



## GRUPO BIMBO

### Global Agricultural Policy

### Progress Report June 2023

Every June we publicly report the main activities and efforts that we have performed in the first half of the year to move towards the responsible sourcing of the diverse ingredients that make up part of our Global Agriculture Policy.

During this semester, we focused on enhancing our efforts in soy, sugar and animal welfare. In the second half of the year, we will continue to carry out actions on these ingredients and we will also add activities associated with cocoa, pulp and paper. The main achievements this semester include:

**97%**

Soy traceability

**1**

Guide on labor rights  
to strengthen the  
practices of a  
sugarcane supplier

#### 1) Soy

As we mentioned above, the first priority for responsible sourcing is to understand where the soy we source from comes from. This year, we mapped 97% of our soybean volume to identify those origins associated with the highest and lowest risk of deforestation and conversion.

**89%**

Low-risk origin soy

**6%**

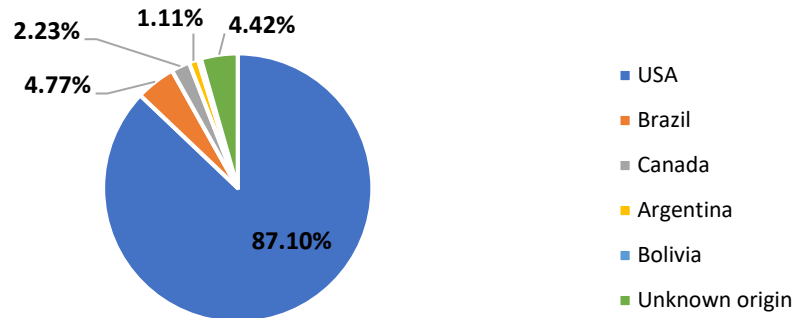
High-risk origin soy

Of the volume analyzed, we have identified that 89% comes from low-risk countries, such as the United States and Canada; while 6 % comes from countries identified as high risk in terms of deforestation and conversion for soybean planting. 4% have an unknown country of origin. Although it is possible to identify the origin of soybeans in 95% of the analyzed volume, we know that there is still a long way to go to improve soybean traceability by working with our suppliers. The following graph shows the countries of origin of the soybeans we source in further detail.

The volumes from the United States and Canada (89%) are countries that could be considered free of deforestation given the minimal risk they represent for this issue.

This year we joined the industry effort for greater transparency, sharing our **list of direct suppliers**, which can be found [here](#).

**Percentage of volume according to country of origin**



Additionally, as part of the activities performed by Grupo Bimbo to move closer to a responsible supply chain, we evaluate our suppliers across a diver range of different components that we consider important: 1) Responsible supply policy; 2) Traceability; 3) Implementation plan and relationship with suppliers; 4) Grievance mechanism and non-compliant supplier process; 5) Monitoring and verification practices; 6) Human Rights, and 7) Labor Rights. In 2022 we developed an evaluation system that allows us to identify the level of maturity of the suppliers in accordance with our expectations, rating them as initial, intermediate and advanced levels for each component. This system will also allow us to compare the progress made this year compared to 2022. This exercise will be performed in the second half of the year, during which we will focus on our analysis and engagement with suppliers we source soy from high-risk regions. Our results will be detailed in the December progress report.

### ***Transformation initiatives***

Using our traceability exercises, we identified the importance of Brazil within our soybean supply chains in high-risk regions. Bearing this in mind, in 2022, we decided to support a transformation initiative located in Mato Grosso, Brazil, a project with a special emphasis on addressing some of the environmental problems related to soybeans.

The Lira River, located in the municipality of Sorriso in Mato Grosso, is vital for a huge range of human activities, including large-scale soybean production. Our partner The Earthworm

Foundation, in association with the organization CAT Sorriso, identified that of the 109 springs that make up the Lira River, 60 are experiencing some type of degradation.



Therefore, proposals were made for the implementation of recovery activities, and at the same time, the development of a spring recovery protocol for regions that have similar characteristics to the Cerrado biome was developed. Using this exercise, 4,920 seedlings of 26 native species from the Cerrado area were planted, fenced and fertilized. The control of invasive grasses was also carried out. River reforestation initiatives stop ecological degradation and allow the improvement of the riverside ecosystem, which is highly relevant for grain production in Sorriso, which depends on this basin. The initiative will be monitored to follow up on their impacts and adjust the recovery protocol if necessary.

## **2) Sugarcane**

During this semester, with the support of our partner Earthworm Foundation, we have concentrated our actions on one of our suppliers in Mexico to strengthen labor issues in our sugar supply chain. In April, a field visit was conducted to one of our supplier's mills with the objective of collecting information that would allow the development of a guide to best practices in labor issues. Additionally, a section of the corporate staff was interviewed to understand the opportunities, challenges and practices that are already being carried out on this issue. The final guide will be ready by the end of June.

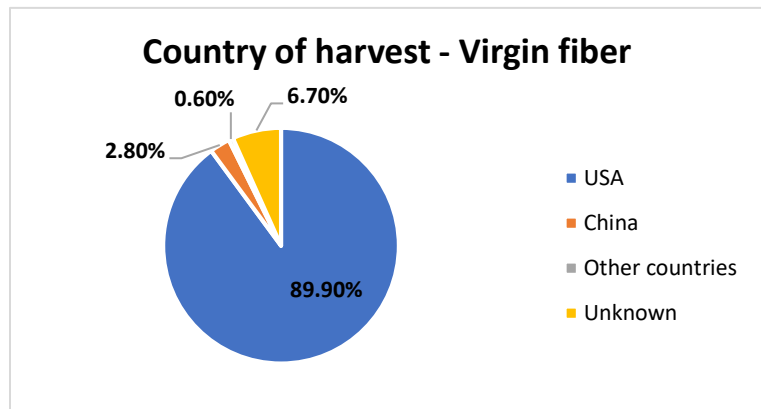
In the second half of the year, we will focus our efforts on re-mapping our supply chain and engaging with two sugar suppliers to measure their progress on their established commitments around responsible sugarcane sourcing.

## **3) Certified and/or recycled paper and cardboard**

In the second half of 2022, we decided to complement our certified paper and board strategy with an analysis of our pulp and paper supply chain. In order to do this, we carried out an initial mapping of our chain for the categories of "corrugated cardboard" and "folding cardboard", analyzing 8 of our main suppliers. The main results can be seen in the 2022 progress report, however considering that we are part of the Forest Positive Coalition established by the Consumer Goods Forum, we would like to summarize the following relevant data.

The main results obtained for the volume (116 thousand metric tons) analyzed were:

- 72% comes from recycled fiber, while 27% comes from virgin fibers.
- In the case of virgin fibers, the main harvest country for the volume analyzed is the United States. Likewise, it was not possible to identify the country of harvest for 7% of the volume analyzed.



This 2023, we will also formally carry out the first traceability exercise for paper and cardboard materials to identify priority supply regions for both recycled and virgin pulp, seeking to improve the information collected. Additionally, given that this year we converted our purchases to their equivalent in volume, we will be able to identify the percentage that we are covering from our chain. The results of this exercise will be explored in the December progress report.

#### **4) Cacao**

In 2022, we performed initial mapping to understand the regions where the cacao in our ingredients comes from. In the second half of the year, we will start an engagement process with two chocolate suppliers with the aim of opening up dialogue on how to improve the information of our shared supply chain.

#### **5) Transparency and communication**

The actions that we work toward for the rest of the year in order to enhance the responsible supply of the ingredients mentioned in this report will be reported in December.