



# **ADM's Commitment to Protecting Forests, Biodiversity and Communities**

H1 2021 Soy Progress Report

# Introduction

In March 2021, ADM released its reviewed and updated Policy on Protecting Forests, Biodiversity and Communities. This progress report provides ADM's stakeholders with insights into the advancements and future actions of the policy implementation, enabling a transparent overview.

The activities and results shared in this report outline the period H1 2021 with regards to the four pillars of ADM's soy sustainability journey:

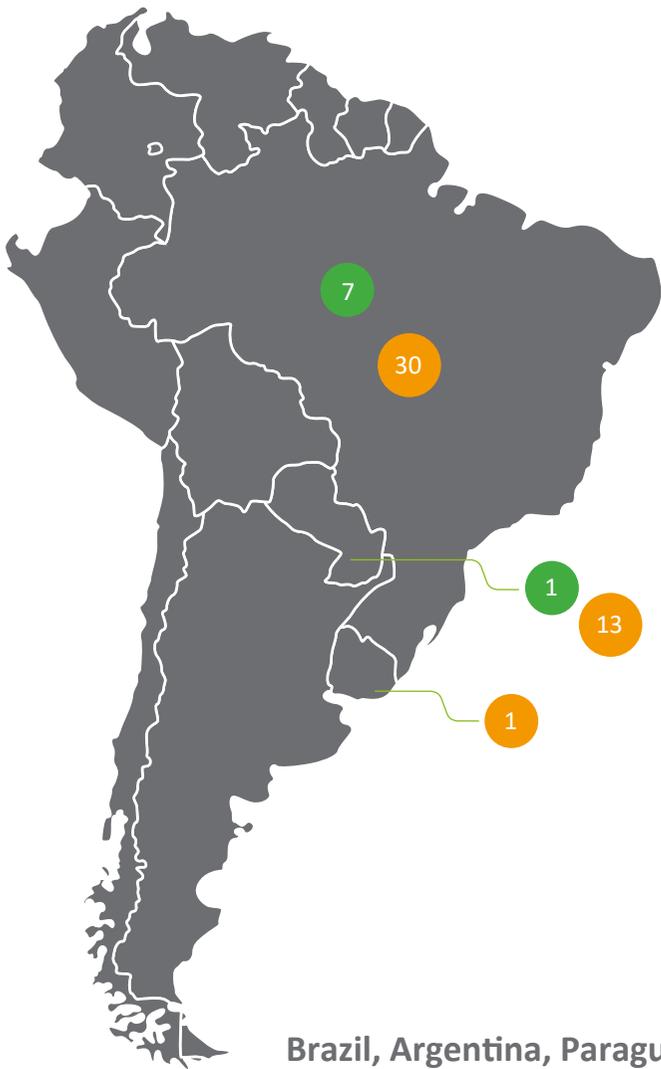
1. Supply Chain Traceability
2. Supplier Engagement
3. Monitoring & Verification
4. Reporting

The data shared within this report relates to ADM operations.



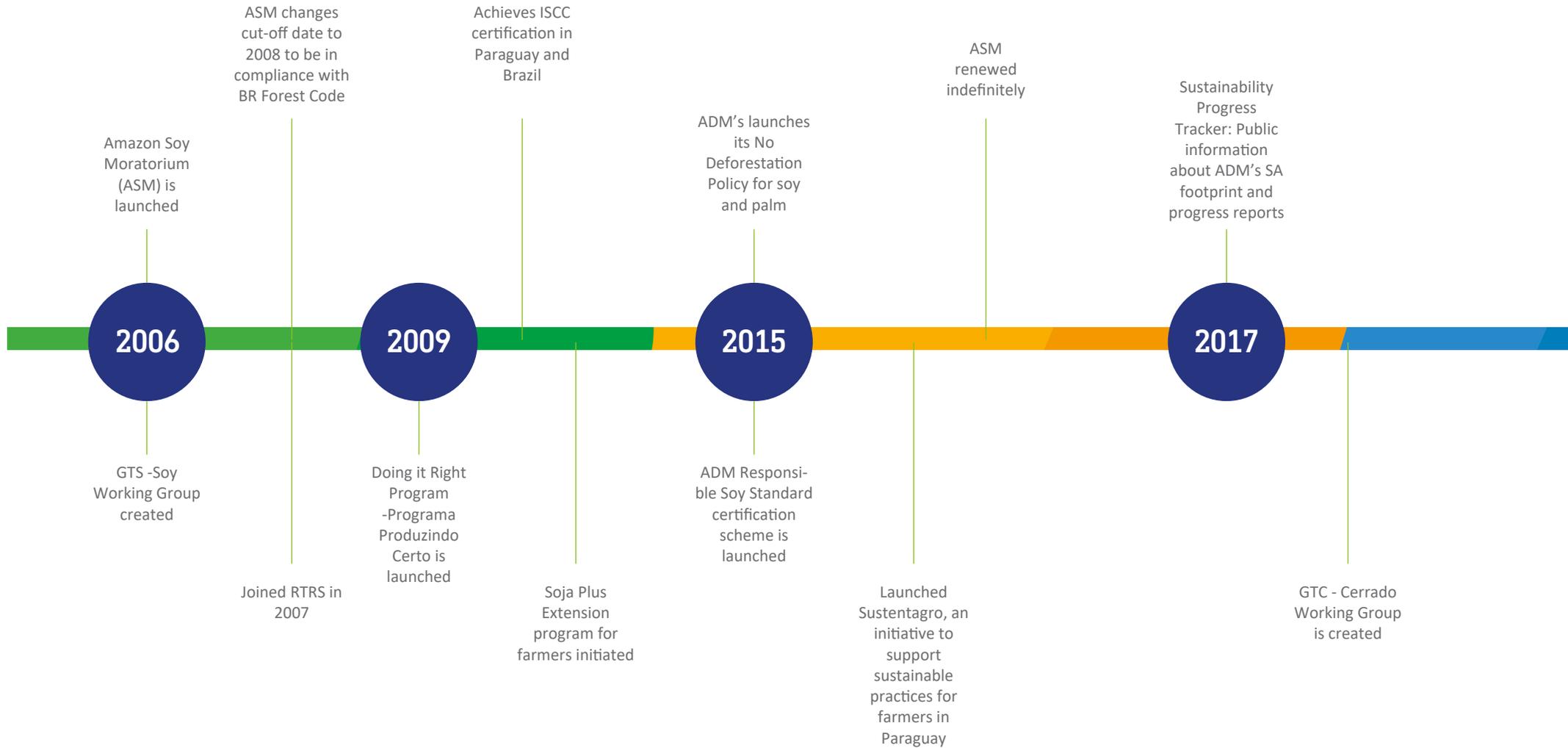


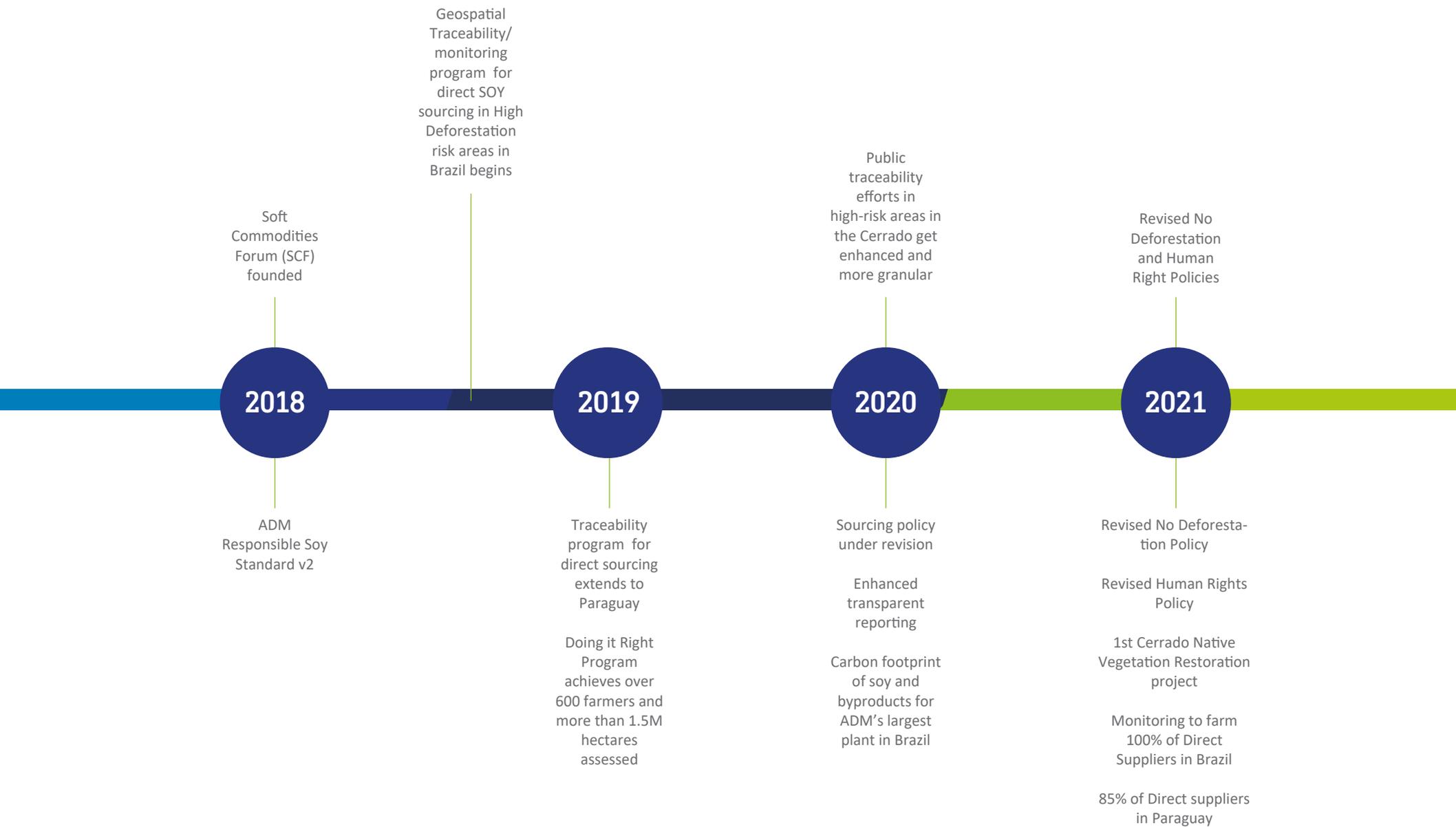
# Our South American Soy Footprint



**Brazil, Argentina, Paraguay, Uruguay**  
● Processing facilities in South America  
● Origination and procurement facilities

# Our Soy Sustainability Journey







**Reporting**



**Monitoring  
& Verification**



**Supplier  
Engagement**



**Supply Chain  
Traceability**



## Supply Chain Traceability

- ADM's soy supply chain
- Soy sourcing in South America
- Traceability

# ADM is Integral to Building a More Sustainable Agricultural Value Chain

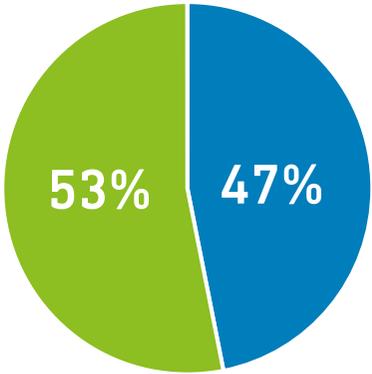
We are the foundation of food on tables the world over – flavoring culture, forwarding health and wellness, and venturing into new possibilities and discoveries for human and animal nutrition. Creating value through the entire supply chain gives us the opportunity to help build a more sustainable food system.



# South America Traceability 2021

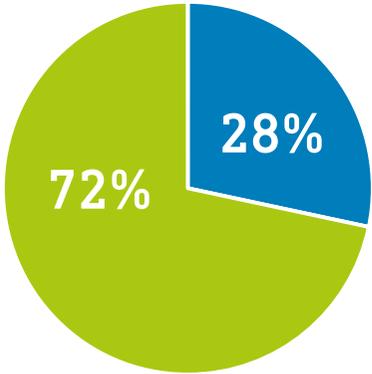
## Soy Volumes by Geography

### Paraguay



● Direct Supplier ● Indirect supplier

### Uruguay



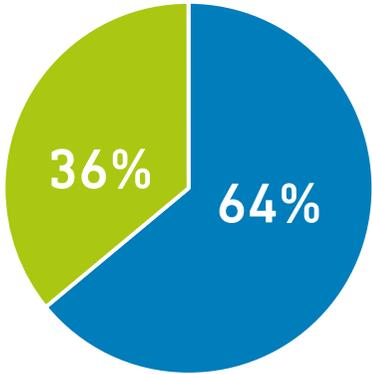
● Direct Supplier ● Indirect supplier

### Argentina



● Indirect supplier

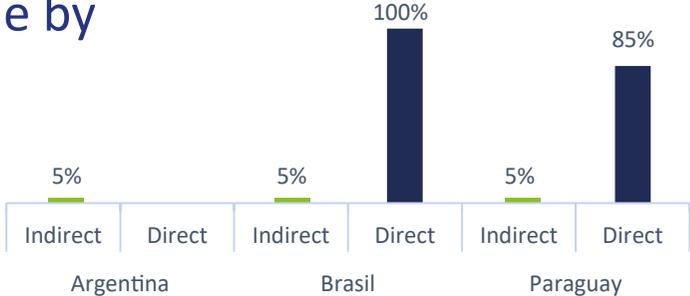
### Brazil



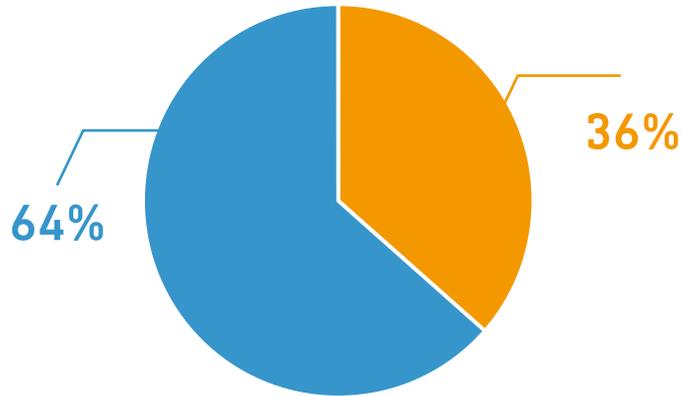
● Direct Supplier ● Indirect supplier

In Brazil, we have mapped 100% of our direct suppliers to farm (polygons). This database enabled us to measure our DCF (Deforestation + Conversion FREE) footprint, which in 2020 was 97% DCF. As our baseline we used 2015, the year we launched our No Deforestation Policy.

### Percent Traceable by Country

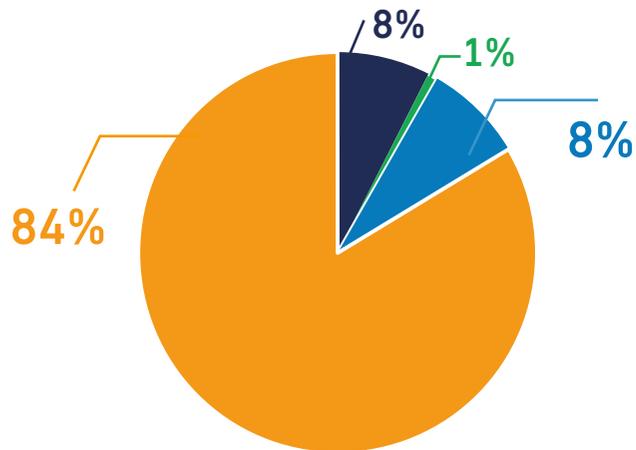


# Global Trade Purchase 2020

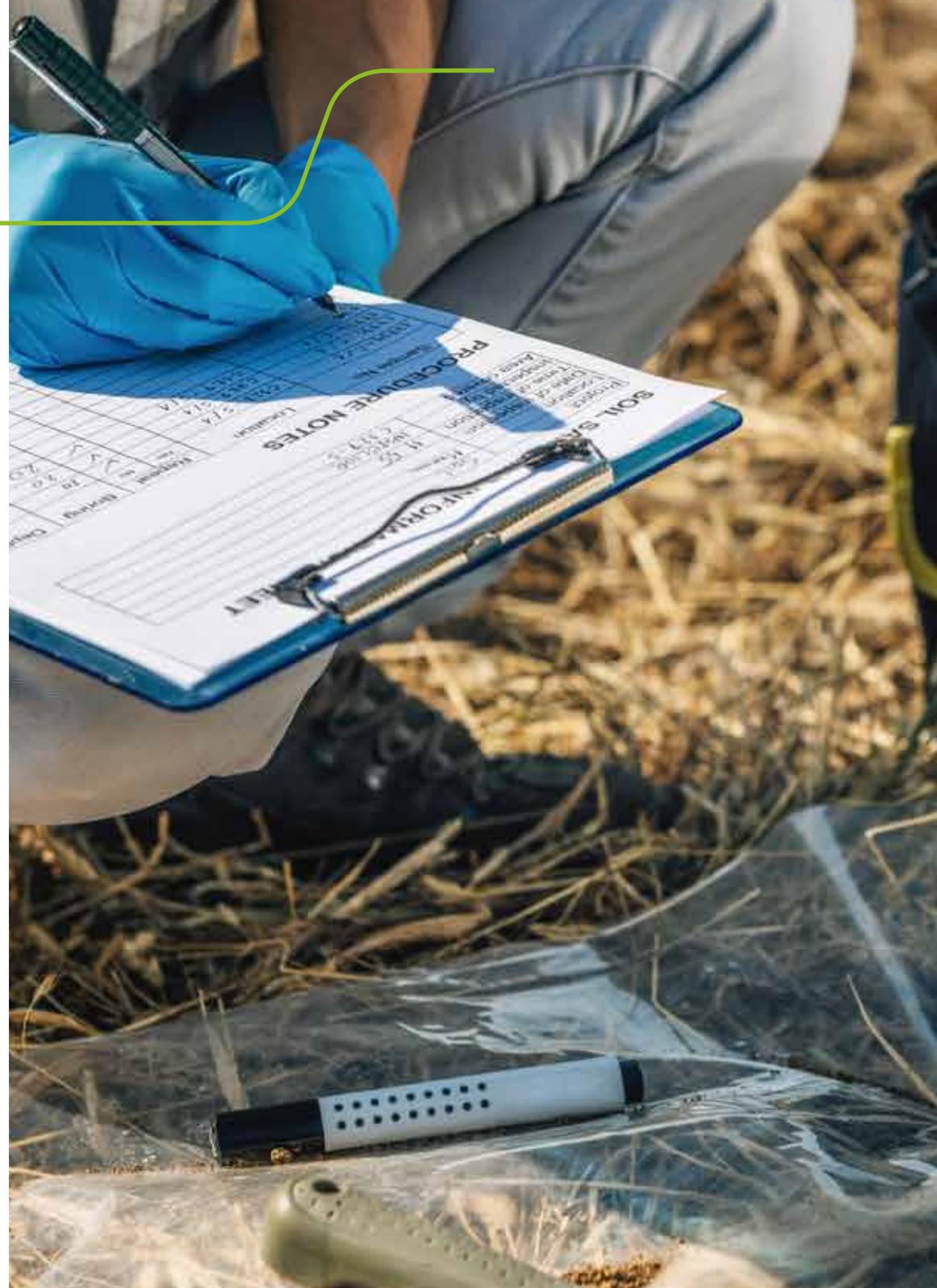


● South America ● Rest of the world

## South America Purchase 2020

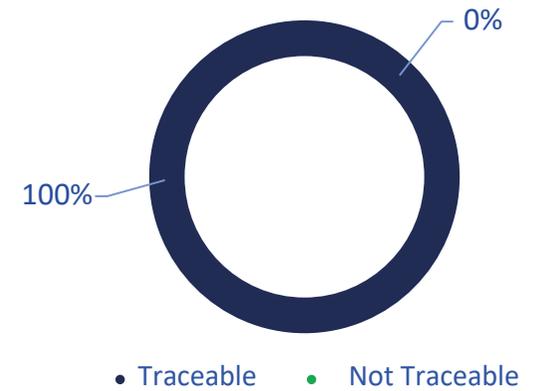
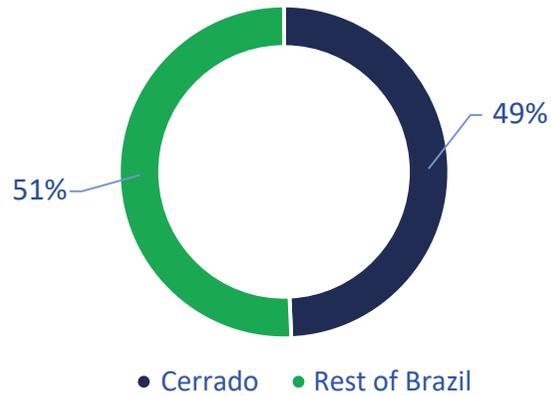


● Paraguay ● Uruguay ● Argentina ● Brazil



# Traceability Focusing on the Cerrado Priority Regions

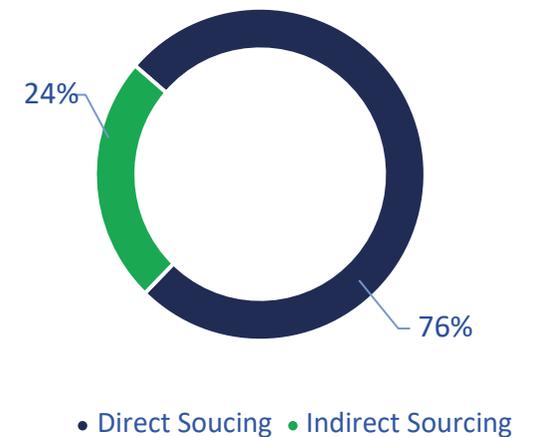
As a member of the Soft Commodities Forum (SCF), we committed and achieved in 2020 full traceability to farm for direct suppliers in the priority municipalities that account for almost 50% of all conversion within the Cerrado biome.



61 Priority Municipalities



61 Priority Municipalities    Other Municipalities



# Traceability

## Why does geography matter when it comes to indirect suppliers?

Volumes sourced via indirect suppliers may represent a large share of our supply chain in certain regions where we operate. We acknowledge the challenge of obtaining traceability to farm in these cases, where there is an intermediary party that for commercial purposes has the right to preserve sensitive information regarding its suppliers.

However, we would also like to bring to the attention of our stakeholders that the vast majority of our indirect sourcing occurs in consolidated agricultural areas – with no more native conversion to soy – and therefore, pose no deforestation risks to the integrity of our supply chain.

Nevertheless, and even though many times these indirect suppliers also have no deforestation commitments in place, we will keep working to find better ways to track indirect volumes, especially in high conversion to soy risk areas where today we have a 5-12% share of indirect purchases.

## Setting and Achieving Meaningful Targets

MATERIAL TOPIC	MILESTONE	PROGRESS	SDG/SASB ALIGNMENT	
			UN SDG	SASB
Traceability	Increase digital satellite farm maps (polygons) of direct soy suppliers	<p><b>In progress</b></p> <p>85% of suppliers in Paraguay</p> <p>100% of suppliers in 61 priority municipalities of MATOPIBA (Brazil)</p>	<p>2 (Zero Hunger)</p> <p>6 (Clean Water and Sanitation)</p> <p>8 (Economic Growth)</p> <p>13 (Climate Action)</p> <p>15 (Life on Land)</p>	<ul style="list-style-type: none"> <li>Environmental and Social Impacts of Ingredient Supply Chain</li> <li>Ingredient Sourcing</li> </ul>
Monitor and Verification	Monitor and verify <b>100%</b> of soy sourced from direct suppliers complies with the following initiatives:	<b>Achieved</b>		
	<ul style="list-style-type: none"> <li>Amazon Soy Moratorium</li> <li>IBAMA embargoed areas</li> <li>National Pact for the Slavery Work Eradication</li> <li>Pará Green Grain Protocol</li> <li>ADM'S No Deforestation Policy for 100% of polygons</li> </ul>			



## Supplier Engagement

- Grievances mechanism
  - Projects
- Engagement and Transformation

# Grievances & Resolutions



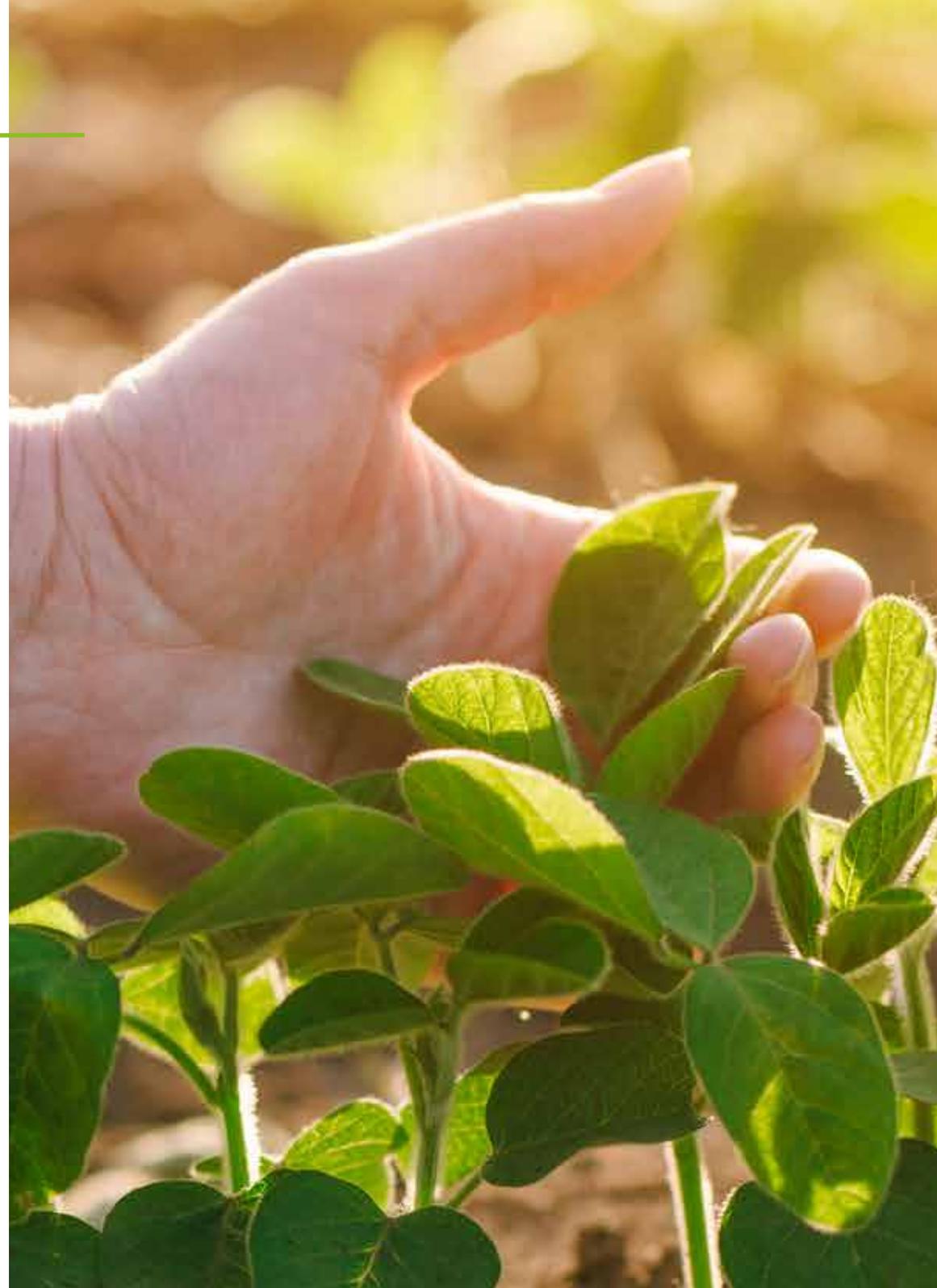
From 2019 through 2021, we have investigated over 247 allegations of deforestation and exploitation in our supply chain.



100% of grievances were investigated in accordance with our protocol and reported on our public grievance log.



0 cases investigated were linked to our soy supply chain or showed a non-compliance with our No Deforestation Policy



# Transformation Projects

## Sustainable farming extension programs

Inclusive and continuous improvement through Best Management Practices (BMP) Programs

- ADM has supported extension programs for farmers since 2009

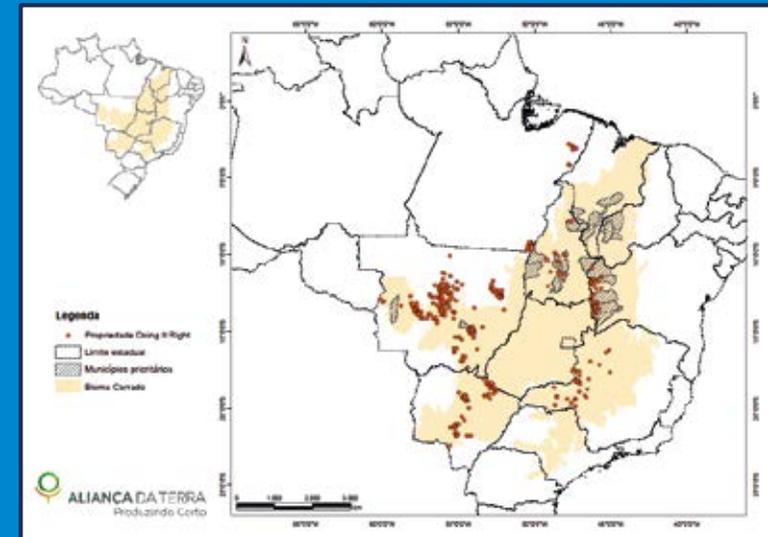
## Program partners include:

- Produzindo Certo
- Sustenágil
- SOJA PLUS
- Parque Cerrado e Vida
- CETEDI

## Highlights

ADM's sustainable sourcing in South America includes on-farm assessments. To date, our BMP programs have assessed:

Over 1,000 farmers  
More than 2,500,000 hectares



# 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, 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:



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.

In 2020, the SCF members worked together with Proforest to select a priority region in which to focus efforts (25 municipalities were selected), and also to standardize traceability reporting to those interested in learning more about where and how much soy is being sourced.

For the complete Jun 2021 SCF report:

<https://www.wbcd.org/Programs/Food-and-Nature/Food-Land-Use/-Soft-Commodities-Forum/News/Soft-Commodities-Forum-expands-area-of-work-urges-long-term-incentives-for-soy-producers>

## CERTIFICATIONS

In South America ADM works with different certification standards: 2BSvs, ISCC, ARS, which promote the producer year after year the sustainable production of soy.



# Native Vegetation Restoration projects

ADM Paraguay together with the NGO “A Todo Pulmon”, supported a big reforestation project in Colonia Independencia, Guairá. During 2021, 50,000 native tree seedlings are being planted.

## **Parque Vida e Cerrado**

In 2021, ADM Brasil began working with Parque Vida e Cerrado, a regional hub for restoration, scientific ideation and environmental education. Together, we have developed a project aiming to restore degraded areas in the Brazilian Cerrado.

The project will work with ADM suppliers to identify and develop restoration opportunities and plans that maximize biodiversity impacts. The first year, we will reforest 50 hectares with native seedlings and seeds.



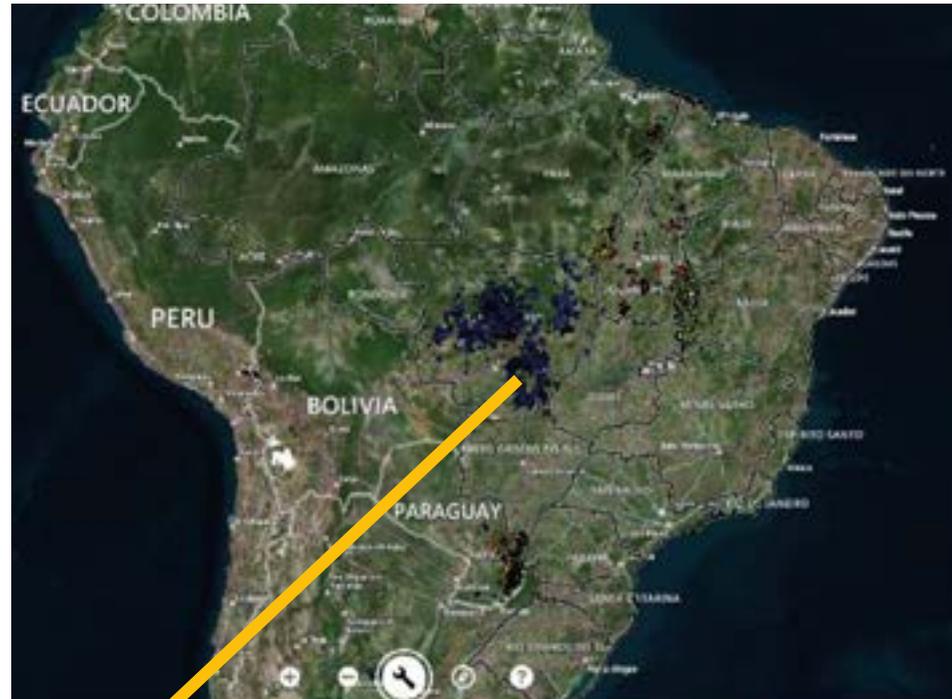


## Monitoring & Verification

# Monitoring & Verification

Since 2018, specialized firms with GIS technology (satellite imaging) have been cross-referencing planted areas within the farm polygons of our direct suppliers in high-risk areas to determine if the soy being sourced is compliant with our Policy. Farms are also verified to make sure there are no environmental issues (embargoed areas), encroachment into protected areas or Indigenous Territories, or labor issues which violate our No Exploitation Policy.

In our grievance log, we have investigated and responded to reports that were sent to ADM inquiring if soy from newly cleared areas in Brazil were in our supply chain. We are proud to say that none of those cases reported had links to the soy within our supply chain.





## Reporting

- Communication on Progress
- Disclose information to stakeholders

# Reporting

Previous reports are available on the ADM soy Sustainability Progress Tracker webpage.

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

This is our public Progress Report #13.  
We welcome feedback and comments at [responsibility@adm.com](mailto:responsibility@adm.com)

2020 Sustainability Report  
[https://assets.adm.com/Sustainability/3860041\\_20\\_Archer-Daniels-Midland\\_ESG-Report\\_WR.pdf](https://assets.adm.com/Sustainability/3860041_20_Archer-Daniels-Midland_ESG-Report_WR.pdf)



