

1. Purpose

Establish the general guidelines regarding the concepts that can be included as Other Expenses and Income in the Profit and Loss Statement.

2. Scope

This policy applies to the General Vice Presidents of the Organizations/Operations and to the associates of Administration and Finance of all Organizations and Corporate Offices of Grupo Bimbo in their respective geographies.

3. Definitions

Business case: Document that contains the rationale of the activity that generates the expense/income, the benefits, and the profitability measures that support the decision to incur such expenses/income.

Integration expenses: Expenses incurred from the integration efforts of an acquired business into Grupo Bimbo until it becomes an integral part of the acquiring Operation (a period of up to 3 years). They are restricted to the following:

- Expenses from reorganizing or adapting operating processes (production, commercial, administration, etc.) that emerge from the acquisition of a business.
- Expenses from adjusting the processes to Grupo Bimbo's business model.

Restructuring expenses: Expenses incurred from changes in the operating structure of an Organization/Operation, if the implementation costs are greater than \$1 million USD.

Expenses and income from idle assets: Refers to expenses or income that emerge from asset transactions between subsidiaries. These assets are not in operation and the results from an intercompany transfer must not be considered for the rate of return analysis of projects, such as:

- Selling subsidiary: gain or loss from selling the asset.
- Buying subsidiary: depreciation amount.

Multi-Employer Pension Plans (MEPPs): Adjustments made to labor liabilities stemming from periodic remeasurement of MEPP liabilities.

Royalties: Intercompany expenses that emerge from the use of brands, patents, knowledge, etc.

Write-off: Recognition of loss or failure to recover an asset.

4. Responsibilities

Global Financial Planning Department: Maintain this policy and validate its correct application through monthly analysis of the Organizations results.

5. General guidelines

In order to maintain control and visibility of the concepts recorded as Other Expenses and Income, it is Grupo Bimbo's policy for all General Vice Presidents of the Organizations/Operations and the local associates of Administration and Finance to adhere to the following guidelines:

- The concepts that can be registered as Other Expenses and Income, below Management Result, are:
 - Integration expenses
 - Restructuring expenses (*)
 - Expenses and income from idle assets

- Other concepts of expenses and income
- Multiemployer Pension Plans (MEPPs)
- Royalties

A “Unique Expense” or “One Time Expense” will not be necessarily considered as Other Expense and Income. In order to classify an expense that is not recurring and not foreseeable in the regular operation of the business as Other Expenses and Income, it is required to obtain an express written authorization from the Chief Financial Officer.

(*) Note that before requesting the authorization, the total estimated amount for the restructuring must be quantified and must comply with the criteria indicated in the “Definitions” section of this policy.

- To obtain authorization to include any of the concepts described in this policy as Other Expenses and Income, the following must be carried out:
 - The local associate responsible for Finance Administration must inform the General Vice President of the Operation about the concept and document it with a business case including the amount, the date the expense/income will be incurred, and the variation versus the original budget.
 - The General Vice President of the Operation will inform the Global Financial Planning Department, copying the Global Comptrollership Department, and providing the supporting documentation as described herein, requesting authorization to record the concept.
 - Once authorization is granted:
 - The authorized concept will be considered in the financial budget of the operation.
 - If an authorization is given for a new concept during the current year, (i.e. not in the budget) the monthly expense must be offset on a monthly basis with the benefits gained during that same year for the same concept.
- If an authorized concept was not in the budget, the local associate responsible for Finance Administration will follow up **monthly** on the concept and validate it with the real benefit obtained (VR: Value Realization).
- The Global Financial Planning Department will follow up on the concept comparing to the original benefits (VT: Value Targeting), **through the files that show the expenses and income and as uploaded by the Business Unit**. The local associate responsible for Finance Administration will inform in the results forums the concepts included below Management Profit and will maintain control over these concepts for actual results and variations versus budget.
- In order to correctly record the concepts mentioned in this policy, the local associate responsible for Finance Administration must consult the guidelines issued by the Global Comptrollership Department.

Other concepts of expenses and income

Restricted to the following:

- Results from the sale of real estate or other fixed assets to third parties.
- Impairments of intangible assets (trademarks and goodwill).
- Expenses for “Global Personnel” or “Regional Personnel” services.
- Expenses from litigation and labor compensation, when they originate from organizational restructuring and have impacts related to previous years.
- Right of Use (Usufruct) amortization.
- Investments related to strategic growth projects according to **FGB-MK-08 Global Policy for Strategic Growth Investment (SGI)**.
- TIER 3 of innovation projects.
- Expenses from natural disasters (floods, earthquakes or any other force majeure)
- “BQ Personnel” – Personnel that work in other Business Units, but whose employer is Bimbo QSR.

- Fiscal incentives, and tax items (if not otherwise recognized in applicable tax general ledger accounts).
- Insurance claims.
- Other concepts previously approved by Corporate (e.g. riots)

Restructuring expenses

These expenses will be reviewed one by one in detail and will be limited to the following:

- Expenses for investment projects:
 - Implementation of production lines – Consider the following for a period of up to 3 months:
 - Repositions, installation, demolitions, transfer of required movable property for the installation of a new line, inefficiencies and startup costs, storage, training, and waste.
 - Consulting – Expenses incurred for third parties consulting in investment projects or Full Potential.
 - Major restructuring of Operation/Business Unit logistics such as a complete reorder of logistics routes.
 - Major restructuring of operations including closure or restructuring of production centers.
 - Global Projects – includes those originating from Corporate (e.g. Business Technology). These expenses include only the mandatory / base cost, suggested by Corporate. Any additional expense for improvement or by local requirements will not be registered under other expenses and income.
- Write-offs –technological obsolescence, land or buildings.
- Gains or losses from selling property or other fixed assets to third parties.

6. Responsibility/Ownership

The Global Financial Planning Department is assigned as the owner of this policy and is primarily responsible for its contents, updates, monitoring of its compliance and submission for approval to the Global Internal Control and Risk Management Department, Directive Committee, and General Management.

7. Updates

The changes implemented among versions are described below:

Revisions / History of the revision				
Version	Revision Date	Update by	Approved by	Main Changes
1	December 2020		Ramon Perez Sicard	
2	January 2023	José Eduardo Robles Escoto	Ramón Perez Sicard	<ul style="list-style-type: none"> • Write off's definition was added. • Restructuring expenses and Royalties definitions were redesigned. • The sections "Other Concepts of expenses and income" and "Restructuring expenses" were updated.