

1. Purpose

To establish the general guidelines for the hiring of logistics and transportation services in Grupo Bimbo.

2. Scope

This policy applies to every associate responsible for hiring services of logistics, handling product and transportation in any Business Units and Affiliate of Grupo Bimbo.

3. Definitions

3PL (Third Party Logistics): It refers to the outsourcing of transportation services.

4PL (Fourth Party Logistics): Operator responsible for the logistics operations (transportation and warehouses management), including the execution.

Dedicated vehicles: Fleet owned by a third party that is used exclusively for the transportation of Grupo Bimbo products.

Good driving practices program: Mandatory practices for all Grupo Bimbo drivers, aligned to the company's road safety guidelines.

Goods: It refers to raw materials, packaging and wrappers, finished goods, sub-assemblies, returns, scrap, equipment, and indirect materials.

Intermodal transport: Transport in which the cargo unit maintains its dimensions and is moved by different transportation services (ground, air or sea) in containers or trailers.

Labor accreditation institution: Private or public institution that certifies driving personnel and keeps a record of road accidents and infractions.

Logistics node: Point in the supply chain where the goods are received or shipped, as well as its internal distribution.

Multimodal transport: Transport in which the cargo unit is in packages with different sizes and it is moved by different transportation services (ground, air or sea).

Supply chain: Processes designed to satisfy the consumer needs; including raw materials, packaging, wrappers and finished goods warehouses, production lines, distribution centers, sales centers, etc.

Telemetry: System that allows monitoring or remote tracking through data that is transferred to a control center.

4. Responsibilities

Global Fleet Department: Authorize and keep up to date this policy with the Global Logistics, Procurement, and **Property Security** Departments.

Local Logistics, **Property Security, **Fleet and Transportation Leaders**:** Evaluate that the transportation third parties, their service, and their operators **comply with** this policy.

Local Procurement Leaders: Ensure all hiring processes are supported by a bidding and an agreement (physical or electronic) endorsed by the Legal area, including the guidelines of this policy.

Local Transportation Leaders: Ensure compliance with road, work, health, transportation equipment and operation safety guidelines.

Local Logistics Leaders: Ensure compliance with storage and goods management guidelines.

5. General guidelines

To ensure the operation continuity, drivers' integrity, compliance with rules and regulations of local authorities, and standardization of the use of outsourced resources in the supply chain, every associate that hires transportation and logistics services, 3PL and 4PL, should comply with the following guidelines, as applicable:

Hiring

Procurement Leaders should:

- Ensure the contract specifies:
 - Service level agreements (SLA)
 - Penalties for non-compliance
 - Labor and legal co-responsibility
 - Non-disclosure agreement (NDA)
 - Grupo Bimbo's right to perform audits, measure indicators and follow up on improvement plans
 - Outline of Grupo Bimbo's responsibilities in case of labor and legal issues, in the case of external carriers, 100% dedicated or not, that use Grupo Bimbo's or any of our brands images.
- Review quotes, service fill rate and improvement plans annually.
- Supervise at least 30% of the Supplier facilities every year to verify their location and legal documentation.
- Validate quotes are approved by the local Logistics, Fleet, Finance and Legal areas, according to the frequency established in the contract, to ensure the best economic proposal.
- During the contract generation, validate that suppliers have programs to prevent drug-usage and antidoping tests, if the local regulations allow it.
- Comply with the **FGB-PR-01 Global Procurement Policy** and **FGB-EPR-03 Grupo Bimbo Supplier Code of Conduct**.
- In case the supplier subcontracts to another supplier, ensure that the contract with the supplier includes that the subcontractor must comply with local labor laws and Grupo Bimbo policies.

Evaluation service

For evaluation, the Logistics, Property Security, Fleet and Transports Leaders should perform the following activities to identify the best suppliers and correct deviations in service and quality of each one:

- Evaluate, at least once a year and in cooperation with those responsible for Purchasing, that the suppliers' infrastructure and finances comply with Grupo Bimbo's requirements, as well as having in place strategic planning processes, labor planning, development plans, maintenance, road safety, compliance with environmental, labor, food safety standards, and a philosophy and ethics culture. The evaluation should be done according to the rules established by the procurement department.
- Each route should be evaluated with the official documentation and licensing permissions of operators to avoid risks due to lack of experience or training.
- For third party routes, validate the following:
 - Compliance with the documentation, uniform and personal security equipment.
 - Arrivals for their shift's start and end times, their entrances and exits of Grupo Bimbo's facilities.
 - Safety conditions and image of the transportation.
 - Conditions in the loading areas and retention equipment.

Programs

The Logistics, **Property** Security, Vehicle **and Transports** Leaders should **review all** suppliers' **programs** and documentation of the following categories, **annually**:

Road safety

- Good driving practices program.
- Drivers training program.
- Program for the prevention, recording **and follow-up** of road accidents.

Safety and wellness

- Program to monitor the drivers' health conditions and tracking medical tests. If the law allows it.
- Prevention program of chronic diseases (**e.g.** weight control, blood pressure, glucose, etc.). If the law allows it.
- Manual of safety guidelines and use of personal security equipment.

Warehousing

- A warehouse management system (WMS) to control the operation and all the finished products movement in the logistics node.
- All storage conditions needed to keep the products in good conditions.

Transportation equipment

- A telemetry system that monitors the fleet.
- The necessary **equipment** to comply with the local road regulations and Grupo Bimbo internal requirements (e.g. fleet configuration, weight and dimensions limits, etc.).
- Preventive maintenance programs and **logs** of physical-mechanical **reviews to ensure vehicle performance, safety and presentation**.
- The driving licenses and documentation to transport goods.
- Liability insurance to cover the possible damages generated in the shipping of goods .
- **In the case of outsourced vehicles dedicated to serve Grupo Bimbo, a quarterly review compliance with FGB-FL-01 Global Policy for the Image of Grupo Bimbo's Vehicle Fleet will be needed, and an acceptance agreement for the placement of the Company's image with an image report established by the Global Fleet Department.**

Goods / merchandise

- Load insurance, when requested by Grupo Bimbo.
- **Contractual clause that specifies that the carrier will assume the risks of total loss or damage to the goods, when there is negligence on their part.**
- A monitoring system that ensures **traceability** of the temperature of the frozen goods, in case of requiring a temperature control.
- In case of not having dedicated vehicles, ensure that third party goods do not put at risk the food safety of Grupo Bimbo products.
- **Compliance and adherence to the FGB-RD-04 Global Food Safety Policy in Distribution Centers and Sales Centers.**
- The inventory data is kept in the systems authorized by Grupo Bimbo

Operation

The Transportation Leaders **should comply with** the following:

- Validate every six months that the route design improves distribution costs with respect to the market and guarantees the quality of the goods, considering multimodal and intermodal transportation options (maritime and rail) and the conventional means of land transport.
- Before the assignment of new routes, review that third parties are certified and contracts are negotiated by the Procurement area, defining the optimal number of routes required to operate to avoid putting at risk the business continuity.
- Check that the route scheduling is aligned to the Grupo Bimbo requirements and the authorized suppliers list from Procurement area.
- Validate in each trip that the suppliers comply with the rules defined in the contract (e.g. the schedules required by the planning, etc.).
- Check in each trip that suppliers comply with:
 - Emergency and contingency plans.
 - Security protocol defined by the Global Property Security Department for handling cases of transportation theft.
 - Safety guidelines to restrict non-authorized personnel on board, parking in insecure and prohibited places and compliance to the access and exit safety measures in the Grupo Bimbo facilities.
 - The goods are not modified during the distribution, unless for official inspections from the local authorities.
 - The billing systems necessary to ensure the transactions agreed with Grupo Bimbo within the established times.

Non-compliance

In case of non-compliance of any of the previous points, the local responsible of Transportation should coordinate with the Procurement area to establish the necessary actions to their compliance or look for other suppliers, depending on the severity of non-compliance or recurrence, if applicable.

In the event that the supplier's non-compliance results in economic losses for Grupo Bimbo, the Procurement Leader has to manage the penalties agreed upon in the contract.

6. Responsibility / Ownership

The Global Fleet 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, Global Procurement Department, the Steering Committee, and CEO.

7. Updates

The changes implemented in between versions are described below.

Revision / History Revision				
Version	Revision Date	Updated by	Approved by	Main Changes
1	September 2021	Efrain Alvarez – Global Fleet Department / Luis Alberto Campos – Global Logistics Department /	Leonel Carrasco – Global Fleet Department.	

		Arianna Gonzalez – Procurement Department / Manuel Villanueva – Security Department		
2	November 2022	Efraín Álvarez	Luis Alberto Campos	Times or moments were specified for each responsibility and corrections in the wording, necessary for the global understanding of the policy.