ADM’s Commitment to Protecting Forests, Biodiversity and Communities

H2 2022 Progress Report
Introduction

Since ADM committed to its No Deforestation, No Peat, and No Exploitation (NDPE) policy for its soy and palm oil supply chains in March 2015, we has taken several steps in its palm sustainability program and has been working diligently with its stakeholders and suppliers to keep advancing in this journey.

Significant progress has been made over recent years. Highlights include:

• In 2020, we released a three-year action plan,
• In 2021, we updated our policy to Protect Forest, Biodiversity and Communities and internal procedures.
• In 2022, we delivered the Agricultural Sector Roadmap to 1.5°C, a sectoral action plan to decouple deforestation from our supply chains by 2025.

The H2 2022 Progress Report focuses on explaining the milestones achieved so far, in order to prepare the groundwork for the next stage of our journey.
Our Footprint

Europe
- Processing facilities in Europe
- JV Olenex

North America
- Processing facilities in the USA
- JV Stratas
**Our Palm Sustainability Journey**

**2007**
- Joined RSPO

**2015**
- **Sustainability Progress Tracker**: Public information about ADM’s footprint and progress report
- Initiated the support of transformation projects

**2020**
- **ADM’s commitment on No Deforestation** for soy and palm supply chain
- **Join the Palm Oil Collaboration Group (POCG)**

**2021**
- **Implement Palm Supplier Scorecard** with 100% of direct suppliers
- **Revised and updated Policy to Protect Forests, Biodiversity and Communities**
- **Support Landscape and Smallholder Transformation projects in Sabah and Aceh**
- **PKE supplier outreach and engagement**

**2022**
- **Revised and updated Policy to Protect Forests, Biodiversity and Communities**
- **PKE supplier outreach and engagement**
- **Published verified NDPE Implementation Reporting Framework (IRF) profiles**
- **Published verified Traceability information**
- **Implement a Supplier Compliance Monitoring Program**
- **Release the Agricultural Sector Roadmap to 1.5°C, including actions for the palm sector**

- **Review the Grievance and Resolutions mechanism**
- **Join the Palm Oil Collaboration Group (POCG)**
- **Implementing a non-compliant supplier process**
- **Support Landscape and Smallholder Transformation projects in Sabah and Aceh**
- **Published verified NDPE Implementation Reporting Framework (IRF) profiles**
- **Implement a Supplier Compliance Monitoring Program**
Our Pillars

The activities and outcomes presented in this report outline the four pillars of the ADM Palm Sustainability Plan:

- Supply Chain Traceability
- Supplier Engagement
- Monitoring & Verification
- Reporting
Goal: Maintain high visibility into ADM’s palm supply chain

Supply Chain Traceability

12 Direct Suppliers
Supply from 21 refineries
1744 Indirect Mills
Traceability data verified by third-party

PERCENTAGE OF MILLS BY FOREST-RELATED RISK LEVEL

- High
- Medium
- Low

Europe

- Palm Oil: 99.8% traceable to Mill, 99.4% traceable to Plantation

North America

- Palm Kernel Oil: 40.4% traceable to Mill, 96.8% traceable to Plantation

Global

- Palm Oil: 55.9% traceable to Mill, 100.0% traceable to Plantation
- Palm Kernel Oil: 11.7% traceable to Mill, 100.0% traceable to Plantation

Reporting period Q1 to Q4 2021
Goal: Source from suppliers committed to responsible sourcing of palm oil

Supplier Engagement

Policies

- Volumes covered by a public NDPE policy
- Volumes not covered by a public NDPE policy
- Volumes covered by a fully aligned HR Policy

2021

2022
Goal: Provide a transparent process for stakeholders to share concerns related to our palm oil supply chain.
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Supplier Engagement

Transparency & Reporting

- 97% of volumes covered under public report of progress
- 3% of volumes not covered under public report of progress

2021:
- 97% volumes covered
- 3% volumes not covered

2022:
- 97% volumes covered
- 3% volumes not covered

- 0% of volumes under IRF reporting or committed to
- 0% of volumes not reported under the IRF

Volumes covered under public report of progress
Volumes not covered under public report of progress
Volumes under IRF reporting or committed to
Volumes not reported under the IRF
Palm Kernel Expeller (PKE) Supplier Engagement

ADM has engaged with 100% of its direct PKE suppliers in Indonesia and Malaysia. The engagement process includes discussions on various sustainability topics including:

✓ ADM’s responsible palm policies and commitments, including reduced deforestation risk
✓ Increasing traceability scores
✓ Assessing tier one suppliers using the palm scorecard

All of our suppliers have 100% traceability to the mill.
**Monitoring & Verification**

**Goal:** Monitor and verify direct suppliers’ management and control systems are appropriate to achieve responsible sourcing of palm oil.

**Deforestation Monitoring**
- Volumes part of a system that conducts deforestation monitoring: 97%
- Volumes not monitored for deforestation: 3%

**Landscape engagement**
- Volumes part of a system supporting landscape programmes/initiative in high-risk production landscape(s): 97%
- Volumes not part of a system supporting landscape programmes/initiatives in high-risk production landscape(s): 3%
Monitoring & Verification

**Goal**: Monitor and verify direct suppliers’ management and control systems are appropriate to achieve responsible sourcing of palm oil.

### Supply Chain Implementation

- **Volumes part of a system engaging with suppliers**
  - 2022: 97%
  - 2021: 100%

- **Volumes not part of a system engaging with suppliers**
  - 2022: 3%
  - 2021: 0%

- **Volumes covered by an implementation plan with targets**
  - 2022: 0%
  - 2021: 0%

- **Volumes not covered by an implementation plan with targets**
  - 2022: 100%
  - 2021: 99%

- **Volumes covered by Human Rights/Social Risk assessment**
  - 2022: 97%
  - 2021: 99%

- **Volumes not covered by Human Rights/Social Risk assessment**
  - 2022: 3%
  - 2021: 1%

### RSPO Volumes

- **Europe**
  - RSPO Certified: 78%
  - Conventional: 22%

- **North America**
  - RSPO Certified: 62%
  - Conventional: 38%
NDPE IRF Reporting

ADM continues to participate as an active member in the NDPE IRF Active Working Group to drive progress on reporting against NDPE criteria. ADM has engaged with all its direct suppliers on the provision of their respective NDPE IRF profiles.

In June 2022, ADM underwent verification of all its NDPE IRF profiles by an independent third-party. Volumes sourced from January to December 2021 were covered. The audit was conducted in accordance with the NDPE Data Verification Protocol.

The NDPE IRF profiles per facility are available under the Palm Oil Supply Chain Traceability sections of ADM’s Sustainability Policies & Reports webpage.
Investing in Transformation programs

**Palm Oil Collaboration Group**

**Project:** Social Issues Working Group NDPE IRF  
**Organisations:** 38 companies  
**Focus areas:**  
- Deforestation  
- Human Rights  
- Traceability

**Impact:**  
- 6 toolkits covering key child rights issues

**Honduras**

**Project:** Mariposa Project, WISSE  
**Organisations:** Olenex/Wilmar & NES Naturaleza  
**Focus areas:**  
- Smallholder training on NDPE, including workers rights and community rights

**Impact:**  
- 306 Smallholders certified

**Indonesia**

**Project:** Advancing Sustainable Agriculture, Agroforestry, and Conservation in North Sumatra  
**Organisations:** Conservation International  
**Focus areas:**  
- Sustainable agriculture  
- Forest conservation  
- Smallholder income

**Impact:**  
- 150 smallholder farmers  
- 10,000 ha of forested land

**Malaysia**

**Project:** Leuser Ecosystem – Aceh Province  
**Organisations:** Earthworm Foundation (EF)  
**Focus areas:**  
- Smallholder income  
- Forest Conservation  
- Biodiversity protection

**Impact:**  
- 278 farmers trained  
- 2,525.36 ha of forest area in 3 villages

**Colombia**

**Project:** Palm LAB  
**Organisations:** Netherlands Oils and Fats Industry (MVO), Aceites/Palmaceite, Fedepalma, Solidaridad  
**Focus areas:**  
- Working Hours  
- Informal Contracts  
- Occupational H&S

**Impact:**  
- 868 smallholders reached to date (507 new farmers in Q3)  
- 9,547 ha is currently being managed under the mitigation activities.
• Previous reports are available on the ADM palm Sustainability Progress Tracker webpage.

• Grievance updates are available on the ADM Grievances & Resolutions webpage.

• Traceability scores are available on the ADM Supply Chain Traceability webpage.

• We welcome feedback and comments from at responsibility@adm.com
Thank You