



1. **Purpose**

To establish the general guidelines on the management of the projects for the integration of companies and/or assets acquired by Grupo Bimbo.

2. **Scope**

VP's, associates of Grupo Bimbo and of the acquired companies that participate in the Integration projects.

3. **Definitions**

Phases of the integration project: From Grupo Bimbo's assessment of the strategic value of the acquisition including an analysis and projection of the potential opportunity to the follow up on the value capture, they include the following:

- **Due diligence:** Process conducted to analyze the company with purchasing potential and its strategic fit with Grupo Bimbo, as well as the identification of risks, opportunities and synergies, to understand its business model in a general way. Additionally, there may be specialized audits (i.e., environmental, labor, tax matters or competition).
- **Closing on the transaction:** It occurs when Grupo Bimbo takes possession of the acquired company, including all commitments and challenges. During this phase, all the associates are welcomed and the acquired company begins to operate as a subsidiary of Grupo Bimbo and must continue to operate in the manner that made it successful and a target of Grupo Bimbo.
- **Gap analysis:** Process through which an understanding is achieved and the business situation of the acquired company is documented to enable the integration team to compare it with the Grupo Bimbo Model with the intent to first, understand the differences and then assess best practices and/or opportunities as compared to the Grupo Bimbo Model. This will allow the integration team to make a recommendation on the required changes and the priority into short vs. long-term changes. This would also provide insight into potential synergies and the difficulty of implementation and the potential one-time-costs of capturing the synergies
- **Target Operating Model (TOM):** An integrated business model that should be executed in the acquired company and/or integrated companies. It should seek the sustainability of the acquired business, and the attention of its customers, to the regulatory framework in which it operates and to its profitable growth, as well as to enable the achievement of synergies and the installation of Grupo Bimbo's model and culture.
- **Value capture:** Phase in which the quantitative and qualitative opportunities and synergies of the business are identified, enabled, executed and tracked to ensure realization on a timely basis. Estimating and tracking the synergies and integration expenses must include capital (CAPEX), one-time-costs and ongoing operation (OPEX) expenditures.
- **Plan follow-up:** Timely verification to the performance of the company or assets acquired compared to the base business plan under which the purchase was authorized, and which must be submitted to the Finance and Planning Committee, through the guidelines established by the Global Financial Planning Department, according to the scheduled times.

Grupo Bimbo model: Set of processes that, in general, describe the business model of Grupo Bimbo. In the integration projects it works as a reference to identify gaps and the target model to integrate. In some projects, the integration will be the opportunity to enrich the model by integrating the processes and capabilities of the acquired company.

Integration management model: It will be the way to manage each integration according to the acquisition rationales and the integration objectives.



Governance model: Organizational structure applied to the integration projects to coordinate the project's efforts and decision-making. It consists of multifunctional teams led by the integration management office and the supervision and decision-making Committees.

Accountability model: That under which the steering committee of the company, the integration leader and the integration team must be held accountable for the project development at least within the 30 (thirty), 60 (sixty) and 100 (one hundred) days, and the business unit department team within the 200 (two hundred) and 365 (three hundred and sixty-five) days.

Integration management office: Team of associates (or consultants, if applicable) that reports to the integration project leader and coordinates the general efforts of the same.

Integration team: Multifunctional team defined by the steering committee of the business unit, the integration management office and the integration leader, and whose members have a fresh business sight, a specific profile and set of skills, as well as a high level of experience in all the integration matters.

Integration experts' community: Group of associates that, given their professional career inside and outside Grupo Bimbo, have the required experience to participate, lead and advise an integration project and to build the ability to incorporate companies within Grupo Bimbo.

4. Responsibilities

Finances Committee: To authorize the mergers and acquisitions and the assurance that the strategic value is captured from a financial standpoint.

Business Units, Corporate Departments and Functional Areas VP's: Primary responsible parties to acknowledge and comply with this policy and execute it.

Transformation Global Department, through the Global Integration Management Office: To supervise that the integration projects enforce the integration management model.

Global Integration Management Office: To outline and update the integration methodologies to ensure that all the projects are performed under the same integration model. To define the management and government models for each integration project, along with the integration steering committee and the integration leader. To train teams in the integration methodology in the different business units. To outline mechanisms of diagnosis and monitor every integration project (i.e. indicators that grade the performance of the integrations). To suggest the integration leader and submit the proposal to the steering committee for its approval.

Global Mergers and Acquisitions Department: To coordinate due diligence, to lead transactions and to communicate the development of the projects to the integration management area in a timely manner.

Global Finance Planning Department: To validate the quantification of synergies and expenditure budget of the integration, as well as to report to the finances committee the creation of value from a financial point of view.

Integration leader: To lead the integration project efforts, at least during the first 100 (one hundred) days, to enable the follow up of the integration phases and the value capture within the first 360 (three hundred and sixty) days.

Integration management office of the integration project: To take the role of spokesperson between the integration team, the acquired company and the integration committee. To coordinate activities, decision



making and risks mitigation. To provide the required methodology to integrate companies and coordinate the construction phase of the value capture (synergies and integration expenditure) in coordination with the global integration management office.

Integration team: To lead the integration through the different phases of the methodology in a total or partial manner.

Integration Executive Committee: As the higher governance body charged with the responsibility to oversee all activities required in the integration of the new company into the Grupo Bimbo family. This would include validating the modifications of the business model, authorizing investments, vital decision making and authorizing integration expenses higher than USD\$100,000(one hundred thousand dollars).

Integration experts' community: To participate in forums for learning and best practices exchange.

Corporate Departments: To keep the processes compendiums, indicators and abilities of their areas updated. Their participation in the integration projects will depend on the management and governance model defined for the project.

5. General guidelines

To enhance the capture of value, the operative integration, to capitalize knowledge and the implementation of Grupo Bimbo's Model and culture, the participants of the integration projects must:

- Manage every integration of Grupo Bimbo through the integration management model and observe the:
 - Project phases
 - Governance model
 - Group of participants
 - Accountability model
- Ensure that the integration project has a leader, an integration office and an assigned integration team.
- Complete, during the first 100 days, the gap analysis phases and the target operating model, as well as identify the integration project portfolio enabling the value capture phase.
- Estimate the expenses for the integration project and estimate synergies
- Submit integration expenses that are higher than USD\$100,000 (one hundred thousand dollars) to the Integration Executive Committee approval.
- Justify with a strategic rationale, any modification to the current business model and submit it to the Integration Executive Committee approval.
- Guarantee that the best practices of the acquired company prevail and are replicated in other Business Units to the extent appropriate.
- Enable the implementation of the philosophy, mission, vision and global policies and procedures of Grupo Bimbo.

6. Responsibility / Ownership

The Global Integration Management Office 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 Internal Control and Risk Assessment Department, the Steering Committee and CEO.

7. Updates

The changes made between versions are described.



Global Integration Management Policy

Global Transformation Department

FGB-TN-01

Revisions / Revision Log

Version	Review date:	Updated by:	Approved by:	Main Changes
1				