



# Supply Chain Due Diligence

2023

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A close-up photograph of a person's hand reaching out to touch a stalk of wheat in a vast, green field. The person is wearing blue denim jeans and a brown hat. The background shows a clear blue sky with light clouds. A white decorative line curves from the text area towards the hand.

# Introduction

## Responsible Sourcing

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Our mission as a company is to unlock the power of nature to enrich the quality of life. We are paving the way with good business practices, progressive solutions and mindful actions that make a positive impact. We actively engage in due diligence efforts throughout our supply chains, taking actions that make a measurable, sustainable difference for communities and ecosystems around the world. ADM is a member of the United Nations Global Compact, and our due diligence efforts are aligned with the United Nations Guiding Principles.

ADM has vast and varied supply chains. Our origination team procures raw commodities- such as corn, soybeans, wheat and softseeds- from all over the world, while our procurement team sources the ingredients and indirect supplies needed to run our operations.

We have been working for several years to assess our origination footprint and the risks associated with those commodities and geographies. Further information on overall sustainability efforts can be found in our [2022 Sustainability Report](#).

We recognize that we have the opportunity to enact change globally, and the following report is an overview of our due diligence efforts in 2022 and 2023.





“ADM is committed to sustainability as a foundation of our purpose and a pillar of our growth strategy, and this holds true for our sourcing of goods and services. We believe strongly in responsible sourcing, and this report discusses our journey to achieve more transparent, sustainable, and equitable supply chains.”

*Camille Batiste*  
*Senior Vice President, Global Supply Chain*

# Program Goals

## SUPPLIER EXPECTATIONS

In 2022, we updated our Supplier Expectations to include more robust sustainability provisions. In 2023, we began to embed these expectations in our contracts, terms and conditions, and other supplier agreements to ensure our suppliers are fully aware of our standards. We will continue to work to ensure all suppliers understand these expectations and explore ways to confirm that these expectations continue down supply chains.

## CONTRACT CLAUSES

We work actively with our legal and procurement teams to implement sustainability contract clauses in our various supplier relationships. In 2023, we confirmed that 100% of our contract clauses in our Human Nutrition business in EMEA included stringent sustainability provisions. We will continue to expand into other regions in 2024.

## SUPPLIER SUSTAINABILITY

In 2023, we began onboarding our strategic suppliers onto best-in-class, third-party sustainability engagement platforms. Our goal is to continue to onboard suppliers year after year.

Additionally, most of our sourcing events now include standardized responsible sourcing questions that are available for use globally. We aim to keep these questions relevant and up to date to ensure sustainability monitoring is at the forefront of supplier relationships.

## PACKAGING

In 2023, we developed several packaging-specific goals to continue to drive sustainability in all areas of our business. We are working closely with our suppliers to meet these initiatives, which include:

- 100% recyclable material in Pet Nutrition by end of 2024.
- 70% recyclable packaging across all EU by 2030
- Exit virgin materials where possible globally

## TRACEABILITY

In 2022 and 2023, we continued our efforts toward traceability. Please view traceability progress in our [Sustainability Goals and Key Performance Indicators](#).

In 2023, we successfully mapped close to 100% of our Human Nutrition supply chain. We aim to expand upon these mapping capabilities in 2024.

## DEFORESTATION

We aim to be deforestation free in all supply chains by 2025. Measurement of these goals to protect nature, along with our Palm and Soy program updates, can be found on our [Sustainability website](#).



# Supply Chain Due Diligence

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# Standard Operating Procedure

In 2023, we finalized our Supply Chain Due Diligence Standard Operating Procedure (SOP). The SOP serves as a guide to implement the Supply Chain Due Diligence (SCDD) process, which aims to prevent, resolve, and/or mitigate adverse impacts on people and the environment in our supply chain. It is our goal to deploy this SOP globally.

ADM is implementing its SCDD program based on the United Nations Global Compact (UNGC) Framework, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization (FAO) of the United Nations Guidance for Responsible Agricultural Supply Chains. Our program and policies apply to all employees, officers, directors, contract workers and agents of ADM, our divisions and our affiliates in all countries. In addition, we expect that our direct and indirect suppliers, business partners, agents and consultants uphold our policies.

In March 2021, we published an updated and expanded Policy to Protect Forests, Biodiversity and Communities. The commitment includes provisions related to no deforestation, protection of biodiversity hotspots and support and defense of human rights. The policy is aligned with and

complementary to our Human Rights Policy, which aims to ensure that our colleagues, contractors and suppliers (all tiers) respect worker and community rights and comply with all applicable local, national, and international laws governing working conditions. Both commitments include strict prohibitions against the use of child labor, forced labor, and bonded labor, and include several other guidelines to protect workers and communities from exploitation. We are working diligently to develop supply chains that meet those commitments. Our SCDD program allows us to set and communicate clear expectations with our customers and monitor compliance, serving as an enforcement mechanism.

Due to the nature of human rights and environmental issues, this is an iterative process that we seek to continuously improve. The foundation is based on the aforementioned policies. There are six integral parts of our sustainability program:

- Policy Commitment
- Risk and Impact Assessment
- Implementing Effective Actions
- Tracking and Monitoring
- Communication and Reporting
- Grievance and Remedy





# Standard Operating Procedure

## SUPPLY CHAIN RISK ASSESSMENT (SCRA)

The SCRA will be conducted on an annual basis. This sequential process includes three key areas:

### SCOPE

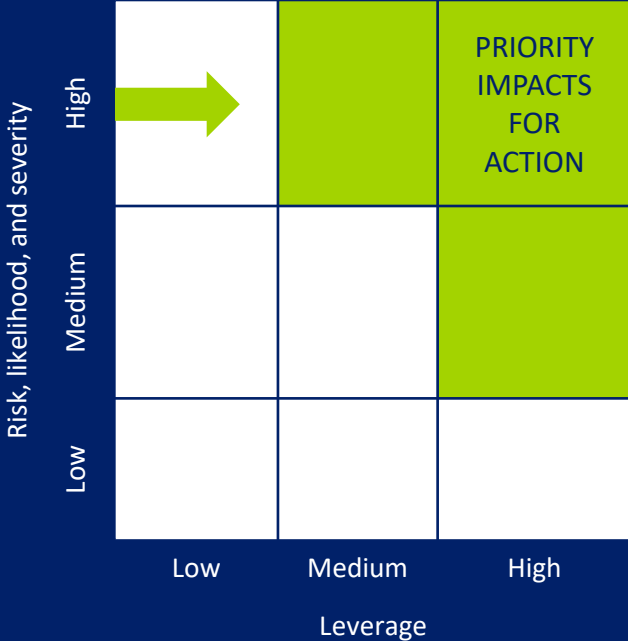
Scoping first includes mapping our operations and supply chain to identify at a high level where risk to human rights and the environment may exist. This first approach is conducted independently from suppliers' actual practices but integrates factors such as: social and societal norms in country of origin, workforce situation, and industry-specific practices.

### ASSESS

We then assess our supply chain based on the likelihood of a negative impact to occur as well as the potential severity. Scale, scope and irremediability are considered as a part of this step of the assessment.

### PRIORITIZE RISKS AND ACTIONS

Prioritization enables us to engage with suppliers with proportionality and define adequate risk mitigation measures. This prioritization stems from a combination of risk level and possible influence we may have on a supplier (also known as *leverage*) for risk mitigation. Our goal is to encourage and support suppliers to follow best practices represented in our policies.



We strive for permanent business relations and continuous communication with stakeholders; however, any supplier found as non-compliant with our policies will be engaged according to our procedure for [Managing Supplier Non-Compliance](#).

# Standard Operating Procedure

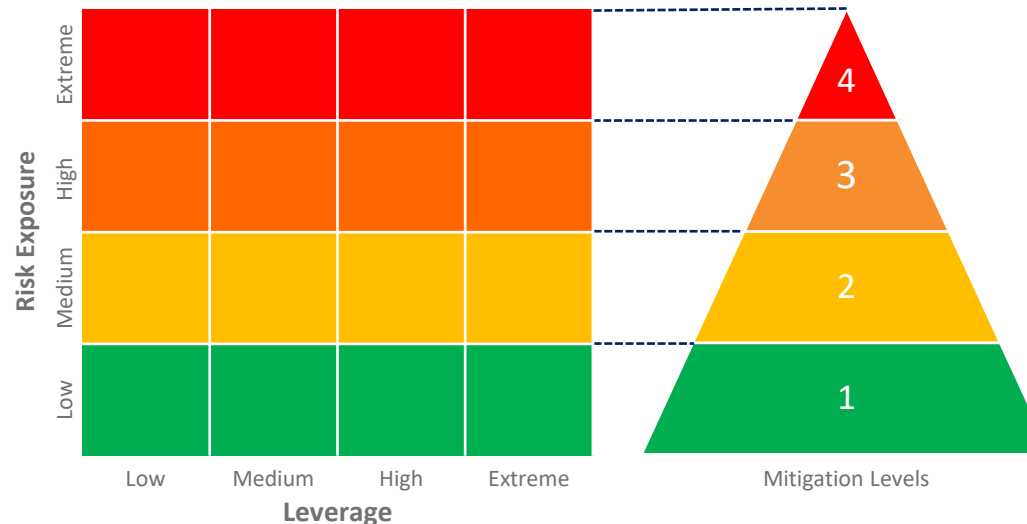
## SUPPLY CHAIN RISK ASSESSMENT (SCRA)

Parallel to the risk analysis is the embedding of sustainability topics in ADM's supplier screening **and sourcing** process. This enables us to measure the risk of our current and future supply chains.

All suppliers, regardless of segment and risk level, must adhere to our [Code of Conduct](#) and [Supplier Expectations](#), as well as [Human Rights Policy](#) and [Policy to Protect Forests, Biodiversity and Communities](#) (hereon known as policies). When applicable, suppliers must also sign a contract that includes sustainability clauses and/or agree to abide by ADM's Supplier Expectations, which are embedded in our terms and conditions. Risk mitigation is designed in a "pyramid" style, signifying that each level of risk should also complete any mitigation measures beneath it. For example, High risk suppliers will complete all measures in the High Risk, Medium Risk, and Low Risk categories.

Risk Mitigation Measures are as follows:

<b>4. EXTREME</b> Suppliers must complete an annual third-party audit with a corrective action plan that is followed and monitored.
<b>3. HIGH</b> Suppliers must complete a frequent third-party audit with a corrective action plan that is followed and monitored.
<b>2. MEDIUM</b> Suppliers must complete a self assessment questionnaire covering selected sustainability topics.
<b>1. LOW</b> Suppliers must acknowledge and agree to all ADM sustainability policies, expectations, and contract clauses.



If ADM has actual indications that suggest a violation of human rights or an environment-related risk from indirect suppliers to be possible (substantiated knowledge), we will without undue delay and as warranted carry out a risk analysis, put in place preventative measures, and come up with a prevention, resolution, or minimization concept.

# Standard Operating Procedure

## MONITORING, VERIFICATION, AND REPORTING

- The Supply Chain Risk Assessment will be conducted on an annual basis, and documentation on due diligence efforts will be stored by our teams. We will regularly report on the outcomes and success of our due diligence program as it continues to expand and improve.
- There are several ways a company can be tied to a potential human rights or environmental risk. According to OECD FAO, these various levels of association are known as "Cause," "Contribute," and "Linked to." Each corresponds with a series of actions, as demonstrated in the chart below. For example, if we are "Linked to" a risk, we have the responsibility to "prevent/avoid," "mitigate," and "use [our] leverage." This guidance drives how we verify the effectiveness of our mitigation measures.

	PREVENT/AVOID	CEASE	MITIGATE	REMEDiate	USE LEVERAGE
CAUSE	✓	✓	✓	✓	
CONTRIBUTE	✓	✓	✓	✓	✓
LINKED TO	✓		✓		✓



We leverage our influence positively to help address challenges and drive transformation on the ground. Supplier engagement is the first step in our work toward fulfilling our commitments and driving continuous improvement.



# Procurement Training

In 2023, more than 330 ADM colleagues involved in direct and indirect procurement took part in a comprehensive mandatory training course introducing the Supply Chain Due Diligence program and clarifying the role of procurement in this process. Colleagues represented approximately 70 ADM entities worldwide.

The training emphasized essential aspects of the Supply Chain Due Diligence Program such as the legal background, the cross-departmental integration of this program, and experience-based scenarios for supporting suppliers in adopting best practices and preventing risks.

We designed the training with the aim of raising awareness and setting a standardized approach to Supply Chain Due Diligence, improving knowledge for colleagues who are already involved, and ensuring we are always actively aligning on the latest legislation and recommendations.





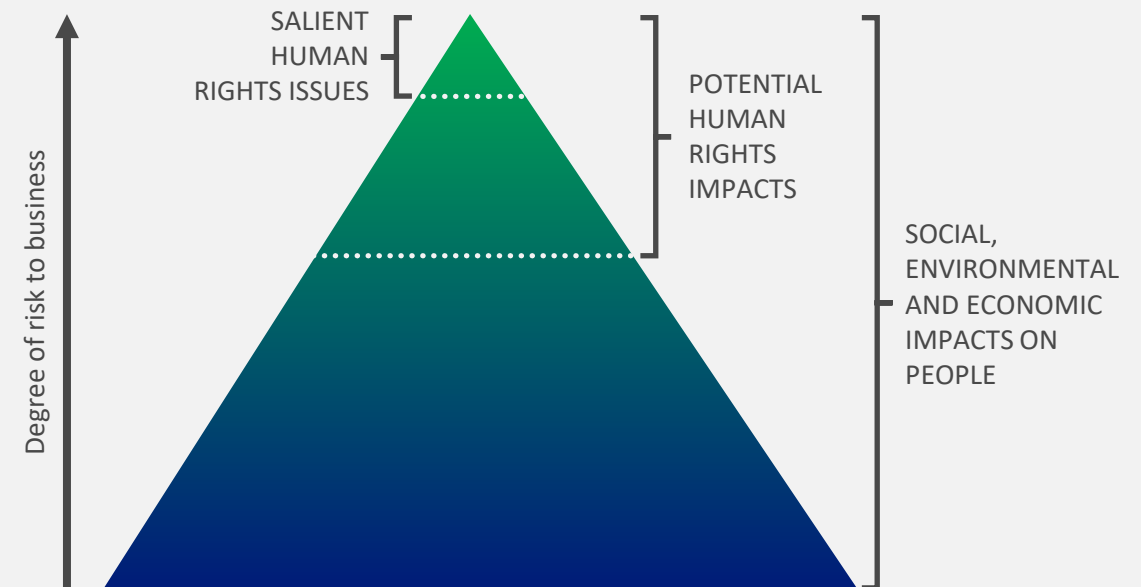
# Salient Human Rights Assessment



# Defining ADM's Salient Human Rights Risks: Methodology

- ADM is a member of the UN Global Compact and annually submits a Communication on Progress. The United Nations Guiding Principles (UNGP) reporting framework includes recognition and disclosure of a company's salient human rights issues.
- It emphasizes a people-first approach when conducting risk assessment and defines salient as, 'the human rights that are at risk of the most severe negative impacts through a company's activities or business relationships.' The framework notes that salient issues are defined by severity, potential, negativity, and overall impact on human rights. By acknowledging these risks, we can begin to focus on the mitigation and prevention of potential human rights issues throughout our supply chain.
- **Methodology:** In 2023, we worked with a third party to undergo a formal saliency assessment. Our organization was guided through the UNGP framework when conducting our initial assessment. We recognize that this is not a one-time effort, but rather a continuous one that will become more informed and strengthened over time.
- A saliency exercise differs from a typical materiality assessment. It assesses all risks to humans across all areas of our value chain, no matter how small the scale or far reaching the issue. ADM teams, affected communities, and NGOs are all brought to the table to discuss which human rights issues are most critical across our value chain. This exercise provides an opportunity to identify gaps in our human rights efforts through robust collaboration.

We engaged colleagues from all areas of our operations and supply chains, and after assessing all potential and actual human rights issues, we determined our most salient impacts based on greatest severity to people and communities. This report discloses the issues that are critical in our supply chain and explains some of our mitigation measures for two key issues. We recognize issues may also be prevalent in our own operations and are working closely with our teams to address them.





# Defining ADM's Salient Human Rights: Outcomes

We are actively working to assess our human rights risks, not only in our operations, but throughout our supply chain. We will continue to provide detailed information on our salient issues in our future reports. Following our assessment, we discussed these identified risks with third-party and internal stakeholders and determined the following to be our salient human rights risks:





# Child Labor

## SALIENT HUMAN RIGHTS RISKS

### IDENTIFICATION

According to the International Labor Organization (ILO), 60% of all child laborers work in agriculture. With a global supply chain such as ours, we must maintain awareness in all countries, especially those that are high risk for Child Labor.

We as a company recognize the role we play in the prevention of work that is hazardous to children.

*We explicitly prohibit child labor*, defined as work that is hazardous to children's health, safety or morals, work that interferes with compulsory education, or for work which children are simply too young. All workers in our operations and our supply chain must meet the minimum age to work as defined by ILO Convention 138 as well as applicable local laws and regulations.



**ADM Cares -- ADM's corporate social investment program -- funds several projects that aim to alleviate root causes of child labor in countries where we source and operate. These projects address topics such as access to proper nutrition, poverty relief, and promotion of education and funding towards schools.**

### IMPLEMENTATION

Our collaboration with the Earthworm Foundation directly focuses on child labor in the Malaysian palm supply chain. The palm sector is designated as high risk for child labor, and requires effort from government agencies, civil society and private companies to address this issue. Our collaboration with the Earthworm Foundation led to the creation of the [Child Risk Assessment Framework \(CRAF\)](#).

According to Earthworm, "this CRAF was designed for palm oil plantation companies in Sabah, Malaysia, but it can be adapted to other industries and locations where children and young persons are present. It aims to help companies to understand and to apply the requirement of international standards such as the ILO Conventions on Child Labour & Worst Form of Labour, the industrial standards and criteria of the Roundtable on Sustainable Palm Oil (RSPO), the national legislation, customers' standards or buyer's requirements." It is a guidance document with six toolkits of guidelines and self-assessment frameworks for palm oil producers covering key child rights issues including:

- Child labor and young workers safety in oil palm plantations
- Education and childcare
- Maternity protection, healthcare and nutrition
- Birth registration
- Child sexual exploitation, violence and abuse
- On-site safety, accommodation, water and sanitation

In 2022, two CRAF pilot program reached over 800 children in palm plantations. Additionally, the programs held five awareness raising sessions, including attendance from 341 palm oil companies.

# Health and Safety

## SALIENT HUMAN RIGHTS RISKS

### IDENTIFICATION

Proper worker protection, safety, and treatment are all paramount to the success of our operations. We expect our suppliers to uphold the same expectations for workers rights in the supply chains and countries in which we operate, so it essential we and our suppliers take precautions to protect worker's health and safety.

#### WORKING HOURS:

Workers' rights in the agriculture industry are at risk of being violated due to excessive overtime and working hours on the ground and in manufacturing sites. Lack of rest throughout the day or working too many consecutive days without rest are both violations of workers rights that must be mitigated.

#### SAFETY IN THE WORKPLACE:

Our supply chains reach all areas of the world. Some of our materials are potentially high risk for safety-related issues at the farm and manufacturing level. Legal parameters may not be stringent enough to ensure worker's safety. Exposure to harmful chemicals, use of dangerous machinery, or weak labor laws put members of our supply chain at risk.



### IMPLEMENTATION

Ensuring the protection of worker health and safety in our supply chain continues to be an ongoing goal. Monitoring workers at the site level is a critical step.

Auditing at the site level is a tool to help better understand how health and safety is being monitored and how any safety-related issues are being mitigated. We are actively working to engage critical suppliers in third-party audits that focus on health and safety standards. Findings from these audits can be used to guide our suppliers to improve their health and safety infrastructure.

Additionally, ADM-led supplier visits help to ensure that suppliers are living up to our strict standards. On site visits always include a Health and Safety assessment. We require our suppliers to follow our [Supplier Expectations](#) and [Human Rights Policy](#) as well, which include health and safety provisions.





# Efforts in our Supply Chain

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## Third-Party Engagement

We recognize the importance of collaboration when it comes to tackling supply chain transparency. Engaging with industry leaders to measure supplier performance is just one step we are taking to promote engagement. We currently work with both Sedex and EcoVadis to onboard suppliers and measure sustainability capabilities. We will continue to expand our engagement year after year.



ADM works closely with Sedex to monitor our own operations, and this past year, we began strategic supplier engagement through their platform, working to ensure that our suppliers implement our standards in their operations and supply chains. We continue to engage and onboard suppliers, using this data to monitor SAQ and audit results. We can then begin using our leverage to promote improvement in sustainability performance. Additionally, for those suppliers required to audit due to our Standard Operating Procedure, we will use Sedex to track non-compliances and corrective actions.

We are also utilizing EcoVadis to monitor supply chain efforts. For those suppliers who are not required to be audited per our Standard Operating Procedure, an EcoVadis assessment can be used to determine a supplier's performance as well. We use EcoVadis scorecards to track performance over time, with our buyers leading sustainability discussions to decide on improvement plans.



# Sourcing Policies

We recognize that some supply chains are higher risk than others. While our supply chain due diligence program is meant to be applicable for all supply chains, certain products require supply chain-specific sourcing protocols.



Our suppliers are expected to adhere to thorough standards. Please view the policies ADM suppliers are required to follow:

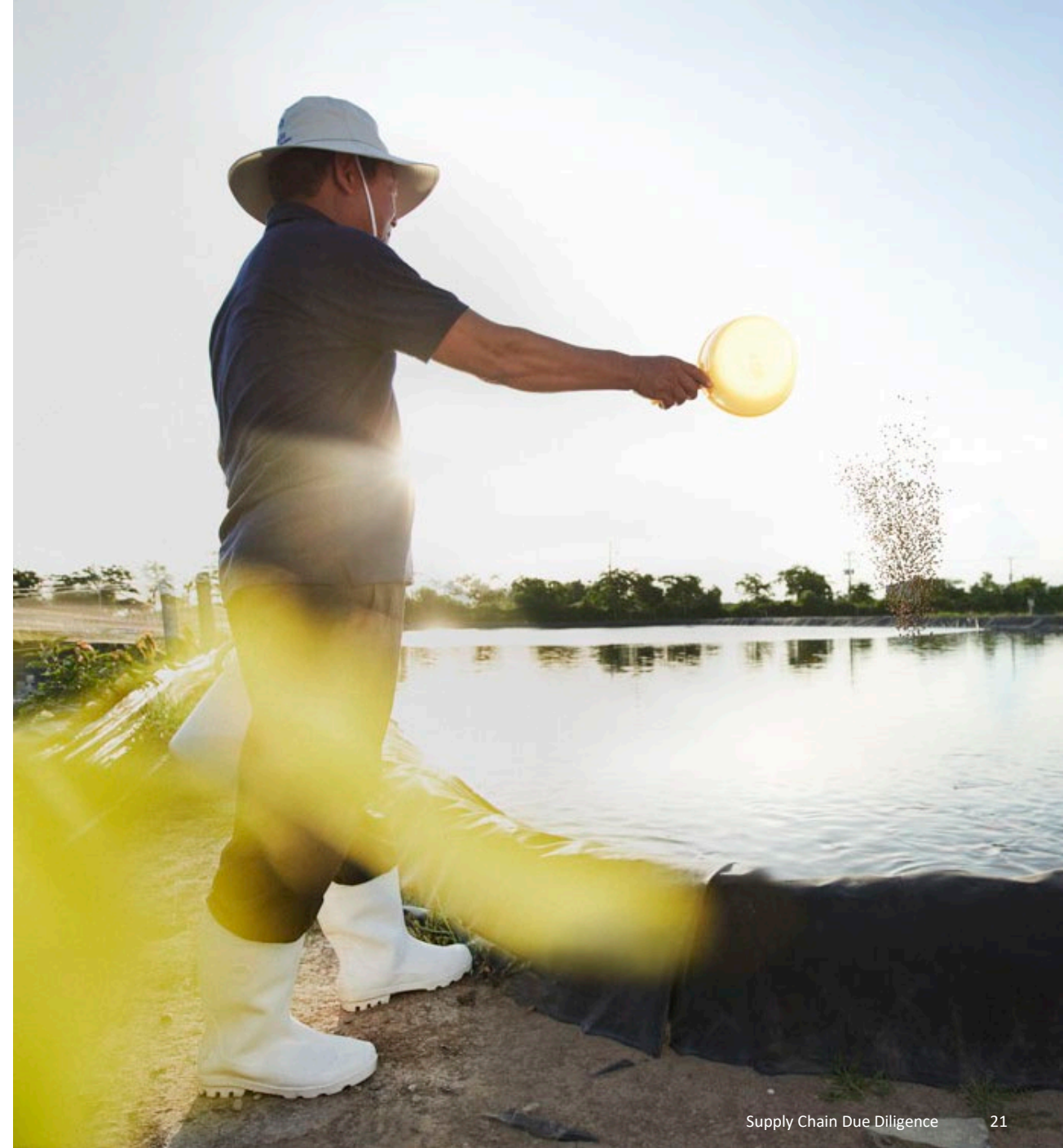
- [Policy to Protect Forests, Biodiversity and Communities](#)
- [Code of Conduct](#)
- [Human Rights Policy](#)
- [ADM Supplier Expectations](#)
- [Managing Supplier Non-Compliance Procedure](#)

For a full list of policies, please visit our [website](#).



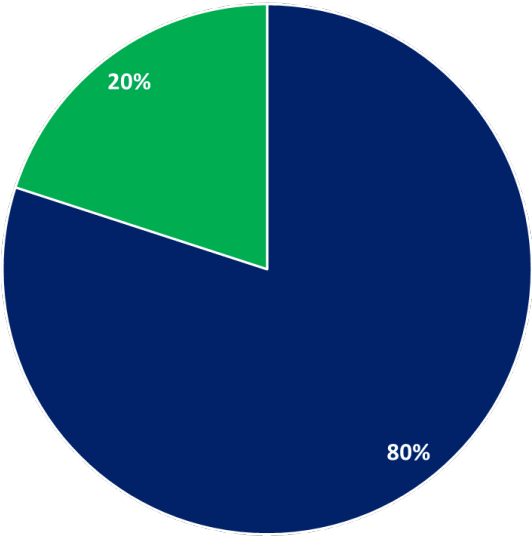
# Sourcing Spotlights

- Engaging collaboratively with our supply chain is a critical component of a robust responsible sourcing program. Our buyers work closely with suppliers on various initiatives, including our responsible sourcing criteria.
- Our procurement group is divided into two categories, direct and indirect.
  - *Direct* procurement includes any materials used in the end good of a product. For example, this may include components in our flavors or pet foods.
  - *Indirect* procurement includes any services or materials required for our business to operate. This could include machine parts, technology, or professional services.
- Our origination group handles the sourcing of raw commodities.
- Each and every grassroots sustainability initiative adds to the collective effort toward responsible sourcing.
- On the following pages, we feature two efforts from two areas of our supply chain. These sourcing spotlights demonstrate our culture of collective action.



# Tea Sourcing

- Grower communities are often the first to feel the effects of climate change around the world. This holds true for tea estates.
- While tea is a very small portion of our total supply spend, tea is still considered a high-risk material. In line with our saliency exercise, we assess risk to people across the value chain, no matter how small the scale.
- To protect tea communities, we have been working towards a certified tea portfolio. The sourcing strategy includes the following environmental and social provisions:



■ Certified Volumes of Tea ■ Volumes of Tea Not Yet Certified



## PROTECTION OF THE NATURAL ENVIRONMENT

Future-proofing tea production involves increasing the use of drought and flood-tolerant tea plants, reducing the use of agrochemicals to cut carbon and costs, and protecting biodiversity. Sustainable practices such as integrated pest management, inter-cropping and landscape approaches are also part of the solution.

## WORKER WELFARE

As the growth of tea leaves is highly labor dependent, social sustainability and labor conditions are of prime importance in the tea industry. For example, our suppliers' tea estates in India have a strong sense of community. The estates include community programming for growers and their families such as:

- Primary schooling including books and uniforms, as well as a wholesome mid-day meal.
- For young children, childcare during working hours when parents are at work.
- Complete health care with an accessible hospital and on-site ambulance driver.
- Three months paid maternity leave.
- Farming land that can be used as supplemental income.





# Tea Sourcing

- Tea certifications have led to increased sustainability assurances for us and our customers, incorporating strong human rights provisions. Our revamped tea portfolio includes sustainably-sourced and certified teas.
- These suppliers work with Agronomy Certification Systems that include human rights and are SAI-FSA benchmarked at the silver or gold level.
- Rain Forest Alliance
  - According to the Rain Forest Alliance, a "certified ingredient was produced using methods that support the three pillars of sustainability: social, economic, and environmental. Independent, third-party auditors—critical to the integrity of any certification program—evaluate farmers against requirements in all three areas before awarding or renewing certification."
  - With a high percentage of our tea farmers Rain Forest Alliance certified, we ensure our portfolio focuses on sustainability measures including biodiversity, regenerative agriculture, and social standards.
- Both farming standards are third-party verified in origin and the whole supply chain is mass balanced controlled by IT solutions to track origin.
- Our high percentage of certified tea volumes ensure that responsible sourcing components such as grievance mechanisms are in place.



# Packaging Supplier Showcase

Another key component of Supply Chain Due Diligence is meeting customer demands and helping to support their sustainability goals. Sustainability efforts are collaborative and require supply chains to work together to deliver products sourced responsibly. Because we continue to experience increasing demand from customers to deliver products in recyclable packaging, we decided to create a goal to use 100% recyclable material in our packaging in Latin America.



A challenge to this demand was that our Pet Nutrition packaging produced in Brazil and Mexico was not recyclable. We began working with our suppliers to assess the gaps, and Plastinal, a strategic supplier in Mexico, took the challenge and proactively provided us sustainable solutions. While maintaining high quality packaging supplies, Plastinal offered three alternatives; these alternatives provided packaging without polypropylene, polyamide, and metalized polyester. Removing these materials helped us get that much closer to reaching our goal. By continuing to foster close, collaborative relationships with our suppliers, we are progressing towards meeting sustainability goals for us and our customers.



