



# Sustainability Bond Allocation Report

February 2024



# Sustainable Financing Program

ADM is committed to furthering sustainable solutions for the environmental and social challenges of today. We continually seek opportunities to expand the positive impacts of our practices and we focus our efforts on the sustainability issues that are most relevant to our operations and our stakeholders. To identify and fund projects that address these relevant environmental and social topics, we developed our [Sustainable Financing Framework](#), which outlines the criteria and process for allocating the net proceeds of any green, social, or sustainability bond.

ADM successfully issued our first sustainability bond in February 2022, with net proceeds of \$743.5M. This bond was issued to finance and/or refinance impactful projects that advance ADM's sustainability strategy, particularly related to climate obligations, responsible sourcing practices, and community engagement. To facilitate the allocation of the associated funds, we have established the Sustainable Finance Committee with representation across our internal Sustainability, Treasury, Legal, Procurement, and Operations teams. This Committee is responsible for identifying, evaluating, and selecting projects based on the eligibility criteria described in the Sustainable Financing Framework while ensuring a comprehensive external verification process for project-related expenditures.

In 2022, ADM allocated \$376.1M of the sustainability bond's net proceeds to projects across multiple eligible environmental and social categories as described in last year's [Sustainability Bond Allocation Report](#). In this FY 2023 report, we provide an update on the allocation of the remaining \$367.4M in net proceeds.



# Summary of 2023 Allocation

ADM allocated the remaining net proceeds of our sustainability bond, totaling \$367.4M, to a variety of eligible projects in 2023. The projects that received allocations address multiple environmental and social categories outlined in ADM’s Sustainable Financing Framework and promote alignment with the United Nations Sustainable Development Goals (SDGs). An overview of the primary project categories and a breakdown of the 2023 allocation has been summarized below:

**Sustainable Aquaculture and Animal Husbandry** – ADM allocated net proceeds to multiple projects in this category which include investments and expenditures (including research and development (“R&D”)) to reduce the environmental impact and resource use associated with aquaculture and animal husbandry.

**Renewable Energy** – Projects impacting this category include investments in the generation capacity for renewable energy and expenditures related to the procurement of renewable energy.

**Socioeconomic Advancement and Empowerment** – Projects under this category include investments and expenditures to empower women and smallholders socially and economically through microfinancing programs and training programs for female farmers.

Project Category	Look-back <sup>1</sup>	Look-forward <sup>1</sup>	Total 2023 Allocation (USD)	Percentage of Allocation
Sustainable Aquaculture and Animal Husbandry	\$167M	\$20M	\$187M	51%
Renewable Energy	\$0.4M	\$150M	\$150.4M	41%
Socioeconomic Advancement and Empowerment	\$0M	\$30M	\$30M	8%

In addition to the primary categories listed above, the 2023 projects also met the eligibility criteria of the following project categories: Food Security and Sustainable Food Systems, Green Buildings, Pollution Prevention and Control, Water and Waste Management, and Energy Efficiency. More information on project categories and eligibility criteria can be found in the appendix of this report.

<sup>1</sup>Look-back period relates to the 36-month period prior to issuance date (2/28/2022); look-forward relates to the 24-month period post issuance.



# Renewable Energy Projects

ADM has committed to reducing greenhouse gas (GHG) emissions in the form of two targets: 1) a 25% absolute reduction of combined Scope 1 + 2 emissions over a 2019 baseline by 2035 and 2) a 25% absolute reduction of Scope 3 emissions over a 2021 baseline by 2035. Realizing our GHG reduction ambitions will require a transition to renewable and alternative energy sources within our operations. We have also supplemented our existing goals with a new target of increasing low-carbon energy usage to 25% of total energy use by 2035.

To further the expansion of renewable energy capacities and reduce the CO<sub>2</sub> footprint of our operations, ADM allocated funds to projects<sup>1</sup>, including:

- Wind Power Plant – an investment to provide wind power to ADM’s Campo Grande processing facility and reduce purchases from the local electricity grid.
- Solar Panels – the installation of solar panels at ADM’s Silo Slawa and Araguari facilities to enable on-site electricity generation.
- U.S. Milling RECs – Funds have been allocated to the purchase of renewable energy certificates (RECs) to reduce the Scope 2 emissions of ADM’s U.S. milling division for the years 2020, 2021, and 2022.

## Impact:

*These solar and wind projects are cumulatively projected to achieve **reductions of 19,000 MTCO<sub>2</sub>e per year**, while REC purchases led to **reductions of 203,000 MTCO<sub>2</sub>e from 2020-2022**.*

<sup>1</sup>This is a selection of projects classified under the “Renewable Energy” category.

# Appendix A: ADM Management's Assertion



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Archer Daniels Midland Company  
Management's Assertion

We assert that an amount equal (the "Allocated Amount") to the net proceeds from the 2.900% notes due 2032 issued on February 28, 2022 by Archer-Daniels-Midland ("ADM") was fully allocated to qualifying Eligible Projects during the period from February 28, 2022 through December 31, 2023 (the "Reporting Period"). The Allocated Amount is based on qualifying Eligible Projects within the Sustainability Finance Framework (as defined in the "Use of Proceeds" section of the Prospectus Supplement dated February 23, 2022 to the Prospectus dated July 31, 2020 and filed by ADM on February 24, 2022 with the Securities and Exchange Commission pursuant to Rule 424(b)(2) under the Securities Act of 1933, as amended) and set forth below (the "Criteria"). Management of ADM is responsible for this assertion, selection of the Criteria and the allocation, during the Reporting Period, of amounts to projects that meet the Criteria.

## Eligible Projects

**Sustainable aquaculture and animal husbandry projects** - Which include investments and expenditures (including research and development ("R&D")) to reduce the environmental impact and resource use associated with aquaculture and animal husbandry;

**Sustainable agriculture** - Which includes investments and expenditures to protect, restore and promote sustainable use of terrestrial ecosystems;

**Green buildings** - Which include investments and expenditures to conserve water and reduce carbon emissions, energy usage and waste related to the design, construction, maintenance or refurbishment of buildings;

**Energy efficiency** - Which includes investments and expenditures related to improving and optimizing energy efficiency;

**Renewable energy**-Which includes investments in the generation capacity for renewable energy and expenditures related to the procurement of renewable energy;

**Clean transportation** - Which includes expenditures to reduce the emissions of our transportation fleet;

**Water and waste management** - Which include expenditures to reduce water consumption and improve water quality, including investments in wastewater treatment infrastructure and water metering equipment;

**Pollution prevention and control** - which include expenditures (including R&D and capital expenditures) for projects related to the reduction of waste, improvement of recycling and reduction of air emissions;

**Socioeconomic advancement and empowerment** - Which include investments and expenditures to empower women and smallholders socially and economically through microfinancing programs and training programs for female farmers; and

**Food security and sustainable food systems** - Which include investments to empower smallholder farmers and promote environmentally-responsible farming practices.

Eligible Projects exclude any expenditures related to fossil fuel technologies.

**Note 1** – The Allocated Amount was applied to existing projects with disbursements up to 36 months prior to and 24 months after the date of issuance of our 2.900% notes due 2032.

# Appendix B: EY Assurance Report



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## Report of Independent Accountants

To the Management of Archer-Daniels-Midland Company

We have examined management's assertion, included in Appendix A to the Sustainability Bond Allocation Report dated February 2024, that an amount equal to the net proceeds from the issuance of the 2.900% Senior Notes due 2032 issued by Archer-Daniels-Midland Company ("the Company") was fully allocated, during the period from February 28, 2022 through December 31, 2023 (the "Reporting Period"), to expenditures incurred during the period from March 1, 2019 to December 31, 2023 for qualifying Eligible Projects (as defined in the "Use of Proceeds" section of the Prospectus Supplement dated February 23, 2022, to the Prospectus dated July 31, 2020, filed by Archer-Daniels-Midland Company on February 24, 2022, with the Securities and Exchange Commission pursuant to Rule 424(b)(2) under the Securities Act of 1933, as amended) based on the Eligible Projects criteria set forth in Appendix A (the "Criteria"). Archer-Daniels-Midland Company's management is responsible for the assertion, having a reasonable basis for its assertion, selection of the Criteria and the allocation, during the Reporting Period, of amounts to projects that meet the Criteria. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA"). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Company and to meet our other ethical responsibilities, as applicable for examination engagements set forth in the Preface: Applicable to All Members and Part 1 – Members in Public Practice of the Code of Professional Conduct established by the AICPA.

Our examination was not conducted for the purpose of evaluating (i) whether funds in excess of the net proceeds were allocated to Eligible Projects during the Reporting Period, (ii) the amount allocated to each category of Eligible Projects during the Reporting Period, (iii) the environmental or social benefits of the Eligible Projects, (iv) conformance of any Eligible Projects with any third-party published principles, standards or frameworks, such as the Green Bond Principles, dated June 2021, the Social Bond Principles, dated June 2021, and the Sustainability Bond Guidelines, dated June 2021 each published by the International Capital Market Association or (v) any information included in the Company's report or on the Company's website, other than management's assertion. Accordingly, we do not express an opinion or any other form of assurance other than on management's assertion included in Appendix A.

In our opinion, management's assertion, included in Appendix A, that an amount equal to the net proceeds from the issuance of the 2.900% Senior Notes due 2032 was fully allocated during the Reporting Period to qualifying Eligible Projects, is fairly stated, in all material respects.

*Ernst & Young LLP*

February 28, 2024







# Appendix C: Eligibility Criteria

We expect to apply an amount equal to the net proceeds of any green, social, or sustainability bond (each, a “Sustainable Bond”) issued to finance and/or refinance, in whole or in part, one or more new and/or existing eligible Green Projects and/or eligible Social Projects (together, “Eligible Projects”).

Eligible Green Projects are investments and expenditures made by ADM or any of our subsidiaries that contribute to environmental objectives such as: sustainable aquaculture and animal husbandry; sustainable agriculture; green buildings; energy efficiency; renewable energy; clean transportation; water and waste management; and pollution prevention and control.








Eligible Social Projects are investments and expenditures made by ADM or any of our subsidiaries that aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for certain target populations, such as: socioeconomic advancement and empowerment; and food security and sustainable food systems.

We expect that each of our Eligible Projects will meet one or more of the following eligibility criteria<sup>1</sup>:

Green or Social Eligible Project Category	Eligibility Criteria	Sustainable Development Goal (SDG)
Sustainable Aquaculture and Animal Husbandry	Investments and expenditures (including research and development (“R&D”)) to reduce the environmental impact and resource use associated with aquaculture and animal husbandry	 
Sustainable Agriculture	Investments and expenditures to protect, restore, and promote sustainable use of terrestrial ecosystems	 
Green Buildings	Investments and expenditures to conserve water and reduce carbon emissions, energy usage, and waste related to the design, construction, maintenance or refurbishment of buildings	
Energy Efficiency	Investments and expenditures related to improving and optimizing energy efficiency	

<sup>1</sup>This table is an abbreviated version of the Eligible Projects table that can be found in the [Sustainable Financing Framework](#).

# Appendix C: Eligibility Criteria

Green or Social Eligible Project Category	Eligibility Criteria	Sustainable Development Goal (SDG) Alignment
Renewable Energy	Investments in the generation capacity for renewable energy and expenditures related to the procurement of renewable energy	
Clean Transportation	Expenditures to reduce the emissions of our transportation fleet	
Water and Waste Management	Expenditures to reduce water consumption and improve water quality, including investments in wastewater treatment infrastructure and water metering equipment	
Pollution Prevention and Control	Expenditures (including R&D and capital expenditures) for projects related to the reduction of waste, improvement of recycling and reduction of air emissions	
Socioeconomic Advancement and Empowerment	Investments and expenditures to empower women and smallholders socially and economically through microfinancing programs and training programs for female farmers	
Food Security and Sustainable Food Systems	Investments to empower smallholder farmers and promote environmentally-responsible farming practices	 

**Exclusions:** Any expenditures related to fossil fuels technologies are explicitly excluded from allocation to any Eligible Project.



# Appendix D: Disclaimer

## **Disclaimer regarding Sustainable Financing Framework:**

The Sustainable Financing Framework is intended to provide non-exhaustive, general information. The Sustainable Financing Framework is not intended, nor can it be relied on, to create legal relations, rights or obligations. The information and opinions contained in the Sustainable Financing Framework are provided as of the date of the Framework and are subject to change without notice. Please refer to the [Sustainable Financing Framework](#) for additional considerations regarding the Framework.

## **Forward-Looking Statements:**

Some of the information contained in this Report constitute forward-looking statements. These statements are based on many assumptions and factors that are subject to risk and uncertainties. ADM's filings with the SEC provide detailed information on such statements and risks, and you should carefully review the assumptions and factors in our SEC reports. To the extent permitted under applicable law, ADM assumes no obligation to update any forward-looking statements as a result of new information or future events.