CASE STUDY

Leadership and Legacy: Grupo Bimbo's journey towards deforestation-free supply chains

New York Declaration on Forests
GLOBAL PLATFORM

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Grupo Bimbo is the largest bakery product manufacturing company in the world and a leader in the industry for its commitment to forest conservation and reducing its environmental footprint. In 1991, the company formalized its commitment to the responsible use of natural resources and energy in its production and distribution processes. In 2014 the company signed the New York Declaration on Forests and the United Nations Global Compact. In line with these initiatives, the company adopted two internal commitments specifically focusing on forest reforestation and conservation: The Global Palm Oil Policy (2015) and the Global Sustainable Agriculture Policy (2017). With these initiatives, the company seeks to promote sustainable practices that ensure the conservation of natural resources, community well-being, and the sustainable and equitable generation and distribution of wealth. The policies follow the No Deforestation, No Peat, No Exploitation (NDPE) principles and ensure their supplies are traceable down to the mill level.

ABOUT GRUPO BIMBO

Year of start of operations: 1945, in Mexico City, Mexico
Scope: Operations in 32 countries in the Americas, Asia, Europe, and Africa
Main activity: Production of fresh and frozen box bread, buns, biscuits, cupcakes, English muffins, bagels, packaged products, tortillas, salted snacks, and confectionery, among others.
Number of employees: More than 137,000
New York Declaration of Forests Endorsement Year: 2014
Website: https://grupobimbo.com/en
Background and Context

With more than 70 years in the market, Grupo Bimbo has positioned itself as the largest baking company in the world. The concern for its associates and the environment has been clear since its inception. In 1954, the company began its social responsibility activities by allocating a percentage of the profits to open and maintain a school and it continues to create similar initiatives, among others.

The care of the environment is of great importance to Grupo Bimbo, which first formalized its commitment to the responsible use of natural resources and energy in its production and distribution processes in 1991. Its current CEO, Daniel Servitje, took on the leadership of the company in 1997 and continued his father’s legacy by further deepening the company’s corporate social responsibility. Mr. Servitje is one of the founding members of the Latin American Conservation Council, a group of 32 representatives from the political and business sectors formed in 2011, under the auspices of The Nature Conservancy, to protect the health of ecosystems in the region.

Under the leadership of Daniel Servitje, Grupo Bimbo has developed specific plans, programs, and policies to support this objective. In 2002, the company implemented an environmental management system throughout its production plants in Mexico and created the NGO Reforestamos México. In 2007, it launched its global programme ‘Committed to the Environment’, known today as Pilar Planeta (the Planet Pillar).

In 2009, Grupo Bimbo joined the Consumer Goods Forum, which promotes good social and environmental practices in global supply chain, and in 2014 it signed the New York Declaration of Forests and the United Nations Global Compact. Through these agreements, the company is committed to protecting fundamental human rights and contributing to the achievement of zero net deforestation from agricultural supply chains by 2020 (outlined in both the CGF and Goal 2 of the NYDF). Moreover, since 2014 Grupo Bimbo voluntarily reports to CDP (formerly known as the Carbon Disclosure Project), an NGO that collects data on the status of corporate supply chains related to energy, forests, water, and climate change. Additionally, the company adheres to the commitments of the Cerrado Manifesto in Brazil to support the protection of this region against deforestation.

In addition to ensuring that its plants operate responsibly to protect the environment, in 2014 the company also began to focus its efforts on understanding its impacts in its supply chains. Since then, Grupo Bimbo developed two key policies: The Global Palm Oil Policy (2015) and the Global Sustainable Agriculture Policy (2017).
Palm Oil

In 2014, Grupo Bimbo worked on the development of an ambitious long-term policy to implement sustainable practices for palm oil production. In 2015 the company launched the Global Policy on Sustainable Palm Oil. The action plan follows the No Deforestation, No Peat, No Exploitation (NDPE) principles of High Conservation Value (HCV) and High Carbon Reserve (HCS) forests, along with ensuring supply chain traceability down to the mill level, and meets the requirements of the Roundtable on Sustainable Palm Oil (RSPO). Grupo Bimbo is building a transparent global supply chain by mapping their palm oil supply chain. The company requires its suppliers to commit to the production and supply of palm oil from sources that comply with the principles mentioned above in the entirety of their operations and land tenure.

When Grupo Bimbo began to involve its direct and indirect suppliers in Latin America, many were not as familiar with the concepts and criteria involved in responsible sourcing, especially with regard to the ‘beyond certification’ approach. Because of that, the company has invested time educating suppliers which has encouraged them to adopt their own policies.

Additionally, in 2016 Grupo Bimbo became a member of The Forest Trust, currently known as the Earthworm Foundation. As part of this alliance, Grupo Bimbo, in partnership with Oleofinos, which is a provider shared by both companies, is investing in two localities in the state of Chiapas, southern Mexico, to prevent deforestation and the conversion of land uses for palm oil production. At both sites, the reference information on current land use, provided by the Starling satellite mapping tool used by Earthworm Foundation, has served as the basis for stakeholder engagement.

At the first site, in the Marqués de Comillas municipality, a pilot mapping project with High Carbon Stock Approach (HCSA) is being implemented in a small-producer landscape where the use of Starling satellite monitoring technology has provided a detailed understanding of land use change in the region. The aim is to support land use decisions that protect forests in the future and to continue to provide economic opportunities to farmers.

At the second site, La Encrucijada Biosphere Reserve, which covers an area of 144,848 hectares that extends throughout six municipalities, a land use planning process is underway with stakeholders to support the preservation of important wetland habitats. The main issue being addressed is the planting of oil palms in fragile ecosystems of the reserve, which has occurred due to the lack of information among local communities and the difficulty of patrolling such a large area.

The main ecosystems protected by La Encrucijada are forests, mangroves, swamps, and dune vegetation. Its abundant wildlife includes endemic species such as the Berylline Hummingbird (*Amazilia beryllina*), the Green-Fronted Hummingbird (*Amazilia viridifrons*), the Mexican Hairy Dwarf Porcupine (*Coendou mexicanus*), and the Mexican Spiny-Tailed Iguana (*Ctenosaura pectinata*), among many others. La Encrucijada was designated a Ramsar Site in 1996 by the Secretariat of the Ramsar Convention and a Biosphere Reserve, in 2006, by UNESCO.
Sustainable Agriculture

Since 2015, Grupo Bimbo has been intensifying its work in the countryside. Initially, it developed a pilot stage, with specific projects in Mexico, studying the feasibility of initiatives and measuring the results to later replicate them in other parts of the world. The initial commodities selected for that first stage were potato, white corn, wheat, palm oil, and goat milk (see the box on the right for further details).

The audit of Grupo Bimbo applies to everything involving any potential risk in Mexico, in order to ensure responsible practices and processes. These audits are not done if the supplier has some of the certifications endorsed by the Global Food Safety Initiative (GFSI) such as: BRC (British Retail Consortium), SQF (Safe Quality), FSC22000, and Global G.A.P., among others. These certifications have global reach and are focused on the safety and quality of the products.

To deepen its commitment, in 2017 Grupo Bimbo presented its Global Sustainable Agriculture Policy. This policy includes all agricultural commodities used in Grupo Bimbo products worldwide. Suppliers must apply these criteria in all their operations. The policy describes criteria in the following categories: economic viability; environmental care; and social well-being, including respect for employees and communities.

With regard to environmental care, as with the Global Palm Oil Policy, suppliers at all levels of the supply chain must commit to No Deforestation, No Peat, No Exploitation (NDPE) principles. In addition, they must incorporate, among others, the following criteria: soil conservation and preservation; water management; and responsible management of pests and limits for the use of agrochemicals (see box on p.6 for further details). To facilitate policy implementation, Grupo Bimbo signed an agreement with the International Centre for Maize and Wheat Improvement (CIMMYT as per its acronym in Spanish) to support small producers in vulnerable areas in Mexico, promoting sustainable practices to ensure more sustainable and responsible agriculture.

To that end, two pilot responsible sourcing programs were developed with agro-industrial companies, one of them for maize, in the states of Mexico and Hidalgo, and another one for wheat, in the states of Sinaloa and Sonora.

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**KEY COMMODITIES:**

1. **Potato:** Grupo Bimbo provided support for the implementation of good agricultural practices in the field (in the states of Sonora, Sinaloa and Chihuahua) following standards issued by Global G.A.P., a non-profit organisation specializing in the agri-food industry.

2. **White corn:** Established 1,000 hectares dedicated to the cultivation of this commodity.

3. **Wheat:** An alliance was forged with the National Institute of Forestry, Agricultural, and Livestock Research (INIFAP as per its acronym in Spanish). They have continued with the planting program in viable areas, taking into account microclimates. To complement the process, they work with mill suppliers to include them in this effort. This is expected to achieve an increase in production that favors all parties.

4. **Palm Oil:** In 2015, attained the goal of achieving 100% sustainable palm oil supply.

5. **Goat milk:** A program to develop goat milk suppliers was initiated in the states of Guanajuato, Jalisco, and Querétaro.
Main Benefits and Impacts

In addition to ensuring the sustainability of its supply chain, Grupo Bimbo’s measures to ensure the rational use of natural resources, reduce its environmental footprint, and support the communities where the company operates, strengthens their reputational risk management and positioning as a leading company in sustainability in the market. For example, Grupo Bimbo holds a privileged place in the share rating of sustainable companies (BMV IPC Sustentable as per acronym in Spanish) of the Mexican Stock Exchange (BMV as per acronym in Spanish), which has been operating since 2011 and currently lists 32 companies. According to the BMV, from 2011 to date, the performance of green companies has been 31%, while that of the traditional stock exchange has been 15%.

Along the same line, since 2017 Grupo Bimbo has been named by Ethisphere Institute as one of the most ethical companies globally and the only one in Mexico for three consecutive years. The assessment considers different variables that allow the calculation of the Ethics Quotient - they weigh scores in five areas: ethics and compliance (35%); corporate responsibility (20%); culture of ethics (20%); corporate governance (15%); and leadership, innovation, and reputation (10%).

The very producers who supply the company also benefit from its social responsibility policies, which allow them to ensure the sustainability of their operations, which in turn opens up possibilities for them to access new markets and conserve the resources they rely on for production. Beyond the direct impact of these projects in Mexico, the aim is to generate solutions that can be used in Latin America, where small palm growers play an important role in many countries.

Since 2010, Grupo Bimbo has been using the Global Reporting Initiative (GRI) methodology for the preparation of its Annual Reports. In these publications, the company also highlights the Sustainable Development Goals (SDGs) related to each of its initiatives. Both policies promoted by the company to guarantee the sustainability of its supply chain are important for achieving several of the goals of the New
York Declaration on Forests, including to stop forest loss (Goal 1), reduce deforestation from agricultural commodities (Goal 2), increase forest restoration (Goal 5), and recognize the role of forests in achieving the SDGs (Goal 6). In addition, Grupo Bimbo contributes to Mexico’s efforts to attain the goals of its National Strategy for Reducing Emissions from Deforestation and Forest Degradation (ENAREDD+ as per its acronym in Spanish).

**Main Challenges and Lessons Learned**

The main challenges facing the company in the implementation of policies on no deforestation and sustainable agriculture and biodiversity, as part of the business, are the great diversity of supplies and the geographies in which it operates. Actions that respond to the needs of each country and input must be implemented.

Grupo Bimbo highlights the creation of synergies with stakeholders and collaboration with specialized organisations that support their projects as a main lesson learned. This is reflected in partnerships with the Earthworm Foundation for the Global Palm Oil Policy; CIMMYT for the Global Sustainable Agriculture Policy; and Reforestamos Mexico for the volunteer reforestation program with company employees, which has improved the awareness among the staff of the importance of the protection of biodiversity and natural capital.

In addition, during 2019, Grupo Bimbo started work in collaboration with CDP’s Supply Chain Program to identify risks in its soy, paper and cardboard supply chains.

**Conclusion and Future Steps**

By 2023, Grupo Bimbo plans to ensure the certification of 100% of its palm oil supply chain with the RSPO. In addition, it will continue innovating in transformational projects for the development of palm oil suppliers so that they can comply with the company’s policy.

As for the Global Sustainable Agriculture Policy, the company expects to scale and replicate the pilot project of sustainable agriculture in maize and wheat in Mexico, in collaboration with CIMMYT. The lessons learned will be applied to the rest of the farm inputs to achieve the implementation of its agriculture policy. Finally, Grupo Bimbo will continue working with soy suppliers, encouraging them to participate through the CDP Supply Chain Program.
Additional Resources


Earthworm Foundation, The Exact Drivers of Deforestation in Southern Mexico are Being Identified by Starling – Creating a Path for Leading Palm Oil Players to Transform the Industry from the Ground Up, 2018. Available online here.


Milenio, Empresas Sustentables, las Mejores en la Bolsa (Sustainable Enterprises, the Best on the Stock Exchange), 2018. (In Spanish). Available online here.


Acknowledgements

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About NYDF Global Platform

The New York Declaration on Forests (NYDF) was launched in 2014 and outlines ten ambitious global goals to protect and restore forests and end natural forest loss by 2030. The Global Platform for the NYDF ("NYDF Platform"), launched in 2017, seeks to increase ambition, forge new partnerships and accelerate progress on the NYDF goals by providing a dedicated, multi-stakeholder platform to re-invigorate political endorsement of the NYDF, facilitate coordination and communication, share best practices, resources and lessons, and support ongoing monitoring of progress. The NYDF Platform is coordinated by the United Nations Development Programme, Meridian Institute, and Climate Advisers.

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The NYDF Global Platform case studies are not endorsements of the featured organization but intend to provide examples of good practices, challenges, and lessons learned from NYDF endorsers to achieve the Goals of the Declaration.