



**GRUPO BIMBO  
GLOBAL POLICY FOR PALM OIL  
UPDATE ON PROGRESS UP TO YEAR 6  
DECEMBER 2021**

Grupo Bimbo's commitment with sustainable sourcing of palm oil is outlined in the [Global Palm Oil Policy](#), published in September 2015. The sixth implementation year ended in 2021. Yearly public updates on the Action Plan objectives and progress attained can be found [here](#).

In 2019 Grupo Bimbo committed to buy 100% RSPO certified oil by 2023. By the end of this year, Grupo Bimbo has attained the goal of having 40% of its volume certified under the Book & Claim model.

### **Year 6 progress**

Grupo Bimbo, in partnership with [Earthworm Foundation](#), actively engages with suppliers to orderly disseminate and implement the Yearly Action Plan defined at the start of 2021 in order to fulfil its policy commitments. During the first half year there was progress across strategic areas. The link to the action plan can be found [here](#).

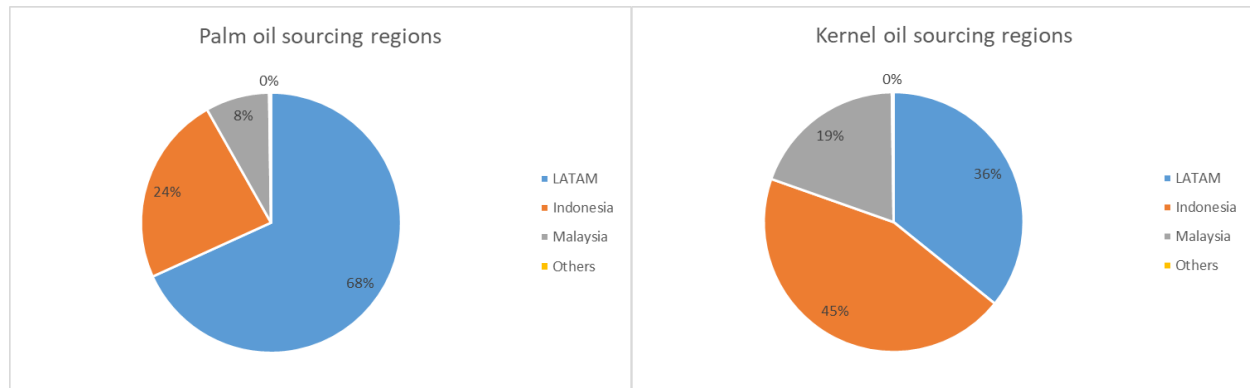
**Map the supply chains of Grupo Bimbo's main suppliers of crude palm and kernel oil at the plantation and mill levels with suppliers who have well-defined supply bases for their Fresh Fruit Bunches (FFB).** In accordance with its policy, Grupo Bimbo has continued updating traceability data for its supply chain. This year it focused on 17 suppliers representing 95% of the volume. This data provides information on refineries, traders and mills and helps Grupo Bimbo make decisions about priority challenges and areas for improvement in the performance of their suppliers.

On top of this, this year Grupo Bimbo will begin asking their suppliers traceability to the plantation level to know the origin in detail and will be able to add efforts according to the expectations of the industry, which demands greater transparency. Traceability to plantations will become a requirement for Grupo Bimbo's suppliers starting the same year as the group starts monitoring deforestation in its supply chain.

<b>Grupo Bimbo whole volume</b>	<b>Grupo Bimbo Volume %</b>	<b>Traceability to mill</b>	<b>Traceability to plantation</b>
Aceite de Palma	99.5 %	94 %	64 %
Palmiste	0.5 %	100 %	16 %

Grupo Bimbo has attained significant progress regarding traceability to the mill level. In 2016 levels reported amounted to 86 percent for palm oil, whereas they now amount to 94 percent,

and regarding kernel oil reporting amounted to 76 percent and now amounts to 100%. Plus, Grupo Bimbo raised the reach of traceability, going from 90% to 95% of volume supplied.



The list of mills associated to Grupo Bimbo's supply chain can be found in this [link](#).

### Track policy implementation with suppliers

In 2021 Grupo Bimbo continued to engage with direct suppliers to understand their progress towards its Palm Oil Policy. This dialogue began in 2016, and the areas evaluated where:

- a) Presence and content of suppliers' own sourcing policy
- b) Traceability to mill and plantation levels
- c) Group-level implementation plan and supplier engagement
- d) Transformation in action:
  - o Aggregator and landscape level
  - o Labour and social issues
  - o Land management and conservation
- e) Grievance management mechanisms and processes
- f) Verification and monitoring

We now present results attained in the exercise carried out during the second half of 2021. This year Grupo Bimbo approached 94.29% and achieved a 93.29 response to it.

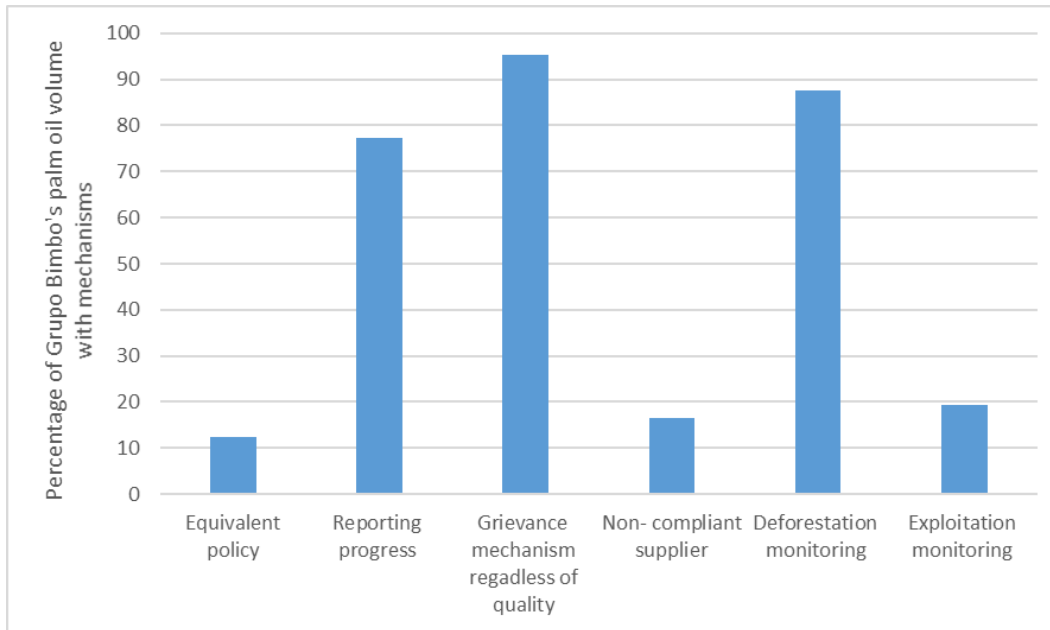


Figura 1: Measurements<sup>1</sup> reported by Grupo Bimbo's direct suppliers

Significant progress has been observed regarding suppliers' maturity level. Amongst achievements attained are a significant progress by suppliers in monitoring deforestation. Besides, 100% of suppliers under scrutiny have responsible sourcing policies, which shows progress in soundness of policies, in line with Grupo Bimbo's policies and the industry's expectations.

Other results attained are:

- 282 046 small producers with direct or indirect links to suppliers are now engaged in small producers programs.
- 46 percent of suppliers reported participation in landscape programs.
- 197 335 hectares of forests were reported as included in conservation activities, forest recovery and/or reforestation programs, be it by their company or a third party.

Through this dialogues, Grupo Bimbo has the opportunity to socialize the Global Palm Oil Policy commitments with suppliers, which are in turn in line with commitments from the [Consumer Goods Forum](#) and its Forest Positive work group, which aims to foster collective action in order

<sup>1</sup> \*Metric details:

**Equivalent policy:** supplier has a public Palm Oil Policy equivalent to Grupo Bimbo's

**Reporting progress on the NDPE:** 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).

**Non-compliant supplier engagement mechanism;** supplier has a non-compliant supplier engagement mechanism including (regardless of quality).

**Monitoring for no deforestation:** 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).

**Monitoring for no exploitation:** supplier carries out monitoring activities related to exploitation (e.g. field verification/assessments, audits) (self-reported by supplier).

for the industry to jointly halt deforestation, forest degradation and land use change triggered by key raw materials supply chains.

## **Implementation of transformation projects**

### Guatemala's social performance in the palm industry

Grupo Bimbo sustains participation efforts in the project to support GREPALMA (Gremial de Agricultores de Guatemala).

In 2021 this project focused on the development of capacities in social issues identified as priorities to be addressed by the industry and in opening space to dialogues between civil societies and palm oil enterprises.

A workshop on "Social Licence to Operate" was held this year, as well as two training sessions, one on Free, Prior and Informed Consent (FPIC) and consultation processes, and another one on protection of Human Rights defenders.

This training sessions aimed at opening room for civil society organizations and palm oil enterprises to talk about different issues and identifying the main challenges they face and their possible solutions, in order to generate a space of trust in which multi-stakeholder processes can be valued and acknowledged. In line with this, a previous meeting was held before the training sessions to set a cooperative tone between both parties.

### Landscape projects in Mexico

Grupo Bimbo has continued performing field work, adapting to the unusual situation due to the COVID-19 global pandemic.

As had been happening in previous years, Grupo Bimbo keeps investing in two projects at the landscape level in the state of Chiapas, in Southern Mexico. This region has been deemed a priority given that over 60 percent of Grupo Bimbo's palm oil comes from Latin America and it is crucial to generate solutions to prevent deforestation in a context marked by the prevalence of small producers, as well as improving livelihoods for peasants.

The project takes place in the municipalities of Marqués de Comillas and Benemérito de las Américas, one of the areas facing the greatest risk of deforestation in Mesoamérica. This is a pilot project for the Carbon-Rich Areas (CRA) methodology in a small-producers context. Despite the emergency situation due to COVID-19, the project has kept approaching mill in the region and other relevant stakeholders. Work is under way in the creation of the High Carbon Reserves which will be disseminated with mills and *ejidos*.

The project in the La Encrucijada biosphere reserve, where agricultural expansion impacts on critic mangrove and wetland habitats, centres on protecting native ecosystems and improving producers livelihoods by following the Natural Protected Area's Management Plan. During this year's second half, the Multi-Stakeholder Plan was upkept following three lines of action:

- **Small producer resilience.** The socioeconomic and environmental diagnostic study was finished during the first half of the year, engaging with pilot groups. Grounded on this document, an **Action Plan** to 2025 was drafted and validated by mill in the region. Besides, 22 Integral Plot Plans were updated with producers who, based on insights and contributions, have changed their vision on how to manage their plots. As part of the Action Plan, exchange of experiences amongst cacao producers continued. Within the pilot group, palm producers with ranching activities were identified, and a first workshop on responsible ranching practices was carried out in an ethnoveterinarian workshop. There is now a study identifying financial mechanisms and possible finance sources for small producers.
- **Conservation and restoration.** During the second half of the semester maintenance was offered for the 15 hectares of mangrove reforested the previous year, and the 5 hectares of mangrove trees lost to the fire were replanted. This activity was done in tandem with social and private mills in the region and with support from two refineries. In total, 3 557 trees of green buttonwood mangrove and red mangrove were planted in 5 hectares. Also, a community group involved in this keeps producing vermicompost.
- **Land use:** In tandem with the Reserve managers office, work continues with three social mills with whom the Action Plan is prepared to fulfil the La Encrucijada Management Program. Dissemination and sensibilization workshops have been carried out with the board, technicians and delegates on this issue, to improve perception of obedience of this instrument. Likewise, support for producers has continued. They decided to uproot palm from the nucleus are of La Encrucijada with some input and technical advice.

### **Deforestation monitoring**

During 2021, Grupo Bimbo has monitored deforestation throughout its supply chain through [Starling](#), satellite technology developed by Airbus and Earthworm Foundation. Besides the use of this tool, we have approached suppliers covered by this monitoring to move further in the verification of deforestation alerts. Monitoring deforestation is possible, amongst other factors, thanks to efforts by the industry, who has generated enough information to detect and act before deforestation linked to the palm oil supply chain.

During the second half of the year, Grupo Bimbo covered 51 percent of its volume, ending the year with 34% of its volume free of deforestation.

In line with commitments set forth by the Consumer Goods Forum, Grupo Bimbo monitors and verifies that there is no deforestation in its palm oil supply chain.

### **Continuous improvement**

Grupo Bimbo has published its grievance mechanism, which includes a non-compliant supplier [link](#). In the next few months we will train business units as well as the Grievance Committee, which was set to manage breaches and to implement said mechanism.

During 2021, Grupo Bimbo has continued to track and follow complaints and non-compliant suppliers identified by approaching direct suppliers, thus upkeeping the mechanism developed.