



Avril – Sustainable soy and palm sourcing policy

September 2023

Introduction

Avril's approach to sustainability is structured around a common Purpose: Serving the Earth¹. Through this Purpose, we have set six bold commitments which we commit to on a daily basis, among which "taking action to protect natural resources and biodiversity". Because we will continue to import agricultural raw materials that cannot be produced locally from countries at risk of deforestation or conversion of endangered ecosystems, we are committed to ensuring that by 2030, 100% of our palm and soy supplies come from sustainable agriculture.

In particular, given the threats that particular ecosystems face due to the production of palm and soy-related materials, Avril decided to adopt a dedicated policy regarding its palm and soy supply. This policy is based on a shared ambition at Group level and specific action plans in the Group's business units.

Ambition

With this policy, the Group strives to procure palm and soy-based products² from suppliers who can prove that their cultivation does not contribute to the destruction of forests and other natural ecosystems (such as, but not limited to, peatlands, mangroves, savannahs), respects the human rights of workers, smallholders and local communities, and therefore the 'No Deforestation, No Peat, No Exploitation' (NDPE) principles. Through this ambition, the Group strives to uphold these principles and to have deforestation and conversion free palm and soy supply chains by 2030 in accordance with the definitions agreed within the Accountability Framework initiative (AFI).

Scope

This policy applies worldwide to every Avril subsidiary (EU and non-EU) using palm and soy-based products² in its supply chain. This is a comprehensive approach which acknowledges and calls for compliance with local legislations, including (but not restricted to) the EU Deforestation Regulation³.

Timeline

By 2025 at the latest, 100% of Avril palm and soy volumes will be traceable. When a deforestation risk exists⁴, the concerned volumes will be covered by sustainability schemes.

By 2030 at the latest, 100% of Avril palm and soy volumes will be deforestation and conversion free.

Avril expectations

We expect Avril, its subsidiaries, and all of our suppliers to comply with the following requirements:

Environmental requirements and good agricultural practices

Avril defines deforestation and conversion free products as coming from plantations and plots which comply with the following criteria:

- Full compliance of the production, manufacturing and trading steps with local, national and international laws;

¹ Find more details on our Purpose here: [From purpose to reason for action - Avril](#)

² Palm-based products covers palm oil and palm kernel oil, their fractions (including olein and stearin) and their derivatives (alcohols, fatty acids, glycerin, esters (PME) - including FAME, palm kernel meal). Soy-based products covers any form of soy: meal, oil, seed, esters (including FAME).

³ Regulation ([EU](#)) n°2023/1115

⁴ See definition of traceability and risk in Appendix p.4

- No deforestation according to the FAO guidelines⁵;
- No conversion or degradation of High Conservation Value (HCV) areas, High Carbon Stock (HCS) forests⁶, and other forest-related natural ecosystems;
- No burning, clearance, planting or exploitation of peatlands regardless of their depth.

Social requirements

- Respect for workers, farmers and smallholders' rights⁷, including freedom of association and collective bargaining, legal and decent working hours, safe and healthy workplaces, respect for minimum living wages, and the prevention of irresponsible and abusive working practices such as forced labor, child labor, discrimination, harassment and gender-based violence⁸;
- Ensure the Free, Prior and Informed Consent (FPIC) of Indigenous Peoples and local communities prior to any activity that may affect these rights, and ensure adequate compensation, accommodation or remediation;
- Protection of human, land and environmental rights defenders from violence, intimidation and criminalization;
- Within the scope of sustainable sourcing field projects, provide support for local communities' livelihoods, and smallholder farmers.

Grievance mechanism to address previous requirements

- Operation of an open, transparent and consultative process to resolve complaints and conflicts, notably through the implementation of a group-level grievance management procedure⁹.

Suppliers are required to cascade the above-mentioned requirements within their supply chain and alert Avril in case of any violation via their point of contact at Avril, or on the dedicated reporting platform "Avril Ethics Line" (<http://www.avrilethicsline.com>).

Avril approaches for implementation

We believe that to meet this ambition and move towards greater sustainability, we need to follow a dual approach of i) risk assessment and management (traceability, satellite monitoring, etc.) and ii) working on enabling factors to address systemic issues (certification schemes, landscape projects, etc.). These items are described hereafter.

Traceability

Obtaining from our suppliers traceability data (see specific requirements in Appendix) to map all the supply chain back to the production areas.

Satellite monitoring

Identifying and monitoring high-risk forest areas and natural ecosystems located in Avril's palm and soy supply chains, through the gradual implementation of a robust satellite monitoring system, which allows us to calculate our volumes of Verified Deforestation Free (VDF – see more details in Appendix) palm and soy, and to strengthen our effective grievance management procedure.

Sustainability schemes

2025 commitment

100% of palm and soy volumes produced in high-risk forest areas and natural ecosystems must be covered by sustainability schemes by 2025. Avril acknowledges the following schemes:

- Palm
 - RSPO Segregated or RSPO Mass Balance certificates;

⁵ FAO definition for forest : Article 2 (4) p.15 of [EU Deforestation Regulation](#)

⁶ Following definitions of the [High Carbon Stock Approach](#) (HCSA).

⁷ In line with the Universal Declaration of Human Rights (UDHR), the United Nations' Guiding Principles on Business and Human Rights (UNGPs) and the International Labor Organization (ILO) fundamental Conventions.

⁸ See [Avril's Code of Conduct](#)

⁹ In line with the United Nations' Guiding Principles on Business and Human Rights (UNGP).

- ISCC-EU or 2BSvs certificates to comply with European union regulations on biofuels;
- Verified Deforestation Free by 3rd party satellite monitoring.
- Soy
 - RTRS Segregated or RTRS Mass Balance certificates;
 - ISCC-EU or 2BSvs certificates to comply with European union regulations on biofuels;
 - Verified Deforestation Free by 3rd party satellite monitoring;
 - Schemes consistent with FEFAC guidelines¹⁰;
 - ZDC “Zéro Déforestation Conversion” attestation¹¹.

In addition to the schemes above, credits, in order to reach the 100% coverage target by 2025

- RSPO Credits e.g. Independent Smallholder Credits preferably or Book & Claim;
- RTRS Credits.

A KPI measures our progress against this 100% target, it is audited by a third-party and will be published in our annual extra-financial report (“Déclaration de Performance Extra-Financière”).

2030 commitment

100% of palm and soy volumes produced in high-risk forest areas and natural ecosystems must be covered by the above-mentioned sustainability schemes, excluding Mass Balance certifications and credits, by 2030.

Landscape projects

Alongside other players in the sector, we financially support field projects in areas connected to our palm supply chain. These projects focus on helping local farmers with integrated land use, socializing and training smallholders on No Deforestation, no Peat, no Exploitation (NDPE), contributing to natural ecosystems conservation and restoration, and supporting local communities in transitioning towards sustainable livelihoods. Field projects in soy supply chains could be considered in the future.

Supporting the French soybean sector

We support the development of the French soybean sector to avoid imported deforestation or conversion as much as possible. For example, we invest in soybean crushing units in France¹² using French soybeans to provide the animal feed sector with local and deforestation-free soy.

Engaging with our suppliers

Our subsidiaries using palm and soy-related materials commit to the following actions:

- Establishing and maintaining a regular dialogue with their direct suppliers and asking them to do likewise with upstream operators in the supply chain;
- Informing new suppliers about Avril’s sustainable sourcing policy;
- Ensuring the alignment of their suppliers’ sustainability and/or deforestation and conversion free initiatives with Avril’s policy;
- Obtaining, on a regular basis, all the necessary information from suppliers to map the supply chain back to the production area.

Non-compliance

Avril reserves the right to monitor its suppliers’ sustainability performance and compliance, itself or by a 3rd party, and in case of violations, to remind them of Avril’s requirements.

The suppliers whose practices are not aligned with Avril’s ambition will be encouraged to become compliant. In accordance with our internal procedure for managing non-conformities, any supplier who does not cooperate or display any intention to change may be subject to the suspension of its commercial relationship with Avril.

¹⁰ List of all schemes compliant with FEFAC guidelines available here: [StandardsMap](#)

¹¹ The [ZDC methodology](#) is a deforestation and conversion risk assessment protocol applied in the soy supply chain.

¹² For more details check our [Declarations of extra-financial performance](#)

Appendix – Definition

Traceability

- Palm-based products
 - Mandatory requirement: traceability to the mill
 - Preferred requirement: traceability to the plantation (concession map)
- Soy-based products
 - Mandatory requirement: traceability to the cultivation area (i.e. country, and if Brazil, municipality)
 - Preferred requirement: traceability to farm level

On top of that, any palm and soy imported in/exported from the EU will need to be compliant with the EU Deforestation Regulation requirements on traceability.

Risk of deforestation and conversion

- Palm-based products: all palm oil producing countries are considered to be at risk of deforestation or conversion. Therefore, all palm-based products must be covered by sustainability schemes or be attested as Verified Deforestation Free by 3rd party satellite monitoring
- Soy-based products: the following origins are considered at risk of deforestation or conversion for soy
 - Municipality at risk in Brazil (including Cerrado)¹³
 - Gran Chaco in Argentina
 - Other South America countries
 - Unknown origin

Therefore, all soy-based products sourced from these origins must be covered by sustainability schemes or be attested as Verified Deforestation Free by 3rd party satellite monitoring.

This list is subject to change, to align with the list of risky origins the European Commission will published before end of 2024 in application of the Regulation [\(EU\) n°2023/1115](#) on deforestation.

Cut-off dates

A cut-off date determines the permissibility of deforestation or conversion based on the timing of such events on the ground. Clearance of natural forests and forest-related natural ecosystems after a determined cut-off date implies non-compliance of the affected area or production unit with zero deforestation or no natural ecosystem conversion commitments.

We are aligned with the EU Deforestation Regulation cut-off date of December 31st 2020. Previous cut-off dates may be applied to answer specific client requests.

- Palm-based products
 - Mandatory requirement: 31/12/2020 (EU Deforestation Regulation)
 - Preferred requirement: November 2018 (RSPO)
- Soy-based products
 - Mandatory requirement: 31/12/2020 (EU Deforestation Regulation)
 - Preferred requirement: June 2016 (RTRS)

Verified Deforestation Free palm and soy

The Satelligence¹⁴ Verified Deforestation Free module combines satellite-based deforestation insights and Avril's own supply chain data, to analyze the proportion of Avril's supply chain that is meeting Avril commitment on zero deforestation-conversion. Satelligence tool is based on FAO definition for forest⁵ and on EUDR cut-off date of 31/12/2020 at least (users can choose earlier cut-off dates).

¹³ List of municipalities at risk of deforestation and conversion set up by and updated annually by Earthworm Foundation for [ZDC methodology](#) implementation. To do so, Earthworm backs on [Trase](#) data

¹⁴ To know more on Satelligence, click [here](#)