



ADM's Commitment to Protecting Forests, Biodiversity and Communities

H1 2021 Palm Progress Report

Introduction

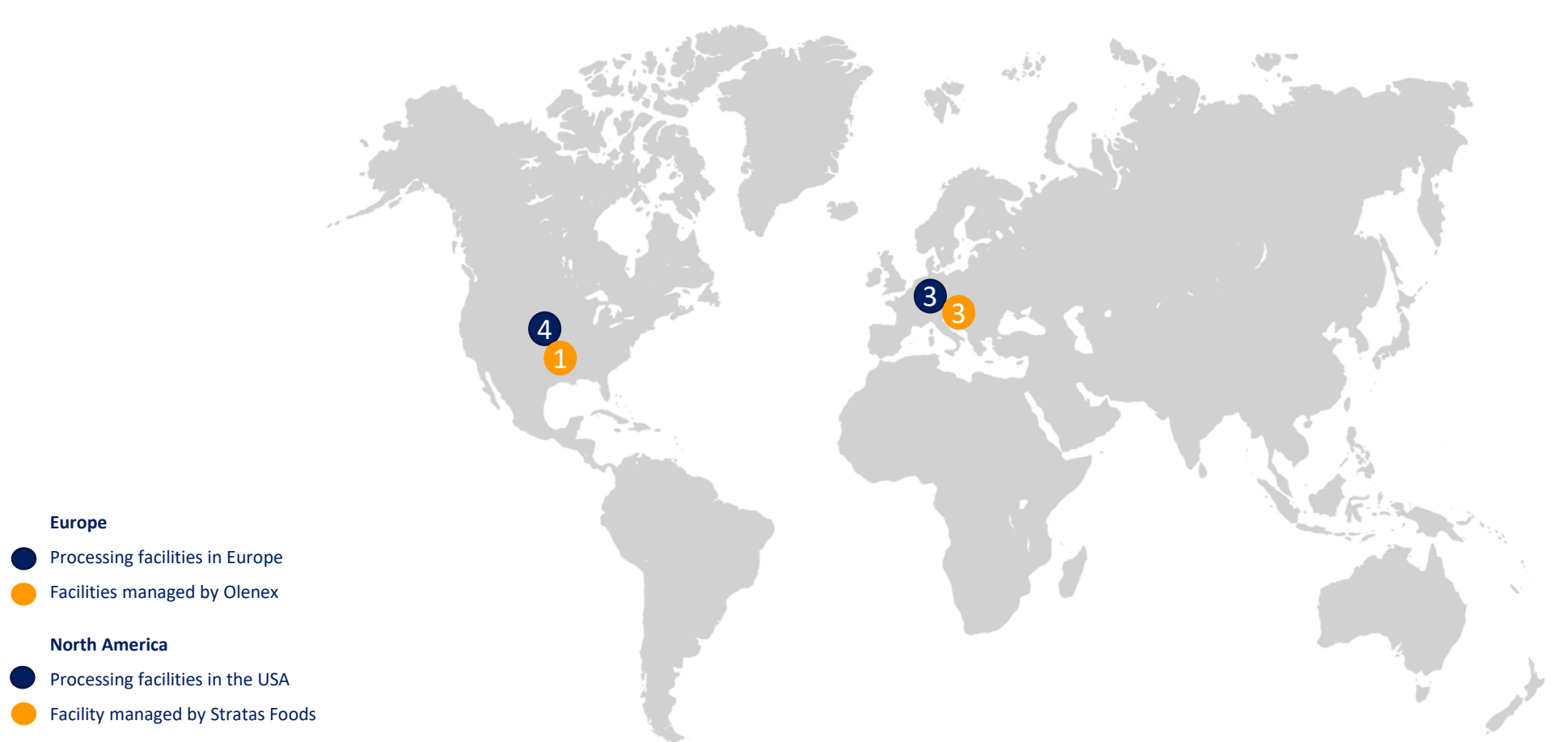
In March 2021, ADM released its reviewed and updated Policy on Protecting Forests, Biodiversity and Communities. This progress report provides ADM's stakeholders with insights into the advancements and future actions of the policy implementation, enabling a transparent overview.

The activities and results shared in this report outline the period H1 2021 with regards to the four pillars of ADM's palm sustainability journey:

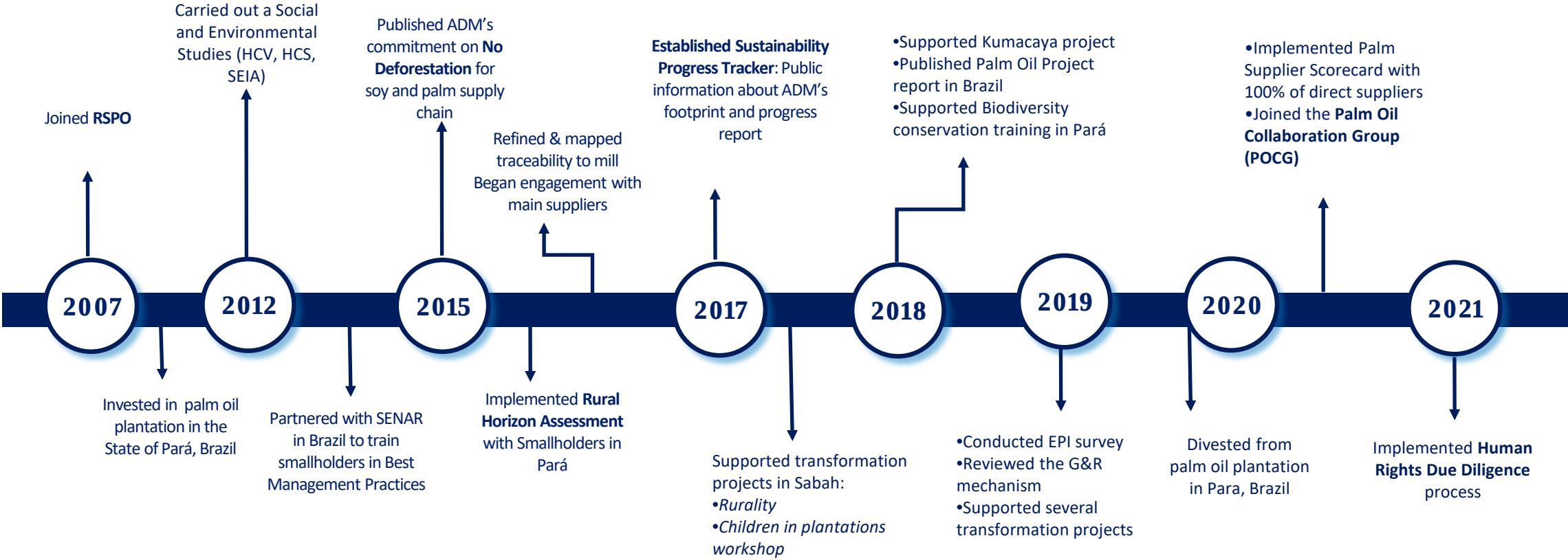
1. Supply Chain Traceability
2. Supplier Engagement
3. Monitoring & Verification
4. Reporting

The data shared within this report relates to ADM operations.

Our Palm Footprint



Our Palm Sustainability Journey





**Supply Chain
Traceability**



**Supplier
Engagement**



**Monitoring &
Verification**



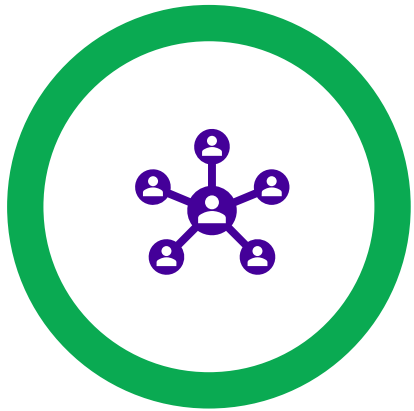
Reporting

Supply Chain Traceability



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

ADM's palm supply chain map



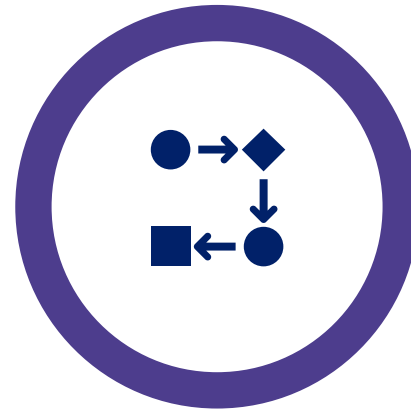
Number of direct
suppliers

13



Number of
refineries

30



Number of indirect
mills

1.580

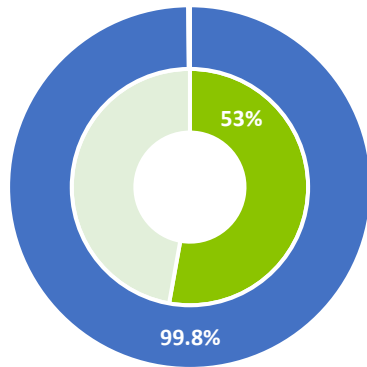


Traceability data
verified by third-
party

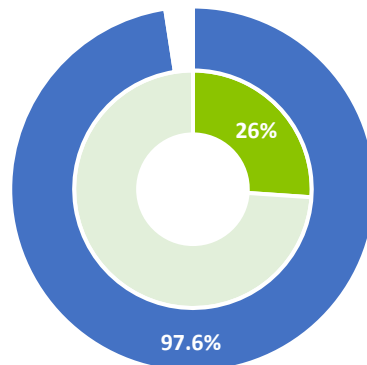
Traceability score by geographies

Traceable to Mill  Traceable to Plantation  Reporting period Q3 to Q4 2020

Europe

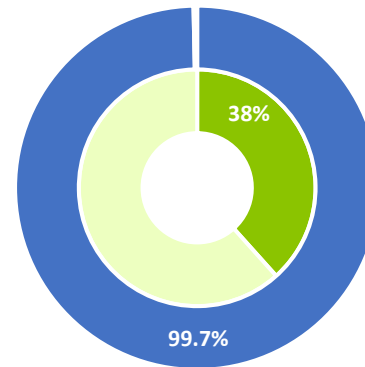


Palm Oil

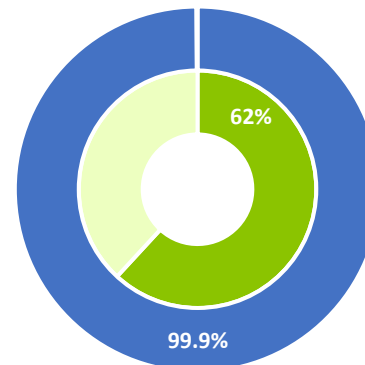


Palm Kernel Oil

North America

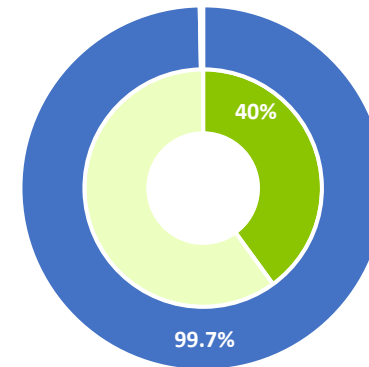


Palm Oil

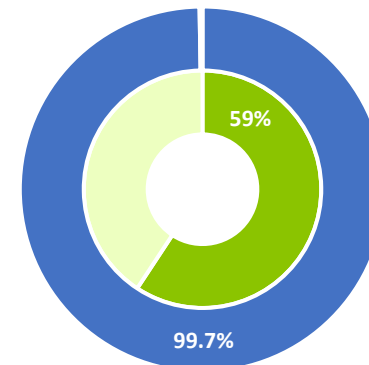


Palm Kernel Oil

Global



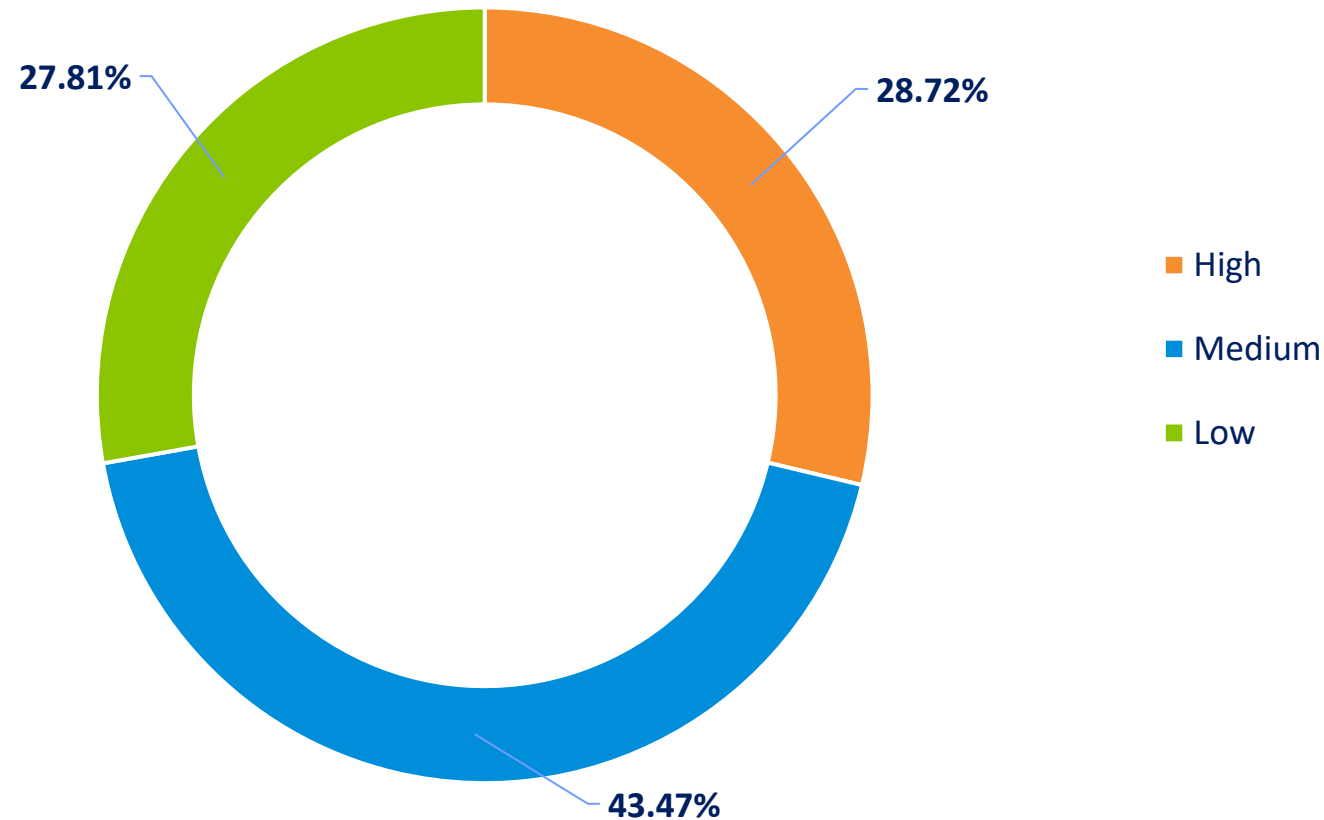
Palm Oil



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 Q3 to Q4 2020 (conducted semi-annually)

Supplier Engagement



- Supplier Expectations
- Grievance Mechanism
- Transformation Projects

Supplier Expectations



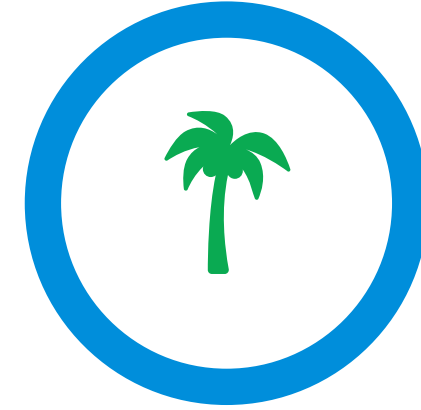
99.3 %

Percentage of volumes sourced from direct suppliers who have a supplier engagement program in place.



99.3 %

Percentage of volumes sourced from direct suppliers who have a Human Rights Due Diligence Process in place.

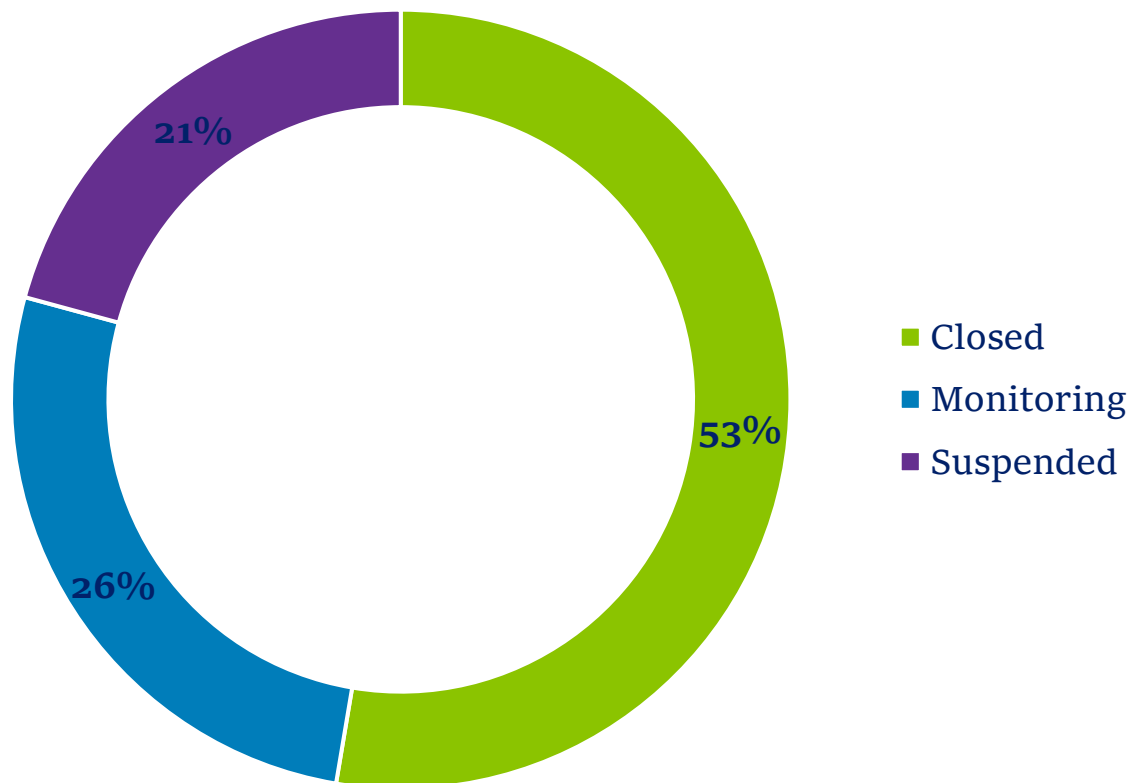


97.2%

Percentage of volumes sourced from direct suppliers who are supporting landscape programs/initiatives.

Grievance & Resolutions

Percentage of Grievances by Status



Based on status of allegations listed in ADM's grievance log as of June 22, 2021

Transformation Projects

Smallholder Farmers Initiative

Advancing Sustainable Agriculture, Agroforestry, and Conservation in North Sumatra to Strengthen Sustainable Farming – Indonesia

Since 2018, ADM has supported the Conservation International (CI) Singapore program implementation in North Sumatra. At the heart of the program is a train-the-trainer approach to educating farmers. The training sessions teach methods to improve productivity while conserving critical forest areas, with a focus on palm oil.

In addition to farmer training, the program also educates community members about the importance of sustainable production and post-harvest handling best practices to maximize the economic impact of local farming.

ADM's contributions have enabled the training of **65 Farmer Field School (FFS) facilitators and government agriculture extension officers**. The FFS promotes Good Agricultural Practices among palm oil smallholders for sustainable land management practices aimed to increase productivity. By focusing on better land management practices for increased productivity and income, these communities demonstrate significantly reduced forest clearing. Over the course of the program, over **1000 smallholder farmers** received trainings, and an additional **634 smallholder farmers** received trainings on the RSPO Principles and Criteria (P&C) and Internal Control System.

ADM has recently committed to continue its support to CI. A program built on foundational work in the region aims to boost livelihood improvements and degraded land restoration by combining CI's ongoing agroforestry scheme and conservation agreement approach. Foundational training on good farming practices has prepared the community to develop and implement other mitigation and responsible management approaches. The program aims to improve community resilience and create alternative income streams for smallholder farmers to lessen motivation and pressure to expand planting sites (encroachment into forest lands). ADM's support will enable facilitation of agroforestry training, environmental education, and progress monitoring for up to **150 smallholder farmers, protecting up to 10,000 ha of forested land**, indirectly benefiting a population of up to 500 in Binasari.



Transformation Projects

Smallholder Farmers Initiative

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 A of the project, an impact assessment was conducted. Results of the assessment are used to identify gaps and create a mitigation strategy and due diligence process. In phase B of the project, the training plan for **150 smallholder (45 women)** will be developed based on findings from phase A on the topics of labor practices and working conditions. Approximately **500 workers** will receive trainings in phase B (potential of up to 1500 in the area).

Rurality – Malaysia

The ADM Cares fund has supported this Earthworm Foundation (EF) transformation project since January 2018 with the goal to diversify income of smallholders in the Sabah region of Malaysia. The program empowers smallholders to implement various income diversification opportunities to increase their financial security and income 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** impacted.



Transformation Projects

Smallholder Farmers Initiative

115

Group Managers trained over
4 training sessions

6,785

Smallholders trained over 4
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 to be more sustainable.

An innovative crowdfunding project, Mariposa aims to train local palm oil farmers on sustainable farming practices to protect the environment and become certified under a sustainability scheme. An additional **42 smallholder farmers** received sustainability certifications since our last update.

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 most recent training session focused on record keeping and sustainability verification. Similar to the first year, trainers and managers utilized virtual and reduced contact sessions to share training videos and animations. A video was created that could be sent to growers via email or WhatsApp.



Transformation Projects

Landscape Initiative

Sabah Landscape – Malaysia

Sabah is a biodiversity rich landscape with key conservation areas. Almost a quarter of palm oil cultivation in Malaysia occurs in Sabah, and migrant workers also face challenges in the region. Key objectives of this program include:

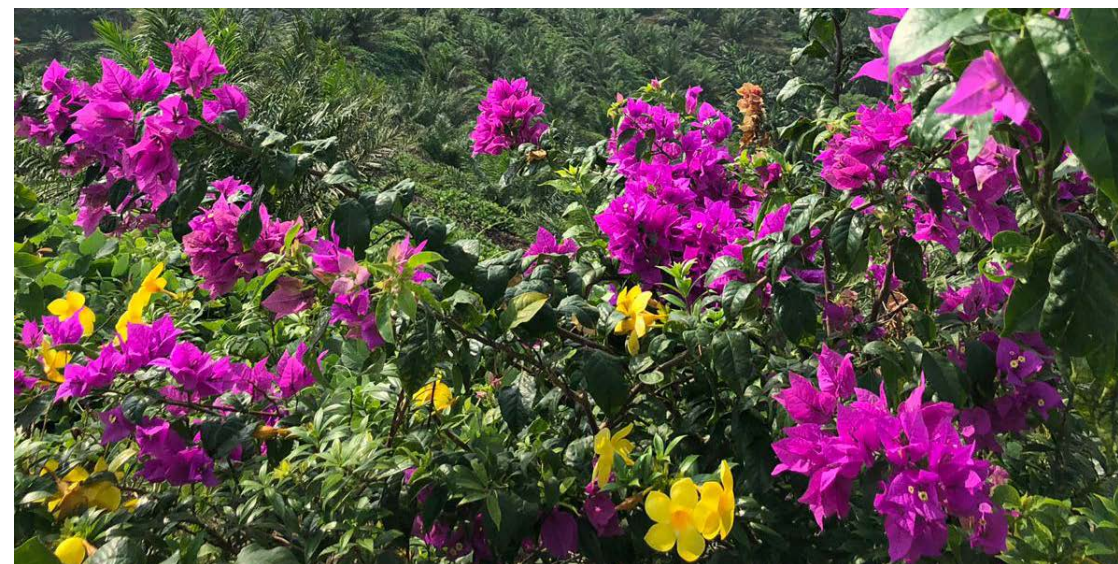
- **Resilient Farmers:** field investigations to better understand sources and incitements of challenges including low yields, wildlife conflicts, labor conditions, and land tenure.
- **Forest Protection & Restoration:** field investigations on sources and incitements of small-scale deforestation to be able to better mitigate and protect forest areas.
- **Supply Chain Transformation:** continued engagement with palm oil mills on NDPE issues, increase traceability to plantations to 100%, further include smallholders through company-driven programs.
- **Workers & Families:** collaborative stakeholder efforts to ensure protection of children and young persons, as well as advancing working conditions and welfare of workers.

Leuser Ecosystem – Aceh Province – Indonesia

Much like the Sabah landscape, the Leuser Ecosystem is also a highly biodiverse landscape. It is home to orangutans, tigers, elephants, and rhinoceros living in coexistence.

Aceh is one of the poorest provinces in Indonesia, creating a dire need for income amongst the inhabitants. Planting oil palm in rural areas can be a quick and easy source of income. Engaging with local governments, communities, and established commercial growers on these issues is vital to halt deforestation rates. Creating opportunities for alternative sources of income generation can be an effective building block to assist in relieving/eliminating forest clearing.

EF is scaling up and building on previous transformation activities in this program with additional financial support from ADM.



Monitoring & Verification



- Tracking Continuous Improvement
- ADM Palm Supplier Scorecard
- NDPE Compliance

Tracking Continuous Improvement

Palm Supplier Scorecard

In 2020, ADM conducted its first scorecard tool assessment, setting the baseline for its annual palm supplier evaluation. This resulted in an overview of our direct supplier performance.

We are currently revising the scorecard tool to be more encompassing on the topic of Human Rights, as well as other adjustments. Once finalized, we will engage our third-party assessor to begin conducting the 2021 round of assessments.

Results are expected to be available by September and will be included in our H2 2021 Palm Progress Report.

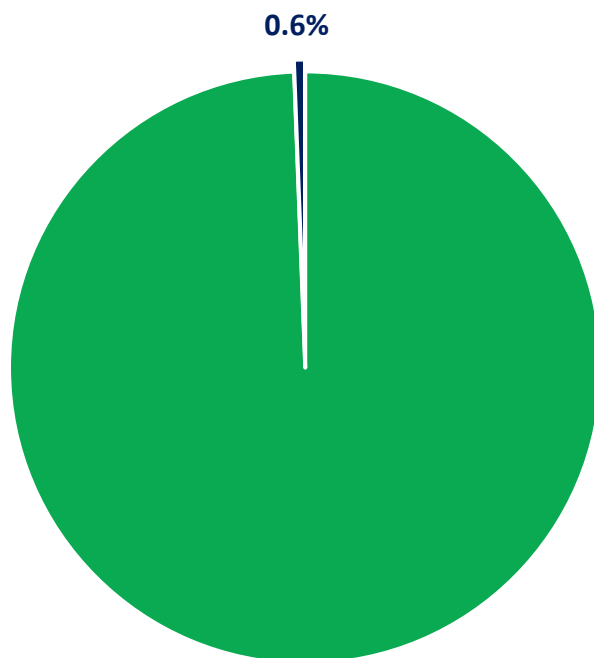


Average performance of direct
suppliers on their Supply Chain
Implementation

86%

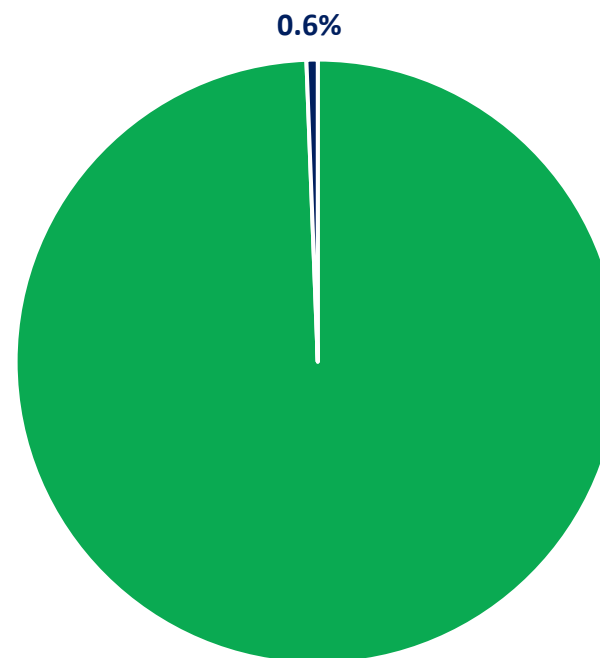
Analysis of Main KPIs (% of Volume)

Public Grievance Log



- Covered under a public grievance log
- Not covered under a public grievance log

Public Reports



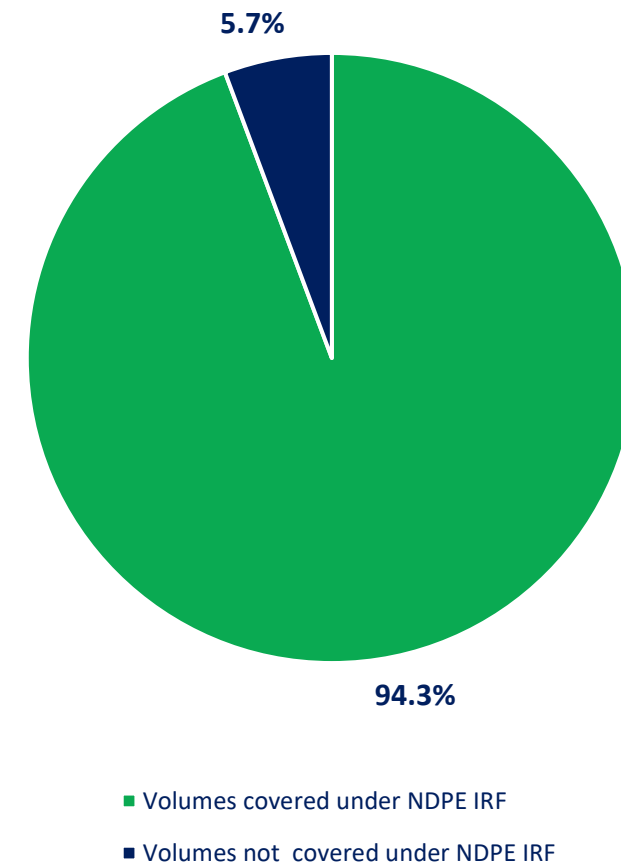
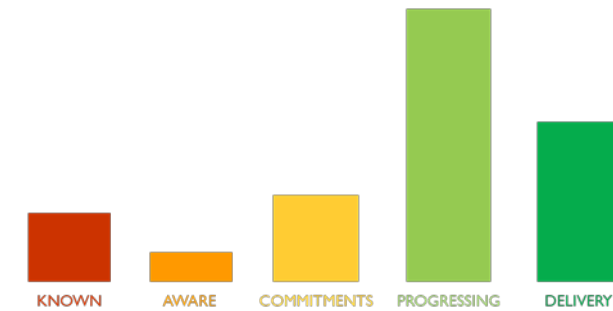
- Covered under public report of progress
- Not covered under public report of progress

NDPE Compliance

ADM continues to participate as an active member in the NDPE IRF Active Working Group to drive progress on reporting against NDPE criteria. The volumes in the delivering category will be considered verified deforestation-free (VDF).

ADM has engaged with all its direct supplier on the provision of their respective NDPE IRF profiles. We recently underwent Profile Data Verification of our NDPE IRF profiles which can be found on the [Sustainability Progress Tracker](#) page on the ADM website.

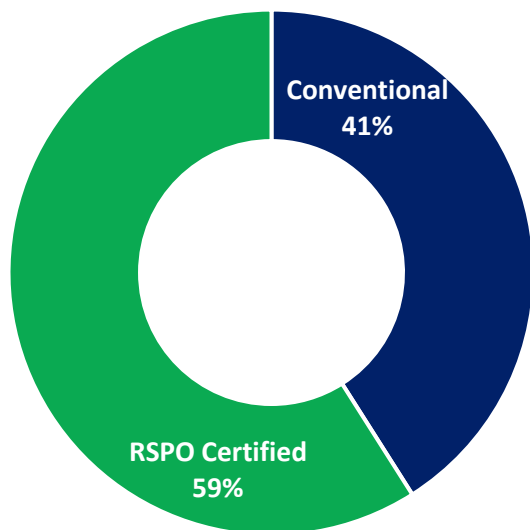
A total of 94.3% of volumes are covered under the NDPE IRF reporting.



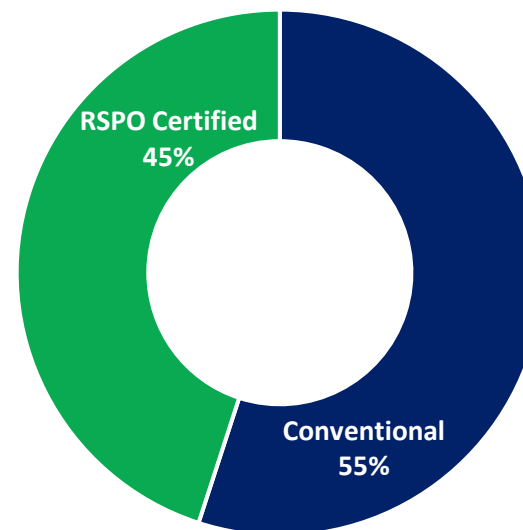
Verification

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

Europe



North America



Reporting



- Communication on Progress
- 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 #14.

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

