 MM - 5 business days.
 - Investments greater than USD 1 MM and lower than USD 5 MM - 10 business days.
 - Investments greater than USD 5 MM - 15 business days.
- Consider that all projects sent to the Global Financial Planning Department must be previously validated by the corresponding Global Functional Departments.

- Justify the investment project with all the elements determined and required by the Global Financial Planning Department (consult Financial Planning and Project Financial Evaluation Presentation built, updated and provided annually by the Global Financial Planning Department).
- Projects must be included in any of the fields of the following investment project classification:
- Classify the investment projects as follows, considering that, upon a cash flow restriction, the first to be delayed will be the "Others projects" (IV), in such a way that the "business continuity" projects ("I") will be the last to delay:
 - Business continuity
 - Maintenance and assets replacement
 - Fire prevention
 - Legal compliance
 - Personal security
 - Sustainability
 - Food safety and quality
 - Other investments necessary to maintain the day – to – day operation, but which cannot be classified in the above
 - High profitability
 - Productivity
 - Other investments with quantitative benefits that are financially recovered in a period less than or equal to 4 years
 - Expansion and growth
 - Improvement, modernization or increase of the asset capacity
 - Distribution fleet
 - New Sales Centers
 - New production lines.
 - New Production Centers.
 - Others.
 - Investments that seek to support the business, which are not related to the previous ones (e.g. consultancies, non-critical improvements, etc.).
- Involve Global Functional and Business Unit Departments and have a multidisciplinary team in charge of ensuring compliance with the guidelines of their functional areas (systems, commercial, logistics, finance, engineering, production, maintenance, etc.).
- Obtain express authorization, through the official FLOW tool, from the corresponding hierarchical level in accordance with the following authorization matrix:

Millions of USD	BM	BBU	BL	RM	EG	CORP	BC	BQ	EAA	LAC	LAS	BB											
Investment ≤ 0.5	Approved by Operations Regional Director / Functional Director	Approved by the Business Unit President																					
0.5 ≤ Investment ≤ 1	Functional Director and Financial and Administration Director																						
Investment ≤ 1																							
1 < Investments ≤ 4													Validated by the Global Financial Planning Department and approved by the Business Unit President, Executive VP and Chief Financial Officer										
4 < Investments ≤ 10													Validated by the Global Financial Planning Department and approved by the Business Unit President, Executive VP, Chief Financial Officer and Chief Executive Officer										
10 < Investments ≤ 45													Validated by the Global Financial Planning Department and approved by the Business Unit President, Executive VP, Chief Financial Officer, Chief Executive Officer and Finance and Planning Committee										
Investment > 45													Validated by the Global Financial Planning Department and approved by the Business Unit President, Executive VP, Chief Financial Officer, Chief Executive Officer and Finance and Planning Committee										

- Take into account that all projects that exceed the payback period parameters previously established must have the explicit authorization of the CFO to begin their implementation.
- Update the project and send it to the Global Financial Planning Department for validation, when, previous to the execution start, there are any of the following changes:

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- In the implementation plan: When there is a delay greater than or equal to 3 months, according to the authorized plan.
- In the expected investment: When there is a deviation greater than or equal to 5% of the authorized investment.
- In the scope, premises, location, etc.: Any other change in the project (e.g. location, scope, sales, costs, premises), according to the authorized plan.

By "update the project" it should be understood: update the business case and final deliverables (e.g. PDF, evaluation model, etc.), validate them with the corresponding Functional and Executive VPs and send them for approval through the Flow.

- Consider that any project with a deviation greater or equal to 5% of its investment and/or with a delayed implementation of 6 months or more, must be updated by the Business Unit and validated again by the Global Financial Planning Department.
- Refrain from sectioning projects in two or more parts, since it is strictly forbidden.
- Keep in mind that projects in budget process are considered pre-authorized and must meet all the requirements defined above for authorization.
- Do not consider any idea or project having emerged during the year due to business dynamics as authorized. Comply with all the requirements defined above for authorization.
- Assume that for urgent projects, only those at the express request of Executive VPs or of the CEO will be considered as such. In such cases, the Global Financial Planning Department will seek to reduce the analysis times and will give priority to other projects to provide the recommendation in half of the set time, as long as the requested information has been provided.
- Once the authorization has been obtained, proceed to the execution of the project following the guidelines of Project Management and Preparation of Purchase Orders and / or respective service contracts.
- Aligned to the value targeting and value realization governance model, the Business Unit is responsible for:
 - Registering and monitoring its investment projects in the official tools designated by the Global Financial Planning Department (Adaptive Insights and VT/VR Manager - Softtools).
 - Their local reporting and auditing processes.
 - Establish the teams responsible for these processes.
 - Ensure validation and compliance by their local Finance teams.
- The Global Financial Planning Department along with the corresponding Global Departments are responsible for reporting the value targeting and value realization results to Grupo Bimbo Executives, using the information that the Organizations register in the official tools mentioned in the previous point.
- Once the execution of the project has been initiated and/or completed, every project will be subject to the Value Realization process determined by the Global Financial Planning Department, under the rules and criteria it defines. This process will analyze deviations in investment, benefits, execution time, etc., as initially planned.
- Global Directors will determine the corrective measures or recognitions to be granted, according to the results of each Organization.

6. Responsibility / Ownership

The Global Financial Planning 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 implemented in between versions are described below:

Revisions / History of the revision		
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Version	Revision date	Updated by	Approved by	Main Changes
1	Apr 28, 2018	Francisco Avelar Casillas	Steering Committee	Modify the authorization matrix amounts and establishes service levels for project evaluation.
2	Sep 22, 2020	Ramón Pérez Sicard	Luis Sampson	Include the definition and guideline of Idle Assets.
3	Jan-2021	Ramón Pérez Sicard	Luis Sampson	<ul style="list-style-type: none"> Updated definition of Project. Guidelines on those responsible for the preparation, validation and classification of projects. Guidelines on projects deviation and the prohibition of sectioning them. Guidelines on official tools for project management and reporting. Updated authorization matrix, from USD 30 MM to USD 45 MM, in the last two lines and merger of the EAA Business Unit.
4	Sep-2021	Ramón Pérez Sicard	Luis Sampson	<ul style="list-style-type: none"> The classification for investment projects was updated.
5	January 2022	Rogelio Gálvez Peniche	Ramón Pérez Sicard	<ul style="list-style-type: none"> Updated the guidelines for changes in the implementation plan, expected investment, scope, premises, location, etc. Guidelines for local reporting and auditing processes. Rules and criteria defined for Value Realization.
6	Dic 2022	Ramón Pérez Sicard	Steering Committee	<ul style="list-style-type: none"> Two more authorization levels are included in Bimbo Mexico for investments of less than 1 million USD