



**GRUPO BIMBO  
GLOBAL PALM OIL POLICY  
YEAR 4 PROGRESS UPDATE– January 2020**

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

#### **Progress year 4**

Grupo Bimbo, in association with [Earthworm Foundation](#) (formerly The Forest Trust), works actively with its direct suppliers to socialize and implement in an orderly manner the Annual Action Plan that was defined in early 2019 to comply with the commitments included in its Policy.

During this year, progress has been achieved in 4 strategic areas. [Here](#) can be found the progress update report for the first period.

#### **Map the supply chains of Grupo Bimbo's top suppliers of CPO and PKO to the palm oilmill level**

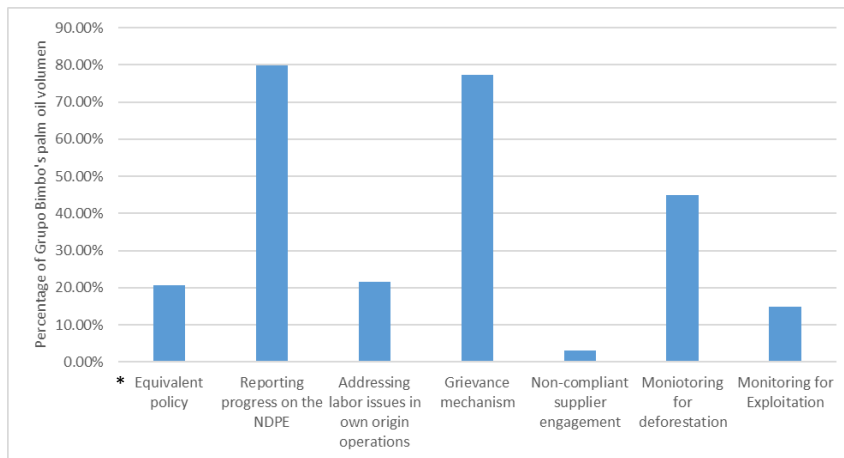
Grupo Bimbo publishes the [mills list](#), taking a step beyond the traceability exercise carried out in the first half of the year. In that exercise, 95% of the palm oil volume, assorted by 17 suppliers, was mapped and a 94% mill traceability was reached, which represents a total traceability of 90% at the mill level for Grupo Bimbo. The publication of the mills list is one of Grupo Bimbo's commitments for this year and responds to the industry expectations and stakeholders to increase the transparency of the palm oil sector. This exercise has included the engagement with direct suppliers to raise awareness of the importance of this good practice. The list covers 15 suppliers representing 94% of the palm oil volume purchased.

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

During the second semester of 2019, Grupo Bimbo has completed the process that began in the first semester of approaching suppliers to identify areas of opportunities and measure progress towards the Global Palm Oil Policy. To the 11 suppliers that participated in the first semester (representing 85% of the volume), another 6 suppliers has been added, thus covering 95% of the volume of Grupo Bimbo. Data collection is the basis for dialogues in which Grupo Bimbo engages with the supplier to analyze the information received jointly and reach agreements on next steps.

Grupo Bimbo introduces below some of the most relevant data that are being collected:

- 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



Brazil
Cameroon
Colombia
Costa Rica
Ecuador
Gabon
Ghana
Guatemala
Honduras
India
Indonesia
Ivory Coast
Malaysia
Mexico
Nicaragua
Panama
Papua New Guinea
Peru
Thailand

15 of 17 suppliers engaged have a sustainable palm oil sourcing policy. The key gaps found in those policies that were not equivalent to Grupo Bimbo's were related to scope – not all policies mentioned covering third party suppliers or joint ventures – and commitment to HCS A methodology.

Other relevant metrics from this subset of Grupo Bimbo's supply chain which were self-reported by Grupo Bimbo's direct suppliers:

- g. 39,865 smallholders directly under supplier's management are self-reported by the supplier as being engaged in smallholder's programs
- h. 37.50% of the suppliers self-reported being participating in landscape programs
- i. 43, 181 hectares of forest were self-reported as being included in their company's or third party's suppliers forest conservation activities.

*\*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).

**Traceability to Mill:** volume that can be traced back to a palm oil mill where the parent company, name and location of the mill are known

**Traceability to Plantation:** Volume that the supplier self-reported as being able to be traced

## **Implement transformation activities**

During the second half of 2019, Grupo Bimbo has continued working in the state of Chiapas, in southeastern Mexico, in two projects whose objectives are to stop deforestation in the region and specifically create palm oil chains free of deforestation. This region is one of the main sources of palm oil from Grupo Bimbo.

The project in the municipalities of Marqués de Comillas and Benemérito de las Américas, one of the areas with the highest risk of deforestation in Mesoamerica, is a smallholder High Carbon Stock Approach (HCSA) trial. In the last semester, the project was socialized with environmental and social, international and local, institutions. Likewise, the progress and lessons learned have been shared with the Steering Committee of HCSA. In November, a field visit was carried out to introduce to the potential ejidos, the project, and the associated challenges and opportunities. Finally, other opportunities were assessed for encouraging conservation in the region.

The second project that Grupo Bimbo is implementing is located in the Biosphere Reserve La Encrucijada. The purpose of this multi-stakeholder process, is to promote a responsible palm oil supply chain to protect coastal ecosystems (wetlands) and avoid increasing the palm crops area in the Reserve. During the second semester, the multi-sectoral work group, which includes the institutional part of the Biosphere Reserve, Oleofinos, the Civil Association Ecology Sustainability and Innovation and Earthworm Foundation, agreed on a work plan, which was shared with the mills in the region. The work plan has three lines of action:

- ✓ Smallholders resilience
- ✓ Conservation & restoration
- ✓ Land Use

The project has been socialized with different institutions.

In November 2019, Grupo Bimbo received the Boscares award together with Nestle and Oleofinos for the La Encrucijada project presented by the Civil Association Reforestamos in the category: Supply Chain with Zero Deforestation. The award recognizes alliances between companies implementing joint projects that support to the common objective to protect forest.

## **Continuous improvement**

Grupo Bimbo has trained business units to lead the dialogues with suppliers around sustainable palm oil commitments. This is a way to create a more effective communication channel with suppliers for greater impact.

Grupo Bimbo finished the year with the identification of opportunity areas with its suppliers and prioritization of next steps for 2020. As part of the prioritization for 2020, the result of the materiality assessment, carried out by Grupo Bimbo on its global agricultural supply chains, indicated that palm oil is a priority commodity for Grupo Bimbo's stakeholders.