



ADM's Commitment to Protecting Forests, Biodiversity and Communities

H1 2023 Progress Report



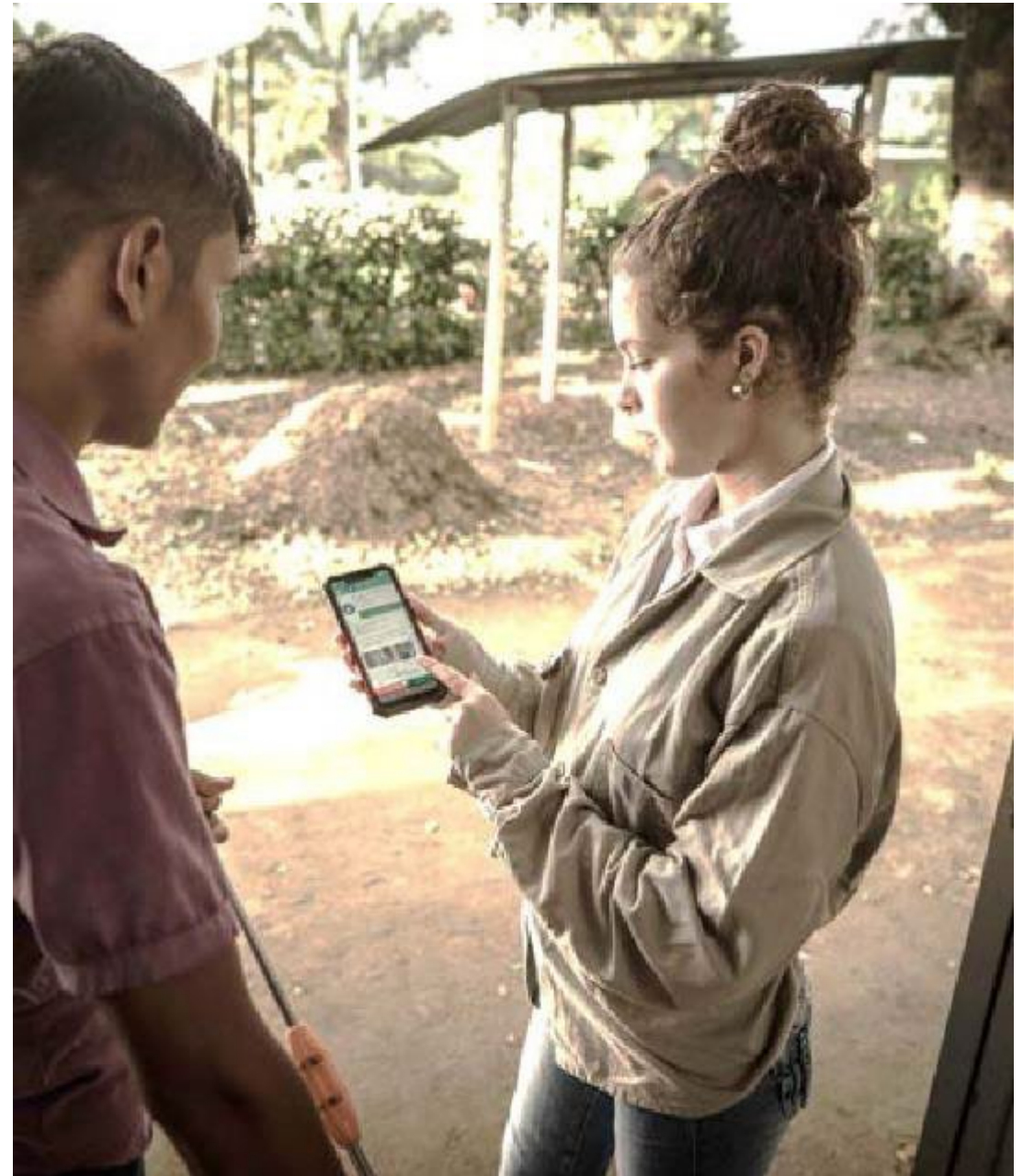
Introduction

Since ADM committed to its No Deforestation, No Peat, and No Exploitation (NDPE) policy for its soy and palm oil supply chains in March 2015, we have taken several steps in our palm sustainability program and have been working diligently with our stakeholders and suppliers to keep advancing in this journey.

Significant progress have been made over recent years. Highlights include:

- In 2020, we released a three-year action plan,
- In 2021, we updated our policy to Protect Forest, Biodiversity and Communities and internal procedures.
- In 2022, we delivered the Agricultural Sector Roadmap to 1.5°C, a sectoral action plan to decouple deforestation from our supply chains by 2025.

The H1 2023 Progress Report focuses on explaining the milestones achieved so far, in order to prepare the groundwork for the next stage of our journey.

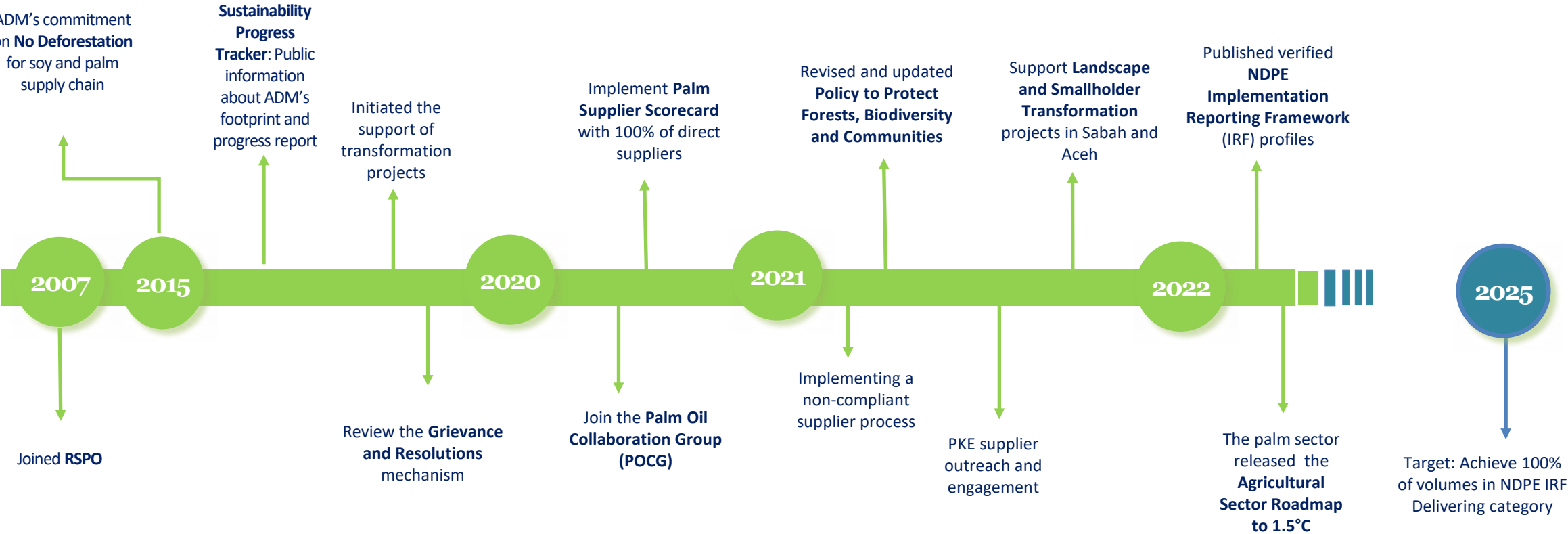


Our Footprint



- Processing facilities
- Joint Venture (Olenex and Stratos)

Our Palm Sustainability Journey



Agriculture Sector Roadmap to 1.5°C

Reducing Emissions from Land Use Change

Agri-commodity companies are essential to executing the shift to a more sustainable future. Acknowledging their importance, 13 of the world's major agricultural commodities companies issued a joint declaration during COP26, agreeing to build a unified roadmap for greater supply chain action consistent with the 1.5°C path.

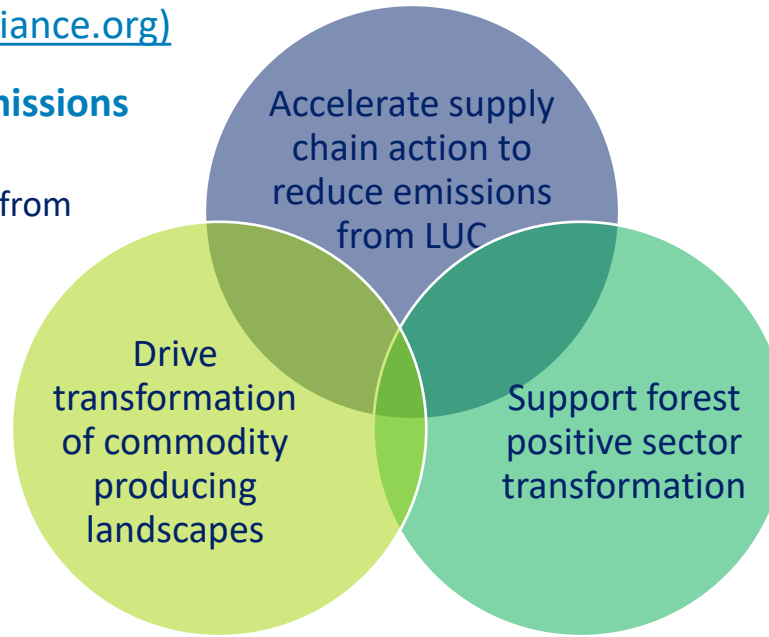
[Agriculture Sector Roadmap to 1,5°C \(tropicalforestalliance.org\)](https://tropicalforestalliance.org)

Pillar 1: Accelerate supply chain action to reduce emissions from land use change

Sectoral and individual company action to reduce emissions from land use change

Pillar 2: Drive transformation of commodity producing landscapes

Play a key role in supporting the transition to forest positive land use management and commodity production



Pillar 3: Support forest positive sector transformation

Strive to break down barriers and drive sector transformation through dialogue and collaboration with governments, other value chain actors and the finance sector

Nov 2022
COP 27

Progress
reporting

Dec 2023

2025 targets completed for
cattle, palm and soy

Commit to setting emissions
reductions targets including
(LUC) based on science

Dec 2023
COP 28

Progress reporting
Disclose emissions
from LUC

Dec 2025

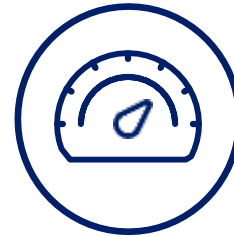
Our Pillars for Palm Responsible Sourcing



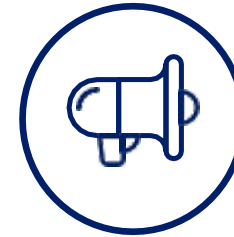
**Supply Chain
Traceability**



**Supplier
Engagement**



**Monitoring &
Verification**



Reporting





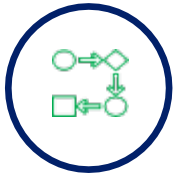
Supply Chain Traceability



22 Direct Suppliers



Supply from 54 refineries

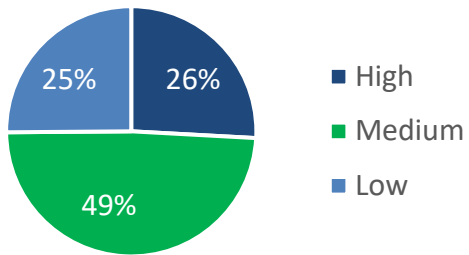


1770 Indirect Mills



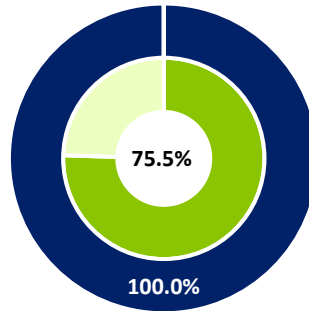
Traceability data verified by third-party

PERCENTAGE OF MILLS BY FOREST-RELATED RISK LEVEL



Europe

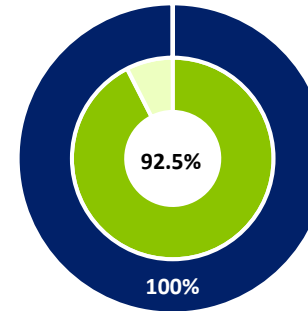
Palm Oil



Traceable to Mill Traceable to Plantation

North America

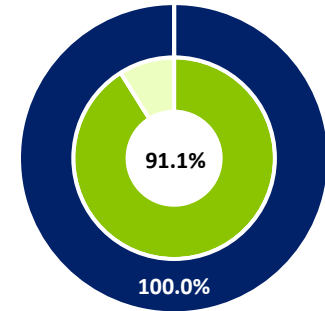
Palm Oil



Traceable to Mill Traceable to Plantation

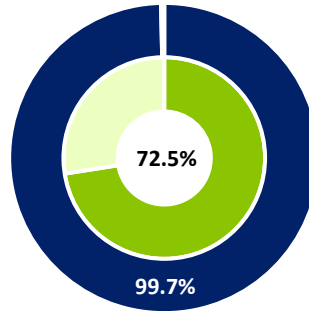
Global

Palm Oil



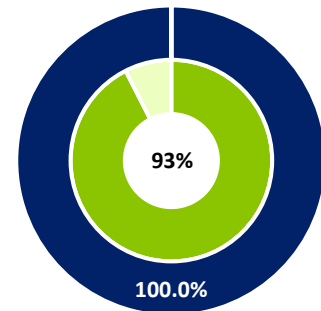
Traceable to Mill Traceable to Plantation

Palm Kernel Oil



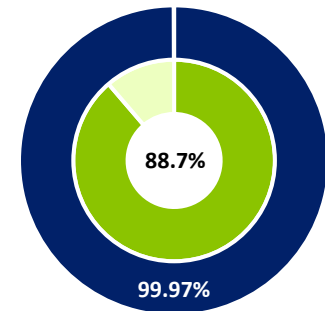
Traceable to Mill Traceable to Plantation

Palm Kernel Oil



Traceable to Mill Traceable to Plantation

Palm Kernel Oil



Traceable to Mill Traceable to Plantation

Reporting period 2022



Supplier Engagement

Alongside with the high targets set for sustainability, ADM decided to broaden the scope of its Palm reporting and include all palm sources across its different businesses. Therefore, the baseline of suppliers and volumes has been increased compared to the previous palm progress reports.



96,5% of volumes reported through the NDPE IRF



98% of volumes are sourced from suppliers implementing plan with verifiable timebound targets and milestones



97,5% of volumes are sourced from suppliers conducting engagement and awareness-raising programs



96,5% of volumes are sourced from suppliers undertaking environmental risk assessment of mills



97,5% of volumes are sourced from suppliers that support landscape and local programs in high-risk production landscape



91,2% of volumes are sourced from suppliers implementing Human Rights Policy



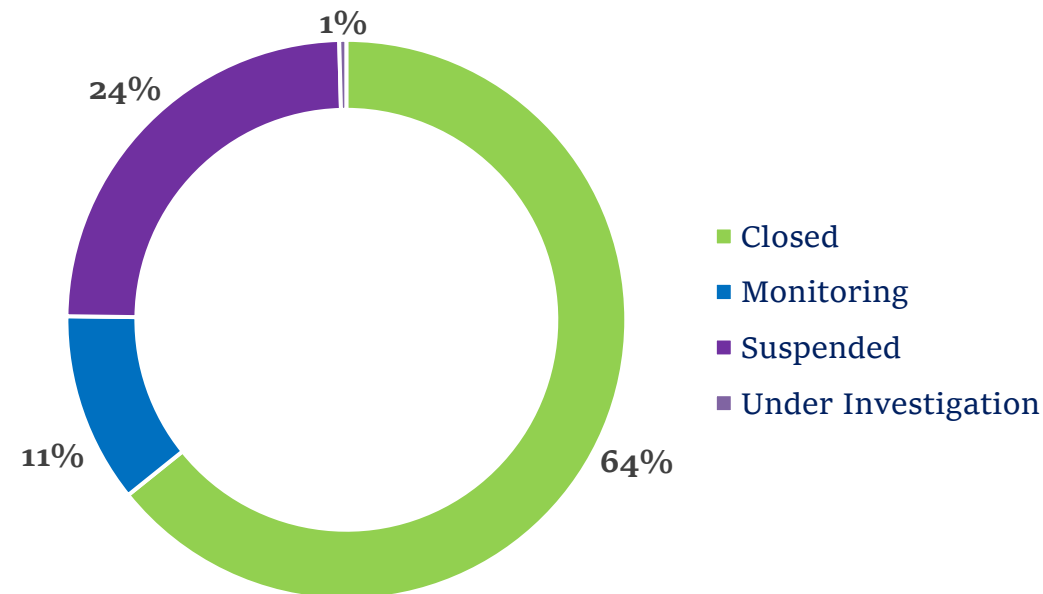
Supplier Engagement

Grievance Management

Alongside with the high targets set for sustainability, ADM decided to broaden the scope of its Palm reporting and include all palm sources across its different businesses. Therefore, the baseline of suppliers and volumes has been increased compared to the previous palm progress reports.

- 97,5% of volumes sourced originates from suppliers with a Grievance Management Procedure in place

Percentage of Grievances by Status



To date, 29 June 2023

Supporting supply chain positive transformation

Honduras

Project: [Mariposa Project](#), WISSE

Organisations: Olenex/Wilmar & NES Naturaleza.

Focus areas:

- Smallholder training on NDPE, including workers rights and community rights

Achievements/Targets:

- 306 Smallholders certified
- 1520/1900 Stallholders trained

Palm Oil Collaboration Group

Project: [Social Issues Working Group](#)
NDPE IRF

Organisation: Working group with 38 companies

Focus areas:

- Deforestation
- Human Rights
- Traceability

Indonesia

Project: [Advancing Sustainable Agriculture, Agroforestry, and Conservation in North Sumatra](#)
Organisation: Conservation International.

- Sustainable agriculture
- Forest conservation
- Smallholder income

Impact:

- 150 smallholder farmers
- 10,000 ha of forested land

Malaysia

Project: [Child Risk Assessment Framework \(CRAF\)](#)

Organisation: Earthworm Foundation

- Child Rights
- Child Labour

Impact:

- 6 toolkits covering key child rights issues

Colombia

Project: [Palm LAB](#)

Organisations:

Netherlands Oils and Fats Industry (MVO), Aceites/Palmaceite, Fedepalma, Solidaridad

Ultimate Goal : Operate a more inclusive palm oil value chain between Colombian smallholders, processors and international market

- Training on labor rights
- Training on improved working conditions
- Training on RSPO, ISCC or SA8000

Achievements/Targets:

- 150/150 smallholders included
- 180/180 workers impacted

Indonesia

Project: [Leuser Ecosystem – Aceh Province](#)

Organisation: Earthworm Foundation

Ultimate Goal : Protect forests

- Stakeholder support & capacity building
- Forest protection & restauration
- Community rights
- Resilient farmers
- Workers & families

Achievement/Targets

- 1/4 collective action plan implemented
- 33481/41857 ha of forest protected

Malaysia

Project: [Sabah Landscape](#)

Organisation: Earthworm Foundation

Ultimate Goal : Protect biodiversity and improve worker welfare

- Supply Chain Transformation
- Forest Protection & Restoration
- Resilient Farmers
- Workers & Families

Achievement/Targets:

- 25% of palm oil mills are traceable to plantations
- 9,547/8000 ha is currently being managed under the mitigation activities.
- 2591/5000 people impacted



Monitoring & Verification

ADM implements a supplier monitoring program that ensures suppliers are compliant with ADM responsible sourcing program. This includes supplier's scorecarding and satellite verification by third parties.

Palm Supplier Scorecard

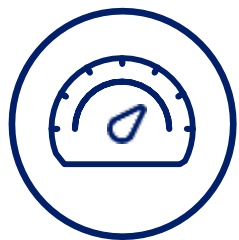
The palm supplier scorecard is an annual assessment of direct suppliers about their Policies, Traceability, Supply chain implementation plan, Monitoring and verification program, Landscape and sectoral engagement, Grievance management, Transparency & Reporting, and NDPE IRF progress.

Based on results of the scorecard, ADM engages with direct suppliers to implement time-bound actions to improve upstream activities

Supplier Compliance Monitoring

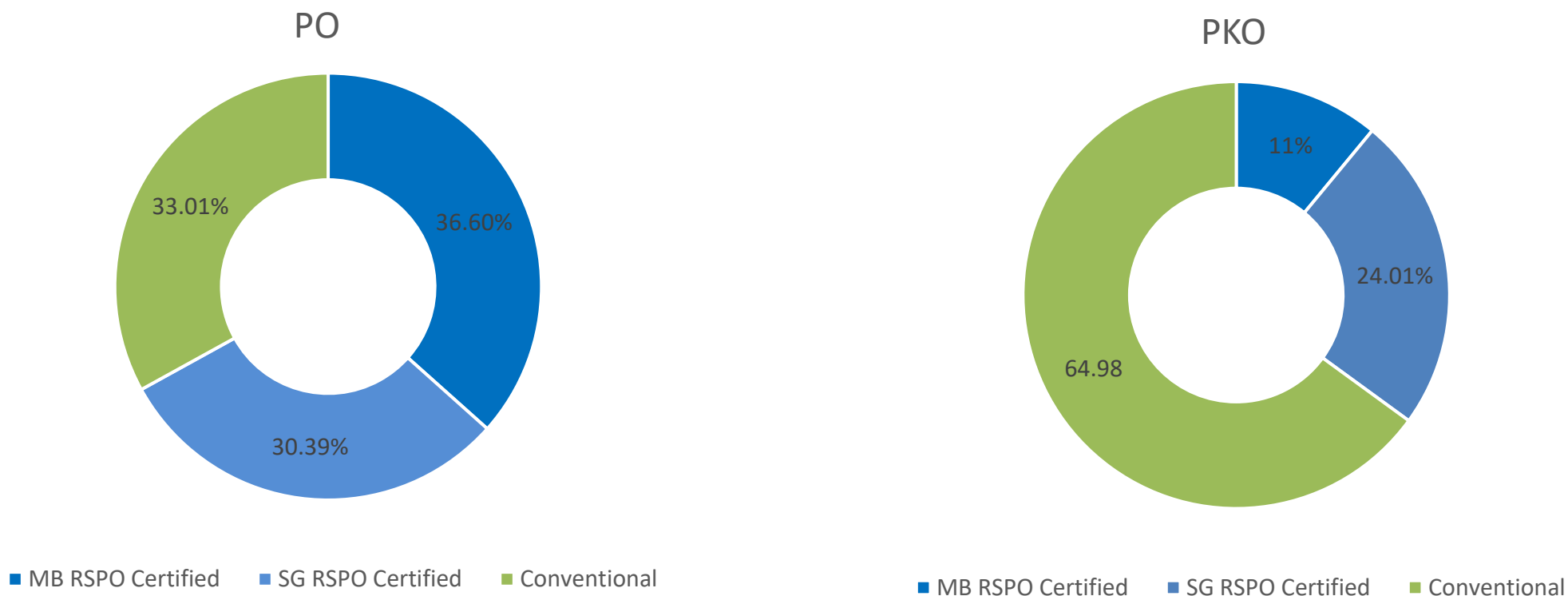
The supplier compliance monitoring program began in January 2023. To facilitate ADM's stakeholder engagement process and create the structures necessary for positive supply chain transformation. In practice, Satellite monitoring is performed at plantation level to alert ADM on any violation of ADM's policies to protect Forest. These reports are updated frequently and have an immediate response to deforestation and peat conversion.

- 100% of direct suppliers are committed to ADM policy for Human Rights and policy to Protect Forest, Biodiversity and Communities
- 100% of direct suppliers are included in the scorecard for assessing NDPE and Human-Rights
- 100% of mills sourced by ADM are satellite monitored against deforestation, representing 15 millions hectares



Monitoring & Verification

Certified sustainable palm oil volumes are reported using the volumes of PO and PKO RSPO certified procured by ADM for Q1 and Q2 2023, following the market demand:

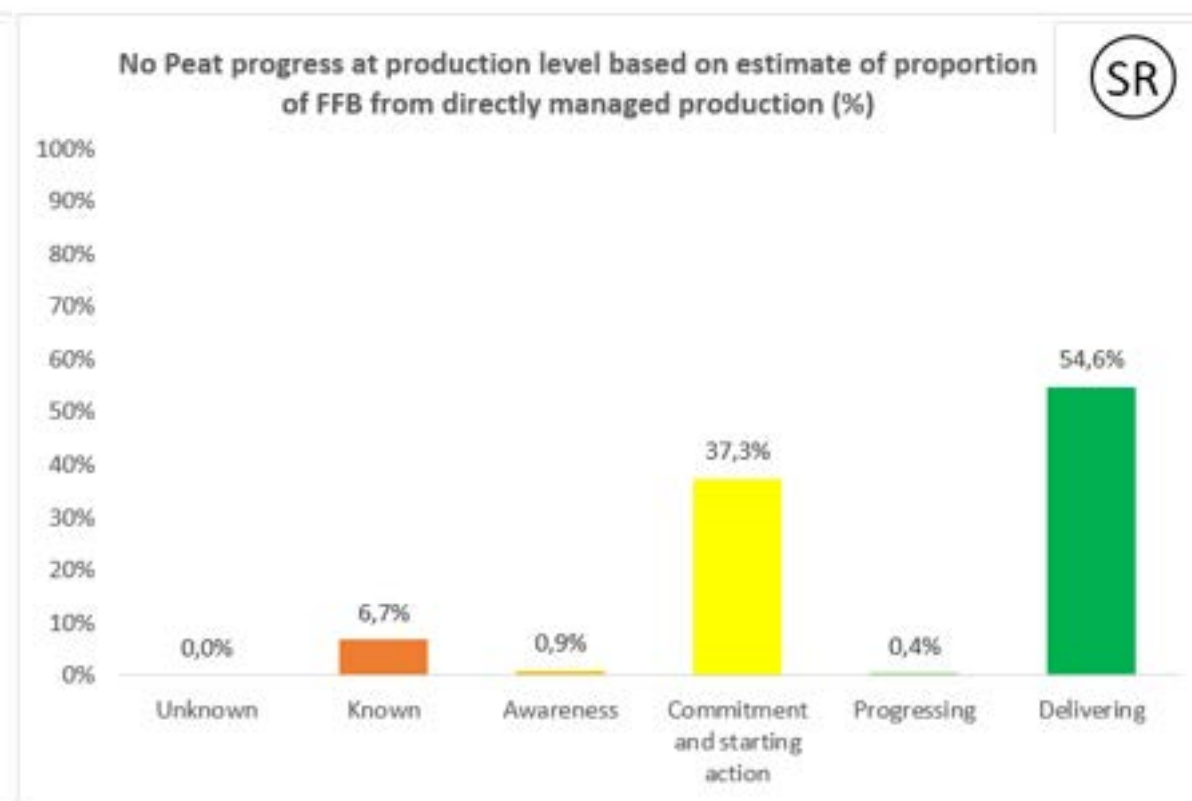
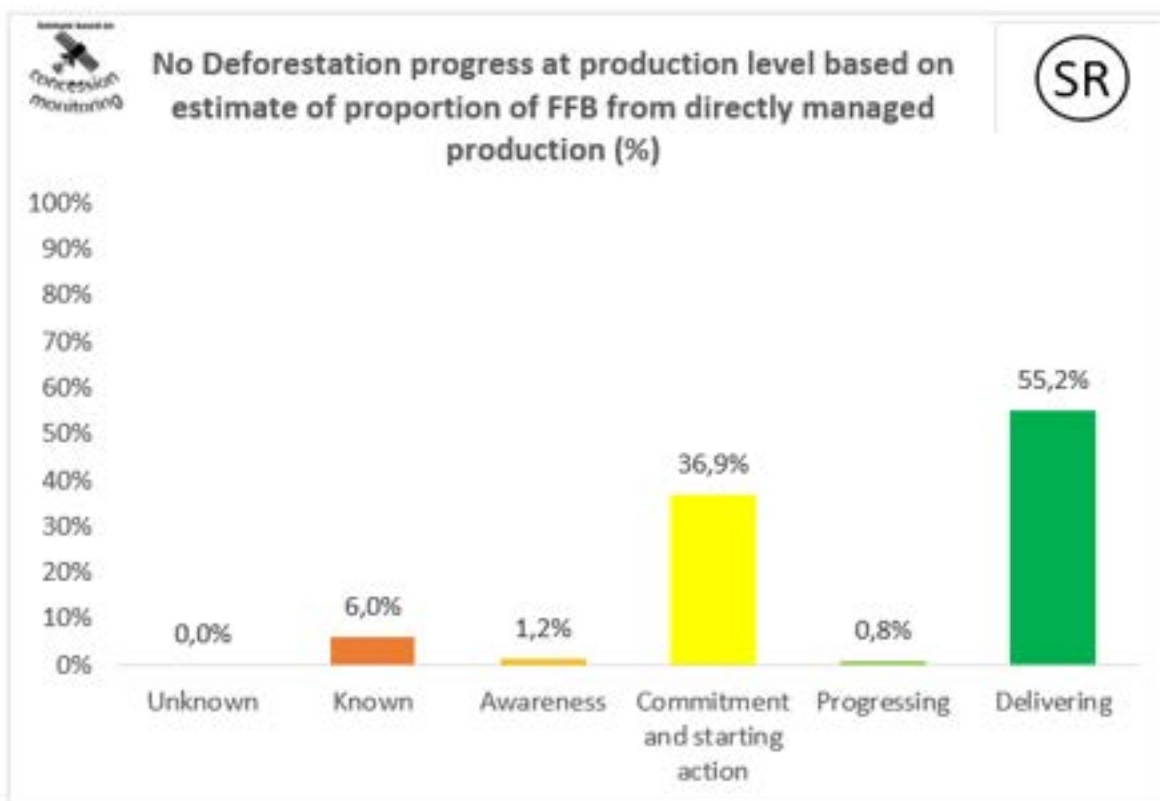


NDPE IRF Reporting – Crude Palm Oil

ADM continues to participate as an active member in the NDPE IRF Active Working Group to drive progress on reporting against NDPE criteria. ADM has engaged with all its direct suppliers on the provision of their respective NDPE IRF profiles. ADM obtained from its suppliers their latest NDPE IRF profile, representing 96% of volumes sourced by ADM.

In June 2023, ADM underwent verification of all its NDPE IRF profiles by an independent third-party. Volumes sourced from January to December 2022 were covered. The audit was conducted in accordance with the NDPE Data Verification Protocol.

The NDPE IRF profiles per facility are available under the *Palm Oil Supply Chain Traceability* sections of [ADM's Sustainability Policies & Reports](#) webpage.

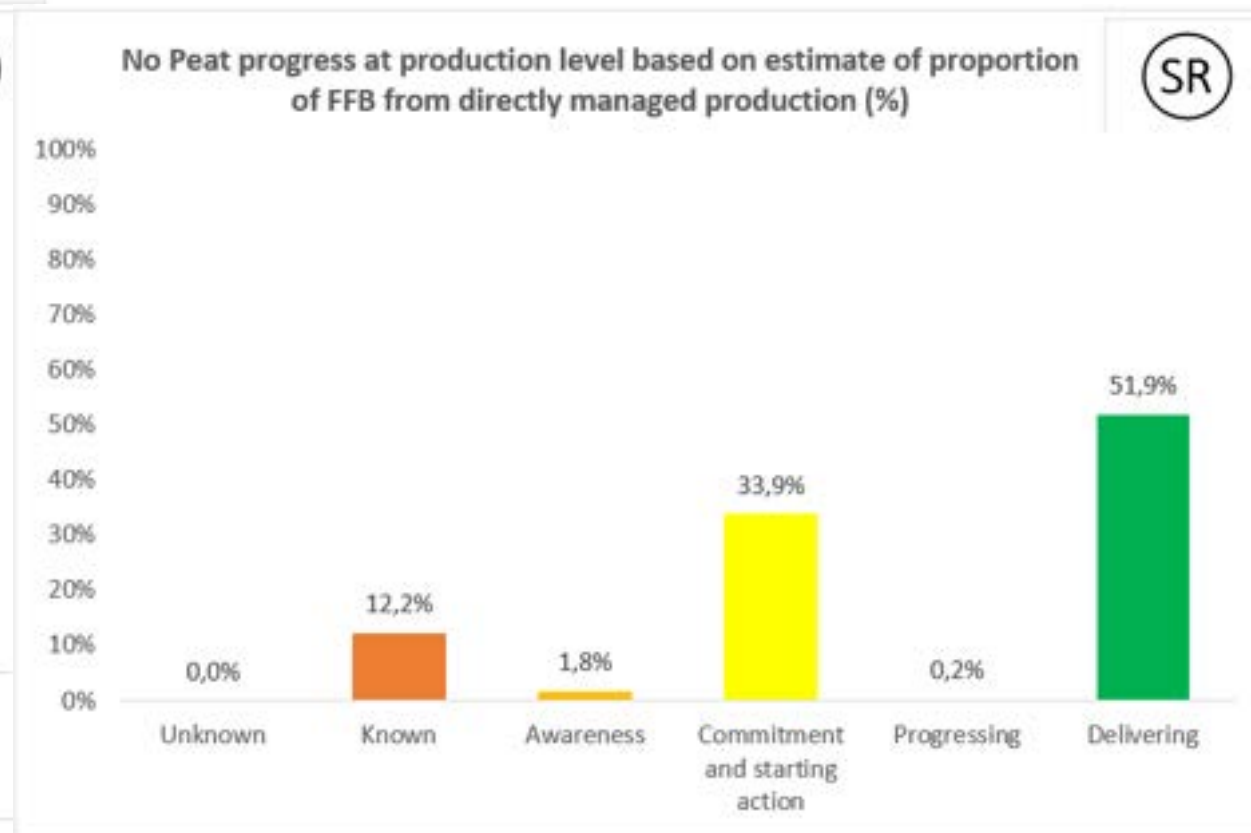
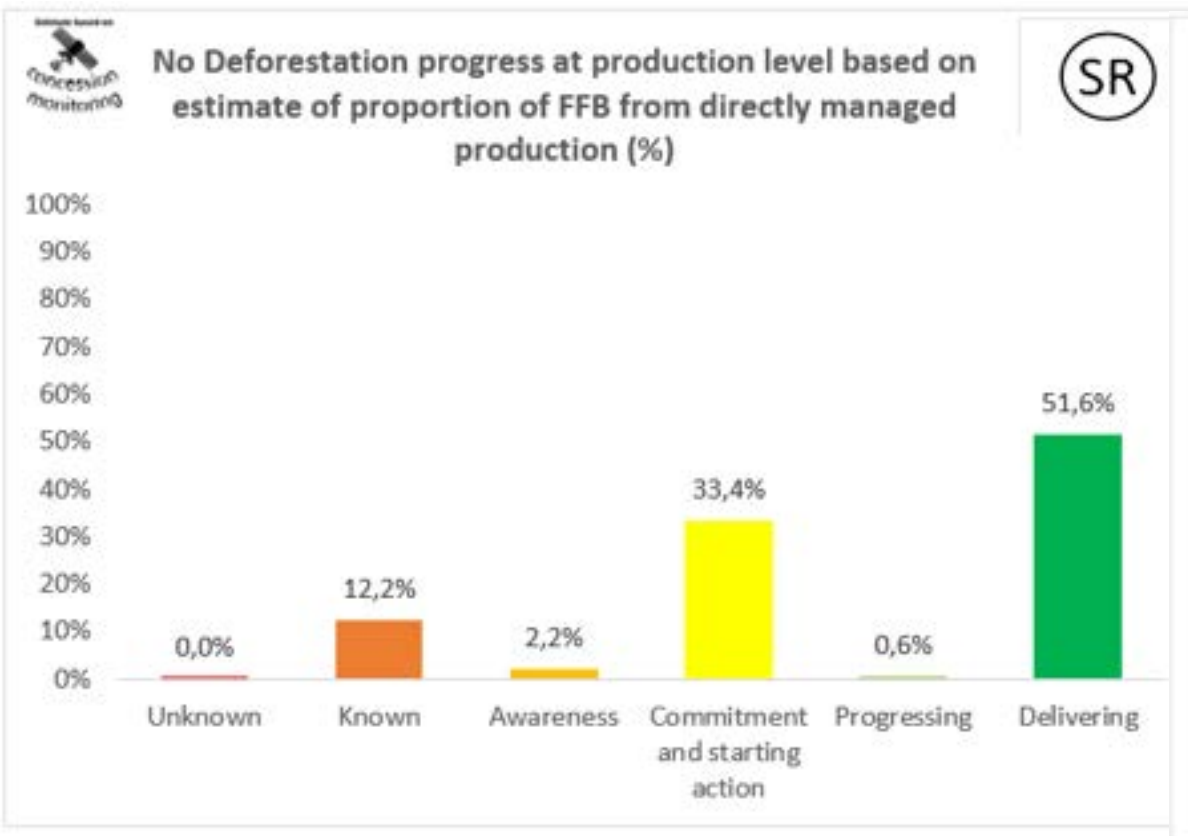


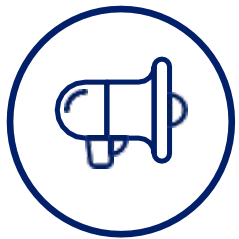
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Reporting

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



Thank You

