

1. Purpose

Establish general guidelines for the management of idle equipment of supply chain; and the procedure for its transfer, sale and/or disposal.

2. Scope

This policy applies to all associates involved in the administration of supply chain machinery and equipment, at any functional area or Grupo Bimbo Business Unit.

3. Definitions

Carrying value (book value): The net value of a fixed asset as reflected in the accounting records, i.e. its cost value, less accumulated depreciation and, if applicable, impairment losses.

Depreciation: Method to recognize the wear and loss of value of a fixed asset, in accordance to its useful life, as of the beginning of its use.

Disposal: The dismantling and sale of an idle fixed asset as scrap.

Fixed assets: Refers to a physical good (e.g. production center, machinery and equipment) owned by Grupo Bimbo, used for more than one year and held for; a) the use in the production or supply of goods and services or b) rental to other companies under operating lease.

Idle fixed asset sale: For the purposes herein, refers to the sale, exclusively to third parties, of an idle fixed asset.

Idle fixed asset transfer: Transfer for the sale of an asset of this type, between Grupo Bimbo production centers or business units.

Idle fixed assets: Machinery and equipment that are located and have specific functions in GB supply chain, and which for some reason, is inactive, but continue to have remaining service life.

Proprietary business unit: In the context of this policy refers to the legal entity that has legal ownership of an idle fixed asset and is responsible for its identification and safekeeping until its transfer, sale or disposal.

Purchasing business unit: In the context of this policy refers to the legal entity to which an idle fixed asset will be transferred, and which is responsible for it at the time of its purchase.

4. Responsibilities

Global Engineering Department: Regulate all matters related to idle fixed assets in the supply chain, coordinated with the corporate areas involved. Promote their reuse among the different Grupo Bimbo business units.

Global Controllership Department: Establish guidelines for the treatment, control, and accounting record of fixed assets identified as idle.

Proprietary Business Unit Operations Department: Notify the Global Engineering Department and the Business Unit Controllership Department, the list of available idle fixed assets, as well as the proposal for their transfer, sale, and/or disposal.

Purchasing Business Unit Operations Department: Evaluate and assess idle fixed assets published in Global Engineering Department Sharepoint for reuse in supply chain capital projects when requiring similar machinery and equipment.

Proprietary Business Unit Controllership Department: Determine in case of transfer, sale, and/or disposal, the accounting and tax treatment of idle fixed assets, reusable and spare parts of the idle fixed assets, according to current accounting policies.

Proprietary Business Unit President or Engineering/Asset Management Responsible: Authorize (as applicable, according to the business unit structure) the transfer, sale, and/or disposal of the idle fixed assets.

Business Unit Engineering/Asset Management Responsible: Update the list of idle fixed assets of their business unit every six months and manage the transfer, sale, and/or disposal process.

5. General guidelines

To keep control of the fixed assets in Grupo Bimbo production centers, before any transfer, sale, and/or disposal, the proprietary business unit engineering responsible must:

- Identify and categorize machinery and equipment, once it is classified as idle, according to the following categories and subcategories (all subcategories correspond to each category):


Category	Subcategory
Production equipment	Partial reusable
Auxiliary equipment	Complete reusable
Equipment in development	Saleable
	Obsolete/Scrap

- Once the asset is classified as idle, maintain its integrity, avoiding deterioration due to environmental conditions and dispersion in parts susceptible to the risk of loss.
- Generate and update, during January and July of each year, the list of idle fixed assets, which must:
 - Include specifications, photographs, physical and operational conditions.
 - Publish it in the Global Engineering SharePoint.
 - Consider that the assets value on the list should correspond to the book value.
- Identify and keep reusable idle fixed assets, either entirely or partially, that could be used in the event of the failure of an asset in operation.
- Publish and spread the available idle fixed assets to be reused in the same business unit production centers and/or to be transferred to other business units.
- Comply with the business unit guidelines for fixed assets transfers between its production centers.
- Proceed to sale and/or disposal of fixed assets classified as idle for more than one year.
- Give the accounting treatment of the transfer, sale, and/or disposal, according to the provisions in **FGB-CR-01 Global Policy for the Accounting Treatment of Fixed Assets.**


Idle fixed assets transfer between Grupo Bimbo Business Units

The engineering responsible of the proprietary business unit must:

- Carry out the idle fixed asset commercial valuation (fair market value) with an accredited company, under the corresponding tax legislation.
- Ensure the fixed asset's integrity of the during disassembly for subsequent reassembly, in coordination with the purchasing business unit.
- Generate the corresponding invoice for the idle fixed asset sold.
- Identify the transfer process additional expenses, to be invoiced them to the purchasing business unit under the applicable local tax requirements.

- Conduct the transfer process in compliance with **FGB-CR-04 Global Policy for the Accounting Treatment of Intercompany Operations**, **FGB-TX-01 Global Transfer Pricing Policy** and other applicable local regulations.
- Involve the Controllershship, Exports, Legal, Fiscal and other interested areas of their business unit, in the transfer process.
- Ensure the delivery of the idle fixed asset in optimal conditions of cleanliness and operation, according to the following requirements:
 - Deliver it totally clean and free of any organic contamination (e.g. flour, fats, dough, dust, rust, mould, pests, etc.), according to food safety standards, to avoid possible contamination in the destination country and/or facility.
 - Send it with all the original components, including electrical panels, otherwise, clearly specify the missing parts to operate.
 - Send the manuals, drawings and, if applicable, the programmable logic controller (PLC) and operator interface (HMI), the specific spare parts or a recommended list of these, as well as its maintenance plan.
- Compliance with the established in the  **FGB-OP-01 Annex 1 Responsible, Activity and Deliverables Matrix** to ensure the correct transfer of assets between Grupo Bimbo organizations.

The engineering responsible of the purchasing business unit must:

- If interested in exploring the possibility of purchasing an idle fixed asset, inform the proprietary business unit and the Global Engineering Department.
- Conduct an on-site or virtual inspection visit to corroborate the idle fixed asset conditions.
- Verify the financial feasibility of transferring the idle fixed asset; if its value and the necessary operations arrangements are greater than 60% of an equivalent new asset, the acquisition of a new asset may be justified.
- In case of deciding not to purchase the idle fixed asset, justify the reasons and inform them to the Global Engineering Department and the proprietary business unit.
- In case of deciding to purchase the idle fixed asset, formally request it to the proprietary business unit and inform the Global Engineering Department.
- Conduct the transfer process in compliance with **FGB-CR-04 Global Policy for the Accounting Treatment of Intercompany Operations**, **FGB-TX-01 Global Transfer Pricing Policy** and other applicable local regulations.
- Manage and pay for the asset disassembly, ensuring its integrity for subsequent reassembly, in coordination with the proprietary business unit.
- Ensure that the packaging used, so that the asset doesn't get damaged during its transfer, is of certified materials for international trade, according to ISPM-15.
- Coordinate and cover all shipping and transfer costs from the origin production center to the destination facility, except the valuation.
- Involve the Controllershship, Exports, Legal, Fiscal and other interested areas of their business unit, in the transfer process.
- Compliance with the established in the  **FGB-OP-01 Annex 1 Responsible, Activity and Deliverables Matrix** to ensure the correct transfer of assets between Grupo Bimbo organizations.

Idle fixed assets sale to third parties

The engineering responsible of the proprietary business unit must:

- Offer the fixed asset only when it has been idle for more than one year and has not been requested by another Grupo Bimbo business unit, with preference to companies specialized in the asset management segment.

- Consider that the asset may be sold to companies not dedicated or specialized in the purchase and sale of manufacturing equipment, as long as this does not represent a competitive advantage for competitors and has the Global Engineering Director authorization.
- Include in the sale cost of the idle fixed asset all expenses related to its sale.

Idle fixed assets disposal

The engineering responsible of the proprietary business unit must:

- Identify idle machinery and equipment subject to disposal.
- Obtain authorization, for dismantling the asset, from the business unit president or engineering responsible (as applicable).
- Offer idle fixed assets to companies specialized in asset destruction and/or scrap handling.
- Include all costs related to dismantling and/or destroying the idle fixed asset in the sale cost as scrap.
- Proceed with the dismantlement for use of parts and/or sale as scrap of the fixed asset, in compliance with the guidelines established in the **FGB-CR-01 Global Policy for the Accounting Treatment of Fixed Assets**.

6. Responsibility / Ownership

The Global Controllershship 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 Global Internal Control and Risk Management Department, 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	September 3 rd , 2018	Juan Hirata	Liborio Villalobos	Idle assets control and approval for disposal.
3	June 2021	Amalio Suarez Broca	Liborio Villalobos	Incorporation of accounting definitions and homologation criteria with Controllershship Department
4	January 2023	Amalio Suarez	Liborio Villalobos	Annex Matrix of responsible parties, activities and deliverables is included.