CASTLE CURRENCY™
Currency Management Services

BEST CURRENCY PRACTICES

1. **Determine the currency risks the company faces**
   The company should be well aware of how currency can affect its business both as a whole and in its different segments. Companies have direct currency exposure such as revenues and inputs, assets and liabilities as well as indirect exposure such as inputs affected by currency, competition and market forces.

2. **Define the goal of currency management**
   Each company is affected by currency; it makes sense to explore what you can do to not only manage your risks but also to remain competitive – or to get a competitive edge. The key is to first and foremost define and control the downside risk to a comfortable level then, if available and desirable capitalize on opportunities that arise.

3. **Be aware of and prepare for "worst-case" and "best-case" scenarios**
   Being aware of what effects significant currency movements may have on the company can help mitigate against or capitalize on them. The company should be prepared to take action to help ensure the most favourable outcomes.

4. **Integrate currency analysis into sales/expenditures and financial projections**
   Budget preparations must account for potential effects of currency movements to be valid and effective. This will go a long way in meeting budgets, planning, and successfully managing currency risks.

5. **Currency management must incorporate your specific financial situations and goals**
   Currency strategies cannot be solely based on currency analysis or expectations. Each company is different and has different tolerances to currency movement and volatility. Currency Management strategies must consider specific financial needs of your company such as an annual budget, acceptable margins, or a range of currency rates the company can comfortably operate in. In fact, these financial needs must be the driver of the strategies, not currency "predictions".

6. **Become proactive in management of currency**
   Currency markets operate 24 hours a day. Significant movements can occur without warning. Too often companies make "knee-jerk" reactions on an ad-hoc basis. This adds to stress on the company, its management, and can often lead to missed opportunities or poor decision-making.

7. **Employ or hire experts in currency risk management**
   Currency can have the most substantial effect on your company's bottom line. There are many routine functions, but significant value can be derived with the use of experts dedicated to managing currency risk.

8. **Develop and implement sound currency management strategies**
   Significant effort should be spent to develop strategies that can meet the objective of each type of exposure or business division. Improve outcomes by utilizing multiple strategies or experts which provides diversification and can better meet timing requirements for hedges.

9. **Develop a written currency management policy**
   The Currency Management Plan (CMP) will become an integral part of the company's financial outcomes. Providing management a defined plan with a range of potential outcomes will assist in company planning and operations. Senior management should be involved in defining guidelines which will dictate the CMP.

10. **The fiscal framework of the CMP must be constantly updated**
    Though the general policies of the CMP are long-standing, the fiscal components of the CMP must be updated with budgets or changes to market conditions, competition, or financial conditions of the company.

11. **Have upper management approve the CMP**
    There is no hiding from the fact that companies face significant currency risks and rewards which can be a difficult balancing act to manage. The goal should be to set policies in place that are understood by upper management and meet their expectations. It is imperative that upper management understands and approve the CMP.