



ADM Commitment to No Deforestation

Policy Implementation

H1 2019 Palm Progress Report



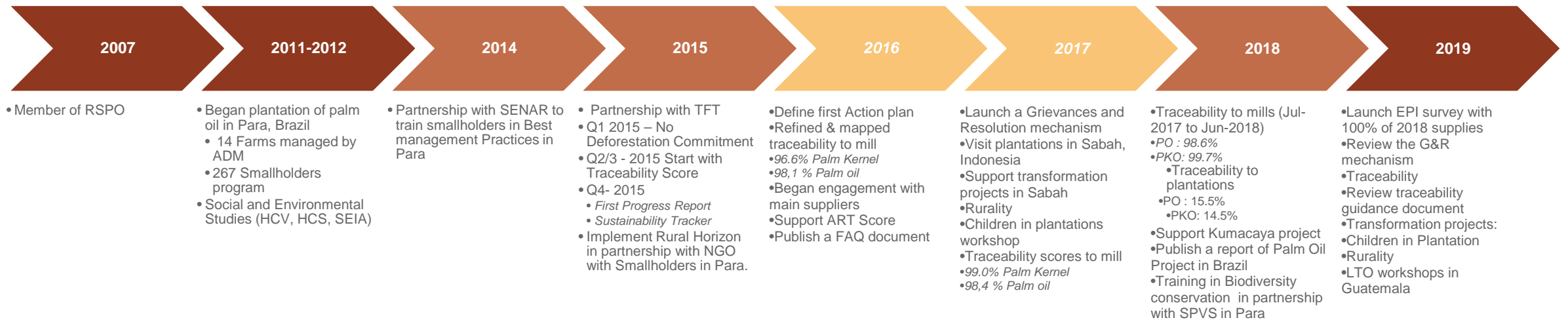
Our Footprint



(*) Facilities under the management of Olenex, a full-function joint venture between ADM & Wilmar



Our Journey



On May 7, 2015 ADM announced our Commitment to no Deforestation, No Peat and No Exploitation, and to building traceable and transparent agricultural supply chains that protect forests worldwide, with an initial focus on palm oil and soy.

Action Plan 2018/19 Progress



Transparency & Traceability

- Maintain high traceability scores to palm oil mills.
- Increase traceability scores to palm oil plantations.



Supplier engagement & Risk identification

- Invite 100% of 2018 suppliers to participate at the Engagement for Policy Implementation (EPI) survey.
- Review and update the Grievance process.



Transformation

- Support the Social License to Operate Workshops in Guatemala (Respect program)
- Support the publication of Services for Vulnerable Children in Sabah (Respect program)



Monitoring & Verification

- The EPI assessment includes a section of Monitoring and Verification, where it was evaluated to which extent the supplier employs monitoring and verification of NDPE compliance across its supply chain.
- Evaluate the results of Kumacaya monitoring program

Transparency & Traceability

For the period Q2 2018 – Q1 2019

97.2%

Traceable to Mill PO



17.5%

Traceable to Plantation PO

98.7%

Traceable to Mill PKO



17.2%

Traceable to Plantation PKO

Supplier Engagement

Implementation of the EPI survey

ADM decided to implement the EPI survey with all its suppliers from 2018. The EPI survey is a provided by the Earthworm Foundation (EF) that allows an understanding of each supplier's related to all aspects of an NDPE-compliant responsible sourcing program. EPI questions reflect palm oil industry sustainability standards, thereby helping suppliers understand how to meet customer's expectations.

With the exception of one supplier, all 2018 ADM suppliers agreed to participate in the process which was implemented from March to June 2019.

Grievance mechanism review

In 2017, ADM launched a public grievance mechanism as part of the implementation of our NDPE commitment. At the beginning of this year, ADM decided to review the process in order to strengthen the current process and give more clarity to stakeholders. The review was made by EF and the results were provided to the ADM sustainability team to implement the changes proposed. A new version of the grievance list is already available on our website.



Transformation

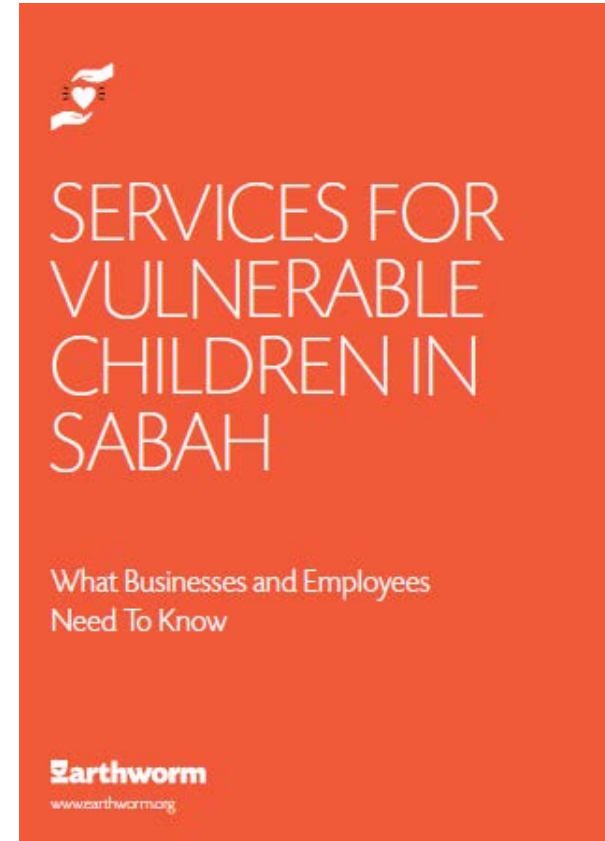


Children in Plantation Directory publication.

EF, in collaboration with ADM, Avon, Nestlé and Wilmar has developed a directory of social help businesses improve the welfare of children living in or near plantations. The Children in Plantation (CiP) Directory is the first publication of its kind in Malaysia – one of EF's efforts to improve education, health and safety on-site and to encourage businesses and palm oil suppliers to non-governmental organizations (NGOs) and other stakeholders.

Social License to Operate Workshop in Guatemala.

Protection of human rights is a key challenge faced in the Guatemalan palm oil sector – both of local communities and workers. ADM and other companies supported a series of Social License to Operate workshops developed by EF to educate suppliers about managing social risks.



The CiP Directory is available in [English](#) and [Bahasa](#) Malaysia

Monitoring & Verification



Kumacaya Project

ADM supports the Kumacaya project, which is an independent monitoring and verification system that works with local people who reside where supply chains begin. ADM verifies its NDPE commitment in part through civil society organizations and experts within the Kumacaya project that are on the ground collecting data as an independent source of information on deforestation.

A report from Bandar Jaya Village in the North Sumatra region state that people “no longer clean the land burning... they are also aware that some of their lands are peat so the risk of fire very high”. The local residents and communities focus on resolving factors that contribute to land and forest fires.

In Dosan village in the Siak District, communities rely on palm oil for their livelihood. The village communities are working together to halt expansion of villager’s palm oil plantations through a village Protection Regulation. Approximately 400 ha of forest have been protected through this regulation.

In addition to the above mentioned project, ADM also engaged in a monitoring and verification assessment of the Engagement on Policy Implementation (EPI) by EF. Results from the assessment will be announced in the next report.



Topics of interest

New innovations and collaborations are key when it comes to tackling deforestation. It is through projects like Kumacaya where we are able to get to the root cause of the issue. Being able to identify drivers and actors of deforestation and their motivations will enable a pathway for resolutions which ADM strives to enable.



The dedication of palm oil farmers in the Dosan to protect their forest attracted NGOs who now train the farmers on environmentally friendly practices. Many farmers have also gained interest in becoming certified. Part of the conservation area (Naga Sakti Lake) is now a popular tourist attraction. This enables more villagers to diversify their income and secure a livelihood while protecting the forest at the same time.

