



GRUPO BIMBO GLOBAL PALMOIL POLICY YEAR 5 PROGRESS UPDATE– June 2020

Grupo Bimbo's commitment to responsible sourcing of palm oil is defined in its [Global Palm Oil Policy](#), released in September 2015. Grupo Bimbo has now started its 5th year of Policy implementation. Public updates on Grupo Bimbo's annual Action Plan objectives and progress can be found [here](#).

In 2019 Grupo Bimbo made a corporate commitment to buy 100% RSPO certified oil by 2023, during this year a 10% progress was achieved and by 2020 a global increase of 20% is expected.

Progress Year 5

Grupo Bimbo, in partnership with [Earthworm Foundation](#) has been actively engaging with its suppliers and stakeholders to execute the annual Action Plan developed at the beginning of 2020 in order to fulfill its policy commitments. During the first half of this year, progress has been made in 4 strategic areas. [Here](#) you can find the link to the entire action plan.

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. Finally, Grupo Bimbo has been able to track practically all of this volume, reaching a 96% mill traceability score of. 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. Table 1 summarizes the countries of origin for Grupo Bimbo's palm oil volume.

Table1: Sourcing Origin Countries
MEXICO
INDONESIA
GUATEMALA
COSTA RICA
MALAYSIA
COLOMBIA
NICARAGUA
HONDURAS
PANAMA
PERU
PAPUA NEW GUINEA
BRAZIL
THAILAND
ECUADOR
IVORY COAST
CAMEROON
CAMBODIA
SOLOMON ISLANDS
LIBERIA

In addition, in this link you can consult Grupo Bimbo's Public mill list [link](#)

Track policy implementation with suppliers.

In 2019, Grupo Bimbo continued engaging with direct supplier engagement to understand progress towards its Palm Oil Policy. This engagement process began in 2016 and this year Grupo Bimbo has increased the detail of the information request in order to increase visibility into

supplier practices and address stakeholder priorities. 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

The results obtained are summarized below:

- 21% of the volume supplied has a 100% equivalent policy to Grupo Bimbo's.
- 80% of the volume supplied from suppliers publicly reporting their progress in the implementation of their NDPE policy.
- 77% of the volume supplied from suppliers with grievance mechanism
- 3% of the volume supplied from suppliers with a non-compliant supplier mechanism
- 45% of the volume supplied from suppliers monitoring deforestation in its supply chain through spatial monitoring, field visits and / or other systems in place.
- 15% of the volume supplied from suppliers monitoring exploitation.

Please find in detail those results in the previous progress report [here](#).

During the first period of 2020, Grupo Bimbo has continued with the supplier's engagement to discuss opportunity areas identified to be addressed. Furthermore, there has been a strengthening of Grupo Bimbo's regional business units to more effectively communicate Grupo Bimbo's expectations to suppliers. Likewise, Grupo Bimbo has begun to engage suppliers as part of their participation in EPI during the second half of 2020, in order to measure supplier's progress compared to last year. Grupo Bimbo is considering the tools and technology available to be able to monitor deforestation in its supply chain.

Implement transformation activities.

GB had additional field work planned for 2020 and hopes to resume progress when health and safety permits due to the COVID-19 situation.

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

We have prioritized this region since more than 70% of the Bimbo Group's palm oil volume comes from Latin America and we consider it necessary to generate solutions to prevent deforestation in a smallholders context and improve the livelihoods of farmers. In both projects, our goal 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, one of the areas with the highest risk of deforestation in Mesoamerica, is a trial of the High Carbon Stock (HCS) methodology with small holders. During this semester, Grupo Bimbo has continued engaging stakeholders and has added relevant ones to the project. Grupo Bimbo has continue sharing progress with the HCSA steering Committee. In addition, a detailed social diagnosis of the region has been completed. Due to COVID Grupo Bimbo, it has been forced to postpone field activities and hopes to resume activities before the end of the year.

The project in La Encrucijada Biosphere Reserve, where agricultural expansion threatens critical mangrove and wetland habitats, focuses on protecting native ecosystems and improving farmers livelihoods. During the first semester of the year, the Multi-actor Plan has been followed up in its three lines of action:

- Resilience of small producers: 40 producers have been identified for the pilot project, and to date a diagnosis of the family plot unit and Farm Plans have been concluded with 12. In addition, work has been done on an associated Palma agroforestry system.
- Conservation and restoration: A dispersed palm removal action plan has been developed with updated sites. In addition, nurseries with native species of the region have been established in three communities.
- Land use: 5 Socialization workshops of the La Encrucijada Biosphere Reserve Program Management were held in 5 of the 6 mills in the region. In addition, allies have been identified to promote the sustainability of oil palm in the reserve.

Mejora continua

Grupo Bimbo is piloting their grievance mechanism in palm oil and developing internal capacity for implementation. Likewise, Grupo Bimbo has started working on an analysis of occupational risk in Latin America, responding to the materiality study carried out in 2019 where labor risk in palm oil sector was one of the most material for its stakeholders.