1. Purpose

Establish the guidelines for the recognition and accounting of derivatives in Grupo Bimbo.

2. Scope

This policy applies to the associates of the Global Departments of Treasury, Procurement, and Controllership, as well as those responsible for the management and accounting record of derivatives in the local Procurement and Finance & Administration areas of each Grupo Bimbo subsidiary.

3. Definitions

Cash flow hedge: Financial instrument used to hedge exposure to the risk of variation in cash flows related to an asset, liability, contract, or a highly likely transaction.

Derivative financial instruments: Set of financial instruments whose value is determined from the price of other assets called underlyings.

Fair value: It refers to the price that would be received for selling an asset or that would be paid for transferring a liability, in an agreed transaction, between market participants, on a specific date.

Fair value hedge: It is used to hedge the exposure to the risk of change in the fair value of recognized assets or liabilities or unrecognized firm commitments.

Hedged item: Asset, liability, contract, highly likely forecast transaction or net investment in a foreign operation, which put the entity at risk of changes in fair value or future cash flows and is designed to be hedged.

Hedging instrument: Non-derivative financial asset or liability whose fair value or generated cash flows are expected to offset changes in the fair value or cash flows of the hedged item.

Net investment hedge in foreign subsidiaries: Financial instrument used to hedge exposure to foreign exchange risk on the value of assets and liabilities of a subsidiary.

4. Responsibilities

Global Treasury Department: Regulate and authorize the use of financial and non-financial derivative instruments throughout the company. Approve the counterparties established for financial derivatives, including financial and brokers. Report and document quarterly to the Finance & Planning Committee all instruments and strategies for risk management, including the positions executed, the counterparties, the type of instrument, and its fair value.

Global Procurement Department: Define and execute the strategies for commodities price risk management. Report and document monthly and quarterly to the Finance & Planning Committee and the Global Treasury Department, all instruments and strategies for the commodities price risk management, including the positions, the counterparties, the type of instrument, dates, and its fair value.

Global Controllership Department: Coordinate the communication with external auditors jointly with the Global Treasury Department. Ensure the accounting treatment of the strategies related to foreign exchange, interest rate, and commodity price risk.

Local Procurement and Finance & Administration Leaders: Prepare the hedging documentation and effectiveness tests related to the derivative instruments of commodities and send it to the Global Treasury

Department before execution. Ensure the accounting treatment of hedges and obtain the approval of the Global Treasury and Controllership Departments. Review on a quarterly basis the purchases made against the hedging forecast delivered to the Global Treasury Department, and report any over-hedge to the Global Treasury and Controllership Departments.

5. General guidelines

To manage the financial risks to which Grupo Bimbo is subject (market, interest rate, exchange rate, price, liquidity, credit, and capital risks), the Finance & Administration department of each subsidiary of Grupo Bimbo has to comply with the following guidelines:

General

- Grupo Bimbo and its subsidiaries may only use derivative financial instruments to:
  - Achieve the desired liability structure with a balanced risk profile.
  - Hedge cash flow exposures in the different currencies the company operates.
  - Hedge exposures of expected flows caused by variations in commodity prices.
- In accordance whit the ***FGB-TR-07 Global Policy for Market Risk Management,*** the objective of the hedging strategy will be to reduce volatility and achieve greater stability in the operation and results of the company, so that no market risk management strategy may be aimed at obtaining a financial benefit (speculation).

Recognition

- Derivative financial instruments must be recognized, initially, at their fair value on the date on which the contract is agreed, that is, at the transaction price.

Measurement

After the initial recognition of derivative financial instruments, these must be measured on a monthly basis at their fair value, and the difference against the initial recognition will be recognized as a profit & loss.

The method to recognize the profit & loss of the change in fair value will depend on the designation of the hedge classification according to the following:

- Cash flow hedging: The effective portion will be recognized in other comprehensive income and will be presented in the caption "profit & loss to be realized of derivative instruments of cash flow hedging". The ineffective portion will be recognized immediately in the results of the period.

  Hedging accounting must be suspended when the derivative is:

  i) Expired or executed,
  ii) Expired early,
  iii) Cancelled or when it is not highly effective to offset changes in hedging.

  Any profit & loss recognized in other comprehensive income and accumulated in the capital, must be reclassified to the results of the same period in which the hedged item impacts the results.

- Fair value hedge: The profit & loss from the change in fair value should be recognized in the results of the period as exchange profit & loss.
- Hedging of net investment in foreign subsidiaries: The effective portion of changes in fair value must be recorded in the integral result, as an effect from conversion of foreign operations. The ineffective portion will be recognized immediately in the results, as exchange profit & loss.

  The accumulated values recorded in stockholders' equity as part of the integral result will be reclassified in the results when the foreign investment is available.

Presentation

Derivative financial instruments must be presented separately in the asset or liability, depending on their nature and type of risk; and the current and non-current portion must also be classified depending on their maturity, less than or greater than one year, respectively.

Revelation

The following should be disclosed in the financial statements:

- Categories of financial instruments.
- Description of the risk management methodology.
- Integration of derivative financial instruments.
- Sensitivity analysis: interest rate, exchange rate.
- Detail of the derivative operations to hedge interest, exchange rate and price risks.
- Valuation techniques and assumptions applied to determine fair value.

References

- International Financial Reporting Standards – No. 9 Financial Instruments and No. 7 Financial Instruments: Information to be disclosed.

6. Responsibility / Ownership

The Global Comptrollership Department is the assigned owner of this policy and is primarily responsible for its content, updating and monitoring of its compliance, as well as for submission for approval to the Global Internal Control and Risk Management Department, Steering Committee and Chief Executive Officer (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				