



GRUPO BIMBO GLOBAL AGRICULTURE POLICY PROGRESS UPDATE— July 2021

In 2017, Grupo Bimbo published its [Global Agriculture Policy](#), which describes its view on agricultural practices that support economic, environmental and social resilience; its commitment to promote these practices in all its supply chains; and its expectations for suppliers to foster implementation. Grupo Bimbo's Global Agriculture Policy is based on lessons learned through the ongoing implementation of its Global Palm Oil Policy, published in 2015. Details regarding palm oil objectives and progress made can be found [here](#).

In 2021, Grupo Bimbo has prioritized 6 objectives for the implementation of its Global Agriculture Policy. Details on the action plan can be consulted [here](#).

Progress made on the action plan defined at the beginning of the year is shown below:

1. Soy

This year Grupo Bimbo has continued mapping its soy supply chain. In this way, Grupo Bimbo complies with commitments acquired by its own policy and as a member of the [Consumer Goods Forum](#).

Based on the analysis from Grupo Bimbo's purchasing data in 2020, it has been estimated that:

- 86% of the soy supplied to Grupo Bimbo is estimated to come from low-risk origins such as the United States and Canada.
- 14% of the soy supplied is estimated to come from high-risk sources such as Brazil and Argentina.

Grupo Bimbo has also carried out a traceability exercise at Crusher level evaluating 91% of the volume of high-risk origin identified in the supply chain. The result is that 72% of this volume comes from Brazil and 8% from Argentina.¹

Likewise, Grupo Bimbo has continued to engage with its suppliers, who represent 91% of the volume under the category of risk volume (sourcing from South America) to evaluate their progress in the following aspects:

- Equivalent policy
- Traceability

¹ Data will be updated once a pending supplier provide its traceability information.

- Transformation into action
- Grievance mechanism
- Verification and monitoring

Grupo Bimbo is reviewing the collected information and during the second semester, it will be able to assess with suppliers the progress made since last year when Grupo Bimbo began this exercise. In addition to evaluating the progress made on the action plans established in 2020, new plans will be developed with new commitments based on acquired maturity level. During this dialogues Grupo Bimbo will socialize commitments acquired with the [Consumer Goods Forum](#) and of its own [Global Agriculture Policy](#).

This year, Grupo Bimbo has started a soy transformation project that responds to the risk management in its soy supply chain in Brazil. The project is located in the state of Mato Grosso and focuses on the municipalities from where Grupo Bimbo's suppliers are supplied. The project objective is to strengthen social management within several landscape project initiatives in the region.

Grupo Bimbo closely follows the agreements and initiatives of the Cerrado Working Group as a signatory of the [Cerrado Manifesto](#).

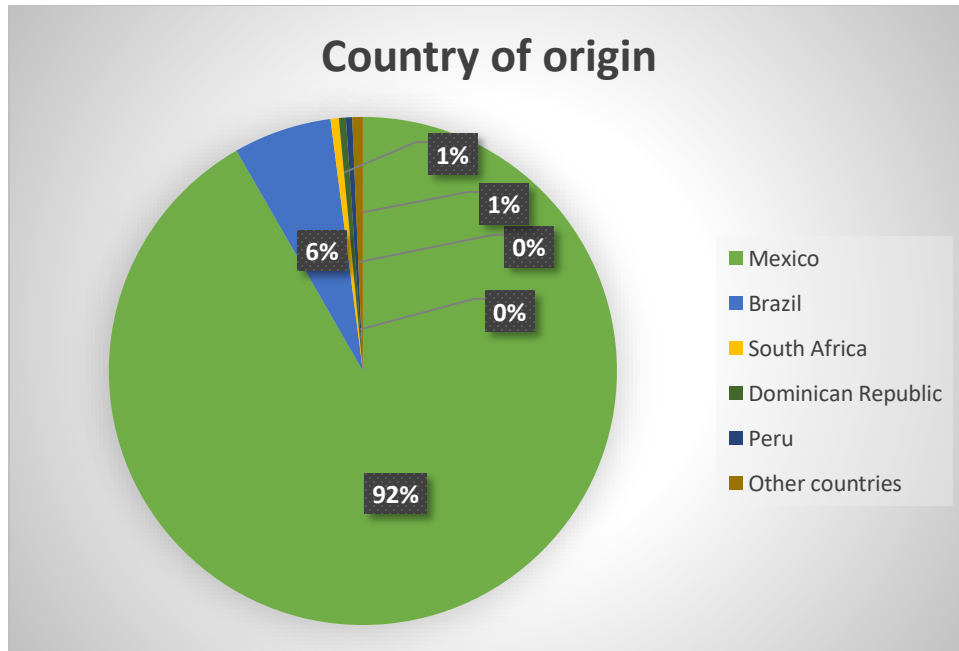
In addition, Grupo Bimbo continues to collaborate with [Blue Number](#) and with one of its soybean suppliers, one of the most relevant in the United States, feeding data and piloting a digital platform designed by Blue Number. This platform allows mapping the soybean supply chain in that country.

2. Sugar

In 2021, Grupo Bimbo decided to guarantee the responsible supply of sugar as a result of the materiality study carried out in 2018 where it was identified that sugar is one of the most relevant commodities for its stakeholders.

As a first step, Grupo Bimbo has begun to set a baseline of its suppliers and has initiated a traceability exercise with a scope of 73% of the supply of sugarcane (sugar from other sources such as beet has not been evaluated at the moment). Based on this volume, Grupo Bimbo has reached:

- 100% traceability to country of origin
- 100% traceability to mill
- 91% traceability to plantation



Grupo Bimbo has engaged with these suppliers to address through a questionnaire the following key issues:

- Political compromise
- Human rights
- Traceability
- Change approach
- Grievance mechanism and non-compliant supplier
- Transparency
- Verification
- Certification

During this first semester, a dialogue with suppliers was carried out to discuss improvement opportunities in the established sections which were registered in an action plan that will be evaluated annually.

Grupo Bimbo will continue its work on setting the baseline this year with a risk analysis of the countries of origin, based on traceability results, and visits to key sugar operations. With the lessons learned, Grupo Bimbo will be ready to develop a roadmap for responsible sugar sourcing.

3. Wheat

Grupo Bimbo continues expanding its regenerative agriculture project in wheat, corn and incorporating other critical crops. In Mexico, Grupo Bimbo work in alliance with the [International Corn and Wheat Improvement Center](#) (CIMMYT) socializing and implementing practices that help producers to generate greater efficiency in resources, thus reducing their carbon and water footprint.

The work in wheat expands through North America, where Grupo Bimbo has done a mapping of the tools, initiatives, pilots, and good practices that exist in the industry across key sourcing regions as well as engaging in the latest research, which can be implemented to address the Global Agriculture Policy commitments in this area.

With these activities, Grupo Bimbo is creating a Roadmap to achieve responsible sourcing in wheat through the expansion of regenerative agriculture in North America, and be able to replicate in other regions where feasible.

4. Sustainable agriculture

In 2021 Grupo Bimbo began to work with a regenerative agriculture approach, establishing the guidelines with which Grupo Bimbo will operate in the future through its supply chains..

Grupo Bimbo has identified regenerative agriculture as focus area and will be implementing a strategy to source ingredients from land that focuses on improving Soil Health, Biodiversity, lowering Carbon Emissions, as well as Enhancing the Producer community.

In order to accomplish this, Grupo Bimbo has begun identifying the most critical regions of wheat production and identifying opportunities for engagement in regenerative agriculture operations in these sourcing basins. As nearly 73% of Grupo Bimbo's wheat purchase comes from North America, this is where the initial focus of regenerative pilots will be.

During this semester different activities have been carried out:

- Developing an understanding for how regenerative agriculture and the preparation of a manual of practices that can guide the interested parties, including suppliers, in this new approach.
- Socialization and internal training of Grupo Bimbo teams on the matter.
- Engagement with Grupo Bimbo suppliers around the world to map and identify sustainability initiatives that occur within its supply chain. Through this exercise, 30 different sustainable agriculture pilot projects implemented on more than 260,000 hectares were identified. Of these pilots, 45 are located in North America and 26 different regions focus on wheat. These pilots have a range of scales, commodities, commitments, and partnerships. Based on this information, Grupo Bimbo will be able to have strategic participation in the most relevant programs for its supply objectives.
- Benchmarking of carbon measurement tools and development of a de-carbonization strategy.

The following initiatives are being worked with the projects in Mexico:

- Build alliances with strategic partners to continue our work in the transition from sustainable agriculture to regenerative agriculture in major crops for GB

- Establish the carbon footprint baseline
- Use of emerging monitoring and tracking tools that allow us to record data for decision-making based on environmental and social indicators
- Incorporation of new technology (such as IoT devices for remote monitoring) and processes for estimating carbon footprint, water footprint and soil health
- Generate workshops with strategic suppliers and industry benchmarks to create agile projects that aim to create value and develop alliances with regional stakeholders, including research institutions, local governments, and producers, among others

5. Animal welfare

As part of the deployment of the cage-free egg strategy, Grupo Bimbo promotes the continuity of actions that allow progress in the established goals.

As part of the transparency exercises on animal welfare, Grupo Bimbo will share annually the progress of initiative to "cage-free chicken eggs" at the end of 2021.

6. Certified and / or recycled paper and cardboard

Grupo Bimbo has ensured that 60% of the supply of paper and cardboard comes from recycled and certified sources. With this, Grupo Bimbo estimates that progress will continue to be made to achieve our 2021 transition goals.

Grupo Bimbo continues to strengthen the capacity development of our suppliers. For the third consecutive year, Grupo Bimbo has welcomed its strategic suppliers to the CDP Supply Chain program. In this program, suppliers have the possibility to share their strategy and vision on sustainability issues, as well as provide more detailed information regarding Climate Change and Forests.

As a positive result of the program, we now have the ability to categorize our suppliers according to their maturity level, which allows us to devise appropriate training for the identified needs in order to contribute to the suppliers having a better performance and can apply this knowledge within their companies.

Grupo Bimbo hopes that at the end of this cycle we can replicate the same response rate result as in 2020, it was 98% for climate change and 95% for forests.