1. Overview

Grupo Bimbo supports agricultural practices that promote economic, environmental, and social resilience. We recognize that in the long-term, farmers' livelihoods are dependent on the health of natural resources. In turn, the health and wellbeing of all people is connected to the agricultural systems that feed us and that impact our air, water & forests. Grupo Bimbo will contribute to building transparent and sustainable agricultural systems by mapping our supply chains and by requiring our suppliers to produce and source according to current best practices and emerging innovation. We will work together with suppliers at every tier of production to support change: direct suppliers, co-manufacturing partners, traders, producers, and farmers. Finally, we will look to the expertise of local and indigenous communities, scientists, civil society, and public institutions as we build our knowledge around sustainable agriculture and how best to implement our policy and will work together with our suppliers to identify and implement the best solutions for each regional context.

2. Scope

This Global Agriculture policy covers all raw agricultural materials used in Grupo Bimbo products worldwide. This policy applies to all our direct suppliers, across their entire operations and we also extend this policy to indirect suppliers with the objective to foster compliance throughout our entire supply chains. The policy outlines criteria that fall within three categories:

- Economic resilience;
- Environmental stewardship;
- Social well-being, including respect for workers and communities.

Grupo Bimbo's intention is for the criteria outlined below to guide an ambitious strategy for expanding best practices across supply chains and foster innovation where existing practices are insufficient or not yet applied at scale. This policy document clearly communicates Grupo Bimbo's commitment and expectations to suppliers and external stakeholders.

This Global Agriculture Policy aligns with different international standards such as International Bill of Human Rights and the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and UN Guiding Principles on Business and Human Rights. Additionally, suppliers are required to comply with all applicable laws and regulations in the countries of operation.

3. Commitments

Economic Resilience

Grupo Bimbo recognizes the importance of economic viability of agricultural production to farmers and communities worldwide and acknowledges the significance of smallholders in global agricultural supply chains. It is our intent that smallholders in our supply chain are not negatively impacted through the implementation of production criteria. Grupo Bimbo will make a concerted effort to facilitate the inclusion of smallholders into our supply base and, support smallholders to achieve compliance with our policy. Specific information related to smallholder support will be included in our annual Implementation Plans (see Section 4).

Economic resilience is achieved through strategic and efficient production practices met with resource and cost-effective best practices and fair pricing for agricultural products. Grupo Bimbo will support agricultural practices and supply chains that create value for farmers and communities and avoid environmental degradation and social conflict.

Grupo Bimbo expects suppliers at all tiers of our supply chain to create economic, social, and environmental

value for agricultural producers by committing to the following criteria:

- Pay fair and reasonable prices for agricultural products.
- Maintain the health and productivity of agricultural assets through responsible environmental and social practices (see criteria in the categories below). Choose efficient and effective input production methods as a way to protect assets and reduce production costs.
- Reduce postharvest losses and food waste by developing a quality control and management system from the field to storage, transportation, processing, and delivery.

Environmental Stewardship

Agricultural production should not come at the expense of natural habitats and ecosystem services. At Grupo Bimbo, we believe that agriculture and nature can and should co-exist. As such, suppliers at all tiers of our supply chain are expected to commit to the following criteria:

- **Soil conservation, preservation, and regeneration:** Protect or improve soil health by avoiding monocultures, preventing degradation and erosion, reducing runoff, and supporting regenerative practices that enhance soil fertility and biodiversity. As feasible, implement regenerative agriculture practices such as crop rotation and intercropping, no till/conservation tillage, cover crops, and agroforestry.
- **No deforestation and no conversion of natural ecosystems:** Protect forests and natural habitats by preventing conversion of High Conservation Value (HCV) (1) areas and High Carbon Stock (HCS) forests (2) and habitats such as peatlands, wetlands, savannahs.
- **No peatland destruction:** Conversion of peatlands (regardless of their depth) is prohibited, including development of farms or grazing land.
- **No illegal or destructive burning:** Suppliers will not use burning for land clearing or other developments unless there is evidence that burning is legal and controlled and does not result in additional land use change.
- **Responsible pest management and limits to agrochemical use:** Eliminate the use of Paraquat, as well as any chemical categorized as World Health Organization Class 1A or 1B, listed by the Stockholm or Rotterdam Conventions, or not allowed by law. As feasible, suppliers should use Integrated Pest Management techniques suitable to their context and seek to gradually reduce use of agrochemicals.
- **Water Management:** Promote responsible water use in crop production. Prevent and mitigate impacts on water quality and quantity through implementation of water management plans, including additional conservation measures in water-stressed areas. Implementation must include strategies to responsibly manage the risk of pollutant runoff or contamination of ground or surface water with pesticides, nutrients, or soil. Long-term access of water resources for local communities must be guaranteed.
- **Air Quality:** Promote high air quality through the responsible handling, storage, and disposal of manure, the use of appropriate application techniques for agrochemicals, and the regular maintenance of machinery. As feasible, implement technological upgrades to reduce emissions into the air.
- **Greenhouse Gas management:** Suppliers are expected to continuously work to optimize energy use and minimize greenhouse gas emissions in crop production, field activities, and the management of herd and agricultural waste. Maximize the use of renewable energy as available.
- **Animal welfare:** Respect the “Five Freedoms” of animal welfare: freedom from hunger, thirst and malnutrition, freedom from fear and distress, freedom from physical and thermal discomfort, freedom from pain, injury and disease, and freedom to express normal patterns of behavior. Develop plans to phase out of routine use of antibiotics in animal rearing.
- **Waste management:** Use waste storage, treatment, and disposal practices that do not pose risks to human or ecosystem health. Recycle all materials possible. Organic waste should be composted or otherwise processed for use as organic fertilizer or bioenergy.

Respect for workers and communities

In accordance with the ILO's Fundamental Conventions (3), International Bill of Human Rights (4) and Grupo Bimbo's Supplier Code of Conduct(5), suppliers at all tiers within our agricultural supply chain are expected to commit to no exploitation of people and communities, including the following criteria:

- **No forced labor:** Suppliers must not use forced labor, bonded labor, or human trafficking.
- **No child labor:** No child under the age of 15 is employed, unless local law is set at 14, as defined by ILO Convention 138. Appropriate measures are taken to prevent the use of such labor and remediate cases of child labor. Where young workers are employed (15-18), they shall not perform hazardous work.
- **Freedom of Association and collective bargaining:** We respect and recognize the rights of workers to organize collectively and to do so independently, without interference.
- **No discrimination:** Prohibit discrimination or harassment in employment or occupation; promote practices that empower fair and equal conditions for all women, as a pillar of agricultural community development.
- **Legal and decent wages and working hours:** Compensate workers in accordance with all applicable laws and regulations—including those pertaining to minimum wage, overtime, maximum hours, and benefits. Workweeks, including overtime, shall not exceed the maximum number of hours permitted by applicable laws and regulations. All workers do not work more than national legal maximum hours; overtime hours are worked on a voluntary basis, and workers have at least one day off in seven.
- **Healthy and safe workplace:** Provide a safe and healthy work environment, including access to potable drinking water, safe and hygienic sanitation, adequate and appropriate personal protective equipment (PPE), and clean and secure housing conditions as priority. Workers should have access to medical care and employers should have contingency plans and programs in case of emergency.
  Ethical recruitment: Use ethical recruitment practices, in which recruitment processes are documented and transparent, and costs charged to the workers are transparent, justified, and legal. We support the UN Global Compact's initiative to eliminate labor recruitment fees and expect suppliers to develop plans to phase them out. Create a fair and transparent relationship with long-term agreements with workers, including written employment contracts in a language that the workers can understand.
- Prevent and prohibit corruption, including extortion and bribery.

- **Respect for land rights and FPIC:** When producers in Grupo Bimbo's agricultural supply chain are involved in land acquisition, lease, or utilization, they must respect land tenure rights and obtain and demonstrate the Free, Prior and Informed Consent (FPIC) of indigenous and local communities on lands to which they hold legal, communal, or customary rights. (6) 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.

Supplier companies in Grupo Bimbo's supply chain must have a credible and accessible grievance mechanism appropriate to their size that allows for stakeholders to report concerns without fear of recrimination, reprisal, or dismissal. (7)

4. Implementation

This policy is effective immediately. However, Group Bimbo recognizes that full implementation will require restructuring of production systems – this will take time and must be approached as a process of continuous improvement, monitoring, and innovation. The following actions will be developed to work towards the compliance of this policy.

- **Traceability:** Grupo Bimbo will work to trace the origins of materially relevant agricultural raw materials

that we source. Suppliers are expected to support and collaborate with Grupo Bimbo to provide sourcing details. Our goal is to understand key risks and opportunities for change by answering three questions: (I) What and where are the problems associated with the raw agricultural products we purchase? (II) Where does Grupo Bimbo have the most leverage to push for and support change? (III) Which suppliers are best positioned to partner with us to pilot innovative projects. Answering these questions will allow Grupo Bimbo to prioritize commodities and/or regions for engagement and identify appropriate interventions to contribute to improved practices.

- **Agricultural raw materials tailored approach:** Grupo Bimbo recognizes that the context of raw materials within our supply chains will vary significantly depending on the commodity, geography, and existing environmental conditions. As such, we will release commodity and/or geography-specific criteria and indicators as we learn more about the particular contexts within our supply chains. This will allow Grupo Bimbo to prioritize commodities and/or regions for engagement and identify appropriate interventions to contribute to improved practices.

- **Transparency:** We will develop annual Implementation Plans that will contain targets and timelines for our immediate steps towards achieving and monitoring compliance with the policy. The Implementation Plans will be publicly available, and we will report at least once a year on our progress.

- **Collective action:** Grupo Bimbo recognizes that collaborating and partnering with others is key to accelerate the path to sustainable supply chains. As such, we are members of the Consumer Goods Forum (CGF), and Roundtable on Sustainable Palm Oil (RSPO).

Grupo Bimbo will seek innovative strategies to ensure that positive change is occurring on the ground and will identify appropriate third parties to measure and verify our progress.
This Global Agriculture Policy will be communicated to suppliers and will be used as reference 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 could be subject to non-renewal or termination of contracts.

Global best practice in sustainable and regenerative agriculture is constantly evolving as knowledge expands and is shared. As such, Bimbo will conduct a periodic review of our policy criteria to ensure that they represent current expertise in sustainable agriculture practices.

5. Responsibilities

All procurement areas in all regions within Grupo Bimbo must work with their supply chain to comply with this policy, among others published on the Grupo Bimbo website, e.g. Grupo Bimbo's Supplier Code of Conduct, Responsible Palm Oil Sourcing Policy, and the Global Integrity Policy.

6. Responsibility / Ownership

The Chief Procurement Officer is the assigned owner of this policy. The responsibility for the execution for its contents, update, and submission for approval to the Global Internal Control and Risk Management Department, Steering Committee and CEO is the Procurement area in conjunction with other functional areas, where required.

Appendix A

Definitions and reference to follow this policy.

1. HCV as defined by the HCV network: https://www.hcvnetwork.org/hcv-approach
2. HCS forests as defined at http://highcarbonstock.org by the High Carbon Stock (HCS) Approach Steering Group.
3. http://www.ilo.org/declaration/info/publications/WCMS_095895/lang--en/index.htm
4. International Bill of Human Rights https://www.ohchr.org/en/human-rights/universal-declaration/translations/english
5. Supplier Code of Conduct.
6. 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.
7. Suppliers should follow the guidance regarding grievance mechanisms from the UN Guiding Principleson Business and Human Rights.