



## **1. Our palm oil policy**

Grupo Bimbo will build a transparent global supply chain by mapping our palm oil supply chain back to plantations of origin and by requiring our suppliers to commit to producing and sourcing palm oil from companies that comply with the following principles across their entire operations and landholdings:

- No deforestation;
- No development on peatlands, regardless of depth;
- No exploitation of Indigenous Peoples, workers, and local communities; and
- Traceability.

### **No deforestation**

This policy includes the prohibition of development on both High Conservation Value (HCV) areas<sup>1</sup> and High Carbon Stock (HCS) forests.<sup>2</sup> Furthermore, suppliers will not use burning for land clearing, replanting, or other developments.

### **No development on peatlands, regardless of depth**

Our policy prohibits the development of peatlands, regardless of their depth. Existing plantations on peat should follow Best Management Practices, but we strongly recommend that producers identify and work to restore critical peatland domes on existing plantations.<sup>3</sup> In addition, suppliers, including mills and refineries, will be expected to work continuously to reduce greenhouse gas emissions and pollutant emissions from all existing activities.

### **No exploitation of Indigenous People, workers, and local communities**

Our commitment to no exploitation represents our understanding of the impacts that our operations and supply chain can have on Indigenous People, workers, and communities. Grupo Bimbo believes human rights, including worker and community rights, must be recognized, respected, and upheld.

Grupo Bimbo is a signatory of the UN Global Compact, and expects our suppliers to meet the principles of this initiative.<sup>4</sup> In accordance with the UN Global Compact, the ILO's Fundamental Conventions<sup>5</sup>, and Grupo Bimbo's Supplier Code of Conduct, suppliers at all tiers within our palm oil supply chain are expected to comply with our policy of no exploitation and respect of human rights (including worker and community rights) through adherence to the following principles:

- Comply with all applicable laws and regulations in the countries of operation;
- Prohibit child labor, or forced and/or bonded labor;
- Compensate workers in accordance with all applicable laws and regulations—including those pertaining to minimum wage, overtime, maximum hours, and benefits;
- Prohibit discrimination or harassment in employment or occupation;
- Provide a safe and healthy work environment, including clean and safe housing when provided;
- Respect workers' rights to freedom of association and to collective bargaining;
- Prevent and prohibit corruption, including extortion and bribery.

<sup>1</sup> HCV as defined by the HCV network: <https://www.hcvnetwork.org/about-hcvf/the-six-high-conservation-values>

<sup>2</sup> HCS forests as defined at <http://highcarbonstock.org> by the High Carbon Stock (HCS) Steering Group.

<sup>3</sup> Best Management Practices as laid out by the "RSPO Manual on Best Management Practices (BMPs) for existing oil palm cultivation on peat."

<sup>4</sup> <https://www.unglobalcompact.org/aboutthegc/thetenprinciples>

<sup>5</sup> [http://www.ilo.org/declaration/info/publications/WCMS\\_095895/lang--en/index.htm](http://www.ilo.org/declaration/info/publications/WCMS_095895/lang--en/index.htm)



Grupo Bimbo will also require our supply chain partners to demonstrate ethical recruitment practices, in which recruitment processes are documented and transparent, and any costs charged to the workers are transparent, justified and legal. Ultimately, producers should pursue the goal of having no fees charged to workers. Employment contracts should be provided to all workers in a language that can be easily understood by the workers.

In order to protect workers, communities and the environment, suppliers are required to avoid the use of Paraquat, as well as chemicals categorized as World Health Organization Class 1A or 1B, or listed by the Stockholm or Rotterdam Conventions.

In addition, when producers in Grupo Bimbo's palm oil supply chain are involved in land acquisition, lease, or utilization, they must respect land tenure rights and the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold legal, communal, or customary rights.<sup>6</sup> New or existing conflicts, including ones resulting from a lack of FPIC, should be managed and resolved through a transparent, balanced, and accessible dispute resolution process. This may require redress for Indigenous Peoples or local communities.

Suppliers and producers in Grupo Bimbo's supply chain should have a credible and accessible grievance mechanism that allows for stakeholders to report concerns without fear of recrimination or dismissal.<sup>7</sup>

Grupo Bimbo will facilitate the inclusion of smallholders into our supply chain, and when possible support them through the process of achieving compliance with this policy.

## **2. Traceability**

Grupo Bimbo will engage with our suppliers to achieve traceability to the mill level in order to identify and prioritize appropriate actors for transformation (improvement of practices). We will work to achieve traceability to the plantation level as part of the process of engaging our suppliers to improve practices and verify no deforestation, no development on peatlands and no exploitation of Indigenous Peoples, workers, and local communities. We will regularly disclose a list of our top suppliers and sourcing countries.

## **3. Implementation**

The policy is effective immediately, and Grupo Bimbo will engage with credible partners in order to map and assess our supply chain. Grupo Bimbo will then develop an Action Plan to work with our suppliers and other third parties to achieve and verify full company-wide compliance with the policy. The Action Plan will be publically available no later than four months after the release of this policy, and we commit to reporting on its implementation twice a year thereafter.

Grupo Bimbo will take an appropriate approach to monitoring and verifying that our policies are being properly implemented on an ongoing basis. Recognizing the challenges faced by smallholders to achieve certification, Grupo Bimbo will seek innovative ways to monitor compliance, including independent multi-stakeholder verification processes, RSPO certification or other credible processes available.

<sup>6</sup> Grupo Bimbo will follow the definitions and guidance as laid out in the UN Declaration on the Rights of Indigenous Peoples, as well as the UN FAO's Voluntary Guidelines on the Responsible Governance of Tenure.

<sup>7</sup> Suppliers should follow the guidance regarding grievance mechanisms from the UN Guiding Principles on Business and Human Rights.



## Global Palm Oil Policy

Global Procurement Department

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We expect our suppliers to adopt their own time-bound responsible palm oil policies and action plans in line with Grupo Bimbo's, and we encourage suppliers to publicly report on the progress towards company-wide compliance with this policy. The policy criteria will be included in the Grupo Bimbo supplier selection process. In the event of non-compliance, we will work with suppliers to create a corrective action plan with reasonable time commitments to meet our requirements. Suppliers failing to meet our time-bound requirements will be subject to non-renewal or termination of contracts.

#### 4. Responsibility / Ownership

The Global Procurement Department is the assigned owner of this policy and main responsible for its contents, update and submission for approval to the Global Internal Control and Risk Management Department, Steering Committee and CEO.

#### 5. Updates

Revisions / Revision log				
Version	Revision date	Updated by:	Approved by:	Main Changes
1	September, 2015	Global Manager Procurement	VP Global Procurement	First publication