



GRUPO BIMBO
Global Palm Oil Policy
Action Plan- Year 5 (2020)

In September 2015, Grupo Bimbo launched its [Global Palm Oil Policy](#) where it committed to establish a transparent global supply chain that complies with the principles of non-deforestation, non-exploitation and non-development in peatlands. Grupo Bimbo is in its fifth year of policy implementation and continues to work on the development of its commitments in partnership with [Earthworm Foundation](#).

This year, Grupo Bimbo will continue publishing information related to traceability and supplier commitment, strengthening internal capacity and supporting transformation projects in the field. Specifically, Grupo Bimbo will work on:

1. **Mapping the supply chains of Grupo Bimbo's top suppliers, representing 95% of the volume purchased 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). For the second time Grupo Bimbo will publish information regarding its direct suppliers and the list of mills that are in its supply chain.

2. **Tracking policy implementation with suppliers.** Grupo Bimbo will continue engaging with direct suppliers, which has been doing since 2016, to measure their progress in non-deforestation and non-exploitation commitments. Through the systematic collection of information and its revision, dialogues are established with the suppliers to assess the achievements reached by the suppliers during the year. In addition, challenges and opportunities are identified during the assessment and Grupo Bimbo, attending to the supplier maturity level, can guide and define next steps and expectations. In addition to traceability information, Grupo Bimbo collects data in following issues
 - a) The presence and content of our suppliers' own sourcing policy
 - b) Traceability to mill and plantation level
 - c) Company-level implementation plan and supplier engagement
 - d) Approaches to engaging at the aggregator and landscape level
 - e) Approaches to improving labor and social practices on the ground
 - f) Approaches to improving land management and conservation practices on the ground
 - g) Mechanisms/processes for managing grievances and non-compliant suppliers
 - h) Verification and monitoring

Through this information, maturity levels of suppliers are defined and objectives are set in terms of their performance.

A summary of relevant indicators will be published annually to reflect the level of compliance from Grupo Bimbo's suppliers globally.

3. Implementing transformation activities

At landscape level

This year, Grupo Bimbo continues to support two field projects in the state of Chiapas, Mexico. This region is one of the most important sources of Grupo Bimbo in Latin America. Both projects aim to protect forests and other natural ecosystems and improve the welfare of small producers.

In the first project, located in the municipalities of Marqués de Comillas and Benemérito de las Américas, Grupo Bimbo is implementing a High Carbon Stock Approach (HCSA) trial. This year, the mapping of the area will continue to assess carbon value, biodiversity and social aspects linked to the land. The work will continue in a consensual and consulted manner with the local partners and smallholders involved.

In the second project, located in the Biosphere Reserve La Encrucijada, Grupo Bimbo is working with several stakeholders in the region to order the palm oil crops and mitigate the effects of palm plantations in the natural area. During this year, a Work Plan, which was agreed with several stakeholders will be implemented. This covers three strategic lines:

- Smallholders resilience
- Conservation and restoration
- Land use

At social level

Last year, Grupo Bimbo conducted a materiality study on its global agricultural supply chains. Labor issues in the palm oil supply chain in Latin America resulted to be a priority. In response to this, Grupo Bimbo will begin an analysis on work hazards in the region, prioritizing the countries that represent the largest sources of its palm oil supply. Once the analysis is carried out and opportunities for improvement are identified, Grupo Bimbo will prioritize an intervention in its supply chain to create solutions and/ or tools that can be scalable.

4. Grievance Mechanism.

Grupo Bimbo will pilot the mechanism developed during 2019. Guidelines will be established to meet industry expectations regarding possible supplier suspensions and re-engagement based on minimums requirements. The implementation of the mechanism will include an awareness program directed at internal staff and suppliers to ensure a successful and informed implementation.

5. Palm oil certification

Grupo Bimbo will continue working on its commitment to increase the volume of certified oil by the RSPO standard, under Mass Balance and Book & Claim categories. By the end of 2020, Grupo Bimbo will have 20% of its total palm oil volume covered.

6. Building internal capacity

Grupo Bimbo will continue to strengthen its business units at the regional level for a better policy awareness and implementation. In addition, different departments and business units will be included in the implementation of the grievance mechanism.

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

As part of its commitment to maintain active communication with its stakeholders, Grupo Bimbo will continue to publish progress updates every six months on the implementation of this policy.