



ADM's Commitment to Protecting Forests, Biodiversity and Communities

H2 2021 Palm Progress Report

Introduction

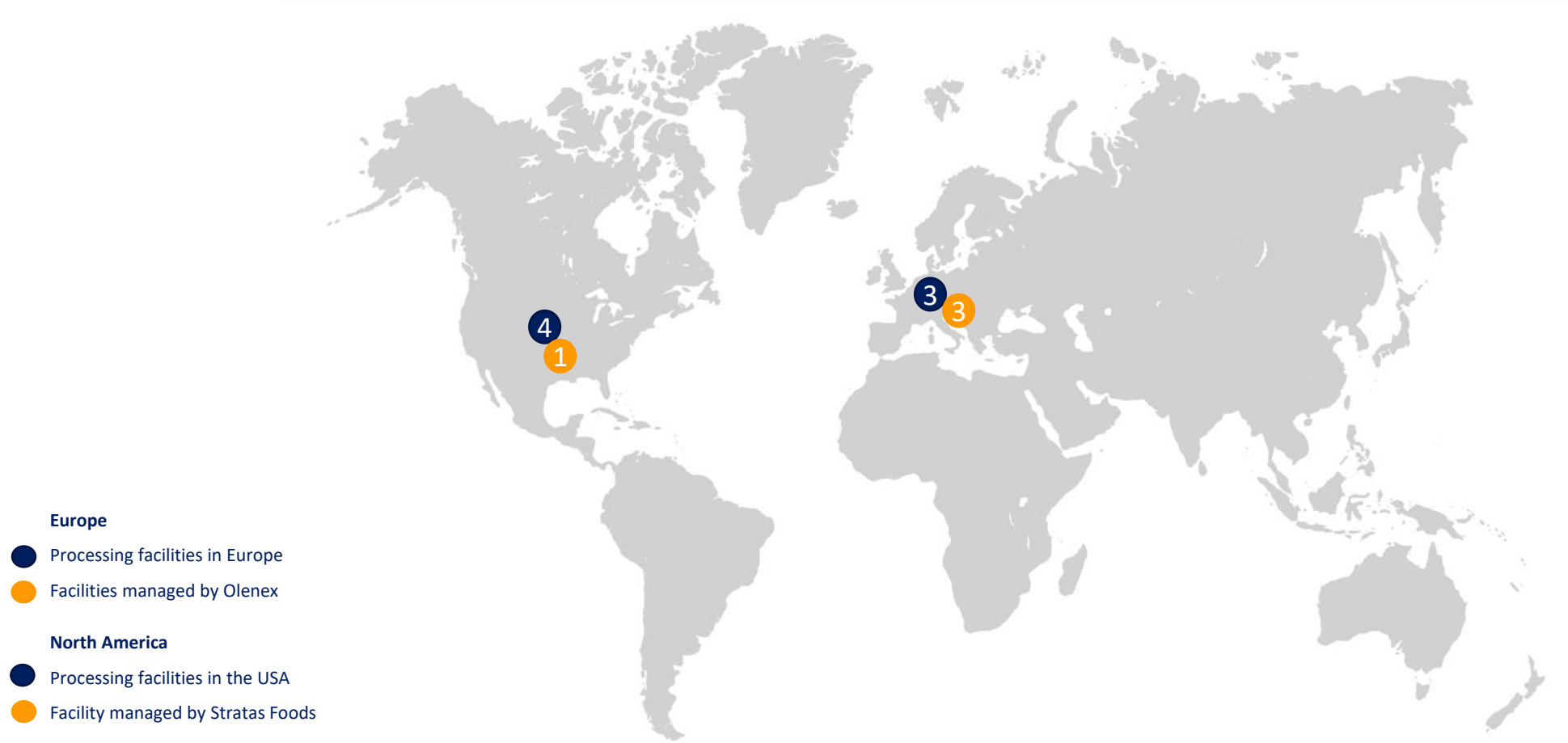
In March 2021, ADM released its reviewed and updated Policy to Protect Forests, Biodiversity and Communities. This progress report provides ADM's stakeholders with insights into the advancements and future actions of the policy implementation, enabling a transparent overview.

The activities and results shared in this report outline the period H2 2021 with regards to the four pillars of ADM's palm sustainability journey:

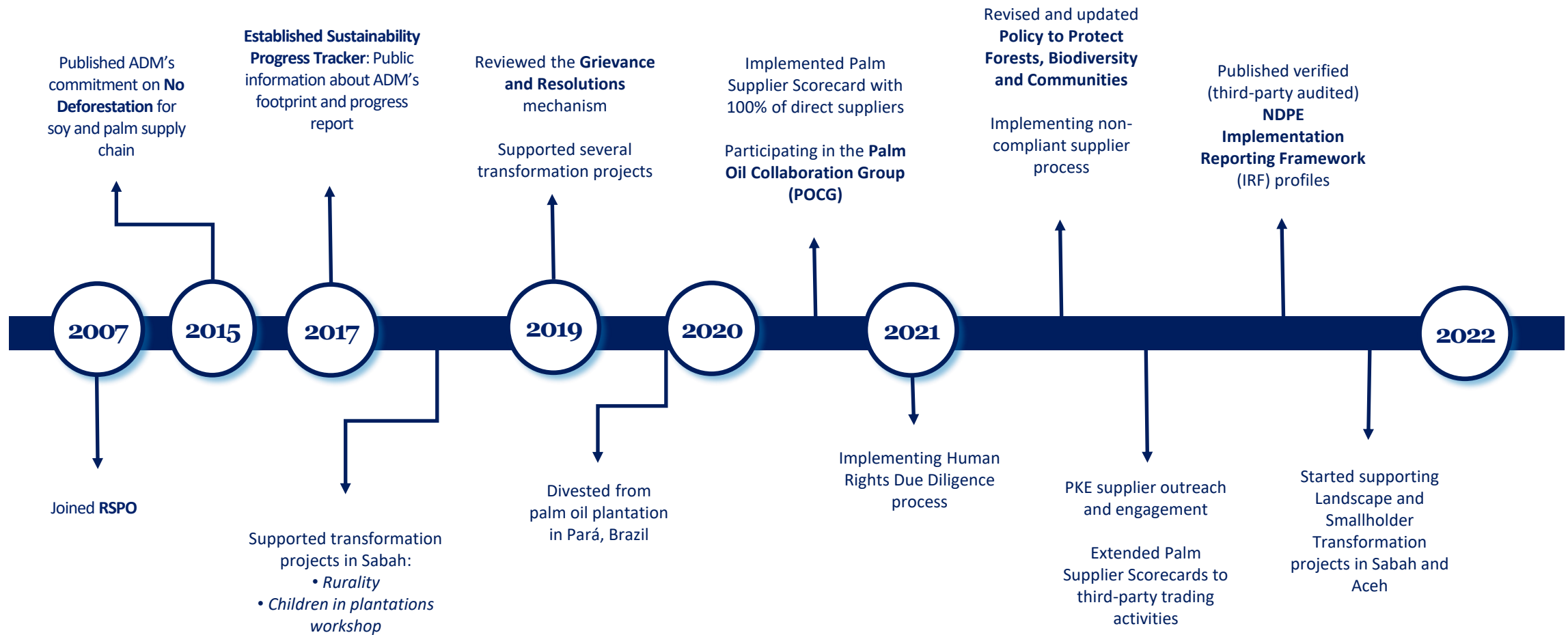
1. Supply Chain Traceability
2. Supplier Engagement
3. Monitoring & Verification
4. Reporting

The data shared within this report relates to ADM operations.

ADM Palm Processing Facilities



ADM Palm Sustainability Journey





**Supply Chain
Traceability**



**Supplier
Engagement**



**Monitoring &
Verification**



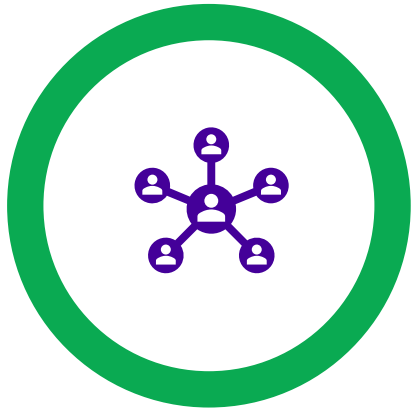
Reporting

Supply Chain Traceability



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

ADM's palm supply chain map



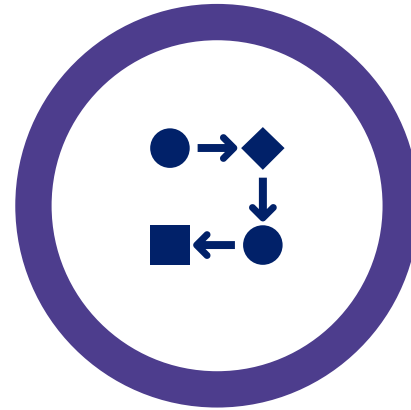
Number of direct
suppliers

13



Number of
refineries

22



Number of indirect
mills

1.666

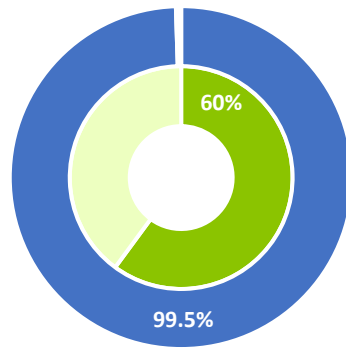


Traceability data
verified by third-
party

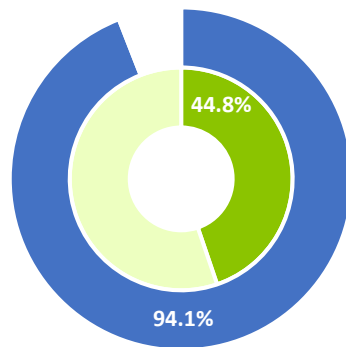
Traceability score by geographies

Traceable to Mill  Traceable to Plantation  Reporting period Q1 to Q2 2021

Europe

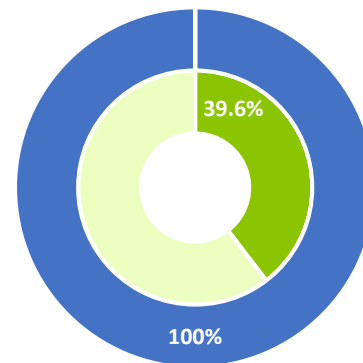


Palm Oil

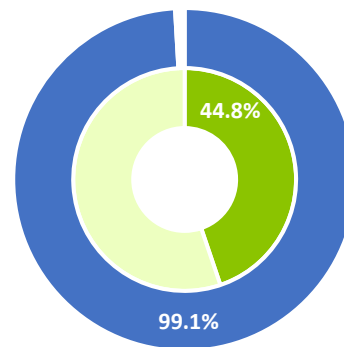


Palm Kernel Oil

North America

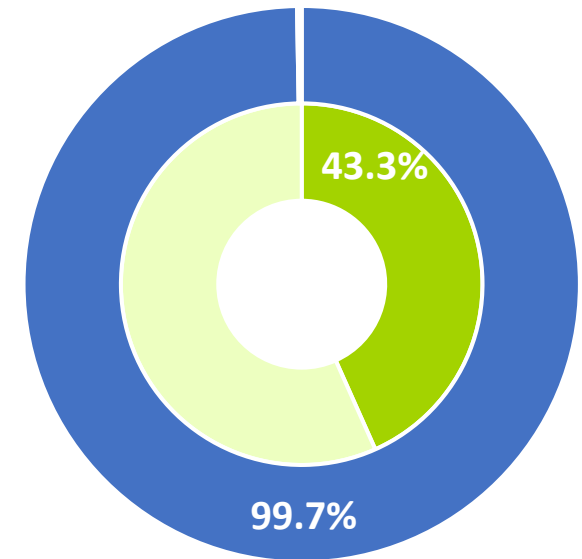


Palm Oil



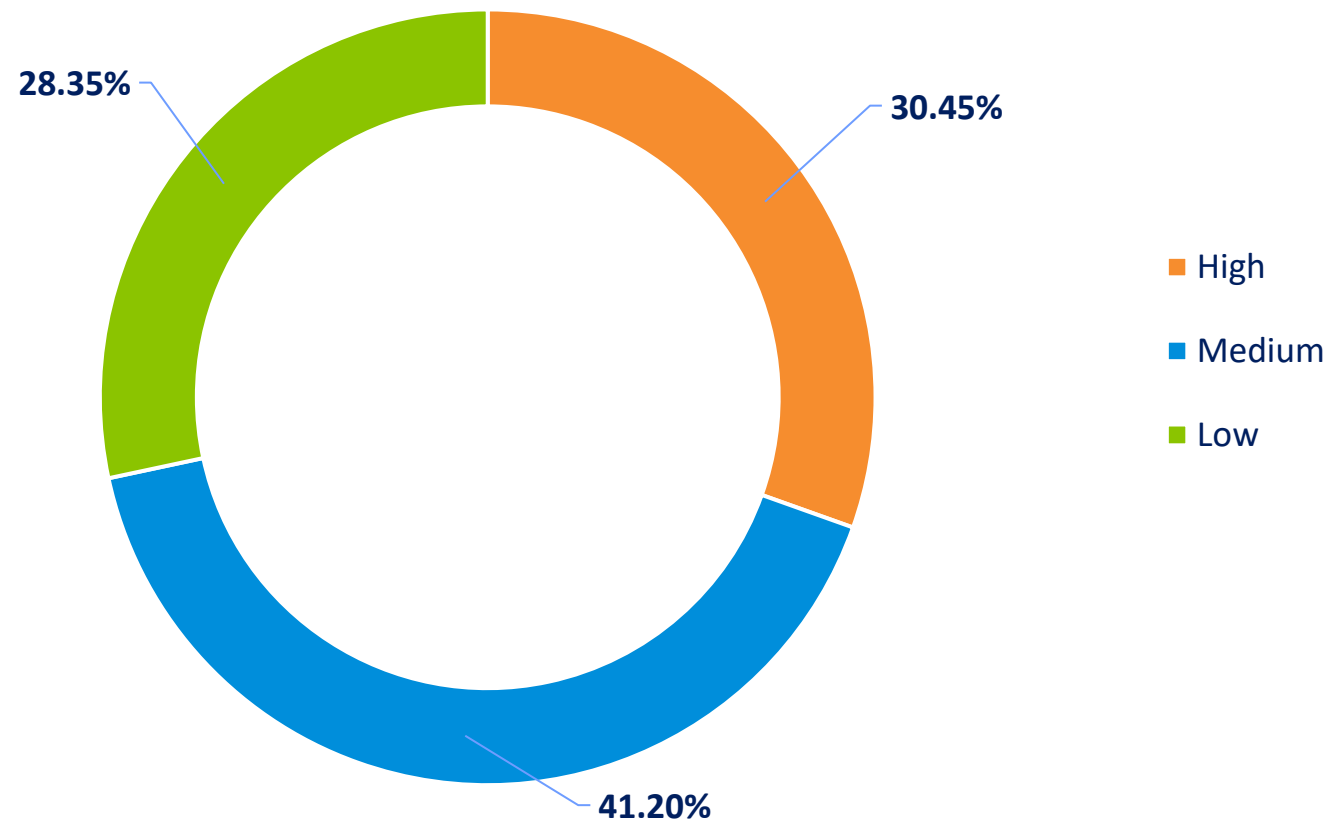
Palm Kernel Oil

Global



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 2021 (conducted semi-annually)

Supplier Engagement



- Supplier Expectations
- Palm Kernel Expeller
- Grievance Mechanism
- Transformation Projects

Supplier Expectations



99.75 %

Percentage of volumes sourced from direct suppliers who have a publicly available NDPE policy in place.



97.46 %

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



99.75%

Percentage of volumes sourced from direct suppliers who have an internal grievance management procedure in place to respond to palm grievances.

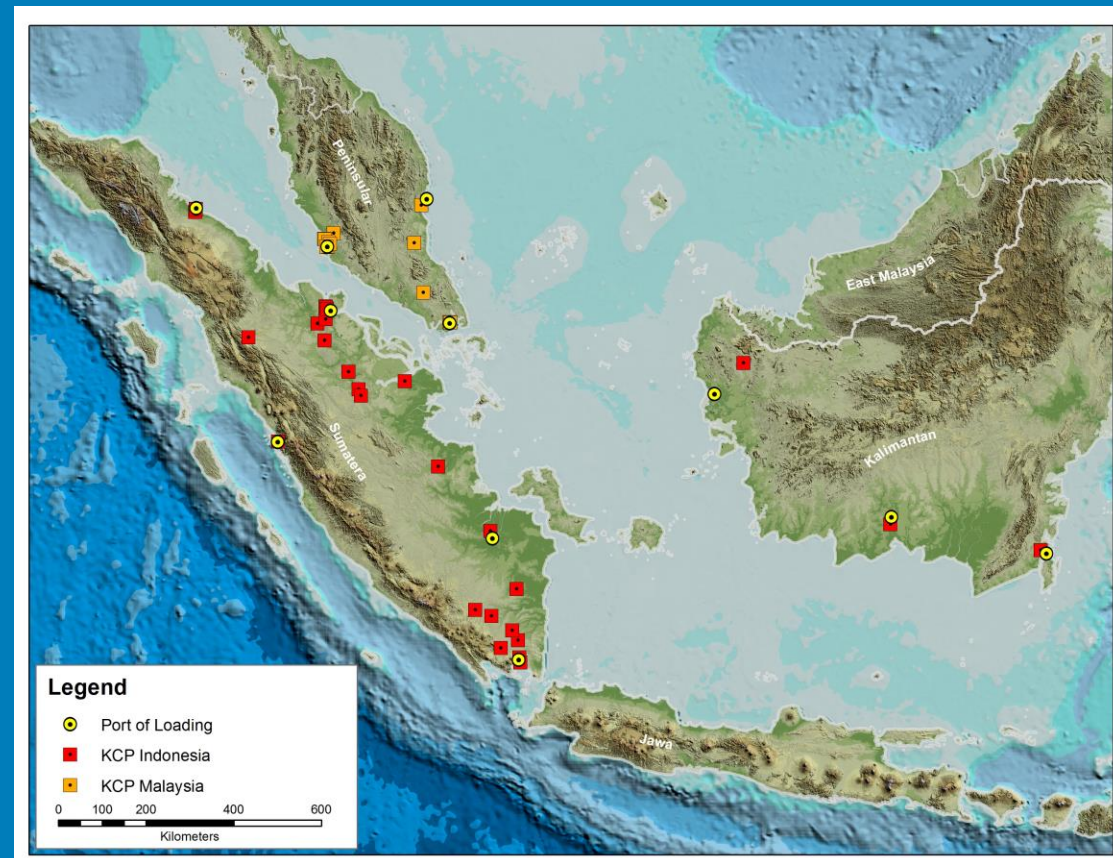
Palm Kernel Expeller (PKE) Supplier Engagement

ADM has engaged with 100% of its direct PKE suppliers in Indonesia and Malaysia. The engagement process includes discussions on various sustainability topics including:

- ADM's responsible palm policies and commitments
- Increasing traceability scores
- Assessing tier one suppliers using the palm scorecard

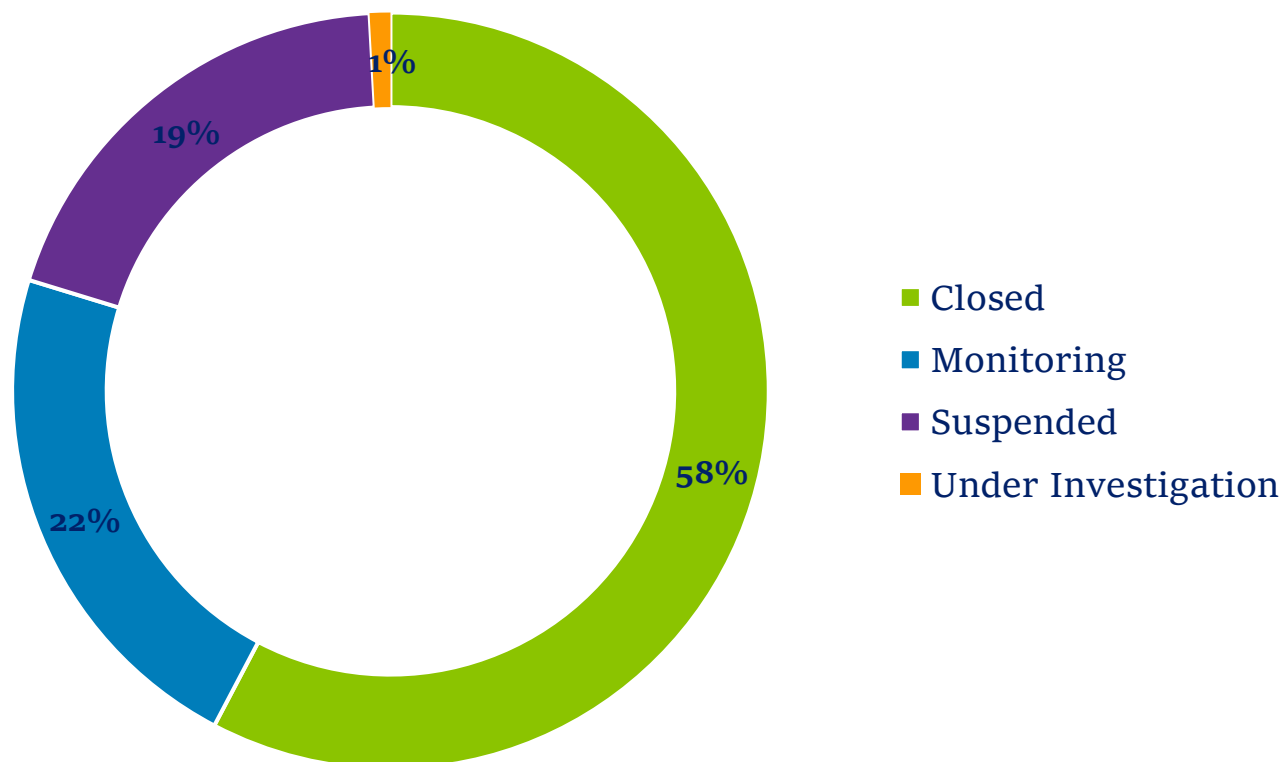
Over 70% of direct suppliers are in the top scoring performers category.

PKE Supply Base



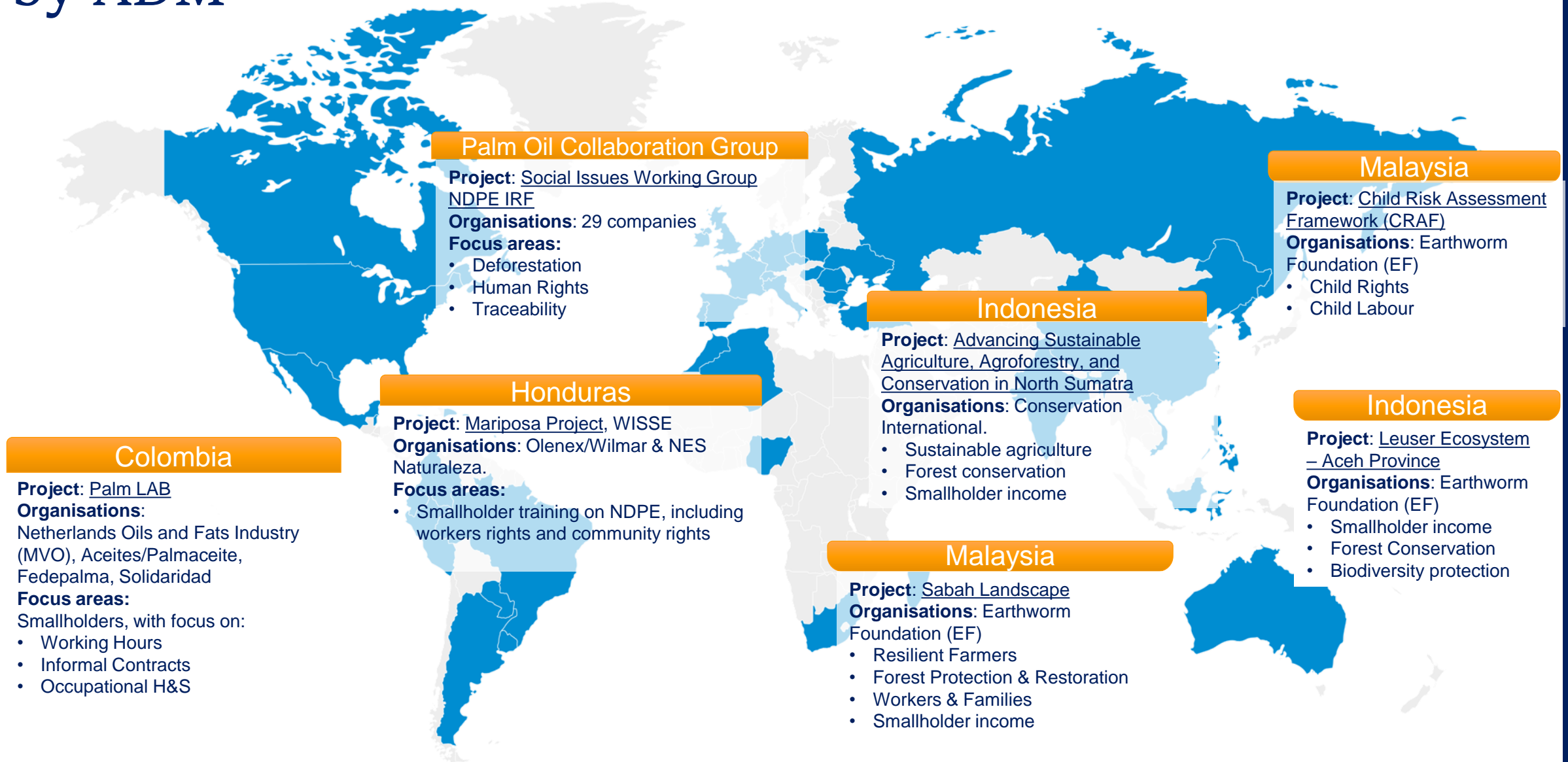
Grievance & Resolutions

Percentage of Grievances by Status



Based on status of allegations listed in ADM's Grievances & Resolutions log as of December 23, 2021

Transformations projects in the palm sector supported by ADM



Transformation Projects

Smallholder Farmers and Landscape Initiatives

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. Please see the previous report for details on the project goals.

The mills Aceites S.A. and El Roble S.A.S. have undergone an analysis of their respective policies to identify gaps and receive input on how to close them. The respective smallholders supplying to these mills were also benchmarked against the RSPO, ISCC, and SA8000 Voluntary Sustainability Standards (VSS). Recommendations for improvements were made based on the Practical Guide to the Systematic Incorporation of Employment and Decent Work for business policies to comply with the VSS.

Current ongoing activities include the design and documentation of the Health and Safety system for producers; structuring the certification group of independent smallholder producers; and development of training plans for labor rights, VSS, and emergency care issues. In phase B of the project, the implementation and training will begin.



Sabah Landscape (EF) – Malaysia

Due to Covid-19 movement restrictions, smallholder outreach was conducted through webinars and mobile interactions instead of field activities. A total of 161 smallholders were outreached up until the end of Q3 2021. Earthworm's (EF) Child Risk Assessment Framework (CRAF) was piloted with a plantation company, in two oil palm estates, supporting them to identify critical issues affecting children living at the site in order to develop policies, procedures, and interventions. A total of 415 workers were reached indirectly, and 486 children were directly engaged.

Diagnostics, through an ongoing desktop analysis to understand deforestation into forest reserves and to develop interventions, is progressing. Approximately 9,500 hectares of elephant range is covered by conflict mitigation activities that are managed by a multi-stakeholder collaboration that is facilitated by EF. Furthermore, engagements with the local government agencies related to palm oil certification are advancing into the final stages of creating a joint program to improve supply chain traceability among palm oil dealers.



Transformation Projects

Smallholder Farmers and Landscape Initiative

Leuser Ecosystem – Aceh Province (EF) – Indonesia

Discussions with critical stakeholders on the topics of land conversion from forest to plantations, human-wildlife conflict, peat protection, and the Leuser ecosystem were carried out to support the Subulussalam City Government in producing an essential government planning procedure: The Strategic Environmental Assessment.

This project empowered the village governments and local communities in two villages, Singgersing and Bawan, to protect their natural resources through two main activities in 2021: participatory land-use planning (PLUP) and an oil palm replanting scheme for smallholders, including an alternative livelihood program. The stakeholders in these two villages had completed the PLUP process of the villages and agreed to protect 8,059 hectares of forest area outside concessions. The result of PLUP allowed the Subulussalam District Land Agency to identify potential company-community conflicts and discuss the solutions under the government's different schemes, such as conflict resolution, land registration, and social forestry.

This project provides technical support to improve farmers' resilience through alternative livelihoods during replanting. 74 farmers with 209 hectares old oil palm plantations were trained to cultivate durian and banana identified as supplementary livelihoods to support them during the first four years after replanting when oil palms are not productive.

Following a signed MOU with an oil palm plantation company, EF supported the company to implement actions in line with NDPE commitments, such as HCV-HCS assessments and participatory land-use planning. Based on an HCV-HCS assessment, the company identified and planned the management of 3,700 hectares of conservation area within their concession.

EF delivered training focusing on child labor, fair target-based wages and payments, and the employment of casual workers to 12 palm oil companies and district-level representatives. In July 2021, this project had completed a labor assessment for a local producer company, which the company has prepared an action plan for implementation based on the results.



“The EF Landscape program is based on collective action, bringing together companies from both the up- and downstream alongside actors from government and civil society to collaboratively generate positive impacts”

Transformation Projects

Smallholder Farmers and Landscape Initiative

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

ADM has been supporting Conservation International by contributing to its Singapore program implementation in North Sumatra since 2018. The train-the-trainer approach incorporates training sessions, teaching methods to improve productivity while conserving critical forest areas. The Farmer Field School facilitators promote Good Agricultural Practices in their training sessions with palm oil smallholders for sustainable land management aimed at increasing productivity. The communities demonstrate significantly reduced forest clearing due to an increase in productivity and income. Please see the previous report for more details on the final phase of the project.

In Q3 2021, ADM committed to contribute to the continuation of such a program with Conservation International. The program will build on the foundational work in the region and combine Conservation International's agroforestry scheme and conservation agreement approach, aiming to boost livelihood improvements and degraded land restoration. 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.**

In Q3-Q4 2021, **100 farmers** attended four training sessions. These trainings were a continuation for the previous group of smallholder farmers as part of comprehensive RSPO capacity building. This is a great example of amplified impact made possible through continuous support. In Q1 2022, two training sessions are being planned with a target to reach **50 farmers**. After this, the Conservation International team will regroup to strategize future capacity building activities.



Transformation Projects

Smallholder Farmers Initiative

150

Group Manager training contacts
over 5 training sessions

8145

Smallholder training contacts
over 5 training sessions

Mariposa - WISSE – Latin America

The Mariposa fund was launched at the end of 2019 to work with palm oil growers and processors in Latin America to transform the supply chain to be more sustainable. Mariposa is an innovative crowdfunding project. The first project launched runs for a duration of three years and aims to train local palm oil farmers on sustainable farming practices to protect the environment and become certified under a sustainability scheme.

The project has progressed very well despite not only Covid-19 related difficulties, but also the damages left over from the hurricanes that ravaged the project areas in Honduras at the end of 2020. The project goals have been slightly adjusted to have 540 smallholders certified under one or two of the standards (ISCC and/or RSPO). The four mills enrolled in the program together with their independent smallholders continue to be committed and managed to fulfill all activities planned for the year. So far, a total of 255 smallholders have been certified.

A risk assessment tool was developed during the second project year to evaluate the smallholders' commitment to sustainable practices. The tool evaluates five crucial areas: administration, documentation system, productivity system, environmental health and safety, and social systems. Each of these areas has subthemes to be evaluated, enabling smallholders to focus on root causes of gaps and the group manager to give technical advice where most needed. Virtual smallholder assessment were conducted in 2021 (due to Covid-19) instead of the pre-audits conducted in 2019. The trainings of smallholders and group managers also progressed as can be seen at the top of the page.



Monitoring & Verification



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

Tracking Continuous Improvement

Palm Supplier Scorecard

In 2021, ADM conducted the second scorecard tool assessment through its third-party assessor. The assessment included some revisions to be more encompassing and stringent on certain topics including Human Rights. Additionally, five suppliers were new to the assessment. ADM is currently engaging with its direct suppliers on any unfulfilled criteria and expectations.

The weighted average performance of direct suppliers based on volumes stands at 90.59%

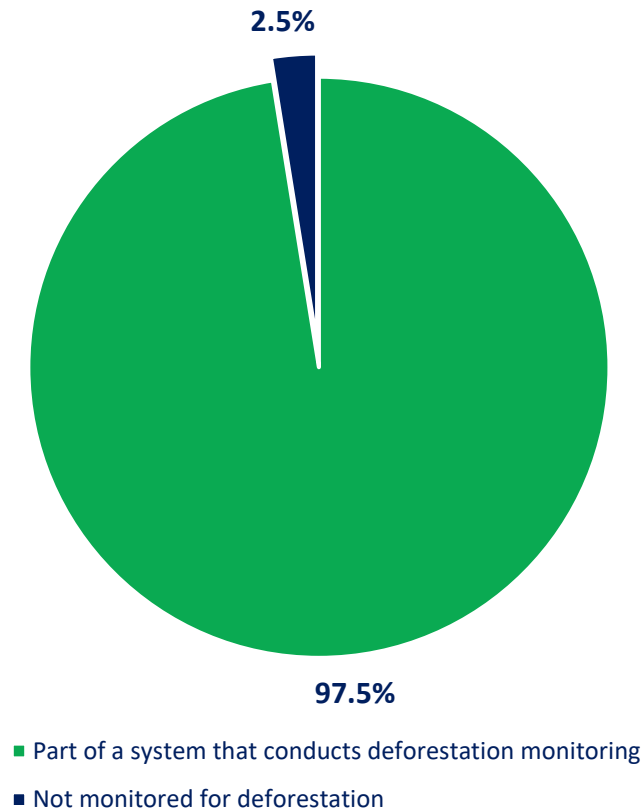


Average performance of direct suppliers on the Palm Supplier Scorecard

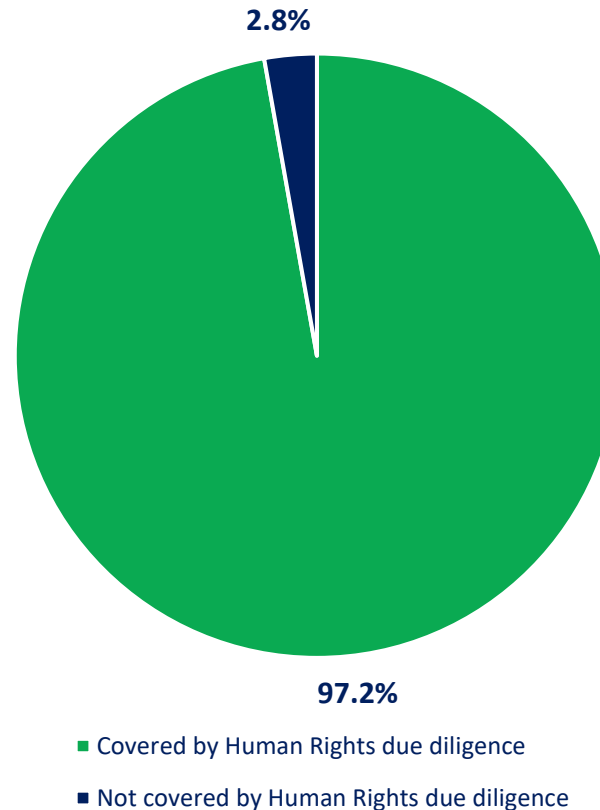
65.51%

Analysis of Main KPIs (% of Volume)

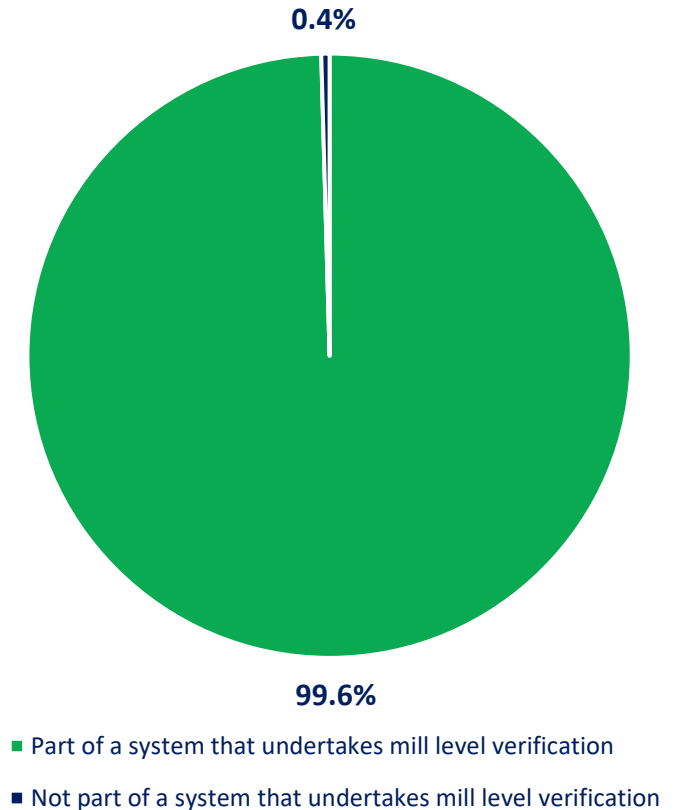
Deforestation Monitoring



Human Rights Due Diligence



Mill Level Verification Assessment

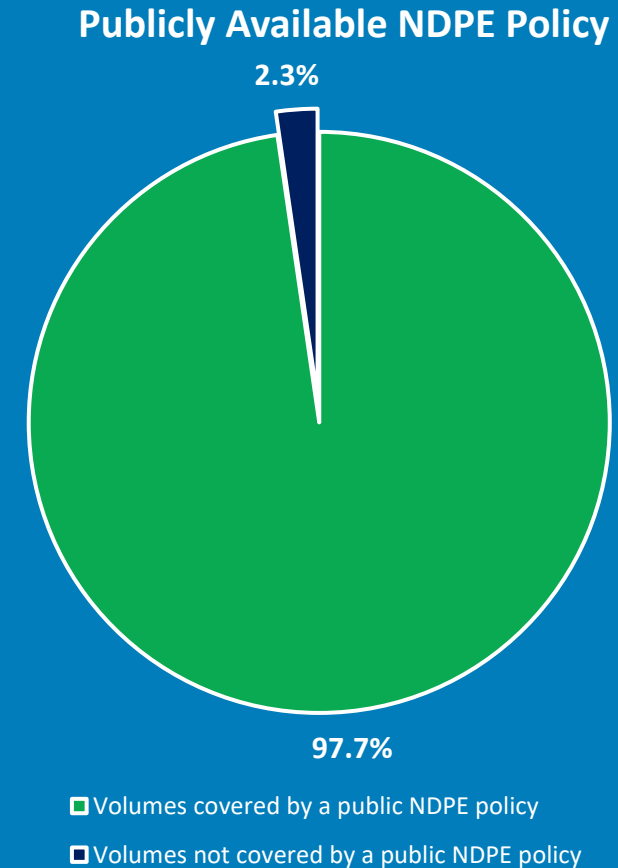


Pam Oil Third-Party Trading

Palm Supplier Scorecard

In 2021, ADM initiated palm oil trading activities. The Palm Supplier Scorecard Tool has been extended to these third-party trading entities to include these activities in ADM's Responsible Palm Program.

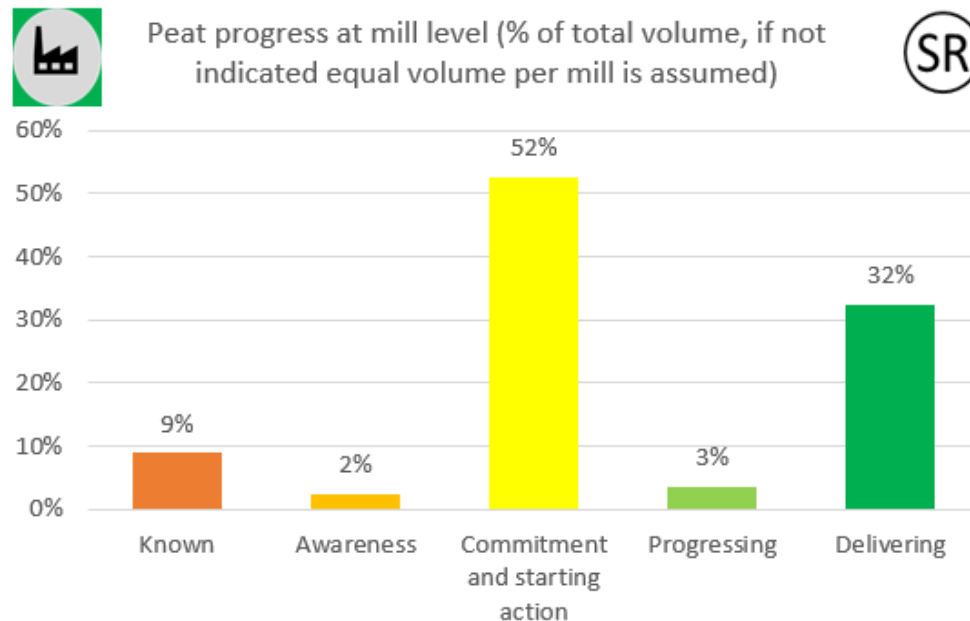
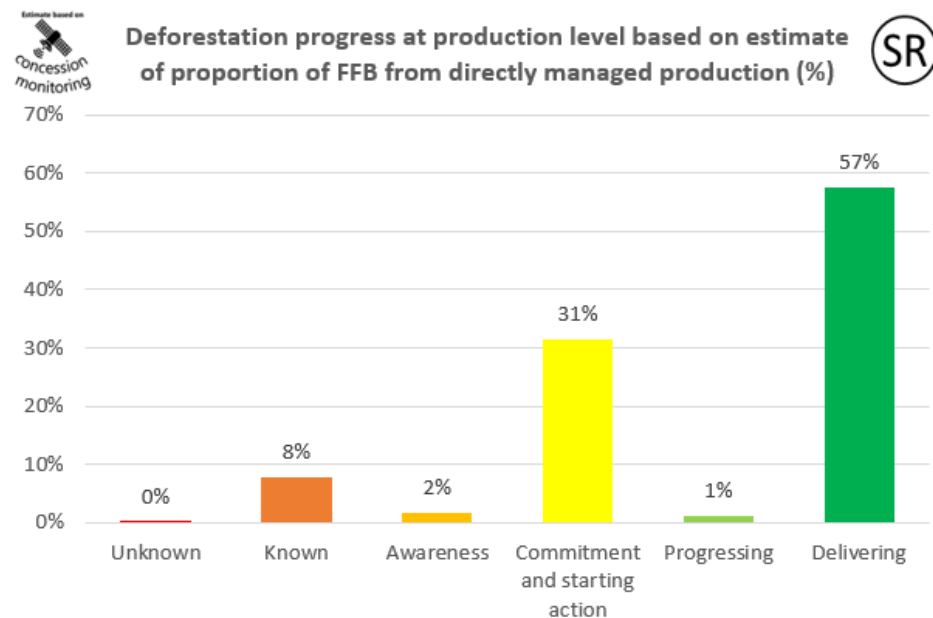
We also began to monitor KPIs on the third-party trading activities.



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. ADM has engaged with all its direct suppliers on the provision of their respective NDPE IRF profiles. A total of 94.3% of volumes are covered under the reporting. In July 2021, ADM underwent verification of each individual site profile by an independent third-party. Volumes sourced from January to December 2020 were covered. The audit was conducted in accordance with the NDPE Data Verification Protocol version November 2020.

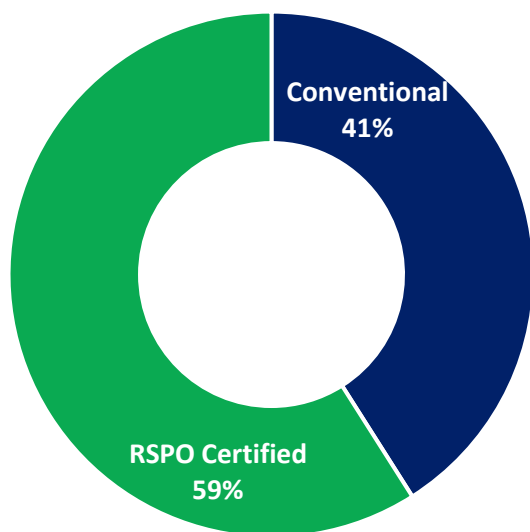
The NDPE IRF profiles are available on the [Supply Chain Traceability](#) section of ADM's Sustainability Progress Tracker and the global profile below.



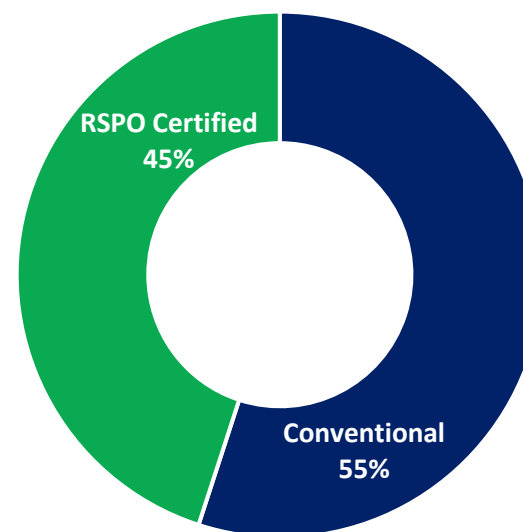
Verification

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 #15.

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

