



Global Foreign Exchange Risk Administration Policy

Global Treasury Department

FGB-TR-03

1. Purpose

Establish the guidelines for the foreign exchange risk management associated with the purchase of supplies, acquisition of fixed assets and other expected expenses.

2. Scope

This policy applies to those responsible for the Administration and Finance area and the Procurement area, both on the global level and for each of the subsidiaries of Grupo Bimbo.

3. Definitions

Assets and liabilities in foreign currency: Document showing assets and liabilities denominated in foreign currency at the end of the month.

Implicit Derivative: It arises when a contract is negotiated on a product whose value depends, to a certain extent, on the price of an independent derivative. Although an explicit derivative is not being contracted, the effect on price is equivalent.

Exchange exposure subject to hedge: It is the exposure relating to a predicted, highly probable transaction that may have an impact on the company's results. To hedge the portion of risk associated with the exchange rate on total risk, it is necessary that the risk be clearly identifiable and that the hedge has a measurable effectiveness in a reliable manner; in addition, there must be an estimated date for the forecast transaction.

Less than 100% coverage of such exchange exposure will be defined by the Risk Management Department, based on the probability of occurrence of the flow to be hedged, to avoid over-hedge. In any case, the maximum percentage to hedge a flow with uncertainty, to some extent, will be 90%.

Derivative ("Derivative Financial Instrument"): Instrument whose value depends on the price of an underlying asset.

Foreign currency requirements template: Document showing monthly income and expenses in foreign currency, in local currency and any concept that is indexed to a foreign currency.

4. Responsibilities

Global Treasury, through the Market Risk Management area:

- Issue the set of policies that describe the applicable guidelines.
- Define the strategy for the exchange risk management associated to supply purchasing, acquisition of fixed assets and other expected expenses, either through the approval of commercial negotiations with suppliers to determine future prices (fixed, pre-defined and denominated in local currency) or the execution of traditional hedging instruments (purchase of dollars and derivative financial instruments) which will include terms and amounts. This strategy must be approved by the Chief Financial Officer and is detailed in Annex A of this policy.
- Define and execute the risk and foreign exchange risk management strategy associated with the financing activities and balance sheet positions of Grupo Bimbo and its subsidiaries. This strategy must be approved by the Chief Financial Officer.

Chief Executive Officer of Grupo Bimbo: Authorize the strategies related to the exchange risk and interest rates management.

Procurement area, together with the Administration and Finance areas of each subsidiary: Identify and report on a monthly basis, to the Global Treasury, the fx exposure subject to hedge through the Foreign



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Currency Requirements Template, together with a payments schedule of such requirements, as well as the existence of any implied exchange rate risk that could be considered as an implicit derivative and to notify any implied fx hedge through a supplier which may contain an implicit derivative.

Administration and Finance Department of each subsidiary: Ensure the fulfillment of this policy.

Global Controllership Department: Supervise the correct accounting record of each one of the derivatives, as well as provide the detail of the transactions to the Global Treasury on a monthly basis.

5. General guidelines

In order to achieve the objective of this policy, the Administration and Finance areas of the subsidiaries must:

- Identify and report the foreign currency requirements template on a quarterly basis to the Global Treasury, and, monthly, the assets and liabilities in foreign currency.
- Keep an inventory of the derivatives.
- Review, sign and confirm executed operations.
- Ensure that the transactions are settled on the due date.
- Guarantee the necessary resources for such transactions.
- Ensure that the derivatives are correctly recorded, in accordance with current accounting standards.
- Elaborate the hedge documentation and effectiveness tests required of the derivatives on a quarterly basis.
- Check that the accounting record is correct for each derivative.
- Keep and record the documents, for a period of 10 years, the documentation endorsing the confirmation of each of the derivatives carried out.

The hedging periods established should aim to reduce volatility and achieve greater stability in the operation and results of the company, so that no market risk management strategy can aim at obtaining a potential financial benefit.

The hedging profile is done on a periodical base to hedge the future needs in foreign currency in order to minimize volatility. The strategy must always be consistent and never discretionary.

In the event that a subsidiary needs a different hedging profile, it must be reviewed by the Global Treasury and approved by the Chief Financial Officer.

The guidelines are documented, formalized and published in the Treasury compendium, ensuring their updating and dissemination by the Global Treasury Department.

6. Responsibility / Ownership

The Global Treasury Department is the assigned owner of this policy and is primarily responsible for its contents, updating and presentation for approval to the Global Internal Control and Risk Management Department, 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				

Publication date: Nov. 2017

Replace: N/A

Page: 2 of 3



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ANNEX A

Company	Visibility (months)
Bimbo S.A de C.V	9
Barcel S.A de C.V	9
Canada Bread Company Limited	7
Ideal S.A	9
Panificadora Bimbo del Uruguay SA	4.5
Bimbo de Colombia S.A	4.5
Compañía de Alimentos Fargo S.A.	4.5
Others	9