

## 1. Purpose

Establish general guidelines for the recognition and presentation of balances and movements in the stockholders' equity accounts of Grupo Bimbo's subsidiary companies.

## 2. Scope

This policy applies to the associates in the Administration & Finance areas responsible for registering and validating the stockholders' equity accounts of each Grupo Bimbo subsidiary.

## 3. Definitions

**Stockholder' equity:** It is the residual value of a company's assets, minus its liabilities; and corresponds to the book value of the shareholders' investment in an entity, before impairment. It is classified as follows:

- **Contributed capital:** It is composed of stockholders' contributions, contributions for future capital increases and share issuance premiums.
  - Share capital: It is part of the contributed capital and is represented by the amount the company receives for subscribed and paid-in securities (mainly shares). These securities have various characteristics, depending on the company's bylaws; they may be ordinary, preferred, with limited voting rights, with or without expression of par value, with minimum cumulative dividends, bearer, nominative, etc.
  - Contribution for future capital increases: It is a contractual agreement between shareholders that establishes the intention to carry out increases in capital, in the future; Generally, these agreements must materialize within 12 months of being signed.
  - premium on share issuance: It is the value paid for acquiring a participation in the capital of an entity at the time of its issuance, in addition to its nominal value. Its amount is not part of the share capital.
  - Other equity instruments: It is any document or title originated by a contract with characteristics like the participation in the equity of an entity. These instruments generate profits from changes in their value and from the distribution of profits of the issuing entity. The settlement of these instruments is subordinate to the settlement of the company's liabilities.
- **Earned capital:** Balances of accumulated results, including capital reserves and other accumulated comprehensive income.
  - Accumulated results: They are the net earnings and losses obtained by an entity, in the past, of the dividends registered.
  - Capital reserve: It is part of the earned capital and its origin is the allocation of accumulated profits for a specific purpose. It can be created to comply with a legal order or by a decision of the owners to protect the stability of the company (e.g. the legal reserve and the reserve for repurchase of shares)
  - Other comprehensive income (OCI): They are income, costs and expenses that, although they are already recognized, their realization or accrual are pending, which is expected to occur in the medium or long term and it is probable that their amount will vary due to changes in the fair value of the assets or liabilities that gave rise to it. They will be classified between items that will be recycled to results in the future (e.g. the effect of translation of foreign operations and derivative financial instruments), and those that will not be reclassified (e.g. the actuarial results of employee benefits), depending on the time of its realization.
- **Noncontrolling interest:** Represents the percentage of profits or losses, other comprehensive income and net assets that do not belong to the Company, since they correspond to the shareholding of other minority shareholders of the entity.
- **Capital movements:** They are transactions that modify the structure of the stockholders' equity of a company and can be the following:
  - Increase in share capital: It is an increase, whose payment can be in cash or in kind in the share capital of the company, which must be formalized through the issuance of new shares, the

increase in the nominal value of the shares (capitalization of reserves or profits, or shareholder contributions), or the increase in shareholders' contributions who own shares with no par value.

- Reduction of capital stock: Refers to the total or partial return, in cash, in kind or with the cancellation of the treasury shares, of the shareholders' contributions.
- Capitalization of reserves: These are reserves that have not been distributed among their owners, and that can be transferred to the capital stock account, resulting in an increase in this item.
- Declaration of dividends: It is the formalization of the intention to pay, of a company to its shareholders, either in cash, in kind or in shares of a portion of its accumulated distributable profits. In order to distribute dividends, it must first be verified that there are accounting profits; otherwise, in accounting terms, the dividend is considered a capital reduction and even the origin or not of the dividend must be validated, according to the commercial legislation of the corresponding country.
- Other comprehensive income (OCI):
  - Translation effect of the period of foreign operations due to variation in exchange rates.
  - Net change in income from operating cash flow hedging instruments.
  - Net economic coverage effect.
  - Net change in actuarial results of defined benefit plans of labor obligations.
  - Tax on the profit of the previous items.

#### **4. Responsibilities**

**Global Controllership Department**: Keep this policy updated and provide guidance to local Controllers on the accounting record of capital movements that have requirements.

**Local controllers**: Comply with the guidelines established in this policy.

**Global Financial Risks Department**: Evaluate the requests for movements of stockholders' equity of all Grupo Bimbo companies, based on their review and evaluation of the financial structure, in coordination with the Global Financial Planning Department. Obtain the authorizations of the minority shareholders involved and send the funding request to the Global Treasury Department for the execution of capital movements involving flows.

**Global Financial Planning Department**: Obtain the authorizations of the Top Management and the Global Administration & Finance, Legal, Financing, Financial Risks, Controllership and Tax Departments, to carry out the movements of stockholders' equity.

**Global Tax Department and the tax areas of each subsidiary**: Evaluate the tax impacts of capital movements, requested by the subsidiaries, prior to their realization. Establish the necessary guidelines for the operational management of stockholders' equity movements. Notify the Global Controllership Department and local controllers about the strategies that involve capital restructuring.

**Global Legal Department and Legal areas of each subsidiary**: Prepare the minutes of the shareholders' Meeting that approve the movements in stockholders' equity. Carry out the legal procedures to formalize capital movements and obtain authorizations from the corresponding authorities, as applicable.

**Global Treasury & Insurance Department**: Carry out the resources funding between the parties involved and confirm their delivery to the subsidiaries.

#### **5. General guidelines**

For the recognition and presentation of balances and movements in the stockholders' equity accounts of Grupo Bimbo's subsidiary companies, the local controllers must:

- Request authorization from the Global Financial Planning, Treasury & Insurance, Financial Risks, Controllership, Tax and Legal Departments to carry out the movements in the stockholders' equity

accounts that they require due to operational or corporate needs (e.g., for working capital, acquisitions of business, debt payments, etc.).

- Have control and update the shareholders book of your entity and collect the required minutes and proof of bank transfers or cheques, to carry out the accounting record.
- Accounting for authorized movements in stockholders' equity accounts and ensure compliance of local regulations regarding stockholders' equity.
- Validate that all transactions that involve movements in stockholders' equity accounts are approved by the shareholders' meeting, except for comprehensive income items and equity instruments.
- Register the accounting movements resulting from the resolutions taken at the shareholders' meetings, in the same month in which they were held. Once the shareholders' meeting has been held and the movements agreed upon in it have been recorded, carry out the transfer of the profits for the year to accumulated profits within the first months of the following year.
- Before carrying out the annual accounting closing, review the applicable local provisions to record the corresponding legal reserves.

### Recognition and measurement

- All stockholders' equity movements will be recognized at historical cost, except for the following items:
  - Actuarial results (effect of variation in actuarial hypotheses).
  - Changes in the fair value of derivative financial instruments designated as hedges.
- For hyperinflationary economies, at the beginning of the first application period of "IAS 29 - Financial Information in Hyperinflationary Economies":
  - Capital components (except retained earnings and asset revaluation surplus) will be restated, applying the general price index, from the date they were contributed.
  - The revaluation surplus arising in previous periods will be eliminated.
  - Restated retained earnings will be determined from all other amounts in the restated statements of financial position.
- At the end of the first application period and in subsequent periods:
  - The capital components will be re-expressed by applying the national price index from the beginning of the contribution period or date, if later
- In the event of capital movements in foreign currency, no record of exchange fluctuation should be generated.

Any adjustment to accumulated results must be previously authorized by the Global Controllership Department, through its Global Regulatory Management.

### Presentation

The presentation of the information related to stockholders' equity in the statement of financial position will be as follows:

Stockholders' equity:

- Share capital.
- Retained earnings.
- Other financial instruments.
- Other accumulated comprehensive items:
  - Cumulative effect of foreign operations.
  - (Loss) actuarial profits of labor obligations defined benefit plans.
  - Valuation of capital financial instruments.
  - (Loss) unrealized earnings from cash flow hedging derivative instruments

### Revelation

For the purposes of this policy, the following must be disclosed in the financial statements:

- For each class of share capital:
  - Number of authorized shares.
  - Number of shares issued.
  - Shares nominal value, or that do not have it.
  - Reconciliation of shares issued at the beginning and end of the period.
  - Rights, preferences and restrictions.
  - Treasury shares.
  - Shares reserved for issuance under options or other contracts.
- Nature and purpose of each reserve in stockholders' equity.
- Description of the capital movements carried out during the period.

#### **6. Responsibility / Ownership**

The Global Controllershship Department is the assigned owner of this policy and primarily responsible for its contents, updating, monitoring of its compliance and submission for approval to the Global Internal Control and Risk Management Department, Steering Committee and Top Management.

#### **7. Updates**

The changes implemented in between versions are described below.

Revision / history revision				
Version	Revision date	Updated by	Approved by	Main changes
1				