



Policy to Protect Forests, Biodiversity and Communities

1. Objective

As one of the world's leading agricultural supply chain managers and nutrition providers, ADM commits to building 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 supply chains such as palm oil and soy supply chains. ADM will amend the policy with additional commitments specific to certain supply chains and high-risk areas as needed.

We aim to eliminate deforestation from all of our supply chains by 2025. In addition, we aim to have all our direct supply chains free of conversion of primary native vegetation in defined high-risk areas by December 31, 2025, and indirect supply chains free of conversion of primary native vegetation in defined high-risk areas by no later than December 31, 2027.

Though ADM is 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) and High Carbon Stock (HCS) 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 for internationally recognized human rights, according to the U.N. Guiding Principles for Business and Human Rights, and International Bill of Human Rights²,
- 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 greenhouse gas emissions along our supply chain,
- 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 reparation of new plantings, re-plantings or any other developments, including the management of existing plantations;

² International Bill of Human Rights refers to Universal Declaration of Human Rights (UDHR), International Covenant on Civil and Political Rights (ICCPR), and International Covenant on Economic, Social and Cultural Rights (ICESCR)



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 engage in direct and indirect sourcing of commodities. Implementation in each supply chain will be focused in the following four pillars:

3.1 Supply Chain Assessment & 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 crops 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. Implementation progress will be communicated via our public commodity-specific action plans and progress reports available on the [Sustainability Progress Tracker](#).

4. Consequences of Non-Compliance:

We will evaluate and manage all complaints of non-compliance using a transparent [Grievances and Resolutions Protocol](#) 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.

The current document released in November 2023 is the updated version of the original policy released in 2015 and updated in 2021. The governance of this policy has been reviewed by the Sustainability & Corporate Responsibility Committee of the ADM Board of Directors.



5. 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:

- Protection of High Conservation Value or High Carbon Stock areas.,
- No development on peatlands, regardless of depth³, 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, with the aim to minimize the use of synthetic chemicals, including pesticides and chemical fertilizers,
- 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 rights, including land, resources, territories, livelihoods, or food security,
- Responsible management of all complaints raised using a transparent grievance procedure. All allegations brought forward are investigated in line with our [Grievances and Resolutions Protocol](#). 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,
- Cooperate with all parties necessary to enable the provision of access to fair and just remediation,
- Work collaboratively with peer companies, government and civil society to support transformation of commodity producing landscape, and
- The sector wide cutoff date for the palm supply chain is December 31, 2015.

³ 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.

ADM will implement a risk-based assessment to define the type of traceability/monitoring that will be required geographically⁴. ADM's sourcing commitment in high-risk areas is especially focused on soybeans sourced in areas of South America, as per the following definition:

- In **low-risk** areas for deforestation or conversion, identify sourcing of the country of origin (ex: United States, Canada).
- In **medium-risk** areas for deforestation or conversion, 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 suppliers, ADM will obtain farm polygons or otherwise identify the farm of origin, and for indirect suppliers, ADM will apply a 50-100 km radius from soy elevators and will engage suppliers if any soy-driven deforestation or conversion is identified.

In high-risk areas, ADM will continue to:

- Support Brazilian sectoral agreements, essentially
 - *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.
- 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.
- Promote regenerative agriculture practices as well as the restoration of degraded lands.



6. Conversion of non-forest primary native vegetation:

ADM will avoid sourcing commodities produced in agricultural areas within high-risk areas that have conversion of primary non-forest native vegetation after December 31, 2025. The Brazilian Amazon, the Brazilian Cerrado and Pantanal biomes, and the Paraguayan and Argentinian Chaco are ADM's currently defined high-risk areas for conversion of non-forest primary native vegetation.

ADM will adopt December 31, 2025, as a cutoff date for conversion of primary native vegetation in high-risk areas. In addition, ADM will aim to have all direct supply chains free of conversion of primary native vegetation in defined high-risk areas by December 31, 2025, and indirect supply chains free of conversion of primary native vegetation in defined high-risk areas by no later than December 31, 2027.

In 2021, ADM began monitoring conversion of primary native vegetation in high priority areas in the Brazilian Cerrado, looking back to 2020. ADM has expanded its monitoring to more areas within Brazil and will continue monitoring and engaging direct and indirect suppliers as we approach the December 31, 2025, cutoff date.

7. Action Plan:

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.

⁴ More information on the methodology is available in Annex II.



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).
- 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).
- Deforestation: Conversion of primary native forests to other land use independently whether human-induced or not (FAO, 2020).
- Conversion of non-forest native vegetation: Change of a natural ecosystem, such that a human-caused change of non-forest primary native vegetation results in another land use or profound change in a natural ecosystem's species composition, structure, or function.
- Primary native vegetation: An assemblage of native plant species in a specific place or region that has adapted to environmental and biological conditions and has suffered little or no human intervention.
- Biodiversity: 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: 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: 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): 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.
- High Carbon Stock (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: 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).
- High-risk areas: Regions or biomes considered at risk for conversion of non-forest primary native vegetation that need protection. The Brazilian Amazon, the Brazilian Cerrado and Pantanal biomes, and the Paraguayan and Argentinian Chaco are ADM's currently defined high-risk areas.
- Cutoff date: Date after which deforestation or conversion of primary native vegetation renders a given area or production unit non-compliant with commitments of no deforestation or no conversion of native vegetation.
- Target date: Date by which the company intends to have fully implemented its commitments in a given supply chain.



- 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. For the purpose of the policy, it refers to ownership stake of more than 50% by ADM.





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