



# ADM's Commitment to Protecting Forests, Biodiversity and Communities

H1 2022 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 H1 2022 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



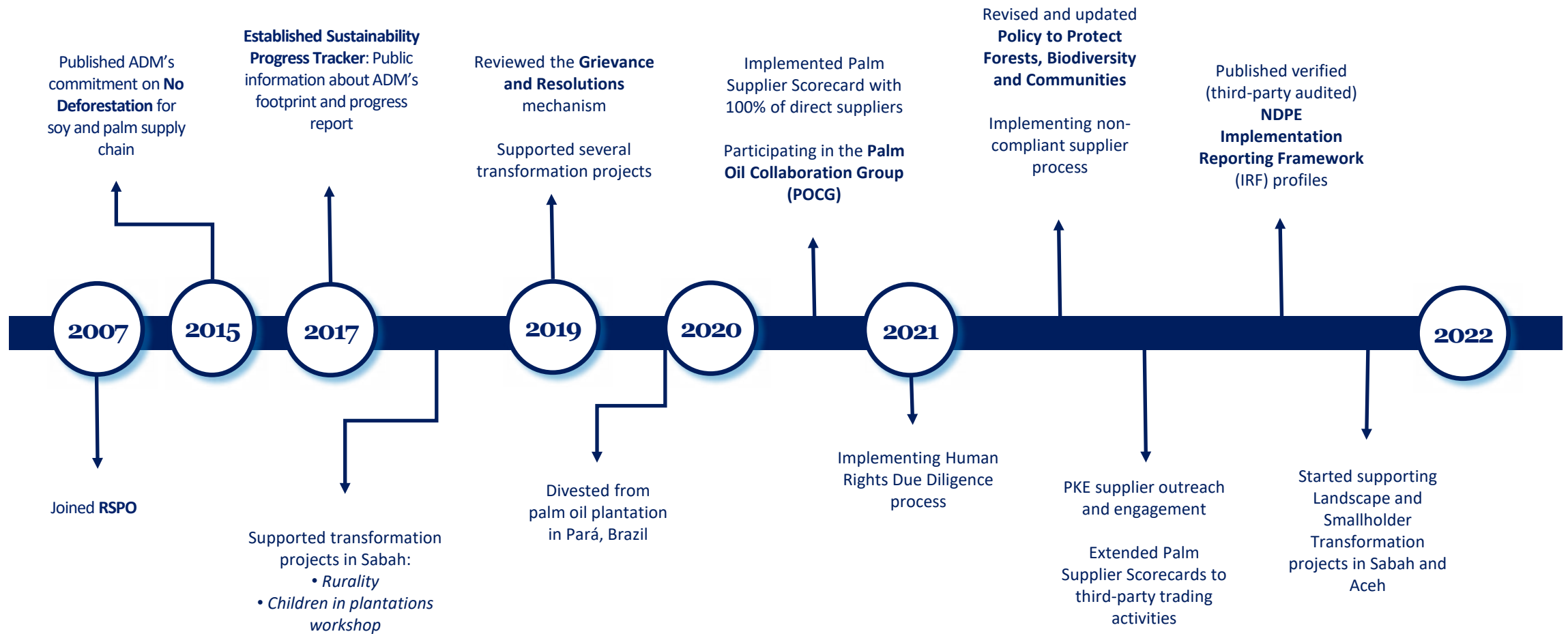
## Europe

- Processing facilities in Europe
- Facilities managed by Olenex

## North America

- Processing facilities in the USA
- Facility managed by Stratas Foods

# ADM Palm Sustainability Journey





**Supply Chain  
Traceability**



**Supplier  
Engagement**



**Monitoring &  
Verification**



**Reporting**

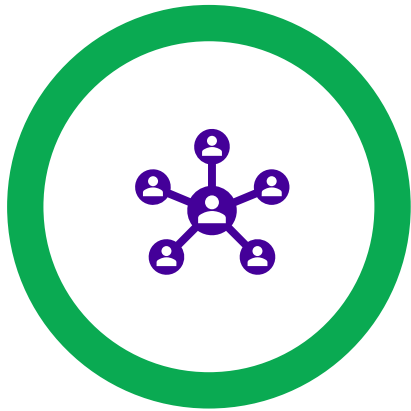


# Supply Chain Traceability



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

# ADM's palm supply chain map



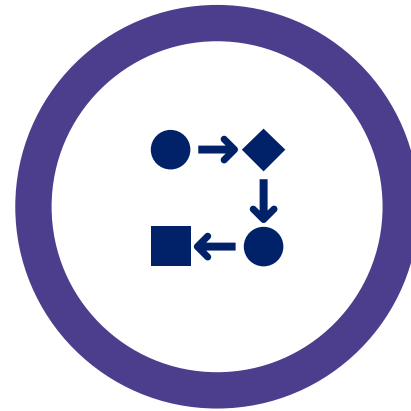
Number of direct suppliers

*11*



Number of refineries

*17*



Number of indirect mills

*1.600*



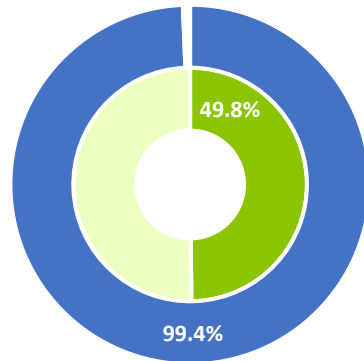
Traceability data verified by third-party

# Traceability score by geographies

Traceable to Mill  Traceable to Plantation  Reporting period Q3 to Q4 2021

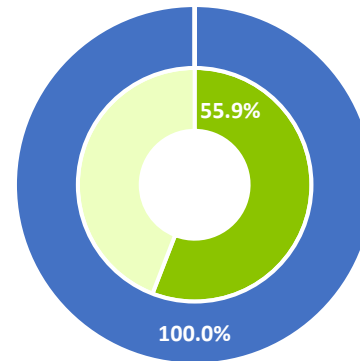
## Europe

Palm Oil



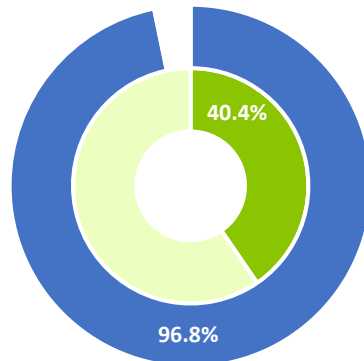
## North America

Palm Oil

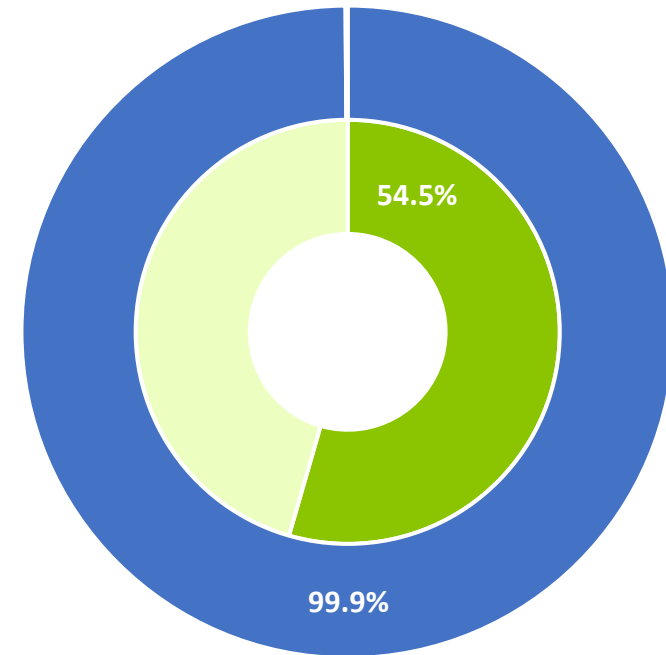
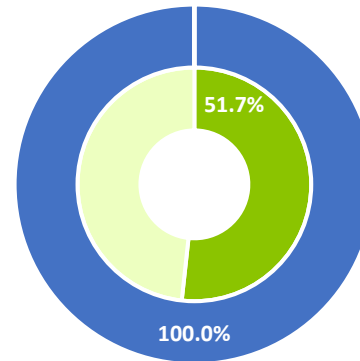


## Global

Palm Kernel Oil



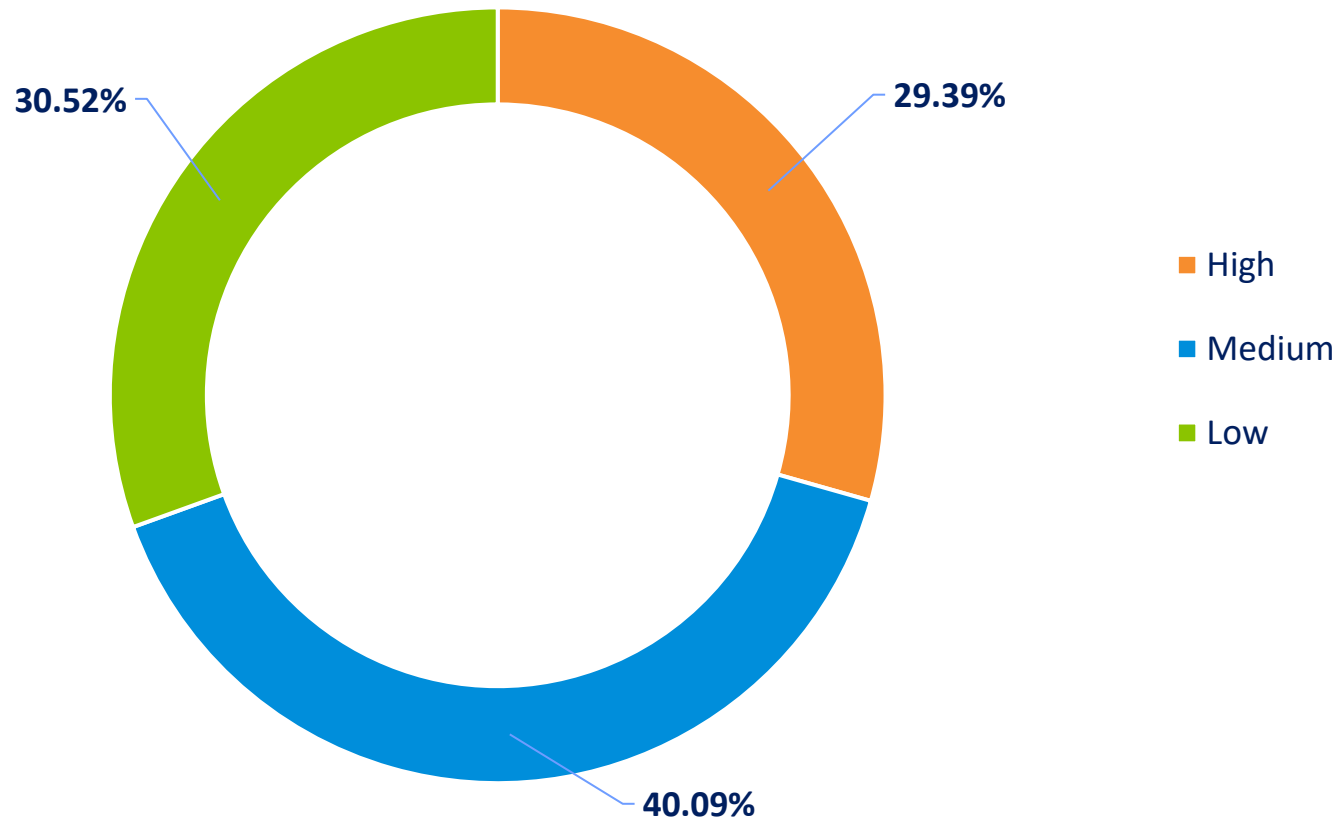
Palm Kernel Oil





# 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 2021 (conducted semi-annually)

# Supplier Engagement



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

# Supplier Expectations



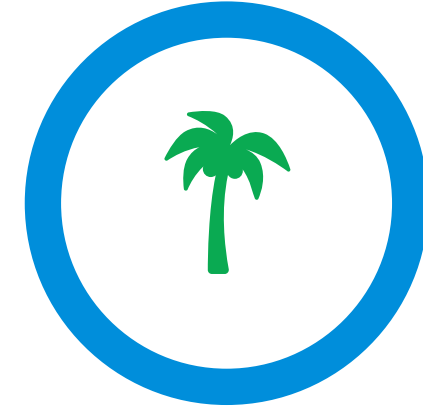
99.9 %

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



99.5 %

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



99.9%

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

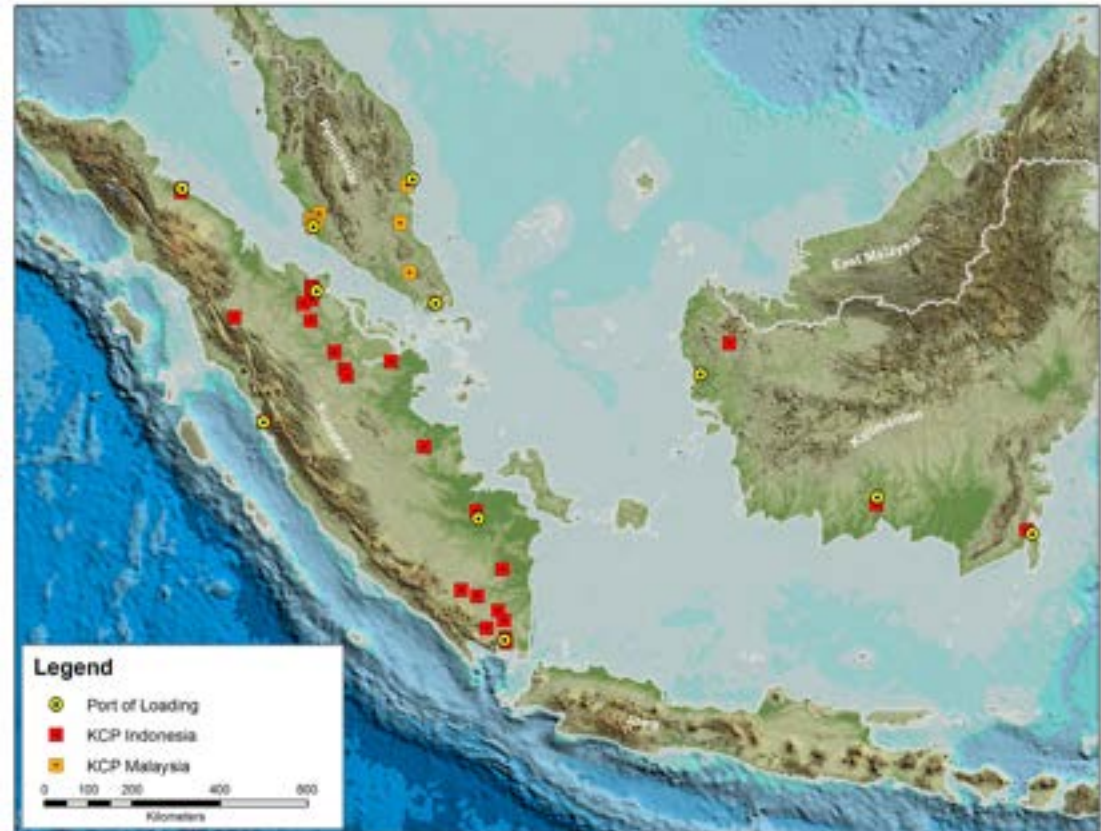
# Palm Kernel Expeller (PKE) Supplier Engagement

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

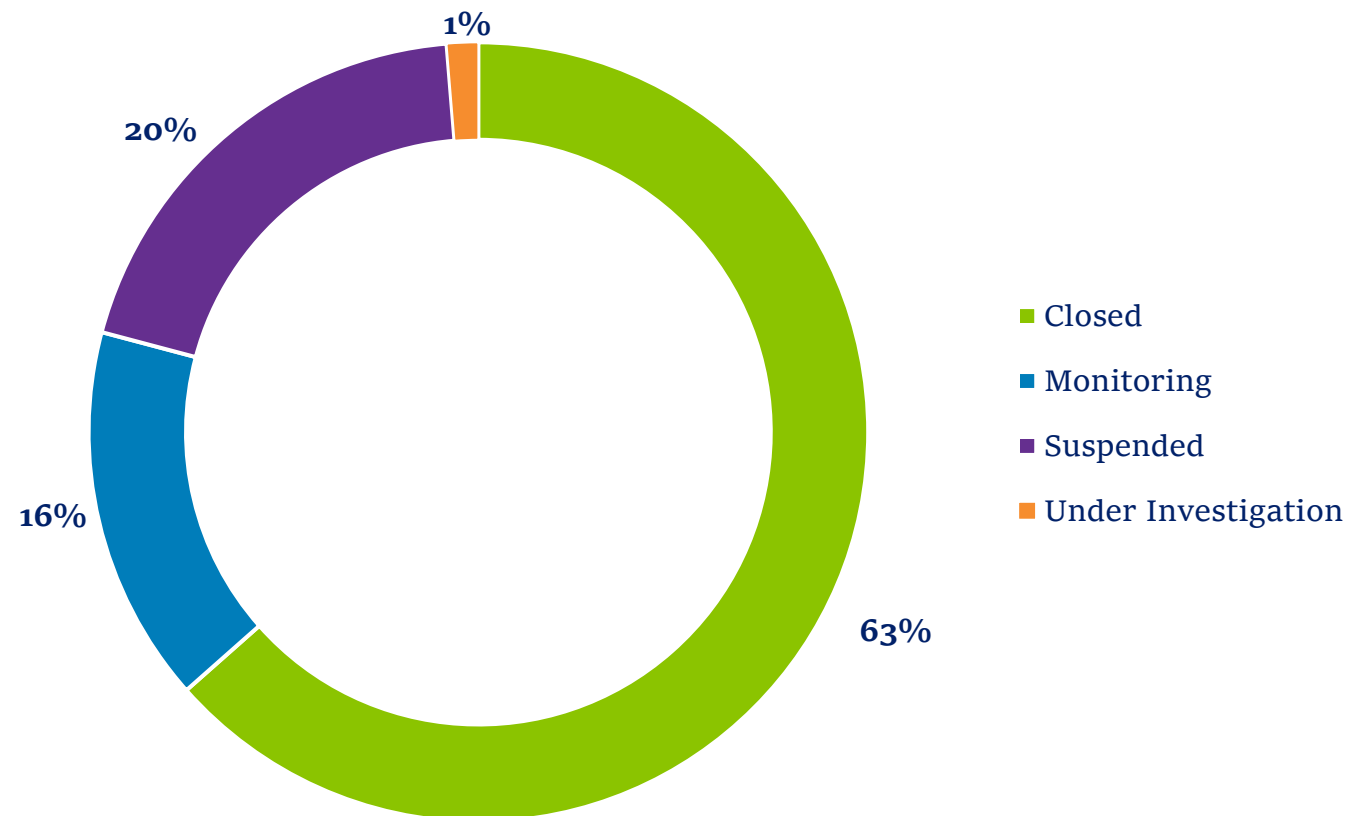
All our suppliers have 100% traceability to the mill.

## PKE Supply Base



# Grievance & Resolutions

Percentage of Grievances by Status



Based on status of allegations listed in ADM's Grievances & Resolutions log as of May 16, 2022



# 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. The goal of the initiative is building a more **inclusive palm oil value chain** among Colombia's small producers, processors and the international market.

The mills *Aceites S.A.* and *El Roble S.A.S.* have undergone an **analysis** of their policies to **identify gaps** and **receive input** on **how to close them**. The smallholders supplying to these mills were benchmarked and recommendations for improvements were made.

In Q1 of 2022, **main outcomes** of the projects have been trainings for producers and workers, the definition of an internal control system and sustainability policy, and a submission of an independent smallholder group membership to RSPO. Furthermore, first aid kits and signs with social and environmental policies were delivered to producers as well as recycling points implemented. **Next steps** in the project will be the design of the health and safety system, the development of strategies to promote labour formalization, the diagnosis and analysis of gender equity, and the implementing of further trainings on different topics.



### Sabah Landscape (EF) – Malaysia

The Sabah Landscape project aims to **sustainably transform palm supply chains** by engaging in topics of sustainability practices, wildlife conflict, deforestation outside concessions, riparian zone management and labours issues. During Q1 of 2022, Covid-19 movements restrictions were lifted and activities with direct engagement of the smallholder community, upstream suppliers and other strategic stakeholders were resumed.

Progress this quarter happened in the **supply chain transformation**: 48 mills are making progress to achieve 100% traceability to plantations and 1 new mill is engaged to explore collaboration on smallholder activities. **Forest protection and restoration** increased to 9,547 ha of elephant range which is covered by conflict mitigation activities that are managed by a multi-stakeholder collaboration facilitated by EF. Field visits to smallholders were done to understand the ground situation and explore the riparian zone to design a buffer zone to reduce elephant movements from forest into plantations. In Q1 2022, the project has reached 204 new farmers and 33 new smallholders started **transformation activities towards resilience**. Significant progress was also achieved in securing **collaboration with key government agencies**. **Next steps** will be the development of a digital platform for easier data analysis and group events will restart.



# Transformation Projects

## Smallholder Farmers and Landscape Initiative

### Leuser Ecosystem – Aceh Province (EF) – Indonesia

The Leuser Ecosystem project brings together companies from both the up- and downstream palm supply chain alongside actors from government and civil society to **collaboratively generate positive impacts**. It is active in four districts of the Aceh Province with different activities in Q1 of 2022.

In the **Aceh Singkil District**, the Earthworm Foundation (EF) is engaged with the district government to secure their support on landscape programs. As a next step, EF and the district government will hold a multi-stakeholder workshop to identify critical issues in the management of natural resources.

#### Activities in the **Subulussalam District**:

- Nineteen key stakeholders participated in a **public communication and consultation meeting** on the management of the Lae Kombih Grand Forest Park. During the meeting, stakeholders concluded that it is urgent to protect community rights and customary forest areas, flood management inside the forest park and job creation for the community near forest frontiers.
- EF **signed an MoU with the village government** of Kuta Cepu agreeing to collaborate on sustainable palm oil and land use planning as the village overlaps with PT Laot Bangko's concession. To date, EF has engaged 16 villages and signed MoUs with 7 of those villages as well as supported PT Laot Bangko in resolving conflicts with the local communities through meetings and the drafting **23 conflict resolution work plans**.
- **Improvements in farmers' technical knowledge** about sustainable palm oil will

contribute to the productivity of oil palm plantations: Training of trainers on sustainable palm oil Good Agricultural Practices (GAP) and occupational health and safety were executed to 61 participants, both agricultural extension officers (51) and champion farmers (10). The agricultural extension officers and champion farmers will coach the farmers in their respective working areas with a potential indirect impact up to 19,000 ha of smallholder-owned plantations (an estimated 9,000 farmers). EF delivered one-on-one GAP coaching to 202 smallholders (of which 18 are female).

- EF labour specialists **assessed the working conditions in 4 palm oil companies** and now work together with the companies to close gaps and risk areas.

In the districts **Aceh Selatan** and the **Aceh Tamiang** actions of assessment and engagement will begin in Q2 of 2022.



EF coached the staff of PT. Bangun Sempurna Lestari, a palm oil mill in Sub-ulussalam district on labour practices. *EF - Quarterly report 2022*



# Transformation Projects

## Smallholder Farmers and Landscape Initiative

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

ADM supports Conservation International by contributing to its Singapore program implementation in North Sumatra since 2018. The **train-the-trainer approach** incorporates training sessions and 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 which indirectly benefits 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

306

Certifications of smallholders

9839

Smallholder training contacts over  
6 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 and damages from the hurricanes, but also new difficulties arising from the war between Russia and Ukraine. 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 306 smallholders have been certified.

During Q1 of 2022, the first training was held in February on the topic of **generational gap** and difficulties of involving young generations in the family farm business. In April, the second training was conducted on the topic of **traceability of palm to the plantation**. Additionally, videos explaining the certification audit process were developed to support the auditing process. 1520 smallholders were trained using the videos. In May, a digital notebook trial was implemented for record keeping and control of different sustainability practices.



Certification audit videos.



# Monitoring & Verification



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

# Tracking Continuous Improvement

## Palm Supplier Scorecard

In 2022, ADM conducted the third scorecard tool assessment through its third-party assessor.

The average performance of ADM's direct suppliers improved by 12.2% compared to last year's results.

ADM continues to engage with its direct suppliers on any unfulfilled criteria and expectations. The focus in these engagements lies with the lower scoring suppliers.

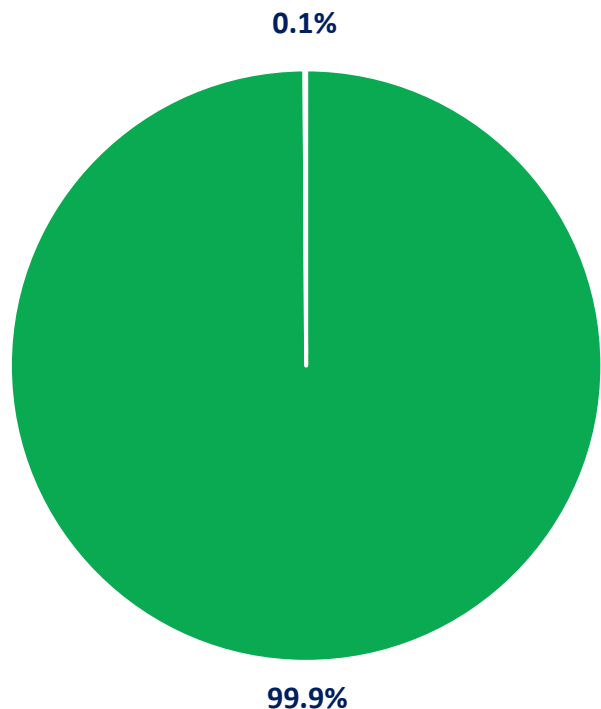


Average performance of direct suppliers on the Palm Supplier Scorecard

76.7%

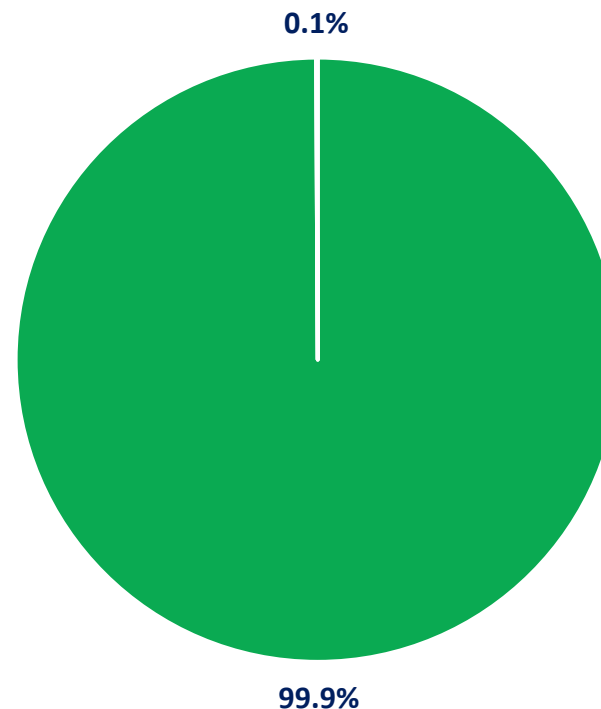
# Analysis of Main KPIs (% of Volume)

### Public Grievance Log



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

### Public Reports



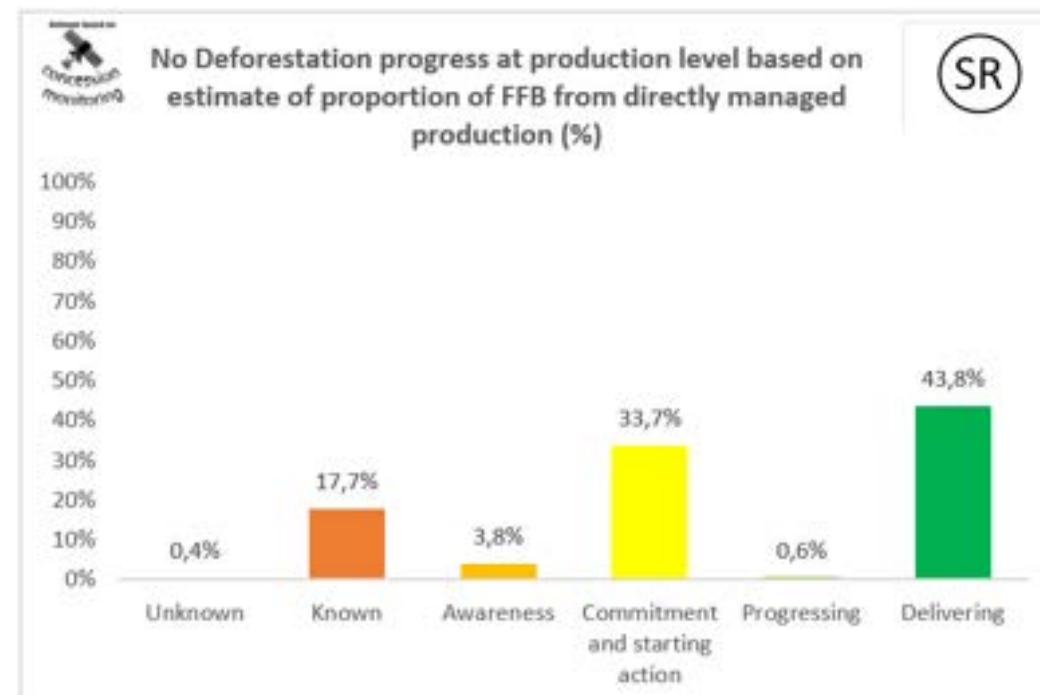
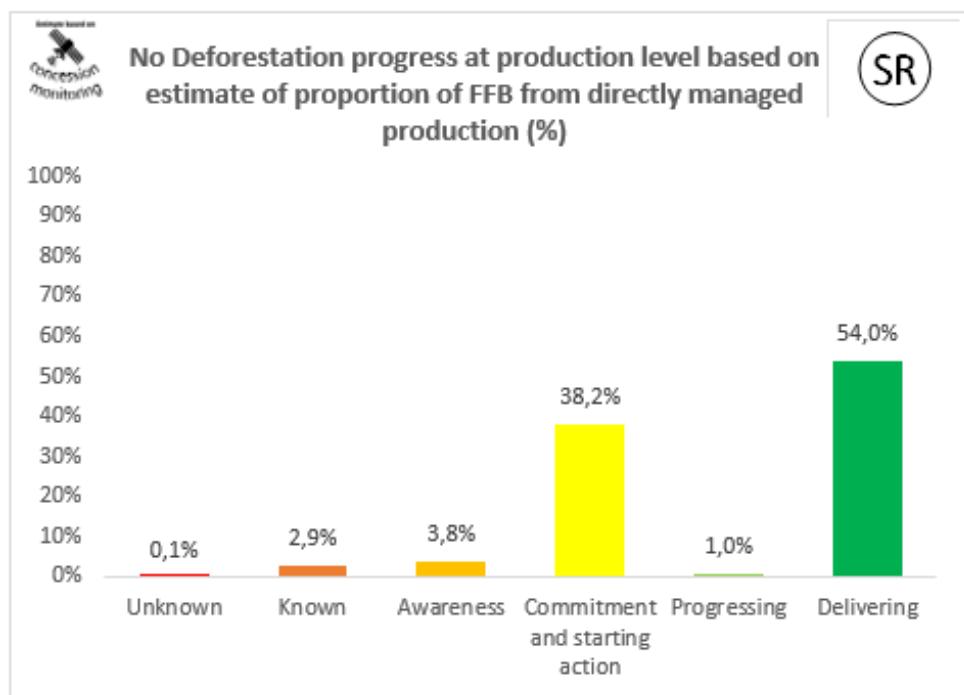
- Covered under public report of progress
- Not covered under public report of progress

# NDPE IRF Reporting

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.

In June 2022, ADM underwent verification of all its NDPE IRF profiles by an independent third-party. Volumes sourced from January to December 2021 were covered. The audit was conducted in accordance with the NDPE Data Verification Protocol version November 2020.

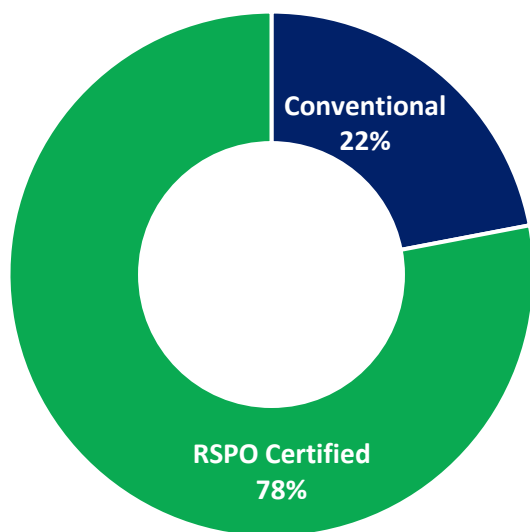
The NDPE IRF profiles are available under the *Palm Oil Supply Chain Traceability* sections of [ADM's Sustainability Policies & Reports](#) webpage.



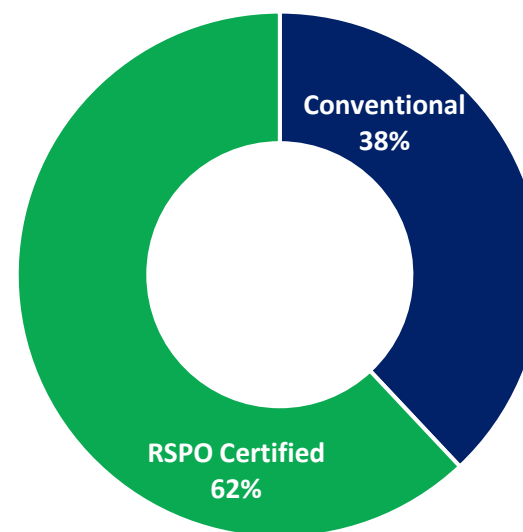
# Verification

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 #16.

We welcome feedback and comments from at [responsibility@adm.com](mailto:responsibility@adm.com)

