

SUPPLY CHAIN MANAGEMENT STRATEGY



Value Chain [GRI 2-6, 2-7]

Suppliers

Ingredients

Fats/Cereals 16%

Corn derivates 12%

Dairy products 7%

Essences / Extracts 4%

Cocoa derivatives 3%

Flexible material 56%

Rigid packaging 2% Others 17%

Folding cartons / cases 7%

Fats/Oils 12%

Packaging

Cardboard 18%

Sugar 25%

Others 21%

b.

16

countries

where Bon Bon

Bum is a leader.

Colombina boasts +5.800 active suppliers.

91% are Colombian suppliers.

9% are international suppliers.

Our main ingredients and packaging materials are divided as follows:

23% 68% in ingredients in packaging

*The remaining 9% corresponds to plant services, parts and POP material.

BB Circularity and Recycling

Articulation with the National Association of Industrialists ANDI for the implementation of the vision 30/30 project.

2030 Goal: Achieve the utilization of 30% of the packaging placed in the national market.

Alliance with the Botellas de Amor Foundation.



Our Supply Chain Strategy: Through our strategy, we aim to align, optimize and focus strategic points on all the processes that make up the supply chain, in order to achieve the implementation of world class practices and indicators.



Colombina has 7 production plants:

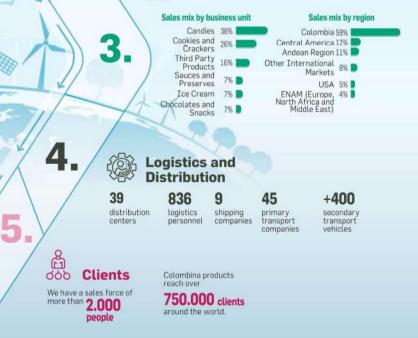
5 in Colombia, 1 in Guatemala and 1 in Spain - all are food-safety certified.

Over 3,700 employees

contribute to the manufacture of Colombina products at our production plants.

Portfolio

We have a broad and diverse portfolio of products with which we participate in 18 food categories: Candy, chewing gum, chocolates, snacks, crackers, cookies, cakes, ice cream, tomato sauce, mayonnaise, mayonnaise-based sauces, milk- based desserts, baby food, jams, spicy sauces, olive oil, canned fish, and coffee.

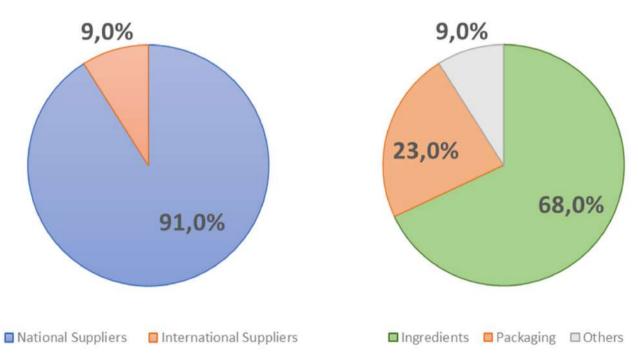




SUPPLY CHAIN SPEND ANALYSIS

SPEND VALUE

GEOGRAPHICAL SPREAD



PACKAGING MATERIAL

FY2022			
Packaging material	Tons	%Recycled	
Wood/paper fiber packaging	18.199	30%	
Metal packaging	50	30%	
Glass packaging	970	40%	
Plastic packaging	12.310	7,3%	

- Ingredients (edible material): sugar, fats/oils, corn derivates, grains/cereals, dairy products, essences/extracts, cocoa derivates, fruit pulp, others.
- Packaging: flexible material, cardboard, foldable/cases, rigid containers, others.



SUPPLY CHAIN MANAGEMENT STRATEGY

Top 5	Supply Chain Priorities	Scope	Corporate KPI
1	Best practices in the supply chain	Process standarization, improve customer/client service,automation of key manufacturing processes	Labor productivity, Contribution Margin, Overall Plant Efficiency
2	Logistics Efficiency Plan	Freight optimization, online sales platform (B2C), highcubic capacity vehicles, review logistics network	Transport cost/sales
3	Energy efficiency Plan	Implement a corporate plan to use renewable sources	Sustainability assesment rating
4	Optimization of Working Capital	Plan to reduce number of SKUs, crossdocking platforms, inventory levels optimization	Working Capital/sales
5	Innovation platforms (R&D team)	Work with the marketing team in the development of products aligned with consumer trends	Revenues from new products (24 months) /total sales



SUPPLIER SCREENING



SIGNIFICANT SUPPLIER IDENTIFICATION

We classify and measure our significant suppliers through the kraljic matrix. This methodology allows us to classify our suppliers under the following premises:

- High-volume suppliers
- Critical component suppliers
- Non-substitutable suppliers



The **Kraljic Matrix** is a tool used in purchasing management that allows materials, services and suppliers to be classified, considering **the risks they have for the company and their impact on the income statements.**

Kraljic allows to locate suppliers according to the complexity of the market and the impact on the business in any of the 4 quadrants, classifying them as leveraged, strategic, routine or bottlenecks. And for each one it has defined characteristics that differentiate them and likewise a strategy to establish a relationship with them depending on the quadrant. The methodology is based on commodity-specific risk.



Generate Saving on optimizatio improve produc administrative p Margin and Ca

> Standardize and Rationali Produc

CHARACTERISTICS OF EACH QUADRANT

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Strategic

Crucial for the Company and the buyer

Bottleneck

and the second transmission of the theory of

Leveraged

ngs based ion and processes. Cash Flow	 Many suppliers and replaceable products are available Amenities Represents high profitability to the buyer High-cost routine purchases It's easy to change suppliers Market quality is standard Semi-complex products Standards 	 They are the most important in the process of purchase Greater complexity and risk in the supply process. High risk due to supplier shortage Complex deliveries Critical for the business and its profitability Complicated sourcing logistics High level of dependency Balanced power between buyer and seller Few qualified and certified Suppliers Few products replaced Patents Oligopolies Specific technologies 	Guarantee Supplies and strengthen the relationship with the supplier to achieve joint growth. Innovation. And Competitiveness
e the Purchase alize suppliers. uctivity	 They are easy to buy They are not critical Low impact on financial results Many providers replaced Standardized Quality Low dependency on the supplier Balanced bargaining power High number of transactions and low spending Very General Simple Specifications 	 There is only one supplier Unreliable delivery times Direct impact on the business The buyer tends to be dominated by the supplier Moderate level of dependency Complex specs Few alternative products Made to size Concentrated markets Specifically tailored They have a relatively low impact on the results financial 	Guarantee Supplies Reduce Dependency Risk Management
		• The Supplier dominates the market due to the specialty of its pro	ducts
	Routine	Bottleneck	



Significant Suppliers

Supplier Screening	2022
Total raw material suppliers, point of sale material, packaging suppliers, supply providers and some plant services (Tier - 1)	1.209
Total number of significant suppliers in Tier-1	55
Total purchases	COP\$1.237MM
Total purchase year – Significant suppliers	COP\$796MM
% of total spend on significant suppliers in Tier-1	60%
Total significant suppliers in non-tier 1 suppliers	45



Assessment Progress

Supplier Assessment	Significant suppliers	Target 2022
% of significant suppliers assessed	98%	100% of significant suppliers evaluated
Number of significant suppliers assessed with potential negative impacts	4	
% of significant suppliers with potential impacts with corrective action	75%	
Number of significant suppliers with potential impacts that were terminated	0	
Corrective action plan support	Significant suppliers	Target 2022
Corrective action plan support Number of suppliers supported in corrective action plan implementation	Significant suppliers 3	Target 2022 100% of significant suppliers
Number of suppliers supported in corrective action plan		100% of significant
Number of suppliers supported in corrective action plan implementation % of suppliers assessed with potential negative impacts	3	100% of significant



SUPPLIER ESG PROGRAMS



Supplier ESG Programs

- Within our relationship model, we aim to permanently strengthen communication with suppliers, share best practices, methodologies, and programs that allow us to be closer and optimize processes.
- The Board of Directors is in charge of overseeing the implementation and progress of the ESG programs for suppliers. The main programs are reviewed every six months by the sustainability and corporate governance committee with senior management.
- We have implemented functionality in SAP Ariba that ensures that each supplier that partners with our company is fully aware of, and in compliance with, the Code of Conduct. In addition to this, the Code of Conduct is sent to them periodically, ensuring that these principles are always kept in mind. When an update is made to the Code, it is communicated through a mass distribution.
- We manage a sustainable approach to Supply where we mention that Colombina prefers to work with suppliers that manage their social, environmental and corporate governance factors, for which it continuously measures its value chain with the sole objective that supplier companies have a tool that allows them to know results of governance, community, workers, environment, customers and can strengthen these areas of impact.
- For suppliers that do not meet the minimum ESG requirements according to the results of the B Impact Assessment, we train them in training workshops so that they can strengthen the areas of impact where they have the lowest score in their evaluation gaps we found in the evaluation.

Colombina Sustainable Procurement Strategy				
SUPPLIER DEVELOPMENT	AGRICULTURAL SUPPORT	MEASUREMENT OF SOCIAL A ENVIRONMENTAL PRACTICES IN VALUE CHAIN		
1 BIG CERTIFICACIÓN 2 OCERTIFICACIÓN	Agricultural Good Practices Training BERA Technical Assistance and Support Fair Negotiations	Measure What Matters Program: B Corporation System 1. Sensitization 2. Evaluation 3. Comparision 4. Improvement Plan	Sustainability Productivity Innovation	
3 Supplier Assessment	Projects in collaboration with sup	5. Reevaluation	Collaborative Projects with suppliers Environmental Chapter in the Value Chain	
4 Supplier Audits	and/or monitor			
Suppliers of raw materials, packaging, services, point of purchase materials (POP),	Animal Welfare Policies		rch for materials with higher recyclability and lower pronmental impact (Vision 30/30)	
spare parts, and supplies	Biodiveristy Policies		omotion of single-use plastic reduction under the framework of	
	Agriculture-Animal Certifications		2232 of 2022 (July 2024)	
			elopment of a carbon footprint measurement tool for suppliers ouraging circular economy strategies in suppliers through zero- te training	
8 193640 (2006) 1930/00000 1930/0000000 1930/00000000000000000000000000000000000	Fostering	Competitiveness	0	







Big Brother Program

1

It was established in the year 2008 as an initiative to contribute to **the development and** growth of its suppliers.



What is it about? Transferring knowledge and best practices to contribute to the productive, administrative, financial, commercial, and quality growth of our suppliers, among other areas.



Who are our allies?

- ✓ Sidecomex (Colombia) CGW Aduanas (Guatemala) for foreign trade advice.
- ✓ El Voluntariado Colombina (Colombina Volunteers)
- ✓ Icontec for the entire audit process in Colombia and Guatemala
- ✓ Sistema B Colombia for social and environmental evaluation





Big Brother Program

The Big Brother program has been one of our most significant endeavors in fostering competitiveness and building a business network.

This initiative takes shape through the **mentorship of small and medium-sized supplier companies of Colombina**. Our executives provide them with knowledge transfer and best practices, aiming to contribute to their productive, administrative, financial, and commercial growth. The goal is to equip them with the tools needed to become export-oriented enterprises.



Since the program's inception:

63 Companies have been beneficiaries
25 Have engaged in exporting More than 90 direct Jobs have been generated

The goal for 2023 is to reach **100** sponsored suppliers between Colombia and Guatemala



Big Brother Program Objectives



Strengthening the business and social network as a tool to provide competitiveness and sustainability.

2

Proposing a program of consultancy, support, and training for suppliers based on the outcome of an initial diagnosis of their needs..

3

Empowering a supplier to meet the total quality standards demanded by national and international clients.

4

Establishing a Foreign Trade department if appropriate and enabling them to potentially become exporters.

5

Replicating the model from Big Brother program towards their suppliers.



Big Brother Program Structure

*Signing of Sponsorship Agreement between Supplier and Colombina

We strengthen the supplier's quality, safety, environmental practices, and security. This is achieved through an external audit process (Icontec) with a shared seal and guidance from Plant quality personnel.

We also reinforce social and environmental practices through the "Measure What Matters" program.





We have an internal volunteering program that provides advisory services to companies in the following areas:

- Strategic Planning
- Financial Management
- Innovation
- Process Optimization
- Quality Management
- Food Safety
- Personnel Selection
- Strategic Sourcing
- Logistics Management
- Storage Management
- Planning
- Marketing
- Physical Security
- Business Management
- International Business
- Human Rights
- Import Processes
- Sustainability
- Environment
- Colombina Corporate University

The overall coordination of the program is carried out from the **corporate level** and is responsible for providing continuous support, monitoring, and advisory to the entire group of suppliers, and we have **leaders for each facility**.



Big Brother Program Scope



Planta de Confitería

Está ubicada en el corregimiento de La Paila – Zarzal, Valle del Cauca. Actualmente es reconocida como la planta de confites más grande de Colombia y una de las más grandes a nivel mundial en el sector de caramelos duros bajo techo. Dotada de modernos equipos y tecnologia de punta, en ella se producen dulces, masmelos, gomas, chicles, chocolates y pasabocas.



Planta de Galletas y Pasteles

Este moderno complejo industrial se encuentra en el municipio de Santander de Quilichao, Departamento del Cauca.

Allí se producen galletas dulces, saladas, waffers, barquillos y pasteles con los más altos niveles de calidad. En el año 2010 la Planta fue declarada Zona Franca Permanente Especial, permitiéndonos ser más competitivos en el mercado de galletas en Colombia y en el exterior.



Planta de Confitería, Galletas y Pasteles

Desde el año 2001 entró en funcionamiento estaplanta en Guatemala, un moderno complejo industrial desde donde se atienden las regiones de Centroamérica y el Caribe, con dulces y galletas que gozan de gran posicionamiento en el mercado.



Planta de Confitería (FIESTA)

Es nuestra más reciente adquisición. Está ubicada en Alcalá de Henares-España y en ella se producen bombones, dulces duros, blandos y regaliz.



Planta de Salsas y Conservas

Ubicada en Tuluá, Valle del Cauca.

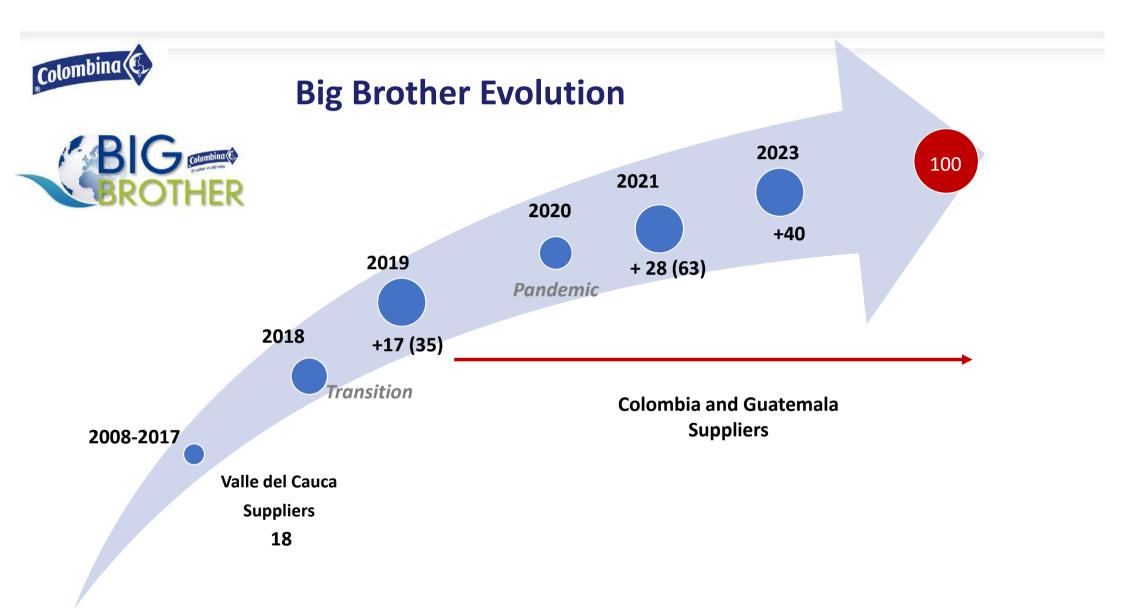
Cuenta con tecnología de punta y un diseño bioclimático que permite un ahorro del 10% de la energia y brinda las mejores condiciones climáticas para los colaboradores. En esta planta se preparan las salsas, conservas, postres de leche y compotas.



Plantas de Helados

Contamos con dos modernas plantas ubicadas en Itagūi, Antioquia y Bogotá, D.C., desde donde se producen paletas de agua y leche, conos, vasos, postres, helados y scooping.

For 2023 the goal is to successsfully engage a total of 100 suppliers across Colombia and Guatemala





63 Big Brother companies as of 2022











Stre

Strengthening of Management Systems

Suppliers are audited by the company Icontec in Colombia and Guatemala.



From there, they are in the process of implementing improvement plans to ensure that a company complies with quality, safety, health, occupational safety and health, and environmental requirements.

- Two audits are conducted each year, one at the beginning and another at the end.
- If there are companies that have certification for their Quality and Safety systems, they are not required to be audited.
- The indicator is >= 80% compliance by the end of the program.



Colombina Volunteering





We have the Colombina volunteering program with approximately 70 individuals who provide guidance in either in-person or virtual mode, following a predefined academic curriculum.

The volunteers offer guidance at different facilities, with in-person sessions lasting up to 600 hours, or virtually through the TEAMS platform (280 hours).

*Volunteers stand up

Indicators:

- 1. 100% Attendance for Guidance Sessions
- 2. Number of Implemented Practices



Colombino

Colombina Corporate University





Starting in 2021, we began the process of the Corporate University with our suppliers. Initially, they attended workshops on Gender Equality and Human Rights. Subsequently, we opened the platform for them to take courses based on their specific requirements.

Through the virtual classroom, suppliers can tailor their training to match their organizational needs, with access to a wide variety of content.

Additionally, they can self-assess and receive certification for each completed course.





Export Management Advisory



In the monitoring conducted with Sidecomex, it has been found that among the Big Brother companies that are engaged in exporting, there are **25 companies as of the end of 2022, which corresponds to 40%.**



Customized or virtual advisory sessions are conducted for the export process, including regulations, requirements, and some success stories. The program culminates with a visit to the nearest port, allowing suppliers to experience the world of foreign trade firsthand.

In Colombia, this is done in collaboration with Sidecomex, and in Guatemala with CGW Aduanas. Indicators: 100% Attendance for Advisory Sessions

Number of Potentially Exporting Companies



17% of suppliers have replicated the model.



CERTIFICACIÓN DE PROVEEDORES





Introduction

The program was established in 2005 with the aim of fostering teamwork and establishing lasting bonds that enable the creation of a genuine partnership between the company and its suppliers.

It's a program that allows raw materials or packaging supplied by the provider to enter the plant with a quality certificate as proof of compliance. This occurs once all the defined steps in the program have been successfully completed.



The programs aims to:

- Recognize the commitment of our suppliers.
- Standardize processes.
- Foster closeness and collaboration.
- Strengthen trust in the overall quality of the materials they provide.







Overall Objective of the program

The overall objective of the program is to collaborate in the standardization of all common processes that establish a business partnership between the companies. This collaboration ensures that continuous improvement benefits both companies' processes. This is achieved through fostering trust in the quality and safety of acquired materials and strengthening relationships with mutual benefits in mind.



Specific Objectives

- **Ensure** the quality, safety, security, and environmental compliance of supplied raw materials.
- **Optimize** production times.
- Guarantee material availability.
- Work with quality standards and compliance with legal requirements.
- Eliminate or minimize claims and returns.
- Eliminate the need for redundant verifications based on the supplier's process safety guarantee.

• **Improve** service (delivery and agreed-upon quantity fulfillment).

ERTIFICAC

- Validate social and environmental compliance.
- Enhance direct communication.
- **Create** a differentiating factor for the supplier within the Company's supplier network.
- Establish a quality agreement between both companies, clearly outlining the organized requirements that a certified supplier must fulfill. This ensures that the relationship of trust can be established in an organized and clear manner.



Guatemala





General Program Framework





Once the supplier is certified following the standardization, evaluation, and approval of their process, lot validation is conducted randomly. The results are based on the certificate provided by the supplier via email.

The supplier becomes certified initially and then undergoes recertification every three years.







1.Supplier Selection: The Procurement Committee/Plants select the supplier and hold a meeting to introduce them to the program.

2. Keep Quality Area Requirements Up to Date: Requirements are updated annually.

3. Quality Agreement Signing: Document outlining process characteristics from purchase order to delivery at Plants.

4. Food Safety Audit or Equivalence Inocuity Certification (FSC 22000/BRC).

5. Development of Action Plans based on Audit Results, as applicable.





Program Steps

6. Social and Environmental Evaluation through System B measurement or reevaluation for suppliers scoring below 51 points.



7. Annual Evaluation of Supplier Service (on perfect delivery and quality).

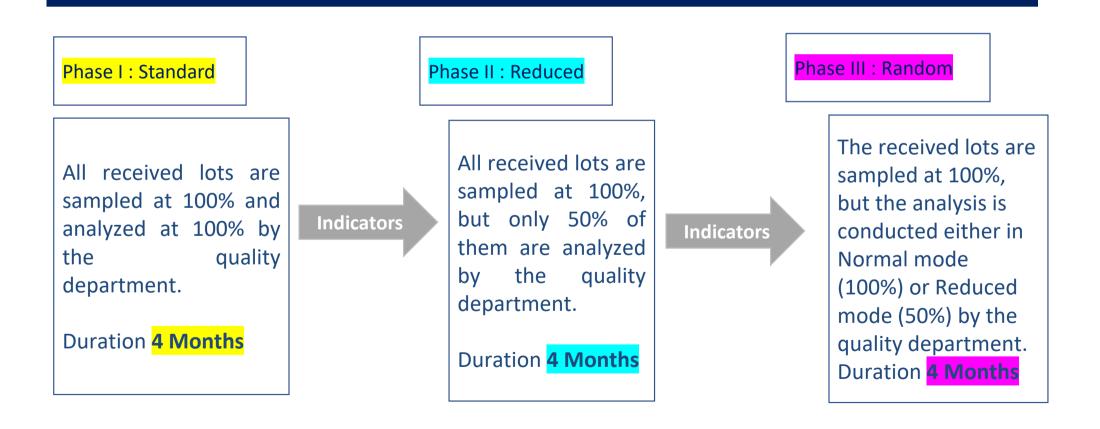
8. Initiation of Supplier Certification Program Phases and Indicator Measurement.



Supplier Certification: Next Steps



8. Program Phases







9. Food safety closing audit

10. Issuance of certificate and final document encapsulating all the steps to follow once the supplier is certified. This is done during the "Crece Event Awards" graduation event.

Program Steps

11. Raw materials and packaging entering with quality certification, and random validation of lot compliance.

12. Recertification every 3 years, provided the supplier continues to meet the program's proposed indicators.



"Crece" Event Awards Categories



1. Big Brother Category

We awarded **38 Big Brother companies** that were mentored between 2020-2022 and successfully achieved the objectives and goals set in the program. These companies come from both Colombia and Guatemala.

2.Big Brother Entrepreneurs Category

In September 2021, we launched the "Entrepreneurs Big Brother La Paila" call for submissions. A total of 72 entrepreneurial projects were presented, and ultimately, we selected 7 winners who received seed capital as our contribution to their development. Additionally, we provided support to help them execute their business plans over the course of a year.

5. Category: Supplier Certification

We honored 16 companies that achieved certification in Colombia, and for the first time, in Guatemala as well. These companies are now part of the 59 enterprises that provide certified materials and services to our processes. This strengthens the bonds of trust between our companies.

3. Category: Allies

We awarded 3 partner companies that have been collaborating with the Big Brother program for over 5 years. These companies include Sidecomex, Icontec, Tuluá Chamber of Commerce, and Sistema B Colombia.

4. Category: Big Brother Volunteering

We recognized the efforts of 32 volunteers from various plants within the Group in Colombia and Guatemala. As a token of appreciation for their outstanding work, we rewarded them with a day off.

6. Category: Supplier Recertification

During the event, we recertified 36 companies for their commitment of 3 to 14 years in the supplier certification program, successfully meeting the set indicators and goals.



Human Resource Development



- Training workshops are held for the team of company's buyers on different topics according to the diagnosis made.
- We formed the Supply team in the Measure what Matters program, with the leaders of Sistema B Colombia.
- The specific objective is that the entire team knows the importance of evaluating the value chain in social and environmental practices and that they can have an indicator of great importance for when they are negotiating or making purchase decisions.
- Bearing in mind that each company buyer has its suppliers segmented through the Kraljic matrix, we are also evaluating the significant suppliers and we have the support of the team to ask their group of suppliers to develop all the steps of the program.



SUPPLIER ASSESSMENT AND DEVELOPMENT



Measure What Matters Program MOI+Colombina

Colombina prefers to work with suppliers who manage their social, environmental, and corporate governance factors. To achieve this, it continuously measures its value chain with the sole purpose of strengthening various impact areas such as governance, community, workers, environment, and customers. In order to enhance our suppliers, we implement a program called "Measure What Matters+Colombina" through a measurement tool known as B Impact Assessment.



The "Governance" impact area assesses company's mission, the ethics, responsibility and transparency and addresses issues such as integrating social and environmental goals into employee performance appraisals, impact disclosure and transparency, and the participation of interested parties, among others.

- Mission and Commitment
- Ethics and Transparency
- **Governance Metrics**
- Mission Protection



WORKERS

The "Workers" impact area assesses the extent to which the company contributes to the financial, physical, professional and social well-being of its employees and addresses topics such as compensation, employee benefits, employee health and safety opportunities professional and development, among others.

- Financial Security
- Health, Wellness and Safety
- Professional development
- Satisfaction and Commitment



COMMUNITY

The "Community" impact area assesses external stakeholders. including suppliers, distributors, the economy, and the local community. It also discusses employee diversity, job creation, civic engagement, and charitable giving.

- Diversity, Equity and Inclusion
- **Economic impact**
- **Civic Engagement and** Donations
- Supply chain management



The "Environment" impact area assesses the company's overall environmental management and addresses issues such as how the company manages environmental impact in general and more specific issues such as climate change, water consumption, sustainability and the impact on the earth and on life.

- Environmental management
- Air and Climate
- Waterlife and earth



The "Customers" impact area assesses the value that the company brings to consumers and direct customers of its products or services and covers topics such as ethical positive marketing and practices, guarantees and quality control of products and services, data privacy and security, among others.

• Customer management



Measure What Matters Program MQI+Colombina

Steps of the program:

1. Sensitization	2. Evaluate	Improve	4. Support and Train
made to the group of supplierserbeing assessed, aiming toarfamiliarize them with theccimportance of triple impact,Asintroduce the B ImpactthAssessment tool, explain how itteworks, and guide them insuenrolling and initiating the self-Or	The measurement of social and environmental performance, risks, and improvement opportunities is onducted through the B Impact assessment, under the guidance of the System B Colombia Programs eam. This stage involves continuous upport for the suppliers, along with Office Hour sessions to address questions and concerns.	In this stage, suppliers who have completed the evaluation are brought together to teach them how to interpret their results and identify weaknesses that require improvement plans. Useful materials are provided to help companies further explore best practices and the impact of their business model.	 In the evaluation, suppliers receive both overall results and results for each impact area. At Colombina, we have determined that suppliers with a total score below 50 points should be supported or trained to enhance their social and environmental practices. Similarly, suppliers with a compliance percentage below 40% in each impact area's result should also receive support or training. We have two modes for strengthening suppliers based on their results: Support Mode: With small groups of up to 8 companies,

5. Reevaluate

The reevaluation is a second review that companies undertake after their initial assessment. Each company accesses the platform, updates the fiscal year, reviews their previous responses, and updates data or answers for practices they have implemented or strengthened.

Workshop Mode: We conduct workshops with larger numbers of participants, focusing on impact areas that need strengthening according to partial and total results.

we offer personalized support processes.



B Impact Assessment – B Corp

The B Impact Assessment is a management and measurement tool that evaluates the operations and business model of a company in 5 areas:

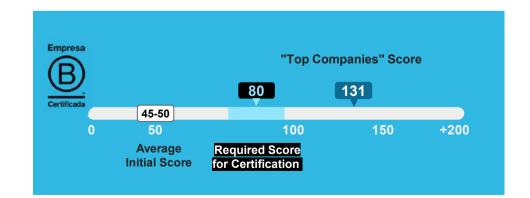
- Governance
- Community
- Workers
- Environment
- Customers

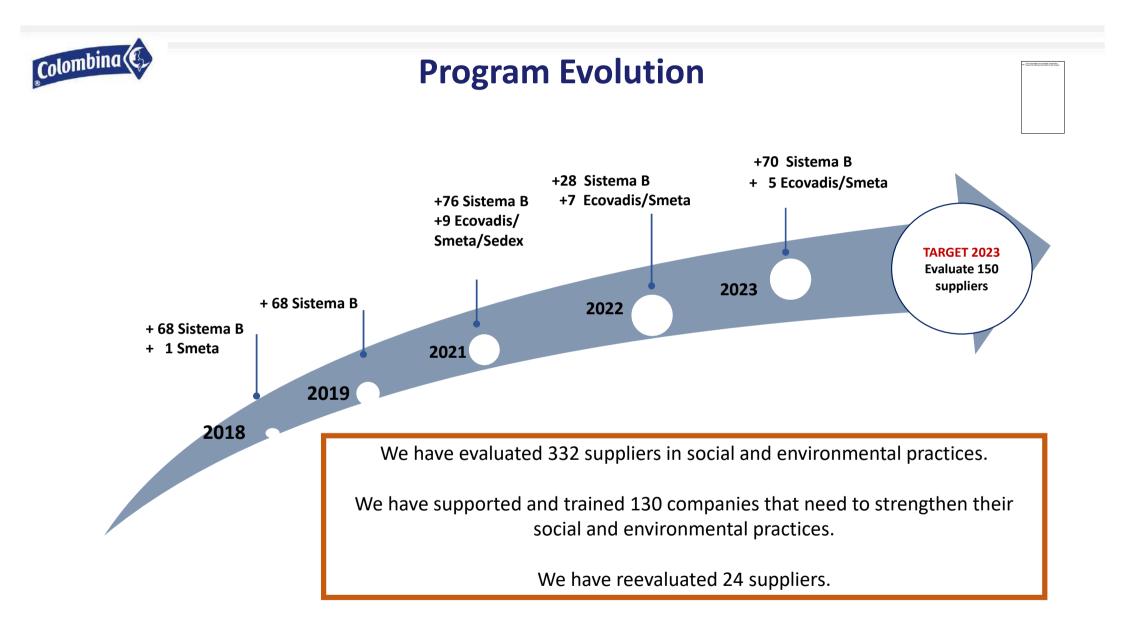


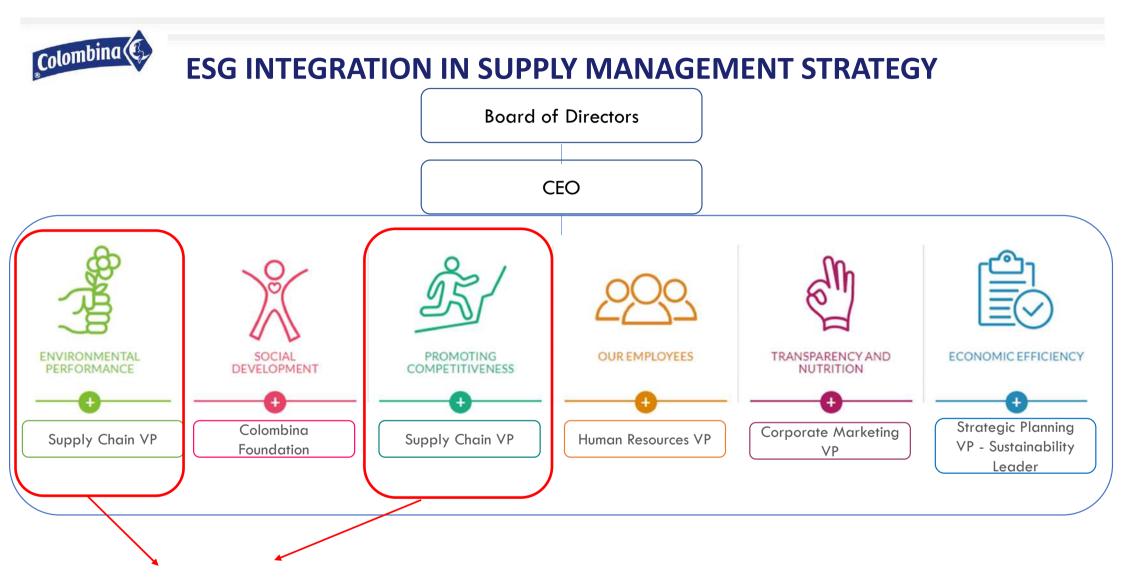
It is conducted through a series of customized questions that reflect impact indicators, best practices, and outcomes.

*The Assessment is adaptive to the sector and size of the company, and as a result, companies answer a varying number and type of questions.

A company receives a composite score on a scale of 200 points.







• The Vice Presidency of Supply Chain is responsible for environmental indicators (KPI) and supplier relations, leading the sustainability priorities of environmental performance and promoting competitiveness.