



**GRUPO BIMBO**  
**GLOBAL PALM OIL POLICY, ACTION PLAN – YEAR 1**  
**1<sup>st</sup> PROGRESS UPDATE**

Grupo Bimbo's commitment to responsible sourcing of palm oil is defined in our [Global Palm Oil Policy](#), which was released in September 2015. This was followed by the publication in April 2016 of Grupo Bimbo's [Action Plan](#) which outlines the steps we are taking over an initial twelve-month period to establish a transparent, global palm oil supply-chain based on the principles of no deforestation, no exploitation, and no development of peatlands. This public report is an update on the status of the Action Plan and progress we have made on its goals and milestones.

Since launching the Action Plan in April, Grupo Bimbo, in partnership with [The Forest Trust \(TFT\)](#), has been actively engaging with our suppliers and stakeholders to execute the Action Plan and fulfill our policy commitments. The Action Plan sets forth the following key steps in the implementation of our Global Palm Oil Policy:

1. Communicate our responsible sourcing commitments to our top suppliers (90% of all of the palm oil and palm kernel oil we use).
2. Establish traceability by mapping supply chains of non-derivative palm oil (CPO) and palm kernel oil (PKO) back to palm oil mills.
3. Track policy implementation with direct suppliers.
4. Implement transformation activities in our supply chain to understand and address specific policy compliance challenges at the palm oil producer level.

We are pleased to report progress on each of these four elements.

✓ **Progress communicating our responsible sourcing commitments to suppliers**

Grupo Bimbo's in-depth engagement with our top suppliers of non-derivative palm oil products began with webinars during May and June in which we introduced our Global Palm Oil Policy and sourcing requirements. These individual calls were held to ensure that each supplier clearly understood our policy and our perspective on the widespread social and environmental challenges of palm oil production. Through this effort we met our goal of reaching every supplier that represents more than 1% of our supply of non-derivative CPO and PKO, accounting for 90% of our total non-derivative CPO and PKO supply.

✓ **Progress establishing traceability of our palm oil supply chains**

In the second stage of our engagement with our top suppliers, Grupo Bimbo requested traceability data for CPO and PKO in order to identify the specific palm oil mills that produce the palm oil that is used in our products. Establishing traceability of our supply chain to the mill level is the first step on the path towards being able to identify specific challenges and promote improved practices. In our Action Plan, we set the 2016 goal of establishing 95% traceability for 90% of the palm oil and palm kernel we use. By October we reached 95% traceability for the combined volume of PKO and CPO, and we continue to collect and verify additional data that should allow us to surpass our 2016 goal. Given that we are in the final quarter of the Action Plan, we will prepare to expand the scope of our supply chain mapping to cover an even larger percentage of the palm oil we use and will push for greater levels of traceability.

✓ **Progress in assessing and tracking policy implementation by our suppliers**

The successful implementation of our Global Palm Oil Policy requires our suppliers to proactively engage producers in their supply base. With this keenly in mind, we began an evaluation process with each of our top suppliers to assess their respective policies, plans and systems for responsible sourcing and production of palm oil against Grupo Bimbo's policy. We deployed a tool with each of our top suppliers that assesses a range of key elements including their own public policy on palm oil, the steps the supplier is taking to achieve responsible palm oil sourcing/production, traceability efforts, and the grievance mechanisms used. Having collected baseline information for each supplier, we will follow-up with each supplier in the final quarter of the Action Plan year in order to highlight gaps and begin a dialogue with suppliers to identify concrete opportunities and specific milestones for stronger policy implementation up the supply chain.

✓ **Progress in the transformation of palm oil production practices on the ground**

One of the priority goals in our first year of policy implementation was to begin supporting actions and initiatives at the ground level in palm oil producing countries that directly and tangibly address social and/or environmental problems associated with palm oil development and production. Traceability information, research, and stakeholder inputs are allowing us to make informed decisions about where to support change first. Based on the initial analysis of our supply chain, Grupo Bimbo selected and supported its first transformation activity which was aimed at improving the capacity for community participation and consultation in one palm oil production landscape in Latin America, the region where 90% of our currently mapped supply chain originates. We are currently evaluating our second transformation activity. It will be selected from a shortlist of options in the top palm oil producing countries of South America. This activity is planned to take place during the first half of 2017.

In parallel to this systematic approach to selecting transformation projects, Grupo Bimbo has been engaging with individual suppliers of all sizes, regarding specific cases around the world,

in order understand what steps suppliers are taking to address issues of concern and ensure compliance with Grupo Bimbo's Global Palm Oil Policy.

We will continue to implement our Action Plan until the end of April 2017. The next public update will follow in May 2017.