



**GRUPO BIMBO
GLOBAL AGRICULTURE POLICY
PROGRESS REPORT
DECEMBER 2022**

In 2017, Grupo Bimbo released its [Global Agriculture Policy](#) where it describes its vision for the responsible sourcing of all its supply chains and includes the expectations of its suppliers so they can foster its implementation.

In 2022, Grupo Bimbo has decided to work in the following workstreams to implement its [Global Agriculture Policy](#). This report covers the second half of the year, and it will describe the main milestones reached by Grupo Bimbo.

1. Soy

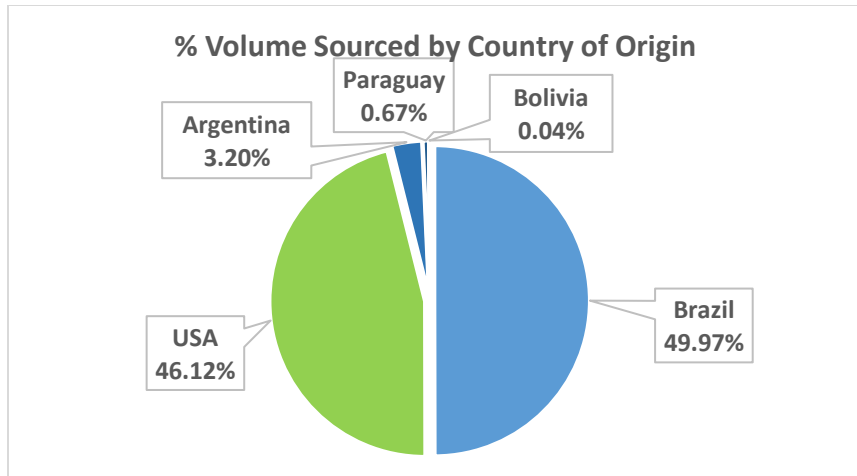
Grupo Bimbo has been working in responsible sourcing of soy since 2019, this year it continues to focus on the following activities:

- Mapping of its supply chain
- Engagement program with suppliers
- Support in transformation

During the second semester of the year, Grupo Bimbo mapped the 89% of its supply chain with the objective to understand the challenges associated to its supply chain, continue with the implementation of the [Global Agriculture Policy](#) and the expectations established by [Consumer Goods Forum](#).

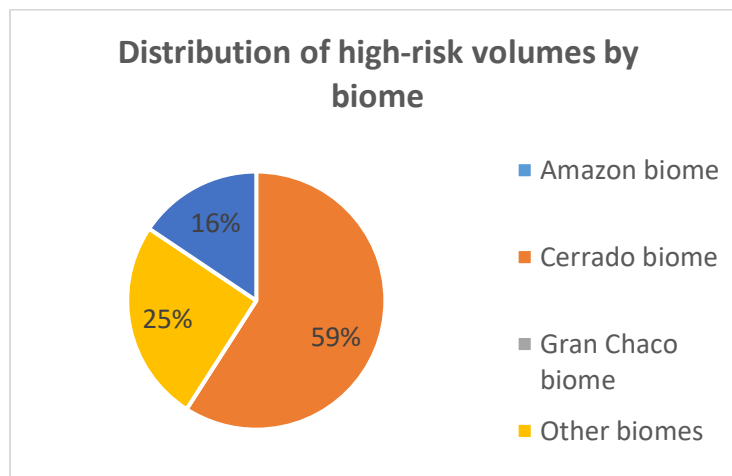
The assessment shows that from that 89% of the volume:

- 46% of the soy is sourced from low-risk countries such as the United States and Canada.
- 54% of the soy is sourced from high-risk countries like Brazil, Argentina, Paraguay and Bolivia.



Graph 1. Percentage of volume sourced by country of origin
Source: Grupo Bimbo traceability data

According to [Consumer Goods Forum](#) expectations, Grupo Bimbo has requested to suppliers sourcing from high-risk regions, and who represent 49% of the analyzed volume, to share the biomes linked to these regions. Cerrado biome represents more than half of the high-risk volumes.

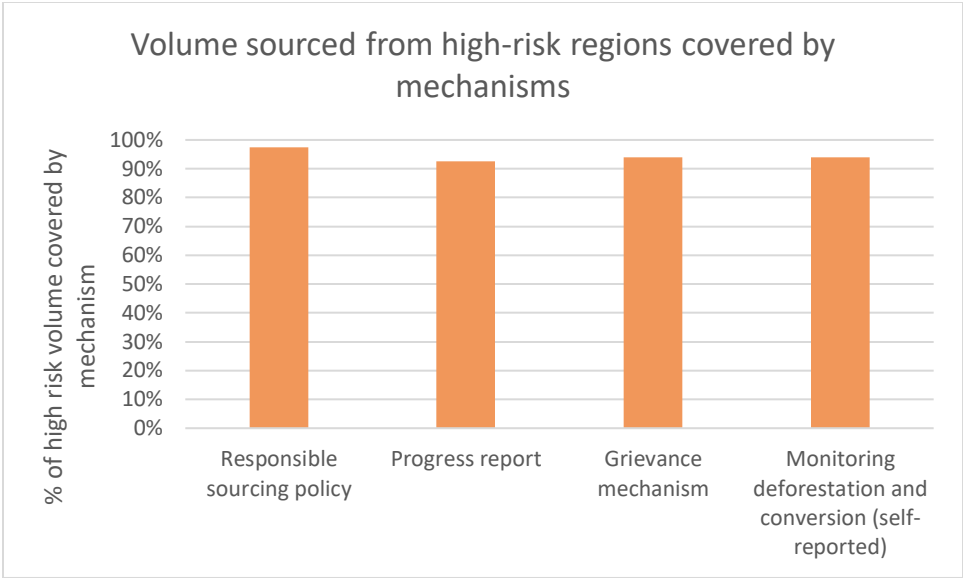


Graph 2. Distribution of high-risk volumes by biome
Source: Grupo Bimbo traceability data

Engagement with suppliers

During the second semester, Grupo Bimbo engaged with its soy suppliers, that represent 89% of its soy volumes to understand the efforts they are taking on no deforestation, no conversion and no exploitation; traceability; grievance mechanisms; investments on transformation in their supply chain and actions for monitoring and verification. Furthermore, with suppliers sourcing from high-risk regions, Grupo Bimbo has agreed an Action Plan based on the gaps identified and the supplier's maturity level on responsible sourcing.

It is important to mention that from the 54% of the high-risk volumes, most of it is covered by mechanisms or tools to address responsible sourcing. As of last year, Grupo Bimbo has observed a different maturity level from suppliers, based on their size and the region they are based.



Graph 3. Percentage of high-risk volumes covered by responsible sourcing mechanisms
 Source: Grupo Bimbo engagement program 2022

Grupo Bimbo is a signatory member of [Cerrado Manifesto](#).

Transformation initiative

Grupo Bimbo continues its efforts to support transformation initiatives for soy. At the beginning of the year, in partnership with Earthworm Foundation and the organization Cube Amigos da Terra de Sorriso 176 rural workers were trained in topics such as: individual protection and safe use of chemicals, fire control and operation of machinery. This work has a potential impact on 55 thousand soy cultivated hectares. During the second half of the year, a follow up was made to the rural workers that participated in the trainings about the implementation of learned practices.

During the second semester, Grupo Bimbo decided to support an initiative to restore the Lira River and the development of a protocol for the recovery of springs in the Brazilian Cerrado, understanding the critical aspect of recovering water bodies as a long-term strategy for sustainability in the production of grains in the Cerrado. Both projects are associated with the PCI Sorriso Regional Compact (Sorriso PCI Regional Compact) comprised of 13 entities from the public sector (at the state and municipal level), private sector, civil society, and producers.

2. Sugarcane

Grupo Bimbo engaged with suppliers that represent 88% of the sugarcane volumes to socialize the [Global Agriculture Policy](#). During this process, dialogue focused on improvement opportunities and suppliers proposed an Action Plan to address those opportunities.

Grupo Bimbo also supports a transformation initiative in sugarcane to promote social management, especially on labor topics. After finalizing the development of a Human Rights policy with one of its key sugarcane suppliers in Mexico, Grupo Bimbo continues to engage with the supplier to develop a guide that will contain best practices on labor issues and will facilitate self-assessment on these topics. We will continue to work with our supplier during the first half of 2023.

3. Regenerative Agriculture

Wheat & Corn Pilots in Mexico: The Regenerative Agriculture Pilot in Mexico in collaboration with the International Wheat and Corn Improvement Center (CIMMYT, for its initials in Spanish), started five years ago in Sinaloa and Sonora for wheat and in Jalisco and Sinaloa for corn. At the end of this year, we have a clear image of Regenerative Agriculture benefits versus conventional agriculture. In 2022, 527 farmers participated in our program, 35 training events were held to promote and implement regenerative practices in more than 9,900 hectares, due to which, the potential emissions of 20,400 tons of CO₂e¹ was avoided during the field production process with the participating farmers and more than 81,800 tons of grain were harvested.

Developing a model for replication: The key to developing a strategy to source ingredients that fulfill Grupo Bimbo's Global Regenerative Agriculture Framework principles of *Soil Health*, *Biodiversity & Ecosystem Health*, and *Enhancing Producer Communities* has been the development of a regenerative agriculture model that could be replicated across Grupo Bimbo's commodities and sourcing regions. In collaboration with Earthworm Foundation, we continue to inform model development through deepening our understanding of regenerative agriculture in a diversity of systems and reviewing new tools and best practices as they emerge. A significant contributor to deepening our understanding of regenerative agriculture was an intensive multi-day workshop held in Kansas in June with presentations from local experts and industry partners and a visit to a farm using advanced regenerative practices.

In addition, to better understand what is already happening at the farm level and collect data for tracking progress towards our regenerative agriculture goals, we have developed a Regenerative Agriculture Farm Survey. This survey is being used with one of our milling partners, and we validated that two other mills will collect data for the questions included in the survey.

Launching Grupo Bimbo's US wheat pilot: To further inform the development of Grupo Bimbo's regenerative wheat pilot, Earthworm Foundation conducted intensive fieldwork interviewing wheat farmers and industry representatives in 15 counties across Kansas. The interviews and field visits were looking to explore topics such as soil testing, regenerative practices, information networks, challenges farmers were facing, and harvest yields. The findings from this fieldwork were incorporated into the development of the pilot approach, data parameters, and a strategy for implementation. The pilot framework and implementation partners have been selected. This pilot is in addition to two other wheat pilots being run in partnership with key millers, enrolling more than 50,000 hectares of land with producers implementing some regenerative agriculture practices. The intention of these pilots is to work with the producers to

¹ Source and calculations: ISO 14067 and Greenhouse Gas Protocol Product Life Cycle Accounting and Reporting Standard

enhance education of regenerative agricultural practices to improve soil health over the medium to long term.

Understanding the current state of regenerative agriculture practices: Looking ahead to 2023 and expansion of Grupo Bimbo's work on regenerative wheat we have identified two other important sourcing regions: Alberta and Saskatchewan, Canada, and Oklahoma and Texas, United States. These regions were chosen based on input from Grupo Bimbo procurement team members and data requests from milling partners. To better understand the level of regenerative agriculture practices adoption in these sourcing regions and opportunities for Grupo Bimbo to engage we have been partnering with Earthworm Foundation to lead "regional diagnostics". The regional diagnostics use a diversity of methods including semi-structured interviews, review of existing data sets, and desktop research to gain a deeper understanding of what is happening related to regenerative agriculture in a particular area, why, who the main contributors are, and how the work is being funded. We anticipate that the findings from this work will help inform Grupo Bimbo's strategy for supporting the expansion of regenerative agriculture practices in wheat production into sourcing regions beyond Kansas in the United States and other countries where Grupo Bimbo has presence.

4. Animal Welfare

In 2015, Grupo Bimbo became the first Mexican food company to establish a commitment to transition to cage-free eggs. Animal welfare is part of the principles that Grupo Bimbo establishes and recognizes within the framework of our Global Agriculture Policy.

As part of the commitment, we have worked hand in hand with our suppliers and strategic partners to create and strengthen the cage-free chicken egg supply and ensure animal welfare throughout our supply chain. We have done this through close collaboration with *Humane Society International*, an allied organization with which we have made an important effort of technical training for our suppliers and internal teams, as well as identifying key suppliers that already have certification in animal welfare.

While the work we have done has been rigorous, it is important to mention that global conditions have changed drastically since the year the company made the commitment. The pandemic, the war in Ukraine, bird flu and high inflation rates have complicated the process of developing cage-free egg supply in some markets and regions where we operate. This has complicated the pace of progress that we first proposed.

However, despite the challenges we face, in 2022, we have made significant progress in regions and countries such as France and the United Kingdom where we reached 100% of our goal. This year in Canada, we will achieve 60% use of cage-free eggs.

We reaffirm our commitment to protect animal welfare in everything we do and in all the countries where we operate. We will continue to work with our producers and create synergies with other companies, to strengthen the transition of the value chain to a sustainable supply of cage-free eggs.

5. Certified or Recycled Paper and Pulp Packaging

During the year, progress has been made with respect to the commitment of 100% supply of certified or recycled paper and cardboard packaging by 2025. We have already reached more than 75% certified or recycled paper globally. In some organizations such as Mexico, Canada, United Kingdom, Morocco and China, the transition progress to sustainable paper and/or cardboard packaging has been 100% completed. Grupo Bimbo is in the process of analyzing the 2022 volumes of certified paper and will be able to share the update in the next progress report.

It is important to highlight that, as part of the transition program, Grupo Bimbo continues to strengthen the development of our suppliers, and for the fourth consecutive year, we welcomed our strategic suppliers to the Carbon Disclosure Project (CPD) Supply Chain program. In this program our suppliers have the ability to share their strategy and vision on sustainability issues, as well as provide us with more detailed information regarding their progress on Climate Change and Forest initiatives.

During the second semester of 2022, Grupo Bimbo mapped its pulp and paper supply chain to understand its impacts by region and analyze the environmental and social challenges associated to them. The scope for this analysis was folding cartons and corrugated suppliers. Grupo Bimbo has utilized this exercise to prioritize the challenges to address the responsible sourcing of pulp and paper. From the 69% of volume analyzed some of the main conclusions are:

- 73% comes from recovered fiber and 27% comes from virgin fiber.
- The United States is an important sourcing country for virgin fiber, covering 90% of the volume from virgin fiber.
- Mexico is a relevant country for recovered fiber, since it sources 59% of the recovered fiber volume.

Moreover, the analysis also considered our suppliers' responsible sourcing initiatives to better understand their maturity level on these topics and the activities they carry out in their own supply chain.

6. Cacao

Grupo Bimbo made progress on better understanding its supply chain associated to cocoa by doing a scoping exercise on 94% of its volume to identify the main sourcing regions and social and environmental challenges linked to its supply chain. The main results are as follows:

- The main sourcing region of cocoa is West Africa. The top four sourcing countries are: Ivory Coast (25%), Ghana (15%), Nigeria (9%) y Cameroon (9%).
- Grupo Bimbo also sources from Latin America; Ecuador sources 8%, Venezuela 5% and Peru 5%

It is important to mention that there are still some challenges in the industry regarding the transparency and traceability of cocoa. Grupo Bimbo continues to work with its suppliers to increase the level of transparency in the sourcing of cocoa.

7. Responsible sourcing

Grupo Bimbo has several policies to communicate to suppliers its expectations on responsible sourcing, such as [Supplier Code of Conduct](#); [Global Human Rights Policy](#), [Global Agriculture Policy](#), [Global Palm oil policy](#) and others. Following the industry trends, Grupo Bimbo has decided to develop a Guide for Responsible sourcing to contain in one space the principles related to its business. This guide will be organized in three headers: 1) Human and Labor Rights; 2) Environmental Stewardship and 3) Business Ethics. Furthermore, it contains the minimum requirements that suppliers should comply to be aligned to this guide. This document will allow us to communicate our expectations to suppliers more efficiently and assess their compliance.

8. Materiality assessment

Grupo Bimbo is updating its materiality assessment on agricultural supply chains made in 2019. This year, the materiality assessment has within its scope six raw materials because they are highly consumed by Grupo Bimbo and/or are globally identified as drivers of deforestation: wheat, sugar, palm oil, soy, cocoa, and wood. This study considered NGOs, clients, suppliers, and internal and external stakeholders to prioritize raw materials and environmental and socioeconomical issues to refine the strategies to follow in the next years. At this moment, Grupo Bimbo is analyzing the results of the materiality survey and will have the results by the beginning of 2023.