



# **ADM Commitment to No Deforestation**

H1 2020 Soy Progress Report

# Key Performance Indicators, Goals and Targets

## Traceability



In progress



- **100%** traceability to farm of ALL direct suppliers in Brazil by **June 2021**
- **80%** traceability to district of all suppliers in Argentina by **December 2021**

## Monitoring & Verification



- Monitor and verify **100%** of soy sourced from direct suppliers complies with the following initiatives:
- Amazon Soy Moratorium
  - IBAMA Embargoed Areas
  - National Pact for the Slavery Work Eradication
  - Pará Green Grain Protocol
  - ADM's No Deforestation Policy

## Grievances & Resolutions



- **100%** of grievances investigated in accordance with our protocol
- **100%** of grievances received reported in public grievance log
- **0** cases investigated linked to ADM soy supply chain or non-compliance with our No-Deforestation Policy

## Engagement



- On-farm assessments
- 1,000+ farmers
  - 2,500,000 hectares

# Introduction

In March 2015, ADM committed to its No Deforestation, No Peat, and No Exploitation (NDPE) policy for its soy and palm oil supply chains. 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 2020 with regards to the four pillars of ADM's palm sustainability journey:

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

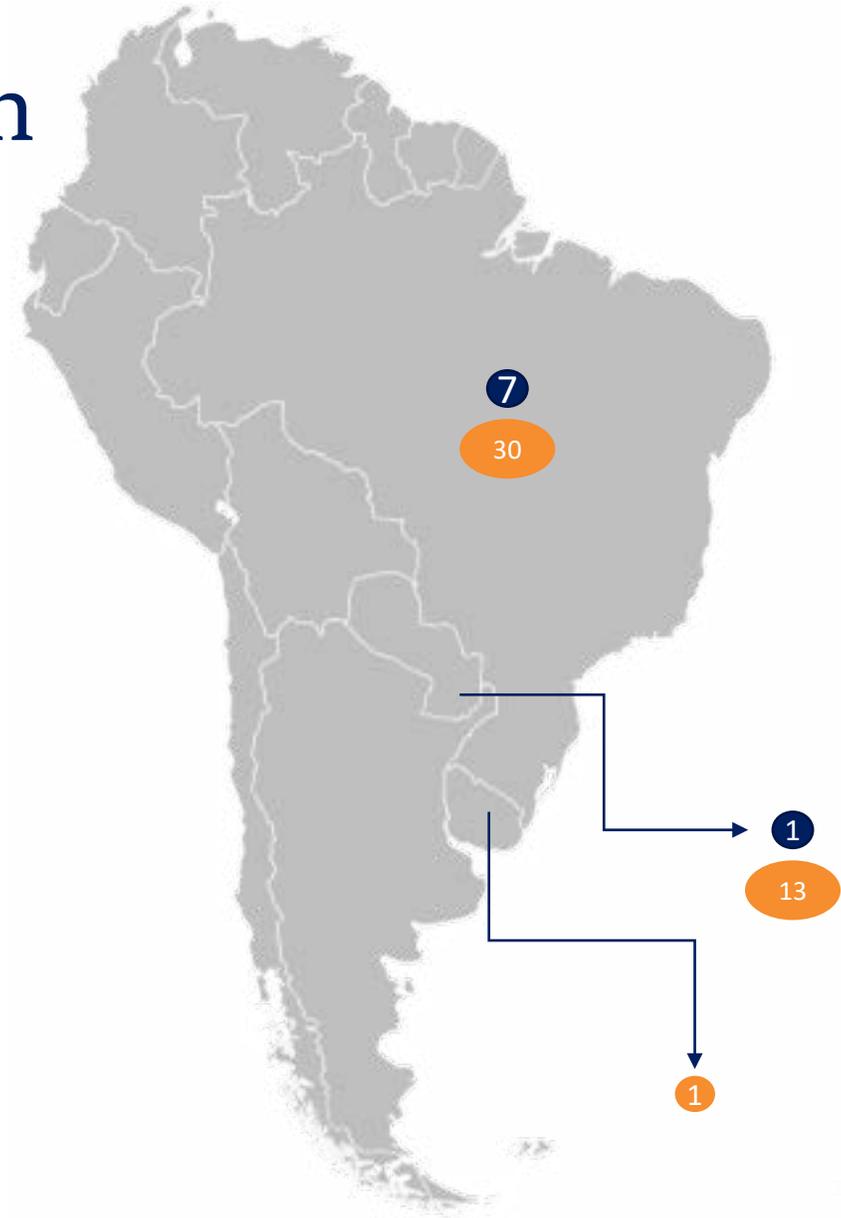
The data shared within this report relates to ADM operations.

# Our South American Soybean Footprint

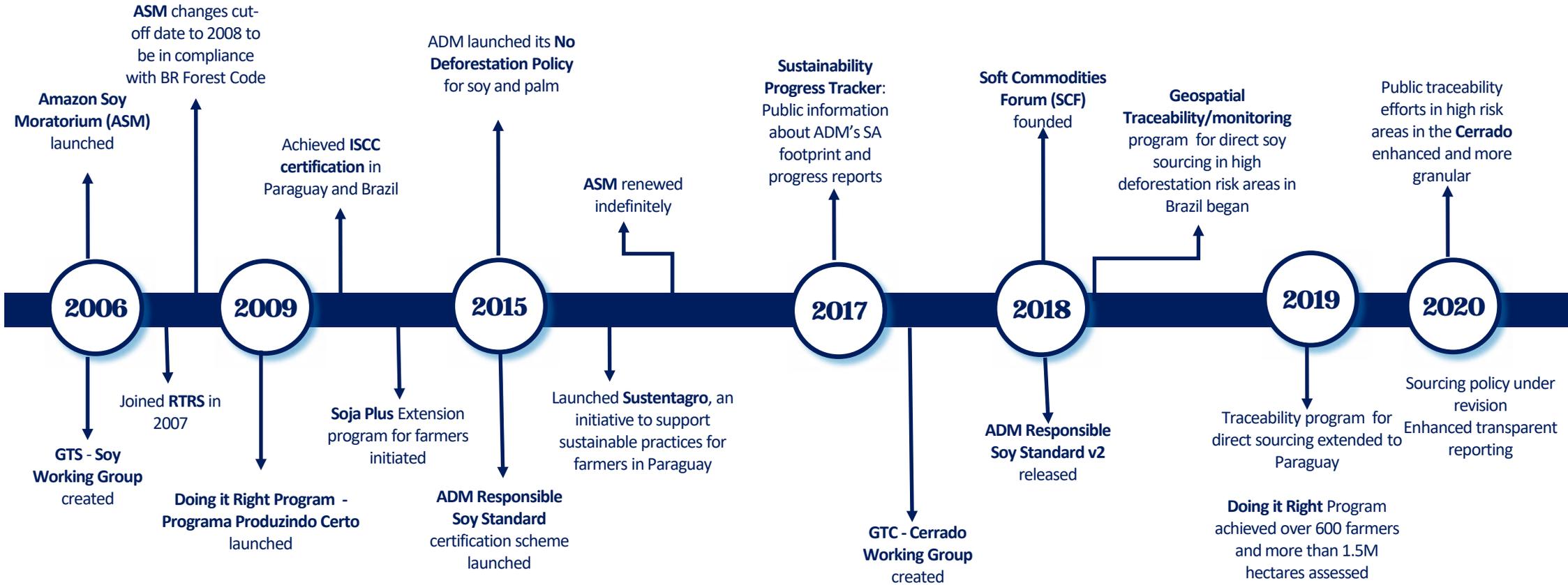
**Brazil, Argentina, Paraguay, Uruguay**

● Processing facilities

● Origination facilities



# Our Soy Sustainability Journey

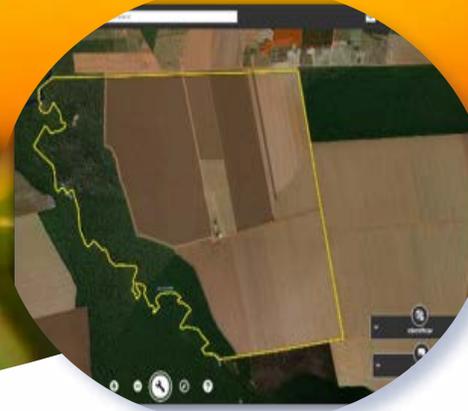




**Supply Chain  
Traceability**



**Supplier  
Engagement**



**Monitoring &  
Verification**



**Reporting**



# Supply Chain Traceability

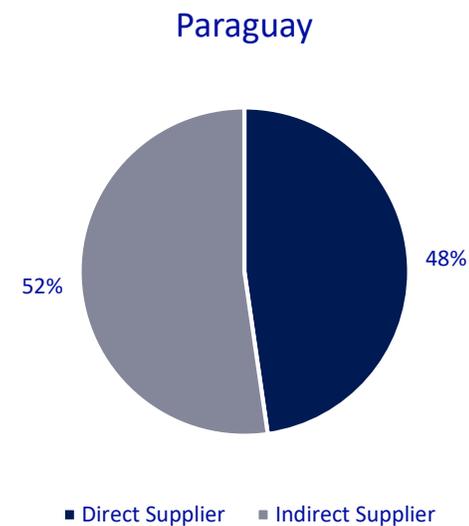
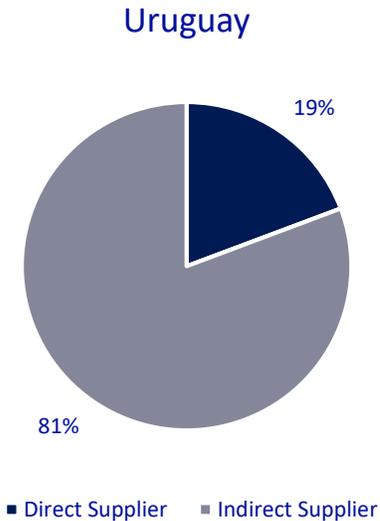
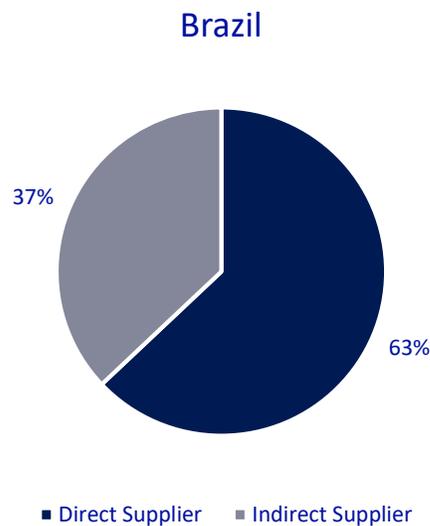
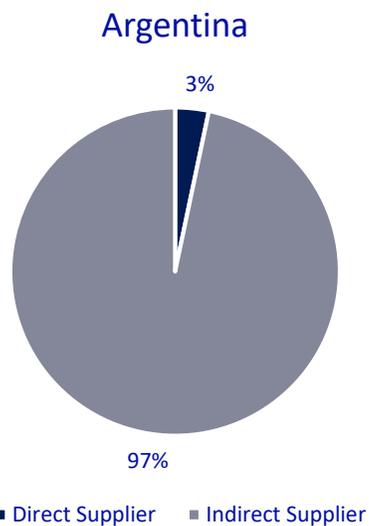
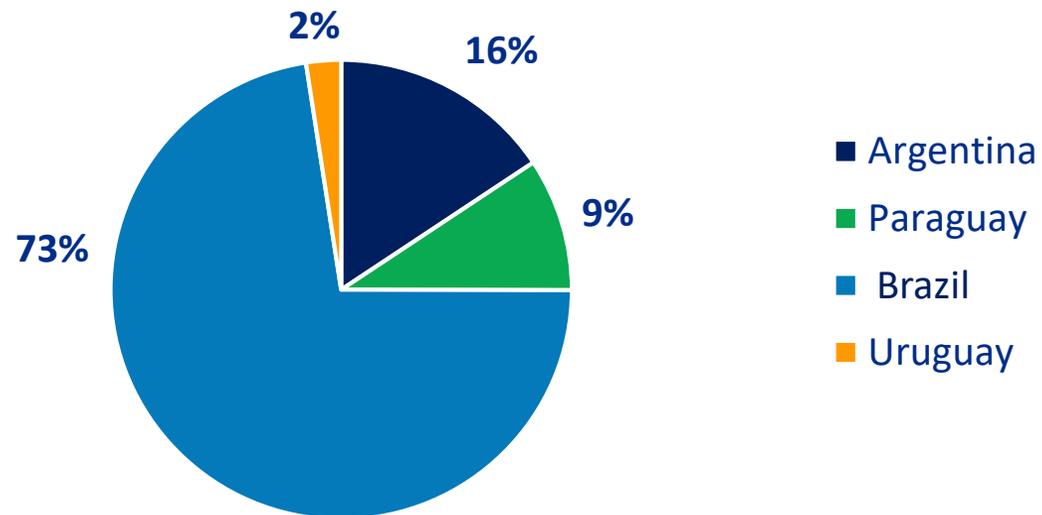
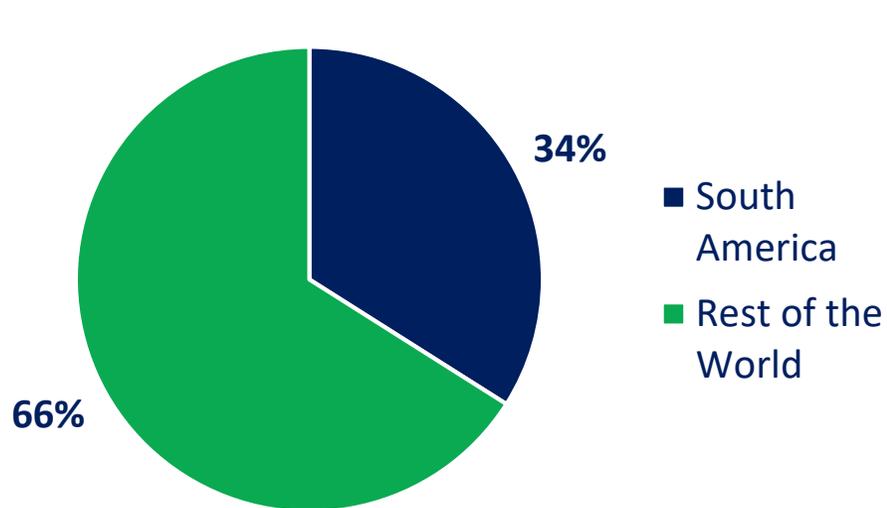
- ADM's Soy Supply Chain
- Soy Sourcing in South America
- Traceability

# 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.



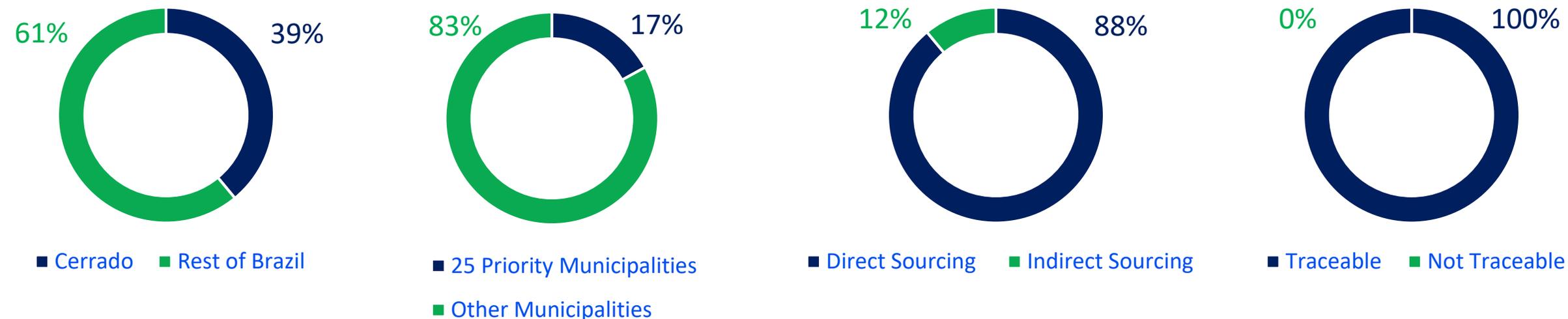
# Traceability – 2019 Soy Volumes by Geography



# Traceability – Focusing on High Risk Areas in the Cerrado

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

 **Achieved** 100% traceability to farm for direct sourcing in the 25 priority municipalities.



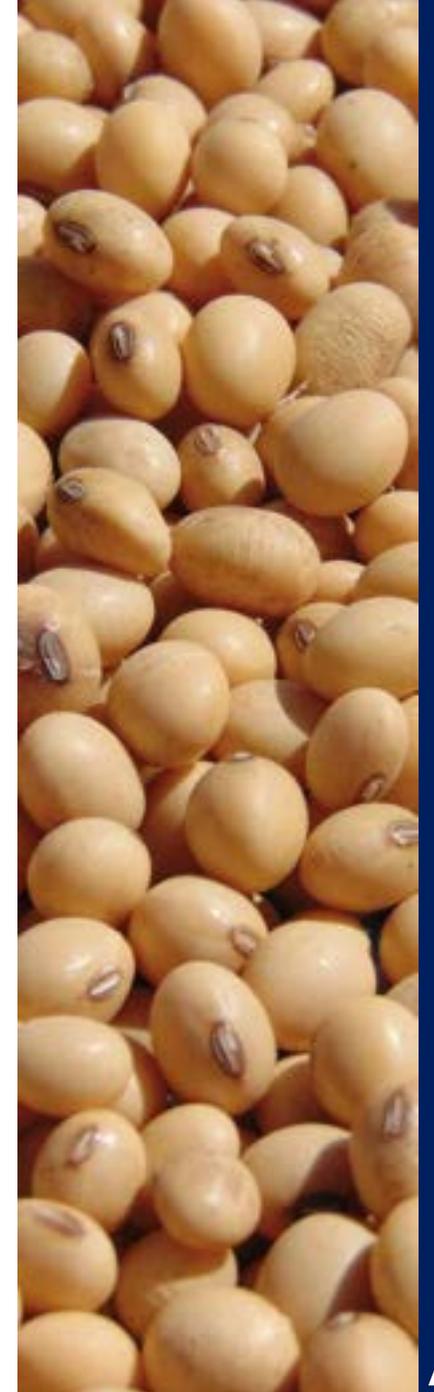
# Traceability

## Why does it matter where indirect suppliers are?

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 intermediate party that for commercial purposes has the right to preserve sensitive information regarding its suppliers.

At ADM, the vast majority of our indirect sourcing occurs in consolidated agricultural areas – with no more native conversion to soy – which 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.



# Traceability – Setting and Achieving Meaningful Targets

MATERIAL TOPIC	MILESTONE	PROGRESS	SDG/SASB ALIGNMENT	
			UN SDG	SASB
 Traceability	Increase digital traceability to farm of direct soy suppliers	 <b>In progress</b>  70% of suppliers in Paraguay  95% of suppliers in Mato Grosso (Brazil)  <b>100%</b> of suppliers in 25 priority municipalities of MATOPIBA (Brazil)  95% of suppliers in Mato Grosso do Sul (Brazil)	    	<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: <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>	 <b>Achieved</b>		



# Supplier Engagement

- Grievance Mechanism
- Projects
- Engagement and Transformation

# Grievances & Resolutions



In 2019 and 2020, we have investigated over **100** 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:

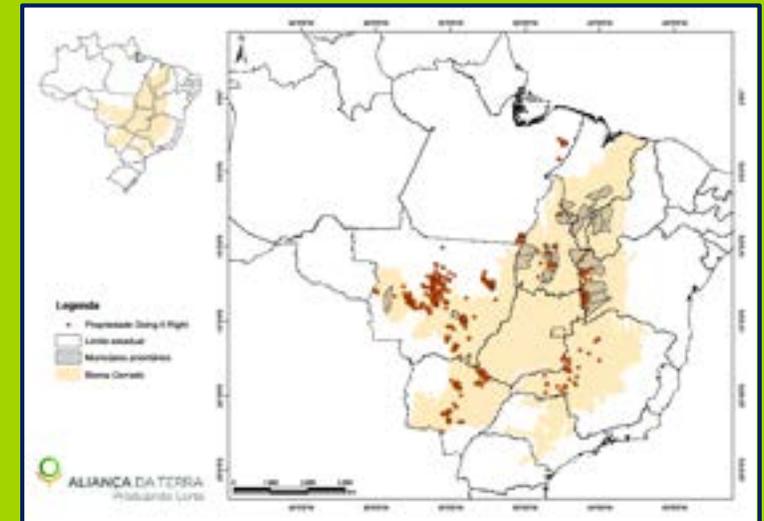
- **Aliança da Terra** (Produzindo Certo)
- **Sustentágil**
- **SOJA PLUS**



## 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:

## SOFT COMMODITIES FORUM (SCF)

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 2019, 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 December 2019 SCF report:

[https://docs.wbcsd.org/2019/12/WBCSD\\_Soft\\_Commodities\\_Forum\\_progress\\_report.pdf](https://docs.wbcsd.org/2019/12/WBCSD_Soft_Commodities_Forum_progress_report.pdf)



## GRUPO DE TRABALHO DA SOJA (GTS)

The GTS (Soy Working Group) started in Brazil in 2006 when a group of NGOs and soy trading and industry companies came together with a private agreement to halt the expansion of soy into Tropical Forests called the Amazon Soy Moratorium. ADM was a founding member and has been a signatory since the beginning. Twelve years later, our commitment to not source soybeans from recently

deforested areas continues. We are audited annually by accredited 3rd parties, and results are revised by a selected group of members who include Greenpeace, Imaflora, The Nature Conservancy, and others. The spike in the number of fires in the Amazon during the second half of 2019 raised global concerns and manifestations calling for action. Even though most of the fires took place in municipalities which do not have soy as its main activity, the Amazon Soy Moratorium will be vital to sort out and exclude soy that has been planted in recently cleared areas.

# Engagement and Transformation

## "COLOSOS DE LA TIERRA"

ADM supports the NGO "A Todo Pulmon" in the "Colossus of the Earth", a program that aims to seek and reward the biggest/rarest living trees in Paraguay. This initiative brings together communities all over the country to nominate the tallest/oldest living tree in their region.



## GREEN COMMODITIES PROGRAM (UNDP)

ADM continue efforts with Green Commodities Program (PNUD) in Paraguay to support growers upgrade their sustainable production.



## 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.





# Monitoring & Verification



# Monitoring & Verification

Since 2018, specialized firms with GIS technology (satellite imaging) started cross-referencing planted areas within the farm polygons of our direct suppliers in high risk areas to understand if the soy being sourced is compliant with our No-Deforestation 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 was in our supply chain. We are proud to say that none of those cases reported were linked to soy within our supply chain.

- We expect to have **100% traceability to farm (polygons) of all direct suppliers in BRAZIL by JUNE 2021.**
- The above achievement will enable us to have an accurate **DCF footprint** within our supply chain in Brazil by JUNE 2021.
- In Argentina, we will work to achieve traceability to district level of at least 80% of the total volume of soy sourced by DECEMBER 2021.





# 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.

Traceability scores are available on the ADM [Supply Chain Traceability](#) webpage.

This is our public Progress Report #4.

We welcome feedback and comments at [responsibility@adm.com](mailto:responsibility@adm.com)



