

What Grupo Bimbo did for nature and people

—
Palm Oil Annual Report 2019

December 20, 2019

Our work around the world

Grupo Bimbo is supported by Earthworm offices around the globe



Palm oil

USA
(Traceability & EPI)

Mexico
(Global project management, implementation of landscape projects)

Ecuador
(Supplier engagement)

Switzerland
(HCS A trial, grievance decision trees)

Indonesia
(Grievance management)

Staff engaged

Staff engaged & Field work



Global numbers



19 countries

Engaging suppliers sourcing from 19 countries



95% volume engaged

Engaging suppliers representing 95% of Grupo Bimbo Palm oil volume, measuring progress on NDPE implementation



1,500 Mills

Under NDPE commitments through suppliers



38,040 smallholders engaged

Grupo Bimbo's direct suppliers are engaging 38,040* smallholders



140,000 HA of Forests

Engaging 140,000 hectares of forests through Grupo Bimbo's support for landscapes in Mexico. Suppliers managing an additional 42,912* hectares of forest under conservation projects.



Transparency

89% of palm oil volume covered by suppliers reporting at least annually on progress towards NDPE implementation.*

- [Scores representing 85% of Grupo Bimbo's palm oil volume \(1st EPI round\)](#)
- [Data self-disclosed by Grupo Bimbo's suppliers](#)

Global objectives

In 2019, Grupo Bimbo worked to implement its responsible sourcing commitments through supply chain mapping, engagement with direct suppliers, field work in priority regions, and the development of new technology and procedures to accelerate progress.



Supply chain transparency

Traceability has been the foundation of Grupo Bimbo's work in palm oil, facilitating identification of sourcing regions and associated risks, directing engagement into priority regions, responding to issues of non-compliance, and demonstrating transparency to stakeholders



Direct supplier engagement

Grupo Bimbo has gained a detailed understanding of supplier practices and progress through the Engagement for Policy Implementation (EPI) process. Dialogue and online tracking has allowed Grupo Bimbo to identify challenges and opportunities and push suppliers to accelerate change.



On the ground impact

Grupo Bimbo continues to focus investment on landscapes where a long-term impact on forests and people can be generated and measured. Through these projects Grupo Bimbo is generating important lessons learned for the Latin American smallholder context



What we did together

- Communicate publicly the 2019 Action Plan and updates on progress.
- Trace 94 % of palm oil and palm kernel oil volume to mill level and 23 % to plantation level.
- Capacity building for regional offices in order to expand responsible sourcing work beyond the global team.
- Engagement with suppliers (EPI) representing 95% of all palm oil volume purchased by Grupo Bimbo.
 - Successful implementation of an expanded survey (addressing changing industry standards and NGO expectations) and new digital platform.
 - Detailed feedback to suppliers highlighting gaps and improvement opportunities.
 - Easy access to metrics and KPIs.
- Development of a Grievance Mechanism to process and address issues of environmental and social non-compliance in their palm oil supply chain.



Grupo Bimbo
worked on supply
chain engagement



Grupo Bimbo
worked to stop
deforestation.

And more

- Continue to support landscape transformation projects in Chiapas, Mexico to conserve forest while addressing the needs of smallholder farmers.
- **La Encrucijada Biosphere Reserve:**
 - Satellite and land use base map complete, field verified, and socialized with stakeholders.
 - Expansion moratorium communicated to direct supplier and mills
 - Joint work plan developed with direct supplier and the Biosphere Reserve
 - Smallholder project diagnostic complete
 - First reforestation efforts completed
- **High Carbon Stock Approach (HCSA) trial in Marques de Comillas.**
 - HCSA Steering Committee trial approval this year.
 - Baseline social and environmental mapping.
 - Meetings with relevant stakeholders, including local communities, to socialize the project to obtain inputs.



Key successes

- **Authorization from 94 % of supply chain to publish mill list in 2020**
- Implementation of the new Engagement for Policy Implementation (EPI) platform
 - 51% of volume from direct suppliers addressing labor issues in own origin operations*
 - 50% of direct suppliers participating in landscape programs*
- Approval from HCSA Steering Committee for smallholder trial in Chiapas.
- Multi-stakeholder work plan agreed to for La Encrucijada Biosphere Reserve, including concrete actions to address farmer livelihood, invasive palm oil, land use non-compliance.
- Development of a grievance mechanism to be implemented in 2020.
- Transfer lessons learned in palm oil traceability and supplier engagement to the soy supply chain in Brazil.



Challenges & Opportunities

- Grupo Bimbo is involved in a growing number of international initiatives related to responsible sourcing. Ongoing **alignment** will help ensure resources are used efficiently and lessons learned (e.g. from commodities such as palm oil) are shared.
- **2020** is a critical year for sustainability in the international business community. Grupo Bimbo has built a strong foundation in palm oil through supply chain mapping, supplier engagement, grievance management, and on-the-ground impact. **Verifying** no-deforestation commitments through satellite monitoring is an opportunity to demonstrate progress and commitment.
- Grupo Bimbo has a talented but small core team working on responsible sourcing of palm oil and other commodities. **Additional internal resources** will be needed to keep up with multi-commodity commitments.

- [Scores representing 85% of Grupo Bimbo's palm oil volume \(1st EPI round\)](#)
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Learning

Grupo Bimbo could be one of the transformation leaders in palm oil sector in Latin-American due its strategic position and understanding of the region. As indicated in the global agriculture materiality assessment, stakeholders are looking for Grupo Bimbo to assume this role.



Goals for 2020

- To enhance transparency through mill list publication
- To develop supplier maturity categorizations to facilitate differentiated targets and drive progress with suppliers
- To implement the newly developed Grievance Mechanism
- To deliver conservation and livelihood impacts in Mexico landscapes
- To design and implement a strategy for labor protection in Latin American palm oil supply chains
- To verify Grupo Bimbo's no-deforestation commitment through satellite monitoring
- To improve the impact of Grupo Bimbo's communication around responsible sourcing



The way Earthworm Foundation works with Grupo Bimbo

VTTV process

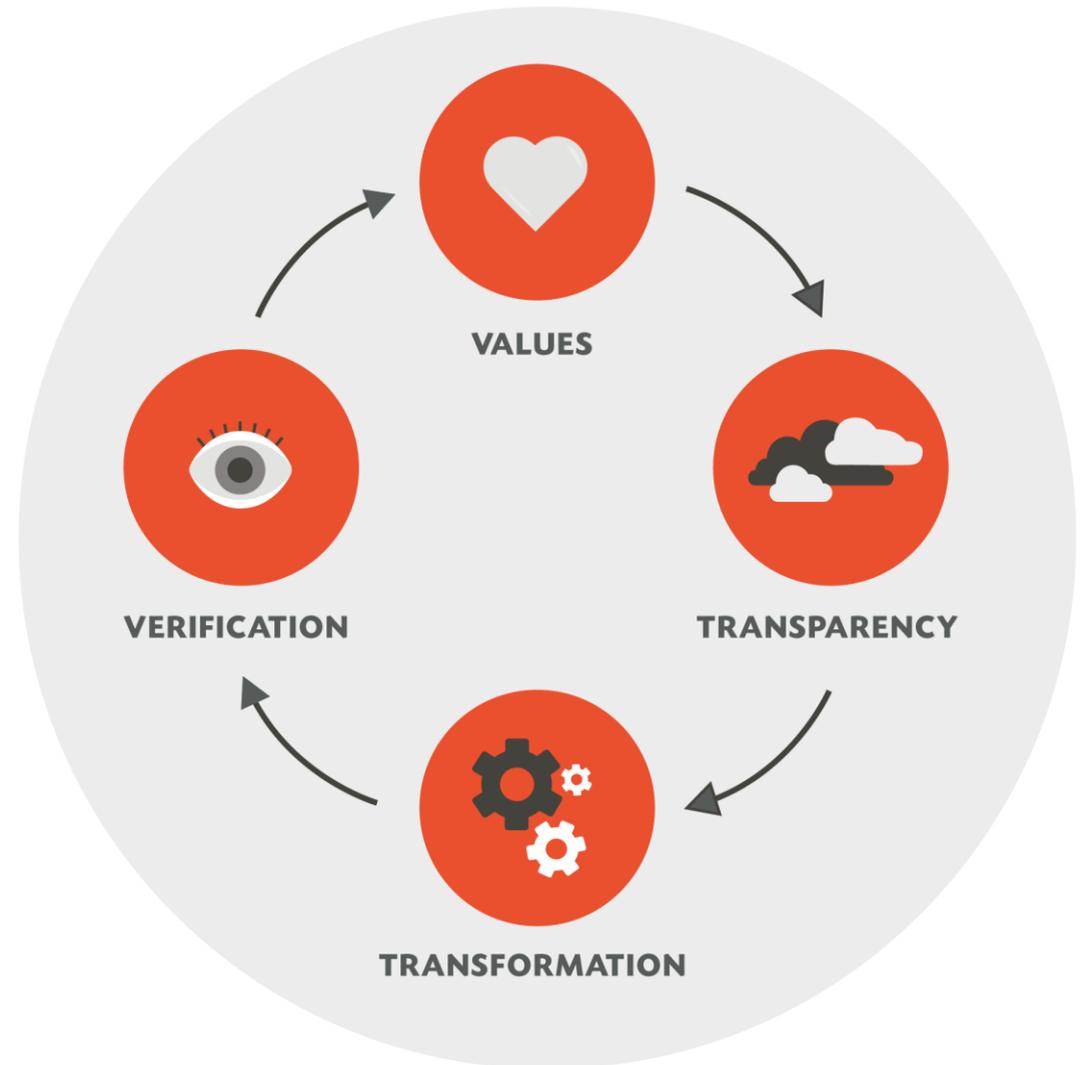
We partner with leader companies – our members - that are prepared to take bold action and demonstrate that it is possible to create economic, social and environmental value simultaneously.

Values – We support the definition and internalisation of our members' values into clear policies and commitments that redefine corporate value.

Transparency – We help map supply chain actors and geographies to chart strategies and foster accountability through publication of data and progress updates.

Transformation – We collaborate to implement tools and processes that transform the way business operates.

Verification – We innovate on solutions to measure impact, assess progress and ensure accountability.



“Scaling up our efforts to meet 2020 commitments”