

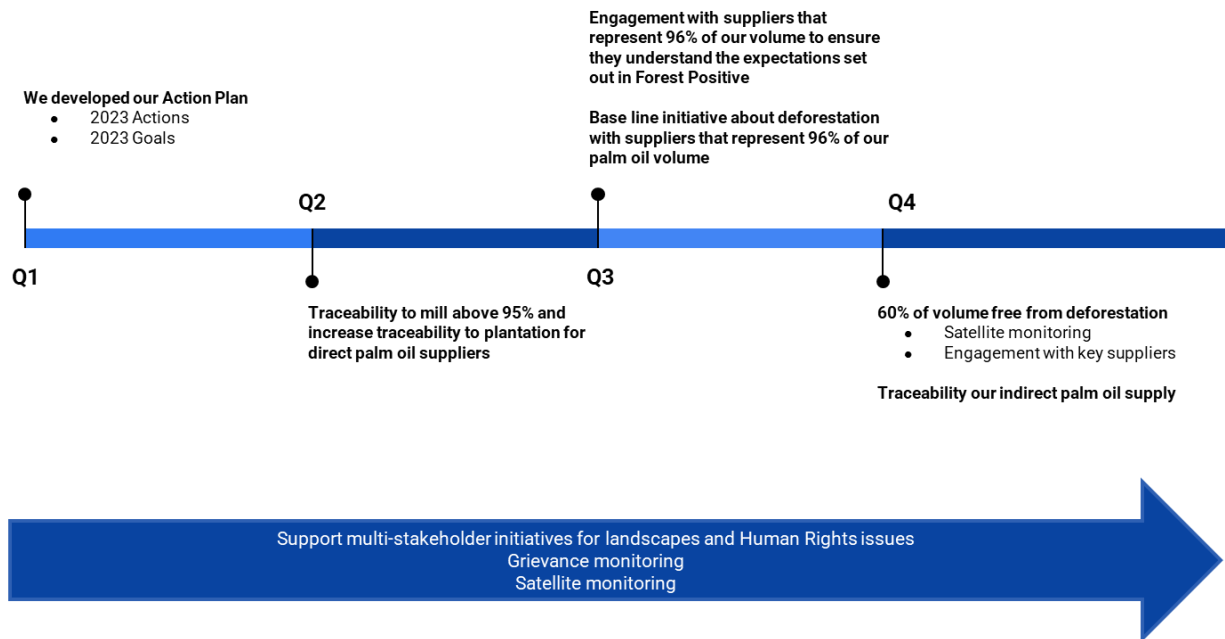


GRUPO BIMBO

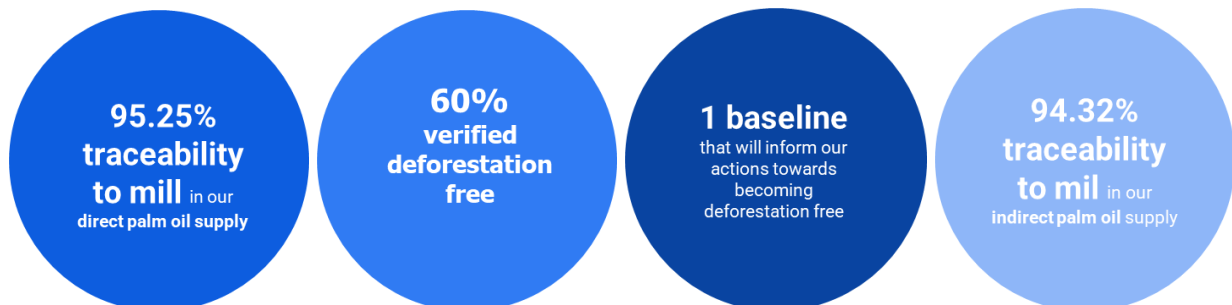
Global Palm Oil Policy

Progress Report DECEMBER (2023)

We are now in the final stretch of 2023 at Grupo Bimbo, and we would like to take this opportunity to share with our different stakeholders the main actions we have taken in the second half of the year, as well as the achievements we have made in our work towards supplying Forest Positive palm oil. This means ensuring palm oil that helps conserve forests and respect communities. This graph shows the main actions we performed in each quarter of this year.



What have we achieved in 2023?



As we mentioned in the June report, this year we have decided to report traceability as follows:

- 1) Direct palm oil: Raw material that we use for the products we manufacture and that represent 88% of our total volume.
- 2) Indirect palm oil: Palm oil that comes from other ingredients that we use such as chocolates and emulsifiers, to name a few. Indirect palm oil represents 12% of our overall volume.

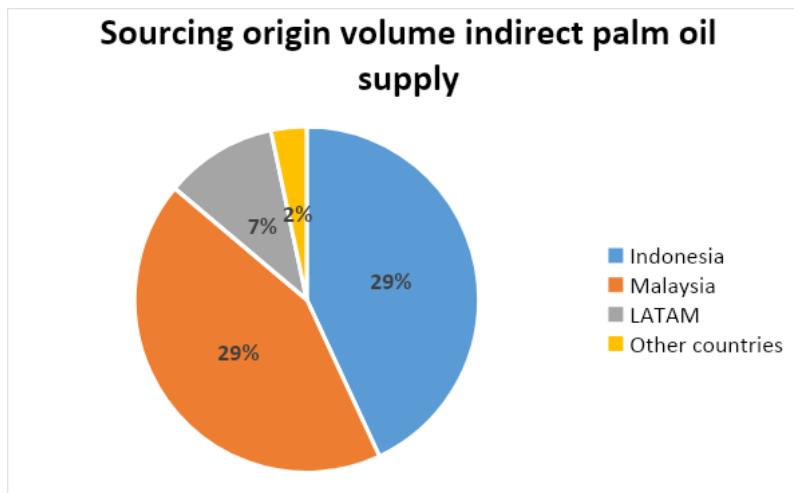
Analyzing the information in this way allows us to better understand the associated challenges depending on our raw materials and the type of suppliers they are linked to. The results on direct palm oil can be consulted in the [June report](#).

Indirect palm oil

For 2023, we analyzed 95% of our indirect palm oil volume, which, as we mentioned, is the palm oil contained in other ingredients (such as chocolate, emulsifiers, and other products). In this case, we identified that we have a traceability to mill level of 94% and a traceability to farms of 71%. From our perspective, the importance of plantation traceability revolves around the visibility it provides us to be able to advance in forest monitoring. We are striving to achieve greater transparency in our supply chain in the coming years. The detailed information is in this table:

	Mill traceability	Traceability to plantation
Palm oil	86.62%	42.19%
Palm kernel oil	98.96%	88.55%

Additionally, the origin of the palm oil contained in other ingredients is:



The list of mills linked to our indirect suppliers can be reviewed at this [link](#).

02

Engagement with suppliers to raise awareness on sustainability

As we do every year, we carried out a relationship-building process with our suppliers with the objective of communicating our expectations regarding sustainable sourcing and also taking the opportunity to learn about their own goals and how they align with ours. To do this, we use the survey called EPI (Engagement for policy implementation). The survey is divided into the following sections:

- 1) Responsible sourcing policy
- 2) Implementation and supplier engagement
- 3) Landscape and social transformation initiatives
- 4) Grievance mechanism and non-compliant suppliers
- 5) Monitoring and verification
- 6) Traceability process

The results of the EPI 2023 exercise will be ready by the end of the year and will be used in the first months of 2024 to meet with our suppliers and jointly establish an Action Plan. Additionally, we have started to follow up on the suppliers who made their Action Plan to know their progress on the topics agreed upon in the first half of the year. This monitoring has served to strengthen the relationship with them regarding sustainability, knowing first-hand the actions that our suppliers are carrying out, and the next steps they are planning, as well as asking specific questions and recommendations based on the Palm oil supply chain's priorities and industry expectations.

03

Tools for sustainable palm oil

Every quarter, we perform satellite monitoring to analyze part of our supply chain to identify how much of it is deforestation free, while also looking at areas that require joint actions with our suppliers to enhance our progress on the issue.

One of the key actions carried out this quarter was the creation of a baseline analysis that allowed us to verify that 60% of our palm oil volume is deforestation free¹. Furthermore, this baseline analysis has allowed us to identify our main opportunities for improvement and we are

¹Part of the volume not confirmed as deforestation free is due to the lack of geolocation information at the plantation level, so we will continue to engage with our suppliers to achieve greater transparency and meet our 2025 goal.

reflecting internally on the different strategies that will allow us to move more efficiently towards being 100% deforestation free.

As a complementary strategy, we remain on track to achieve 100% RSPO certification this year.

04

Transformation initiatives in the field

In addition to the analysis and engagement actions we carry out with our suppliers, Grupo Bimbo collaborates financially in two multi-stakeholder initiatives as part of the strategy to source from Forest Positive palm oil. One of these initiatives is located in Chiapas and has a focus on forest conservation and support for smallholder farmers. Another initiative is located in Guatemala and aims to strengthen labor rights in the palm supply chain.

Chiapas

Since 2018, we have supported a transformation initiative located in Chiapas, Mexico, a region that, thanks to our traceability, we identify as a key region that makes up part of our palm supply chain. It is important to remember that, as mentioned in the previous report, the Earthworm Foundation reviewed the way in which the project was communicated, and organized the activities into four main topics:

New topics	Previous name
1) Supply chain transformation	Land Use
2) Forest restoration and protection	Conservation and restoration
3) Resilient producers	Resilient Family Agribusinesses
4) Eco-friendly agriculture	

1) Supply chain transformation
Work was done with 3 mills to map the responsible supply requirements requested by their clients, so that they could include them into their Responsible Supply Program. Additionally, a technical team of one mill is being trained to develop Comprehensive Farm Plans (PIF, for its Spanish acronym) to support a group of producers to begin the first stage of their process for RSPO certification. This action is highly relevant, as the goal is to ensure that the technicians at this mill will subsequently be able to do the follow-up.

2) Reforestation and protection of forests
Continuing with efforts to reduce strain on the forests, alternatives are being sought for



producers and communities involved in palm plantations and who, according to the law, due to their location in the Reserve should not have them. For this reason, the feasibility of developing ecotourism activities focused on bird watching is being analyzed with El Herrado community.

3) Resilient producers

This initiative has provided one of the key instruments for the development of the Holistic Farm Plans set out to give producers a framework to manage their farms, reflect on the relationships between their different crops and what they can do to be more sustainable. We worked with 14 producers from three communities to provide technical support and update any proposal they are developing on their



Training workshop

Candida heron near the community of Herrado in the core area of La Encrucijada.

4) Eco-friendly agriculture

Work continued on training palm producers (who also have cacao) in the preparation of organic inputs for pest and disease management.

As we mentioned in the previous report, this initiative is managed in collaboration with different actors including the National Commission of Protected Natural Areas

(Conanp), the Mexican Palm Oil Federation (Femexpalma), alongside local civil society organizations and with actors relevant to the initial parts of the palm supply chain (mills and a supplier).

Guatemala

Guatemala is an important country for us in the supply of palm oil in Latin America. Therefore, we are contributing financially to a transformation project implemented by GREPALMA (Guatemala Palm oil Growers Association) and Earthworm Foundation. This initiative aims to strengthen the palm sector in Guatemala in Human Rights issues. This has become even more relevant since NGOs have mentioned opportunities for improvement in Guatemala related to working conditions in palm oil plantations and with the relationship between communities and companies.

In the first half of the year, this effort focused on creating conflict resolution capabilities in companies linked to two critical palm oil production areas (north and northeast).

In July, an online workshop was held on the issue of compliance requirements for importing oil into the European Union, under the Zero Deforestation directives, and the Corporate Sustainability Directive on Due Diligence.

A total of 19 people representing 4 companies participated in this workshop. This workshop had



the objective of preparing oil producing companies to comply with the No Deforestation directives and the Corporate Sustainability Directive on Due Diligence. In addition to the above, the EF Brazil team presented an example of how a company has been working and closing gaps to comply with this Due Diligence.

In addition to training, this project considers direct capacity building with suppliers, so in this second semester two specific consultations have been provided: Effective Grievance Mechanisms and Comprehensive Human Rights Policies. Participation currently includes four companies, two of them interested in working on both issues and the other two only on the Grievance Mechanism. Currently, the Earthworm Foundation is analyzing its institutional documents, and the grievance log to review how they are being addressed, identify opportunities for improvement, and redesign the current mechanism. This same procedure is being applied to those companies that are working on their Human Rights policies.

The identified gaps will provide input so that in the next phase action plans to be monitored are co-designed and implemented.

05

Grievance mechanism

We have been working on fine-tuning our grievance mechanism to improve our internal procedure that we follow when receiving a grievance associated with responsible palm oil sourcing. We have established specific steps for cases of grievances associated with our direct suppliers and also for cases of grievances associated with suppliers that are indirectly linked to us. With this initiative, we seek to strengthen our approach to monitoring and resolution of grievances.

We invite you to find out more about [our mechanism](#) on our website.

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Transparency and communication

As we do every year, during the first quarter of the year we will communicate the actions that we expect to perform in 2024, and at the end of the first and second half of the year we will share the progress related to these actions.