

2016

SUSTAINABLE DEVELOPMENT REPORT



Aüril



CONTENTS

Avril Group: profile

02

Avril Group: value chain

04

Editorial

06

A sustainable development network
serving our commitment

08

Sustainable development strategy:
a new impetus for all

10



Our commitments

12

Developing national sectors

14

Better food for humans

18

Preserving the planet

24

Working together

30

Sofiprotéol: sustainable investments
in the value chains

34

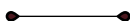


Table of performance indicators

38

Avril, a collective dynamic

OUR MISSION

Creating sustainable value in the oils and proteins sectors, thus contributing to better food for humans and preservation of the planet.

OUR ORIGINALITY

The Avril Group was born of a collective approach. It was set up in 1983 at the initiative of farmers in order to develop the French production of oilseeds (rapeseed, sunflower, olive, soybean, etc.) and protein crops (pea, field bean, lupin, etc.). By federating all actors in these sectors and developing their markets, in a little more than 30 years Avril has become a major industrial and finance group, active in France and internationally in sectors as diverse as agri-foods, livestock nutrition and expertise or renewable energies and chemistry, owning a portfolio of market brand leaders such as Sanders, Lesieur, Puget, Matines, Diester®, Bunica, Taous, etc.

The Group has grown, and still operates, according to an original model: a sectoral organization, from grain to processed products, where each activity creates value for all links in the chain. To drive this model, Avril builds on the complementarity of its two core skills: industrial activities organized around plants and animals, and investments through Sofiprotéol, its finance and development arm. The originality of this model thus makes Avril a singular Group characterized by a well-established shareholder base, strong agricultural and territorial roots and the systematic reinvestment of all profits in the development of national sectors in all the countries in which it operates.



€5.9 Bn

in turnover



21

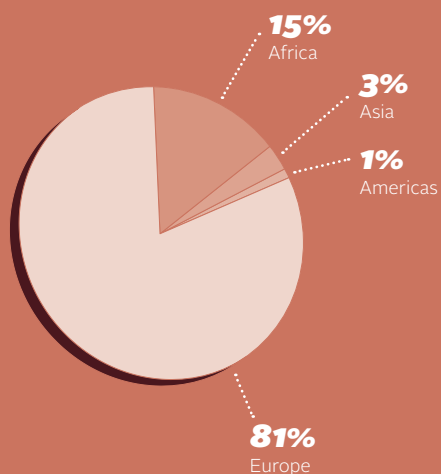
countries



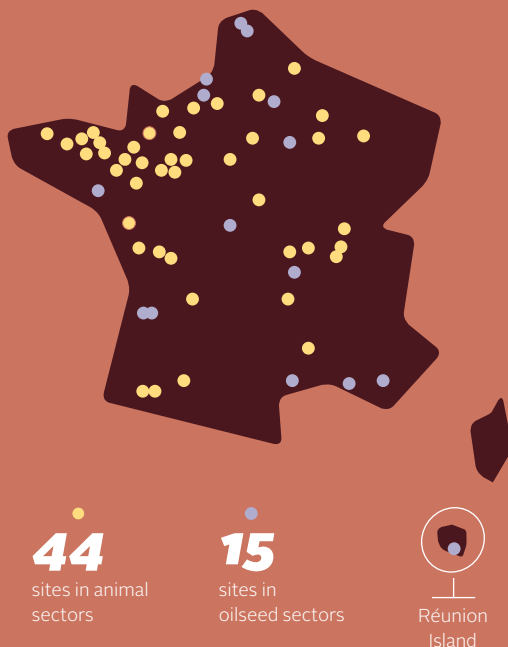
7,200

employees

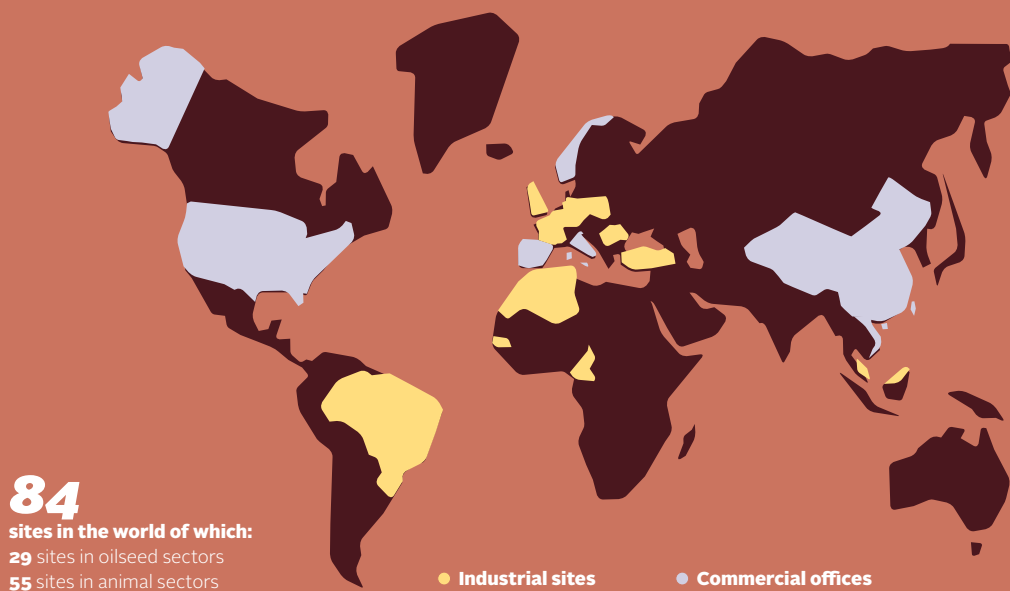
GLOBAL BREAKDOWN OF EMPLOYEES IN 2016



STRONG TERRITORIAL ROOTS IN FRANCE



NEARLY ONE THIRD OF TURNOVER ACHIEVED INTERNATIONALLY IN 2016



Avril Group – value chain

A Group with a sectoral structure, from grain to the processed product



Avril draws strength from its original sectoral organization that combines the excellence of French agriculture and industry.

This organization was set up in the early 1980s, in response to a US embargo on soybean exports and emerging proof of the dependence of our agriculture with respect to vegetable proteins. Rapeseed producers thus mobilized their forces to set up a French oilseeds and proteins sector that could restore the country's independence. Farmers from all French regions, working through Sofiprotéol, thus contributed to the construction of an industrial and finance group that could assure long-term and sustainable markets for their harvests. Avril was born.

Through this exemplary commitment, they created conditions for the emergence of new opportunities to valorize their products, such as rapeseed for biodiesel, an innovation initiated by French agriculture. Thanks to this renewable energy, called Diester®, the rapeseed meals cultivated throughout France now represent one of the principal sources of proteins for livestock farms. And thanks to their pioneering and entrepreneurial vision, they built a model centered on creating shared value for all actors in the sector – all closely intertwined throughout French territories and beyond, in all the countries where the Group operates. From grain to processed products, from human foods to livestock feeds, and not forgetting expertise in livestock management, renewable energies and plant chemistry.



**Seeds, biotechnology;
other inputs and services**

**100,000
agricultural
producers**

**Collection of oilseed
and protein grains**

**Involvement of Sofiprotéol,
finance and development company**





Genetics and animal health, other inputs and services

Poultry

Milk, meat

Livestock farmers

Eggs, pork

Oleochemicals

Sustainable development: the cornerstone for our responsible growth

In its strategic plan Avril 2020, launched in early 2016, the Group determined important ambitions to ensure a long-term future for the French oils and proteins sectors, to develop vegetable proteins and to expand internationally. These projects are intrinsically linked to sustainable development, as explained by Michel Boucly and Jean-Philippe Puig.



MICHEL BOUCLY
Deputy CEO of the Avril Group

Avril was born of a vision of sustainable development for French agriculture: a conviction that it was necessary to pool our resources and align our actions within a Group whose profits would be wholly dedicated to funding its long-term future, at the service of responsible and high quality foods for both humans and animals. Thirty four years later, this sixth edition of our sustainable development report clearly indicates how this vocation has spread far beyond our original frontiers and activities, but how it still guides us in our choices to create new markets for farmers and enables us to federate increasingly extensive communities around meaningful projects.

Within the Group, our sustainable development model has matured. The men and women of Avril have adopted the five commitments made in 2013, in phase with our strategy and with the evolving challenges faced by our sector at a global level. The quality of the initiatives proposed under our in-house “Défis de la Performance” (Performance Challenges) testifies to this commitment. Through the publication of policies on animal welfare, responsible purchasing, and sustainable palm oil in 2016, the Group has thus adopted extremely strong positions on subjects that are central to the concerns of society.

“Sustainable development guides our strategy: to create new markets for farmers and to federate increasingly extensive communities around meaningful projects that generate value.”

Today, palm oil is the most widely consumed oilseed product in the world, and its cultivation represents an essential economic resource for populations in Asia and Africa. It is therefore our responsibility to contribute to structuring a palm oil sector in southern countries that respects both the environment and the rights of the farmers who produce it.

In Africa, the COP22, which was held in Marrakech in November 2016, threw new light on Avril's role and expertise in terms of helping the continent to secure its food supplies in a context of global warming, and to assure a long-term future for agriculture which provides a livelihood for nearly 70% of the population. Although much still needs to be done, we welcome the fact that the Group's numerous initiatives in Morocco and Senegal have been cited as exemplary. Finally, with the creation of our Proteochem® (protein chemistry) activity, we are very proud to have confirmed the role of rapeseed in constructing a healthier and more environmentally friendly future. By using vegetable proteins to reduce the use of formaldehyde resins (which are questionable from a public health standpoint), we are responding to a longstanding challenge faced by the global timber industry. This is certainly one of our “best stories” since the development of Diester® biodiesel in 1990.



JEAN-PHILIPPE PUIG
CEO of Avril

A sustainable development network that serves our commitment

SUSTAINABLE DEVELOPMENT DEPARTMENT



KRISTELL GUIZOUARN
Avril Group Sustainable Development Director



CLAUDIA LEVEAU
Manager "Nourrir la Vie" (Food for Life)



CLÉMENT TOSTIVINT
Sustainable Development Manager



SOPHIE LE RAY
Communication & Event Organisation, "Nourrir la Vie" (Food for Life)

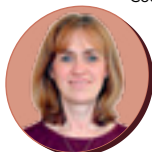


KARINE NISSERON-MILLER
Sustainable Development Coordinator, Sofiprotéol

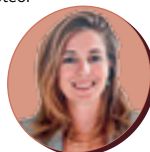


OLIVIER HANTZ
Sustainability Reporting Expert

THE NETWORK



SYLVIE BRETON
Sustainable Development Coordinator, Oils & Condiments Business Line



RAPHAËLLE GIRERD
Sustainable Development Contact, Sofiprotéol



NEZHA HAFID AZHARI
Sustainable Development Contact, Lesieur Cristal



THOMAS KERIHUEL
Sustainable Development Coordinator, Animal activities Business Line



MARJAN MAES
Sustainable Development Coordinator, Oleochemicals Business Line



ANNE MOREAU
Sustainable Development Coordinator, Oilseeds Processing Business Line

Our environmental and social approach is underpinned by a dedicated organization comprising a Sustainable Development Department with coordinators in the Group's different areas of activity. This team is completed by a network of contacts within the Group's subsidiaries and transversal functions, and links with other actors in our sector (FOP, Terres Inovia, etc.).

LINKS WITHIN OUR SECTOR



FRANCIS FLÉNET
Manager of Operational Studies
Department



Technical institute for professionals in oilseed crops, grain legumes and industrial hemp. Its mission is to improve the competitiveness of these crops by adapting the production and valorization of products to the economic context and demands from society.



NATHALIE GOSSELET
Manager of Economic
and Environmental Studies



A specialist association within the FNSEA (French Farmers' Union), the FOP (French Federation of Oilseed and Protein Crop Producers) represents farmers growing oilseeds (rapeseed, sunflower, soybean, seed flax, olives, etc.) and protein crops (pea, field bean, lupin, etc.).



FLORENCE DOAT-MATROT
Director of GIE Terres
de Communication



Communication hub for all actors in the French oilseeds and protein crops sector.



CATHERINE BUREAU
Assistant Director,
Programs



Recognized as a public utility, its aim is to foster the social and economic dynamics of rural populations, to protect biodiversity, to forecast and adapt farming and livestock systems to climate change and to promote healthy and sustainable foods.

Sustainable Development Strategy

A new impetus for all

Kristell Guizouarn, the Group's Sustainable Development Director, looks back at some high points that enabled all businesses to adopt the Group's commitments in 2016 and prepare their efforts for the future.



5
sustainable development
commitments included in the
Group's strategic plan, Avril 2020

KRISTELL GUIZOUARN
Sustainable Development Director

13
measurable sustainable
development targets included
in the Avril 2020 plan

REINFORCEMENT

After focusing in 2015 on aligning our five commitments with the Avril 2020 strategic plan, 2016 was the year in which our vision of sustainable development was appropriated by all Group business lines. Thanks to the road maps they developed, this vision was not only deployed but enriched by specific features. Sofiprotéol made safety at work a priority for all companies in which it holds a stake. In the Oils & Condiments Business Line, Lesieur Cristal took up the challenges of adapting African farming to global warming and demographic growth. Working with its stakeholders, Saipol identified its key CSR (Corporate Social Responsibility) challenges. In a difficult context for livestock breeders, our Animal nutrition and Biosecurity Business Lines innovated to ensure acknowledgement of


the quality of French products. As for renewable chemistry and biodiesel, these areas achieved major advances in developing compounds increasingly respectful of the environment and human health. Focused in particular on the challenges faced by the regions and communities in which we operate, this phase of deployment has broadened our original ambition and determined new goals. This reflects the strength of Avril and its sectoral model.

IMPETUS

In 2016, the Group continued to drive a progress dynamic to underpin our commitments. To support their deployment in all activities, the Sustainable Development Department enhanced its resources with the creation of coordinators for all Avril's Business Lines. With the formalization of stringent and committed policies relative to animal welfare,



Reinforcing our original ambitions and determining new challenges in response to the needs of our partners, from farmers to consumers: that is the strength of Avril's sectoral model.



responsible purchasing and supplies of zero deforestation palm oil, we reached important milestones for the future.

LEVERS

Our sustainable development commitments have reached sufficient maturity to use them as levers to differentiate our products among all our customers. Several major successes were achieved in 2016, such as the partnership with Fleury Michon in the pork sector. We now need to disseminate the availability of high quality products, and demonstrate and place value upon these efforts that will benefit all actors in the agriculture and agri-food industries.

OPENNESS

Because of the economic, social and societal importance of our areas of activity, it is now essential

to align our sustainable development objectives with the expectations of our external audience. In 2017, a Group's Stakeholder Committee will be constituted to provide a forum for the dialogue and consultation that are essential if.

INTERNATIONALIZATION

In early 2016, the Avril 2020 strategic plan reaffirmed the Group's objectives with respect to internationalization, particularly in Africa. The maturity of our sustainable development approach means we can address this new challenge calmly and prepare all its aspects: preservation of the environment, the structuring of virtuous sectors for farmers, consumers and regions, the nutritional quality of products, etc. It is also the task of a sustainable development policy to provide proof of its efficacy in the field in contact with new challenges. ●

Our commitments



For the 13 key indicators shared throughout the Group, measurable targets have been defined to cover the period until 2020. Since 2012, these targets, and the five commitments to which they are attached, have constituted the foundations for the Group's sustainable development strategy.

COMMITMENT 1

Developing national sectors



OBJECTIVES

ACHIEVED IN:

At Avril's French industrial sites, process 55% of oilseed grain harvested in France (23% of Romanian production at Romanian sites, 27% in Senegal)

France

100%

Romania

57%

Senegal

15%

Supply industrial sites operated by the Animal nutrition Business Line with more than 80% of French raw materials

100%

COMMITMENT 2

Better food for humans



OBJECTIVES

Satisfy the annual needs of 100 million people for lipids of plant origin

ACHIEVED IN:



Contribute to satisfying the annual needs of 30 million people for proteins of animal origin



COMMITMENT 3

Preserving the planet



OBJECTIVES

Contribute to a 10% reduction in greenhouse gas emissions by farmers committed to the Progress Initiative⁽¹⁾

ACHIEVED IN:



Achieve a 10% reduction in the Group's energy consumption⁽¹⁾



Ensure that 33% of the Group's energy consumption comes from renewable sources



Use more than 2 million tonnes of vegetable oil certified as being from sustainable sources



(1) The reference point for these objectives was 2012.

COMMITMENT 4

Working together



OBJECTIVES

Reduce occupational accidents within the Group by 80%⁽¹⁾

ACHIEVED IN:



Employ more than 6% of disabled people at each site



Double the number of apprentices or work-study students in the Group's companies⁽¹⁾



(1) The reference point for these objectives was 2012.

COMMITMENT 5

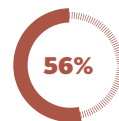
Sofiprotéol: sustainable investments in value chains



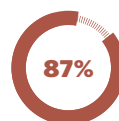
OBJECTIVES

Between the end of 2012 and the end of 2020, invest €430 million in companies in our sectors through Sofiprotéol, the Group's finance and development company

ACHIEVED IN:



Between the end of 2012 and the end of 2020, co-invest €40 million in venture capital projects in agriculture and the agri-food industry





COMMITMENT 1

DEVELOPING NATIONAL SECTORS

In all countries, build up strong oils
and proteins sectors

France, Romania, North Africa, Senegal, etc. In all countries where the Avril Group is present, its model is the same: to invest and innovate in order to build up strong agricultural sectors whose products will be destined as a priority for domestic or regional markets. This vocation to grow national sectors was born with the Group, which was developed by, and thanks to, French farmers. Today, its operations can be seen at all levels in the value chain – upstream agriculture, processing, sales – and from the close links that have been established with actors in the agri-food industry and retailing. In 2016, and in the context of a persisting crisis for farming, the Avril Group nevertheless continued to mobilize its forces to contribute to growth in its different sectors.

PLACING VALUE ON THE FRENCH ORIGIN OF PRODUCTS

Consumers are increasingly concerned about the origin and the production methods of the goods they purchase. For this reason, the Avril Group has accelerated its efforts to place value on its local products, and thus differentiate them from others in the eyes of consumers. In 2016, Lesieur's Fleur de Colza rapeseed oil was the first in France to carry the Terres OléoPro logo on its bottles, this being the brand of the French vegetable oils and proteins sector that promotes 100% French traceability and responsible agricultural and industrial practices (contribution to preserving biodiversity, control of CO₂ emissions, etc.). The Saipol unit in Mériot (Aube), which processes a million tonnes of rapeseed grain each year, has now been granted the Terres OléoPro label, which acknowledges compliance with the specifications associated with this sectoral brand.

COP22, which was organized in Marrakech in November 2016, provided Avril and Lesieur Cristal with an opportunity to share with the public their experiences regarding successful revitalization of the Moroccan olive and sunflower sectors, and the development of rapeseed cultivation. These efforts target an important objective – defined in the Green Morocco Plan⁽¹⁾ – which is to satisfy 20% of Moroccan needs for edible vegetable oils between now and 2020.

FAVORING THE CONSUMPTION OF LOCAL PRODUCTS

In 2016, the Avril Group continued to develop its national sectors in order to reduce imports. In the Oils & Condiments Business Line, the French origin of Lesieur products was extended to include sauces and mayonnaises. In Reunion Island, a year after acquiring the SPHB refining company, ➡

(1) Launched in April 2008 by the Moroccan government, the Green Morocco Plan aims to use an agricultural sector as an important lever for socioeconomic development in Morocco.



2016 winner of the Food for Life Performance Challenge

A 100% PERIGORD FOIE GRAS SECTOR

Creation of a local foie gras production sector by Sanders Périgord in partnership with local actors (cooperatives, breeders, foie gras companies, abattoirs, etc.) leading to the production of 500,000 ducks per year.



5,400

tonnes of olives processed by Lesieur Cristal, including 70% from its own groves



270,000

olive trees planted on 1370 ha in Morocco

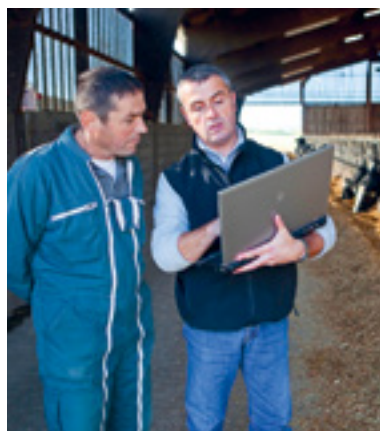


115,000

ha of soybean grown in France

Animal nutrition: Avril was one of the first signatories of the Duralim Charter

Leader in animal nutrition in France through its subsidiary Sanders, in 2016 the Group signed the Duralim charter which promotes sustainable feeds for farmed livestock. Ensuring the quality, security and health safety of feeds, the recycling of by-products and precision feeding systems: Avril is involved in several areas covered by the Charter. A French origin is central to this approach, Avril's commitment being to achieve and sustain a use rate of French raw materials of more than 80% by its animal nutrition production units in France.



the volume of local products processed increased by 14%. In Tunisia, structuring of the rapeseed sector (initiated in 2014) enabled the sale of a 100% Tunisian oil under the Lesieur brand. This project also offers markets in animal nutrition for the hundred or so farmers involved, thanks to the oilseed meals produced. Finally, Sofiprotéol, the Group's investment arm, pursued its efforts to develop a 100% French soybean sector (see p. 35).

In livestock sectors, the partnership signed in 2015 with Tönnies, a German specialist in pork processing, led to the inauguration in Normandy of a unit for the preparation of 100% French meats for major retailers. This joint enterprise, called "L'Alliance des Viandes de France" (AVF), now employs more than 100 people and offers a market for a group of 700 partner livestock farmers committed to Avril's "5F" approach (pigs born, reared, slaughtered, butchered and processed in France).

CREATING TOP QUALITY LIVESTOCK SECTORS

In France, 26,000 partner livestock farmers nourish their animals with Avril's feeds and nutritional. In order to raise the quality profile of its products even further, the Group aims to develop sectors of excellence under the "Engagés dans l'Élevage" (Committed to Livestock) brand. Focused on a specific range of cooked meats meeting stringent requirements in terms of nutritional and health quality, animal welfare and sustainable development, the partnership initiated in 2015 with Fleury Michon⁹ was the first practical outcome. This model, which Avril wishes to extend to other sectors, developed further in 2016 with an increase from 33 to 48 in the number of farms which supplied more than 100,000 pigs.

ASSURING A LONG-TERM FUTURE FOR THE BIOFUELS SECTOR

Avril is European leader in the production of oilseed-based biodiesel, mostly manufactured using French rapeseed grown by nearly 100,000 farmers. In 2016, two decisions by the French government offered support for this sector: an obligation to incorporate biodiesel in off-road diesel (used notably for farm machinery) and an opportunity for fuel distributors to increase the share of biodiesel in on-road diesel to 10%, through the creation of a new fuel: B10 diesel.

In terms of Research and Development (R&D), Avril is also a global pioneer in the development of second-generation biofuels produced using lignocellulosic biomass (straw, forest residues, dedicated crops, etc.) that will complement their first-generation counterparts to achieve renewable energy goals in the European energy mix.



In 2016, the BioTfuel program⁽²⁾ launched in 2010 reached a milestone with the start-up of industrial demonstrators that will enable the testing of an innovative process for thermochemical biodiesel production.

CREATING INNOVATIVE MARKETS FOR PLANT PRODUCTION

Faced with the global challenges of demographic, ecological and energy transitions, Avril has a central ambition: to place its capacities for innovation at the service of developing French supplies of vegetable proteins with high added value for the purposes of human nutrition, animal feeds and renewable chemistry (see p. 22-23). This objective is reflected by the deployment of a major program (see p. 20) that aims to develop a vegetable protein industry by exploiting large volumes of oilseed and protein grains grown in France, achieved by broadening the range of vegetable proteins in order to respond to the needs of end users.

To innovate, actors in the oils and proteins sectors can draw strength from dedicated structures which increased their potential in 2016: P.I.V.E.R.T.⁽³⁾, in which the Group is a stakeholder, deployed the Biogis Center, a technology platform that aims to accelerate the integration of research results obtained in oleochemistry in industrial testing. On its side, the IMPROVE platform⁽⁴⁾, which also involves Avril, reinforced its technologies to provide support for the development of new vegetable proteins. ●

(2) BioTfuel is a program that associates Avril, Axens, CEA, IFP Énergies Nouvelles, Thyssenkrupp and Total.

(3) P.I.V.E.R.T. for "Picardie Innovations Végétales, Enseignements et Recherches Technologiques" (Picardy Plant-based Innovations, Teaching and Technological Research. For more information, go to: institut-pivert.com

(4) "Institut Mutualisé pour les PROtéines VEGétales" (Joint Institute for Vegetable Proteins). For more information, go to: improve-innov.com



We wish to establish partnership strategies and place the creation of shared value

at the heart of our dialogue with our suppliers. That is the challenge of the "Bien plus que des grains" (much more than grain) program set up in 2016 and modeled on the Win Win Way approach deployed for the past two years by all our non-raw material suppliers. The aim is to openly consider all opportunities for improvements to our relations, even outside the usual strictly commercial framework. Our position as the leading purchaser of oilseed and protein grains in France gives us particular responsibilities towards grain elevator operators. The "Saipol vous écoute" (Saipol is listening to you) survey of these strategic suppliers allowed us to identify several areas for improvement where we need to work together: innovation, digitization, logistics, traceability, quality and sustainable development, as well as our joint strategy for the development of international activities. In early 2017 we started to work on these topics with five grain elevator operators who deal with 30% of the grain we collect in France.

RENAUD GUILBERT
Purchasing Manager, Saipol



2016 prizewinning project under the Performance Challenges of the Food for Life program.



COMMITMENT 2

BETTER FOOD FOR HUMANS

High-quality foods accessible
to as many as possible

Through its plant and animal sectors, Avril contributes to satisfying the increasing demand for high-quality foods. The Group invested €3.5 million in 2016, to consolidate its food production capacities in France and internationally. Avril thus estimated it produced sufficient oil in 2016 to meet the needs of 79 million people, and contributed to satisfying the needs of 30 million people for proteins of animal origin (meat, eggs).

Improving the nutritional and health properties of its products is also central if we are to contribute to providing better foods for 8.4 billion people in 2030, while at the same time optimizing the resources available under a sustainable development approach. There are two major challenges for the future: to anticipate the explosion in the global need for vegetable proteins for both humans and animals – respectively +43% and +53% between 2010 and 2030⁽¹⁾ – and to develop supplies that are adapted to the African continent, where strong demographic growth will be accompanied by a food transition towards richer diets. For this reason, Avril is developing alternative supplies of vegetable proteins and seeking to optimize the vitamin and fatty acid composition of its oils. For example, in Tunisia, Lesieur sells oil enriched in vitamin D because of deficiencies in the population; in Ethiopia, with support from MiXscience in the field, Lesieur has signed a partnership with a local distributor in order to satisfy the emerging demand for high-quality products.

At all levels, efforts are made to combat waste during the production process: the renovation of Lesieur's "penguin" sauce dispensers for use by the out-of-home dining sector (RHF ⁽²⁾) enabled a 50% reduction in losses when the mayonnaise dispensers are emptied.

ANIMAL WELFARE CONTRIBUTES TO THE QUALITY OF OUR PRODUCTS

For Avril, any actions which target the welfare of animals contribute to continuous improvement of the quality expected by consumers. The attention of the Group to the living conditions, transport and slaughter of animals forms an integral part of its commitment "Better food for humans". In 2016, Avril reached an important milestone with formalization of a policy on animal welfare that covers all livestock species and associated sectors: pigs, laying hens, table poultry, rabbits and ruminants.

The first action plans are being deployed in 2017, notably through support for partner livestock farmers regarding the implementation of progress plans focused on the ➔



Improvements to livestock management practices, and the provision of innovative solutions forms the basis for the Sustainable Animal Health Management (SAHM)[•] approach that our 320 technicians promote in the field. This approach, introduced by Avril three years ago, is based on identifying key challenges that will improve the control of animal health and enable the development of cutting-edge expertise on each of them. This expertise is included in the training course completed by technical sales teams, so that it can be applied in livestock units. Raising awareness of the health risks of antibiotic resistance was our initial priority, because it is the *raison d'être* of our approach. In 2016, we deployed a variety of methods – training courses, a diagnostic tool and technical guides – to improve the quality of drinking water. And our teams are already working on other opportunities for progress in 2017 and beyond: biosecurity, air quality in livestock units, alternatives to antibiotics. To develop this expertise, we can capitalize on the multidisciplinary skills of the Avril Group, and we also call upon external support. Themes are adapted to the specificities of a particular animal species before it is deployed. In parallel, our different subsidiaries are working on their own, complementary issues. Launching a program on the improvement of water quality in 2016 did not mean that our mission had been completed; far from it. All our teams remain mobilized to assure long-term follow-up of the program so as to help breeders sustain a continuous improvement dynamic.

SÉBASTIEN LOPEZ

Veterinarian with Sanders, manager of Avril's Sustainable Animal Health Management program

(1) Bipe study 2014.

(2) RHF: Restauration Hors Foyer.

biosecurity and maintenance of their units. These plans will enable both better working conditions for livestock farmers and better living conditions for their animals.

ANIMAL CARE: REDUCING ANTIBIOTIC USE BY LIVESTOCK UNITS

Optimum livestock management, a balanced diet, biosecurity, the development of natural alternatives and sustainable medication: the mastery of animal health addresses several challenges where the Avril Group continues to work closely with its partner farmers. Their training in good management practices and the dissemination of innovations – notably with respect to nutrition and hygiene products – are the principal areas for progress. To accelerate these efforts, three years ago Sanders, Theseo and MiXscience introduced a structured approach to Sustainable Animal Health Management [•] (see testimony on p. 19) which mobilizes the expertise of all our animal sectors.

In 2016, their efforts focused on the important challenge of water quality in livestock units. In particular, they organized a “Carrefour de l'Eau” [•] (water event) designed to raise the awareness of Sanders technicians to the management of water in livestock units and to supply them with the tools and knowledge they needed to advise breeders, for whom a “Forum de l'Eau” (water forum) was subsequently organized. Innovations were also introduced in the field of animal nutrition with the launch of the VSTAR Technology by MiXscience. This system for the encapsulation of biological active ingredients (vitamins, plant extracts, probiotics, etc.) enables their more targeted action in an animal's body, achieving gains in terms of both health and technico-economic performance. On its side, Nolivade is developing beneficial, so-called “barrier” bacterial flora which provide protection against the implantation of pathogens.

Sanders has developed an application that monitors the Sustainable Animal Health Management approach, the Indicavet tool [•], which can measure the evolution over time of antibiotic consumption in a livestock unit so as to provide an objective overview of the actions implemented. Such monitoring can evidence significant results; in 2016, the use of antibiotics by Sanders animal nutrition customers was lower than the national average by 49% in poultry, 50% in pigs and 12% in rabbits⁽³⁾.

DEVELOPING ALTERNATIVES TO ANIMAL PROTEINS

Avril aims to become the European leader in oilseed and pulse proteins and to develop products with high added value, notably for human foods. To achieve this, the Group has tried to target all links in the value chain:



Vegetable proteins, a project with a wealth of partners

In order to find ways of exploiting oilseed proteins in human foods, Avril launched an ambitious research program in 2015. This first of all focused on protein extraction processes, before turning to their uses. In 2016, the Group initiated an industrial partnership to develop meat substitutes that would be attractive in terms of both flavor and texture. Investment by Avril in this area contributed to the emergence of the “Protéines France” (France Proteins) consortium, which associates the government with seven companies ⁽¹⁾ including Avril. Its aim is to make France a global leader in vegetable proteins.

⁽¹⁾ This consortium involves Avril, InVivo, Limagrain, Roquette, Tereos, Terrena and Vivescia, supported by the Industries & Agro-Resources (IAR) Competitiveness Cluster.



- upstream, mobilization of the entire sector to develop a new, higher-protein variety of rapeseed and provide active support to achieve higher oilseed yields;
- the development of new oilseed grain crushing technologies to preserve the quality and quantity of proteins;
- the extraction of proteins. Avril is carrying out a major research program on the development of oilseed protein isolates. 2016 was a pivotal year for the launch of pilot plants (see p. 22-23);
- use for food formulations: several partnerships have been signed to test the performance of these proteins in human foods. ●

(3) Results from Indicavet registered livestock farmers between 01/01 and 30/09/16 by comparison with national results.



2016 prizewinning project under the Performance Challenges of the Food for Life program.



99,000

eggs donated
to Food Banks



19,400

liters of oil donated
to Food Banks



2016 winner of the Food for Life Performance Challenge

INDICAVET: AN INNOVATIVE TOOL TO MONITOR ANTIBIOTIC CONSUMPTION IN LIVESTOCK UNITS

Developed by Sanders and Ceva, this indicator of antibiotic consumption has been introduced to monitor changes in their use over time and determine the effects of actions implemented in rabbit, poultry and pig units.





Focus

Vegetable proteins: major strides in innovation

Avril bases its R&D strategy on a broad range of projects designed to add value to using vegetable proteins in foods for humans and animals, as well as in renewable chemistry. In 2016, this latter application reached a milestone with creation of a company called Evertree which develops viable plant alternatives to chemical products of fossil origin.

A NEW ACTIVITY: PROTEOCHEM®

In June 2016, Avril set up a new company called Evertree, in partnership with the Israeli start-up Biopolymer Technologies and the investment fund SPI (Bpifrance). The Group now benefits from new know-how in protein chemistry, or vegetable protein-based renewable chemistry, notably using rapeseed meals. The aim is to develop, manufacture and sell alternatives to petroleum-derived substances which have impacts on both health and the environment.

As soon as 2017, a pre-industrial pilot will be set up in Compiègne before a full-scale unit opens in 2018 that will gradually increase its production capacity to reach 50,000 tonnes a year by 2020. Considering these volumes, this new application is compatible with current animal feed markets and future human food markets, another research area being addressed by Avril.

A FIRST APPLICATION TO REDUCE THE USE OF A TOXIC SUBSTANCE: FORMALDEHYDE

The first product developed by Evertree is an additive for resin derived from rapeseed meal that will enable a reduction in the use of formaldehyde, a toxic ingredient in the glue used to manufacture wood-based composite panels. This solution is already being tested by major companies in the sector. In the longer term, the challenge is to develop a 100% biosourced resin that can wholly replace formaldehyde resins in products such as parquet flooring or chipboard. The innovation will reside in the development of technologies to exploit rapeseed proteins and make plant-based glues as efficient as their petroleum-sourced counterparts.

PROMISING RESEARCH IN HUMAN FOODS AND ANIMAL FEEDS

Since 2014, Avril has been performing research projects in parallel to address the major challenges of exploiting vegetable proteins: the development of alternatives to animal proteins for use in human foods – for example plant-based steaks – and the production of more sophisticated, high-yield proteins for animal nutrition. •

A challenge: to satisfy needs for vegetable proteins between now and 2030

The section on vegetable proteins in the Avril 2020 strategic plan is based on a prospective vision of protein requirements between now and 2030, thanks to a study performed with the BIPE in 2014. Under the dual effects of demographic growth and rising living standards, the global demand for animal proteins will have increased by 33% between 2010 and 2030, and by 43% with respect to vegetable proteins. However, global meat consumption (+30%) will be limited by the availability of oilseed meals to feed livestock.



90%

of global demand for oils and oilseed meals will be destined for food uses in 2030



10%

will be used for renewable energies and chemicals



COMMITMENT 3

PRESERVING THE PLANET

Efforts on all fronts and the
commitment of all our sectors

Avril's presence both upstream and downstream in the plant and animal sectors provide it with leverage with all actors to take increasing account of environmental and societal challenges.

OPTIMIZING THE ENVIRONMENTAL PERFORMANCE OF OUR INDUSTRIAL SITES

The Group is constantly improving the energy performance of its industrial facilities. Thus, nearly one million euros were invested in these efforts in 2016. At its 82 sites, Avril strives to reduce the consumption of both energy and water, to control air pollution and to recycle waste. For example, in 2016, in the context of the operational excellence approach adopted by Saipol, the site in Montoir-de-Bretagne (Loire-Atlantique) was able to reduce the volume of fat-containing water⁽¹⁾ it generated by optimizing the operation of its waste water treatment systems⁽²⁾. Thanks to synergies within the Group, the site was assisted by Terrial (a subsidiary specialized in the recycling of organic by-products) to find a market for the sludges resulting from this process. At the SPHB site (Reunion Island), Avril also invested €1 million in the installation of a biological purification plant.

In 2016, Avril increased to 32% the share of renewable energies used for its operations. This was notably based on the development of the utilization of biomass. At the Saipol site in Sète (Hérault) which produces Diester® biodiesel and oilseed meals for livestock feeds, the installation of a biomass boiler at the end of 2015, combined with using steam from the incineration of local household waste, meant it was able to cover 73% of the site's thermal energy needs in 2016 and lower its greenhouse gas emissions by 57% compared to 2015. Since 2012, all these efforts have enabled a 19% improvement in the Group's energy performance⁽²⁾.

Continuous improvements to environmental performance are driven at industrial sites by the deployment of environmental or energy management systems which comply with ISO 14001 and 50001 standards. In 2016, seven further animal processing plants operated by Sanders Bretagne and Sanders Ouest were granted ISO 50001 certification.

SUPPORTING THE CONTROL OF THE ENVIRONMENTAL IMPACTS OF LIVESTOCK UNITS

Life cycle assessments performed on different Group animal products evidenced the importance of diet in the ➔

(1) Processing water loaded with fats.

(2) For a perimeter corresponding to around 2/3 of the Group's energy consumption.



Oleon: increasingly responsible raw materials

European leader in oleochemistry, Oleon sells biosourced molecules to sectors such as agriculture, cosmetics and oil drilling. 90% of its raw materials (rapeseed, sunflower, animal fats, palm oil, etc.) come from renewable sources. At present, nearly 50% of its purchases of palm oil (or derivatives) are RSPO (Roundtable on Sustainable Palm Oil) or GreenPalm certified, the aim being to achieve 100% in 2018. Committed to the Group's zero deforestation policy, Oleon has also formalized a charter of good conduct which will be deployed with all its suppliers in 2017.

COP22: Avril as a partner in African agriculture

The COP22 organized in Marrakech, Morocco, in November 2016 highlighted the challenges faced by African agriculture between now and 2050: to triple its currently declining productivity so that it can feed 2.5 billion inhabitants, and at the same time to reduce the impacts of climate change on its natural resources. In this context, the Avril Group participated in COP22 in order to present its actions already deployed on the continent and to support the Moroccan initiative for the Adaptation of African Agriculture (AAA), launched in 2016. By linking the challenges of food and the climate, this vision highlights the importance for African agriculture to structure efficient sectors, from production to downstream sales, guided by the goal of long-term development that requires sustainable practices. COP22 notably placed value on the efficacy of this approach in the context of the Green Morocco plan: since 2013, Lesieur Cristal has indeed been working on revitalizing the olive and sunflower sectors and introducing rapeseed cultivation. During this event, the Group also underlined the complementary nature of the “4 per 1000” initiative⁽¹⁾ that had been launched during COP21 in Paris by the French Minister for Agriculture, which aims to increase the natural storage capacities of CO₂ in soils.

(1) The “4 per 1000” initiative is based on the natural ability of plants to absorb CO₂ which is then stored in the soil in the form of organic matter. An annual increase of 4‰ (0.4%) in the amount of carbon stored in soils would be able to halt the annual increase in CO₂ emissions into the atmosphere.



impact of the greenhouse gases they generate. In order to improve its environmental balance, Avril therefore mobilizes different levers: obtaining raw materials from local suppliers, the formulation of feeds using “low carbon” raw materials (for example, soybean from non-deforested regions) and improvements to feed efficiency⁽³⁾, in order to optimize resources. Along the same lines, R&D teams at MiXscience have studied feed solutions proposed by Sanders that can significantly reduce enteric methane emissions by cattle. The in vivo results enabled quantification of 170 kg less of CO₂ eq. being generated per cow and per year, or the equivalent of driving 675 km in a motor vehicle.

Other actions have contributed to these efforts.

Technical teams provide advice services regarding the control of energy use by livestock units. In 2016, two positive-energy livestock units (BEEPOS) were thus supported at SCEA Le Gouta (pig unit) and SCEA La Ville aux Houx (poultry unit). Improved insulation, adapted equipment and the installation of solar panels and biomass boilers now enable them to generate more energy than they are consuming. The pig unit thus produces a surplus of 175,000 kWh/year of energy, with an 80% reduction in greenhouse gas emissions. As for the poultry unit, it produces 737,000 kWh/year of electricity, or the equivalent of 20% of the consumption of its nearby village.



At a national level, and in parallel with its direct support for breeders, in 2016 the Group joined the collaborative Duralim platform (see p. 16) which works on sustainable animal feeds for farmed livestock.

CONTROLLING CLIMATE CHANGE AND PRESERVING BIODIVERSITY

Since 2007, the Démarche de Progrès (Progress Initiative)⁽³⁾, co-managed by the Avril Group, has mobilized 100,000 rapeseed producers via their storage agencies in order to improve the environmental balance of the rapeseed and Diester[®] production sectors. Initially, their efforts focused on reducing greenhouse gas emissions. Thus the agencies participating in this project now supply grain to produce biodiesel that emits 50% fewer greenhouse gas emissions than conventional diesel fuel. The initiation of specific action plans, notably on the management of nitrogen and improvements to yields, have contributed to these efforts. Today, these actions have broadened to include the preservation of biodiversity, the first area addressed being domestic honeybees. The initial discussion workshops involving farmers and bee-keepers were organized in the Burgundy, Champagne-Ardenne ➔

(3) The amount of feed consumed to produce one kilo of animal product.

(4) For more information: progrescolzadiester.fr

10% biodiesel in diesel fuel, or a 20% reduction in particulates

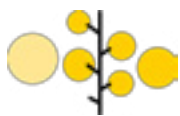
In 2016, the French government granted fuel distributors the right to include up to 10% biodiesel in their diesel fuels (see p. 16). Avril and IFP Énergies Nouvelles carried out a study⁽¹⁾ to determine the impact in terms of pollutant emissions by road vehicles. Although biodiesel makes a neutral contribution to emissions of CO, HC and NOx – no increase or decrease –, raising its inclusion rate in fuel from 8% to 10% enables a 20% reduction in particulate emissions by vehicles not equipped with particulate filters. This reduction can even reach 43% with a 30% biodiesel inclusion rate.

(1) Study performed on a representative panel of French road vehicles: a Euro 6 type diesel vehicle equipped with a particulate filter; a Euro 5 type diesel vehicle without a particulate filter.

Fondation Avril and the development of rural areas

Fondation Avril⁽¹⁾, recognized as a public utility and a shareholder in the Group, intervenes in France and internationally – notably in Africa – in order to ensure solidarity and sustainability in rural areas. For example, in partnership with the Agropol Association for the International Development of Vegetable Oils and Proteins Sectors, an agreement was signed with the Ministry of Agriculture in Burkina Faso designed to improve the incomes of family farm producers in the soybean sector. This initiative was presented in the context of the COP22 and the Adaptation of African Agriculture initiative.

(1) For more information: fondationavril.org



2016 winner of the Food for Life Performance Challenge

LA COMPAGNIE DES SAVEURS AND THE COPAINS ASSOCIATION

The Soléou brand provides financial and technical support for the COPAINS Association (collections, heritage, integration) which works to preserve the biodiversity of the Port-Cros National Park by means of a work integration project. Soléou contributed the first batch of olive oil produced using Porquerolles varieties.



and Languedoc-Roussillon regions. Designed to foster dialogue between these two professions, they enabled closer ties between two groups who previously knew little about each other but nevertheless interacted on a daily basis.

Other major initiatives have been launched with respect to biodiversity. Lesieur's Fleur de Colza® rapeseed oil signed a partnership with the association Hommes et Territoires in order to perform diagnoses on several of their farms, the aim being to identify the biodiversity criteria that will be included in the brand's specifications.

RESPONSIBLE PURCHASING FROM OUR SUPPLIERS

At a time when the Group is becoming increasingly international, Avril expressed the need to formalize its sustainable development and ethical commitments with its suppliers and subcontractors in a Responsible Purchasing Charter. This document recalls the Group's requirements in terms of environment protection and compliance with social practices, working conditions, health and safety at work. Particular attention is paid to strict compliance with the regulations in force in the 21 countries where Avril is active. These regulations are now integrated in all the Group's purchasing procedures. In the same spirit, but this time as a supplier, Avril is also listed via its subsidiaries by responsible purchasing platforms: Ecovadis (Saipol, Lesieur, Olean), Sedex (Saipol, Olean) and CDP (Olean).

SUPPLIES OF ZERO DEFORESTATION PALM OIL

Avril uses palm oil in some of its industrial activities. In this respect, the Group has adopted a specific policy which aims to ensure that only zero deforestation palm oil will be used, or in other words, an oil whose production does not contribute to the destruction of forests and peat-lands, and respects the rights of workers and local communities. To deploy the actions associated with this policy with its suppliers – traceability, account taken of its requirements – Avril has called on the expertise of The Forest Trust (TFT) (see testimony opposite).

PROTEOCHEM®, A NEW ALTERNATIVE TO CHEMICAL PRODUCTS

In 2016, Avril initiated its innovation in plant chemistry based on protein from oilseed meals: Proteochem® (protein chemistry). Its aim is to provide industrial users of petrochemical compounds with an efficient alternative



240,000
tonnes of organic fertilizers
produced by Terrial in 2016



60,800
tonnes of by-products
and production rejects recycled
by Adonial in 2016



with fewer impacts on the environment and health. The Group thus created a joint enterprise called Evertree⁽⁵⁾ whose first product consists in a biosourced additive for the resin used to manufacture wood-based composite panels that can reduce the content in formaldehyde, a toxic substance. Within two to five years, a second stage will see the production of a 100% plant-based resin that will offer a wholly biosourced product for these applications.

SUPPORTING GROWTH OF THE ORGANIC SECTOR

For the past four years in the field of animal nutrition, Sanders has been developing the Alinat range of products for the organic livestock sector. This range, which saw its sales rise by 16% in 2016, is produced by organic farming approved facilities, using specifically sourced raw materials. The Group is placing all its expertise at the service of the organic sector: organic fertilizers through Terrial, contractual arrangements with livestock breeders – for example, for the organic eggs produced by its subsidiary Matines – and by providing specific technico-economic support at a local level.

In the oils sector, Avril is providing increasing support for the growth of organic markets. The Puget brand broadened its range of organic oils by launching a new, 0.25 liter bottle, and the Compagnie des Saveurs also increased its range. The overall growth achieved in the organic market by Lesieur and La Compagnie des Saveurs reached 18%. ●

(5) Evertree is a company set up in partnership with the start-up Biopolymer Technologies and the SPI investment fund (Bpifrance).



2016 prizewinning project under the Performance Challenges of the Food for Life program.



Indonesia and Malaysia account for 87% of the world's production of palm oil.

During the past twenty years, these crops have sadly been grown to the detriment of tropical forests and peat-lands. For this reason, the international NGO, The Forest Trust, supports companies such as Avril in its implementation of zero deforestation supply policies in order to preserve existing ecosystems and ensure respect for the employees working in the plantations. We started collaborating with Avril in early 2016, first of all to help the Group formalize its policy, and then to guide the subsidiaries concerned in its operational implementation. Last year, these actions consisted in the training of purchasing managers from these subsidiaries, informing their direct suppliers of the zero deforestation requirement and assessing the degree of maturity of their own approaches, in order to involve the least advanced in virtuous practices. Finally, the subsidiaries have mapped their supply chains back to the mills (primary processing units) which are a good indicator of the location of production sites. In early 2017, the initial assessment was generally positive and transformation of the palm oil sector will be continuing in the field.

FLORIE LOTH
Partnership Manager, The Forest Trust (TFT)



COMMITMENT 4

WORKING TOGETHER

Improvements to working conditions
and enhancing our social role

The men and women of Avril – their commitment, their professional and personal development through a meaningful enterprise plan – are central to the Avril 2020 strategic plan.

SAFETY AT WORK, THE ABSOLUTE PRIORITY

Since 2012, Avril has been implementing an ambitious health and safety policy aimed at achieving a zero accident rate. Within four years, the mobilization of all employees has enabled a 62% reduction in such events. Our sites implement proven methods in this respect: Site Safety Visits⁽¹⁾ (VST), the SOLO method (Safety through Logical and Operational Observation), risk alerts, etc. After rapid progress during the first two years, the Group is now focusing on potential margins for improvement, wherever they may be, with two priorities: the prevention of risks and the dissemination of a safety culture in which each individual is an actor. In 2016, for the first time, a Safety Day was organized at all sites, attended by members of the Executive Committee. Each employee – salaried, temporary or trainee – was also given a booklet containing “15 règles d’or à respecter” (15 Golden Rules). In some cases, this event provided an opportunity to create new tools, such as at the Oleon site in Oelegem (Belgium), where new signage concerning the wearing of safety equipment was designed[•]. The number of site safety visits also increased from 3,300 in 2015 to 4,280 in 2016, and 700 managers were trained in their implementation. For example, it was thanks to a safety visit that the Ovoteam unit in Naizin (Morbihan) was able to improve the safety of access to dumpsters[•]. And in 2016 Lesieur Cristal received the Wafa Assurance Trophy for Prevention for its efforts in preventing road traffic accidents.

FEDERATING EFFORTS AROUND OUR STRATEGY

The 900 managers in the Group are guarantors of the health and safety of their teams. This is one of the four fundamental missions entrusted to them, in the same way as operational excellence, the career development of staff and support for their initiatives. In 2016, by implementing its new training cycle Weedoo, Avril ensured that its 400 local managers were equipped with all the tools necessary to carry out their duties efficiently. And because the safety of employees does not stop at ➡

(1) The principle of a VST is a 30-minute discussion between three people (one operator and two managers) on the safety of a task. During this discussion, the operator identifies his or her good practices and, if necessary, in the event of an uncontrolled risk, can propose immediate action and then implement it.



In 2016, Avril started its preparations

to welcome more than 6% of disabled staff at its sites between now and 2020. Saipol, which employs 600 people, worked with the AGEFIPH – the Association for the Administration of Funds for the Occupational Integration of Disabled People – to conduct a diagnosis in order to formalize its disability policy. This will be organized around four themes: recruitment and integration; maintenance in work and individual measures; relationships with the sheltered and adapted employment sector, and communication. At Group level, several projects were also launched: work stations were reorganized, and we are now working with actors from the sheltered sector (ESAT or EA) which employ disabled workers regarding services such as the delivery of prepared meals or the maintenance of green spaces. All our job opportunities now mention “The Avril Group studies applications from all candidates with equivalent skills, including those who may be disabled”. In 2017, other actions will be initiated, such as the publication of a guide on disability in order to raise awareness among the Group’s employees.

MANON GARNIER ET ANNE MOREAU respectively: Manager of Vocational Day Release Training and Diversity, Responsible for HR Development for Avril, and Sustainable Development Manager at Saipol



Food for Life: a project rewarded in 2016

In June, Avril and its in-house "Performance Challenges" were among the four finalists of the tenth Espoirs du Management competition which rewards company projects where employees are actors in performance. The initiative put forward by Ovoteam on the use of Playmobil® figures to simulate product flows on an egg packaging line and thus prevent musculoskeletal disorders, was highlighted to illustrate this approach.

the factory gates, the Group also increased the awareness of its suppliers to preventive actions. Thus the Purchasing Division organized its 2016 Supplier Day based on this theme. Several practical actions are under way, notably with Adecco regarding the training of temporary staff.

Aware of the fact that success of the Avril 2020 plan is dependent on the commitment of all staff, the Group wished to render its managerial model more flexible. The Executive Committee selected 16 employees below the age of 35 and from five countries to form an Executive Committee for young people which, for two years, will issue recommendations on structuring projects for the future of the Group; for example, digitization. A year after its deployment to the 7,200 employees of the Group, Nourrir la Vie (Food for Life) the management program for the Avril 2020 strategic plan and sustainable development commitments, has also been a success: numerous good practices have been transposed to other sites. In 2016, the associated challenge – the Performance Challenges (see opposite) – thus saw the emergence of 276 innovative initiatives, 24 of which were rewarded.

A STRONGER COMMUNITY SPIRIT

Two years after the adoption of a common identity – Avril – which reinforced the sense of belonging to a shared enterprise plan, the Group pursued deployment of initiatives to federate its teams. Yellow^o, the new Group intranet launched in 2016, thus symbolizes this desire to share a common project. In order to encourage mature and constructive social dialogue, Avril decided to go beyond its legal obligations when setting up its European Works Council: two representatives of staff from its Moroccan sites thus sit alongside their French, Belgian, German, Romanian, Polish and British counterparts. In France, the Group has also fixed a minimum baseline for fringe benefits that is the same in all its subsidiaries. The employee share ownership scheme which opened in February 2016 attracted 43% of French staff (2,009 people).

PLACING VALUE ON SKILLS IN THE AGRICULTURE AND AGRI-FOOD SECTORS

In line with the commitment made in January 2016 to the French government concerning the integration of young and disabled people in France (Entreprises & Quartiers Charter), the Group initiated several projects (see testimony on p. 31). Support for the professional development of young people, notably through vocational day release training, can be achieved through two levers: the training of young people from rural areas and placing



4,280

field safety visits performed throughout the Group in 2016



400

managers trained in Weedoo in 2016



greater value on careers in agriculture and the agri-food industry. Thus the Sanders Sales School trained 80 people as advisors in livestock management, 60% of whom subsequently chose to work within the Group. In 2016, Avril presented a collaborative project on a jobs platform shared with several other actors⁽²⁾ in agriculture and the agri-food industry, which received an award at Open Agrifood. It aims to enable a sustainable reduction in the number of vacancies in these sectors by sharing job opportunities and pushing them on the web to attract potential candidates. Avril also pursued its efforts in the world of education: in 2016, in partnership with the Fondation C. Génial, Saipol and Lesieur hosted 53 teachers who were able to discover their activities and discuss the integration of young people in their companies ●. ●

(2) This platform, set up at Avril's initiative, associates the FNSEA, the French Food Industry Association, Terrena, Danone, Nestlé and Bel, etc.



2016 prizewinning project under the Performance Challenges of the Food for Life program.



2016 winner of the Food for Life Performance Challenge

A SPECIAL AWARD FOR THE AIT ALI SCHOOL

In Morocco, Lesieur Cristal initiated a complete renovation of the Ait Ali primary school, located next to the estate operated by the Société d'Exploitation de l'Olive. This work will enable pupils to work under improved conditions. The school has since received an international award, the Eco-School Green Flag.





COMMITMENT 5

SOFIPROTÉOL: SUSTAINABLE INVESTMENTS IN VALUE CHAINS

Funding projects for the future
in the agriculture and agri-food sectors

Sofiprotéol is the finance and development arm of the Avril Group. Since 1983, it has provided financial backing – and also expertise – to the agriculture and agri-food sectors with a view to offer long-term support to projects, which is essential to assuring their future. In the form of minority stakeholdings or loans, Sofiprotéol thus intervenes at all levels in the consolidation of different sectors, from upstream to downstream. Support for the creation of innovative companies, the structuring of French sectors for the future, research programs: its activities are indeed very varied; and its investments even more so: human foods and animal feeds, renewable energies, biotechnologies, animal genetics, etc. In 2016, Sofiprotéol invested €54 million in twelve companies, and is currently providing support for more than a hundred.

SUPPORTING TECHNOLOGIES THAT WILL ENHANCE PERFORMANCE

At a time when digitization is gaining pace in agriculture and industry, Sofiprotéol is supporting the development of new technologies that will generate new performances in different areas. At the end of 2016, alongside three other partners⁽¹⁾, it took over Medria, recognizing the potential of its digital solutions in dairy farming. Based in Brittany, this company designs sensors that can improve the monitoring of cattle health and feeding disorders. As well as supporting its activities, the aim of the new joint stakeholders is to drive Medria towards exploiting the data it has collected, so as to enable high precision, efficient and sustainable livestock farming.

INNOVATION: ACTION ONE STEP AHEAD

Because innovation prepares the future of its sectors, Sofiprotéol is closely involved in providing support for innovative start-ups. Thus in 2014 it was one of the creators of the CapAgro Innovation fund. Despite strong demand (see testimony p. 36), this is still the only venture fund in France devoted to the agriculture and agri-food sectors. Its vocation is to help start-ups with proven technologies to fund their growth. In 2016, CapAgro Innovation invested in five new companies; these included CelluComp, which has designed a process for the production of plant-based nanocellulose that can be used instead of certain toxic solvents. CombaGroup is also developing an aeroponic system for plant growth, where a nutrient solution is adjusted in terms ➡

(1) itk and the CCPA and Seenergi groups



French soybean: a long-standing investment

In line with the commitment it made in January 2015, Sofiprotéol is working to revitalize a 100% French soybean sector. When production was at its lowest, during the 2000s, the subsidiary continued to support seed firms in order to guarantee the competitiveness and performance of their varieties. Sofiprotéol is now capitalizing on the efforts made in recent years to federate all actors in the sector. Today, the land grown to soybean is increasing – more than 140,000 ha in 2016 – and Sofiprotéol is participating in funding crushing units that will produce oilseed meals for animal sectors. Between 2015 and 2016, it worked with local actors to create a second processing unit with an oilseed meal production capacity of 25,000 tonnes, and these efforts are continuing.



110,000

employees work in companies that have received support from Sofiprotéol



Many innovative French start-ups in agriculture cannot find capital to fund their growth,

because any return on investment in this sector is very long-term. This is notably due to the regulatory barriers which need to be overcome before products can be put on the market, and the industrial nature of many of these projects. Three years after creation of the CapAgro Innovation fund, this observation which governed its constitution for a ten-year period was even tending to become more important. In 2016, we received 170 submissions from companies looking for funds in order to construct their production facilities, develop their brand or increase their teams. And these demands are increasingly international. Big Data and the optimization of inputs for crops and livestock, in particular, are generating new technologies that will revolutionize precision agriculture. CapAgro Innovation wishes to support a larger number of projects while reinvesting in the 15 companies in which we are already involved. At the start of 2017, €35 million of the €58 million in our fund were already committed. With a commitment of €10 million – including €2.5 million already paid out in 2016 – Sofiprotéol has been at our side since the start. Its expertise is also of considerable value to our decision-making.

BÉNÉDICTE MONPERT
Board Member, CapAgro Innovation

of quality and quantity to the needs of the plant and sprayed onto its roots at regular intervals. Constantly exposed to oxygen and moisture, the roots attain their maximum potential for absorption, and there is a 98% reduction in water consumption when compared with traditional cultivation methods.

For Sofiprotéol, innovation also concerns the frontiers of research. Its contribution to programs funded by the FASO fund⁽²⁾ is mainly seen in the plant sector and particularly relative to biotechnologies, although another example is the use of vegetable proteins in human foods.

CONSOLIDATING SECTORS WITH STRONG MARKETS

Assuring the development and long-term future of markets that are new or have strong growth potential for French producers is central to Sofiprotéol's model. In the field of animal nutrition, it thus pursued its efforts to structure a strong non-GMO soybean sector in France[•] (see p.35) so that this crop can replace the soybean meals that are currently imported. Since 2015, this subsidiary of the Avril Group has participated in the funding of regional projects to set up industrial processing units at the interface between areas where the crops are grown and those where they are consumed. In close collaboration with seed firms and technical institutes, it associates all actors in soybean with these projects (agricultural cooperatives, cattle feed manufacturers, industrial companies, etc.). The challenge of this French soybean sector is particularly important because it will also be able to cover protein needs for human foods.

According to the same principle, Sofiprotéol also aims to support the French Farm to better capitalize upon strong demand for organic products, a market that achieved record growth of +20% in 2016. By supporting actors across the organic sector through the funding and development of collection, storage and dispersal structures, Sofiprotéol wishes to ensure the structuring of an efficient organic sector and thus encourage French production that will generate added value upstream and for producers.

NURTURING COMPANIES AND THEIR TEAMS

In addition to the financial support and expertise it can bring to companies, Sofiprotéol assists them regarding their commitment to sustainable development. In 2016, it was particularly active in the area of the safety and health of employees, linked to Avril's



approach which has made this area an absolute priority. The dynamic initiated in 2015 led to the creation of a structured system for monitoring and continued improvement for all companies in which Sofiprotéol is involved. A health and safety at work diagnosis is thus under way in all companies where Sofiprotéol has recently taken a stake. This benefited three companies in 2016: Solina (see testimony opposite), Vivescia Industries and Inveja. Sofiprotéol has also listed all health and safety correspondents throughout its portfolio, the aim being to be able to share good practices and set up a network of correspondents as well as indicators. By the end of 2017, the aim is to have a reliable indicator in each company so that Sofiprotéol can monitor the advances achieved during meetings of their Boards. ♦

(2) Strategic Oilseeds and Pulses Action Fund.



2016 prizewinning project under the Performance Challenges of the Food for Life program.



The safety diagnosis proposed by Sofiprotéol

gave us the impetus we needed to accelerate work on this approach. At Solina, we realized the importance of this challenge but we lacked experience to judge whether our actions were in line with those achieved elsewhere in the agri-food industry. Performed in May 2016 by an external auditor, the safety diagnosis of our factory employing 100 people in Bréal-sous-Montfort (Brittany), which is also our head office, showed that we were on the right road, with average results for our sector. It highlighted several relatively simple improvements in particular on ergonomic comfort of work stations and the avoidance of people carrying of heavy loads, which we implemented immediately. Other actions will request a deep reorganization of our work stations like the planned optimization of ventilation and dust extraction in our ingredient mixing workshop⁽¹⁾. Above all, because it proposed good practices which go beyond purely regulatory requirements, this diagnosis encouraged us to deploy a structured security approach in all our 12 factories throughout Europe. In 2017, Solina made risk prevention its priority, and this spring we are launching a major internal communication campaign which targets a zero accident rate.

(1) Solina is the second largest supplier in Europe of mixtures of food ingredients for the agri-food industry. Sofiprotéol has been providing support for Solina since 2016.

SYLVAIN LEOPOLD
Operations Director, Solina Group

Table of performance indicators

2016

Performance indicator

2016

Comments

COMMITMENT No.1 Developing national sectors

Avril 2020	Proportion of French/Romanian/Senegalese oilseed production valorized in the corresponding national industrial facilities	59% / 13% / 4%	TARGET 2020: 55% / 23% / 27%
Avril 2020	Proportion of raw materials of French origin processed in the animal nutrition facilities of the Group	80.1%	TARGET 2020: > 80%
	Turnover (in billion €)	5.9	-
	EBITDA (Gross operating profit) / Turnover	2.4%	-
	Total industrial investments, specific to Avril (in million €)	100.4	-
	including industrial investment in developing and emerging countries (in million €)	17.8	-
	Total workforce of the Group (end of 2016)	7,200	-
	Breakdown of employees per type of contract Permanent/Fixed-term/Other	94% / 3% / 3%	-

COMMITMENT No.2 Better food for humans

Avril 2020	Equivalent number of people whose nutritional needs in oil are covered by the Group (in millions)	78.7	TARGET 2020: 100 MILLION CHANGE: + 33% COMPARED TO 2012
Avril 2020	Equivalent number of people whose nutritional needs in animal proteins are covered by the Group (in millions)	25.7	TARGET 2020: 30 MILLION CHANGE: EQUAL TO 2012
	Production volumes (tonnage per general type of product)	P.82-83 OF THE ACTIVITY REPORT 2016	-

Reporting scope

The indicators are consolidated worldwide, unless otherwise stated, and cover the calendar year 2016. The data from the companies in which Avril is majority shareholder are fully

consolidated (not in proportion to their integration in the Group). 2012 is the base year for the Sustainable Development targets in the Avril 2020 strategic plan.

* 2015 data. The figures for 2016 were not available at the time of publishing the report
** Change in method of calculation compared to previous reports.

Avril 2020

Indicators corresponding to the Sustainable Development targets in the Avril 2020 strategic plan.

COMMITMENT No.3 Preserving the planet

Avril 2020	Energy consumption of the Group (in million MWh)	2.53	TARGET 2020: -10% COMPARED TO 2012 – CHANGE: -14% COMPARED TO 2012
Avril 2020	Ratio of energy consumption from renewable sources to total energy consumption	31.8%	TARGET 2020: 33% CHANGE: +96% COMPARED TO 2012
Avril 2020	Reduction of GHG emissions from rapeseed hectares in the "Démarche de Progrès" (Progress Initiative)	-7.4%*	TARGET 2020: -10% COMPARED TO 2012
	Participation rate in the "Démarche de Progrès" (Progress Initiative) among cooperatives having contracted with Saipol (France)	72.2%	-
Avril 2020	Quantity of certified sustainable vegetable oils used (in thousand tonnes)	1,509	TARGET 2020: 2,000 KT
	Valorization rate of recoverable industrial waste	95%	-
	Total water volume used per tonne of finished product (m³/t)	1.63	-

COMMITMENT No.4 Working together

Avril 2020	Change in TF2 (accident frequency rate with and without lost time) over one year	-1.6 POINT	TARGET 2020: -80% COMPARED TO 2012 – CHANGE: -62% COMPARED TO 2012
	Change in TF1 (lost-time accident frequency rate) over one year	-0.3 POINT	-
	Change in SR (severity rate) over one year	+0.11 POINT	-
Avril 2020	Proportion of Avril's sites employing more than 6% of disabled employees (in France)	35%**	TARGET 2020: 100% – CHANGE: +4% COMPARED TO 2015
Avril 2020	Number of apprentices (apprenticeship or professional training contract)	222	TARGET 2020: 260 – CHANGE: +70% COMPARED TO 2012
	Total number of trainees	94	-
	Ratio of female to male in the workforce (end of 2016)	0.39	-

COMMITMENT No.5 Sustainable investments in the oils and proteins sectors

Avril 2020	Amounts invested (disbursed during the year) by the finance and development company Sofiprotéol (in million €)	53.8	TARGET 2020: 430 MILLION FROM END OF 2012 TO END OF 2020 CHANGE: €242.7 M SINCE 2012
Avril 2020	Amounts invested (disbursed during the year) by the CapAgro Innovation fund (in million €)	14.3	TARGET 2020: 40 MILLION FROM END OF 2012 TO END OF 2020 CHANGE: €35 M SINCE 2012
	Proportion of Sofiprotéol investments evaluated in terms of social responsibility	100%	-
	Number of employees in the companies in which Sofiprotéol invested during the year (France)	APPROX. 2,350	-

We would like to thank all Avril's employees and partners – agricultural producers, livestock farmers, research scientists, fund-providers – who supported the Group and its achievements in 2016.

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