



ADM Commitment to No Deforestation

H2 2020 Palm Progress Report

Introduction

In March 2015, ADM committed to its No Deforestation, No Peat, and No Exploitation (No DPE) 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 H2 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 Palm Footprint



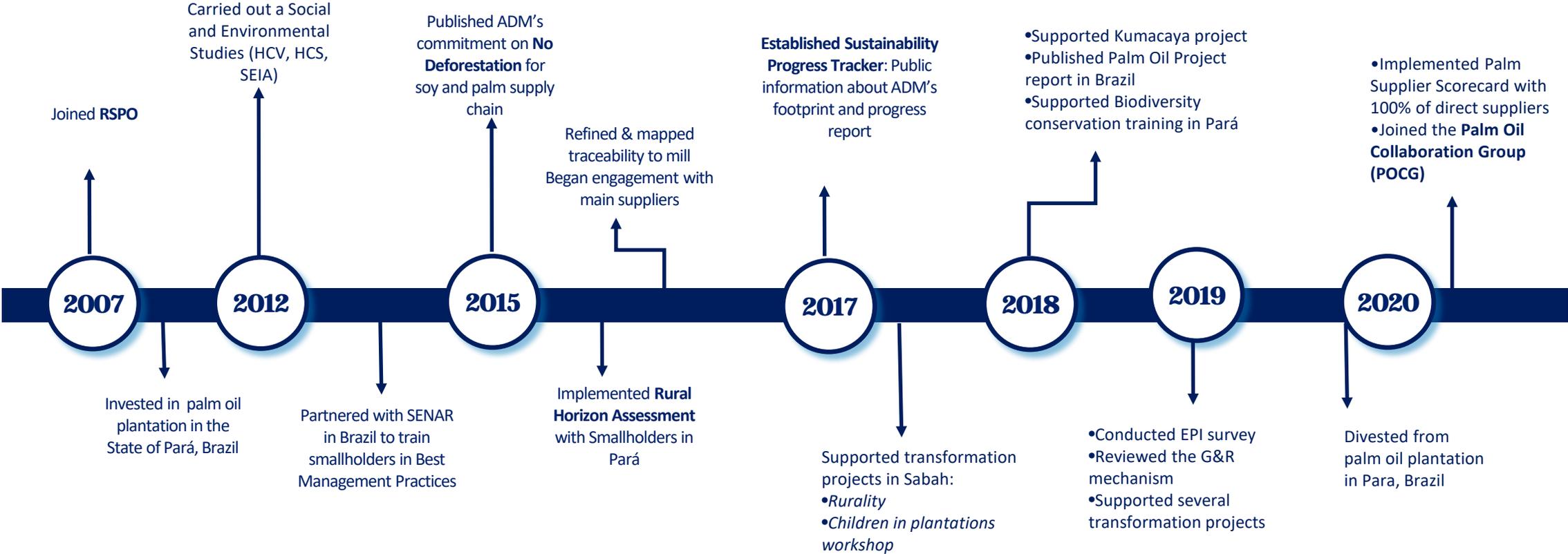
Europe

- Processing facilities in Europe
- Facilities managed by Olenex

North America

- Processing facilities in the USA
- Facility managed by Stratas Foods

Our Palm Sustainability Journey





**Supply Chain
Traceability**



**Supplier
Engagement**



**Monitoring &
Verification**



Reporting

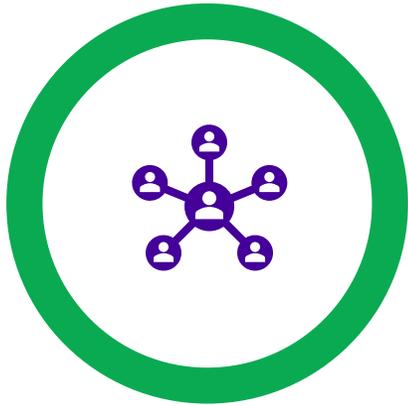




Supply Chain Traceability

- ADM's palm supply chain map
- Traceability to mill and plantation
- Supply base risk assessment

ADM's palm supply chain map



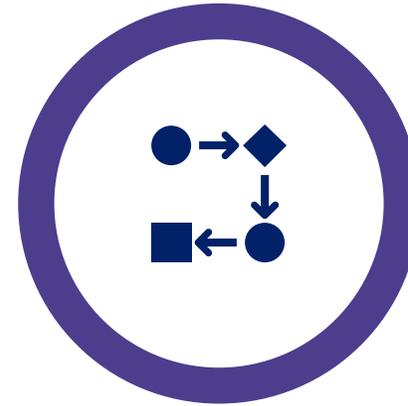
Number of direct suppliers

12



Number of refineries

28



Number of indirect mills

1.615

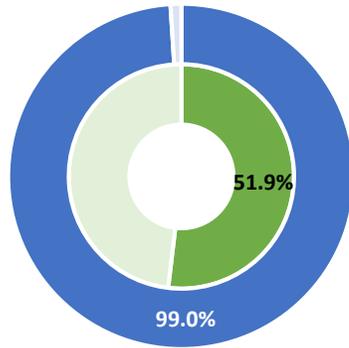


Traceability protocol verified through third-party

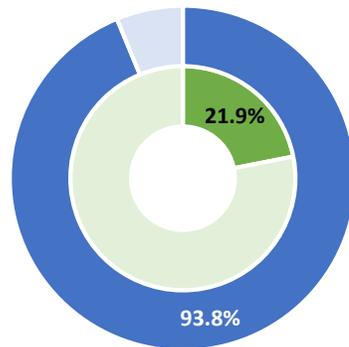
Traceability score by geographies

Traceable to Mill  Traceable to Plantation  Reporting period Q1 to Q2 2020

Europe

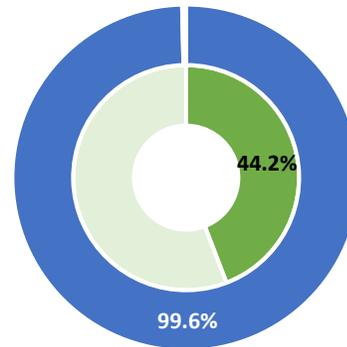


Palm Oil

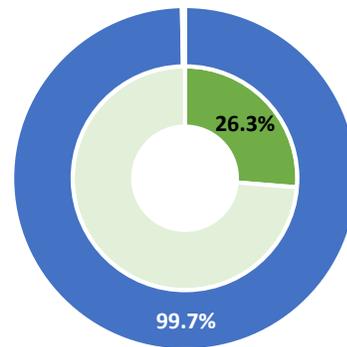


Palm Kernel Oil

North America

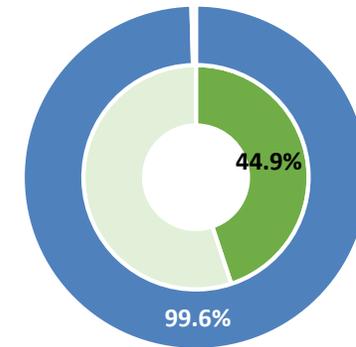


Palm Oil

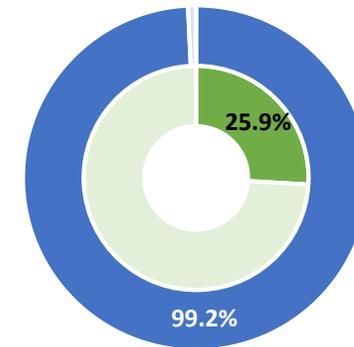


Palm Kernel Oil

Global



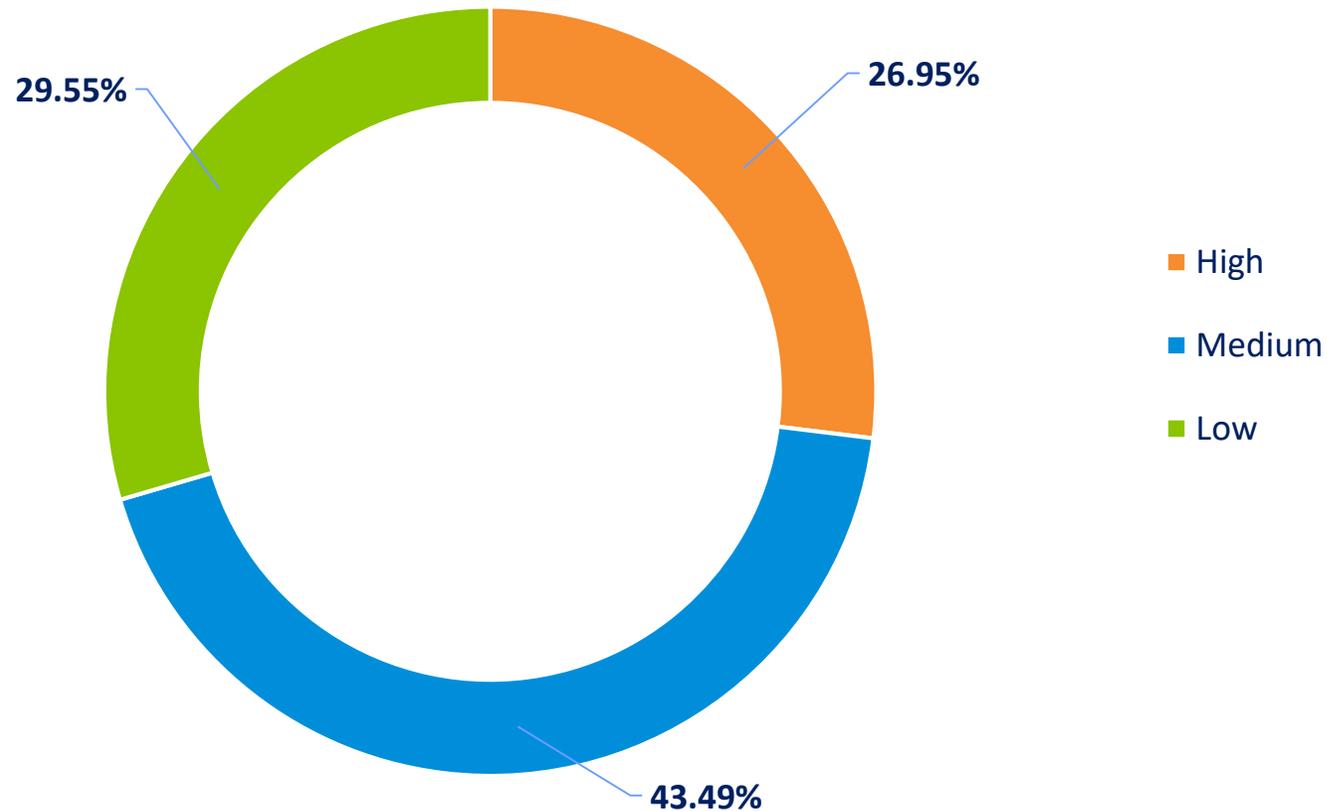
Palm Oil



Palm Kernel Oil

Forest-related risk level

Percentage of mills by forest-related risk level



Results from Global Forest Watch Pro Palm Risk Analysis Tool for reporting period Q1 to Q2 2020



Supplier Engagement

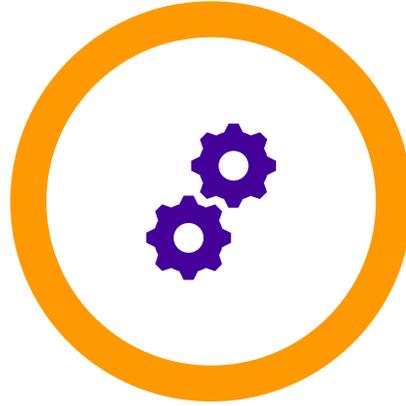
- Supplier Expectations
- Grievance Mechanism
- Transformation Projects

Supplier Expectations



Percentage of direct suppliers that have a publicly available NDPE policy in place.

100 %



Percentage of volumes sourced from direct suppliers who have a supply chain implementation plan with targets in place.

99.3 %

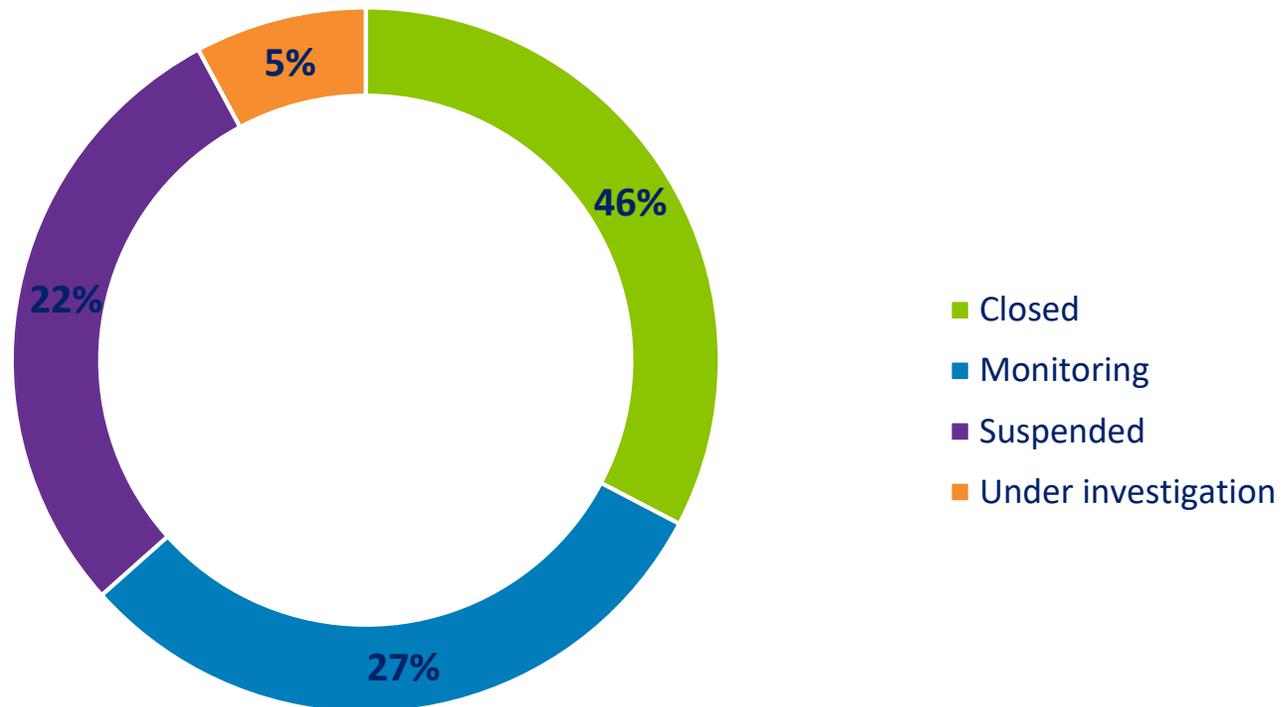


Average score of the evaluations of supplier grievance management systems.

85.3%

Grievance & Resolutions

Percentage of Grievances by Status



Based on status of allegations listed in ADM's grievance log as of December 7, 2020

Transformation Projects

Palm LAB - Colombia

In this project, ADM supports the multi-stakeholder alliance of The Netherlands Oils and Fats Industry (MVO); Aceites S.A./Palmaceite S.A.; Colombian National Federation of Palm Growers (Fedepalma), and Solaridad, an international nonprofit.

The project aims to build a more inclusive palm oil value chain between Colombian smallholders, processors and international market through the development and implementation of a step-by-step, data-driven tool that will enable farmers and processors to plan, monitor and verify the uptake of labor practices as defined by the Voluntary Sustainability Standards (VSS) and corporate policies.

In phase of A of this project, an impact assessment was carried out, followed by steps to mitigating and remedying CSR impacts and risks through improved company policies and processes. The target group included **150 smallholders (45 women)** and **180 workers** directly (potential for 1500 in the region).

Child Risk Assessment Framework (CRAF) - Malaysia

Part of ADM's funding support to the Earthworm Foundation (EF) went toward creating this framework. CRAF aims to support palm oil producers in Malaysia to: identify potential risks faced by children in palm oil plantations; develop policies, procedures and interventions to minimize risk by responding in a timely manner to the identified potential risks; remediate adverse impacts discovered; review whether adequate measures have been taken to prevent, eliminate or reduce these risks; and make oil palm plantation sites and the surrounding areas a safe place to work and to live for children and for young people.

The CRAF consists of six toolkits that cover **key child rights** issues such as: child labor & young workers' safety in palm oil plantations; education & childcare; maternity protection, healthcare and nutrition; birth registration; child sexual exploitation, violence and abuse; and on-site safety, accommodation, water and sanitation.



Transformation Projects

Advancing Sustainable Agriculture in North Sumatra - Indonesia

ADM has also supported Conservation International Singapore since 2018. This program educates farmers in North Sumatra on ways to improve productivity while conserving critical forest areas, with a focus on palm oil.

The aim is to equip smallholder farmers with resources to boost yields and improve livelihoods of both farmers and community members. In addition to farmer training, the program will also educate community members about the importance of sustainable production and post-harvest handling best practices to maximize the economic impact of local farming.

This program has enabled the training of over **60 Farmer Field School (FFS) facilitators** that further reached over **700 smallholder farmers**. The FFS promotes Good Agricultural Practices among palm oil smallholders on sustainable land management practices for increased productivity. By focusing on better land management practices for increased productivity and income, forest clearing is significantly reduced by these communities.

Rurality - Malaysia

Since January 2018, the ADM Cares fund has been supporting this EF transformation project with the goal to diversify income of smallholders in the Sabah region of Malaysia. Smallholders are introduced, facilitated and empowered to implement various income diversification opportunities to ultimately increase their financial security and incomes at the household level.

Since the beginning of the project, **781 smallholders** were engaged on various diversification opportunities. As an outcome, a total of **65 smallholders** started income diversification activities, with an estimated **382 people** (from households) impacted.

Current diversification activities include handcrafted products, goat rearing, swiftlet farming, and *kelulut* (stingless bee) farming.



Transformation Projects

203

Smallholders were newly certified under a sustainability scheme

1771

Smallholders participated in the first-round of training sessions

Mariposa – Latin America

The Mariposa project was launched in 2019 by Olenex to work with palm oil growers and processors in Latin America to transform the supply chain and make it more sustainable.

Mariposa is an innovative crowdfunding project that aims to train local palm oil farmers on sustainable farming practices to protect the environment.

Despite the COVID-19 pandemic, the project made significant strides by implementing a virtual toolbox for group managers to further distribute information to the smallholders; by training group managers and supervisors face-to-face as well as virtually; and most importantly by training smallholders.

The trainings focused on sustainability standards and sustainable business and was innovatively created in the form of an animated video, training video, short concept WhatsApp messages, and a training booklet.





Monitoring & Verification

- Tracking Continuous Improvement
- ADM Palm Supplier Scorecard
- No DPE Compliance

Tracking Continuous Improvement

Palm Supplier Scorecard

ADM engaged in a palm supplier assessment through a third-party assessor, which resulted in an overview of supplier performance through a scorecard tool. Progress of ADM's suppliers will be measured on an annual basis through tracking and comparing the average score.

The average score of suppliers on this first Palm Supplier Scorecard assessment will act as the baseline for future comparisons.

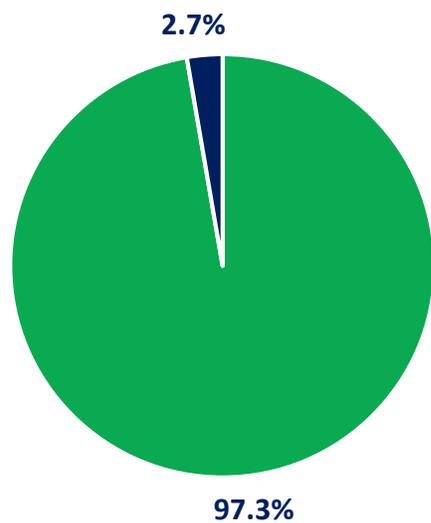


Average performance of direct suppliers on the Palm Supplier Scorecard

76%

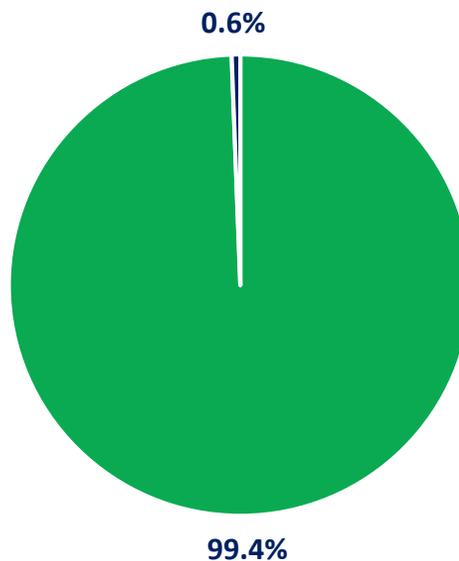
Analysis of Main KPIs (% of Volume)

Deforestation Monitoring



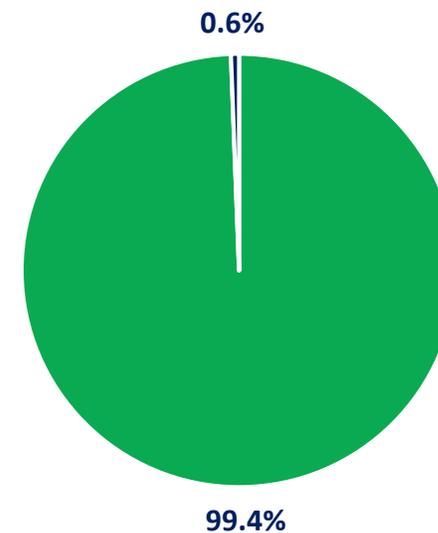
- Part of a system that conducts deforestation monitoring
- Not monitored for deforestation

Human Rights Due Diligence



- Covered by human rights due diligence
- Not covered by human rights due diligence

Mill Level Verification Assessment

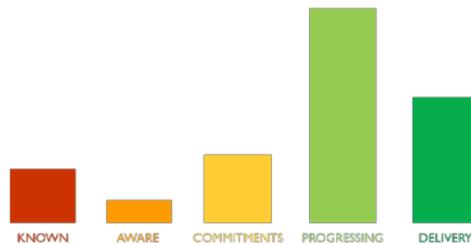


- Part of a system that undertakes mill level verification
- Not part of a system that undertakes mill level verification

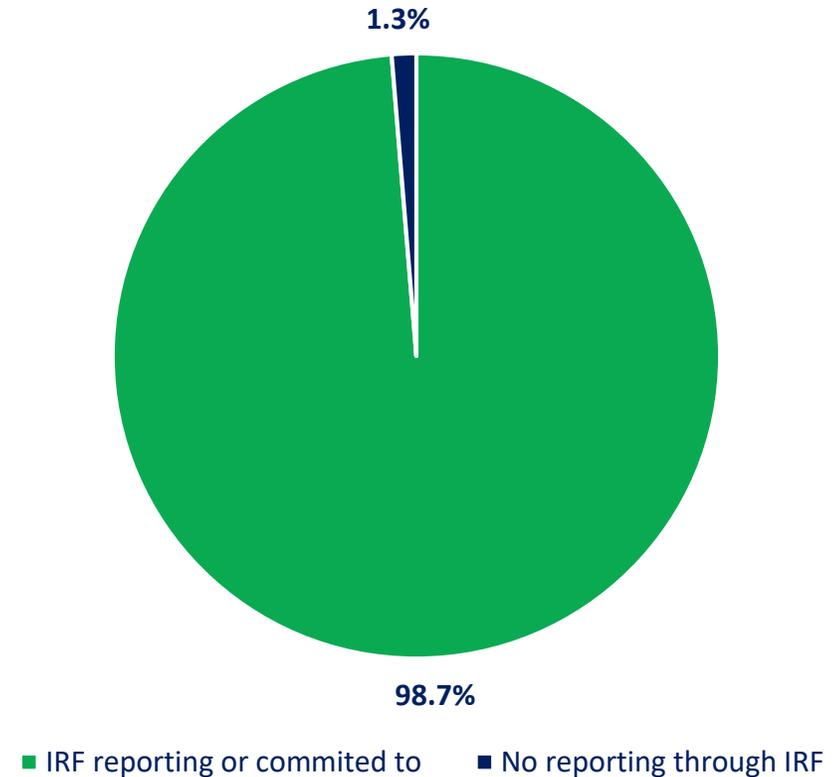
No DPE Compliance

ADM is a participating member of the NDPE IRF Active Working Group to be at the forefront of driving progress while also being able to report on the percentage of its volumes that are delivering against NDPE criteria and will therefore be considered verified deforestation-free (VDF).

Currently, ADM is engaging with its suppliers to report under the NDPE IRF beginning in the first half of 2021.



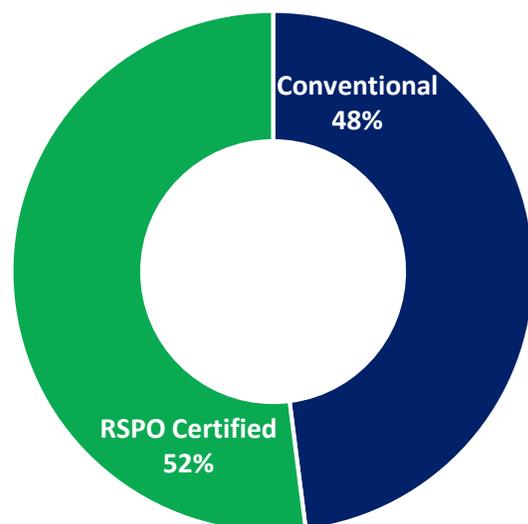
Transparency & Reporting - IRF



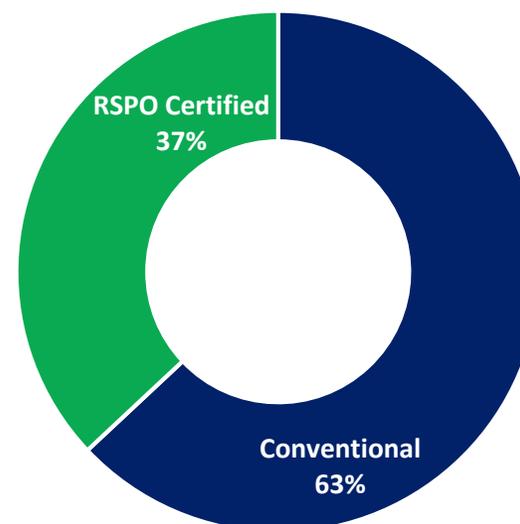
Verification

Certified sustainable palm oil volumes are reported using the volumes of PO and PKO RSP0 certified procured by ADM, following the market demand.

Europe



North America





Reporting

- Communication on Progress
- Disclose information to stakeholders

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.

This is our public Progress Report #13.

We welcome feedback and comments from at responsibility@adm.com

