ADM Sustainability South America

Responsibility in the whole process. Our strategy is supported by five pillars.

- Carbon emissions
- Energy consumption
- Water consumption
- Waste generation
- Relationship with community

Corporate Social Responsibility
Education
ADM Cares
Market Trends (new patterns)
International Commerce and commercial barriers
Chain of Custody (CoC) Management (supply management)

Operational Efficiency
Environmental Footprint

Responsibility toward Natural Resources
Sustainable Production Traceability
Commodities Certification

Private Social Investment

Sustainable Value Chain

Reporting
Corporate Responsibility
Stakeholders
Shareholders/Financial Market
Government (public policy)
Media
Companies
Science

Stakeholder Engagement

Governance
NGO’s
Influence

Support areas
Corporate Communication (media)
### Sustainability Certifications achieved by ADM in South America

<table>
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<tr>
<th>Scheme/Type</th>
<th>Facilities</th>
<th>Certification</th>
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<td>ISCC EU/ FGP</td>
<td>ADM do Brasil - Bahia</td>
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<tr>
<td>ISCC EU/FGP</td>
<td>ADM Paraguay - all Paraguay units</td>
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<td>ISCC EU/ Conversion Unit</td>
<td>ADM Paraguay – Villeta’s crushing plant</td>
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<tr>
<td>ISCC Plus</td>
<td>ADM Paraguay – Villeta’s crushing plant</td>
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*ADM SA is also chair of the ISCC LA Technical Committee and is Board member of ISCC Association.*
Brazil – Scope of Certification
Develop a ISCC Management System

- Implement controls
- Program internal audits for farms and warehouses
- Training colleagues
- Monitoring activities

- Create a certification team (Commercial, Logistic, Operations and Sustainability)
  - Define the scope
  - Evaluate the IT system

- Traceability: generate parallels controls to link the commercial/operational information with sustainability request.
- Elaborate procedures for traceability: contracts, instructions guides...

Act

Plan

Check

Do

- Check the system and procedures with logistic, commercial, operations managers

- Do
Challenges for Certification

1. Find the right producers (top producers)
   - there is no data/information available on farm sustainability issues

2. Convince the producers
   - there is no “premium-price” yet or other economic incentive

3. Prepare the producers
   - there is a lack of certification experts (outreach process)

4. Audit (certify) the producers
   - there is lack of regional interpretation, HCVA definitions, etc

5. Develop a customer long-term relationship (producer loyalty)
   - but it’s a commodity market

6. New environmental governance in Brazil (Forest code)
Doing it Right

- Partnership with ADM of Brazil
- Prepares ADM’s suppliers for ISCC certification
Doing it Right Program

Assurance of a sustainable chain

### Identify
- Identifies the profile of the ADM suppliers regarding social, environmental and legal concerns

### Quantify
- Quantify social, environmental and legal status of ADM suppliers

### Influence
- Assist ADM suppliers in improving their sustainable farming practices, bringing them into legal compliance

### Tools
- Social-Environmental Property Assessment
- Set of criteria, indicators and verification methods
- Action Plan and Annual Auditing

### Goals and Project outcomes
- Develop a database that can help understand the social, environmental and legal risks of our suppliers
- Develop a metric system that can help rank our suppliers according to their social-environmental risk
- Reduce the social and environmental impact of the ADM soy supply chain

Risk Mitigation for Business

Sustainable Supply Chain
Doing it Right Program

Has kept its initial goal, expanding over 350 rural properties in 3 states

350 Properties in this program

3 States:
- Mato Grosso
- Mato Grosso do Sul
- Bahia

1,6 Million Reais invested by ADM
Producing Right Platform

An accessible tool that meets buyers' demands and shows the commitment of producers
Socioenvironmental Purchase

Criteria for Soy

• ADM do Brasil has made the commitment to not purchase soy grown in deforested areas of the Amazon biome, and that are on Ibama’s list of embargoed areas and on the list of slavery work (by the Ministry of Labor).

• The surveillance of the deforested areas is made by satellite imaging and, if the producer clears a small fraction of native vegetation in his property and plants soy in this area, all of his farm’s production becomes ineligible for trading.

• List kept by IBAMA (Brazilian Environmental & Renewable Natural Resources Institute) of embargoed areas due to illegal deforestation: http://siscom.ibama.gov.br/geo_sicafi/

• List kept by the Ministry of Labour of locations using labour analogous to slavery: http://www.mte.gov.br/trab_escravo/cadastro_trab_escravo.asp
ALERT
INSPECTION
LEGAL DEFORESTATION

THE FARM AND THE RURAL PRODUCER ARE INCLUDED IN IBAMA’S LIST OF EMBARGOED AREAS IN BRAZIL

PUBLIC GOVERNANCE LAW ENFORCEMENT

DEFORESTATION ALERT INSPECTION

ILLEGAL DEFORESTATION FARM IS EMBARGOED FINE R$500/kg purchased

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LEGAL DEFORESTATION
Soy Moratorium

• The Soy Working Group announced that the Moratorium would be extended until May 2016. The agreement prevents traders from selling soy that may be linked to deforestation in the Amazon.

• Monitoring by satellite will continue to be done to identify soy plantings in areas of the Amazon Biome that were deforested after July 2008 and, consequently, to evaluate if there are “hot spots”, or municipalities with intense deforestation, so as to provide orientation for steps to be taken by the government and by the GTS.

• Another commitment the GTS members have in common is to promote awareness among soy producers and provide support so that they comply with the provisions of the Forest Code, especially implementation of CAR and PRA (Environmental Regularization Program).
Sharp Fall in Deforestation

Deforestation rate in the Amazon Biome over the last twenty years, in km²

Source: INPE, 2014.
Importance of CAR
(Rural Environmental Registration)

- Identification of the land owner and the area of the rural property: allowing monitoring and control;

- Survey of environmental liabilities: environmental adequacy of rural properties regarding Legal Reserves and Areas of Permanent Preservation;

- Define land use and occupation: reconciling environmental conservation with food production;

- Brings legal security to the producer.
Our projects and programs have something very important in common — they all establish a new relationship with our suppliers in which the origin of the products and the conditions of production are fundamental. We are focusing on the farmers and the farms. We believe in the importance of these initiatives and we maintain our goal of becoming the world’s most admired agribusiness.
Thank you!!!!

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