



GRUPO BIMBO GLOBAL AGRICULTURE POLICY PROGRESS UPDATE– July 2022

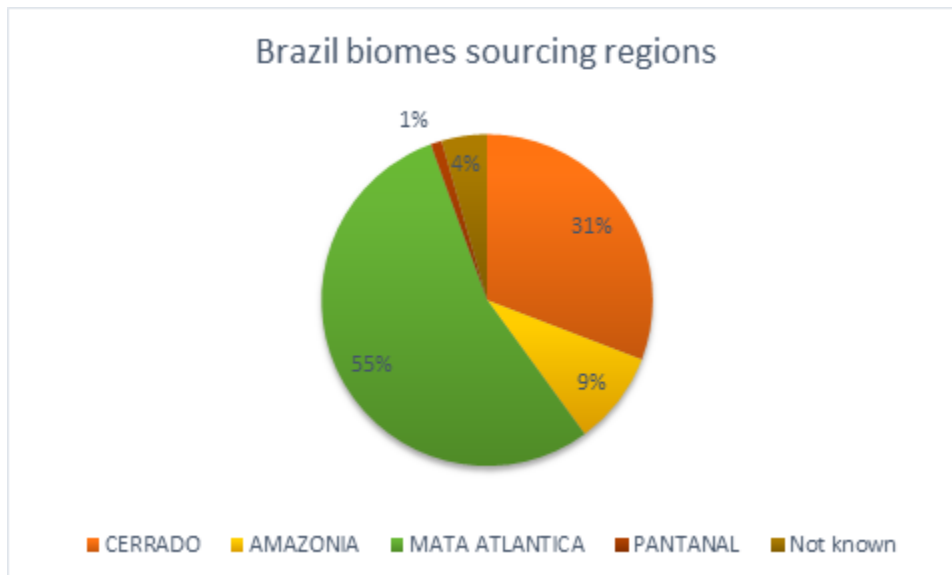
Grupo Bimbo first published its [Global Agriculture Policy](#) in 2017, a document in which it outlines its vision for progressing towards the enhancement of agricultural practices that support economic development, look after the environment and social resilience. Similarly, the policy outlines its commitment to progressing in terms of practices found in its own supply chains, in addition to the shared responsibility that suppliers have to advance its implementation.

In 2022, Grupo Bimbo continues to work on issues related to soy, sugar and wheat, in addition to the efforts it undertakes on the topic of sustainable agriculture, animal welfare and certified/recycled paper and cardboard. Similarly, Grupo Bimbo has decided to expand this year's sustainability actions to include cacao, pulp and paper, highly relevant raw materials. The key actions taken and progress achieved for each raw material is as follows:

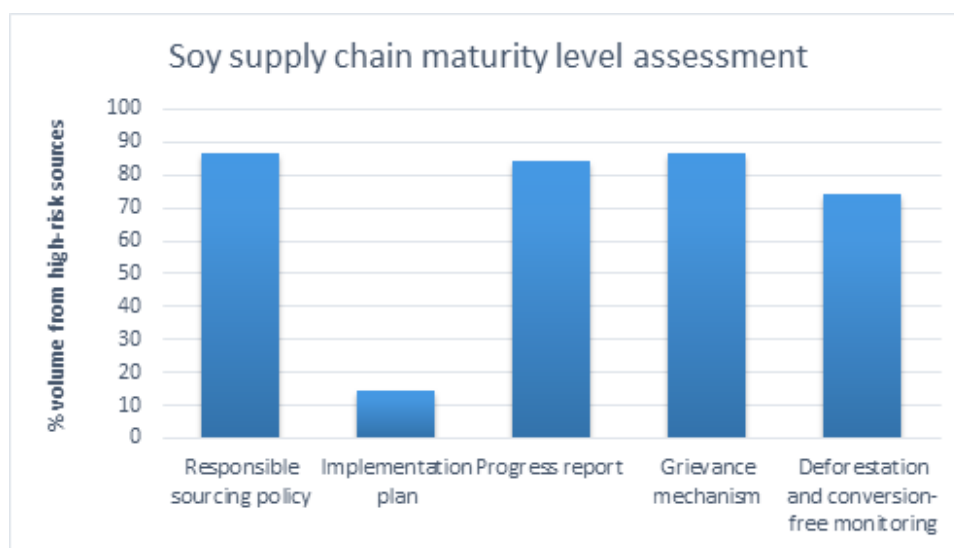
1. Soy

In 2021, Grupo Bimbo carried out a traceability exercise at Crusher level, evaluating 91% of the volume identified as high-risk origin in the supply chain. The result is that 72% of this volume comes from Brazil and 8% from Argentina.¹

Additionally, 94% of the total amount originating in Brazil was analyzed, using traceability product, in order to identify the biomes with greatest impact on the soy supply chain.



Furthermore, as part of the sustainability soy program, in 2021 Grupo Bimbo engaged with suppliers, this space allowed suppliers to talk about their progress made on KPIs considered for evaluation. Below, you'll find a graph outlining the current status of suppliers that represent 91% of volume that is estimated to come from high-risk areas. It is possible to identify that suppliers are in different levels of maturity, according to their size and awareness of key issues on responsible sourcing.



Responsible sourcing policy: *supplier has a public equivalent policy equivalent to Grupo Bimbo's*

Implementation plan: *Supplier has developed an implementation plan to deliver its policy commitments*

Progress report *Supplier reports publicly on progress towards reaching time-bound milestones and compliance with its responsible sourcing policy*

Grievance mechanism: *supplier has a public grievance mechanism (regardless of quality).*

Deforestation and conversion-free monitoring *Supplier carries out monitoring activities related to deforestation in their supply chain (e.g. field visits, spatial monitoring, civil society monitoring etc) (self-reported by supplier)*

With the goal of optimizing our processes, Grupo Bimbo will carry out a soya traceability exercise during the second semester of this year in conjunction with a dialogue process held with suppliers, which will be reported on in the same period.

Transformation project

This year, Grupo Bimbo has started to fund a soy transformation project that responds to the risk management in its soy supply chain in Brazil which was co-designed between Earthworm

and Clube Amigos da Terra of Sorriso (CAT Sorriso). This is one of the two landscape initiatives supported by Grupo Bimbo, this one focusing on soy and the second one focusing on palm oil.

The project is located in the state of Mato Grosso and focuses on the municipality named Sorriso from where Grupo Bimbo's suppliers are procure significant volume of soy bean. This project has is designed to strengthen social components of the local landscape project initiative. Between April and May, CAT Sorriso trained rural workers on individual protection and the safe use of chemicals. This type of training is relevant since soy alone is responsible for about 60% of agrichemicals consumption in the country. Consequently, its safe use is key to protecting workers, community and consumers' health, as well as to protect the environment.

The training had the following results:

- 180 rural workers were trained on individual protection and safe use of chemicals.
- 10 farms hosted the training sessions for their own employees and to workers from other neighboring farms.

As a potential impact, the capacity building program reached 27 farms that altogether cultivate about 55,000 hectares of soy and produce about 137 million tons of soybeans. In addition to training sessions, during the second semester of the year the project will follow up and motivate workers to transition knowledge into practice.

Grupo Bimbo closely follows the agreements and initiatives of the Cerrado Working Group as a signatory of the [Cerrado Manifesto](#).

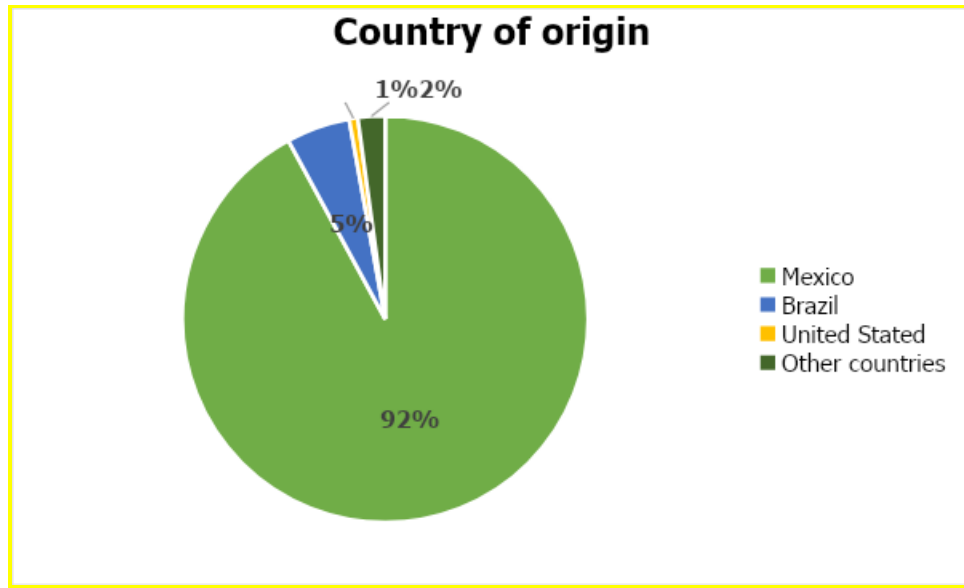
2. Sugar

In 2022, Grupo Bimbo conducted a second traceability exercise to identify the key regions in the sourcing of sugarcane. This year, the traceability study covered 88% of the supply chain (this analysis does not contemplate sugar from other sources such as beets as part of its scope).

The following values are reported from the analyzed volume:

- 100% traceability to country of origin
- 97% traceability to mill
- 96% traceability to plantation

Below, you can observe the regions where the analyzed sugarcane is sourced.



Likewise, Grupo Bimbo has engaged with its suppliers to request via survey information about the policies and practices they have on the following key issues:

- Governance or internal policies
- Human rights
- Traceability
- Theory of change
- Grievance mechanism and non-compliant supplier
- Transparency
- Verification
- Certification

During the second half of the year, Grupo Bimbo will carry out a dialogue process to discuss with suppliers the opportunities for improvement in these topics.

Transformation project

After carrying out a field visit to a sugarcane provider in Mexico, Grupo Bimbo continues working alongside this provider in a collaborative manner and as part of its goal for constant improvement on this transformation project which aims to improve labor-related conditions and Human Rights. During the course of this semester, work was done to strengthen the supplier's Human Rights policy with the end goal of ensuring the integration of international commitments to Human Rights. Next semester, work will continue to further the development of a training guide in order to support the supplier in its operational implementation of improvements that aim to resolve areas of opportunity identified during the 2021 visit and in the implementation of its Human Rights policy.

3. Wheat

In 2022 Grupo Bimbo has expanded its regenerative agriculture work on its primary commodity: wheat.

- For North America, Grupo Bimbo has been collaborating with Earthworm Foundation to deepen the regional diagnostic launched in 2021 focused on Kansas, review 3rd party proposals to launch wheat regenerative agriculture pilots and also to develop Grupo Bimbo's own regenerative wheat pilot, in order to advance the development of tools and resources for the launch of this work. Initial field work for this initiative is planned during the second semester of the year. For all three of these pilots, 2022 goals focus on farmer enrollment and the collection of baseline data.

Through the review and documentation of these pilots, Grupo Bimbo is vetting and developing a model for replicating the expansion of regenerative agriculture approaches and informing strategies throughout their supply chains and sourcing regions.

4. Sustainable agriculture

Developing a model for replication: In 2022 Grupo Bimbo's Global Regenerative Agriculture Framework was finalized and work has begun to integrate this document into Grupo Bimbo's other sourcing policies, and guides. Key to developing Grupo Bimbo's strategy to source ingredients that fulfill the Framework's principles of Soil Health, Biodiversity & Ecosystem Health, and Enhancing Producer Communities is the development of a regenerative agriculture model that could be replicated across Grupo Bimbo's commodities and sourcing regions. To develop and vet the model, Grupo Bimbo with support of Earthworm Foundation, have incorporated findings from work started or completed in 2021. Additionally, a template was created for gathering information on pilots to make sure that practices are consistently documented for future reference and learnings.

Development of Grupo Bimbo's US wheat pilot: working to build off of the lessons learned from other pilots and expanding from the 2021 preliminary regional diagnostic findings we have focused on deepening our understanding of wheat production in Kansas, and regenerative opportunities in the region, and invested in the development of relationships with key stakeholders such as mills, supply chain logistics providers, researchers, trade and government organizations. Actions taken to support pilot development in North America and the development of a model for replication include:

- Designing multi-year pilot parameters - including working with the Mexico Agribusiness team to understand the practices used in their pilots, KPIs, data collected, metrics, data collection and analysis partners, and reporting frameworks.
- Building alliances with strategic partners – including three mills, supply chain stakeholders, researchers, Kansas Wheat Commission, and regional leaders in regenerative agriculture
- Developing criteria for selecting data collection partners

Grupo Bimbo's path to regenerative agriculture and net zero: in addition to the above we continue to work with Grupo Bimbo to advance understanding of several key areas including regenerative agriculture concepts, net zero commitment requirements, and pilot practices. This wide-ranging work has included:

- Developing an understanding and document Mexico Agribusiness team's participation in pilots for soft wheat, potatoes, sesame, coffee, and cacao agroforestry as well as the continuation of corn pilots
- Evaluating and providing feedback funding opportunities
- Ongoing socializing within Grupo Bimbo and increasing emphasis on understanding what it will take to reach Grupo Bimbo's net zero goal including a workshop on this topic.

5. Animal welfare

As part of the migration strategy to cage-free eggs, at Grupo Bimbo, we have carried out the following actions:

- We work hand in hand with all our business units to align the commitment fulfillment plan in the regions in which we operate.
- Together with Humane Society International (HSI), our strategic ally, we have made approaches with suppliers of free-range chicken eggs, particularly in Mexico. Likewise, we continue to raise awareness among our internal teams and suppliers with the aim of socializing animal welfare standards internally and externally.
- In the second quarter of the year, Bimbo México began with the purchase of free-range chicken eggs in one of its plants.
- We are a company committed to transparency, so, as we have been doing since last year, in December 2022 we will be announcing the update on our commitment progress.

6. Pulp and paper

During the first semester of the year, Grupo Bimbo revised its [Global Agriculture Policy](#) in the area of frameworks for sustainable sourcing and supply of pulp and paper. The analysis determined the establishment of a specific policy, currently in development, designed to manage this raw material.

Grupo Bimbo is currently in the process of the initial mapping of its supply chain, which will allow for the use of the second half of the year to conduct a risk analysis for countries of origin. Furthermore, Grupo Bimbo will set out a road map designed to promote progress on the sustainable sourcing of pulp and paper.

7. Cocoa

This year, Grupo Bimbo has decided to include cocoa in its objectives for moving towards sustainable supply chains. This working area comes as a materiality study conducted in 2019 where it was found to be the third most relevant agricultural input. As part of this process, a revision of the [Global Agriculture Policy](#) was carried out within the scope of sustainable cacao sourcing, reaching the conclusion that the policy adequately covers this material.

In the next semester, Grupo Bimbo will conduct initial mapping of its supply chain for the purposes of a full risk assessment for the countries of origin. Furthermore, Grupo Bimbo will set out a road map designed to promote progress on the sustainable sourcing of cacao.