

Archer Daniels Midland

Archer Daniels Midland's (ADM) business model and activities push ecosystems such as the Amazon and the Brazilian Cerrado toward irreversible tipping points. Despite acknowledging the risks, its actions fall short. Meanwhile, SNB's investments in ADM expose the national bank to the risk of financing deforestation, driving the tipping points for ecosystem collapse and biodiversity loss in critical regions and raise questions regarding the implementation of its exclusion criteria.

Agribusiness Expansion and Ecological Impact

ADM is a major global food processing and commodities trading corporation, heavily involved in sourcing and processing soybeans among other commodities.¹ The expansion of soy cultivation has been a significant driver of deforestation² and land-use change³ in the Brazilian Cerrado and the Amazon, leading to biodiversity loss and habitat destruction.⁴

Soybeans are integral to ADM's operations, contributing significantly to its revenues between 2021 and 2023.⁵ Due to its exposure to deforestation risks through soy production, ADM has been identified as one of the Ecological Tipping Points (ETP) risk companies, meaning it plays a role in ecosystem degradation and land conversion in sensitive large ecosystems.^{6 7} Commodity traders may not directly shape land use, but they play a crucial role by linking small-scale domestic producers, who are driving deforestation, to global markets.⁸ ADM is vertically integrated across multiple stages of the supply chain, from sourcing and processing to distribution and trade. Therefore, ADM not only buys and sells agricultural commodities but also controls significant infrastructure, such as crushing plants, storage facilities, and logistics networks.⁹ As a result, its business decisions directly impact land use patterns, deforestation risks, and supply chain sustainability, particularly in sensitive ecosystems like the Brazilian Cerrado.

¹ <https://forest500.org/rankings/company/?coname=Archer%20Daniels%20Midland%20Co.&ayear=2023&cotype=CO> ; last accessed March 11, 2025

² <https://ourworldindata.org/drivers-of-deforestation> ; last accessed March 11, 2025

³ [https://www.tabledebates.org/sites/default/files/2021-12/FCRN%20Building%20Block%20-%20Soy_food,%20feed,%20and%20land%20use%20change%20\(1\).pdf](https://www.tabledebates.org/sites/default/files/2021-12/FCRN%20Building%20Block%20-%20Soy_food,%20feed,%20and%20land%20use%20change%20(1).pdf) ; last accessed March 11, 2025

⁴ <https://www.worldwildlife.org/places/cerrado> ; last accessed March 15, 2025

⁵ https://s1.q4cdn.com/365366812/files/doc_financials/2023/ar/adm-2024-proxy-2023-form-10-k.pdf ; last accessed March 11, 2025

⁶ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5119116 ; last accessed March 11, 2025

⁷ <https://www.sei.org/features/connecting-exports-of-brazilian-soy-to-deforestation/> ; last accessed March 11, 2025

⁸ <https://www.sciencedirect.com/science/article/pii/S2666049021000244> ; last accessed March 11, 2025

⁹ https://s1.q4cdn.com/365366812/files/doc_financials/2023/ar/adm-2024-proxy-2023-form-10-k.pdf ; last accessed March 11, 2025

Ecosystem Tipping Points

The destruction of large ecosystems does not only undermine local livelihoods through its direct impacts on communities but also jeopardizes global economies and financial stability because these ecosystems provide essential services, such as carbon storage, that support many industries in the global economy.^{10 11} A critical ecosystem at risk is the Brazilian Cerrado,¹² where environmental damage could reach a point of no return, causing widespread and irreversible consequences. The Cerrado biome is an area made up of grasslands and savannas, home to over 5% global biodiversity and storing nearly 1.4 bn tonnes of carbon. The biome covers more than 20% of Brazil and is important to preserving 40% of Brazil's fresh water.¹³ The Cerrado is under significant risk of deforestation, twice the rate of deforestation occurring in the Amazon, and this is largely due to land use change for cattle ranches and soy crops.¹⁴ Cattle ranches are often converted into soy plantations, making soy production both a direct and indirect driver of deforestation.¹⁵

Scientific research shows that human activities are increasing the likelihood of crossing these ecological tipping points or thresholds where even small disturbances can trigger rapid and self-reinforcing environmental changes.¹⁶ Once these points are crossed, nature's ability to regulate itself weakens, pushing climate change and biodiversity loss beyond human control.^{17 18}

SNB Investments in ADM

In Figure 1, we compare the SNB's investment values in ADM to its positions between 2019 and 2024. After 2022, the SNB significantly reduced its ADM holdings, with their value falling below \$70 million in 2024. However, Figure 2 shows that despite a decline in ADM's weight in the MSCI ACWI, the SNB increased its positions in ADM in 2020. After 2022, the bank's ADM holdings declined in line with the broader drop in MSCI ACWI. We use the MSCI ACWI based on the available documents we reviewed, which indicate that the SNB tracks the MSCI ACWI or similar indices covering industrialized and emerging markets.

¹⁰ <https://www.annualreviews.org/content/journals/10.1146/annurev-environ-102511-084654> ; last accessed March 11, 2025

¹¹ <https://www.science.org/doi/10.1126/science.abn7950> ; last accessed March 11, 2025

¹² <https://www.worldwildlife.org/places/cerrado> ; last accessed March 15, 2025

¹³ <https://www.reuters.com/sustainability/land-use-biodiversity/how-sustainable-soy-is-critical-saving-cerrado-2024-10-21/> ; last accessed March 15, 2025

¹⁴ <https://chainreactionresearch.com/report/cerrado-deforestation-2020-soy-beef/> ; last accessed March 15, 2025

¹⁵ <https://chainreactionresearch.com/report/cerrado-deforestation-2020-soy-beef/> ; last accessed March 15, 2025

¹⁶ <https://www.science.org/doi/10.1126/science.abn7950> ; last accessed March 11, 2025

¹⁷ <https://www.nature.com/articles/s41893-023-01132-6> ; last accessed March 11, 2025

¹⁸ <https://www.nature.com/articles/s41893-023-01157-x> ; last accessed March 11, 2025

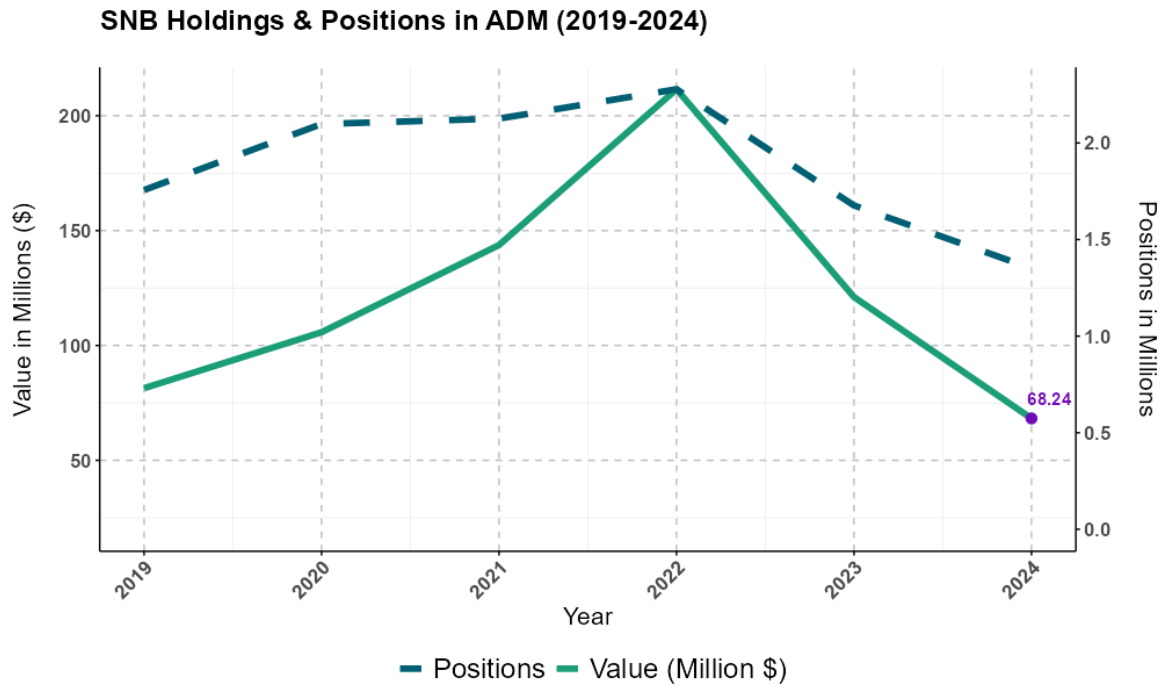


Figure 1 SNB Holdings & Positions in ADM

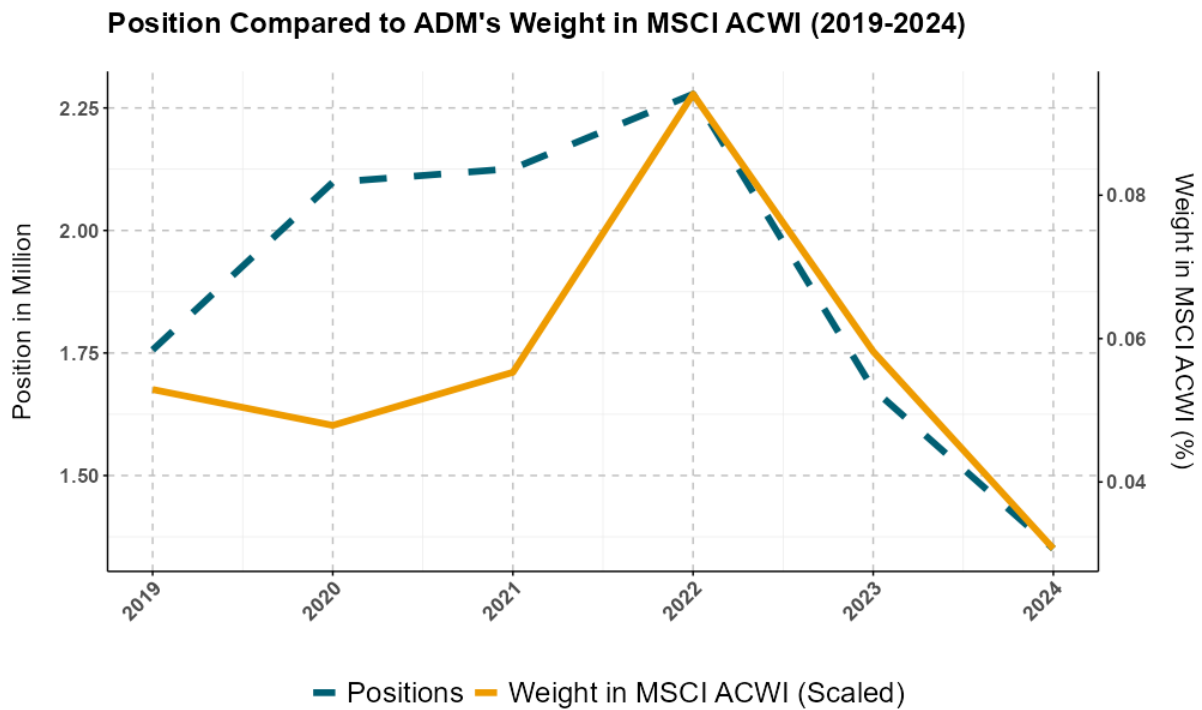


Figure 2 Positions Compared to MSCI Weights

ADM's Footprint: From Policy Promises to Ground Realities

ADM has long positioned itself as a responsible actor in global agricultural supply chains. As early as 2015, the company committed to a traceable, deforestation-free soy supply chain, vowing to mitigate its environmental footprint and avoid exploitation. Yet, despite these assurances, mounting evidence from NGOs and academic research shows that ADM remains deeply entangled in land-use change and deforestation across its sourcing regions.

Deforestation Exposure and Land Grabbing in Brazil

A measure of ADM's contribution to deforestation is called deforestation exposure, which is a stock metric that quantifies the extent to which a company or supply chain is linked to deforestation through its activities, investments, or commodity sourcing. For ADM, this exposure is very significant: research finds that its soy deforestation exposure in Brazil amounts to 39,000 hectares,¹⁹ and 4,003 hectares in the Amazon alone,²⁰ making it one of the leading contributors to deforestation in the soy sector. Despite the Amazon Soy Moratorium, which prohibits traders from sourcing soy grown on land deforested after 2008, Mighty Earth documented 30,031 hectares of deforestation and degradation in the Amazon and an additional 26,901 hectares in the Cerrado.²¹ These environmental damages occurred on properties within a 50-kilometer radius of warehouses operated by major soy exporters, including ADM. One problematic supplier to ADM is BrasilAgro, a Brazilian rural real estate firm and soy producer, who plans to convert at least 10,000 hectares of Cerrado native vegetation for livestock and grain production.²² This reinforces concerns that its sourcing practices drive large-scale environmental degradation.

The company's footprint extends beyond deforestation: it is also implicated in environmental conflicts and disputes over Indigenous lands in Brazil. A joint study by Amazon Watch and the National Articulation of the Indigenous Peoples of Brazil (APIB) identified ADM as one of the key international corporations facilitating deforestation through its procurement strategies. The study shows how ADM's supply chain choices contribute not only to ecosystem destruction but also to the displacement and marginalization of Indigenous communities.²³

¹⁹ https://trase.earth/explore/supply-chain/brazil/soy?chartType=bar&year=2022&indicator=soy_deforestation_5_year_total_exposure&dimension=exporter_group&hideDomestic=false ; last accessed March 17, 2025

²⁰ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5119116 ; last accessed March 11, 2025

²¹ https://mightyearth.org/wp-content/uploads/2024/03/Mighty-Earth_Rapid-Response-Report-2_Soy_March2024.pdf ; last accessed March 17, 2025

²² <https://chainreactionresearch.com/the-chain-brasilagro-to-convert-over-10000-hectares-of-cerrado-forest/> ; last accessed March 18, 2025

²³ <https://amazonwatch.org/assets/files/2019-complicity-in-destruction-2.pdf> ; last accessed March 11, 2025

ADM Green Promises

Recent assessments of ADM's sustainability policies cast doubt on the company's ability to follow through on its own commitments.

In 2023, ADM scored 39 out of 100 in the 2023 Forest500 assessment, an annual ranking published by the Global Canopy initiative that assesses how well companies are addressing deforestation through their policies and actions. [Forest500](#) reports that ADM acknowledges deforestation as a business risk and reports its emissions, however the company has not set clear, measurable goals for reducing land-use change emissions. The company has adopted zero-deforestation targets for specific commodities, but implementation appears inconsistent. Transparency remains limited, and ADM's internal monitoring systems offer little insight into how progress is measured or reported. Further analysis by the ZSL Spott platform highlights similar gaps, particularly in ADM's palm oil supply chain. The review found no clear evidence that ADM requires all its suppliers to carry out High Conservation Value (HCV) assessments, which is an important policy tool for protecting sensitive ecosystems.

Taken together, these findings suggest a disconnect between ADM's public sustainability commitments and its practices on the ground. Despite its stated ambitions, the company continues to face criticism over its exposure to deforestation, involvement with suppliers linked to land conflicts, and limited transparency. For a company of ADM's scale and influence, such inconsistencies risk undermining its credibility on environmental issues.

Why does the SNB invest in ADM?

The SNB's continued investment in ADM, despite the company's documented links to large-scale deforestation, raises questions about the consistency with which it applies its investment policy and exclusion criteria. According to the SNB, its strategy is to maintain a "market-neutral and passive an investment approach as possible by replicating individual equity markets in their entirety."²⁴ It makes exceptions only in cases where companies "seriously violate fundamental human rights, systematically cause severe environmental damage or are involved in the production of internationally condemned weapons."²⁵

Soy production, a core part of ADM's business and a major revenue source, is widely recognized as a key driver of deforestation and land degradation.²⁶ Nonetheless, the SNB continues to hold shares in the company. Moreover, the SNB considers itself a neutral

²⁴ https://www.snb.ch/en/services-events/digital-services/faq-overview/qas_assets#t020 ; last accessed March 11, 2025

²⁵ https://www.snb.ch/en/services-events/digital-services/faq-overview/qas_assets#t022 ; last accessed March 11, 2025

²⁶ https://joint-research-centre.ec.europa.eu/jrc-news-and-updates/amazon-region-2022-and-2023-deforestation-forest-degradation-and-risk-growing-soy-production-2024-02-28_en ; last accessed March 11, 2025

market player, so it does not actively engage with companies or employ broader stewardship approaches. However, since 2015, the SNB has exercised its voting rights on select governance matters for certain equity holdings, though this did not extend to ADM because the SNB does not exercise its voting rights in the US.²⁷

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²⁷ https://www.snb.ch/en/services-events/digital-services/faq-overview/qas_assets#t025 ; last accessed March 17, 2025.