

### 1. Purpose

Establish the general guidelines for the performance evaluation process of Grupo Bimbo's associates.

### 2. Scope

Applies to all associates in each of Grupo Bimbo's Organizations, from administrative to VP levels in all geographies and global functional departments.

### 3. Definitions

**Beliefs:** Guidelines that are part of the Grupo Bimbo Philosophy. These guidelines express who we are, how we operate, what we strive to be.

**Competencies:** Actions shown towards attaining the results for which each associate is responsible. The Behaviors to be assessed are aligned with the Grupo Bimbo Beliefs.

**Exit plan:** A plan established in order for an associate to leave the Company due to an unfavorable result in his/her individual contribution to the Business Plan.

**GB Talent:** Technological platform used by Grupo Bimbo to manage talent and the development of all associates at a global level.

**Grupo Bimbo Business Plan:** The document that contains the business goals to be achieved over one year, which is divided into four dimensions: 1. Profitability; 2. Transformation; 3. Growth; 4. Our People and Reputation. It is the baseline to create every Business Plan in all Organizations and Global Departments. The plans must be carried out in each of the Company's departments and levels, and must include measurable objectives with business milestones and concrete KPIs.

**Improvement plan:** The opportunity granted to an associate to improve his/her individual contribution to the Business Plan, within a period of 3 to 6 months.

**Performance:** The result of the individual contribution to the Business Plan which is part of the yearly planning and of shown Behaviors aligned to the Grupo Bimbo Beliefs, as well as the functional domain the associate has in own job position.

**Performance calibration:** Activity in which each direct manager submits the evaluations of his/her associates to his/her peers and/or his/her own direct manager in order to validate the given results or make necessary adjustments.

**Skills:** Options to manage different kinds of knowledge, abilities and values in a comprehensive way during varied interactions with associates in the work environment.

### 4. Responsibilities

**Direct Manager:** To fulfill this policy's guidelines and carry out the evaluations in the established periods, using the authorized templates and systems.

**Functional VP:** To approve the Exit and/or Improvement Plans of associates that have been rated as 1 or 2 in the individual contribution evaluation.

**Associate:** To fulfill this policy's guidelines and evaluate his/her direct manager's Behaviors.

**Global Corporate Management Department:** To share the guidelines and templates to prepare the Business Plans.

## 5. General guidelines

The performance evaluation process will be carried out according to the following guidelines:

- All Business Plans must be aligned to the guidelines of Grupo Bimbo's strategic planning meetings as well as to those related to the Organizations' and Global Functional Departments' planning meetings.
- The definition of the Business Plan and the evaluation of the associate's individual contribution to it, will be carried out using the authorized templates and systems.
- The Business Plan must be established between January and February every year, and the assessment of its progress during July (only in those Organizations that require a mid-term calculation for the mid-year bonus). The final assessment must be done at the end of the fiscal year.
- The performance evaluation must be the baseline from which we can: redirect the planning process; define the individual development plans; provide feedback; manage compensation; determine the annual performance bonus, support the promotion-related decisions as well as give acknowledgment and guidance.

## Performance Evaluation

The performance evaluation has three components:

- Individual Contribution: Individual results, measured according to the associate's contribution to the Business Plan.
- Behaviors: Measured according to an associate's observable actions aligned to Grupo Bimbo Beliefs.
- Functional Domain: Composed by technical competencies (knowledge and skills required for the associate to perform his/her job position), the level of experience and maturity in his/her role within the Company, and their technical authority. It is not measured by a numerical assessment, but it must be considered during the individual contribution evaluation process.

## Individual Contribution

- To measure the results, each associate will have his/her team's Business Plan, which must:
  - Contain challenging and value generating actions, which are aligned to each Organization's strategic planning.
  - Be determined with his/her team and direct manager.
  - Be specific, measurable, achievable, realistic and appropriate.
- In March, July and October, the direct manager must give feedback to his/her associates based on the questions: "What is the associate doing well?" And "What does the associate need to do better?" The direct manager must define improvement actions and register these observations in GB Talent. These tasks do not require a rating.
- For the Organizations that require a mid-term evaluation for the mid-year bonus, in July of each year the direct manager must evaluate the achieved Business Plan progress. At the end of the first semester, this evaluation will define the progress status and the necessary action plans in order to fulfill the plan. The rating for this evaluation must be reported in GB Talent, using the following scale:
  - Unsatisfactory = 1
  - Needs improvement = 2
  - Meets expectations = 3
  - Above expectations = 4
  - Highly exceeds expectations = 5
- Between January and February every year, the manager must evaluate the contribution the associate made to the Business Plan during the previous year, by rating him/her using the following scale:
  - Unsatisfactory = 1

- Needs improvement = 2
- Meets expectations = 3, 3.5
- Above expectations = 4, 4.5
- Highly exceeds expectations = 5
- Managers in each organization or global function must ensure that the distribution curve be met, considering the two different groups:
  - 1. Administrative and Supervisor level
  - 2. Manager, Director & VP level
- As well as according to the following percentages:
  - 1. Unsatisfactory and 2. Needs improvement = 5%
  - 3, 3.5 Meets expectations = 60%
  - 4, 4.5 Above expectations = 25%
  - 5. Highly exceeds expectations = 10% (maximum)

Associates who were NOT rated as 1 or 2 in the previous evaluation period, but who were let go, between March and December of the year being evaluated, due to unsatisfactory performance, will also be considered within the 5% of the distribution for the current evaluation period.

### Behaviors

Associates will be evaluated on their Behaviors shown while attaining the results for which they are responsible, therefore:

- Behaviors will be evaluated by the direct manager as well as own direct reports. The rating given by the manager is worth 55% of the total grade, and the remaining 45% will be an average calculated from own direct reports' given ratings. If the associate being evaluated does not have direct reports, the direct manager's rating will be valued at 100%. The final rating will be a number between 1 and 5, considering the following scale:
  - Unsatisfactory = 1
  - Needs improvement = 2
  - Meets expectations = 3
  - Above expectations = 4
  - Role model = 5

The expected grading will correspond to a scale rating of (3) *Meets Expectations*. The associates' ratings of their direct manager will be strictly confidential and only the evaluated manager's direct manager will know the details of the grading given by his/her associates.
- The grading elements for the Behaviors evaluation may be changed every year however they will always refer to Grupo Bimbo's Beliefs. Changes in the grading elements will not modify the impact of this evaluation on the annual bonus nor yearly salary increase.

### General Criteria

- The annual bonus will have a 25% reduction when the Behaviors rating is 2 *Needs Development* and a 50% reduction when the Behaviors rating is 1 *Unsatisfactory*.
- The impact that the individual contribution evaluation has on the annual bonus, yearly salary increase and the mid-year bonus, will be defined for each Organization by the Global Compensation Department.
- An exit plan may be assigned to an associate, to be carried out in the following 3 months, only if one of the three following conditions take place:
  - A score of 1 is obtained in Individual Contribution.
  - In a 10-year period, an associate is evaluated with a score of 2 for a second time in Individual Contribution (according to the rating records since 2018).
  - In a 10-year period, an associate is evaluated with a score of 1 or 2 for a second time in Behaviors (according to the rating records since 2019).

- Once the annual performance evaluations are completed: individual contribution and Behaviors, a performance calibration must proceed. The Exit plan and Improvement plan cases must be reviewed and approved by the corresponding department VP.
- Associates evaluated in 1 or 2 in Behaviors and/or individual contribution, will not be evaluated in leadership potential.
- Associates in Improvement plan due to individual contribution and/or associates with 1 or 2 in Behaviors, will not have salary increase nor opportunity for promotion until the next cycle.
- In case a movement is required for an associate who is in Improvement plan due to individual contribution, it must be justified accordingly by the direct manager and authorized by the Functional VP, as well as comply with the following terms:
  - The movement must be part of the associate's Improvement plan and be recorded in GBTalent.
  - It will proceed without a salary increase.
  - The department and direct manager who will be taking in the associate will have knowledge of the Improvement plan and will follow-up on it in the associate's new job position.
  - The People Department and Talent development team must be involved in follow-up provided regarding the associate's performance.

### 6. Responsibility / Ownership

The Global People 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 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	September 2018	Elena Aguilera Marquina	Juan Muldoon	<ul style="list-style-type: none"> <li>• Adaptation to template.</li> <li>• Performance assessment criteria update.</li> </ul>
2	January 2020	Elena Aguilera Marquina	Tania Perez Sastre	<ul style="list-style-type: none"> <li>• Performance assessment criteria update.</li> <li>• Distribution curve and its compliance criteria update.</li> <li>• Individual Contribution and Behaviors ratings' 1 and 2 impact.</li> <li>• Implications of Exit and Improvement plans.</li> </ul>
3	January 2021	Elena Aguilera Marquina	Jorge Huereca Salas	<ul style="list-style-type: none"> <li>• Adjustment to wording from 'Rescue plan' to 'Improvement plan'.</li> <li>• Update of expected percentages for the distribution curve.</li> <li>• Specification of cases that add to the 5% of the distribution curve.</li> </ul>