Introduction

In March 2015, ADM committed to its No Deforestation, No Peat, and No Exploitation (NDPE) policy for its soy and palm oil supply chains. 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 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 Palm Footprint

Europe
- Processing facilities in Europe
- Facilities managed by Olenex

North America
- Processing facilities in the USA
- Facility managed by Stratas Foods
Our Palm Sustainability Journey

2007
- Invest in palm oil plantation in the State of Pará, Brazil

2012
- Partnership with SENAR to train smallholders in Best management Practices

2015
- Carry out a Social and Environmental Studies (HCV, HCS, SEIA)
- ADM’s commitment on No Deforestation for soy and palm supply chain
- Refined & mapped traceability to mill
- Began engagement with main suppliers

2017
- Sustainability Progress Tracker: Public information about ADM’s footprint and progress report

2018
- Support transformation projects in Sabah:
  - Rurality
  - Children in plantations workshop
- Traceability to mills:
  - PO: 98.1%
  - PKO: 98.7%
- Supported Kumacaya project
- Published Palm Oil Project report in Brazil
- Training in Biodiversity conservation in Pará
- Reviewed the G&R mechanism

2019
- Divested from palm oil plantation in Para, Brazil
- • EPI survey with 100% of suppliers
- • Transformation projects:
  - Labor workshops in Guatemala

2020
- • Supported transformation projects in Sabah:
  - Rurality
  - Children in plantations workshop
Supply Chain Traceability

- ADM’s palm supply chain
- Traceability to mill and plantation
- Supply base risk assessment
ADM’s Palm Supply Chain

Number of direct suppliers: 8
Number of refineries: 21
Number of indirect mills: 1,299
Traceability protocol verified through third-party

Reporting period Q3 to Q4 2019
Traceability Score by Geography

Traceable to Mill 🔵 Traceable to Plantation 🌱 Reporting period Q3 to Q4 2019

Europe
- Palm Oil: 100%
- Palm Kernel Oil: 45.2%

North America
- Palm Oil: 96.2%
- Palm Kernel Oil: 10.6%

Global
- Palm Oil: 96.8%
- Palm Kernel Oil: 86.3%
Results from the Global Forest Watch Pro Palm Risk Analysis Tool for reporting period Q3 to Q4 2019
Supplier Engagement

• Supplier Expectations
• Grievance Mechanism
• Transformation Projects
Supplier Expectations

Percentage of direct suppliers committed to responsible sourcing of palm oil

100 %

Percentage of direct suppliers with an implementation plan for responsible sourcing of palm oil

95.43 %

Based on EPI assessment carried out in 2019.
Grievance & Resolutions

Based on status of allegations listed in our grievance log as of June 30, 2020.

Percentage of Grievances per Status

- Closed: 32%
- Monitoring: 31%
- Suspended: 29%
- Under investigation: 8%
Smallholder Transformation Projects

38 smallholders assessed (pre-audits) in the first year

528 smallholders participated in the first training session

MARIPOSA*

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 and make it more sustainable.

Mariposa is an innovative crowdfunding project that aims to train local palm oil farmers on sustainable farming practices to protect the environment.

Palm LAB - Labor Assessment Builder Program 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.

The project will train 500 producers in improving labor conditions, promoting free, prior and informed consent to strengthen the social dialogue, providing mobile technologies to assess and monitor labor practices and completing formalized labor contracts for workers, helping farmers meet VSS.
Monitoring & Verification

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

Palm Supplier Scorecard

ADM is currently engaging in a palm supplier assessment, which will result in an overview of supplier performance through a scorecard tool. The scorecards will link to recommended actions for each supplier and are intended to provide a basis for engagement. Improvement will be measured over time through the average score of suppliers.

By the next reporting period, results of the first assessment will be available. ADM will be able to measure progress of suppliers’ policies, traceability, supply chain implementation, monitoring and verification, landscape and sectoral engagement, grievance management, and transparency and reporting.
NDPE Compliance

ADM is a participating member of the NDPE IRF Active Working Group to be at the forefront of driving progress while also being able to report on the percentage of its volumes that are delivering against NDPE criteria and will therefore be considered verified deforestation-free (VDF).

Currently, ADM is engaging with its suppliers to report under the NDPE IRF beginning the first half of 2021.

What is the NDPE IRF tool?

The No-deforestation, No-peat, No-exploitation Implementation Reporting Framework (NDPE IRF) is a tool designed to enable companies along the palm supply chain to report on progress in delivering NDPE commitments.

For further information on the NDPE IRF, please visit: https://ndpe-irf.net/
Verification

ADM reports certified sustainable palm oil supplies using the volumes of PO and PKO certified by the Roundtable for Sustainable Palm Oil (RSPO). Certified supplies are driven by market demand.

Europe
- Conventional: 38%
- RSPO Certified: 62%

North America
- Conventional: 69%
- RSPO Certified: 31%
Reporting

- Communication on Progress
- Disclose 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 #12.
We welcome feedback and comments at responsibility@adm.com