

1. Purpose

Establish the general guidelines for managing modern channel store chains and customers.

2. Scope

This policy is applicable to all associates of Grupo Bimbo who are involved in managing and providing services to store chains of the modern channel.

3. Definitions

Modern channel: This refers to all businesses, institutions, and companies that are engaged in mass sales of Bimbo products to retail buyers in hypermarkets, supermarkets, warehouses, price clubs, convenience stores, discounters, mom and pop stores (Independent Stores), cash & carry stores, etc.

Management team: Refers to key account executives, the commercial executive, services executive, and in general, to the executives assigned to manage and negotiate with the modern channel customers.

Operations team: The sales operations team, manager, divisional supervisor, vendors, stock clerks, and, in general, personnel assigned to provide attention and service to modern channel retailers.

Fill rate: It is the fulfillment of the order against the product that is actually delivered. This rate is usually expressed as a percentage.

Score card: This refers to the business indicators table or KPI's.

Out of Stocks: This refers to products that have zero inventory in the store

Sell-in sales: Purchases made by customers that generate revenue for Grupo Bimbo.

Sell-out sales: Sales made by the customer of product inventories through their checkouts.

4. Responsibilities

Sales Director and Sales Manager of each Business Unit: On an annual basis, review and authorize the commercial terms of each customer (discounts, terms of payment, and investment budget).

Key account executives: Manage the relationship with customers and negotiate business agreements to meet the sales, profitability, collaboration, and compliance objectives of the authorized investment budget.

5. General Guidelines

In order to become strategic partners, improve the level of service, and take advantage of client-oriented business opportunities, for the benefit of Grupo Bimbo and its customers, the management and operations teams of each Business Unit must:

- Design and implement the necessary structure to manage, operate and provide services to the modern channel customers. Become familiar with the customer's organizational structure and its internal procedures to be able to provide services and do business with the customer.
- Strengthen the relationship with its counterparts based on the corresponding mirror structure.
- Analyze the information of the following points in order to enhance the decision making process with the customer:
 - Grupo Bimbo's sales budget.
 - Grupo Bimbo's refunds.

- Monthly score card per customer including the most relevant KPIs (key performance indicators) for Grupo Bimbo and the customer (e.g. sell-in sales, sell-out sales, inventories, orders, fill rate, stock outs, etc.)
- Awareness and control of any situation that may arise regarding Grupo Bimbo's branded products at the point of sale: linear space, at shelf, additional displays, space rental, and product and display activation (use of demo personnel, sampling, contests, etc.).
- Grupo Bimbo's income statement. Analysis by channel, by customer, by categories, and by product.
- Commercial activity. Analyze the ROI or return on investment of each activity and the entire plan of commercial activities (e.g., discounts, space rental, promotions, advertising).
- Commercial terms for discounts and terms of payment granted to the customers.
- SWOT analysis (strengths-weaknesses-opportunities-threats) and general environment of Grupo Bimbo and its customers.
- Market Environment in regards to the consumer, market trends, and competition.
- In coordination with the Operations, Marketing, Trade Marketing, Supply Chain, and Finance teams, perform the annual planning by customer and by chain. Including the aforementioned information items and each customer's needs, in order to define the strategic and tactical measures that will allow for the achievement of the objectives set, based on the following:
 - Based on the strategies defined for each channel and for each customer format, it must include the following: business activities plan (promotions, discounts, and investment in space rentals, advertising and display/product activation), product mix and new items, in and outs, seasonality, customer expansion, service improvement (improvement of the fill rate and shortage reduction), improvements enabling higher efficiency (e.g., optimizing the commercial terms). It may include additional items to achieve the goals.
- Support and ensure the implementation of the annual plan defined for each customer. This will be performed in collaboration with the Sales Operations, Trade Marketing, and Customer teams, as well as any other areas that are identified as being key players for its implementation.
- Document and sign, in mutual agreement with the customer, any operating and/or commercial agreement that may arise, and keep the original documentation under Grupo Bimbo's guardianship, and provide a copy to the customer. Carry out local negotiations (in each country) in accordance with the interests of each Business Unit; global, international, or multinational negotiations with modern channel customers are not authorized.
- Perform joint market supervisions (the management and operations teams of each Business Unit), will assess the execution of the different commercial plans, in compliance with commercial agreements and promotions, the execution of seasonal programs and an analysis of the competition. This supervision must result in a corrective action plan on the opportunities detected for the management team.
- For each customer and each store chain, execute and follow up on all the commercial plans which include new product launches, in and outs (products that are available for a limited time), seasonality (seasonal products that are available during a certain time of the year), promotions, execution, advertising, display execution and point of sale material, and any tactics intended to be executed at the point of sale.
- Meet the sales budget established for the customer.
- Collaborate with the customer and link the internal mirror structures required to achieve operational efficiencies, promote sustainable processes and activities, and improve working conditions that may be identified. Maintain a healthy relationship with customers focused on long-term sustainable relationships that are value added to the customer. Provide support to the accounts receivable team on loans that are past due and support any commercial audits that are implemented by the customer. This kind of management support is provided in collaboration with the accounts Receivable team after it has exhausted all of its resources with its accounts payable counterpart.

The management team of each Business Unit must:

- At least once a year, establish and review the commercial terms of each customer with the Business Unit's VP of Sales.
 - Number of credit days.
 - Commercial and confidential discounts.
 - Documentation of any commercial terms negotiated by customer and their terms.
- Prepare a budget of investment and commercial activities, record it properly, control it, document its use, and validate its execution. In addition, consider the corporate definitions of accounts and captions, temporary or permanent, for rebates (discounts) and payment of services (advertising, spaces, tastings, etc.).

6. Responsibility / Ownership

The Global Sales 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	Dec-18	Roberto Rocha	Internal Control	Update the format and content to make it global