

## 1. Purpose

Establish general guidelines for the management of the manufacturing process, including the activities of operations planning; the raw materials and packaging processes: receiving and inspection, registration, storage and supply to production lines; inventory management (including obsolete stock); production processes: planning, startup and execution (in accordance with the technical packages and operation manuals), supervision and delivery to the shipping department; waste management and operation reporting, aligned with Grupo Bimbo's Transformational Objectives ("TO's").

## 2. Scope

This policy is applicable to all associates in the raw and packaging materials, manufacturing, maintenance, food safety and quality assurance of all of Grupo Bimbo's Business Units where manufacturing processes are executed, either in owned or leased facilities and with the direct management of Grupo Bimbo associates or third parties.

## 3. Definitions

**Waste:** There are two types of waste:

- By design: Waste inherent to the manufacturing process and defined by the Organization's New Product Development Department at the time of the theoretical formula and the operating conditions of the design (e.g. peanut husk, potato peel, crustless bread cut, etc.).
- By process: Waste generated in each stage of the manufacturing process due to operational inefficiencies (e.g. mechanical failures, changes, cleanings, etc.).

**Packaging:** Any object that protects the product, during handling, loading, transporting, unloading, storage, stowing and display, unitarily or collectively.

**Wrapping:** The film that protects, sustains, preserves and is in direct contact with the product; it can be rigid (e.g., boxes, bottles, flasks, blister packs) or flexible (e.g. bags, sachets, pouches and envelopes).

**ERP ("Enterprise Resource Planning"):** Computer system for the Resource Management of a Business Unit.

**Product specifications:** Description of the physical, chemical and microbiological characteristics of a product, defined by the New Product Development Department of the Organization.

**Layout:** Sketch, outline of the raw and packaging materials warehouse, as well as production lines.

**Lead Time:** The time from the beginning to the end of a process.

**Optimal lot size:** Stock level of a product ordered for delivery on a specific date to replenishment.

**Operation Manual:** Set of documents with detailed information regarding the plant's standard operating procedures. It's a tool to help follow-up on the manufacturing process and it's a basis for decision-making. It contains the following:

- |  |                              |
|--|------------------------------|
| • Operational formula of the product     | • Line speed balance         |
| • Process flow chart                     | • Authorized crew size       |
| • Description of the operations' process | • Local operating conditions |

**Manufacture:** For the purposes of this policy, it refers to the effective elaboration of food products with the specified quality in the required quantity, with the appropriate opportunity, at the lowest possible cost and within a healthy work environment. All the above are supported by the authorized work systems that

guarantee maximum efficiency and effectiveness, as well as the highest standards of quality assurance and food safety.

**Raw material:** Crude or processed material that can be converted by a manufacturing process to get a finished product.

**Line speed balance:** Document in which the critical rate of every equipment in a production line are identified; they are used to adjust the working rate of the line according to the limiting equipment. The line speed balance defines the used capacity of each piece of equipment in the production line.

**Obsolete Stock:** Material that is out of use for reasons such as substitution by a newer one (design, legal texts, declared weight), for being out of season, because its shelf life expire or for damage or loss of its physical or chemical properties.

**Transformational Objectives (TO's)** These that will allow us to achieve Grupo Bimbo's goals rooted in the 2020 Vision. Specifically, the Global Operations Department follows the following:

- TO1. We are the preferred place to work in our industry, with leading safety and organizational health.
- TO5. Superior quality always: every product, every plant.
- TO10. Lead in world-class efficiency, by improving labor 30% of labor productivity and reducing product waste by 50%.
- TO11. Our innovative Exponential Digital platform radically changes the way we work.

**Technical Package:** Set of information related to the design of the product and the process, defined by the New Product Development Department of the Organization, which contains:

- Raw Materials, Packaging and wrapping specifications;
- Specification or pre-specification, as it applies, of the finished product;
- Visual aid of the finished product before packaging;
- Design formula;
- Operating conditions (design);
- Packaging feasibility;
- Schedule of keys
- Accommodation and space per container

**Stock:** The total amount of goods or the amount of a particular type of goods available in a warehouse.

**Security stock:** Minimum inventory level that must be in stock when receiving a new order.

#### **4. Responsibilities**

**Global Operations Department:** Approve and update the policies, handbooks, guidelines and the global procedures of the manufacturing process and the management of the raw material, packaging and wrapping warehouses for standardization in every Organization. Use the information from manufacturing processes for decision-making and replication of good practices. Be the corporate governance for the definition of policies and procedures that support the 2020 Vision and the TOs.

**Global Manufacturing Department:** Establish global guidelines to ensure alignment to the TOs and so that the manufacturing process and management of raw material warehouses, packaging and wrapping are executed in a standard manner in every Business Unit.

**Business Unit Vice-President:** Design, plan and execute specific guidelines for the Organization, based on the TOs, as well as the global guidelines, to ensure that the manufacturing process and managing raw material warehouses, packaging and wrapping are executed in every of their Business Unit.

**Business Unit Manufacturing Responsible:** Generate and execute the detailed procedures at the operational level aligned with the plans of the Business Unit Vice-President, while referring to the TOs, to the manufacturing process and the management of the raw material warehouses, packaging and wrapping. The areas involved in these processes are the raw materials, packaging and wrapping, manufacturing, shipping, maintenance, food safety and quality assurance.

## 5. General guidelines

To ensure compliance with the demand in quality, quantity and timeliness; ensuring the maximum productivity of associates and the manufacturing equipment; complying at every stage with the food safety of products and safeguarding the health and safety of all associates; as well as the alignment and management of the TOs. Those responsible for the manufacturing areas must comply with the following activities:

- a) Receive the technical package from the New Products Development department of the Organization, who must deliver it for each new product in which the design and characteristics of the finished product are detailed.
- b) Create and safeguard the necessary information to prepare the operation manual for every finished product (current and new).
- c) Plan, receive and store raw materials, packaging and wrapping according to the following:
  - *Plan, receive, verify, evaluate and record materials in the ERP*
    - Determine the requirement of the raw materials, packaging and wrapping.
    - Request the required quantities from the suppliers with a purchase order.
    - Identify the security stock, optimal lot size and maximum stock.
    - Receive the materials in the requested quantity and verify the state in which they are received.
    - Ensure that every material meets specifications and storage conditions.
    - Business units that do not have a weighing system must have a scale calibration program to ensure the reliability from the suppliers.
  - *Store materials*
    - Establish a layout that paves the way to accommodate the materials, their location and layout, promoting the first-in, first-out method, as well as avoiding cross-contamination.
    - Ensure ingredient traceability through a batch number or code.
    - Perform physical inventories at 100% of all locations and sub-inventories of the warehouse at least once a month and establish action plans to minimize the differences.
  - *Deliver materials*
    - Establish control mechanisms and release authorizations in each business unit.
    - Every obsolete materials issuance must be authorized by the manager in charge of the plant and must be record in the ERP at the time that occurs.
- d) Production planning
  - Generate a production plan; identify the need for associate positions, raw material, packaging and wrapping to comply with the demanding plan in quantity and timeliness.
  - Generate work orders as scheduled to meet the demand.
- e) Perform production startup in the required time, with the necessary resources and properly trained associates in accordance with the operations manual. In cases where it is necessary, stop production in order to comply with the cleaning program for the equipment and to change out the product.
- f) Product Production
  - Respect the operating conditions, formulas, sub processes, changeover and cleaning times (operational and specialized).
  - Manage the products that are available for reprocessing, ensuring food safety and quality assurance.
- g) Supervise the operating conditions; ensure that all associates are properly trained in their function and establish corrective actions for any deviations that may occur.
- h) Deliver the finished product to the shipping area and to other production lines and/or to third parties; at the end of each shift, reconcile quantities delivered between the interested parties.

- i) Deliver the waste generated during the manufacturing process to the shipping area for final disposal and record the amounts in the ERP system when they occur.
- j) In a reliable and timely manner, generate the necessary reports with the main manufacturing indicators, which serve as a basis for decision-making and creates a culture of continuous improvement and excellence.

## **6. Responsibilities / 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                                  |               |            |             |              |