What Grupo Bimbo did for nature and People

Annual report 2020

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Our work around the world

Grupo Bimbo is supported by Earthworm offices around the globe

- **Palm oil**
  - **Global Agriculture**
  - USA (Palm: Traceability & EPI Wheat and Sust. Agriculture management)
  - Mexico (Global palm and agriculture project management, implementation of landscape projects)
  - Ecuador (Supplier engagement and grievance mechanism, Sugar supply chain)

- **Brazil** (Soy: project management)
- **Switzerland** (HCS A trial, strategic guidance)
- **Indonesia** (Grievance management)

- Staff engaged
- Staff engaged & Field work
Global numbers Grupo Bimbo’s Supply chain

19 countries
Engaging suppliers sourcing from 19 countries

96% volume engaged
Engaging suppliers representing 95% of Grupo Bimbo Palm oil volume, measuring progress on NDPE implementation

1,652 Mills
Under NDPE commitments through suppliers
Grupo Bimbo publishes its mill list

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

Transparency

70% of palm oil volume covered by suppliers reporting on progress towards NDPE implementation.*

* Data self-disclosed by Grupo Bimbo’s suppliers
Grupo Bimbo worked on Supplier engagement

What we did together

- Grupo Bimbo continues supplier engagement:
  - 14 suppliers engaged representing 96% of the volume sourced
  - Scoring and measuring progress for second year
  - Agreed action plans with supplier to fill in the gaps and review of 2019 action plans progress

- Finalizing the Grievance Mechanism:
  - Piloting Grievance Mechanism (Proof of concept with the Grievance Committee)
  - Suppliers engagement in grievances cases in 2020
  - Grievances monitoring and reporting

- Labor Risk Assessment of Grupo Bimbo’s LATAM Palm oil supply chain
  - Review of the key labor aspects such as health and safety, discrimination, forced and child labor, freedom of association in most relevant countries for Grupo Bimbo.
  - Grupo Bimbo made a decision to invest in transformation project to address the challenges identified by the analysis.
As in previous years, Grupo Bimbo has continued to invest in two landscape-level projects in southern Mexico, in the state of Chiapas. This region has been prioritized since more than 70% of Grupo Bimbo's palm oil volume comes from Latin America, and it is considered necessary to create solutions to prevent deforestation in the context of small producers and improve farmers' livelihoods.

The project in the municipalities of Marqués de Comillas and Benemérito de las Américas, one of the areas with the highest deforestation risk in Mesoamerica, is a pilot of the High Carbon Stock (HCS) methodology in a context of small producers.

The project in La Encrucijada Biosphere Reserve, where agricultural expansion threatens critical mangrove and wetland habitats, is focused on protecting native ecosystems and improving farmers' livelihoods. During the second semester of the year, the Multi-stakeholder Plan was monitored in its three lines of action:

- Smallholders resilience
- Conservation and restoration
- Land use management
Key Messages

Key successes

• To finalize Grievance Mechanism and to follow up on grievances.
• To do a follow up on the action plans agreed with suppliers in the previous year in key aspect to progress in Grupo Bimbo NDPE commitments.
• To continue with the landscape projects and to adapting to the covid context keeping people safe and adapting activities and timelines to continue progressing
• To respond to our Materiality assessment carried out in 2019 and start to work in Labor issues in our Palm oil supply chain
• To start monitoring deforestation in 2021 in our palm oil supply chain

Challenges

• Without doubt COVID has been a challenge that globally we are still suffering. Grupo Bimbo and EF were able to adapt to the situation modifying stakeholders engagement and being understandable with the situation suffered by others.
• Grievance mechanism has shown us that each case is specific and deserve a deep understanding of the non compliant supplier context. We have learnt the specifics and we are aware that we will be challenged by the new cases
• We are going to start a journey measuring deforestation and taking actions to address it. We consider Grupo Bimbo has the maturity level for this new effort and also keeping align with our alliance with the Consumer Goods Forum.
Goals for 2021

- To work on traceability to plantation
- To improve suppliers performance on maturity categorization
- To impact on the field through a labor transformation project in LATAM
- To deliver conservation and livelihood impacts in Mexico landscapes
- To verify Grupo Bimbo’s no-deforestation commitment through satellite monitoring
- To socialize and provide capacity building in grievance mechanism

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.

About Grupo Bimbo

Grupo Bimbo is in its sixth year of implementation of the policy and has a mature process of mapping and approaching suppliers. In addition, it continues with transformation projects in key sourcing regions and begins with monitoring deforestation in its supply chain.
“Scaling up our efforts to meet 2021 commitments ”