



# ***ADM Commitment to No Deforestation***

## ***Policy Implementation***

**H1 2018 Soy Progress Report**

## Introduction

ADM committed to No Deforestation and No Exploitation (No DE) in our soy and palm oil supply chains in March 2015. In May 2015, we began a partnership with The Forest Trust (TFT) to implement this commitment and build traceable and transparent agricultural supply chains. After taking several steps together, ADM took the reins of its path and began progressing in mapping its sourcing regions. At the same time, ADM is participating in several supply chain transformation initiatives. ADM is aware that this work cannot be done in isolation, and that it is necessary to create alliances with different public, private and civil society actors in order to reach the proposed objective. We trust that more actors can join this transformation and together we can make progress on this path.

Actions taken in the first half of 2018 will be reported under the following categories:

- Traceability
- Monitoring and Verification
- Supplier Engagement and Transformation
- Topics of Interest
- Conclusion

## Soy Action Plan 2018: Milestones and Status

Nº	Topic	Milestones	Status
1	Traceability	Collect digital farm boundaries (polygons) of 100% of direct suppliers in priority municipalities in MATOPIBA, as recommended by TFT (see traceability scorecard for details).	Complete
2	Monitoring and Verification	Implement geospatial land conversion/ soy planting monitoring (polygons) * <ul style="list-style-type: none"> <li>• Proactively track and understand the origin of soy.*</li> <li>• Verify any grievances or complaints within our soy supply chain.</li> <li>• Publicly post the outcome on the Grievances and Resolutions log.</li> </ul>	*Complete All other items are ongoing

3	Supplier Engagement & Transformation	<ul style="list-style-type: none"> <li>• Engage with suppliers/farmers within the municipalities being monitored.</li> <li>• Require CAR from direct suppliers in Brazil as part of all new pre-financing contracts.*</li> <li>• Communicate No Exploitation/Human Rights Policy to all direct soy suppliers in Brazil.</li> <li>• Communicate/explain the No Deforestation Policy to suppliers in critical areas where deforestation is still an issue.</li> <li>• Continue participating in multistakeholder initiatives such as the SCF, CWG and PNUD's Matopiba Coalition.</li> <li>• Using TNC's Phase I report, open dialogue with supplier groups in Bahia (Brazil) and begin implementing transformation plans for them.*</li> <li>• Continue efforts with A Todo Pulmon in Paraguay to support grower efforts to recover and improve forested areas.</li> </ul>	<p>*Complete All other items are Ongoing</p>
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**Traceability**

ADM has decided to move even further on traceability by refining the accuracy of the locations from where soy is being sourced. In a few selected regions where farming in recently deforested areas can be an issue, we are using GIS technology (satellite imaging) to monitor areas being farmed. We want to make sure soy within our supply chain is not coming from deforested areas.

We have also upgraded the tool that helps us guarantee that soy within our supply chain is not coming from areas involved in any social or environmental issue not allowed within our No Deforestation/Exploitation Policy, such as labor, environmental embargos, farming overlapping with protected areas, etc.

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

## **Monitoring and Verification**

After reviewing different monitoring tools and service providers, ADM signed an agreement with AGROTOOLS, a Brazilian technology company that delivers agribusiness intelligence to corporations through digital solutions.

We chose to start monitoring priority municipalities within MATOPIBA. These municipalities were selected based on the deforestation rates they had in recent years, the amount of remnant native vegetation left, and the presence of active ADM suppliers.

During the first half of 2018, 100 percent of our suppliers in the focus region had property boundaries uploaded to the GIS System database. With satellite imagery, fields from where we sourced soybeans were monitored to verify compliance with ADM's NO Deforestation Policy.

## **Engagement and Transformation**

ADM's 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 understanding the facts and listening to the points of view of everyone involved.

### Soft Commodities Forum

At the global level, we continue to participate in the SCF (Soft Commodities Forum) with other industry/trading companies that share the same commitments to No Deforestation and No Exploitation. Our objective is to try to define certain standards that will bring more transparency to the sector as a whole, and also search for financial incentives that will promote the use of areas previously cleared (prior to 2008) and protect forested areas.

To read more about this initiative, please visit: <https://www.wbcsd.org/Programs/Food-Land-Water/Food-Land-Use/Soft-Commodities-Forum>

### Sustainable Farming Workshop

Working with The Nature Conservancy (TNC), ADM has been reaching out to farmers to discuss infrastructure and practice improvements. ADM and TNC hosted a workshop for farmers which included both compliance requirements and good practices in the areas of labor, health and safety, environmental, and land rights.



The first day of the workshop included an overview of the ADM Responsible Soy Program, best management practices, tools to improve environmental practices, and an introduction to the Sustainable Farming Pocket Guide. All attendees received a copy of the guide to take with them. On the second day, the workshop included a field visit to a local farm to demonstrate how to restore riparian areas.



As a result of the workshop, 14 farmers signed up for on-farm assessments. Representatives from ADM and TNC visited the farms and provided specific and actionable feedback. Each participant received a report highlighting non-compliances as well as recommendations for best practices.



Additional information can be found in the [summary report](#).

### Multi-stakeholder Initiatives

In South America, more specifically in Brazil, we continue to participate in a series of multi stakeholder initiatives that are discussing how to source sustainably in different biomes.

- The GTC (Grupo de Trabalho do Cerrado or Cerrado Working Group - CWG)
  - A joint effort that includes trading/industry, NGOs, government and consumers.
- The MATOPIBA Coalition:
  - A joint effort initiative, sponsored by the United Nations Development Program, which brings together some participants from the CWG and additional stakeholders. Working with several farmer associations, the Coalition seeks to create a unified, landscape approach in the region;
- AGROIDEAL:
  - Development of public software to understand land use in different geographies. The tool can be useful to evaluate future investments taking in consideration productivity and sustainability issues. The tool will now focus in the Chaco region, as well.

ADM also supports public policies that will help create stronger governance and bring more transparency, such as CAR (Rural Environmental Cadaster). ADM requires CAR for all soy suppliers who wish to purchase pre-finance contracts in Brazil.

### **Topics of Interest**

In H1 2018, ADM participated in several events, meetings, and initiatives with various stakeholders which help to strengthen and further our implementation efforts. Examples include:

- Participated in a forum at the SRB (Brazilian Rural Society) to discuss Climate Bonds in São Paulo, Brazil;

- Participated as a speaker in the Sustainable Finance Forum held in Asuncion, Paraguay, to discuss Sustainable Development Strategies;
- Held meetings with Embrapa’s leading researchers to understand land use in Brazil;
- Attended The TFA (Tropical Forest Alliance) Forum in São Paulo, Brazil;
- Participated in the CFA (Climate Forest Agriculture) Coalition in São Paulo, Brazil to discuss Brazilian land use and satellite monitoring technologies available, public policies, and investment risks & opportunities linked to sustainable agriculture;
- Visited researchers at the University of Wisconsin to discuss land conversion and soy expansion in the Brazilian Cerrado;
- In Buenos Aires, Argentina, participated in the launch of the AGROIDEAL initiative to map the Chaco biome;
- Hosted a meeting at our HQs in Chicago with scientists and trading companies to explore areas of interest in the Cerrado where research could bring data to help us slow down deforestation; and
- Participated at the RTRS General assembly at Lille, France.

In H1 2018, we revised our ADM Responsible Soy Standard to be more in line with best practices and stakeholder expectations. The updated version can be found on our website at [www.adm.com/sustainability/downloads](http://www.adm.com/sustainability/downloads).

## **Conclusion**

In the first half of 2018, we significantly advanced our program goals and efforts. We made progress towards farm traceability in MATOPIBA’s priority municipalities and went to the field engaging with suppliers in Bahia and Paraguay. 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.

In the second half, ADM will continue to obtain polygons (farm maps) to further expand our understanding of our direct soy supply chain.

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