

## OUR SUSTAINABILITY

# management

(GRI 102-20, 102-29, 102-31, 102-32, 102-33)

In 2016, Grupo Bimbo created the Central Sustainability Committee to promote our sustainability strategy. The Committee continues to report on our performance through the four pillars of our sustainability framework, including Wellness, Planet, Community, and Associates. The Committee has been charged with ensuring that sustainability forms an integral part of how we think, decide, and operate, by taking projects to all levels across the Company.

**The Global Research & Development Division and the Health and Wellness Department** are in charge of managing the Wellness Pillar that develops, measures, and reports innovation, nutritional profiles, packaging, product transparency, and other results.

**The Operations, Logistics, Finance, Procurement, and the Research & Development Divisions** manage environmental aspects such as carbon footprint, water footprint, comprehensive waste management, and natural capital.

**The Global Institutional Relations Division** manages follow-up on social programs such as Good Neighbor, Donations, Volunteering, Disasters, and Plant Visits. It also coordinates the preparation of the Integrated Grupo Bimbo Annual Report together with Finance VP and serves as a liaison with the Social Investment Committee that defines and authorizes the budget for social projects.

**The Global VP for People** is in charge of the Associates pillar and implements sustainability practices inside Grupo Bimbo.

Each division has designated leaders responsible for defining the action plan and measuring the results to disseminate material issues among specialists on each subject matter, monitor progress, and contribute to reporting results through two key mechanisms:

Preliminary corporate board meeting centered on presenting quarterly accountability status reports in a meeting with the Grupo Bimbo CEO and the Steering Committee, and Committee meetings held to analyze results, budgets, and trends, and ask for the approval of specific issues identified by the functional division.

The Steering Committee approves the plans and authorizes the budgets to be allocated to the different sustainability projects and concrete action plans.

As of 2021, Grupo Bimbo will have a global team dedicated to monitoring sustainability and making decisions on strategic issues at the highest level. The Group will also implement a new strategy to raise our level of ambition and the impacts we want to generate on the planet, the community, and our Company.

## MATERIALITY

(GRI 102-17, 102-21, 102-44)

Grupo Bimbo conducts a materiality assessment every three years. We use the study as our main indicator to determine the direction of our actions, prioritizing stakeholder requirements, assessments, and urgency.

This study is conducted through an institutional consultation among the stakeholder groups defined in our Global Sustainability Policy. The last consultation was held in 2019 to learn about the new sustainability requirements, needs, and priorities for responsible actions.

The scope of the materiality assessment spanned six countries, including Brazil, Chile, Colombia, Mexico, Spain, and the United States, based on their relevance in the Grupo Bimbo market and how they represent the Group's evolution of sustainability initiatives.

Each stakeholder is served by a specific Global VP that provides feedback for follow-up on the concerns and evolution of stakeholder requirements to evaluate the validity of the materiality assessment and the changes that occur between each update.

The Central Sustainability Committee reviews the materiality assessment every year and the status updates and compliance with these requirements to shed light on the relevant variations detected over the course of the year. This is how the materiality inputs are reviewed by the Group's highest governance body responsible for taking all relevant inputs to the Board of Directors.

The materiality assessment is completed through an external supplier with experience in the subject matter and a presence in other countries to ensure sensitivity to the local culture and requirements and provide the most authentic and reliable information possible, without cultural biases.

The most relevant findings of the materiality assessment are presented to the Central Sustainability Committee with an executive summary sent to the Steering Committee members, with an electronic copy of the study.

Each functional VP provides quarterly status reports on the progress made during the year. They also hold annual meetings with Senior Management to review the consolidation of the progress made and define the new actions to be implemented the next year.

Global Corporate Affairs is responsible for the mechanism used to communicate and directly scale critical environmental concerns to the highest governance body.

Critical concerns derive from regulatory issues, legislative initiatives, and political, social, and economic junctures.

Global Corporate Affairs uses the following tools to address and resolve these critical concerns:

- The Global Risk Management Dashboard, which is used to track regulatory matters in the countries where we operate, assigns each a risk based on the Global Internal Control Division criteria.
- Mechanisms to monitor, analyze, and coordinate actions to address these matters.

Findings in the 2019 materiality assessment showcased the following topics as the most relevant stakeholder priorities:

1. **Responsible supply chain management practices**
2. **Innovation to create healthier products**
3. **Sustainable packaging in a circular economy**
4. **Ethics and integrity**
5. **Human rights in the supply chain**
6. **Water management**
7. **Renewable energy and energy efficiency**
8. **Waste management**
9. **Climate change mitigation and adaptation**
10. **Product safety and quality**

## STAKEHOLDER GROUPS

(GRI 102-40, 102-43)

Our stakeholder groups are those that impact or are impacted by Company actions. They include both internal and external stakeholder groups.

- **Internal:** shareholders, partners, associates, and associates representatives. The decisions made by them and the Company affect the development of our business.
- **External:** persons that are somehow linked to the Company and share some of our objectives. Proper interaction with them creates win-win relationships. These groups include customers, suppliers, distributors, contractors, competitors, consumers, society, government, business organizations and international organizations Grupo Bimbo belongs to; media, social organizations, embassies, and higher education and research institutions.

Grupo Bimbo's permanent dialogue with each stakeholder group allows us to confirm the validity of the groups defined in the Global Sustainability Policy. Our relationship with each one allows us to identify their requirements, concerns, and contributions. The functional division serving the group identifies all changes made to the same.

In addition to our evaluators specialized in sustainability, Grupo Bimbo recently created a new group of specialized investors with funds earmarked exclusively to invest in companies and organizations paying special attention to Environmental, Social, and Governance (ESG) issues.

These groups have been identified from our active participation in committees, business groups, and our ongoing dialogue with sustainability experts. This is how our stakeholder group identification base engages in permanent dialogue with the communities we serve and the stakeholder groups already identified.

## KEY IMPACTS, RISKS, AND OPPORTUNITIES

(GRI 102-15)

The main impacts produced by Grupo Bimbo are as follows:

1. **Our carbon footprint:** derived from the operation and distribution of our products.
2. **Water footprint:** although it is not one of the issues producing the greatest impact in real terms, our water footprint is one of our stakeholder groups' material targets.
3. **Human rights:** one of Grupo Bimbo's top priorities is to establish general guidelines on respect for human rights, consistent with our culture and in accordance with applicable local laws, international law, and other global instruments.
4. **Regenerative agriculture:** we are working with farmers to ensure a positive impact on our carbon footprint and ensure development opportunities in the communities we serve.
5. **Waste:** food loss and waste management are relevant topics for the coming years. A healthier planet depends on our improved management of resources.
6. **Improved nutritional profiles:** due to the nature of our Company, we must continue our efforts to improve nutritional profiles to offer market products focused on healthy lifestyles and nutritional requirements.
7. **Plant-based diets:** the current food crisis and climate change have generated the need to shift towards alternatives producing the least environmental impact on the planet, such as plant-based diets. The inherent nature of our business is focused on this essential characteristic, resulting in the natural adoption of this trend. Although our original product falls under this category, we must include the diversity of grains existing on the planet to offer a specialized portfolio for consumers choosing to adopt plant-based diets.
8. **Transparent and sustainable brands:** Grupo Bimbo agrees with the need to offer purpose-driven brands committed to a cause, with a strong commitment to contribute to a better world, and well-defined causes that inspire and motivate consumers to identify with the brand's purpose.
9. **Community ties:** we are committed to improving the quality of life of the communities we serve. We want to contribute to their prosperity and create resilient communities to improve their lives.