

# TOUTON

## Environmental Policy

November 2024

*As a supply-chain actor sourcing tropical commodities from many regions, we recognise that the success of our commercial activity depends on the consistency and balance between the group's resources, its business model, its development ambitions, and its social and environmental impact.*

*In line with our corporate due diligence processes, we regularly review our risks across our supply chains and operations. This in turn informs our group commitments and policies as well as our programming priorities.*

*Our corporate sustainability strategy is called PACT, the Positive Agri Culture by Touton. It is developed with our Management Team and endorsed by Touton's Board of Directors.*

*It aims to promote a resilient Agri-Industry built on a Culture of Trust and Positive Growth. Embedded in our management systems and processes and reviewed annually, it is operationalised through our various programmes, including our PACT STANDARD.*

In line with our Culture of Trust, our Environmental Policy sets out our commitment to uphold workers' rights in our own operations and in our supply chains.

It applies to Touton group and all its subsidiaries' employees. We expect our suppliers and partners to uphold these principles and provide them with guidance and support to meet them.

### Our commitment to protecting the Environment

We are committed to building climate-smart farming ecosystems through actionable interventions that protect forests, biodiversity and efficiently manage natural resources in the face of changing conditions.

We comply with and often exceed local, national and international regulatory guidelines and requirements and require that our suppliers act *a minima* in accordance with these.

Our Environmental Policy is supported by other codes and policies as well as our programming activities in our supply chains:

- Touton PACT Strategy
- Touton Code of Ethics
- Touton Supplier Code of Conduct
- Touton group Grievance Mechanism
- Procedures on how to address Deforestation
- Quality Charter
- Due Diligence policies & procedures

## Salient Environmental Issues

Our corporate analysis<sup>1</sup> includes the likelihood and severity of potential adverse impacts on the environment linked to our direct or indirect operations.

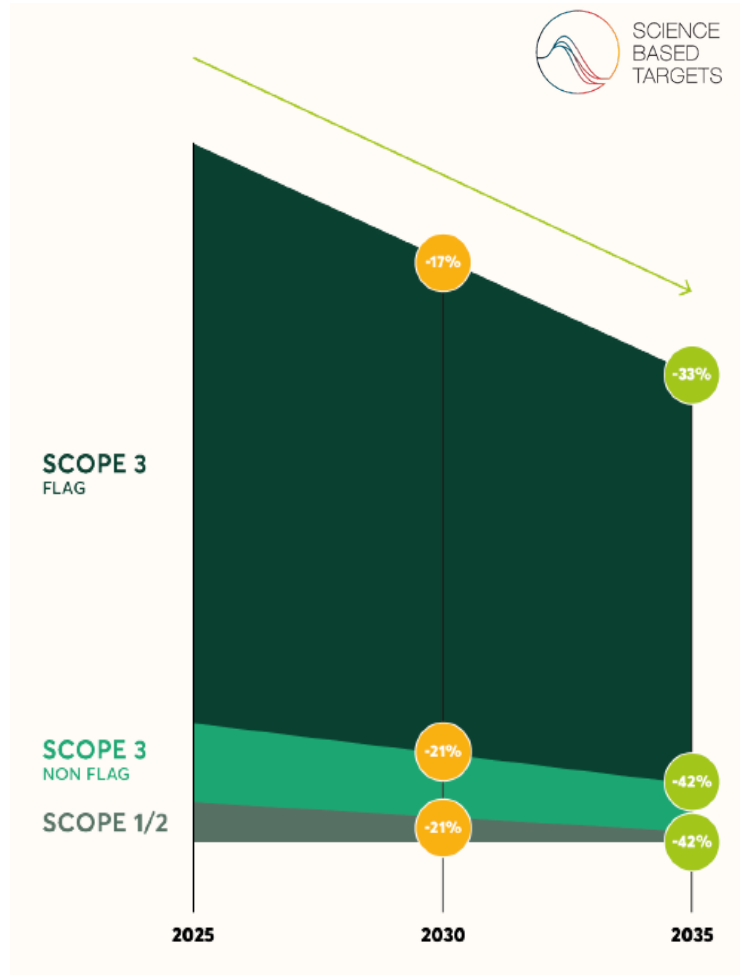
As a supply-chain actor primarily engaged in the sourcing of raw tropical commodities, our most salient environmental risks are linked to the impact of agriculture in our sourcing regions and to climate change.

We seek alignment between our nature and climate objectives. Our climate strategy<sup>2</sup> sets near-term (10year) greenhouse gas (GHG) emission reduction targets based on the Science-Based Targets initiative<sup>3</sup> (SBTi) and a climate action plan which addresses deforestation risks and the challenge of climate change adaptation.

Recognising that eliminating deforestation from our supply chain is key to preserve biodiversity and to reduce GHG

emissions from land use change, we are improving supply chain traceability, promoting regenerative/sustainable agricultural practices, and setting up mechanisms towards zero deforestation in our coffee and cocoa value chains.

The key performance indicators (KPIs) we initially track focus on reducing GHG emissions, but our ambition goes far beyond. All the actions listed below also have environmental benefits or co-benefits: preserving and restoring biodiversity, soil health, water retention capacity, and the quality of rivers and groundwater. In this way, they contribute to the maintenance and regeneration of ecosystems.



<sup>1</sup> See p. 117 of our [2023-2024 Sustainability Report](#)

<sup>2</sup> See pp 20-21 of Touton's [2023-2024 Sustainability Report](#)

<sup>3</sup> Touton has officially [committed](#) to set near-term company-wide emission reductions in line with climate science with the SBTi.

## 1) Addressing the impact of agriculture in our sourcing regions (Scope 3 FLAG)

Our 2021 Carbon Footprint Assessment, has shown that Agricultural Upstream operations account for 93% of Touton's total GHG emissions, primarily linked to potential land conversion or change of land use, and more specifically to GHG emissions linked to past deforestation (over the last 20 years).

Our environmental strategy is led by:

- ***A company-wide commitment to zero imported deforestation by 2025<sup>4</sup>***. In order to achieve this target, we work with trusted third parties on product traceability and deforestation risk assessments. Data on suppliers is also considered, as well as compliance with the regulations of producing countries (principle of legality) as part of the European Union Deforestation Regulation due diligence process.
- ***Bespoke programmes to encourage regenerative agricultural practices*** at scale, promoting the resilience of ecosystems to climate change, while improving our environmental footprint. These include measures to improve soil cover, crop associations, responsible crop protection, water and waste management, organic fertilisation, agroforestry and regenerative farming.
- ***Ensuring Land rights are respected***. We apply the United Nations principle of free, prior and informed consent (FPIC) and require that our suppliers and partners on the ground respect the rights of indigenous populations and local communities as applicable.

As part of our climate action plan, we'll continue to work hand in hand with our partner farmers and suppliers in anticipating and adapting to climate risks by deploying specific, localised and innovative solutions in our agricultural supply regions, including the set-up of Forest Protection Committees (FPCs).<sup>5</sup>

These programmes are developed at farm, community or landscape levels.

## 2) Mitigating other environmental risks in our upstream and downstream operations (SCOPE 3 non-FLAG)

Emissions associated with these account for ca. 1,5% of Touton group's annual emissions and cover the transport of goods, from sourcing in the producing countries to product delivery to our customers' facilities, but also the energy used by suppliers' and customers' factories and warehouses. We have adopted measures to:

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<sup>4</sup> For specific product supply-chains and partnerships, the cut-off date is anterior to this date.

<sup>5</sup> See pp. 56-62 of our [2023-2024 Sustainability Report](#)

- **Reduce transport-related emissions** from freight transport, including low-carbon sea freight options and to limit air transport while introducing an insetting service to offset residual emissions from air travel.
- **Engage our value chain partners in the low-carbon transition, through a suppliers' engagement programme** to assess and improve the carbon footprint of commodity suppliers' and service providers' processes and factories notably in relation to energy consumption.
- **Support sustainability programs and certifications**<sup>6</sup> developed in partnership with our customers are essential to improve the environmental impact of our common supply chains in a coordinated way: from the farm to the final customer.

### 3) Improving environmental performance in our direct operations (SCOPES 1 & 2)

Our direct operations include plants managed by Touton in Ghana (such as Cocoa Touton Processing Company for cocoa mass processing) and in West and East Africa (cocoa and coffee bagging plants), as well as all our offices in France and around the world. It also covers employees' business travel and their collective involvement in environmental actions.

Our key levers for action include:

- **Reducing fossil fuel use in plants and buildings.** A Life Cycle Assessment (LCA) will be conducted in each factory to develop specific climate and environmental action plans (including the supply or production of renewable energies).
- **Improved waste management,** for example by introducing waste sorting and composting of bio-waste.
- **Raising teams' awareness of environmental issues** including climate and biodiversity.
- **Reducing the carbon footprint of business travel** and encouraging the adoption of «soft mobility» on the home/ work journey.

## Due diligence procedures

Our risk assessment, prevention, mitigation and remediation activities are aligned with the OECD guidelines for responsible business conduct and the United Nations Guiding Principles for enterprises.

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<sup>6</sup> More than 15 certifications for sustainability and quality obtained at group level (See pp 42-45 of Touton's 2023-2024 Sustainability Report)

Touton has implemented due diligence processes and operational practices and procedures to identify, prevent and mitigate adverse impacts on the environment. This includes risk assessment, verification and audits.

We take measures to remediate where possible any violation in respect to the environment, forest and/or soil management, and expect our suppliers to adopt the same approach within their supply chain as required in our Supplier Code of Conduct.

## Reporting on our progress and challenges

Over the years, Touton has invested considerably in strengthening its sustainability, compliance, and monitoring and evaluation teams at group level, or within its country subsidiaries. This allows us to build specific tools for the collection, analysis and verification of the data we use internally and inform our decisions, and the quality of the goods and services delivered.

We are a member of the United Nations Global Compact and actively engage in several sectorial and international initiatives to exchange on best practices to address environmental risks in our supply chains and report progress and challenges through different channels.

Our [Annual Sustainability Report](#) provides a detailed presentation of our environmental protection activities within our own operations and in our responsible sourcing programmes<sup>7</sup> and includes an overview of progress against non-financial performance indicators which are audited and validated by an independent third-party body accredited by the French COFRAC.

We are in the process of reviewing our environmental metrics to align with the upcoming Corporate Social Reporting Directive (CSRD), the European Union Deforestation Regulation (EUDR) and the Corporate Social Due Diligence Directive (CSDDD).

*"Touton continuously evaluates and improves its own policies and practices to conduct its business in an ethical and responsible manner and in compliance with all applicable laws and regulations. We therefore reserve our right to review this policy from time to time."*

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<sup>7</sup> See pp 46 to 63 and progress indicators p. 113 of our latest Sustainability Report