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 have taken several steps in our palm sustainability program and have been working diligently with our stakeholders and suppliers to keep advancing in this journey.

Significant progress have 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 H1 2023 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

- Processing facilities
- Joint Venture (Olenex and Stratos)
Our Palm Sustainability Journey

ADM's commitment on No Deforestation for soy and palm supply chain

2007
- Joined RSPO

2015
- Review the Grievance and Resolutions mechanism

2020
- Initiated the support of transformation projects
- Join the Palm Oil Collaboration Group (POCG)
- Implement Palm Supplier Scorecard with 100% of direct suppliers

2021
- Reviewed and updated Policy to Protect Forests, Biodiversity and Communities
- Support Landscape and Smallholder Transformation projects in Sabah and Aceh
- Published verified NDPE Implementation Reporting Framework (IRF) profiles
- Revised and updated Policy to Protect Forests, Biodiversity and Communities
- PKE supplier outreach and engagement

2022
- Target: Achieve 100% of volumes in NDPE IRF Delivering category
- Initiated the support of transformation projects
- Join the Palm Oil Collaboration Group (POCG)
- Implementing a non-compliant supplier process

2025
- The palm sector released the Agricultural Sector Roadmap to 1.5°C
- Published verified NDPE Implementation Reporting Framework (IRF) profiles
Agriculture Sector Roadmap to 1.5°C
Reducing Emissions from Land Use Change

Agri-commodity companies are essential to executing the shift to a more sustainable future. Acknowledging their importance, 13 of the world’s major agricultural commodities companies issued a joint declaration during COP26, agreeing to build a unified roadmap for greater supply chain action consistent with the 1.5°C path.

Agriculture Sector Roadmap to 1.5°C (tropicalforestalliance.org)

Pillar 1: Accelerate supply chain action to reduce emissions from land use change
Sectoral and individual company action to reduce emissions from land use change

Pillar 2: Drive transformation of commodity producing landscapes
Play a key role in supporting the transition to forest positive land use management and commodity production

Pillar 3: Support forest positive sector transformation
Strive to break down barriers and drive sector transformation through dialogue and collaboration with governments, other value chain actors and the finance sector

Nov 2022
COP 27

Commit to setting emissions reductions targets including (LUC) based on science

Dec 2023
COP 28

Progress reporting

Dec 2023

Progress reporting

2025 targets completed for cattle, palm and soy

Dec 2025

Disclose emissions from LUC
Our Pillars for Palm Responsible Sourcing

Supply Chain Traceability
Supplier Engagement
Monitoring & Verification
Reporting
Supply Chain Traceability

22 Direct Suppliers
Supply from 54 refineries
1770 Indirect Mills
Traceability data verified by third-party

PERCENTAGE OF MILLS BY FOREST-RELATED RISK LEVEL

- High
- Medium
- Low

25% 26% 49%

Results from Global Forest Watch Pro Palm Risk Analysis Tool for reporting 2022 (conducted annually)

Reporting period 2022
Supplier Engagement

Alongside with the high targets set for sustainability, ADM decided to broaden the scope of its Palm reporting and include all palm sources across its different businesses. Therefore, the baseline of suppliers and volumes has been increased compared to the previous palm progress reports.

- 96,5% of volumes reported through the NDPE IRF
- 98% of volumes are sourced from suppliers implementing plan with verifiable timebound targets and milestones
- 97,5% of volumes are sourced from suppliers conducting engagement and awareness-raising programs
- 96,5% of volumes are sourced from suppliers undertaking environmental risk assessment of mills
- 97,5% of volumes are sourced from suppliers that support landscape and local programs in high-risk production landscape
- 91,2% of volumes are sourced from suppliers implementing Human Rights Policy
Supplier Engagement

Grievance Management

Alongside with the high targets set for sustainability, ADM decided to broaden the scope of its Palm reporting and include all palm sources across its different businesses. Therefore, the baseline of suppliers and volumes has been increased compared to the previous palm progress reports.

- 97.5% of volumes sourced originates from suppliers with a Grievance Management Procedure in place

Percentage of Grievances by Status

To date, 29 June 2023
Supporting supply chain positive transformation

**Honduras**

- **Project:** Mariposa Project, WISSE
- **Organisations:** Olenex/Wilmar & NES Naturaleza.
- **Focus areas:**
  - Smallholder training on NDPE, including workers rights and community rights
- **Achievements/Targets:**
  - 306 Smallholders certified
  - 1520/1900 Stallholders trained

**Indonesia**

- **Project:** Social Issues Working Group, NDPE IRF
- **Organisation:** Working group with 38 companies
- **Focus areas:**
  - Deforestation
  - Human Rights
  - Traceability
- **Impact:**
  - 6 toolkits covering key child rights issues

**Colombia**

- **Project:** Palm LAB
- **Organisations:** Netherlands Oils and Fats Industry (MVO), Aceites/Palmaceite, Fedepalma, Solidaridad
- **Ultimate Goal:** Operate a more inclusive palm oil value chain between Colombian smallholders, processors and international market
  - Training on labor rights
  - Training on improved working conditions
  - Training on RSPO, ISCC or SA8000
- **Achievements/Targets:**
  - 150/150 smallholders included
  - 180/180 workers impacted

**Indonesia**

- **Project:** Social Issues Working Group
- **Organisation:** Working group with 38 companies
- **Focus areas:**
  - Deforestation
  - Human Rights
  - Traceability
- **Impact:**
  - 6 toolkits covering key child rights issues

**Malaysia**

- **Project:** Child Risk Assessment Framework (CRAF)
- **Organisation:** Earthworm Foundation
- **Ultimate Goal:** Protect biodiversity and improve worker welfare
  - Supply Chain Transformation
  - Forest Protection & Restoration
  - Resilient Farmers
  - Workers & Families
- **Achievement/Targets:**
  - 25% of palm oil mills are traceable to plantations
  - 9,547/8000 ha is currently being managed under the mitigation activities.
  - 25% of palm oil mills are traceable to plantations

**Malaysia**

- **Project:** Sabah Landscape
- **Organisation:** Earthworm Foundation
- **Ultimate Goal:** Protect forests
  - Stakeholder support & capacity building
  - Forest protection & restoration
  - Community rights
  - Resilient farmers
  - Workers & families
- **Achievement/Targets:**
  - 1/4 collective action plan implemented
  - 33481/41857 ha of forest protected

**Project:** Leuser Ecosystem – Aceh Province
- **Organisation:** Earthworm Foundation
- **Ultimate Goal:** Protect forests
  - Stakeholder support & capacity building
  - Forest protection & restoration
  - Community rights
  - Resilient farmers
  - Workers & families
- **Achievement/Targets:**
  - 1/4 collective action plan implemented
  - 33481/41857 ha of forest protected

**Project:** Mariposa Project
- **Organisation:** WISSE Naturaleza.
- **Focus areas:**
  - Smallholder training on NDPE, including workers rights and community rights
- **Achievements/Targets:**
  - 306 Smallholders certified
  - 1520/1900 Stallholders trained
ADM implements a supplier monitoring program that ensures suppliers are compliant with ADM responsible sourcing program. This includes supplier’s scorecarding and satellite verification by third parties.

### Palm Supplier Scorecard
The palm supplier scorecard is an annual assessment of direct suppliers about their Policies, Traceability, Supply chain implementation plan, Monitoring and verification program, Landscape and sectoral engagement, Grievance management, Transparency & Reporting, and NDPE IRF progress.

Based on results of the scorecard, ADM engages with direct suppliers to implement time-bound actions to improve upstream activities.

### Supplier Compliance Monitoring
The supplier compliance monitoring program began in January 2023. To facilitate ADM’s stakeholder engagement process and create the structures necessary for positive supply chain transformation. In practice, Satellite monitoring is performed at plantation level to alert ADM on any violation of ADM’s policies to protect Forest. These reports are updated frequently and have an immediate response to deforestation and peat conversion.

- 100% of direct suppliers are committed to ADM policy for Human Rights and policy to Protect Forest, Biodiversity and Communities
- 100% of direct suppliers are included in the scorecard for assessing NDPE and Human-Rights
- 100% of mills sourced by ADM are satellite monitored against deforestation, representing 15 millions hectares
Certified sustainable palm oil volumes are reported using the volumes of PO and PKO RSPO certified procured by ADM for Q1 and Q2 2023, following the market demand:
NDPE IRF Reporting – Crude Palm Oil

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. ADM obtained from its suppliers their latest NDPE IRF profile, representing 96% of volumes sourced by ADM.

In June 2023, ADM underwent verification of all its NDPE IRF profiles by an independent third-party. Volumes sourced from January to December 2022 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.
NDPE IRF Reporting – Palm Kernel Oil

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. ADM obtained from its suppliers their latest NDPE IRF profile, representing 95% of volumes sourced by ADM.

In June 2023, ADM underwent verification of all its NDPE IRF profiles by an independent third-party. Volumes sourced from January to December 2022 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.
Reporting

• 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