



# **ADM Commitment to No-Deforestation**

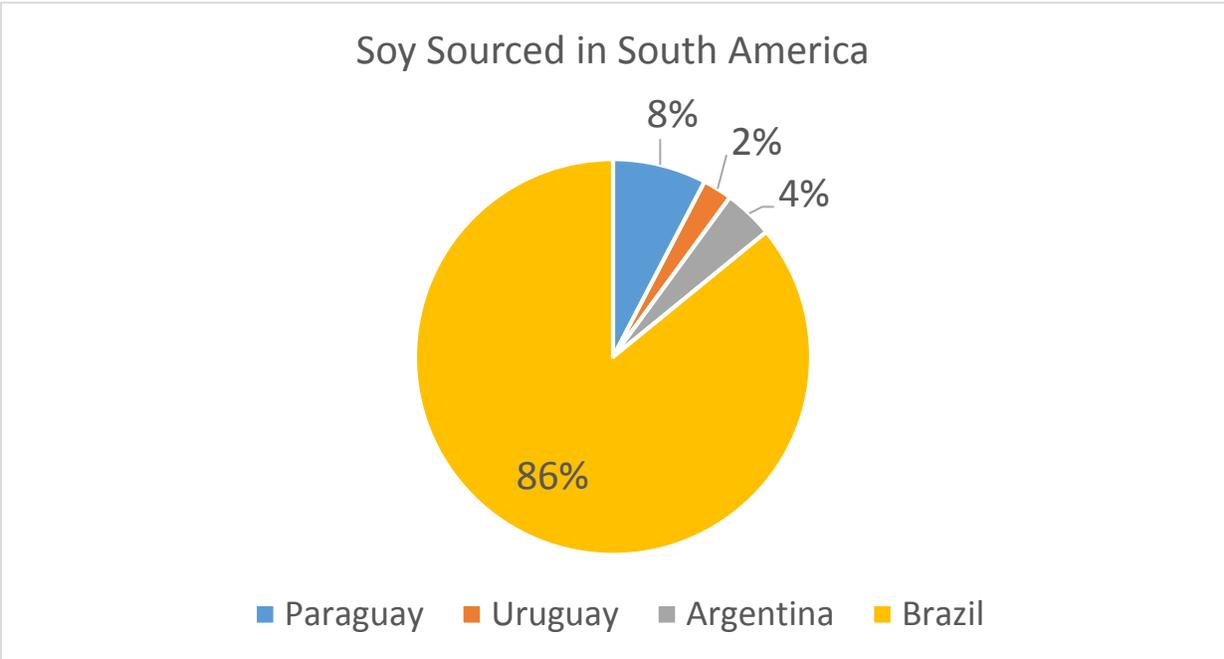
Creating sustainable supply chains to meet global demand

## **H2 2018 Soy Progress Report**

## Introduction

Aware of the fact that sustainable production and fair labor conditions are essential to meet the global demand for agricultural commodities of future generations, ADM committed in 2015 to work towards a soy supply chain with **No Deforestation** and **No Exploitation**.

We reached out to experts from several areas in order to understand the best way to implement these commitments. After mapping the sourcing regions from around the globe and the technology available to build traceable and reliable ways of monitoring agricultural supply chains, we focused our efforts on certain locations where deforestation and labor issues were still raising public concern. In South America, where we have an important footprint, we selected specific regions from Brazil and Paraguay where we source soybeans.



## Traceability

Our traceability project started in H1 2018 (phase 1) in MATOPIBA, a region in the Cerrado with a historically higher risk of native forest conversion for soy expansion. Municipalities were selected based on the deforestation rates they had had in the past years, the amount of remnant native forests that were still left, and the presence of active ADM suppliers. To actively trace the origin of our soy supply, ADM began efforts to obtain digital satellite farm maps (polygons) of our soybean suppliers in the region.

By H2 2018 (phase 2), ADM decided to increase its database by obtaining more polygons in MATOPIBA, Paraguay and also in Mato Grosso, Brazil.

Detailed traceability scores and procurement analysis can be seen on the [Sustainability Progress Tracker](#).

## Monitoring and Verification

In H2 2018, specialized firms with GIS technology (satellite imaging) started cross-referencing planted areas within the polygons with historic land coverage to understand if the soy being sourced was compliant with our **No-Deforestation Policy**. Farms were also verified to make sure there were no environmental issues (IBAMA embargos), encroachment into protected areas or Indigenous Territories, or labor issues which did not meet the **No Exploitation Policy**.

## Engagement and Transformation

Our transformation strategy focuses on engaging with the most relevant stakeholders at each level of our soy supply chain in order to promote continuous improvement at every stage. We believe that every situation requires assessment and understanding of the facts and listening to the points of view of everyone involved.

ADM participates in several multi stakeholder initiatives worldwide that are leading the transformation of the soy supply chain, such as:

### Soft Commodities Forum (SCF)

At the global level, we participate in the SCF (Soft Commodities Forum) along with other industry/trading companies members of the World Business Council for Sustainable Development (WBCSD) who share the same goals regarding **No Deforestation** and **No Exploitation** in their supply chains. Our objectives focus on defining common standards that will bring more transparency to the sector as a whole, and searching for financial incentives that will protect forested areas and/or promote the use of areas previously cleared land.

<https://www.wbcd.org/Programs/Food-Land-Water/Food-Land-Use/Soft-Commodities-Forum>

### Grupo de Trabalho da Soja (GTS)

The GTS (Soy Working Group) started in Brazil in 2006 when a group of NGOs and soy trading and industry companies came together with a private agreement to halt the expansion of soy into Tropical Forests called the **Amazon Soy Moratorium**. ADM was a founding member and has been a signatory since the beginning. Twelve years later, our commitment to not source soybeans from recently deforested areas continues.

<http://abiove.org.br/relatorios/moratoria-da-soja-relatorio-do-11o-ano/>

### Grupo de Trabalho do Cerrado (GTC)

The GTC, or Cerrado Working Group, is a spinoff of the GTS. Created in 2017 by many of the same trading/industry and NGOs actors who felt that it was time to address deforestation in the Cerrado

Biome, the group soon brought together consumers, financial institutions and the local government for discussions.

[http://abiove.org.br/wp-content/uploads/2019/02/12022019-125848-12.02.2019\\_analise\\_geoespacial\\_da\\_dinamica\\_da\\_soja\\_no\\_bioma\\_cerrado\\_2014\\_a\\_2017\\_v02.pdf](http://abiove.org.br/wp-content/uploads/2019/02/12022019-125848-12.02.2019_analise_geoespacial_da_dinamica_da_soja_no_bioma_cerrado_2014_a_2017_v02.pdf)

### **Coalizão MATOPIBA (GEF/UNDP)**

A coalition of stakeholders sponsored by the United Nations Development Program which brings together many participants from the GTC, and other relevant stakeholders trying to create a landscape approach in the MATOPIBA region.

We strongly believe that the most effective way to transform the supply chain starts by engaging farmers who supply soy. It is vital to understand the role they play and their needs in order to try to obtain common understanding on the best ways to end conversion of forested areas.

### **Soy Progress Report Action Plan: Milestones and Status**

<b>Nº</b>	<b>Topic</b>	<b>Milestones</b>	<b>Status</b>
1	Traceability	Collect digital farm boundaries (polygons) of direct suppliers in: <ul style="list-style-type: none"> <li>a) Priority municipalities in MATOPIBA.</li> <li>b) Paraguay</li> <li>c) Mato Grosso, Brazil</li> </ul>	<ul style="list-style-type: none"> <li>a) 100% complete in H1 2018</li> <li>b) 30% complete in H2 2018</li> <li>c) 90% complete in H2 2018</li> </ul>
2	Monitoring and Verification	Geospatial land conversion/ soy planting monitoring <ul style="list-style-type: none"> <li>a) Proactively track and understand the origin of soy.</li> <li>b) Verify any grievances or complaints within our soy supply chainPublicly post the outcomein the Grievances and Resolutions log.</li> </ul>	<ul style="list-style-type: none"> <li>a) 100% complete for H1 2018 polygons.</li> <li>b) Ongoing - Please check <a href="#">here</a>.</li> </ul>
3	Supplier Engagement & Transformation	<ul style="list-style-type: none"> <li>a) Engage with suppliers/farmers within the municipalities being monitored.</li> <li>b) Require CAR from direct suppliers in Brazil as part of all new pre-financing contracts.*</li> <li>c) Communicate No Exploitation/Human Rights Policy to all direct soy suppliers in Brazil.</li> <li>d) Communicate/explain the No Deforestation Policy to suppliers in critical areas where deforestation is still an issue.</li> <li>e) Continue participating in multistakeholder initiatives such as the SCF, CWG, PNUD’s Matopiba Coalition.</li> </ul>	<ul style="list-style-type: none"> <li>a) Ongoing communication</li> <li>b) Complete</li> <li>c) Ongoing communication</li> <li>d) Ongoing communication. Direct engagement when grievances or non compliance occurs.</li> <li>e) Ongoing</li> </ul>

		<ul style="list-style-type: none"> <li>f) Using TNC’s Phase I report, open dialogue with supplier groups in Bahia (Brazil) and begin implementing transformation plans for them.</li> <li>g) Continue efforts with A Todo Pulmon in Paraguay to support grower efforts to recover and improve forested areas.</li> </ul>	<ul style="list-style-type: none"> <li>f) 3rd party was hired to engage suppliers who were assessed in phase I.</li> <li>g) A Todo Pulmon visited over 100 suppliers’ farms to assess the conditions of their forested areas.</li> </ul>
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**Topics of Interest**

In H2 2018, ADM participated in several events, meetings, and initiatives with various stakeholders who helped to strengthen and further our implementation efforts. Examples include:

- MATOPIBA Coalition held in August in Brasilia
- SCF meetings – meetings on a regular basis
- GTC meetings which brought forward two big wins, a) an updated soy map for the Cerrado that shows the trends in land use between 2014-2017; and b) talks with the SoS (Statement of Support to the *Cerrado Manifesto*) to try to implement a financial mechanism that could help avoid new conversion of forested areas.
- AGROIDEAL meetings in Buenos Aires, Argentina to discuss the Chaco biome;
- Our ADM Responsible Soy Standard was revised and approved by the ITC (International Trade Centre), going beyond the common standards in order to meet customers’ expectations.
- Celebrated 12 years of the Amazon Soy Moratorium.
- Engaged with farmers in Bahia who had enrolled in the Social and Environmental Assessments
- Sustentagro assessed native forests (within the properties) of our suppliers in Paraguay.

**Conclusion**

During the 2<sup>nd</sup> half of 2018, we increased our GIS database of suppliers in MATOPIBA and added new regions of Paraguay and Mato Grosso. We also started communicating our No deforestation policy to our suppliers. Always working and discussing with different stakeholders on the best ways to improve sustainable soy production, we continue to engage in local initiatives and many others around the globe.

When necessary, ADM will continue adding polygons to have full traceability of its direct soy supply chain.

This is our ninth public Progress Report. We welcome feedback and comments from our interested readers at [responsibility@adm.com](mailto:responsibility@adm.com).