



**GRUPO BIMBO  
GLOBAL PALM OIL POLICY  
YEAR 5 PROGRESS UPDATE– January 2021**

Grupo Bimbo's commitment to palm oil responsible sourcing is defined in its [Global Palm Oil Policy](#), published in September 2015. Grupo Bimbo Finalized last year the fifth implementation year of its policy. Public updates on Grupo Bimbo's annual Action Plan objectives and progress can be found [here](#).

Additionally, in 2019 Grupo Bimbo made a corporate level commitment to purchase 100% RSPO certified oil by 2023, during this year Grupo Bimbo has achieved a 20% global increment.

### **Year 5 progress**

Grupo Bimbo, in partnership with [Earthworm Foundation](#), has been actively engaging with its suppliers and stakeholders to execute the Action Plan and fulfill its policy commitments. During the second half of the year, progress was made in 4 strategic areas. The link to the action plan can be found [here](#).

**Map the supply chains of Grupo Bimbo's top suppliers of CPO and PKO to the palm oil mill level, and to plantation level with suppliers who have well-defined supply bases for their Fresh Fruit Bunches (FFB).** In accordance with its policy, Grupo Bimbo has continued updating traceability data for its supply chain. This year it has focused on 14 suppliers representing 96% of its total palm oil volume, and has been able to trace almost the total achieving a 96% of this volume traced to palm oil mill. This data provides information on refineries, traders and mills and helps Grupo Bimbo to make decisions about priority challenges and areas for improvement in the performance of their suppliers. Figure 1 summarizes the countries of origin for Grupo Bimbo's palm oil volume

Countries of Origin for Grupo Bimbo's Palm Oil Volume  
(% Total Volumen)

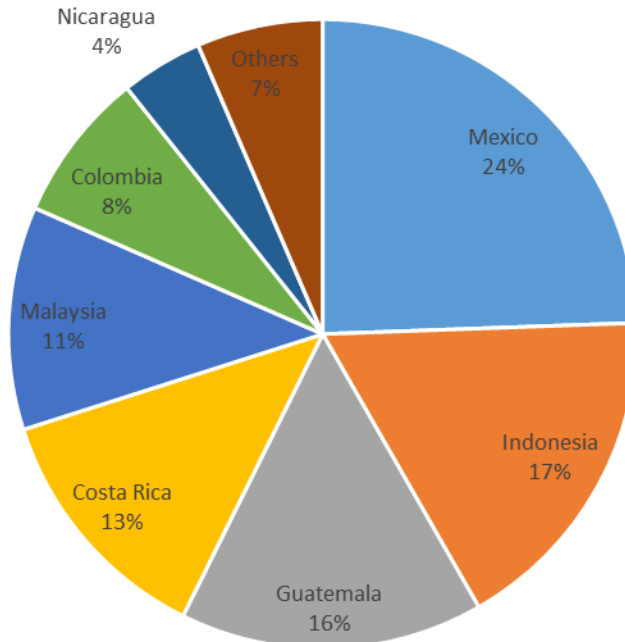


Figure 1: Countries of Origin for Grupo Bimbo's Palm Oil Volume. Source: Grupo Bimbo 2020.

[Here](#) mil list can be consulted.

### **Track policy implementation with suppliers.**

In 2020, Grupo Bimbo has continued with direct supplier engagement to understand progress towards its Palm Oil Policy. This engagement process began in 2016. Specifically, Grupo Bimbo is collecting data around:

- a) The presence and content of its suppliers' own sourcing policies
- b) Traceability to mill and plantation level
- c) Group-level implementation plan and supplier engagement
- d) Transformation in action:
  - I. Aggregator and landscape level.
  - II. Labor and social issues.
  - III. Land management and conservation
- e) Mechanisms/processes for managing grievances
- f) Verification and monitoring

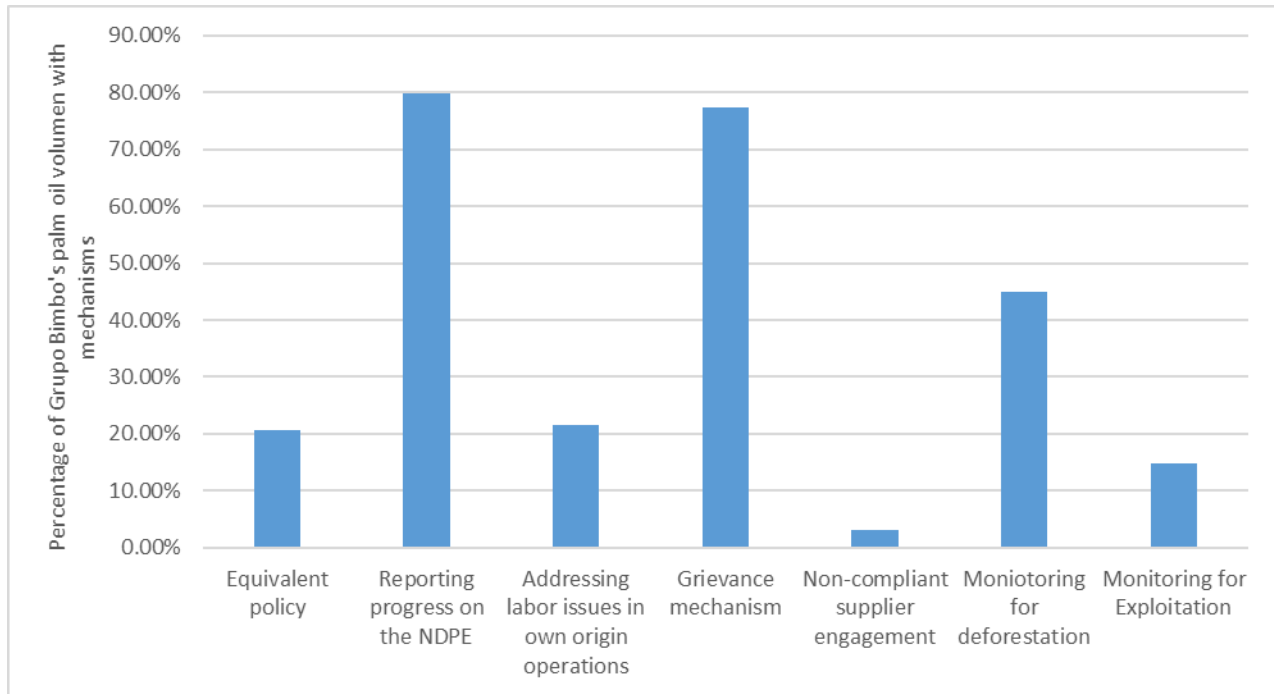


Figure 2: Métrics1 reported by Grupo Bimbo direct suppliers.

Significant progress has been observed regarding suppliers' maturity level, in addition to identifying work areas for 2021. Currently, available tools and technology are being evaluated to monitor deforestation in their supply chain. Other results achieved are:

- 25,485 smallholders who are directly linked to suppliers participate in small producer programs.
- 50% of providers reported participating in landscape programs.
- 46,343 hectares of forest were reported as included in forest conservation activities of their company or third parties.

<sup>1</sup> \*Metric details:

**Equivalent policy:** supplier has a public Palm Oil Policy equivalent to Grupo Bimbo's

**Reporting progress on the NDPE:** Supplier reports publicly on progress towards reaching time-bound milestones and compliance with its responsible sourcing policy.

**Addressing labor issues in own origin operations:** supplier is taking credible, robust measures to address the labor rights issues identified in the origin operations that they own (self-reported by supplier).

**Grievance Mechanism:** supplier has a public grievance mechanism (regardless of quality).

**Non-compliant supplier engagement mechanism;** supplier has a non-compliant supplier engagement mechanism including (regardless of quality).

**Monitoring for no deforestation:** Supplier carries out monitoring activities related to deforestation in their supply chain (e.g. field visits, spatial monitoring, civil society monitoring etc) (self-reported by supplier).

**Monitoring for no Exploitation:** supplier carries out monitoring activities related to exploitation (e.g. field verification/assessments, audits) (self-reported by supplier).

## Assessment on labor issues in the supply chain

In 2019, a materiality assessment was carried out in the agricultural supply chain, including palm oil. In Latin America, palm oil labor issues were one of the most material issues along with deforestation. In response, Grupo Bimbo has prepared an analysis on the occupational risk in its palm oil supply chain in Latin America and based on this analysis it is evaluating an intervention in its supply chain.



Figure 3: Labor risk Assessment report in palm oil supply chain in LATAM

## Implementation of transformation projects.

Grupo Bimbo has continued to monitor fieldwork, adapting to the exceptionality of the COVID-19 situation that has occurred globally.

As in previous years, Grupo Bimbo has continued to invest in two landscape-level projects in southern Mexico, in the state of Chiapas.

This region has been prioritized since more than 70% of Grupo Bimbo's palm oil volume comes from Latin America, and it is considered necessary to create solutions to prevent deforestation in the context of small producers and improve farmers' livelihoods. The objective of both projects is to generate lessons learned that can be expanded in Grupo Bimbo's supply chains.

The project in the municipalities of Marqués de Comillas and Benemérito de las Américas, one of the areas with the highest deforestation risk in Mesoamerica, is a pilot of the High Carbon Stock (HCS) methodology in a context of small producers. Despite the emergency situation derived from COVID-19, the project has continued to reach out to mills in the region and other relevant stakeholders.

The project in La Encrucijada Biosphere Reserve, where agricultural expansion threatens critical mangrove and wetland habitats, is focused on protecting native ecosystems and improving farmers' livelihoods. During the second semester of the year, the Multi-stakeholder Plan was monitored in its three lines of action:

- Smallholders resilience: Visits to palm oil smallholders have been carried out, 42 to date, to develop Comprehensive Farmers Plans so they can be more resilient to market fluctuations and local economic and environmental conditions. Also, a profitability analysis of the family productive unit has been carried out, including palm oil cultivation. Within this line of work, training was given to local palm mills regarding the conservation of the Reserve's ecosystem services. Another achieved goal was the elaboration of a model of an agroforestry plot with oil palm.
- Conservation and restoration: 15 hectares have been reforested in the core area of the Reserve, with native mangrove species, restoring wetland areas damaged by the advance of the agricultural frontier.

- Land use: Three hectares of illegal oil palm crops have been eliminated in the core area of the Reserve. Also, a strategy for reconverting oil palm crops has begun in accordance with the Encrucijada Biosphere Reserve Management program.



*Figure 3: Transformation projects in Chiapas. 2020.*

### **Continuous improvement**

Grupo Bimbo has completed the pilot that initiated in 2020 on the grievance mechanism and it will publish the document in the following quarter.