

WHEREAS: Conversion of forests to produce agricultural commodities is the single largest cause of deforestation, which contributes significantly to climate change and species extinction. Archer Daniels Midland (ADM) is one of the largest suppliers of agricultural commodities globally, and thus is highly exposed to risks related to the adverse impacts of deforestation on agricultural production.

Deforestation accounts for 15-20% of global greenhouse gas (GHG) emissions--- more than the entire global transportation sector. Other adverse effects of deforestation include disrupted water cycles, soil erosion, loss of biodiversity, and land conflicts with local communities. The rate of global deforestation is increasing.

Commercial agriculture is recognized as the leading driver of global deforestation, accounting for over 70% of tropical deforestation between 2000-2012, approximately half of which was illegal. Production of soy, palm, sugar, and pulp/ paper are primarily responsible.

ADM is a leading global supplier of agricultural commodities. In its 2014 form 10-K, ADM notes that 'substantially all of the Company's raw materials are agricultural commodities'.

The adverse impacts of deforestation on climate, soil, water cycles, biodiversity, and local communities pose significant risks to agricultural production and ADM's business.

Public concerns about deforestation have prompted several of the world's largest companies to adopt 'zero deforestation' policies for sourcing key commodities. These commitments include full supply-chain traceability; specific protections for high carbon stock (HCS) and high conservation value (HCV) forests, peatlands, community and worker rights; and independent verification.

Many companies that have made these commitments are likely ADM customers. Cargill, a major competitor, announced a 'no deforestation, no exploitation' pledge in September for every commodity it handles. Failure to keep pace with shifting consumer and market expectations for sustainable production may pose significant risks to ADM including reputational damage, loss of goodwill, and restricted market access.

ADM states that its 'vision is to be the most admired global agribusiness while creating value and growing responsibly.' However ADM is currently lagging the industry around setting goals to mitigate its supply chain impacts on deforestation. Although ADM states that it has established voluntary farmer training programs for encouraging more sustainable production of soy and cocoa, it has not disclosed quantitative goals for reducing deforestation across its entire supply chain nor any analysis of the effectiveness of initiatives in reducing deforestation.

Resolved: Shareholder request that ADM set quantitative goals for reducing its supply chain impacts on deforestation, and report annually against key performance indicators and metrics that demonstrate progress against these goals.

Supporting Statement:

Proponents believe meaningful indicators would include:

- An assessment of risks facing ADM related to the company's supply chain and operational impacts on deforestation;

- The percentage of each key commodity ADM sources that can be traced back to its source;
- Percentage of each key commodity that ADM can trace and independently verify, via credible third parties, as not contributing to physical expansion into peatlands, HCV or HCS forests;
- A time-bound plan for 100% sourcing consistent with those criteria.