



### Introduction

Avril Group's approach to sustainable development is structured around a common framework<sup>1</sup> for all its subsidiaries. This approach reflects our desire to address the environmental and social challenges linked to the plant raw materials we process.

In particular, given the threats that particular ecosystems face due to the expansion of palm plantations, Avril decided to adopt a dedicated policy regarding its Palm Oil<sup>2</sup> supply. Applicable to any subsidiary using Palm Oil, this policy is based on a shared ambition at group level and specific action plans in concerned businesses.

### Ambition

With this policy, the Group always strives to obtain its Palm Oil from suppliers who can prove that its cultivation does not contribute to the destruction of forests and peatlands, and respects the rights of workers and local communities.

Achieving this ambition known as NDPE (meaning No Deforestation, no Peat, no Exploitation) requires putting in place good practices within Avril's supply chains.

### Definition

The Avril Group defines *zero deforestation* Palm Oil as coming from plantations which comply with the following criteria:

- They operate in compliance with international, national and local regulations;
- They protect and manage High Conservation Value (HCV)<sup>3</sup> forests;
- They protect and manage High Carbon Stock (HCS)<sup>4</sup> forests;
- They protect all peatlands, whatever their depth;
- They do not use fire to clear land;
- They respect the rights of workers;
- They respect human rights, work in a good relationship with local communities, and most particularly ensure the Free, Prior and Informed Consent (FPIC) of these communities when planning to extend plantations.

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<sup>1</sup> For more information: <http://www.groupeavril.com/en/sustainable-development>

<sup>2</sup> In this document, the term Palm Oil should be taken to mean all volumes of palm oil/palm kernel oil, their fractions (including olein and stearin) and their derivatives (alcohols, fatty acids, glycerin, esters, etc.)

<sup>3</sup> HCV resource network: <https://www.hcvnetwork.org/>

<sup>4</sup> High Carbon Stock Approach: <http://highcarbonstock.org/>

## Implementation

### Coverage of the Group's Palm Oil supplies by sustainability schemes

We believe that in order to meet this ambition and move towards greater sustainability, a first structuring step is to draw jointly on several schemes. Therefore, Avril equipped itself with an internal standard which includes the following requirement: 100% of supplies each year must be covered by sustainability schemes, by order of priority:

- RSPO Mass Balance (MB) or RSPO Segregated (SG) certificates that comply with requirements of customers concerned; ISCC-EU certificates to comply with European union regulations on biofuels;
- Field projects with suppliers or local plantation operators;
- In addition, RSPO credits may be purchased (via the Book&Claim system on the PalmTrace platform) to enable the coverage of all supplies.

### Engaging with our suppliers

Our subsidiaries using Palm Oil commit to undertaking the following actions:

- Establish and maintain a regular dialogue with our direct suppliers of Palm Oil and ask them to do likewise with upstream operators in the supply chain;
- Inform new suppliers about the Group's policy and its NDPE ambition;
- Ensure alignment of suppliers' own sustainability or zero deforestation initiatives with Avril's policy;
- Obtain, every semester, all necessary information from suppliers in order to map the supply chain back to the mills<sup>5</sup> and maintain traceability to mills for 100% of purchased volumes. Knowledge of the origins of Palm Oil is a prerequisite for the implantation of our NDPE ambition.
- Encourages its suppliers to include small holders in its supply chain,

To date, the main suppliers of the group are informed and aligned with our policy. In addition, we monitor their CSR<sup>6</sup> performance and actions so that we can, in the event of an alert, remind them our expectations. If needed be, suppliers whose practices would not be aligned with the Group's ambition will be encouraged to come into compliance. In accordance with our internal procedure for managing non-conformities, the Group may have to penalize any suppliers that do not cooperate or display any intention to change.

The implementation of this policy is based on transparency and continuous improvement. In that sense, we publish every year a report presenting our progress and our new objectives.

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<sup>5</sup> Mills are the primary processing units and a good indication of the location of the production sites (plantations).

<sup>6</sup> Corporate Social Responsibility