Grupo Bimbo
Global Palm Oil Policy
Progress Report, June 2024

As we do every June, we take the opportunity in this report to share our main activities and progress towards achieving a Forest Positive palm oil supply. This report is aligned with the Action Plan we shared at the beginning of the year. You'll find a more detailed summary below:

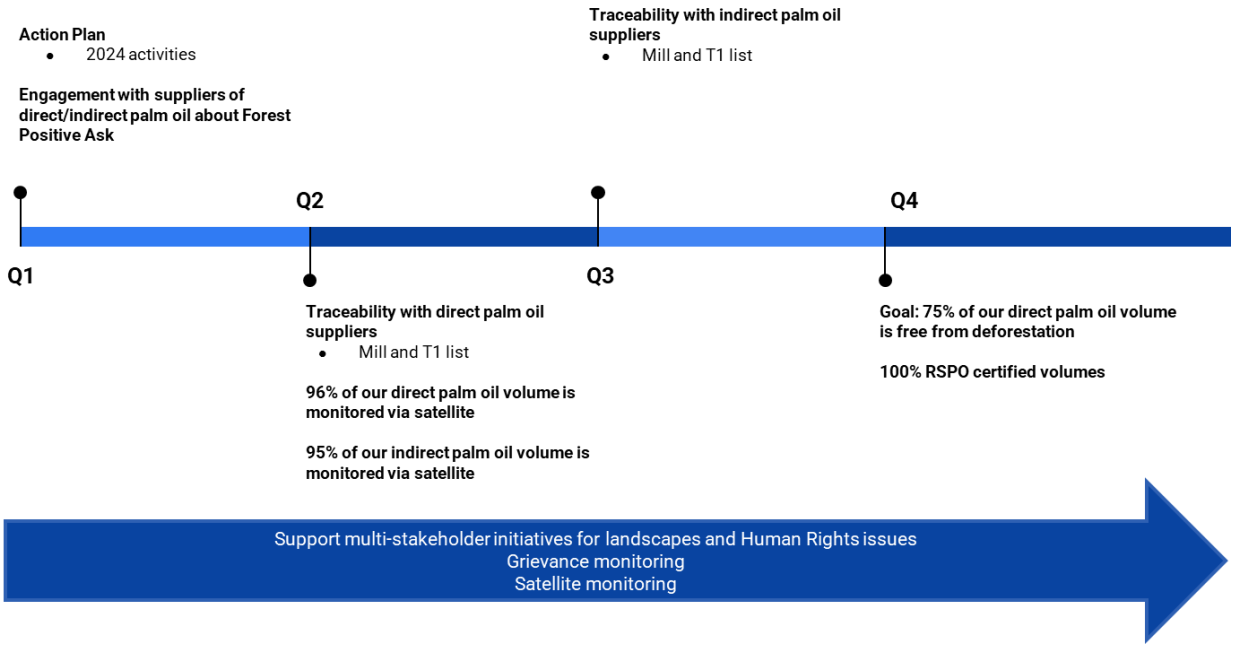


Figure 1. Summary of 2024 Action Plan

It is important to mention that our Global Palm Policy covers all our direct and indirect suppliers as it establishes our expectations around responsible sourcing. The sum of the strategies described in the Action Plan covers 96% of our direct volume[1] and 97% of our indirect volume[2], which we have prioritized to enhance progress on our Forest Positive goals.

[1] Palm oil used as raw material for the products we manufacture.
[2] Palm oil incorporated into other ingredients that we source such as chocolates, emulsifiers, among others

01 Traceability

Our annual activities include updating information on the origin of the palm oil that we source. The data collected is important to enhancing progress towards our responsible sourcing strategy and part of the collective effort to drive transparency in the industry.

In 2024, we will continue reporting traceability for direct palm oil[3] and indirect palm oil[4]: This distinction allows us to have better information visibility depending on our type of supplier and establish differentiated strategies using enhanced contextual understanding of each of them.

Direct palm oil

In 2024, we covered 96% of our direct palm oil volume as part of our traceability exercise. At present, the industry has made significant advances in mill traceability, and this year at Grupo Bimbo, we reached 96%[5]. While there is still lots of work to do to achieve these levels of visibility in terms of traceability to plantation, this year we reached 58%[6].You can use this link to consult our list of mills and direct suppliers.

	Traceability to mill	Traceability to plantation
Palm oil	96.08%	57.51%
Palm kernel oil	98.84%	73.94%

Table 1. Traceability to mill and traceability to plantation

This chart shows the origin of our palm and palm kernel oils:

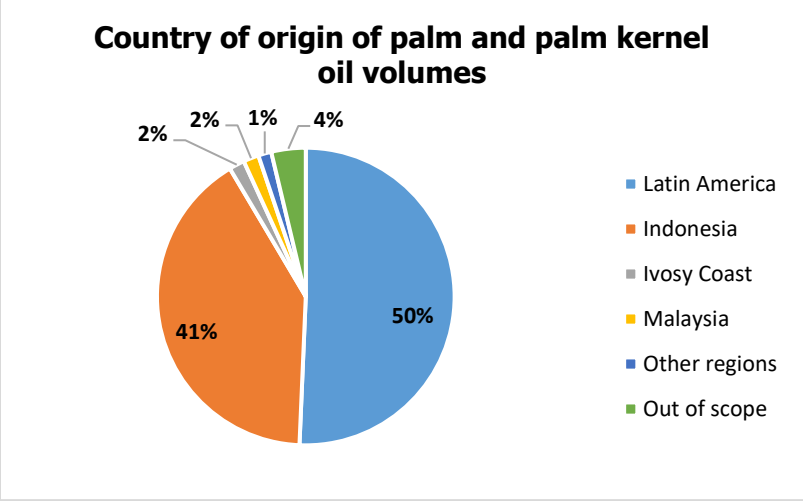


Figure 2. Country of origin for palm and palm kernel oil volumes

[3]Raw material used for the products we manufacture.
[4]Palm oil incorporated into other ingredients that we source such as chocolates, emulsifiers, among others.
[5]Percentage calculated on 100% of the volume of direct palm oil.
[6]Percentage calculated on 100% of the volume of direct palm oil.

Indirect palm oil

As in 2023, the traceability exercise of our suppliers linked to indirect palm oil will be carried out in the second half of the year. This is because our suppliers carry out their traceability exercises in the first half of the year. Subsequently, we will interact with them in order to gain the information associated with our supply chain and analyze it. The results of the 2023 traceability exercise can be consulted in our December 2023 Progress Report.

02 Engage with suppliers about responsible sourcing

In addition to knowing the origins of palm oil, we also engage with our suppliers to communicate our expectations around responsible sourcing, which is aligned with the Forest Positive approach of the Consumer Goods Forum (CGF), understanding their level of maturity, and measuring their progress.

Previously, this exercise focused on annually evaluating our main suppliers through using EPI (Engagement for Policy Implementation) surveys and agreeing on Action Plans. However, in 2023 it was decided to do the biennial analysis cycle to evaluate 12 of our main suppliers and at the same time give them space to focus on implementing the identified improvement opportunities. Bearing this in mind, the exercise in this first half of the year focused on:

1) **Strategic engagement:** Meeting with 6 suppliers to discuss the results of the EPI 2023 survey, talk about opportunity areas and propose an Action Plan.
   Additionally, we followed up with 9 suppliers on the progress made in the Action Plan established as a result of the EPI 2022 evaluation exercise.
2) **Supplier Evaluation:** We use the EPI survey to quantitatively measure our suppliers. This survey is aligned with the CGF's positive forestry approach and reviews the main topics: a) Responsible sourcing policy; b) The actions to implement it and its own strategy to relate to its suppliers; c) Transformation initiatives that support conservation, land management and/or labor and social issues; d) Complaint management processes; e) Monitoring and evaluation actions, and f) Traceability.

In this 2023-2024 cycle we are using strategic engagement and the EPI surveys to cover 89% of our direct palm oil volume[7]and 78% of our indirect palm oil[8].

[7]Volume information corresponding to the year 2023, traceability exercise 2024.
[8] Volume information corresponding to the year 2023, GB consolidated information.

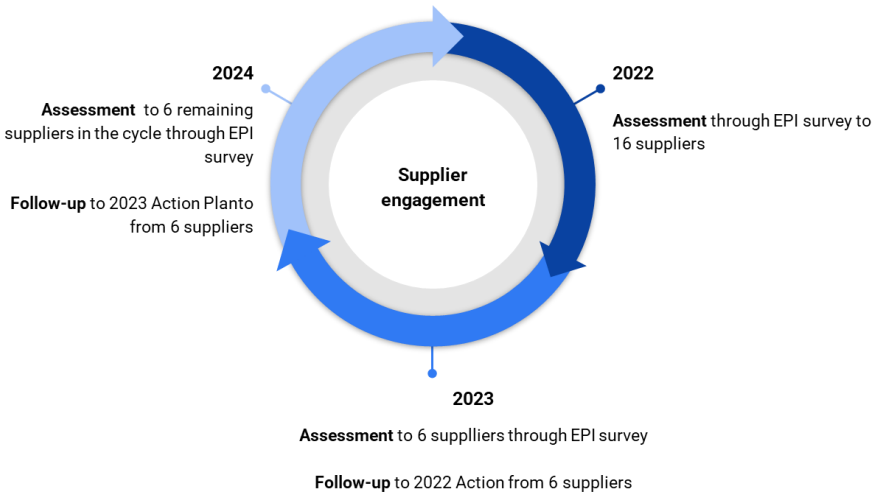


Figure 3. Timeline used to assess suppliers

To quantitatively measure the progress of our suppliers, we use the score obtained in the EPI survey and establish performance categories according to the score obtained. It is important to mention that each year the industry's expectations regarding sustainability increase, so the questionnaire is reviewed and modified year on year and this has an impact on the scores obtained by our suppliers.

Performance category	Overall score obtained in EPI
High	85%-100%
Medium	50%-84%
Low	49%-0%

Table 2. Performance categories established by EPI scores

Direct palm oil

Considering the performance categories described in the Table 2, the results of the five suppliers who completed the survey in 2023 were:

Performance category	2023
High	0 suppliers
Medium	4 suppliers
Low	1 supplier

Table 3. Number of suppliers according to performance categories

Of the five suppliers evaluated in 2023

- Two had not responded to the survey in 2022.

- Two suppliers improved their score when comparing the 2022-2023 surveys, although they remained in the same performance category.
- One supplier lowered its performance by a percentage point.

The graph below show the results of the main topics associated with the EPI evaluation, such as maturity in the NDPE policy, in the implementation plan, progress report, grievance mechanism, and monitoring system against deforestation. In order to be able to analyze the evolution of our suppliers, we have decided to report all those who will participate in the 2023-2024 cycle using the latest available evaluation. In the case of suppliers who will be evaluated in 2024, this is the 2022 evaluation.

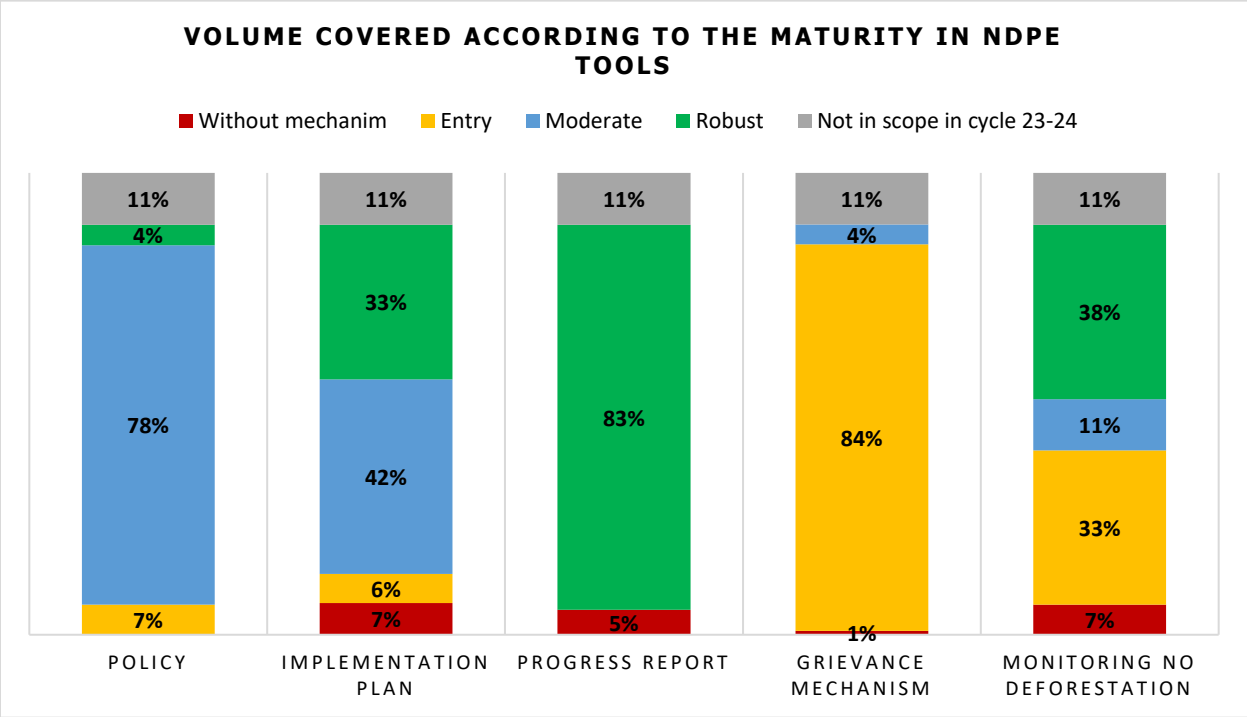


Figure 4. Volumes from direct palm oil suppliers covered by NDPE mechanisms, according to level of maturity

Indirect palm oil

As mentioned above, we also track major suppliers whose ingredients contain palm oil products. In 2023, a supplier was evaluated and obtained Medium performance, according to the score achieved in the EPI questionnaire, meaning it stayed in the same category as in 2022. Below we show the results associated with some relevant EPI topics. The following graph reports our entire indirect palm oil volume[9] and the performance of suppliers participating in the 2023-2024 cycle.

[9]Volume information corresponding to the year 2023, GB consolidated information.

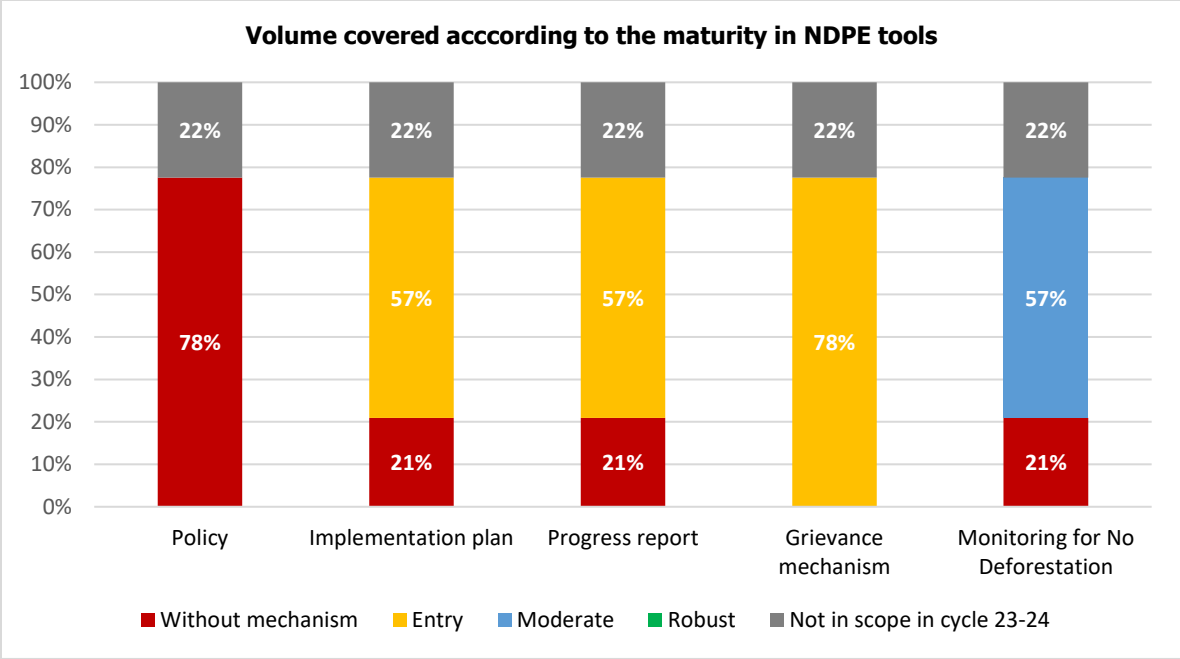


Figure 5. Palm oil volumes from indirect palm oil suppliers covered by NDPE mechanisms, according to level of maturity

03 Monitoring for a deforestation free supply chain

In addition to the relationship with our suppliers, we strengthen our actions using satellite monitoring in our supply chain. This allows us to continue moving forward and growing visibility of the progress made on our goal towards a palm oil chain free of deforestation. To do this, we have partnered with Earthworm Foundation and Starling, the method we use to verify our deforestation-free volumes can be reviewed here.

For the first time, we did a baseline exercise of 100% of our volume[10] of direct palm oil and we reported in December 2023 that 60% of our volume was free of deforestation, 6% of our volume was identified as yellow and 34% in red, meaning it is potentially linked to deforestation. However, this is because we do not have enough information to verify it as free of deforestation. In the case of indirect palm oil, which are incorporated into ingredients that we source, we have identified 47% of the volume of indirect palm oil as free of deforestation.

This year, we have decided to take the step of monitoring 100% of our palm oil chain, including direct and indirect. The report for the first quarter of 2024, focusing on these volumes, will be complete in the last week of June.

[10]Volume corresponding to the year 2022, traceability exercise 2023.

In addition to satellite monitoring, in 2023 we made the first effort to collect IRF forms from our suppliers. It is relevant to mention that, of ten suppliers, three were able to share verified profiles.

According to the profiles and volumes from which we source, 48.9% of our volume is associated with the "delivering" category.,[11]" 7.1% are under the "progressing" category[12]"and 17.1% are in the "commitment" category[13]" meaning they have an Action Plan to improve.

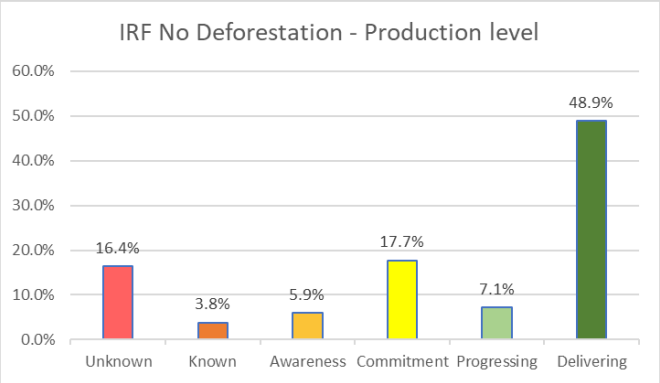


Figure 6. Volumes covered according to categories established in IRF No Deforestation Profiles

We are in the process of compiling the most current IRF profiles from our suppliers. We plan to share the results in our December progress report.

04 Support transformation initiatives

At Grupo Bimbo, we are committed to sustainability in our supply chain. Bearing this in mind, we actively collaborate in two transformation initiatives that seek to mitigate environmental and social challenges in our supply regions. These initiatives were selected due to their relevance in our supply chain and the positive impact they can generate in key sourcing regions for our company. Additionally, by focusing on shorter supply chains compared to sourcing from Asia, we can maximize our impact.

In collaboration with other companies, we co-finance two multistakeholder initiatives that seek to address three fundamental pillars of sustainability: a) Forest conservation; b) Support for small producers, and c) Strengthening labor rights. These initiatives and the activities carried out in the first half of 2024 are detailed below:

Chiapas

Grupo Bimbo continues to provide financial support to the initiative located in Chiapas, in the landscapes of la Encrucijada. We have decided to support this initiative given that it is located in

[11]The volumes associated with this category come from production in compliance with NDPE commitments.
[12]Production progressing towards compliance with NDPE commitments.
[13]Volumes associated with production with NDPE commitments and that you have started working to implement them.

one of the most important supply regions in Mexico. Likewise, it is relevant to mention that we decided to invest in this landscape given that our supply chain is shorter than in the case of other regions. The initiative has four lines of work a) Transformation in the supply chain, b) Restoration and protection of forests, c) Resilient producers, and d) Ecological agriculture.

It is important to mention that, in February we visited this transformation initiative, so we were able to see part of our oil palm supply base in the region, we visited some producers' plots, the mills and visited the Encrucijada Reserve. We participated in two meetings; the first, with the administrators of la Encrucijada to listen to concerns and identify strategies to continue with the organization of cultivation within the natural area; and the second, with five mills in the region (three social[14] and two private). In the second meeting, we participated by sharing the expectations that we have as Grupo Bimbo when it comes to suppliers meeting our sustainability commitments.

1) Transforming supply chains

At the beginning of the year, meetings were held with the mills to present the results and progress of the 2023 activities and propose monitoring and commitments for 2024. Currently, the 2024 work schedule has been developed with two social mills to implement the Action Plan that complies with the Encrucijada Management Program. These Action Plans have been validated by the Executive Boards. Additionally, a draft of Sustainability Policies was established with a social mill and is in the validation process with its partners.

During these first months, meetings have also been held with two private mills with the aim of coordinating activities with their producers in the region.

Working meetings were also held with allies Solidaridad Network and FEMEXPALMA, to provide continuity to collaboration agreements and prepare the 2024 work plan.

2) Restoring and protecting forests

Considering that palm crops are prohibited in the core area of the ANP Encrucijada[15], the effort during this first half of the year has focused on identifying producers who are interested in doing productive reconversion. To advance this action, the Earthworm Foundation builds alliances with agencies and other civil society organizations to strengthen this transition.



On the other hand, work is being done with a mill to identify bodies of water that require restoration, HCV sites and important conservation areas.

[14] Social mills are companies formed by small producers, who make decisions about the mil through an Assembly represented by a Board.

[15] Natural protected área.

3) Resilient producers

Currently there are 76 producers with Holistic Farm Plans (HFPs) to enhance sustainable management of their plots, of which this quarter direct technical assistance has been given to 6 of them.

In addition, three workshops on added value and good practices in cacao cultivation have been developed, in coordination with the Secretary of Agriculture and Rural Development (SADER), benefiting more than 20 palm producers.

4) Ecological agriculture



During this quarter, the first meeting on regenerative practices with producers and organizations in the region was organized, called "Principles of Regenerative Agriculture", and diverse actors participated, including the National Commission of Protected Natural Areas - Encrucijada (CONANP-Encrucijada), the Secretary of Rural Development – Regional (SADER- Regional), Secretary of Welfare/Sembrado Vida – Acapetahua, FEMEXPALMA, Solidaridad Network, civil society organizations such as FONCET, as well as representatives of the palm, livestock and cocoa mills and producers . This first event allowed for the sharing of good practices and promotion of alliances to strengthen the transition towards ecological agriculture within the landscapes of Chiapas.

Guatemala

Guatemala is a relevant palm supply region for us in Latin America and we identified that there are opportunities to strengthen Human Rights and labor issues. Bearing this in mind, we decided to support the region financially using the initiative "Transformation in Guatemala's palm industry." This is a project executed by the Earthworm Foundation in collaboration with the Guatemalan Palm Growers Association (GREPALMA).

This initiative seeks to meet two objectives: 1) Promote social performance in line with NDPE commitments and 2) increase the social license of palm oil companies to reduce reputational and operational risk. In this sense, the initiative focuses on strengthening the capacities, processes and mechanisms to improve the implementation of human rights by companies (members and non-members of Grepalma). To achieve this, the initiative works on two levels:

1. With suppliers: according to their specific needs.



In this first half of the year, the initiative focused on the co-creation of an action plan with a supplier to reduce the gaps identified in the implementation of the Grievance Mechanism. As part of this activity, an evaluation tool was developed considering best practices for an effective mechanism. Also, a field visit was carried out to apply the methodology and the evaluation tool; As a result, an action plan was built where actions were agreed to work on closing the identified gaps.

2. With the Industry (Directly with GREPALMA): Palm oil companies receive training on relevant responsible sourcing issues.

In terms of the industry, advice was provided on the development of Human Rights policies and effective implementation of grievance mechanisms. This activity was open to members and non-members of GREPALMA with the objective of identifying gaps in its policies and/or mechanisms and providing recommendations. These consultations were carried out online and, in the field, according to the interest and availability of the suppliers. As a result, a drafted improvement plan was provided to each participating company.

05 Operate our grievance mechanism

Grupo Bimbo has a procedure designed to address grievances associated with the responsible supply of our raw materials. You can find out more about the process using the following link.

06 Transparency and communication

As part of our efforts to improve transparency, we will publish our second progress report in December.