

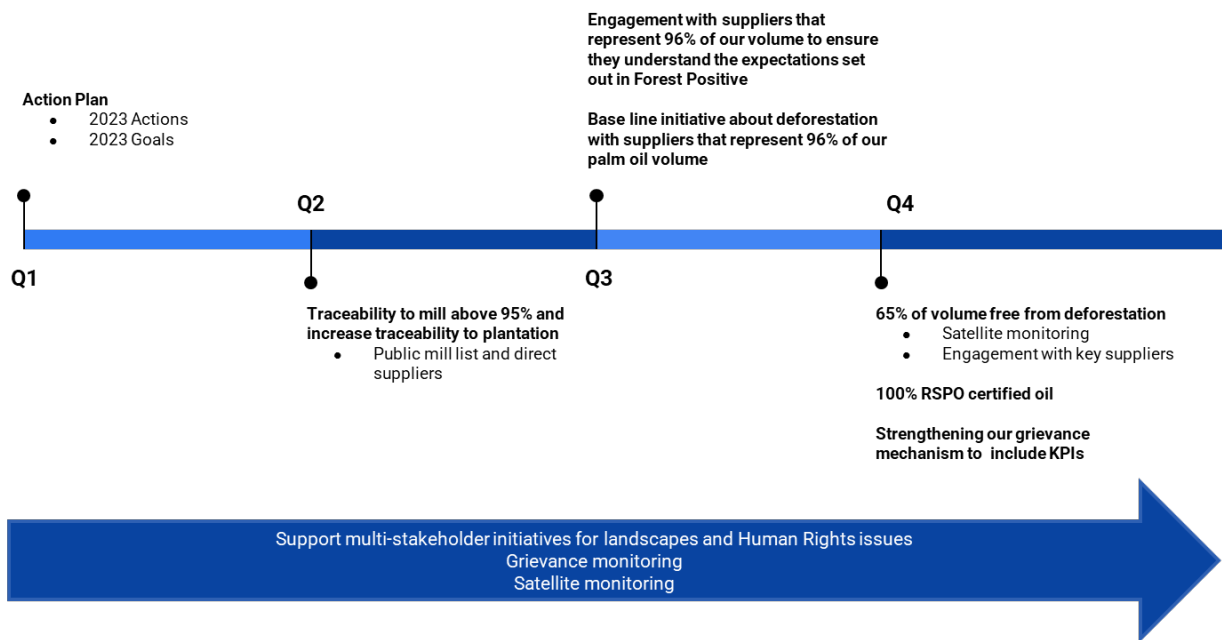


## GRUPO BIMBO

### Global Palm Oil Policy

#### Action Plan Year 8 (2023)

In 2015, we committed to working for responsible palm sourcing and published our [Global Palm Oil Policy](#). In this 8th year of implementing the Policy, we continue striving to ensure that our supply chain is Forest Positive, meaning that it protects forests and promotes sustainable livelihoods.



Our goals for this year are:

- Buying 100% RSPO-certified oil
- Traceability to Mill above 95% and increasing traceability to plantation

To achieve this, we will undertake the following strategies:

### 1. Understand the countries and regions where palm oil comes from and the associated sustainability challenges

The challenges related to palm oil are associated with the environmental and social context where it is grown, which is why we map our supply chain for both mills and plantations every year. The results of this activity will be available in the first progress report in 2023 and will allow us to focus efforts on achieving better results towards our goal of ensuring a deforestation and exploitation free supply chain. In 2023, we will focus on ensuring that 96% of palm oil is visible in this sense.

We understand that the palm oil we source is used directly for the products we make and indirectly in the ingredients we require, we have identified that each type of supplier has different challenges. Bearing this in mind, this year we will report separate metrics for direct and indirect suppliers of palm oil and set out a differentiated approach to achieve our deforestation-free and zero exploitation goals.

Additionally, as part of industry transparency efforts, we will share our list of suppliers and mills on our website.

## **2. Engagement with suppliers for the responsible supply of palm oil**

We know that our commitment to sustainability is a shared responsibility among the different actors that participate in the supply chain. Therefore, at Grupo Bimbo, we strive to engage with our direct suppliers in order to understand their strategies towards sustainable palm supply, the challenges they face, and their strengths, as well as identifying opportunities for improvement in order to agree on an action plan.

With the aim of promoting transformation in our suppliers, this year we have decided to establish work cycles as part of our engagement program. The work cycle will consist of two stages:

- 1) Supplier evaluation: Selected suppliers will answer a comprehensive survey and submit documentation on topics such as the responsible sourcing policy, the actions to implement it and their own strategy to engage with their suppliers, transformation initiatives that support conservation and land management, and/or labor and social issues, among other factors.
- 2) Follow-up processes with suppliers: Suppliers who have previously completed the survey will receive follow-up to discuss the progress made on the agreed Action Plan.

Therefore, in a two-year cycle, we seek to increase our work with the key suppliers, who deal with 96% of our volume, in order to perform a comprehensive review process and subsequently assess their progress on the agreed actions.

Likewise, as a result of the 2022 exercise, this year Grupo Bimbo has decided to contribute to the strengthening of capacities on key issues that allow our suppliers to enhance their progress towards responsible sourcing. We have identified that some of our suppliers could make further improvements, and two virtual training sessions will be given on these topics:

- 1) Strengthening its responsible sourcing policy: Although, in 2022, 16 out of 16 suppliers analyzed had an NDPE policy, we identified that there was room to strengthen them and contribute to their alignment with current industry expectations and the Forest Positive Coalition Ask for a Forest Positive Palm Oil.
- 2) Grievance mechanism and non-compliant suppliers: There are opportunities for improvement in the processes that our suppliers have to manage a complaint associated with their responsible sourcing policy and potential non-compliance by their direct and indirect suppliers.

Our goal is that by the end of the cycle, all the suppliers analyzed will have an NDPE policy of at least a moderately strong level. Likewise, we'll strive to ensure that by the end of the cycle,

suppliers improve their processes to manage complaints associated with deforestation or potential violations of Human and Labor Rights.

### **3. Satellite monitoring to move towards a supply chain that is free from deforestation**

In order to advance our commitment of sourcing deforestation-free palm oil, this year we will focus on two actions:

- Establishment of a baseline: For the first time, we will carry out an analysis of the suppliers that represent approximately 96% of our volume of direct and indirect palm oil, allowing us to understand deforestation in our supply chain.
- Quarterly monitoring of deforestation in five suppliers: This activity allows us to review the progress we have made towards a deforestation-free chain and create a space for dialogue with our suppliers to take joint actions such as refining plantation traceability information, and investigating deforestation alerts in the shared supply chain. This year we will focus on direct suppliers of palm oil, covering more than 60% of our supply volume.

### **5. Certified palm oil**

In 2019, we committed to buying 100% RSPO-certified oil by 2023. By the end of this year, we will reach the goal of 100% of the volume being certified at least under the Book & Claim scheme.

### **6. Field transformation initiatives**

In addition to the efforts we make with our suppliers, we also seek to financially support initiatives that have a direct impact on the sustainability challenges identified in our palm supply chain in the field itself.

## **Chiapas**

We decided to invest in this project since Chiapas is one of the most important palm oil supply regions for us in Latin America. As Grupo Bimbo, we decided to join this initiative in 2018 since it features two issues that are important to us: protecting forests and strengthening the livelihoods of small producers.

This project works in two areas: La Encrucijada and Marqués de Comillas. The lines of action of this initiative are: 1) Resilient Family Agribusinesses; 2) Conservation and Restoration; and 3) Land Use.

It is important to mention that this year, surface area at La Encrucijada will be increased with activities across three lines of action. In addition, to continue advancing towards the responsible supply of palm oil, efforts are being integrated this year so that local actors linked to the supply chain develop a sustainability policy and design their own responsible supply programs. In Marqués de Comillas, the effort will focus on activities in line 3 on "Land Use", where the staff employed by a local actor will be trained on how to perform analyses of High Conservation Values and High Carbon Stock (HCV/HCS). This will make it possible to identify forests and other areas with social, cultural and/or environmental value in order to protect them.

## Guatemala

In the case of Guatemala, the initiative that we finance together with other actors focuses on issues of Human and Labor Rights in the palm sector. This initiative is called Transformation in the Guatemalan Palm Sector, and was designed by the [Earthworm Foundation](#) in collaboration with GREPALMA, the Guatemalan Palm Growers Union. In 2023, the project will continue to build capacities in palm oil companies on social and labor issues.

- **In terms of suppliers:** Work will be done with a palm oil company to follow up on its Environmental and Social Impact Assessment.
- **In terms of the sector in general (Directly with GREPALMA):** Palm oil companies will be trained on issues of community relations and conflict management, focusing on the new European Union regulations: Due diligence in supply chains; Policy on Human Rights and Mechanisms for complaints and claims.

## 7. Grievance mechanism

At Grupo Bimbo we work on different fronts to achieve a responsible palm supply. Part of those efforts will be directed towards continuing to monitor grievances potentially associated with our supply chain. In these cases, we will contact our suppliers to understand the situation and, if necessary, discuss plans to ensure the responsible sourcing of palm oil.

Additionally, in order to further understand the industry's evolution regarding the management of grievances, this year we will carry out two relevant activities to strengthen our processes:

- Establish indicators that allow monitoring of the performance of our grievance management process.
- Train ourselves on the Deforestation Monitoring and Response Framework (MRF) to understand the changes that might be required to our management process. This Framework has been proposed by the Forest Positive Coalition in the [Consumer Goods Forum](#), a group that we are a part of.

Additionally, we will review the public information we have about our grievance mechanism to incorporate information that helps our stakeholders understand our process for receiving grievances, as well as adequate management practices for monitoring and follow-up, considering: action plans, criteria for suspension, and criteria for remediation.

## 8. Transparency and communication

We believe in the importance of sharing our progress on this journey. For this reason, we'll provide detailed information on the action plan in our progress reports for June and December.