



GRUPO BIMBO GLOBAL PALM OIL POLICY Action Plan – Year 2

Grupo Bimbo released its Global Palm Oil Policy in September 2015, committing to establishing a transparent global supply chain which fulfills the principles of no deforestation, no exploitation, and no development on peatlands. Grupo Bimbo is now in its second year of policy implementation, and continues to partner with The Forest Trust (TFT) to put our commitments into action.

This year, we will focus our engagement on top suppliers representing 95% of the non-derivative palm oil used by Grupo Bimbo. The general steps for year 2 policy implementation are as follows:

- 1. Communicate Grupo Bimbo's responsible sourcing commitments and requirements to top suppliers of non-derivative palm oil (CPO) and palm kernel oil (PKO) products.** In 2016, we met with the 6 suppliers that represent 90% of our palm oil buy. In 2017, we will meet with an additional 6 suppliers to ensure that our commitments are clearly understood and that suppliers agree to work with us on policy implementation.
- 2. Map the supply chains of Grupo Bimbo's top suppliers of CPO and PKO to the palm oil mill level,** and to plantation level with suppliers who have well-defined supply bases for their Fresh Fruit Bunches (FFB). We will work to establish traceability to the refiner-level for manufactured ingredients at the same time that we pursue mill-level information for our fats and oils supply chains. In accordance with our policy, we will regularly disclose a list of our top suppliers and sourcing countries.
- 3. Track policy implementation with suppliers.** Grupo Bimbo will continue to engage with its top suppliers to track policy implementation progress and follow-up on milestones established in 2016. In 2017, Grupo Bimbo will engage with an additional 6 suppliers to establish measurable and time-bound milestones for policy implementation. Grupo Bimbo intends supplier engagement to facilitate dialogue along our supply chain about our requirements and

supplier participation in fulfilling our commitment to responsible sourcing. Grupo Bimbo will track and evaluate supplier progress according to 6 key categories:

- a. The presence and content of our suppliers' own sourcing policy
- b. Traceability to mill and plantation level
- c. Approaches to improving social and environmental practices on the ground
- d. Mechanisms/processes for managing grievances
- e. Transparency
- f. Verification

4. **Implement transformation activities** to understand and address specific policy compliance challenges at the producer level. Grupo Bimbo recognizes that in order to meet the goals it has set for responsible sourcing of palm oil products, it will be necessary to strategically support changes at the plantation and mill level where social and environmental risks are most prevalent. Grupo Bimbo will work with TFT to analyze social and environmental risks in our supply chain and proactively identify suppliers for which policy compliance is a significant challenge and where market leverage can be used to facilitate transformative change at the ground level. Grupo Bimbo is also aware that it may be necessary to review specific cases of potential non-compliant suppliers that are brought to our attention through grievance mechanisms, NGO reports, and other communication channels. We propose at least two transformation activities in our supply chain in the second year of policy implementation. These activities may include field assessments, trainings, workshops, or other forms of support for producers who require outside assistance in addressing important risk issues.

5. **Report on the implementation of this Action Plan every six months**