

1. Purpose

Establish the criteria and guidelines to identify, value and recognize leases in the financial statements, in accordance to the International Financial Reporting Standard 16 – Leases (IFRS 16).

2. Scope

This policy applies to all associates of the Controller Department, who are responsible for the determination, control and accounting of leasing agreements, for any of the Business Units of Grupo Bimbo.

3. Definitions

Financial cost of leases: Includes the difference between the present value of the lease payments, discounted at the implicit or incremental interest rate for financing each lease, and the nominal value of these.

GB Lease: For the purposes of this document, it's a tool developed by Grupo Bimbo, of mandatory and exclusive use of all subsidiaries, which serves to carry out the valuation of leases according to the guidelines established in this policy.

Identification of leases: Assessment that must be carried out when initiating or modifying a contract that involves, directly or indirectly, the use of an asset to determine if it is or contains a lease, in accordance with the definition of this policy.

Incremental financing rate: Discount rate used to determine the present value of the lease liability.

Leased asset or underlying asset: Corresponds to the asset for which you have the right to use during the agreed term.

Lease Remeasurement: Process to recalculate the values of a lease when there are changes in the conditions of the borrowed asset, payments or terms, individually, or of several of them at the same time.

Lease term: Non-cancellable period of a lease and / or periods covered by the option to extend / terminate the lease, if the lessee has at least a 75% probability (reasonably certain) of exercising this option.

Lease: Contract or agreement (written or not) with which the right to control the use of an asset is transmitted, and to receive all of its benefits for a period of time, in exchange for a payment or consideration. The contract or agreement may or may not specify whether it is a lease.

Lessee: Entity that obtains the right to use an underlying asset for a period of time, in exchange for consideration.

Lessor: Entity that provides the right to use an underlying asset for a period of time, in exchange for consideration.

4. Responsibilities

Management or departments of the Controllership of each entity: Review and account for the impacts of the operations that are or qualify as leases financially. Maintain the accuracy and integrity of all leasing information, in the tool defined for that purpose, and ensure its availability to any interested party (internal or external). Send the information required by the Global Administration and Finance and the Controllership within the periods established for this purpose; and send to the Global Real Estate Department an electronic version of the real estate lease contracts that, due to their characteristics, do not comply with the guidelines

established in this policy and as a consequence are not capitalized or charged to GB Lease.

Global Controllershship: Update this policy. Issue procedures to clarify the accounting treatment of the different situations that may arise throughout the duration of the lease contracts. Authorize any changes requested by the local Controllershships to the contracts loaded in the tool.

Global Administration & Finance, through the Financial Planning: Determine the incremental financing rate annually at a minimum or more frequently if rate changes are determined to be material, by country, and communicate it to the Global Controllershship.

Global Real Estate: Carry out the renewal, negotiation of modifying agreements and contracting new real estate leases, as well as communicate and share said documents to the local areas of control. Review the accounting implications of new strategies in leasing contracts, before their implementation, with the Global Controllershship.

5. General Guidelines

Accounting as a lessee

The local persons in charge of the Controllershship Departments must:

- Load leases in *GB Lease*, with the exception of financial ones.
- Post monthly the activity that *GB Lease* calculates.
- Reconcile monthly the values reflected in *GB Lease* and the accounting balances.
- Document all the differences that derive from the reconciliations mentioned in the previous point and, when applicable, make the modifications in *GB Lease* or, where appropriate, in the accounting records.

Initial recognition

- i. Right-of-use: when there is the right to control the use of an identified asset for a period of time, in exchange for a consideration, the local persons in charge of the Controllershship Departments must:
 - Recognize an asset by right-of-use.
 - Initially, measure the asset at the present value of the lease payments, less any lease incentives received, any direct initial costs, and the estimated decommissioning costs.
 - Consider that the items that will make up the asset by right-of-use are:
 - Initial amount of the lease liability.
 - Rent advances.
 - Expenses related to the asset to be rented but incurred by the Business Unit company before the commencement of the lease (e.g. commissions or fees paid during the negotiation of the lease, fees paid for existing leases to terminate them, registration hours or licenses to operate, etc.). The improvements and adjustments will not be initial costs, for these purposes they should consult the **FGB-CR-01 Global Policy on the Accounting Treatment of Fixed Assets.**
 - The estimated costs to be incurred for the dismantling, restoration or any work destined to leave the rented property, in the original conditions agreed with the lessor at the end of the lease. This estimate is made at the beginning of the lease term at market values at that time.
 - Classify the right-of-use, by category of underlying asset, according to the following grouping:
 - Buildings and land
 - Manufacturing equipment
 - Computer equipment
 - Vehicles
 - Office equipment
 - For leases that include land, the right to use these in conjunction with that of the leasing property

- must be recognized.
- Recognize lease contracts in foreign currency at the exchange rate of the contract date and should not recognize the subsequent exchange rate fluctuation.
 - Consider the right-of-use as a non-monetary item, so that, in the event of a hyperinflationary economy it must be revalued monthly using indexes, and the effects must be recognized in the accounts enabled for these purposes.
- ii. Lease liabilities: the local persons in charge of the Controllership Departments must:
- Consider that GB Lease will calculate the present value of the fixed and variable lease payments (not including other payments to lessor referenced below), during the lease term, not paid on the date of initial recognition, and discounted at the incremental financing interest rate of each country.
 - Consider that some of the items that will form the lease liability are:
 - Present value of fixed and variable lease payments made to the lessor, during the term of the lease.
 - End-of-term settlement payments (e.g. residual value guarantees).
 - Value of the purchase option, in case the possibility of exercising it is at least 75%.
 - Penalties for early termination, if the company is sure of exercising it.
 - Estimate of restoration costs, if agreed with the lessor.
 - Separate other payments to lessor other than leasing (e.g. common area maintenance, related services, or additional goods, which could be included in the payment), since they are not part of the lease liability and will be recognized as they accrue.
 - Consider that the lease contracts in foreign currency will be monetary liabilities, therefore, at the end of each month, they must calculate and record the respective exchange rate fluctuation.
 - Recognize directly in results and do not record a right-of-use or liability for leases, for those whose term is less than or equal to 12 months (including month-to-month leases), from the start date, or when the value of the rented property is less than \$5,000 USD per rented unit.

Lease term

The person in charge of the Controllership Department of each Business Unit must determine the term of the lease, considering the following:

- The non-cancellable period agreed with the lessor for the use of the rented property. A period will be cancellable when the landlord or the tenant can terminate the lease without the consent of the other party and without penalty, or with a penalty equivalent to a maximum of 1 month's rent.
- When the contractual extension or renewal option contemplates a probability of exercising it greater than 75%, even when it occurs automatically or through a new contract, the extension will be considered part of the lease term. The foregoing should be considered for as many renewals as the probability of more than 75% indicates.
- When the termination option can be exercised by the lessor, the required term will be contemplated only until the anticipated time of the notice to the lessee.
- When the termination option is only for the lessee, the term will be determined, according to the expectations of use of the rented property (not beyond that indicated in the contract, together with the extension option, in the event that the possibility is greater than 75%). This definition will be the responsibility of the associate in charge of the assets, so it must be recorded with the justification in writing, to consider the term stipulated, instead of the one agreed in the contract.
- At the end of each fiscal year, or when there is a change in the conditions of the lease, the options for the extension or shortening of the term must be evaluated, and the changes will be made as they occur, through the notifications received from the departments that use the rented assets.
- In the event of termination of a lease contract before the date initially agreed with the lessor, the lease term must be modified as an early termination.
- In case of continuing to use the asset or the renewal of the lease contract is probable at the expiration of the initial term or extended term, the best estimate available will be considered as the term of the new contract, even if there is no signed contract, since you still have the right to use the asset.

Likewise, it must be evaluated whether a modification to the last rent paid should be made.

- For leases on a month to month basis, in case of continuing to use the asset or the renewal of the lease contract is probable, the lease will be treated as a short-term lease (not in GB Lease). Based on the new contract's lease terms, any necessary adjustments to short term rent expense will be recorded in the accounting records.

Later recognition

- Right-of-use: after the initial recognition, those responsible for the control of each Business Unit, through GB Lease, must measure the right-of-use at initial cost, less accumulated depreciation and impairment losses, as follows:
 - Depreciation: the right-of-use assets will be depreciated using the straight-line method, during the shorter period between the lease term or the useful life of the underlying asset. When a purchase option is exercised, the right-of-use will be amortized according to the remaining useful life of the underlying asset, according to the guidelines established in the **FGB-CR-01 Global Policy on the Accounting Treatment of Fixed Assets**. The depreciation of the right to use land, included from the initial recognition in the value of the right to use the property, must be depreciated in the same period as the property.
 - Impairment: When the book value of the right-of-use is greater than its recovery value, measured in the terms of "International Accounting Standard 36 - Impairment of Assets", it must be written off for impairment by an amount equivalent to the difference between both values, in accordance with the provisions of **FGB-CR-01 Global Policy on the Accounting Treatment of Fixed Assets**.
- Lease liability: after initial recognition, those responsible for the control of each Business Unit must:
 - Increase the liability for updating the interest or financial cost and reduce it by the nominal payments of leases made.
 - Recognize the effects of the consequential remeasurement of changes in the initial contractual conditions, such as: term, percentage of income indexation, among others.
 - In the event that the variable payments depend on a future index or rates, those known as of the date of commencement of the lease will apply and, as real rates or rates arise, subsequent adjustments to the liability must be made.
 - Accounting for the policy of payments to the liability of contracts in foreign currency, applying the exchange rate used to register the rent invoice.
 - Reclassify, at the end of each month, the current portion of financial lease liabilities.

Cancellation of right-of-use

When the lease term ends, the person in charge of the Controllershship Department of each Business Unit must cancel the right-of-use asset in GB Lease, and record the entries that the tool generates, adjusting the amount of the accumulated amortization against the right-of-use.

Anticipated termination

In case of termination of the lease, before the initially determined end date, the person in charge of the Controllershship Department of each Business Unit must cancel it in *GB Lease* and record the activity that the tool generates, in which the balances must be canceled, residuals of assets and liabilities, recognizing in profit or loss, as a measurement of the lease, the difference between said values.

Changes and remediation

The person responsible for the Controllershship Department of each Business Unit must:

- Capture in *GB Lease* the changes that occur to the initial contractual conditions or the last change, as well as record the activity that the tool calculates.

- Recognize as an adjustment to the right-of-use asset and the lease liability, the accounting effects originated by changes due to an increase in the term or in the monthly rental value; In these cases, *GB Lease* will carry out the calculations and return the entries in the month of the change.
- Recognize in profit or loss, as re-measurement of leases, the accounting effects of the term reduction, whose registration activity *GB Lease* will calculate.
- Consider that when there is a change in the evaluation of a purchase option, *GB Lease* will determine the modified lease payments, to reflect the change in value of the purchase option.
- Account for, as a new separate lease, the additions of assets underlying the lease contract (e.g. increase in quantity or capacity of the originally rented assets).
- Accounting for changes and remeasurements made on contracts in foreign currency, using the closing exchange rate of the month prior to the modification (e.g. for a change that occurred in July, the June exchange rate will be taken).

Incremental financing rate

The Global Administration & Finance Department, through the Financial Planning Department, must annually calculate the rate at a minimum or more frequently if rate changes are determined to be material by country, which will be applied to the contracts registered as of the date of update of said rate.

Lease Advances

- When the initial contractual clauses consider an advance payment scheme, they will not form part of the initial recognition of the lease liability, but they will be part of the value of the right-of-use, therefore, they must be accounted for in said item and subject to depreciation.
- In the event that advanced rent payments are incorporated at a time other than the initial recognition, derived from the modification of the contractual clauses or agreements with the lessor (which may or may not include a discount for said advance), they must be accounted for as change, modifying the value of the right-of-use and the liability, as well as the financial cost or depreciation expense, as applicable.

Accounting as a lessor

The person in charge of the Controllership Department of each Business Unit, which is a lessor, must

- Recognize an income in a straight-lined manner integrated by income from rent payments.
- Capitalize and amortize, during the lease term, the initial direct costs, related to the rented asset and incurred before the beginning of the lease.
- Depreciate rented assets based on their useful life described in the **FGB-CR-01 Global Policy on the Accounting Treatment of Fixed Assets**.

Finance leases

For this type of lease, the local persons in charge of the Controllership Departments should consider the following:

- Financial leasing contracts must be accounted for under the criteria established in this policy, except for the rate for measuring liabilities, in this case, the incremental rate contained in the contract must be used and not that of the country.
- Assets under financial lease must be recognized as a right-of-use and not under property, plant and equipment.
- The liability should be recognized as a liability for leases and not as part of the debt item or other long-term liabilities.
- The values of assets, liabilities and results, related to financial leases, must be recorded in the accounts authorized for this category of leases.

Sale and leaseback

In these cases, the local persons in charge of the Controllership Departments should consider the following:

- Seller - lessee: The sale of the asset will be recognized in accordance with the agreements made with the buyer lessor and will be written off at its net book value. If this value is less than its fair value, the right-of-use to be recognized as a lessee would not include the proportion between the book value and the fair value, as well as the profit from the sale, if applicable.
- Buyer - Lessor. The purchase of the asset will be recognized in accordance with **FGB-CR-01 Global Policy on the Accounting Treatment of Fixed Assets** and the lease in accordance with this policy.

6. Responsibility / Ownership

The Global Controllership 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				
2	May 18 th , 2021	Anyanjoy Tavares de Sousa	Eutimo Quevedo	The responsibilities of the Controllership Departments of each entity were updated.