



**GRUPO BIMBO**  
**Global Palm Oil Policy**  
**Action Plan Year 5 (2021)**

In September 2015 Grupo Bimbo launched its [Global Palm Oil Policy](#) where it commits to establishing a transparent global supply chain that complies with the principles of no deforestation, no exploitation and no development in peatlands. Grupo Bimbo is in its sixth year of policy implementation and continues to partner with the [Earthworm Foundation](#) to advance in its commitments.

This year, Grupo Bimbo will continue publishing information related to traceability and supplier commitment, will keep strengthening internal capacity and supporting transformation projects in the field. Specifically, Grupo Bimbo will work on:

**1. Mapping the supply chain of Grupo Bimbo's top suppliers, which represent 95% of crude palm oil and palm kernel oil purchase volume**, mapping will be done with suppliers that have well-defined supply bases for Fresh Fruit Bunches at the palm oil extractor level and the plantation level. Grupo Bimbo keeps its commitment to transparency by publishing its list of mills.

**2. Monitoring the implementation of policies with suppliers.** Grupo Bimbo will continue to monitor direct suppliers, which it has been doing since 2016, to measure their progress in no deforestation and no exploitation commitments. Dialogue with suppliers is established and yearly progress is assessed using data collected systematically. In addition, challenges and opportunities are identified so that Grupo Bimbo can guide the definition of the next steps and expectations by also taking into account the maturity level of the supplier. Information on the following topics is then added to the traceability information:

- ✓ Presence and content of our suppliers' own supply policy.
- ✓ Implementation plan at company level and supplier commitment.
- ✓ Approaches to improve labor and social practices in the field.
- ✓ Approaches to improve land management and conservation practices in the field.
- ✓ Mechanisms / processes for managing complaints and non-compliant suppliers.
- ✓ Verification and monitoring.

Through this information, a maturity level is defined for the suppliers and objectives are set in terms of their performance.

A summary of relevant indicators will be published annually to reflect the level of compliance of Grupo Bimbo's suppliers globally.

**3. Implement transformation projects.**

**At the landscape level,** this year Grupo Bimbo continues to support two projects in the field located in the state of Chiapas, Mexico. This region is one of the most important palm oil source region for Grupo Bimbo in Latin America. Both projects aim to protect forests and other natural ecosystems and to improve the well-being of small producers.

During this year of the pandemic, the need to work using a landscape approach and take into account the realities of small producers and the vulnerability they face has been strengthened.

The first project is located in the municipalities of Marqués de Comillas and Benemérito de las Américas, where Grupo Bimbo is implementing a High Carbon Reserve<sup>1</sup> (HCS) pilot project adapted to smallholders. This year, activities that were delayed by the COVID crisis will be resumed. This year, activities to map the area to assess carbon values, biodiversity and social aspects linked to the land will continue. The work will continue in a consensual manner and in consultation with local partners and small producers involved.

The second project is located in La Encrucijada Biosphere Reserve and Grupo Bimbo is implementing the Multistakeholder Plan to mitigate palm cultivation impact on the natural area. The three established lines in the Plan are:

- Resilience of smallholders
- Conservation and restoration
- Land use

The program integrates actions that strengthen and complement past year actions, for example, dissemination of results with producers, follow-up of reforestation actions and identifying allies.

**On a social level.** Based on the results from the Occupational Risk Analysis in the Palm Oil Supply Chain in LATAM, carried out in 2020, Grupo Bimbo is evaluating possible actions to address the challenges identified in key countries of Grupo Bimbo's supply chain.

**4. Grievance Mechanism.** After conducting in 2020 Grupo Bimbo's grievance mechanism proof of concept, Grupo Bimbo is preparing to carry out a process of socialization and training both internally and with suppliers so that they know the process by which Grupo Bimbo will use as guidance to resolve non-compliant supplier situations. Likewise, this socialization will serve as training for suppliers on how to implement their own mechanisms, in such a way that it is guaranteed an orderly and effective response to situations of non-compliance that extend throughout the supply chain. Grupo Bimbo will continue to monitor grievances and non-compliant suppliers and will engage with direct suppliers to analyze specific situations and propose action plans to ensure responsible sourcing.

**5. Monitoring deforestation.** Grupo Bimbo initiates this year monitoring deforestation using the Starling tool. During this pilot year, Grupo Bimbo will monitor 46%<sup>2</sup> of its supply chain volume. For the first time, Grupo Bimbo will be able to create a baseline and understand the challenges

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<sup>1</sup> The High Carbon Reserve approach is a methodology that identifies forest areas for protection from degraded land with low level of carbon, biodiversity and social aspects, which in such case could be developed. For more information: [link](#).

<sup>2</sup> 46% responds to the volumen acquired by Grupo Bimbo from two selected suppliers for monitoring from 2019. This information could change based on the annual traceability exercise carried out by Grupo Bimbo.

of deforestation in its global palm oil chain. Grupo Bimbo will attend received deforestation alerts and will prioritize its attention to reach direct suppliers quarterly so that it can address deforestation in its chains. Also, deforestation alerts will be executed through Grupo Bimbo's grievance mechanism.

**6. Certified palm oil.** Grupo Bimbo continues to work on its commitment to increase the volume of oil certified under the RSPO standard, with the categories of Mass Balance and Book & Claim categories. By the end of 2021, Grupo Bimbo will cover 40% of its volume.

**7. Building internal capacity.** Grupo Bimbo continues to strengthen the business units at the regional level for better socialization and implementation of the policy. In addition, different departments and business units will be included in the implementation of the grievance mechanism.

**8. Report on the implementation of this Action Plan every six months.** As part of the commitment to maintain active communication with its stakeholders, Grupo Bimbo will continue publishing updates on the progress in the implementation of this policy every six months.