



# ***ADM Human Rights Policy Implementation***

**H2 2018 Progress Report**

## Introduction

In 2014, ADM published our Human Rights Policy, which contains the minimum requirements to protect the rights, safety and well-being of all people, communities and resources in our direct operations and our supply chain. At ADM, we create long-term value by providing innovative, responsibly-sourced ingredients for a growing population. ADM colleagues are united through six values that demonstrate our insistence on achieving the right results, the right way: integrity, respect, excellence, resourcefulness, teamwork and responsibility. ADM’s commitment to human rights embodies and reflects these company values, specifically respect, which we define as follows:

“We feel a deep and genuine regard for the safety and well-being of all people, communities and resources, and we treat them with care and consideration. We demonstrate trust and openness. And, we are good stewards of the environment.”

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

- Supplier Engagement and Transformation – supplier engagement in support of Human Rights
- Monitoring and Verification – monitoring of issues within the supply chain through implementation of an Issues and Resolutions mechanism
- Topics of Interest – other relevant activities in support of Human Rights within the industry

### Human Rights Action Plan 2018-20: Milestones and Status

No.	Topic	Milestone	Status
1	Supplier Engagement and Transformation	Communicate Human Rights Policy to direct suppliers.	Ongoing
2	Supplier Engagement and Transformation	Identify regional and local programs to support that improve the lives of farmers in our supply chain.	Ongoing
3	Monitoring and Verification	Proactively track and contribute to resolving grievances using our Grievance and Resolutions Mechanism.	Ongoing
4	Monitoring and Verification	Work through supplier/farm level action plan <ul style="list-style-type: none"> <li>• Phase 1 – Update risk analysis to include geographic risk as well as commodity risk, taking into account the increased labor required for crops and regions that do not have mechanized farming technology.</li> <li>• Phase 2 – Using analysis from Phase 1, identify assessment methodology and implementation tools.</li> <li>• Phase 3 – Develop and carry out two pilot assessments to test farm-level assessment technologies.</li> </ul>	Ongoing

		<ul style="list-style-type: none"> <li>Phase 4 – Review pilot results and develop implementation plan and KPIs for conducting supplier assessments</li> </ul>	
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## Supplier Engagement and Transformation

### Policy Communication

In addition to communicating our policies through our [Supplier Expectations](#), we have been working with our procurement teams to include specific language in supply contracts requiring compliance with our policies. For example, in Brazil, supplier contracts have been updated to include a clause prohibiting exploitation and human rights violations. Brazilian suppliers who have email addresses in their account profiles receive training documents prepared for ADM by TFT which outline our Human Rights Policy and the No Exploitation portion of our No-Deforestation Policy.

### Training

Our employees are in a position to identify human rights concerns due to frequent interaction and proximity with suppliers. Our training program covers warning signs of human trafficking and human rights violations and what to do if concerns are identified.

In H2 2018, the ADM Board of Directors and employees of new acquisitions received human rights program training using updated slides. The new training information is simplified and standardized to be used in all geographies. We will continue to ensure new hires and employees of new acquisitions receive training on our human rights program and Code of Conduct.

### Children in Plantations Workshop in Sabah, Malaysia

Earthworm Foundation (EF) has organized two stakeholders' consultations in Sabah on the topic of Children in Plantations. The first workshop was addressed to Business Stakeholders 2017 in Sandakan, Sabah. The second workshop was a consultation with Government Agencies and Civil Society Organizations, organized in collaboration with the Malaysian Human Rights Commission (SUHAKAM) on 9th July 2018 in Kota Kinabalu, Sabah.

The key challenges arising from these consultations were:

- Lack of understanding by company representatives on legal guidelines concerning the employment of children and young persons (including what is hazardous and non-hazardous work);
- Lack of knowledge on how to implement sustainable solutions in the light of real problems

- that are faced in the workplace (such as limited access to education for children);
- Lack of knowledge to prevent or remediate child labour issues;
- Lack of awareness among companies on the benefits of working with NGOs and other stakeholders who could provide a variety of services for their workers' children.



Second consultation with Government Agencies and Civil Society Organizations

As a first step to address some of these key challenges, the NGO prepared a guide about “*Services for vulnerable children in Sabah: What Businesses and Employees Need to Know*”. This publication aims to pave the way for better collaboration among plantations, other companies, civil society organizations, government service providers and other stakeholders in Sabah on the issues concerning vulnerable children in rural areas of Sabah. It offers a directory of potential services for vulnerable children, including access to alternative education, community engagement, birth registration initiatives and other related services.

## Monitoring and Verification

### Assessments

ADM is a member of Sedex and hosts responsible sourcing audits conducted by 3<sup>rd</sup> party auditors at our facilities around the globe. The human rights portion of these audits includes assessment of facility conditions; child labor; forced/bonded labor; eligibility for employment; ethical recruitment; safety; discrimination, harassment and abuse; compensation; freedom of association and collective bargaining; and indigenous populations and communities.

At the ADM facilities visited in 2018, there were no fees charged to job-seekers in exchange for employment, and no collateral was taken in the form of money, identification or other personal belongings without workers' consent as a condition of employment by ADM or contracted companies. No human trafficking was observed. All findings were considered to be minor and low risk. ADM sustainability, legal, operations, and compliance teams work with the locations to identify and implement corrective actions.

In H2, ADM hosted additional Sedex audits (SMETA 4-pillar) globally, in Argentina, Canada, and the US.

#### 2018 Sedex Audited Facilities

Country	Site	ADM Business Unit	Month
Argentina	Golden Peanut Argentina	Origination	December
Canada	Windsor	Oilseeds	August
Netherlands	WILD Juice Amsterdam	Nutrition	March
Spain	WILD Valencia	Nutrition	June
Turkey	Amylum Nisasta	Carbohydrate Solutions	February
United States	Golden Peanut Headland	Origination	May
United States	Erlanger	Nutrition	October
United States	Clinton	Carbohydrate Solutions	October
United States	Chattanooga	Oilseeds	November
United States	Mankato	Oilseeds	November
United States	Enderlin	Oilseeds	November
United States	Southport	Carbohydrate Solutions	November
United States	Velva	Oilseeds	November

#### *Development of a Grievances and Resolutions Mechanism*

ADM believes that civil society and local stakeholders will play an important and constructive role in the implementation of the No DE Policy, as they offer valuable and independent contributions to the monitoring of supply chains, as well as detection and disclosure of issues.

In order to formalize this process, ADM maintains a [Grievances and Resolutions \(G&R\) Protocol](#), which enables any stakeholder to raise a grievance against ADM or any party in ADM's supply chain, and creates a direct forum for stakeholder dialogue. Any concerns can be sent to [responsibility@adm.com](mailto:responsibility@adm.com). If ADM receives input through the G&R Protocol, we will promptly notify the appropriate stakeholders and provide a fair and objective evaluation in a timely manner. Relevant issues and grievances will also be logged in the [Grievances and Resolutions Summary Table](#) on the Sustainability Progress Tracker, and regular progress updates will be provided.

## Topics of Interest

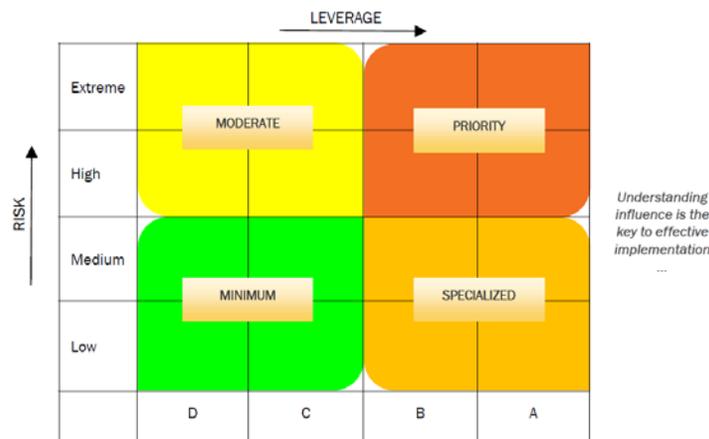
### 2018-20 Human Rights Action Plan Update

ADM selected ELEVATE to complete an updated risk analysis. The first round of assessment covered 15 commodities: corn, soybeans, wheat, canola, palm, peanuts, pecans, macadamias, almonds, oranges, lemons, pineapple, apples, grapes, and crystalline sugar. The assessment included the farming practices of these commodities as well as where they are grown and whether ADM purchases them directly from the farm or through a third party.

ELEVATE is conducting a 2-part segmentation analysis. The first macro-level assessment evaluates each commodity in each geography on a number of criteria:

1. Social Compliance Risk Index – inherent risk indicators on human vulnerability and legal protections. ELEVATE uses publicly available sources such as the Human Development Index, Global Slavery Index, UNICEF, Corruption Perceptions Index, and World Bank, and combines this data with ELEVATE’s proprietary insight on risk prevalence relating to labor standards, health and safety, and ethics.
2. Environmental Risk Index – based on public domain data sources related to environmental pressures such as climate change and water stress and state responses. ELEVATE blends this data with its insights on supplier infringements including environmental metrics, permits and other factors.

Suppliers’ scores were then categorized into four quadrants based on the risk inherent in the country-commodity combination and the leverage ADM has based on factors such as procurement volume and spend. ELEVATE recommends focusing on the highest risk and highest leverage segment for risk management and mitigation. From a starting pool of over 300,000 suppliers in over 100 countries, the Priority segment identified 8 commodities in 20 countries for a total of 1,132 suppliers.



Source: ELEVATE Segmentation analysis

The assessment results from the first part of the assessment are being used to conduct an in-depth supplier analysis (Part 2). This second part of the assessment will be complete in early 2019.

## **Conclusion**

In order to be a leader on human rights and to strive for positive impact, ADM will work to create positive and lasting influence within the commercial reach of its supply chains. We recognize that our opportunity for positive impact extends to the communities immediately surrounding ADM facilities and especially those that are engaged in agriculture and ag-related activities.

The focus on human rights abuses and the role that multi-national companies can play to mitigate and/or eliminate these abuses is growing and gaining ever more attention. Through our global reach, ADM wants to lead efforts where corporations have a role in protecting and dignifying the human existence. Of course, we know that we cannot do this alone. ADM encourages other global corporations to focus on business practices that are protective of human rights.

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