

## 1. Purpose

Establish the guidelines for the accounting of equipment/machinery and vehicle spare parts.

## 2. Scope

This policy applies to the associates in the Finance & Administration area of each Grupo Bimbo subsidiary, responsible for the accounting record of spare parts.

## 3. Definitions

**Acquisition cost:** It includes all the costs derived from the purchase and transformation of raw materials for production, including allocation and operation costs, that is: purchase price, tariffs or other taxes that are not recoverable, transportation, handling, and others related to the acquisition of spare parts.

**Average cost method:** Valuation method that calculates the cost of each unit, which is the result of the weighted average, between the cost of the item purchased at the beginning of the period and the cost of the same item purchased or produced during the same period. This cost is continuously updated when a new purchase is made.

**Spare parts:** Materials or supplies used in the repair or maintenance of machinery, equipment, and vehicles.

## 4. Responsibilities

**Global Controllership Department:** Authorize, enforce, and ensure compliance with this policy.

**Controller of each Grupo Bimbo subsidiary:** Comply with all the guidelines established in this policy.

## 5. General guidelines

Those responsible for the accounting record of spare parts should consider the following:

### **General**

The spare parts will be classified into 2 types:

- Industrial: used in the machinery/equipment of the production lines.
- Vehicles: used in the distribution, delivery, and utility vehicles.

### **Recognition and measurement of industrial spare parts**

- The industrial spare parts that are identifiable and controllable, this means, they can be physically identified, and their location can be controlled must:
  - Be recognized initially with the acquisition cost in the inventory and, later, in the expenses, according to their use or consumption.
  - Be valued, after their initial recognition, using the average cost method.
- Each Business Unit may determine a minimum value to capitalize industrial spare parts, prior approval of the Global Controllership Department through its Regulatory area.
- In the event that the value of the spare parts inventory cannot be recoverable, either due to damage or because it has become partially or totally obsolete, it must be recognized in the income statement, as part of the indirect cost of production.
- In case of changes in the production lines, an analysis of the spare parts should be requested to the Production leader to determine which ones can be used, which ones should be removed from the inventory list and recognized in the income statement.

- ~~At~~ At the month-end, the cost of inventory should be equal to the total number of units, multiplied by their average cost.

### **Recognition and measurement of vehicle parts**

Vehicle spare parts will be recognized directly in the income statement at the time of purchase, this means, they will not be capitalized as inventory.

### **Presentation**

- Capitalizable industrial spare parts must be presented on the balance sheet, in the inventory line.
- Vehicle spare parts must be presented in the income statement, according to the vehicle's function (e.g. primary or second transportation, etc.)

### **Revelation**

In regard to the industrial spare parts, the financial statements must disclose the following:

- The accounting policy used for the valuation of spare parts.
- The total amount of the spare parts inventory.
- The amount of inventory recognized as an expense, in the period.
- Losses in value recognized as an expense in the period.
- Reversals of previous impairment losses and recorded as a gain in the period
- The circumstances or events that have produced the reversal of the impairment losses.

### **References**

- International Financial Reporting Standard N ° 2: "Inventories".

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

The Global Controllership Department is the assigned owner of this policy and is primarily responsible for its content, updating and monitoring of its compliance, as well as its submission for approval to the Global Internal Control and Risk Management Department, Steering Committee and General Management.

### **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				