



ADM Commitment to No Deforestation

H2 2020 Soy Progress Report

Introduction

In March 2015, ADM committed to its No Deforestation, No Peat, and No Exploitation (NDPE) policy for its soy and SOY supply chain. 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:

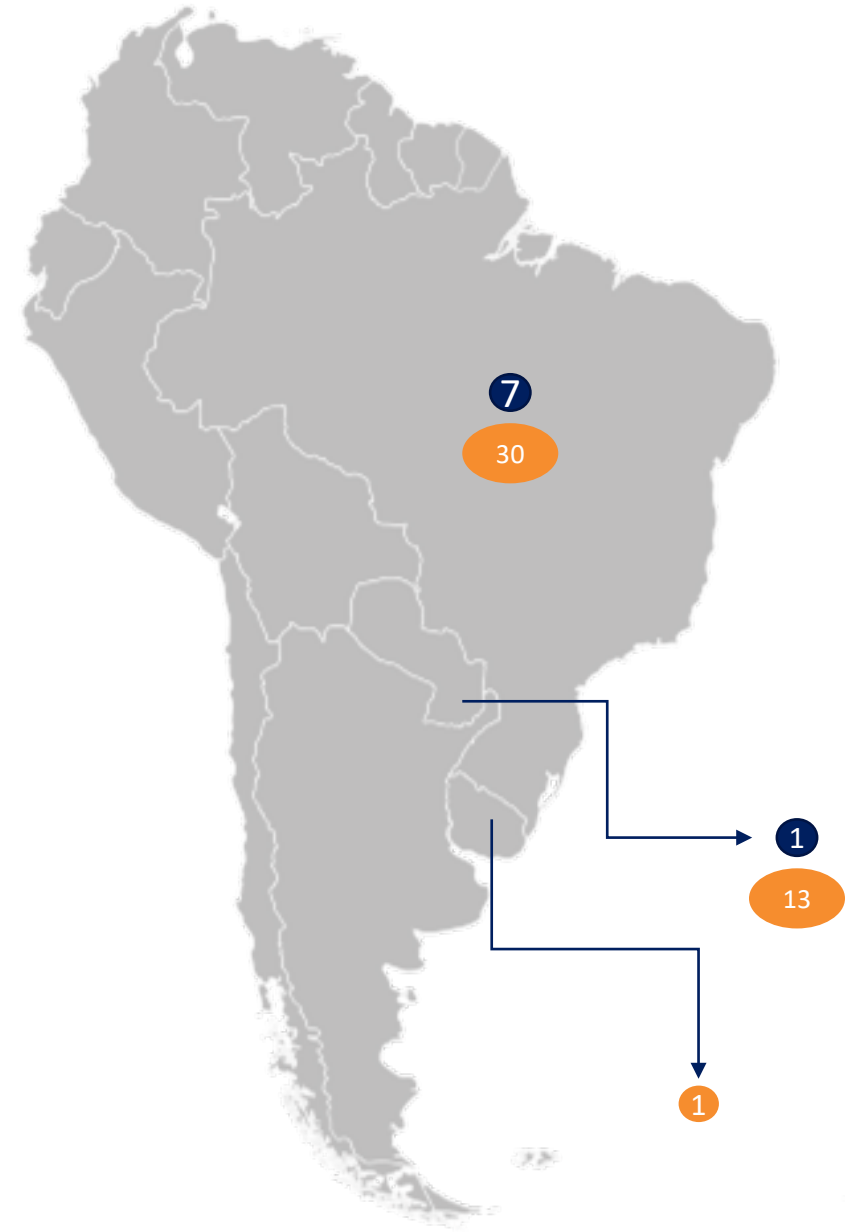
1. Supply Chain Traceability
2. Supplier Engagement
3. Monitoring & Verification
4. Reporting

The data shared within this report relates to ADM operations.

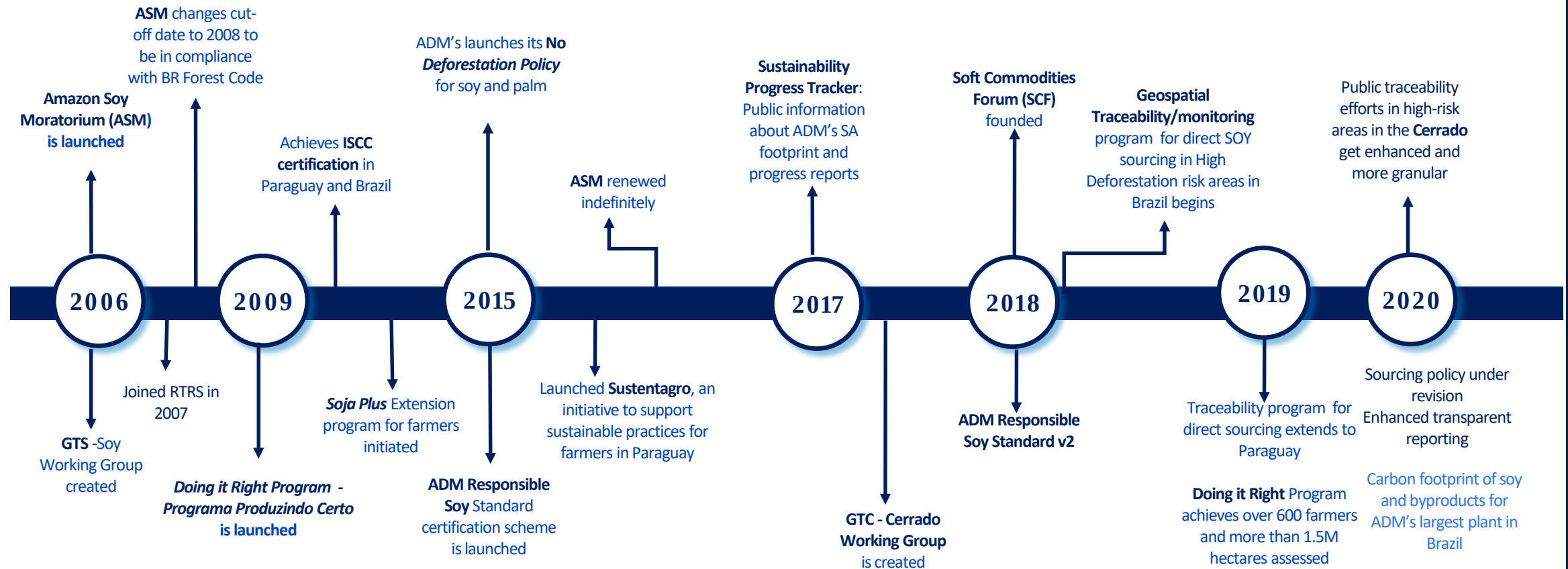
Our South American Soy Footprint

Brazil, Argentina, Paraguay, Uruguay

- Processing facilities in South America
- Origination and procurement facilities



Our Soy Sustainability Journey

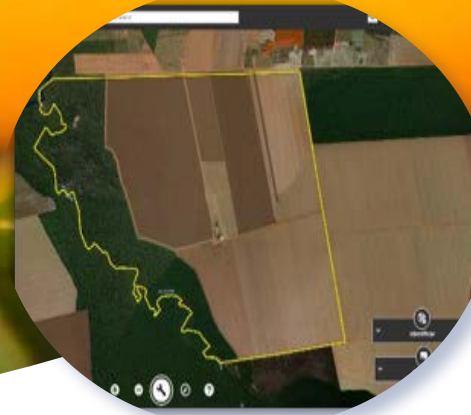




**Supply Chain
Traceability**



**Supplier
Engagement**



**Monitoring &
Verification**



Reporting



Supply Chain Traceability

- ADM's soy supply chain
- Soy sourcing in South America
- Traceability

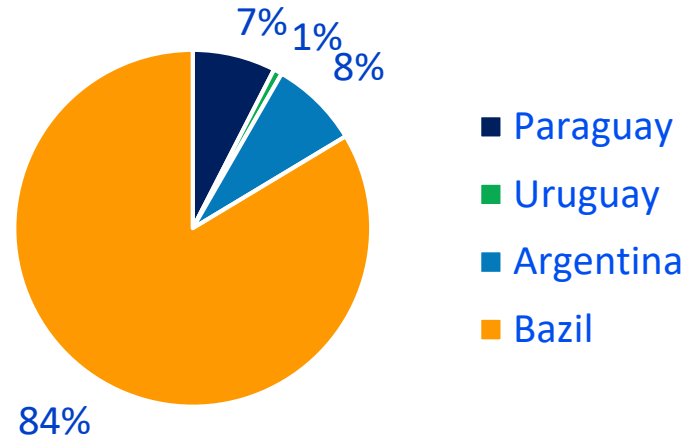
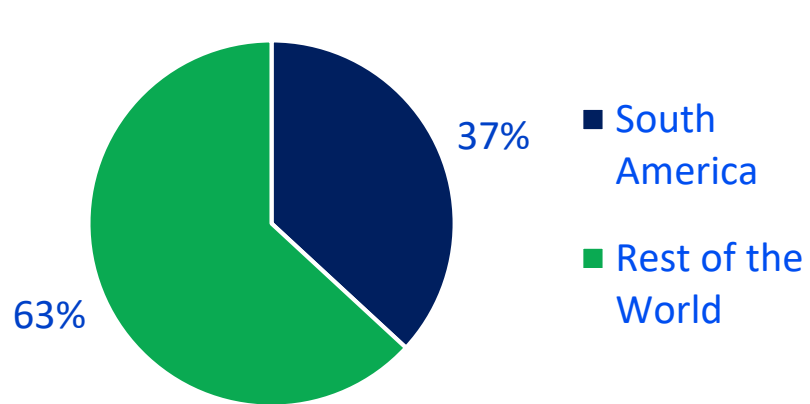
ADM is Integral to Building a More Sustainable Agricultural Value Chain

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.

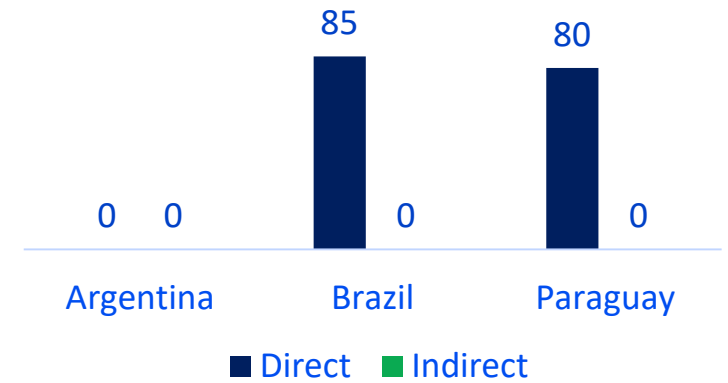


South America Traceability 2020

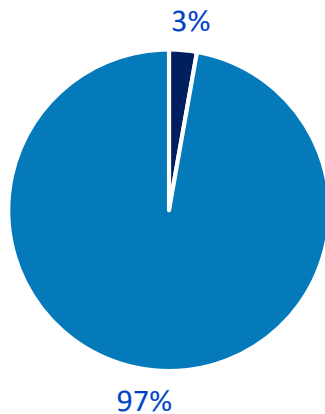
Soy Volumes by Geography



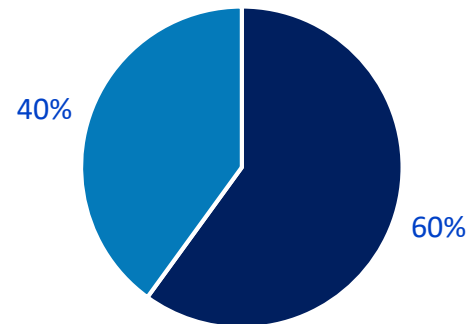
Percent Traceable by Country



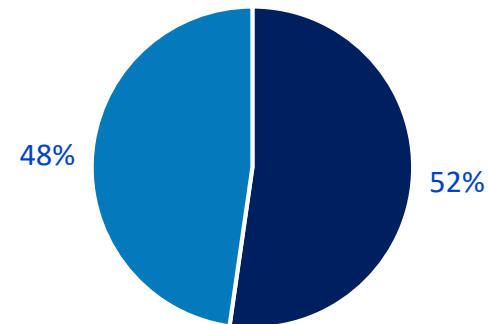
Argentina



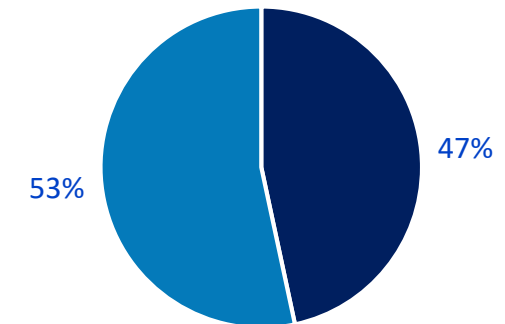
Brazil



Uruguay



Paraguay



■ Direct Supplier ■ Indirect Supplier

■ Direct Supplier ■ Indirect Supplier

■ Direct Supplier ■ Indirect Supplier

■ Direct Supplier ■ Indirect Supplier

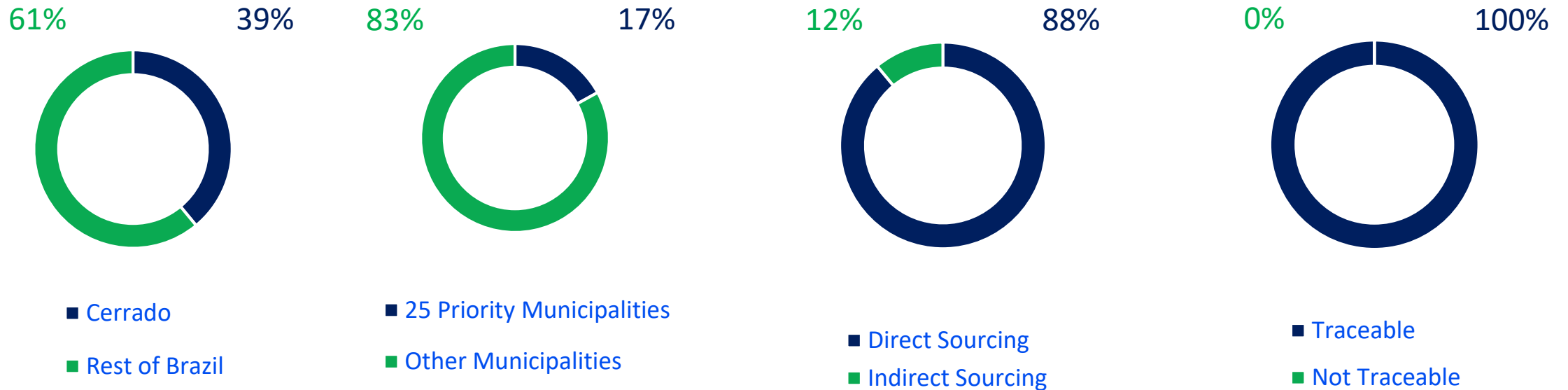
■ Direct Supplier ■ Indirect Supplier

■ Direct Supplier ■ Indirect Supplier

■ Direct Supplier ■ Indirect Supplier

Traceability - Focusing on the Cerrado *High Risk Areas*

As a member of the Soft Commodities Forum (SCF), we **committed** and **achieved** in 2020 full traceability to farm for direct suppliers in the priority municipalities that account for almost 50% of all conversion within the *Cerrado* biome.



Traceability

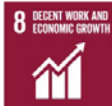
Why does geography matter when it comes to indirect suppliers?

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

However, we would also like to bring to the attention of our stakeholders that the vast majority of our indirect sourcing occurs in consolidated agricultural areas – with no more native conversion to soy – and 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 satellite farm maps (polygons) of direct soy suppliers	 In progress  70% of suppliers in Paraguay  100% of suppliers in 25 priority municipalities of MATOPIBA (Brazil)  95% of suppliers in Mato Grosso (Brazil)  95% of suppliers in Mato Grosso do Sul (Brazil)	    	- Environmental and Social Impacts of Ingredient Supply Chain - Ingredient Sourcing
 Monitor and 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 for 100% of polygons	 Achieved		



Supplier Engagement

- Grievances mechanism
- Projects
- Engagement and Transformation

Grievances & Resolutions



In 2019 and 2020, we have investigated over **229** 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:

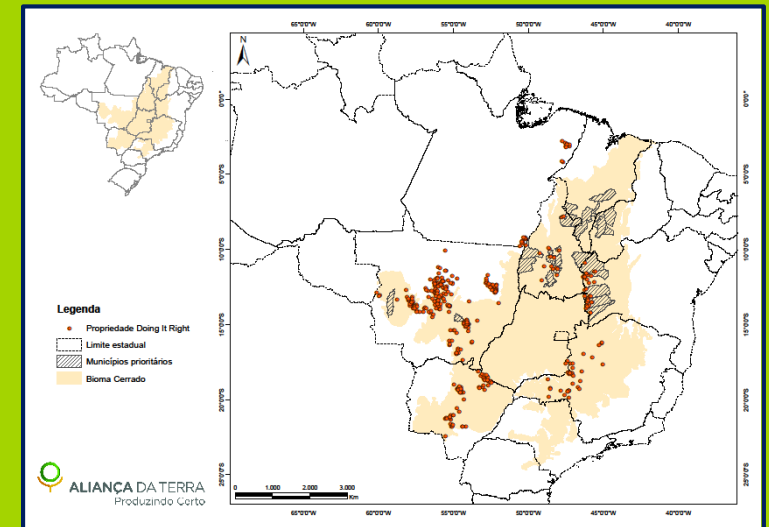
- ***Aliança da Terra***
(Produzindo Certo)
- ***Sustentágil***
- ***SOJA PLUS***



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 2020, 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 2020 SCF report:

<https://www.wbcd.org/Programs/Food-and-Nature/Food-Land-Use/Soft-Commodities-Forum/Resources/Soft-Commodities-Forum-Progress-Report-December-2020>



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.



Engagement and Transformation

Reforestation projects

ADM Paraguay together with the NGO “A Todo Pulmon” and CETEDI, supported reforestation projects in different regions of the country. During 2020, 10,000 native tree seedlings were donated.



Environmental Education

In Brazil ADM supports the “Programa Meio Ambiente nas Escolas”. The program focuses on environmental education work in schools, mobilizing municipal education networks to raise awareness among students, families and communities for the correct disposal of used cooking oil, making schools a voluntary delivery place for used oil. The project encourages students to store used oil in their homes, in pet bottles, and then take it to the voluntary delivery place in their schools.





Monitoring & Verification



Monitoring & Verification

Since 2018, specialized firms with GIS technology (satellite imaging) have been cross-referencing planted areas within the farm polygons of our direct suppliers in high-risk areas to determine 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 were in our supply chain. We are proud to say that none of those cases reported had links to the soy within our supply chain.





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.

This is our public Progress Report #12.

We welcome feedback and comments at responsibility@adm.com



