

Policy to Protect Forests, Biodiversity and Communities

1. Our Objective

As one of the world's leading agricultural processors and food-ingredient providers, ADM commits to build traceable and transparent agricultural supply chains that protect forests, biodiversity and communities worldwide. This policy covers the overarching commitments applicable to all supply chains, as well as the more specific commitments to address the complexity of palm oil and soy supply chains. ADM will amend the policy with additional commitments specific to certain supply chains as needed. We aim to eliminate deforestation from all of our supply chains by 2030.

Though we are not a grower of crops, we work independently and with other stakeholders to ensure the crops we source globally follow a socially fair and environmentally sustainable standard that can contribute to the livelihood of the communities where they are grown and protect the environment we all share.

We will work throughout our supply chains to achieve the following:

- No deforestation/no burning¹ of forests,
- Promote conservation of water resources and biodiversity in agricultural landscapes through sustainable land use management and ecological restoration practices in high conservation value (HCV) areas,
- Respect Indigenous and Local Community rights to land and resources in accordance with the *U.N. Declaration on the Rights of Indigenous Peoples*,
- Respect Human Rights, according to the *U.N. Guiding Principles for Business and Human Rights*,
- Respect Labor Rights as set out in the *International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work*,
- Respect country, state, municipal and local laws regarding environmental, safety, human rights and labor rights,
- Facilitate the inclusion of smallholders into the supply chain,
- No use of chemicals listed under the *Stockholm Convention and Rotterdam Convention, World Health Organization (WHO) Class 1A and 1B pesticides list*,
- Promote solutions to reduce climate change and GHG emissions,
- Support agriculture as a way to leverage economic development by reducing poverty and increasing food security, and
- Work collaboratively with peer companies, government, and civil society to help establish sector-wide deforestation cutoff dates for commodities.

¹ Within this framework, ADM will not accept the use of fire for the purpose of clearing land.

2. Scope

This policy applies to ADM's own operations and across all supply chains in which ADM operates, including all supplier tiers back to the origin from where commodities are sourced, and for all companies/JVs in which ADM holds an ownership stake.

3. Policy Implementation

Implementation will be prioritized based on risk assessment. To accommodate supply chain complexities and regional variations, implementation activities may be adjusted to address the different commodities and/or specific regional characteristics where we do direct and indirect sourcing of commodities. Implementation in each supply chain will be focused in the following four pillars:

3.1 Supply Chain Assessment and Traceability: Available systems and sourcing procedures in every region will be assessed to understand potential social and environmental risks throughout the supply chain. We will maintain traceability that enables the identification of crop sourced to the lowest possible unit. Traceability granularity will be defined in tiers by the risk assessment.

3.2 Supplier Engagement: Effective communication and engagement with suppliers is fundamental to ensure they clearly understand our commitments, and, together, help us to create more sustainable supply chains. We require our suppliers to operate their businesses ethically - including land acquisition and land use - within all applicable laws and regulations, and to uphold our commitments.

3.3 Monitoring & Verification: Regional and supply chain-based monitoring procedures will be established and updated to verify supplier compliance with this policy. If indicated by the supply chain assessment, remote sensing will be used to track where the commodity is being produced.

3.4 Reporting: We acknowledge that transparent and periodic communication is an effective way of publicly demonstrating progress in our journey. We will evaluate and manage all complaints of non-compliance using a transparent [Grievance and Resolutions mechanism](#) that will be inclusive and fair. We will address non-compliance in accordance with the protocol for [Managing Supplier Non-Compliance](#) reporting on the number of suspended suppliers in the subject supply chain. Implementation progress will be communicated via our public commodity-specific action plans and progress reports available on the [Sustainability Progress Tracker](#).

The current document is the updated version of the original policy released in March 2015. The governance of this policy has been reviewed by the company's Sustainability & Corporate Responsibility Committee of the ADM Board of Directors.

Supply chain specific policies:

Palm oil:

ADM does not own palm oil plantations or mills, nor do we source palm oil fruits or palm oil products directly from mills. ADM operates refineries (in USA and Europe) that process palm products sourced through third parties. We work closely with our third-party suppliers to make sure they understand the significance of our commitments.

In addition to the principles and commitments of our Policy to Protect Forests, Biodiversity and Communities, we expect our direct and indirect palm oil suppliers to commit to the following:

- No development of hotspot areas (High Conservation Value or High Carbon Stock),
- No development on peatlands, regardless of depth², and the utilization of best management practices for soils and existing commodity production on peatlands,
- No hunting of rare, threatened or endangered species,
- Conduct of Social and Environmental Impact Assessments (SEIA) prior to new plantings or after operations,
- Promote the use of Integrated Pest Management Practices,
- Application of the principles of Free, Prior and Informed Consent (FPIC) to ensure protection and promotion of the rights of indigenous peoples and vulnerable communities. This includes but is not limited to respecting legal and customary land rights and prevention of land grabbing activities,
- Responsible management of all complaints raised using a transparent grievance procedure. All allegations brought forward are investigated in line with our [Grievances and Resolutions mechanism](#). Consistent with the guiding [RSPO Human Rights Defenders Policy](#), this reflects our commitment to the protection of Human Rights Defenders, whistle blowers, complainants, and community spokespersons, and
- Cooperate with ADM and all parties necessary to enable the provision of access to fair and just remediation.

In an ongoing effort to achieve its commitments and implement its policies, ADM has devised an [Action Plan](#) based on the four pillars outlined in section 3 of the Policy to Protect Forests, Biodiversity and Communities. The Action Plan progress is reported in ADM's [Progress Reports](#) that also highlight advancements in ADM's ongoing sustainability journey.

² ADM is committed to supporting RSPO Principles & Criteria section 7.7 and standards set forth in the RSPO manual on best management practices for existing plantations on peatlands.

Soy:

ADM does not grow soybeans, but rather purchases them directly from farmers or indirectly from third parties such as traders or aggregators that combine crops from many growers. Soybeans are eventually sold as whole beans, or further processed into soy products.

In an ongoing effort to achieve its commitments and implement its policies, ADM has devised an Action Plan based on the four pillars outlined in section 3 of the Policy to Protect Forests, Biodiversity and Communities. The Action Plan progress is reported in ADM's [Progress Reports](#) that also highlight advancements in ADM's ongoing sustainability journey.

In addition to the principles and commitments of our Policy to Protect Forests, Biodiversity and Communities, our soy supply chain commitments include the following for direct and indirect suppliers:

Risk Assessment for Traceability and Monitoring

ADM will do a risk-based assessment to define the type of traceability/monitoring that will be required geographically³. ADM's sourcing commitment in high-risk areas is especially focused on soybeans sourced in areas of South America, such as the Amazon, Cerrado, and Chaco biomes.

- In **low risk** areas for deforestation, identify sourcing of the country of origin (ex: United States, Canada).
- In **medium risk** areas for deforestation, identify the state/province of origin and where possible, the municipality level.
- In **high risk** areas for deforestation, identify the percentage from indirect and direct sourcing. For direct supplier, the origin to farm of soy being sourced (e.g., obtain farm polygons), and for indirect suppliers obtain GPS coordinates.

Conversion of Native Vegetation

In addition to the principles of our Policy to Protect Forests, Biodiversity and Communities, in high risk areas within the Amazon, Cerrado and Chaco biomes, ADM will:

- Promote initiatives to protect native vegetation beyond forests with the aim to end native vegetation conversion in the shortest time possible reconciling the production of soy with environmental, economic and social interests.
- Use the most updated science-based technologies to monitor and measure agricultural expansion into native vegetation areas.
- Promote the creation of incentives to conserve native vegetation and for driving agricultural expansion onto previously converted areas. Advocate for mechanisms to provide environmental services for growers above those required by the law.

³ More information on the methodology is available in Annex II.

Environmental agencies embargoed areas:

ADM will not finance or purchase soybeans planted in areas embargoed by the local environmental agency due to a non-compliance with the local environmental legislation.

Amazon Soy Moratorium

As of 2006, ADM does not finance or purchase soybeans planted in areas of the Amazon Biome deforested after July 2008.

National Pact for the Slavery Work Eradication

In 2007, ADM committed to The National Pact for The Slavery Work Eradication which prohibits new negotiations with suppliers whose names are included in the *List of Slavery Work* by the Brazilian Ministry of Labor.

Pará Green Protocol of Grains

As of 2014, ADM has been a signatory of this protocol endorsed by the Public Ministry, which has guidelines to source soy responsibly within the State of Pará.

Annex I

Glossary:

- **Forest:** Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use (FAO, 2020).

Explanatory notes

1. Forest is determined both by the presence of trees and the absence of other predominant land uses. The trees should be able to reach a minimum height of 5 meters in situ.
2. Includes areas with young trees that have not yet reached but which are expected to reach a canopy cover of 10 percent and tree height of 5 meters. It also includes areas that are temporarily unstocked due to clear-cutting as part of a forest management practice or natural disasters, and which are expected to be regenerated within 5 years. Local conditions may, in exceptional cases, justify that a longer time frame is used.
3. Includes forest roads, firebreaks and other small open areas; forest in national parks, nature reserves and other protected areas such as those of specific environmental, scientific, historical, cultural or spiritual interest.
4. Includes windbreaks, shelterbelts and corridors of trees with an area of more than 0.5 hectares and width of more than 20 meters.
5. Includes abandoned shifting cultivation land with a regeneration of trees that have, or are expected to reach, a canopy cover of 10 percent and tree height of 5 meters.
6. Includes areas with mangroves in tidal zones, regardless whether this area is classified as land area or not.
7. Includes rubber-wood, cork oak and Christmas tree plantations.
8. Includes areas with bamboo and palms provided that land use, height and canopy cover criteria are met.
9. Includes areas outside the legally designated forest land which meet the definition of "forest".
10. Excludes tree stands in agricultural production systems, such as fruit tree plantations, oil palm plantations, olive orchards and agroforestry systems when crops are grown under tree cover. Note: Some agroforestry systems such as the "Taungya" system where crops are grown only during the first years of the forest rotation should be classified as forest.

- **Primary Forests:** Naturally regenerated forest of native tree species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed (FAO, 2020).

Explanatory notes

1. Includes both pristine and managed forests that meet the definition.
2. Includes forests where indigenous peoples engage in traditional forest stewardship activities that meet the definition.
3. Includes forest with visible signs of abiotic damages (such as storm, snow, drought, fire) and biotic damages (such as insects, pests and diseases).
4. Excludes forests where hunting, poaching, trapping or gathering have caused significant native species loss or disturbance to ecological processes.
5. Some key characteristics of primary forests are:
 - they show natural forest dynamics, such as natural tree species composition, occurrence of dead wood, natural age structure and natural regeneration processes;
 - the area is large enough to maintain its natural ecological processes;
 - there has been no known significant human intervention, or the last significant human intervention was long enough ago to have allowed the natural species composition and processes to have become re-established.

- **Deforestation:** The conversion of forest to other land use independently whether human-induced or not (FAO, 2020).

Explanatory notes

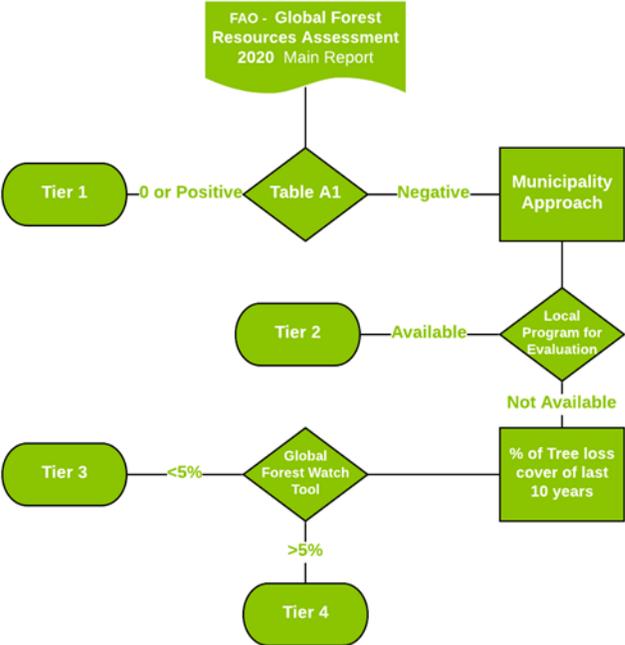
1. Includes permanent reduction of the tree canopy cover below the minimum 10 percent threshold.
2. It includes areas of forest converted to agriculture, pasture, water reservoirs, mining and urban areas.
3. The term specifically excludes areas where the trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the aid of silvicultural measures.
4. The term also includes areas where, for example, the impact of disturbance, over-utilization or changing environmental conditions affects the forest to an extent that it cannot sustain a canopy cover above the 10 percent threshold.

- Biodiversity or Biological Diversity: The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems (Convention on Biological Diversity).
- Ecosystems: An ecosystem includes all living things in a given area, as well as their interactions with each other, and with their non-living environments (weather, earth, sun, soil, climate, atmosphere). Each organism has a role to play and contributes to the health and productivity of the ecosystem as a whole.
- Agricultural landscapes: This is an area where nature is significantly influenced by farming activities.
- Sustainable land management: the use and management of land resources – soil, water, animals and plants – for the production of goods to meet changing human needs, while ensuring the long-term productive potential of these resources and maintenance of environmental function (FAO, ND)
- Ecological restoration: the process of assisting the recovery of an ecosystem that has been degraded, damaged, or destroyed (SER, 2004).
- High Carbon Value (HCV) refers to areas of biological, ecological, social or cultural value. The HCV approach was initially developed by the Forest Stewardship Council in 1999, and has since been adopted by the Roundtable on Sustainable Palm Oil (RSPO), among other standards. There are six types of HCVs:
 - Concentrations of biological diversity.
 - Intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics.
 - Rare, threatened, or endangered ecosystems, habitats or refugia.
 - Basic ecosystem services, including protection of water catchments and control of erosion.
 - Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples.
 - Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance.
- High Carbon Stock or HCS: viable forest areas storing significant quantities of carbon, usually associated with high vegetation density. When HCS forests are removed, particularly when fire is used to clear land, the carbon contained in the forests is released into the atmosphere in the form of CO₂.

- Peatland: Peatlands are a type of wetlands that occur in almost every country on Earth, currently covering 3% of the global land surface. The term 'peatland' refers to the peat soil and the wetland habitat growing on its surface (IUCN, 2017).
- Free, Prior and Informed Consent (FPIC). In 2007, the UN General Assembly adopted the United Nations Declaration on the Rights of Indigenous Peoples, recognizing their rights and making specific mention of Free, Prior and Informed Consent (FPIC) as a pre-requisite for any activity that affects their ancestral lands, territories and natural resources.
- Direct supplier for Palm: aggregators who may grow, purchase, and/or refine palm oil from palm oil mills and/or crushers and resell, with whom ADM has a direct commercial relationship.
- Indirect supplier for Palm: palm oil groups further upstream the supply chain, including (groups of) mills and crushers.
- Direct supplier for Soy: soy sourced from a farmer/farming company with whom ADM has a direct commercial relationship.
- Indirect supplier for Soy: soy sourced from aggregators, cooperatives, and other third parties.
- Ownership stake or equity stake: The percentage of a business owned by the holder of some number of shares of stock in that company (BusinessDictionary.com). For the purpose of the policy, it refers to ownership stake of more than 50% by ADM.
- Tiers: Identify where countries and regions fall into each TIER.

Annex II Geographical risk assessment for Soy.

Decision tree to be used in the assessment to classify TIERS and define a risk of geographies where soy is grown.



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