Annual Report 2021

PART 1 - **COMPANY REPORT**

SIPEF

Key figures

384 178 tonnes

Produced palm oil
in 2021

1 195 USD/tonne (CIF)

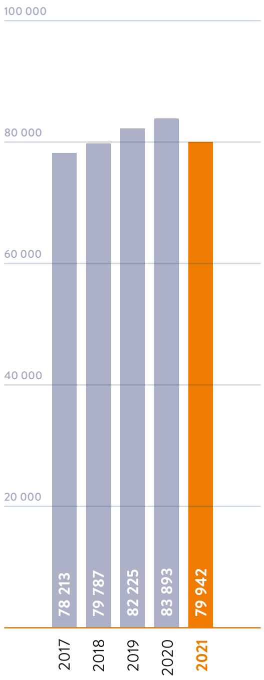
Average world market price of palm oil
in 2021

169 218 KUSD

Gross profit
in 2021

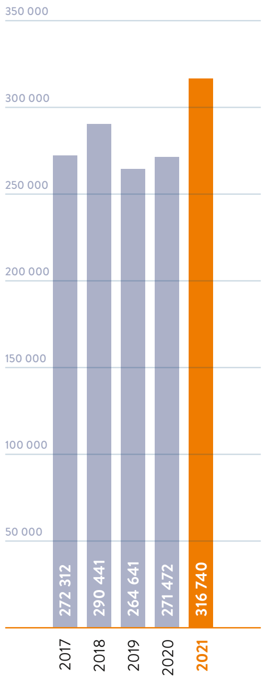
TOTAL PLANTED HECTARAGE

(IN HA)



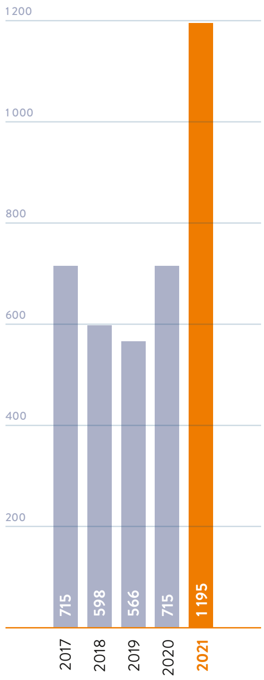
TOTAL OWN PRODUCTION OF PALM OIL OF CONSOLIDATED COMPANIES

(IN TONNES)



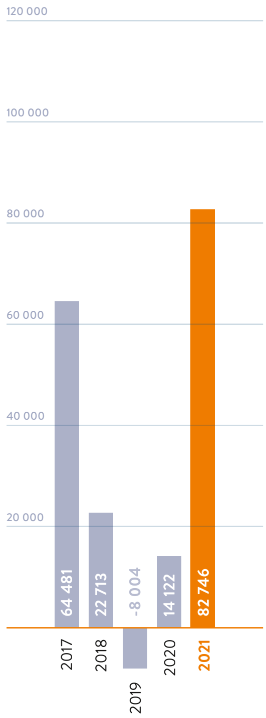
AVERAGE MARKET PRICE OF PALM OIL

(USD/TONNE)



RECURRING NET PROFIT
SHARE OF THE GROUP

(IN KUSD)



The connection to the world of sustainable tropical agriculture

100%
RSPO-compliant

all the criteria for processing RSPO certified oil palm products have been met

21 233
employees (FTE)

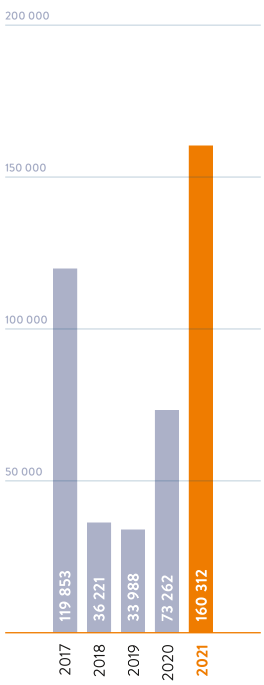
work on the plantations and in related processing facilities

31
certificates

granted to the operational units of the Group

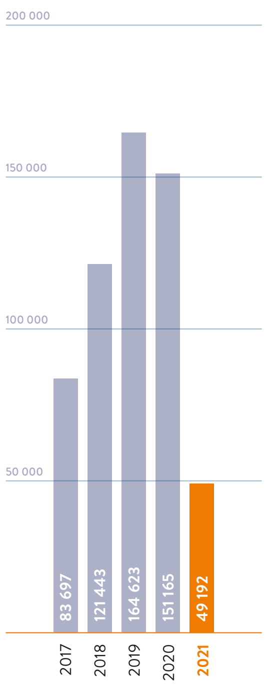
CASH FLOW FROM OPERATING ACTIVITIES*

(IN KUSD)



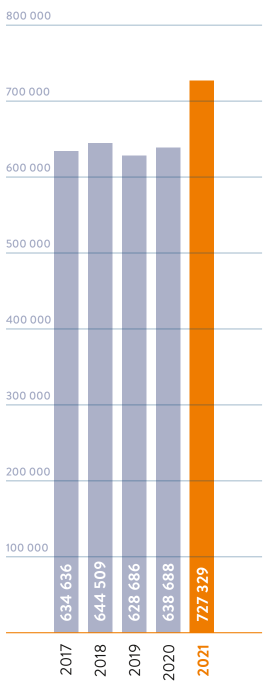
NET FINANCIAL DEBT

(IN KUSD)



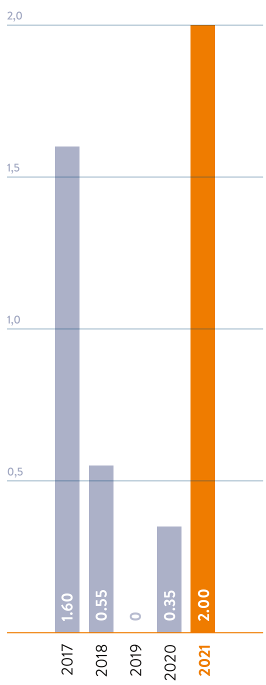
SHAREHOLDER'S EQUITY
SHARE OF THE GROUP

(IN KUSD)



GROSS DIVIDEND

(IN EUR)



* As from 2021, the financing of plasma advances has been included under investing activities instead of operating activities. The prior year figures have been restated accordingly.

Mission

As a producer of traceable, sustainably certified and premium tropical agricultural commodities, mainly high-quality crude palm oil and other palm products, SIPEF aims to be a reliable partner and preferred supplier to the processing industry.

The Group operates in remote areas, where a sustainable approach is necessary for social development and economic growth. SIPEF creates value through sustainable expansion and optimum yield per hectare, by using the best planting materials and efficient and innovative management of all products, including by-products in the chain. It also actively promotes employment and works to train smallholders, with a view to their integration into the production chain. In all of its activities, SIPEF continually strives to achieve a balance between taking care of the environment and social welfare, and development at an economic level.

SIPEF also aspires to attain a growing dividend income and a rising share price for its shareholders, by means of thorough and efficient cost management, and an increasing asset base.

Contents

SIPEF at a glance

77 163

Hectares planted

Palm oil

SIPEF manages 36 oil palm plantations. The Group runs nine palm oil mills in total, of which six in Indonesia and three in Papua New Guinea. The palm oil mills in Indonesia produce crude palm oil and palm kernels. The mills in Papua New Guinea produce crude palm oil and crude palm kernel oil.

The most important certifications

All nine palm oil mills are RSPO certified but also have other certificates, such as ISPO, ISCC, ISO 14005:2015 and ISO 9001:2015. (For the various certificates, see part 3: Sustainability Report).

Main operations (own and smallholders)

- Indonesia (60% of CPO)
- Papua New Guinea (40% of CPO)

Main markets

The majority of SIPEF's oils are sold directly or indirectly to the European market, both as a food component and for biofuel. After all, these markets are the most willing to pay a premium for sustainable oil.

Average world market price 2021 (vs 2020 in %)

CPO USD 1 195 per tonne (+67.1%)
PKO USD 1 517 per tonne (+83.7%)
SOURCE: OIL WORLD

Bananas

SIPEF owns five estates in Ivory Coast equipped with seven packing stations (four currently operational and three in the course of 2022 and early 2023), where green bananas, the Cavendish variety, are grown, packed and exported according to international standards.

794

Hectares planted

The most important certifications

The plantations are fully Rainforest Alliance and Fairtrade certified. (For the various certificates, see part 3: Sustainability Report).

Main operations

→ Ivory Coast

Main markets

SIPEF's main commercial market is Europe, including the United Kingdom. The rest is sold in the West Africa region and on the local market of Ivory Coast. The markets in the West Africa subregion are gradually expanding.

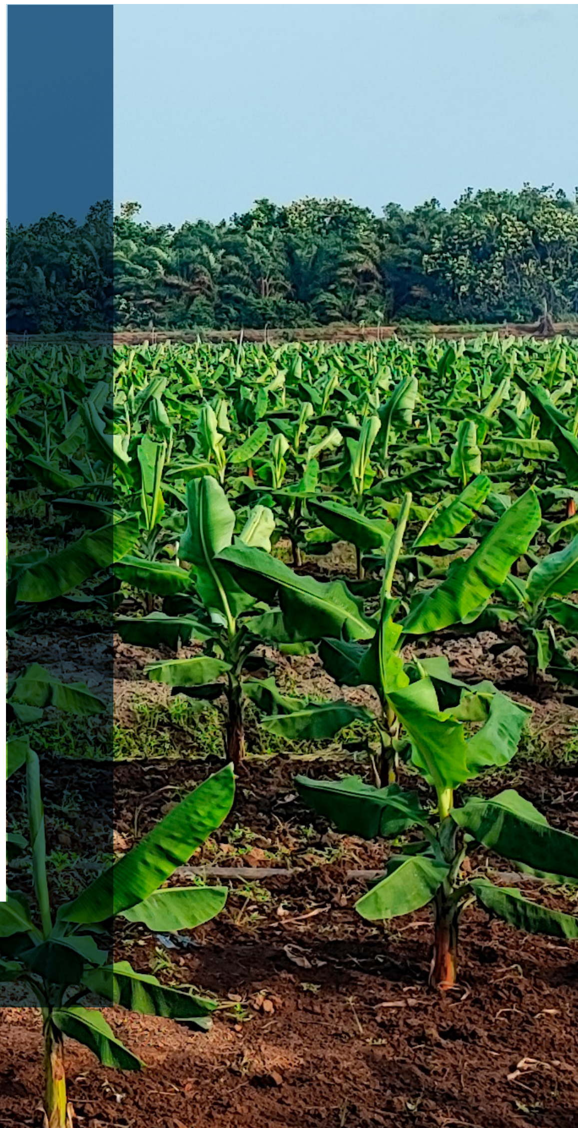
Average European market price 2021 (vs 2020 in %)

EUR 616 per tonne (-1.9%)

SOURCE: CIRAD PRICE DATA (IN EUR)

* Including only four months of rubber and tea production of PT Melania

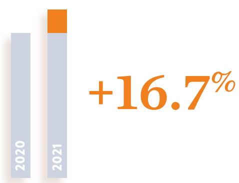
** Of the revenue of the SIPEF group



Significant events in 2021

Activities

- Total Group production of palm oil increased by 16.7% compared with 2020.
- Despite covid-19, all Group production units remained operational, with no loss of volume or yield.
- Palm oil production in Indonesia increased by 8.52%: in North Sumatra, recovery from last year's drought was limited, while in the expansion regions, production growth continued.
- Total palm oil production from the Hargy Oil Palms Ltd (HOPL) plantations in Papua New Guinea, which were affected by volcanic eruptions in 2019, increased by 29.7%.



Total Group production of palm oil increased by 16.7% compared with 2020.

Investments and divestments

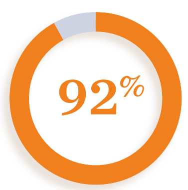
- In May, SIPEF signed the conditional agreement regarding the sale of PT Melania to the Indonesian Shamrock Group and realised a capital gain of USD 11 million, share of the Group.
- In summer, SIPEF acquired the assets of the insolvent Wanita banana plantations in Ivory Coast.

Expansion

- In Musi Rawas, in the past year, in accordance with the RSPO New Planting Procedures (NPP), an additional 763 hectares were offset and 956 hectares were prepared for planting or planted, to reach a total of 14 970 cultivated hectares.
- Since acquisition in 2017, 7 836 hectares have already been replanted or planted in Dendymarker, including 2 630 in 2021.
- About 22% of the comprehensive investment budget for realising the expansion projects, which were temporarily delayed by covid-19-related logistical problems, will be pushed forward to 2022.

Sustainability

- The Group's 2021 sustainability reporting was drafted using the Global Reporting Initiative (GRI) reference framework.
- The uniform calculation of greenhouse gas (GHG) emissions for all Group's crops in accordance with ISO 14064 was completed and an initial overview published, with 2019 as the base year.
- SIPEF participated for the first time in the Carbon Disclosure Project (CDP) reporting.
- By November 2021, 92% of the SIPEF employees and their dependents in Indonesia had been fully vaccinated against covid-19 at SIPEF's expense. A booster program will follow in 2022.
- SIPEF was ranked 4th out of the 350 most influential companies of the commodity sector by Forest 500 and 9th out of 100 palm oil companies by the Sustainability Policy Transparency Toolkit (SPOTT).



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Results

- The palm oil market experienced a steady increase in prices throughout the year.
- In Indonesia, the combined export levy and tax on sales prices remained in place, but was relaxed during the first half of the year, effective from 2 July 2021.
- The combination of excellent production and selling prices resulted in outstanding financial performances:
  - The net recurring result, share of the Group, after tax, amounted to KUSD 82 746, compared to KUSD 14 122 last year.
  - Including the capital gain of USD 11 million on the sale of PT Melania (Indonesian tea estate and half of the rubber operations) net results, share of the Group, reached KUSD 93 749.
  - Operational cash flow amounted to KUSD 160 312, an increase of 118.8% on the previous year.
  - Net debt decreased by more than two thirds, from KUSD 151 165 to KUSD 49 192.
- In line with the 30% pay-out ratio of previous years, the board of directors proposes to increase the gross dividend from EUR 0.35 per share last year to EUR 2.00 per share, payable on 6 July 2022.

Our employees, as well as the local smallholders, with whom the Group works, continued to devote themselves wholeheartedly to their work during the pandemic. Thanks to their great commitment, the favourable climate and the strong markets, SIPEF is able to present excellent figures for 2021.

-- **BARON LUC BERTRAND**

Message from the chairman

We set up a vaccination program at SIPEF's expense. This allowed almost 92% or 20 000 people, employees of the Group's Indonesian subsidiaries and their close relatives, to be vaccinated.

In 2021, the world remained in the grip of covid-19. Indonesia was more affected by the pandemic than Ivory Coast and Papua New Guinea, where the populations seemed to be more resistant to the virus. However, the public health system in Indonesia was inadequate to treat everyone efficiently. Therefore, we felt called to come to the rescue and set up a vaccination program at SIPEF's expense. This allowed almost 92% or 20 000 people, employees of the Group's Indonesian subsidiaries and their close relatives, to be vaccinated. We also organised vaccination programs in Ivory Coast and Papua New Guinea. 45% of the employees in Ivory Coast were double vaccinated and 15% received a single dose. In Papua New Guinea, however, the program did not initially meet with much success, but gradually took off, thanks to the efforts of the local management. This enabled the Group to help the local population as much as possible to cope during these difficult times.

Covid-19 affected the Group's operations in a limited way. Our employees, as well as the local smallholders, with whom the Group works, continued to devote themselves wholeheartedly to their work during the pandemic. Thanks to their great commitment, the favourable climate and the strong markets, SIPEF is able to present excellent figures for 2021. I would particularly like to mention the team in Papua New Guinea. Despite the years with lower palm oil prices and the volcanic eruptions in 2019, it made an unprecedented contribution to the SIPEF group's 2021 operating results.

The strong performance, combined with the conditional sale of PT Melania, provided ample cash flow, which, subject to the continuation of the expansion in Indonesia and Ivory Coast, also allowed for a more than two-thirds reduction in net financial debt in one year, to a level below USD 50 million. Despite an extensive investment program for the next few years, it is strategically desirable to keep the debt level as low as possible.

2021 was also an important year for succession in the Group. The general manager of Papua New Guinea was successfully replaced at the start of the new year. In Indonesia, as of April 2022, the succession of the president director is in place. A new general manager has also been appointed in Ivory Coast, and a rejuvenated and expanded team is ready to cope with the expansion there. In June 2021, Petra Meekers left the board of directors to become the first woman to join the executive committee. Ever since, as chief operating officer Asia-Pacific, she has been monitoring the Group's activities in Indonesia and Papua New Guinea out of Singapore. Moreover, as a sustainability expert, she is assisting the executive committee in implementing the Group's sustainable development policy and the various complex rules and regulations that come with it. Finally, in June 2021 the board of directors welcomed Yu-Leng Khor. As a new independent director, she will be able to expertly guide the Group, thanks to her vast experience in the tropical agriculture sector and in the field of sustainability. Looking to the future, SIPEF is thus well prepared at all levels of management in the various countries where the Group operates.

I am therefore convinced, that we can continue and expand our activities with confidence in a sustainable and efficient manner, but above all take on new challenges with the drive to actively contribute to a better world.

BARON LUC BERTRAND
chairman of the board of directors

Message from the managing director

2021 was an excellent year for the SIPEF group with strong recurrent results, which could also be increased with exceptional capital gain.

Over the past year, the palm oil market experienced a very stable environment with high prices that reached peaks unprecedented in the last decade. It was also a positive year for the Group's palm oil production which, thanks to generally very favourable weather conditions, reached a record figure of 384 178 tonnes. The good climate also led to higher oil extraction rates (OER) for the palm oil mills.

Unfortunately, the Group continued to face an exceptional export tax on its Indonesian palm oil production in order to finance the B30 palm oil blending program. However, this tax was revised downwards and capped in July.

The exceptionally good operational performances, combined with sustained rising prices, enabled SIPEF to end the year with a record recurring profit, six times the previous year's figure.

In 2021, the expansion of the palm plantations, which was hampered in 2020 by the covid-19 pandemic, continued steadily and already bore its first fruits. The banana activities were also expanded further, with the purchase of the plantations and factories of the insolvent Wanita banana plantations.

Furthermore, practical preparations were started for the conversion from rubber to oil palms. This conversion is the result of the 2020 strategic decision to further focus on the production of crude palm oil, palm kernels and palm kernel oil, and to phase out rubber production. More specifically, the conversion of the rubber plantations into oil palm was started in North Sumatra and Bengkulu, in an agronomically efficient and responsible manner. A further step in this direction was taken with the conditional transfer of PT Melania, which represents half of the Group's rubber operations and tea plantation. As from May 2021, the management of the rubber activities was transferred to Shamrock Group and, in addition, at a later stage the entire tea business will also leave the Group.

With the expansion and greater concentration on palm products, at the expense of rubber and tea, SIPEF wants to respond to the strong future of palm oil as the main vegetable oil in the food and energy sector. This is based on the fact that there is a growing world population, especially in southern hemisphere countries. It goes without saying, that the consumption of palm oil as a basic ingredient in people's diets will increase. For one reason, this is due to the efficient industrial processing and the low cost of palm oil compared to other vegetable oils. In addition, palm oil has a

SIPEF ended the year with a record recurring profit, six times the previous year's figure.

-- FRANÇOIS VAN HOYDONCK

yield per hectare that is five to ten times higher than any other vegetable oil. This is an important factor in a world where agricultural soils are becoming increasingly scarce.

Hence, the Group will concentrate mainly on improving the efficiency of the areas already planted and on innovations, with a view to high productivity. In short, research and development remain very important for the palm oil sector.

But above all, 'sustainability' runs like a thread through the life of the Group. SIPEF wants to realise its activities, and also its growth, in a sustainable and economically responsible manner, and all this in cooperation with local smallholders. As a listed European company investors must be able to receive the guarantee of respect for people and planet, through the reputable certification of all SIPEF's activities and products. Today, the Group is fully RSPO compliant for all oil palm plantations, with certification for all areas that can already be certified. The Group continues to follow the trends indicated by its customers and stakeholders, according to their needs for confirmation that sustainability standards are respected at all times. In that context, a research project was started in 2021, to test the level of contaminants in the crude palm oil and to produce high quality oil with low contaminant content via the application of new technologies in the mills.

In 2021, SIPEF also took an important step in reducing greenhouse gas emissions by mapping its carbon footprint at the group level. The determination of a 'baseline assessment' was the necessary basis for improvement in the following years. SIPEF intends to continue investing in new technologies to significantly reduce its current ecological footprint.

As the managing director, I think I can say that we have completed an important obstacle course in recent years that was crowned with success in 2021. We were able to achieve this through the commitment of our employees around the world who have continued to support us through thick and thin, and have all worked together for a better world.

We also want our shareholders to enjoy this record year by presenting them with a gross dividend of 2 euro per share, for approval on 8 June.

Following the successful year of 2021, SIPEF is well placed to therefore embark on the next few years with a great deal of ambition, once again supported by strong market prices. The expansion achieved in recent years will only strengthen its position as a coveted producer of quality palm oil.

FRANÇOIS VAN HOYDONCK
managing director

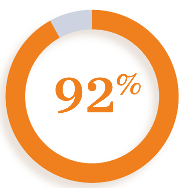
SIPEF wants to realise its activities, and also its growth, in a sustainable and economically responsible manner, and all this in cooperation with local smallholders.

-- FRANÇOIS VAN HOYDONCK

Strategy of the Group

SIPEF increasingly focuses on the production of crude palm oil, palm kernels and palm kernel oil in Indonesia and Papua New Guinea

In 2020, the decision was made to convert the rubber plantations of North Sumatra and Bengkulu to oil palm plantations in an agronomically efficient and responsible manner. The conditional sale of 95% of PT Melania shares in 2021 is also part of this strategy, as PT Melania manages rubber and tea plantations. At the end of 2021, palm products in Indonesia and Papua New Guinea accounted for approximately 92% of the Group's total turnover. The growing banana business in Ivory Coast also continues to be part of the Group's strategic interests.



At the end of 2021, palm products in Indonesia and Papua New Guinea accounted for approximately 92% of the Group's total turnover.

SIPEF invests in research via Verdant Bioscience Pte Ltd (VBS) to ensure it can profit from the strong growth the sector is set to experience.

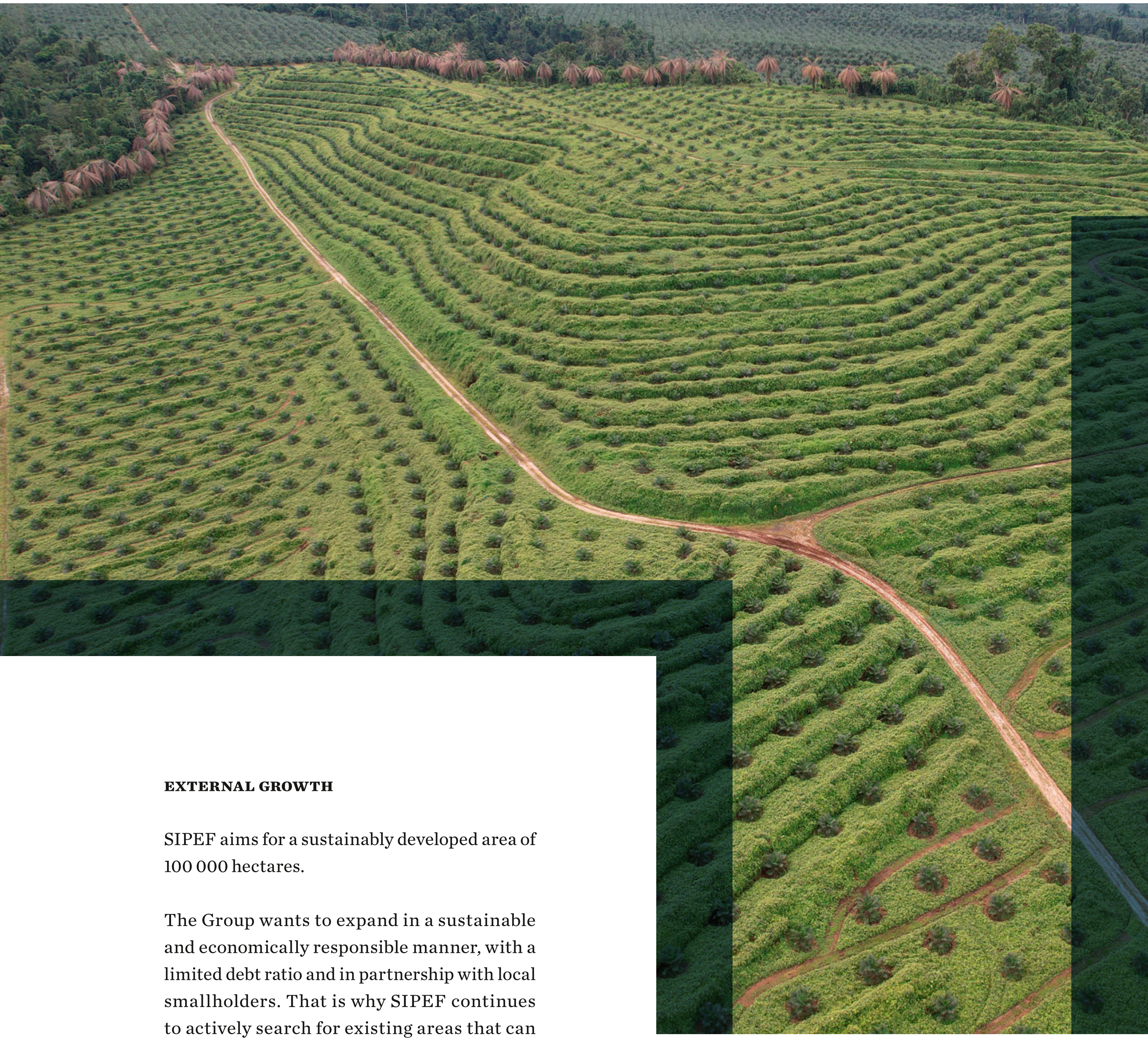
SIPEF actively works on its internal and external growth as a palm oil producer in Indonesia and Papua New Guinea in partnership with local smallholders

INTERNAL GROWTH

SIPEF invests in research via Verdant Bioscience Pte Ltd (VBS) to ensure it can profit from the strong growth the sector is set to experience.

As the global population rises, there is increasing demand for vegetable oils and fats, but available farmland is decreasing. In addition, climate change is bringing more and more extreme weather events. Most of the required growth in production can be achieved in palm oil, the most efficient vegetable oil. Only by developing stronger, more productive palm varieties can SIPEF rise to these challenges.

SIPEF therefore wants to bring the productivity of its oil palm plantations to a significantly higher level in the medium term by applying the scientific developments of VBS, thereby substantially supporting, and improving the Group's future profitability.



EXTERNAL GROWTH

SIPEF aims for a sustainably developed area of 100 000 hectares.

The Group wants to expand in a sustainable and economically responsible manner, with a limited debt ratio and in partnership with local smallholders. That is why SIPEF continues to actively search for existing areas that can meet RSPO certification criteria. Furthermore, expansion is increasingly realised in close partnership with local smallholders who wish to sell their production to and work with SIPEF. The Group is committed to training these farmers and working together to create a sustainable production environment.

SIPEF aims for a sustainably developed area of 100 000 hectares.

Continuing to be a role model in terms of sustainability is of vital importance to SIPEF.

SIPEF invests in the development of high-quality crude palm oil with low levels of contaminants

SIPEF has launched a research project to measure and reduce the level of contaminants in its crude palm oil using new technologies in its mills. This project is the first big step towards the production of high-quality oil with a low contaminant content. In this way, the Group wants to further develop and innovate, with a focus on high-quality palm oil, and target customers, both in the food sector and in all other sectors, for whom the added value of this product is a very important focal point and who are prepared to pay a higher premium for it.

Sustainability remains an absolute priority for SIPEF with value creation as the common denominator

Continuing to be a role model in terms of sustainability is of vital importance to SIPEF.

As a listed European company, SIPEF wishes to provide its investors with formal assurance of its respect for people and the planet. It does so by means of the certification of all its activities and products that gives due consideration to ecological and socially responsible standards for tropical industrial agriculture. In the future, SIPEF will continue to endeavour to deliver all its products in certified physical goods flows (for more details about certification, see page 69 of the Sustainability Report.) The Group focuses on a limited number of regular customers who are prepared to pay a premium for quality certification.

The Company also goes beyond certification to increase its impact in the area of sustainability and has established a Responsible Plantations Policy (RPP), which is updated annually. The RPP encourages SIPEF to apply the most innovative standards, often going beyond what the certifications require.

SIPEF remains very actively involved in the organisations that encourage the use of sustainable palm oil in the food industry and with consumers in Europe and the rest of the world.

All goods sold by SIPEF are fully traceable

SIPEF wants to be completely transparent about its goods supply chain with full traceability of the commodities. The place of production for every product sold by SIPEF can be verified, be that a plantation managed by the Group or land farmed by a local smallholder in partnership with SIPEF.

SIPEF has a Responsible Purchase Policy (RPuP) that defines the criteria for selecting and working with smallholders on their way to certification. The policy guarantees that all SIPEF suppliers are or shall be certified in accordance with the RSPO standards, as far as this is possible.

SIPEF achieves the protection, conservation and restoration of terrestrial ecosystems and biodiversity

For several years now, SIPEF has made a long-term contribution to the conservation, protection and restoration of important ecological areas in Indonesia. It does this, among other things, through an Indonesian foundation established by the Group in 2009 (see page 69 of the Sustainability Report).

SIPEF aims to optimise its results

The Group pursues the optimisation of its results by improving its production volumes and efficiently controlling the costs of the palm oil activities.

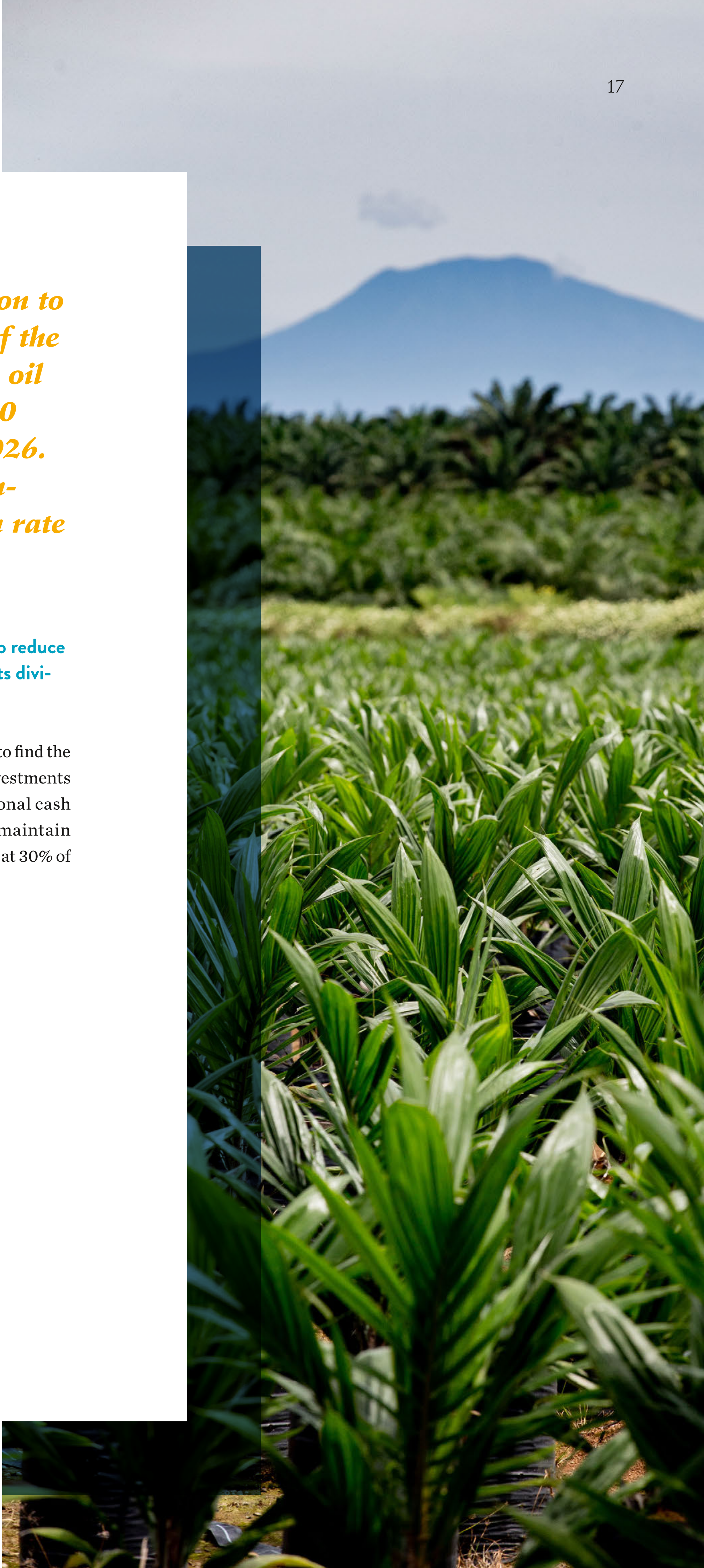
SIPEF has the ambition to increase the volume of the Group's annual palm oil production to 500 000 tonnes per year by 2026. This equates to a compound annual growth rate (CAGR) of 5%.

For the other businesses, mainly bananas, management is concentrating on yield increases and cost reductions with a focus on labour costs, as these cultures are more labour-intensive than the palm oil activities.

SIPEF has the ambition to increase the volume of the Group's annual palm oil production to 500 000 tonnes per year by 2026. This equates to a compound annual growth rate (CAGR) of 5%.

It is SIPEF's intention to continue to reduce its current debt level and maintain its dividend policy in the future

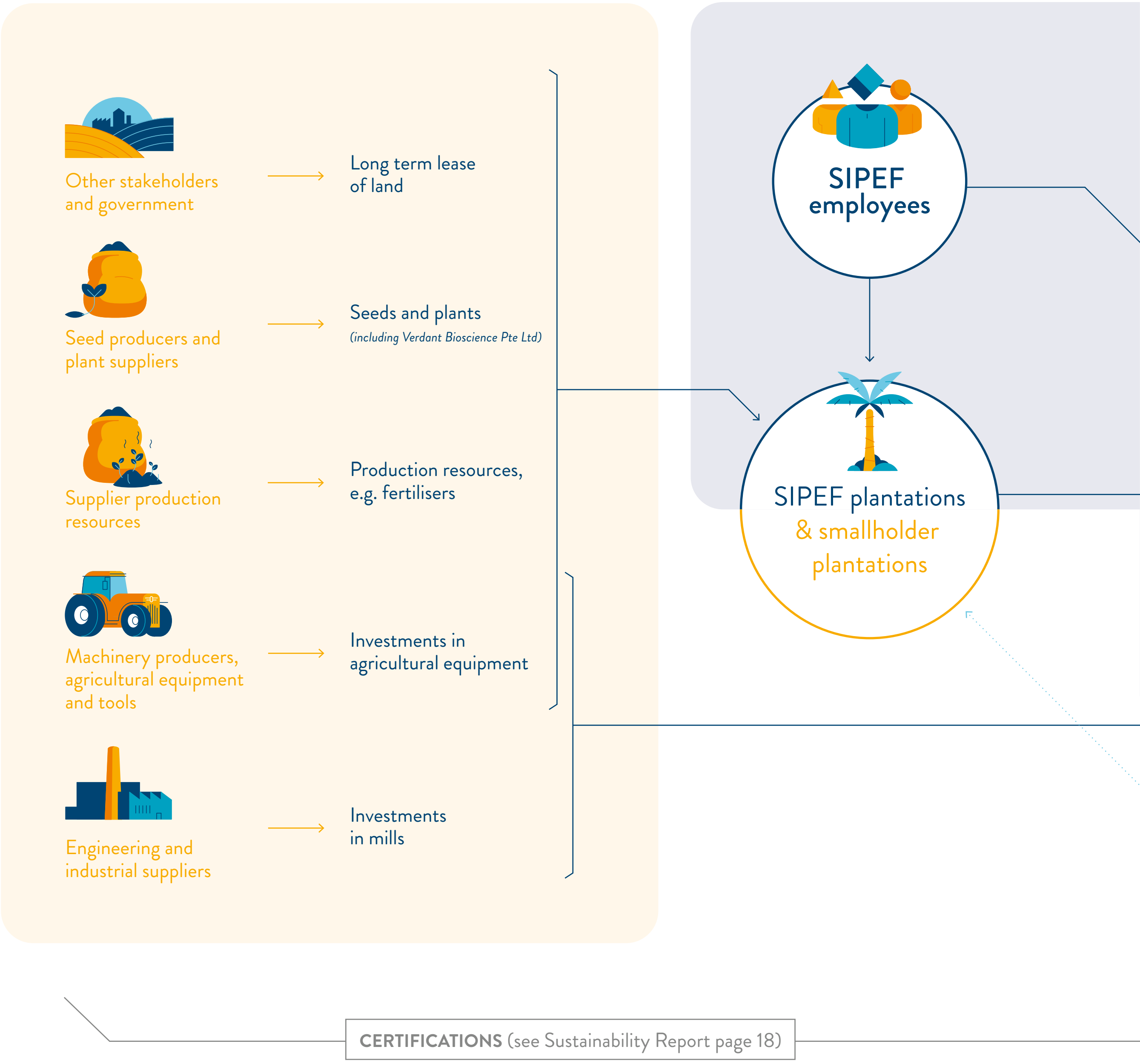
With a limited debt ratio, SIPEF wants to find the right balance between the planned investments and their financing from the operational cash flows. The Company also intends to maintain its dividend policy, which has been set at 30% of recurring profit for many years.



Business model

The chart illustrates SIPEF's palm oil production business model. Palm oil production constitutes the Company's main production activity, generating 98.4% of the Group's gross margin. Broadly speaking, this model also applies to the Group's other activities.

- *SIPEF activities*
- *Value creation*
- *Third party activities*
- *SIPEF product destination*



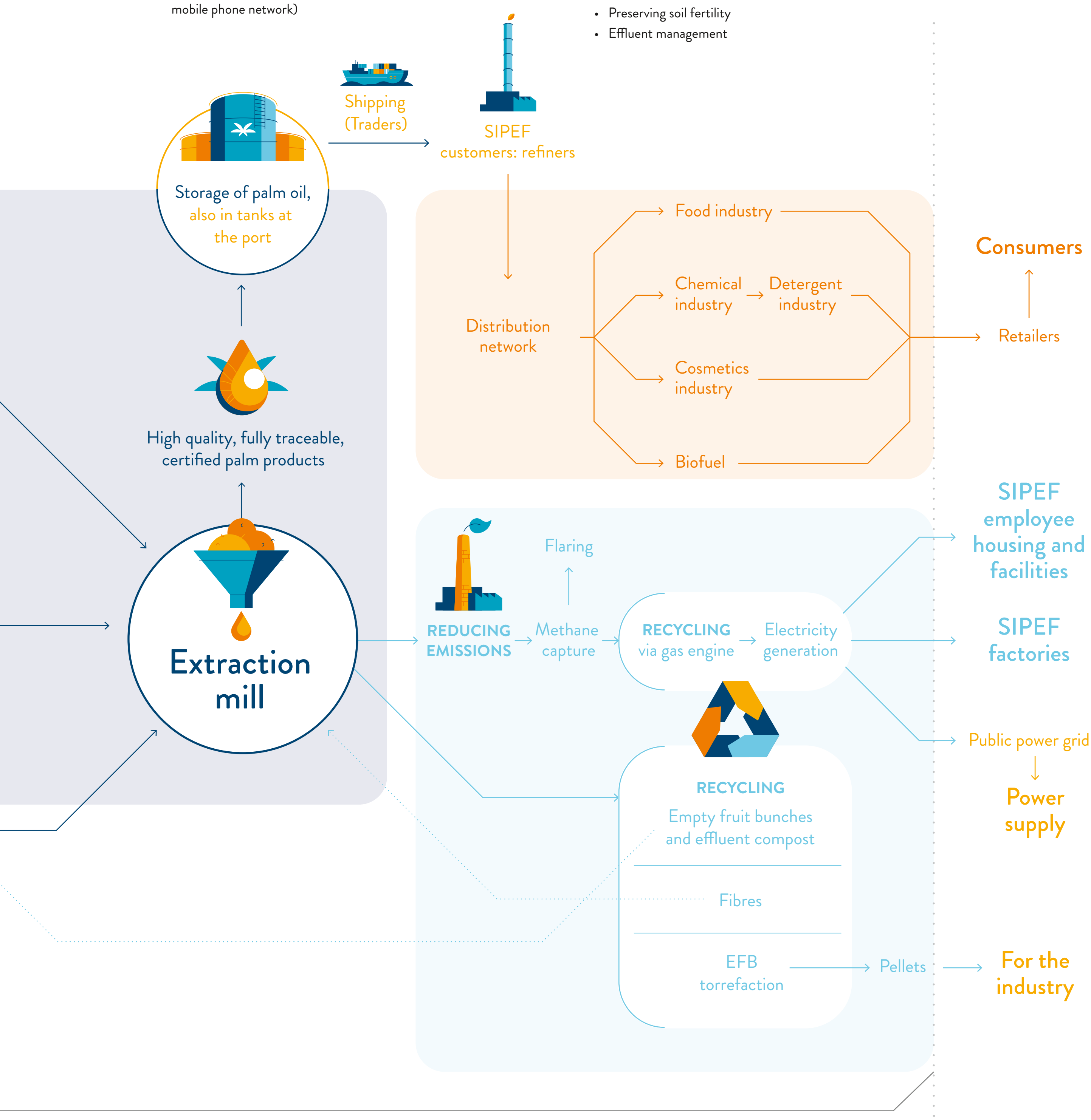
From palm seed to palm oil

Value creation:

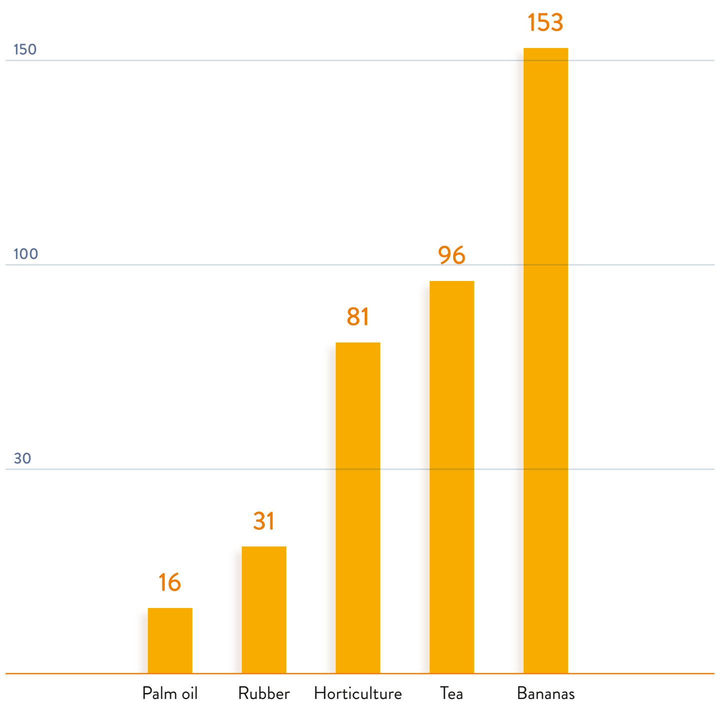
- Employment
- Housing
- Schools
- Health centres
- Roads and bridges
- Access to basic daily needs (clean water, electricity, ATM, mobile phone network)
- Houses of worship
- Access to the international market for smallholder production
- Poverty alleviation for employees and local communities

Use and preservation of ecosystem services such as:

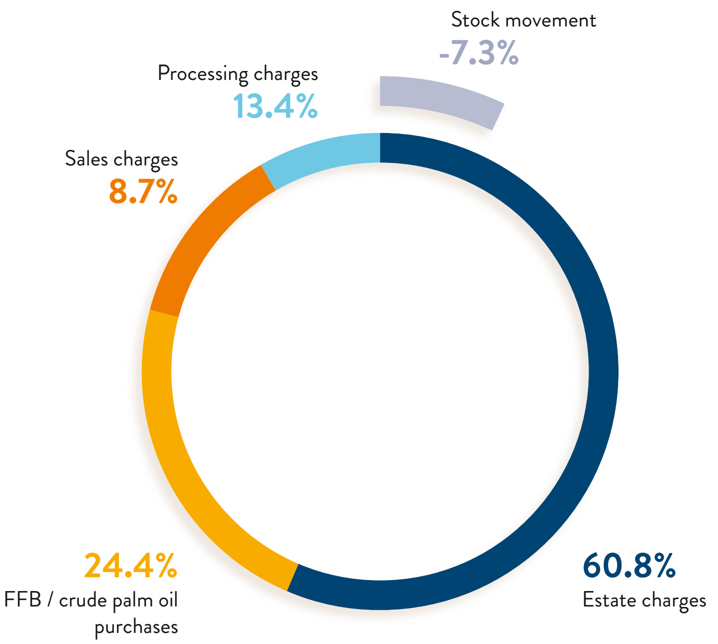
- Water management
- Biodiversity control
- Forest protection
- Preventing methane emissions
- Reducing the use of imported fertilisers
- Preserving soil fertility
- Effluent management



NUMBER OF FIELD WORKERS PER 100 HECTARES OF CROP



TOTAL OPERATIONAL CHARGES



The costs stated in this chapter do not include the figures for the PT Melania rubber and tea activities. This company was the subject of a conditional sale in May 2021 and is no longer included in the Group consolidation from that date onwards. However, the number of people employed by PT Melania in rubber and tea production is included in the calculation of the number of employees per 100 hectares and the total number of employees of the Group.

Costs of the Group

The production of palm products, rubber, tea, bananas and horticulture is very labour-intensive. The accompanying chart shows the employee ratio.

In total, the Group currently has 21 233 employees (full-time equivalents - FTEs). Labour is one of SIPEF's largest cost items. Other important recurring costs of the Group relate to the purchase of chemical and organic fertilisers.

The total operational charges (including depreciations) of the SIPEF group can be split into five different categories, based on the Group's business model:

→ **Estate charges (60.8%):** include all charges relating to the fieldwork to produce the base agricultural products (i.e. fresh fruit bunches (FFB), latex, bananas, horticulture);

- **FFB/crude palm oil (CPO)/latex purchases (24.4%):** include all purchases from third parties (smallholders) or associates and joint ventures;
- **Processing charges (13.4%):** include all charges relating to the processing of the base agricultural products into finished agricultural commodities (i.e. palm oil and rubber);
- **Sales charges (8.7%):** include all direct costs attributable to the sales in the course of the year (i.e. transport charges, palm oil export levy and tax);
- **Stock movement (-7.3%):** includes the variance in stock compared with the previous year.

(For additional information on the Group's costs, see Note 7 – Operational result and segment information in the Financial Statements.)

In addition to these charges incurred in the course of the year, the Group makes considerable investments in biological assets (bearer plants), buildings, infrastructure, installations and machinery, vehicles, office equipment and other property, plant and equipment. These investments are capitalised on the balance sheet and subsequently depreciated. Depreciation costs are calculated over the estimated useful life of an asset and, depending on the asset, recognised in either estate charges or processing charges.

To ensure the continuity of its activities, SIPEF must acquire and retain concession rights, and renew the concession agreements for the long term. The acquisition of these concession rights is capitalised, but not depreciated over time, as they are deemed indefinite. The costs of renewing the original concession rights are capitalised and depreciated over the period of the renewal. Lastly, the Group continues to look for expansion opportunities by acquiring plantations from other companies and/or working with local owners.

Value creation by the Group

In implementing its business model, the Group does its utmost to improve its productivity and to stimulate its growth as efficiently as possible, based on sustainable practices. By doing so, SIPEF creates value for the Company, the environment and society. Furthermore, as a sustainable company, in its business model SIPEF constantly takes account of the sustainable development and value creation requirements of the stakeholders.

SIPEF creates value for the company

Since 2005, SIPEF has actively driven its growth, particularly in the palm oil industry in Indonesia and Papua New Guinea. It actively seeks investment opportunities to enlarge the planted areas in remote regions, where most people work in agriculture. Thanks to the partnership with Verdant Bioscience Pte Ltd (VBS), a renowned palm oil production research centre in Singapore, the Group will be able to benefit from the development of high-yield palms. By applying these scientific developments, SIPEF expects to raise the productivity of the oil palm plantations in the medium to long term and significantly strengthen and improve their future profitability.

SIPEF creates value for the environment

Sustainability has been an essential part of the Group's business model from the very beginning, and is a key factor in SIPEF's whole existence and achievements.

The Group is committed to working to improve its results, and to integrating and tailoring its sustainability efforts to its activities.

In recent years SIPEF has shown its engagement by taking various steps to reduce the greenhouse gas (GHG) emissions of its mills and factories. SIPEF has long put this policy into practice by protecting, conserving and restoring terrestrial ecosystems and biodiversity. The Group has contributed to nature conservation in Indonesia for many years and remains active in research and development to improve afforestation.

The Group is constantly working on new projects and encourages new ideas to create a better environment.

SIPEF creates value for society

SIPEF is conscious of being part of the community everywhere it operates, and of having a duty to change for the better the lives of its employees, their families and the local communities. It makes continual adjustments to maintain the highest possible standards with regard to the wellbeing of employees and their families. These include constructing and improving housing for managers and workers of the Group. The Company wishes to continue to play a positive role by assuming its responsibility for problems that occur and dealing with them in an amicable and transparent manner, within the framework of appropriate complaints procedures in the spirit of the Roundtable on Sustainable Palm Oil (RSPO). This all occurs within the context of a long-term commitment and the 'creation of shared value', which is an important step on the road towards a sustainable and successful business.

More detailed insight into how the Group creates value at various levels is provided in the Sustainability Report, part 3 of this Annual Report.

Products - customers

Oil palm products

SIPEF offers its customers crude palm oil (CPO), palm kernel oil (PKO) and palm kernels (PK). It targets RSPO certification for 100% of its palm oil products. However, the Company applies other generally recognised standards, such as the Indonesian Sustainable Palm Oil (ISPO) system and the International Sustainability and Carbon Certification (ISCC) standard. A detailed overview of all certifications is provided on page 18 of the Sustainability Report, part 3 of this Annual Report. The Group's oil palm products are sold on the local market in Indonesia and on the European market. They are used in the food industry and for green energy (biodiesel) production.

SIPEF's customers are refineries that are prepared to pay a sustainability premium for fully traceable and certified palm products.

Rubber products

SIPEF manages two rubber plantations and two natural rubber factories in Indonesia. These two plantations are covered by the procedure for conversion into oil palm plantations, which should be completed by 2028. The conversion will be conducted in compliance with the RSPO 'New Planting Procedures', so that the new oil palm plantations can be certified as soon as possible. Since 30 April 2021, a third plantation and a factory owned by PT Melania have been managed by the Shamrock Group, following their conditional sale to this Indonesian group.

The United States of America are the biggest market for the rubber products.

Tea

SIPEF has a 1 700-hectare tea estate, one of the largest in the world, in West Java. The bushes continue to be hand-plucked to meet the high standards of a superior black 'Cut, Tear and Curl' (CTC) tea. Since 30 April 2021, this plantation has been subject of a conditional forward sale, but will be managed by the Group until the realisation of the transfer.

Pakistan is the biggest market for this tea. The rest is sold to multinationals specialised in blending tea to order. There is also increasing demand for tea on the local market in Indonesia. The estate is Rainforest Alliance certified.

Bananas

Bananas grown by SIPEF are sold within certified goods flows with full raw material traceability. The bananas are picked and packed in the Group's packing stations. SIPEF cultivates the Cavendish variety, which is packed in standard SIPEF-branded cardboard boxes or in customer-branded packaging as ordered. SIPEF's customers are 'ripeners' that distribute 'ready-to-eat' bananas to supermarkets and wholesale markets. After shipment, more than 80% of the high-quality bananas are sold to the European market in accordance with EU guidelines, and to the United Kingdom. The rest are sold in the West Africa region and at local markets in Ivory Coast. The Group has privileged access to Europe, as it is exempt from import duties in Europe. In 2021, the commercial agreements with the UK government, particularly with regard to bananas, were renewed for the majority of the supply countries, including Ivory Coast. This means that Brexit has had no negative impact on SIPEF's banana exports.

Product markets

Palm oil

The 2021 vegetable oil market started off with a very tight stock scenario across all major vegetable oils. Great demand from the food and biofuel industry in recent years in a relative low-price environment had depleted most origin stocks. Big inverses also led to minimal stored oil in destinations. Sunflower oil was leading the bullish price environment after the strongly reduced 2020 crop. The palm oil market was tight, but at the beginning of the year it was mainly following the price movements of the other vegetable oils.

The production of palm oil throughout the year has been below expectations for the industry as a whole. In Malaysia, the lack of foreign labour was one element; however, there have been more factors at play: due to the low-price environment, for several years a consistent below par volume of fertiliser has been applied and very little replanting has been done. As a result, the industry is faced with an aging tree profile, that is being fertilised less than ideally, and experiencing a general yield decline. Due to the existing planting moratorium and No Deforestation, No Peat, No Exploitation (NDPE) requirements, there is also hardly any new oil palm acreage coming into play.

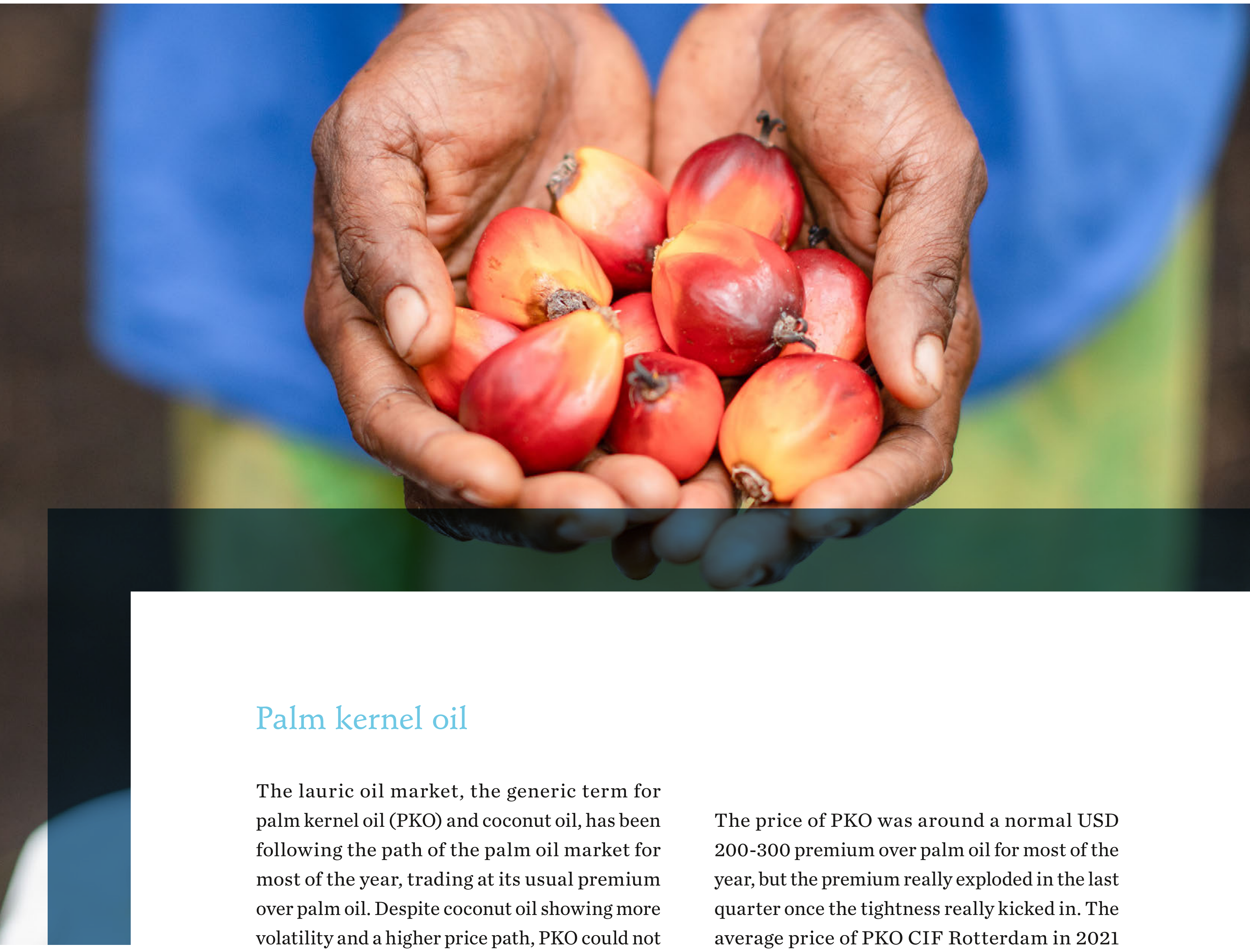
The Indonesian palm plantation industry benefitted least from the high-price environment, due to the export tax and export levy system. At the beginning of the year, the system reduced nearly all the upside in selling price, but the export levy was amended in July, whereby a decreased levy was collected, and a maximum level was also introduced. The B30 biodiesel fund was sufficiently warranted, and there was again an upside for Indonesian plantations when there was a rising market. As the market price continued to rally, in November 2021, the market reached a maximum of USD 175 export levy and USD 200 export tax, but the net price for crude palm oil (CPO) almost reached USD 1 000.

Given the tight vegetable oil picture, the new annual crops of soybeans, rapeseed and sunflower seed were very important. The heat wave that hit Canada and the eastern United States soybean belt had a devastating effect, particularly on the canola crop. It triggered another rally across the complex and, despite a good soybean crop in the United States and great sunflower seed crops in Russia and Ukraine, it reshuffled all kinds of trade flows. It demonstrated the tightness in vegetable oils, and more than one good crop would be required to bring relief.

In 2021, several governmental actions triggered a change in trade patterns. The Indonesian differential export tax and levy system has already been mentioned, but there were other producing countries introducing or increasing export taxes. Temporary reductions were also seen in the biodiesel mandates in Brazil. And importing countries have amended import taxes to curb food inflation, whereby India, in particular, has made strong reductions during the year. Most of these governmental actions are difficult to predict and timing can be essential. It certainly created a lot of volatility.

The demand in itself has been reasonably good throughout 2021. However, high prices and big inverses are normally two ways to reduce demand and lower the inland inventories. Lockdowns at the beginning of the year had a dampening effect on demand in certain regions as well. Therefore, demand has certainly not grown as in previous years, but despite its lower growth, prices remained in a very high range.

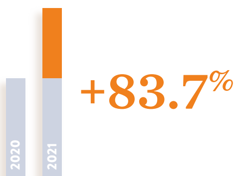
The average price for CPO CIF Rotterdam in 2021 was USD 1 195 per tonne against an average of USD 715 per tonne in 2020, an increase of almost 55%. However, the year closed near USD 1 250.



Palm kernel oil

The lauric oil market, the generic term for palm kernel oil (PKO) and coconut oil, has been following the path of the palm oil market for most of the year, trading at its usual premium over palm oil. Despite coconut oil showing more volatility and a higher price path, PKO could not get overly excited till the last quarter of 2021. The differential export tax system in Indonesia has certainly contributed to this, as local refining and oleochemical industry in Indonesia has a massive competitive advantage when its products are exported around the globe. The recent typhoon in the Philippines also supported overall lauric oil prices, with millions of trees being severely damaged.

The price of PKO was around a normal USD 200-300 premium over palm oil for most of the year, but the premium really exploded in the last quarter once the tightness really kicked in. The average price of PKO CIF Rotterdam in 2021 was USD 1 517 against an average in 2020 of USD 826, a 83.7% increase. But the year ended with prices above USD 1 800, with huge volatility and a massive USD 650 premium over palm oil.



The average price of PKO CIF Rotterdam increased with 83.7%.

Events after the balance sheet date

Russia's invasion of Ukraine; impact on commodity prices

Russia's decision to invade Ukraine on 24 February 2022 radically changed the geopolitical landscape. This war is having a tremendous effect on (agricultural) commodities. Ukraine is the world's largest sunflower seed producer, as well as the top sunflower oil exporter. It was also expected to rank No. 3 in rapeseed and wheat exports this season. The ports are closed and hardly any products are being exported. As a result, many prices of staple food commodities have rallied strongly, further fuelling food price inflation.

In addition, Russia is a big producer of wheat, sunflower seeds and barley, and despite the Russian ports not being closed, the usual flows are being significantly interrupted due to the war. Many Western companies are currently rather reluctant to trade with Russian companies or in Russian goods.

The sudden lack of sunflower seeds and sunflower oil is having a tremendous effect on the global vegetable oil market.

The sudden lack of sunflower seeds and sunflower oil is having a tremendous effect on the global vegetable oil market. Rapeseed oil and palm oil were already in rather short supply due to adverse weather, but in the last couple of months there has also been the drought impact of La Niña in South America. It reduced the soybean crop by approximately 25 million tonnes, equivalent to 5 million tonnes of soybean oil. Therefore, many countries were depending more than ever on the supply of sunflower oil from Ukraine and Russia. There is not sufficient vegetable oil in the market to overcome this deficit; therefore, a price mechanism needs to drive demand reduction. It is expected that there will be more pressure to reduce certain biofuel blending mandates, such as in the European Union, the United States and Indonesia, to release more oil into the food industry.

Normally, the planting season for the new crops commences late March to early April; however, this will be strongly impacted for as long as the war continues. The duration of this war will determine its short- and medium-term impacts on agricultural commodities, although it is almost a certainty that there will be shortages for the time being. Agricultural commodity prices will stay strong for the foreseeable future.

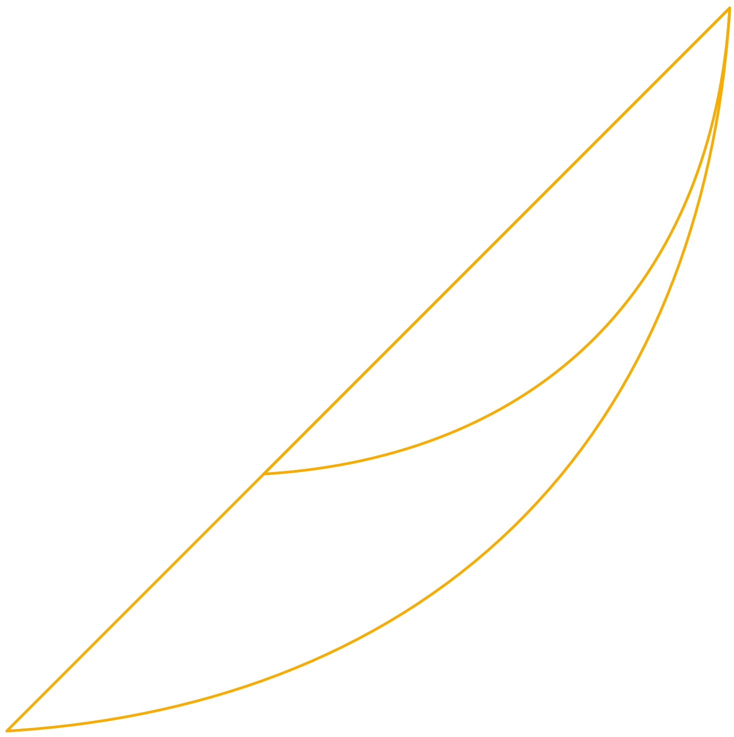
Rubber

The rubber market remained in a rather narrow trading range. The supply side was impacted by lower production due to adverse weather and diseases; however, the demand was impacted in a fiercer manner. New car deliveries were slow, triggering low fresh rubber demand, and the cost of container freight increased tenfold or more, becoming a massive element of the landed prices. Strangely enough, these supply and demand effects seemed to balance each other to a large extent, and the market remained in a stable, but low-price environment.

Where in 2020 the demand for latex gloves was peaking, it slowed down during 2021 as the worst covid-19 fears subsided. Therefore, the latex grades such as RSS1 also returned to their usual premium over block rubber.

Prices for the standard RSS3 latex grade started the year at USD 2 340 per tonne on SICOM (Singapore Commodity Exchange) and closed at USD 1 850 per tonne, a decrease of 21%. The average price for 2021 was USD 2 071 per tonne versus USD 1 728 in 2020.

Bananas



In 2021, there were no fundamental changes with regard to global production and supplies to consumer markets. Thanks to the volumes from the South and Central America production areas, particularly Ecuador, Colombia and Costa Rica, but also Guatemala and Honduras, the global supply of dollar bananas remained close to the level of recent years. As a reminder, at the end of 2020, Guatemala and Honduras were hit by severe flooding, but production has since resumed. The Africa, Caribbean, Pacific (ACP) production area also remained generally stable, with a slight decline in the Caribbean region in favour of Africa, Ivory Coast in particular, which saw exports increase slightly. European production also ended the year in balance, as the decline in production since September 2021 in the Canary Islands, following the eruption of the Cumbre Vieja volcano on La Palma, was offset by an increase in the Antilles.

The Panama disease, also known as Tropical Race 4 ('TR4'), is a fungus which ravages plantations. The disease continues to spread in South America. Initially detected in Colombia in 2019, the first infected plots were recently discovered in Peru. The global banana sector is seriously concerned about the disease, although it has not yet had a significant impact on global production of the Cavendish banana, which remains the main variety of dessert banana produced and sold worldwide. The Cavendish variety may disappear fairly soon. However, plant matter research institutes and production laboratories have redoubled their efforts to improve the banana variety.

The covid-19 pandemic affected the consumer market to a much lesser extent in 2021 than in 2020. Bananas continue to be a basic consumer good, which is included in the essential household basket, and all in all, global supply, distribution and consumer flows are relatively well maintained. However, the demand for bananas that are packed, labelled, barcoded or tied with tape at source has increased considerably. This speeds up the sales process and avoids unnecessary manipulation for weighing the bananas at the fruit department of the supermarket.

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The covid-19 pandemic affected the consumer market to a much lesser extent in 2021 than in 2020.

The EU 27 plus the United Kingdom remains the world's primary market. Consumption has generally remained stable after some years of constant growth. In 2021, consumption in Europe was 6 675 457 tonnes, which corresponds to nearly 13 kg per inhabitant per year. As a reminder, the ten-year average is 11.7 kg. There are substantial differences from one EU country to another. Annual consumption in Sweden, for example, is 17 kg, compared with 7-8 kg in the Baltic countries. As purchasing power increases in some EU countries, it is clear that production areas continue to be in competition for supply and market share. The dollar area accounts for 75% of the market, with ACP at 16% and the EU at 9%. The rules of access to the United Kingdom remain in lockstep with the rules in the UE 27. They are not expected to change on the European continent, with customs duty on dollar bananas at EUR 75 per tonne and unfettered access for bananas from the ACP area.

The problems in Guatemala and Honduras did not disrupt the United States market, as Ecuador, Colombia and Costa Rica quickly stepped in to make up the shortfall. Consumption therefore remained stable at 4 632 397 tonnes.

In 2021, two major developments had a large impact on the market in 2021, leading to a significant change in contractual sales prices for 2022. For one, the costs of various factors of production have increased since the end of 2020. This particularly goes for fertiliser and packaging materials, such as cardboard and plastic. Secondly, the global shipping crisis, which has resulted in a hike in shipping costs, continues in 2022. This crisis, which affects all sectors of the economy, naturally led to the revision of contractual sales prices in 2022, while bananas from Ivory Coast also benefited from a favourable USD/EUR exchange rate effect.

On the one hand, European customs duties on dollar banana imports remain at EUR 75 per tonne, as expected. On the other hand, and as announced, the British government has renewed its import rules based on the ex-EU Trade Agreements, notably those concerning bananas, in particular for Ivory Coast. Consequently, Brexit did not have a negative impact on the Group's exports to British customers.

However, and unsurprisingly, the European price (CIRAD reference) has again reached a rather lower price at USD 11.4 per box, i.e. 2% or USD 30 cents less per box, compared to 2020.

Since 2015, the peak of the European import price in the last decade, the loss has been USD 2.7 per box, a collapse of 20%.

SIPEF operational activities

History in brief

Société Internationale de Plantations et de Finance (SIPEF) was founded in 1919. Initially, the Company developed and managed plantation companies in tropical and subtropical areas through two agencies: one in Kuala Lumpur, Malaysia, and one in Medan, Indonesia. Gradually, SIPEF grew into a diversified agro-industrial group, with production and export facilities in Asia, Oceania, Africa and South America. It managed large plantations of traditional crops such as rubber, palm oil and tea. From 1970 onwards, the Group also invested in other products, such as bananas, pineapples, ornamental plants, guava and pepper, and in Belgian and American real estate. Over time, most of these interests, with the exception of bananas, have been phased out completely.

In recent years, SIPEF has concentrated almost exclusively on the production of palm oil in Indonesia and Papua New Guinea, and bananas in Ivory Coast. The SIPEF group is headquartered in Belgium. From here, the Group is managed on a strategic, financial and economic level. In recent years, SIPEF has strengthened its information technology (IT), sustainability and legal services. The team in Schoten employs 23 people.

SIPEF is listed on Euronext Brussels.

Since 2021, SIPEF has also been operating in Singapore through SIPEF Singapore Pte Ltd. From there, the COO APAC, Petra Meekers, who resides in Singapore, closely monitors all the Group's activities in Indonesia and Papua New Guinea.

Finally, SIPEF is also represented in Luxembourg by Jabelmalux SA. This company is the Luxembourg parent company of the oil palm expansions in North Sumatra (PT Umbul Mas Wisesa, PT Toton Usaha Mandiri and PT Citra Sawit Mandiri) and of one of the expansions in the Musi Rawas region in South Sumatra (PT Agro Muara Rupit). After the successful public purchase offer issued in 2011, Jabelmalux SA left the Luxembourg stock exchange.

At the end of 2021, the SIPEF group controls 99.9% of the company. SIPEF aims, in the future, to also acquire the remaining shares that are still in public hands.

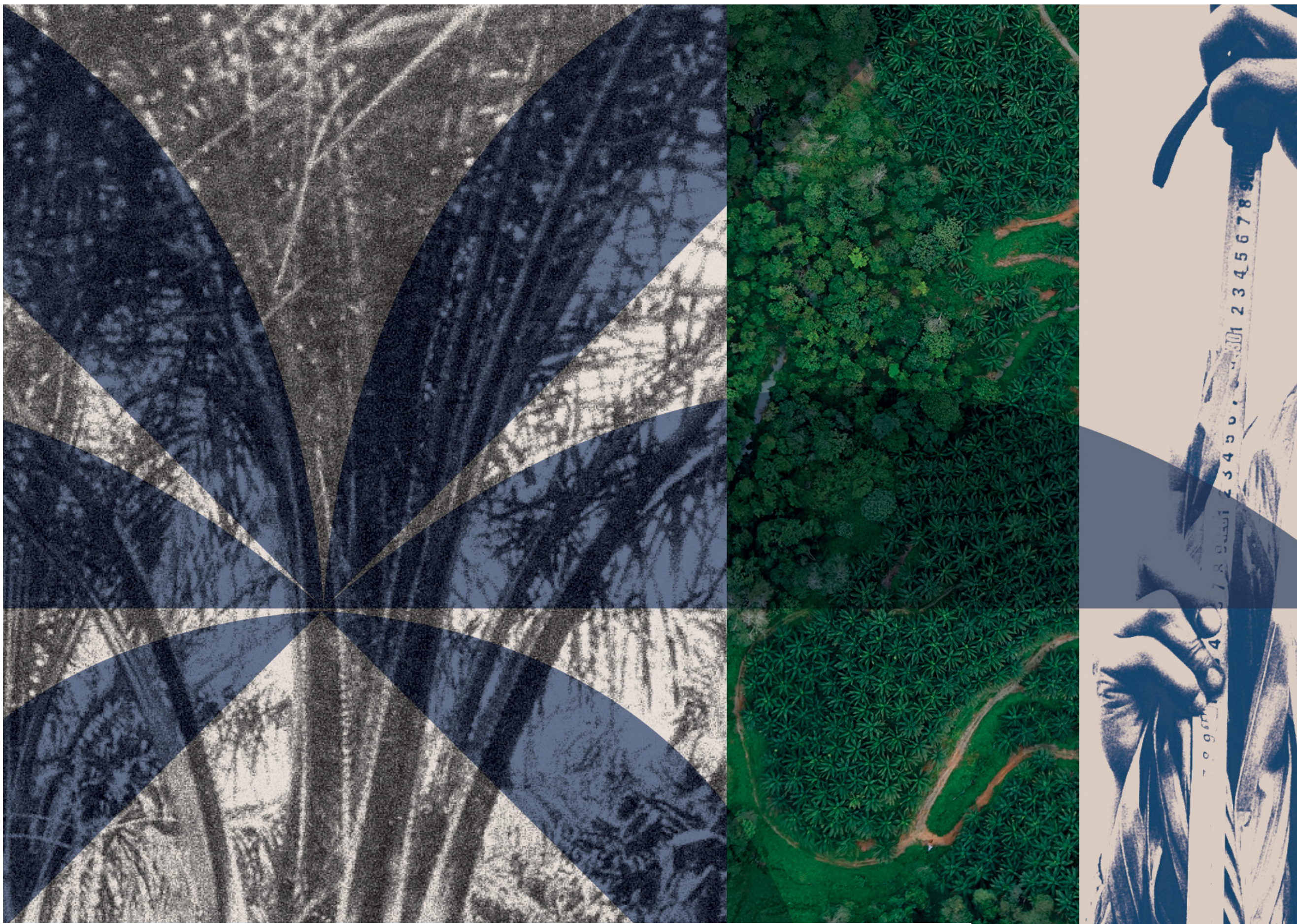
PLANTED AREA (IN HECTARES)					
	INDONESIA	PAPUA NEW GUINEA	IVORY COAST	TOTAL	%
Oil palms	63 558	13 605	0	77 163	96.5%
Rubber	1 954	0	0	1 954	2.4%
Bananas	0	0	794	794	1.0%
Horticulture	0	0	31	31	0.1%
Tea	0	0	0	0	0%
Total	65 512	13 605	825	79 942	
%	81.9%	17.1%	1.0%		100%

At the end of the 2021 financial year, the number of hectares of oil palms planted amounts to 77 163, and the total planted hectares including bananas, rubber and horticulture amounts to 79 942, compared to 64 088 hectares in 2011. The annual hectarage growth rate was therefore 2.4% on average for the last 10 years.

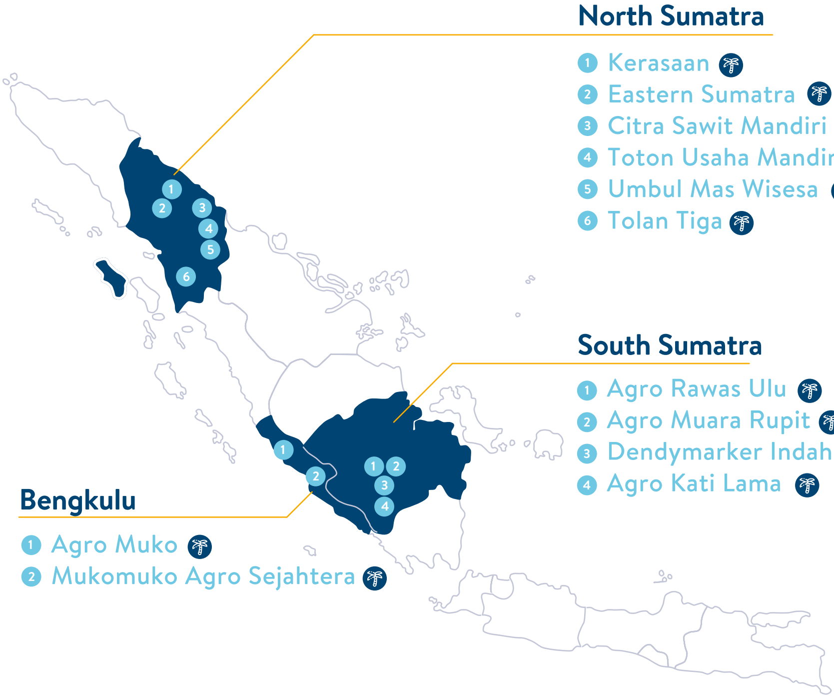
Slowly but surely, the goal of 100 000 planted hectares is becoming a reality. SIPEF continues to actively look for investment opportunities by expanding the planted hectares in areas remote from the cities where the agricultural sector is the main employer.

In this context, the retention of property rights and concession rights is of prime importance for the Group, in order to ensure and further develop production in the various countries.

Palm oil



INDONESIA



North Sumatra

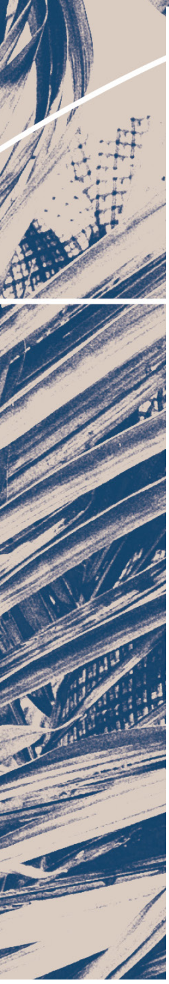
1. Kerasaan
2. Eastern Sumatra
3. Citra Sawit Mandiri
4. Toton Usaha Mandiri
5. Umbul Mas Wisesa
6. Tolan Tiga

South Sumatra

1. Agro Rawas Ulu
2. Agro Muara Rupit
3. Dendymarker Indah Lestari
4. Agro Kati Lama

Bengkulu

1. Agro Muko
2. Mukomuko Agro Sejahtera



PAPUA NEW GUINEA

In 2021, the Group fresh fruit bunch (FFB) production increased for both, own plantations and smallholders. This rise remained above 14% for the three first quarters, dropped slightly for the fourth quarter, while being back in line for the month of December, to end the year with a total production growth of 13.7% versus the previous year.

Not only has the FFB production been very good, but the extraction rates have improved, compared with 2020. The Group's total palm oil production reached the record figure of 384 178 tonnes, showing an increase of 16.7% compared to the previous year. This growth rate was similar for the production from own plantations and from the smallholders selling their FFB to the SIPEF mills.

Indonesia

SIPEF controls directly and indirectly through its subsidiary PT Tolan Tiga Indonesia, Jabelmalux and SIPEF Singapore Pte Ltd, 30 oil palm estates, two rubber estates, one tea estate, six crude palm oil mills, two rubber factories and one tea factory. PT Tolan Tiga Indonesia manages the activities via its Head Office based in Medan, North Sumatra and three regional management offices located in North Sumatra, Bengkulu and South Sumatra province.

The production milestone of one million tonnes of fresh fruit bunches within a calendar year from own estates was achieved for the first time in the Company history.

After the 2019 drought and a relatively dry 2020 production year, except for South Sumatra, the annual rainfall in 2021 was found to be slightly above the five-year average in all regions. As good as normal weather conditions have been promoting palm growth and fruit development.

Only the first four months of the year showed a water deficit for the regions of North Sumatra and Bengkulu. The region of South Sumatra had a water surplus almost all year round, and all estates exceeded the 10-year mean, very often by 30% or more. Nevertheless, a slightly delayed stress effect of the 2019 drought on the reduced formation of female fruit could still be observed.

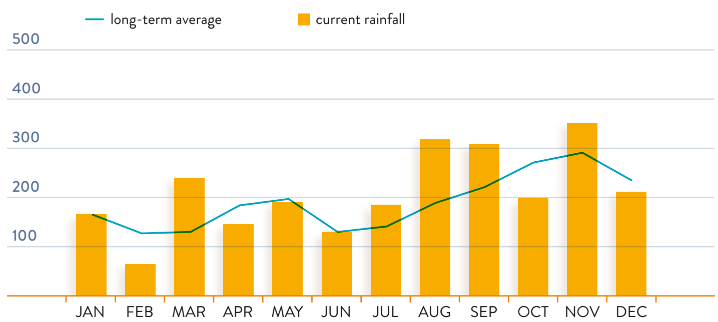
Estates

Due to low palm oil prices in 2019, management decided to postpone Indonesia's replanting program in North Sumatra and Bengkulu in 2020, in order to focus financial resources on developments in South Sumatra. The replanting program of these regions resumed in 2021. In South Sumatra, planting activities continued at a rapid pace during the year.

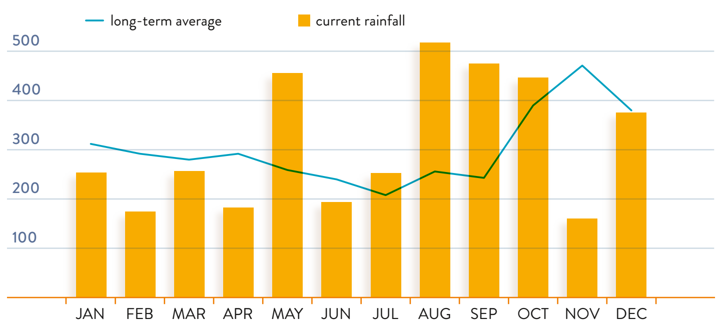
Also in 2021, the Group continued to focus mainly on the investment programs in South Sumatra, which concerned the further expansion of the planted areas and infrastructure in Musi Rawas, the replanting and improvement of SIPEF's own oil palm plantations, and of the plantations of smallholders (plasma) in Dendymarker. In the other operating units, the usual renewal of investments and/or materials was done as and when necessary.

A significant achievement in the continuing growth and development of SIPEF Indonesia was observed over the Christmas week, when the

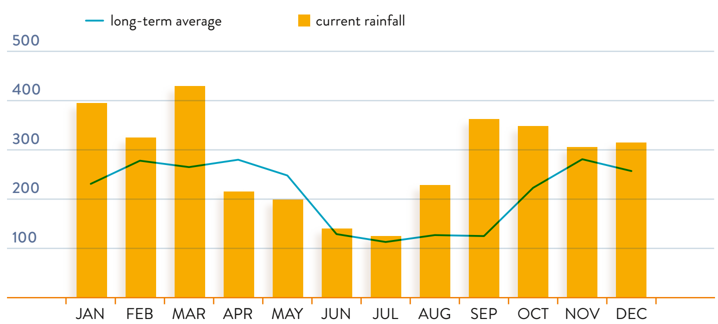
NORTH SUMATRA 2021 RAINFALL VS. AVERAGE (IN MM)



BENGKULU 2021 RAINFALL VS. AVERAGE (IN MM)



SOUTH SUMATRA 2021 RAINFALL VS. AVERAGE (IN MM)



production milestone of one million tonnes of fresh fruit bunches (FFB) within a calendar year from own estates was achieved for the first time in the Company history. The year 2021 actually ended with 1 019 009 tonnes of FFB.

This remarkable accomplishment has been built on the vision, hard work, dedication and commitment of so many people, past and present, and is a positive sign of things to come. This is especially as the South Sumatra projects continue to mature and further boost production, and the Company's replants across North Sumatra and Bengkulu produce steep yield curves earlier than expected.

A 'Smallholders Department' has recently been created within the SIPEF Medan Head Office, to comply with the new Indonesian regulation. It stipulates that plantation companies must reserve a further 20% of the area for smallholders, in addition to their own number of hectares. It is already managing 90 cooperatives in the three regions, with 5 098 members, representing more than 15 000 hectares of smallholder production, of which 1 178 hectares are already RSPO certified.

NORTH SUMATRA PROVINCE

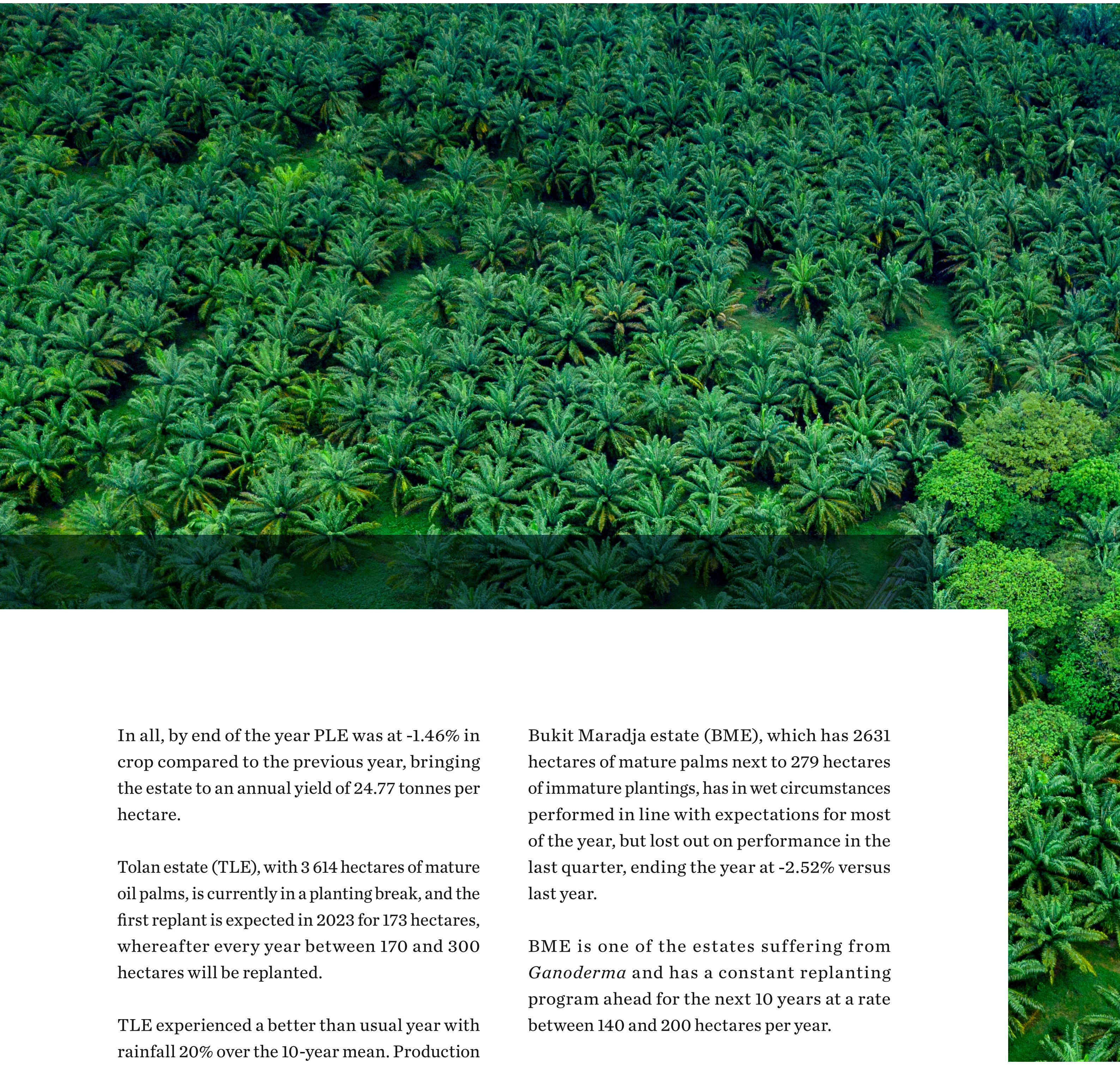
PLANTED AREA AND PRODUCTION

	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2020 (IN TONNES)	FFB PRODUCED 2021 (IN TONNES)	YIELD 2021 FFB/HA (IN TONNES)
Tolan Tiga group	12 027	875	13.90	298 757	297 229	24.7
Umbul Mas Wisesa group	9 937	0	12.60	206 984	224 429	22.6
Subtotal own plantations	21 964	875	13.33	505 741	521 659	23.8
Smallholders	NA	NA	NA	4 333	7 715	NA
TOTAL				**510 074**	**529 374**	

The estates of the North Sumatran business unit are the most mature of the SIPEF Indonesia group. Up to June 2021, they produced as expected, but then in the third and fourth quarters were affected by a real drop in crop. With a generally wet 2021, the crop performance was variable, still affected by the abortion of female flower buds due to the water deficit from 2018, 2019 and early 2020. Some progress was noted late in the year, but overall, own plantations ended the year at -0.51% for Tolan Tiga group and 8.43% for Umbul Mas Wisesa group, versus last year.

FFB production in the mature plantations with the mineral soil of North Sumatra had a slower than expected start at the beginning of the year as a result of two dry months, followed by a much better second quarter. The third and fourth quarters were again lower than last year, and are detailed as follows.

Perlabian estate (PLE) has 3 708 hectares of mature oil palms, while 493 hectares are immature, and 310 hectares were felled in preparation for planting by September 2022, after one year of fallow to mitigate the *Ganoderma* problems.



In all, by end of the year PLE was at -1.46% in crop compared to the previous year, bringing the estate to an annual yield of 24.77 tonnes per hectare.

Tolan estate (TLE), with 3 614 hectares of mature oil palms, is currently in a planting break, and the first replant is expected in 2023 for 173 hectares, whereafter every year between 170 and 300 hectares will be replanted.

TLE experienced a better than usual year with rainfall 20% over the 10-year mean. Production was also good up to September, but dropped for the rest of the year, however ending at 1.22% above last year.

Over the last three years, yields have been dropping, as the average age of the palms is higher, and a continuous replant will be required in the next 10 years.

Bukit Maradja estate (BME), which has 2631 hectares of mature palms next to 279 hectares of immature plantings, has in wet circumstances performed in line with expectations for most of the year, but lost out on performance in the last quarter, ending the year at -2.52% versus last year.

BME is one of the estates suffering from *Ganoderma* and has a constant replanting program ahead for the next 10 years at a rate between 140 and 200 hectares per year.

Kerasaan estate (KER) was showing a similar picture as BME, also suffering from the *Ganoderma* fungus effects. With 2 073 mature hectares and the 102 immature hectares, it allowed a harvest of 55 212 tonnes of FFB by the end of December, but finished at 0.74% compared to last year. KER reached its highest yield in the last 10 years, 26.63 tonnes per hectare, also the highest for the area.

The replanting program will continue up to 2026, with annual replanting between 80 and 145 hectares.

In the Umbul Mas Wisesa (UMW) group's organic soil plantations, the normalised rainfall supported the fruit harvest. In combination with the application of the adjusted fertilisation recommendations over the past two years, this resulted in a fruit production that was higher for all four plantations of this group.

There has been no replanting and no nursery work in the Umbul Mas Wisesa/Toton Usaha Mandiri (UMW/TUM) estates, as all these estates are mature and the first replanting is projected in a few years from now.

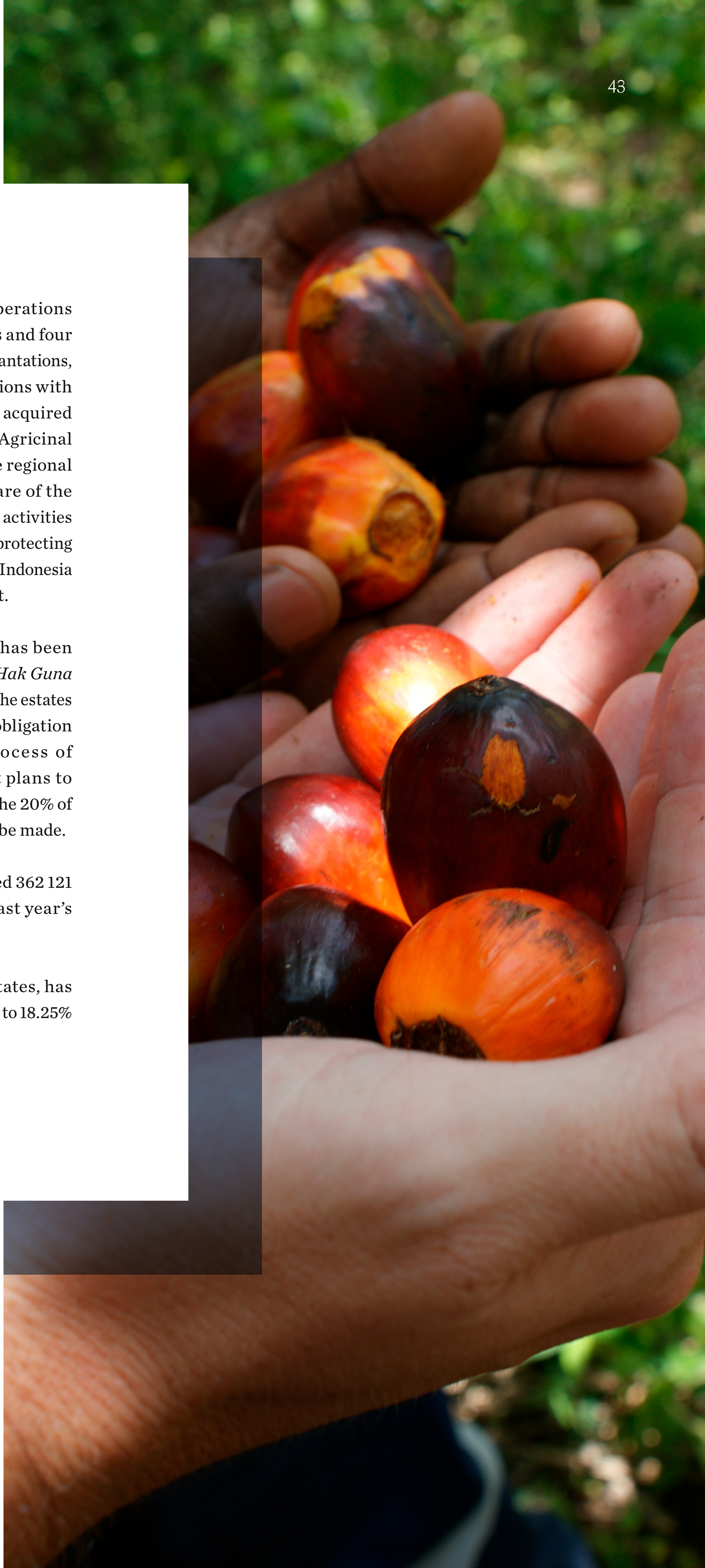
2021 has indeed seen an excellent crop performance in UMW/TUM estates, with reasonable rainfall, only two dry months at the start of the year, and the very wet months of September and October. Crop came down in the fourth quarter, but the estates are back on track in terms of yield per hectare, at an average of 22.58 tonnes. The amended manuring schedules and increased micro-nutrients have had their positive impact on the fruit setting, and it is expected that this will not change in the coming year. Total FFB production for the year closed at 224 429 tonnes.

BENGKULU PROVINCE

PLANTED AREA AND PRODUCTION

	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2020 (IN TONNES)	FFB PRODUCED 2021 (IN TONNES)	YIELD 2021 FFB/HA (IN TONNES)
Agro Muko	16 332	1 508	13.03	333 172	362 121	22.2
Mukomuko Agro Sejahtera	2 822	471	9.21	29 374	34 661	12.3
Subtotal own plantations	19 154	1 979	12.44	362 545	396 782	20.7
Smallholders	NA	NA	NA	16 386	18 277	NA
TOTAL				**378 931**	**415 059**	

In the oil palm plantations in Bengkulu Province, the weather conditions were favourable for palm growth and fruit development. Especially the young mature palms produced more. But the volumes of the hectares with older palms also increased, compared with last year, by more than 10%. In addition, more hectares were put into production. The crops exceeded last year's production by 8.69%.



The business unit comprises the operations of Agro Muko's nine own plantations and four Mukomuko Agro Sejahtera (MMAS) plantations, which include the two recent extensions with Sungei Teramang estate (Asri Rimba acquired in 2019) and with Batu Kuda estate (Agricinal conditionally acquired in 2021). The regional management office is also taking care of the Corporate Social Responsibility (CSR) activities of the Yayasan SIPEF Indonesia (YSI), protecting the turtles, and the SIPEF Biodiversity Indonesia (SBI) operations, protecting the forest.

A key topic over the last two years has been the renewal of cultivation licences (*Hak Guna Usaha* - HGU) for the large majority of the estates of Agro Muko and, with the plasma obligation being introduced during the process of application, the team had to adjust plans to introduce and prove the existence of the 20% of plasma areas before arial maps could be made.

Agro Muko plantations have harvested 362 121 tonnes of FFB, being 8.69% above last year's production.

MMAS, with the newly acquired estates, has produced 34 661 tonnes, corresponding to 18.25% above last year.

SOUTH SUMATRA PROVINCE

PLANTED AREA AND PRODUCTION

	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2020 (IN TONNES)	FFB PRODUCED 2021 (IN TONNES)	YIELD 2021 FFB/HA (IN TONNES)
PT Agro Kati Lama	3 638	538	4.67	29 005	38 940	10.7
PT Agro Rawas Ulu	1 816	728	3.81	14 064	22 684	12.5
PT Agro Muara Rupit	3 294	2 355	2.76	11 777	23 658	7.2
PT Dendymarker Indah Lestari	1 447	5 770	2.26	27 721	15 287	10.6
Subtotal own plantations	10 194	9 391	3.12	82 567	100 568	9.9
Smallholders	NA	NA	NA	7 933	14 855	NA
TOTAL				**90 500**	**115 424**	

In the South Sumatra Musi Rawas region, the harvested crop increased by 59.8%. The exceptional production in the Agro Muara Rupit (AMR) plantations was more than double than that of last year: +101.4% and 149.2% respectively for the East and West estates. This was the result of an increase in the hectares harvested and an increase in the average fruit weight in most of the young plantations.

It is satisfying to see that the total planting/replanting for the South Sumatra projects, which started 10 years ago, now nearly reach 20 000 hectares own and almost 5 000 hectares plasma. The teams on the ground achieved 3 711 hectares of planting in 2021, of which 2 070 were for Dendymarker Indah Lestari (DIL).

In DIL, a further 1 077 hectares are expected to be completed in 2022 and 2023 in the own estates, bringing the total figure for own estates to 7 806 hectares. The plasma will require another 1 648 hectares of replanting in the following three years, to complete the plasma area of 2 760 hectares, and a total project area of 10 566 hectares planted in DIL.

The plasma replanting in DIL was started in 2020 and currently 1 112 hectares have been replanted (40%), while this replanting is supposed to be continued for another three years, at a speed of up to 550 hectares a year.

The remaining older DIL plantations experienced solid production in the first quarter. However, due to the intensive replanting program, total fruit production at the end of the year decreased by 45.49% compared with last year.

Mills

MILLS NORTH SUMATRA	BMPOM		PLPOM		UMWPOM	
	2020	2021	2020	2021	2020	2021
Capacity (tonnes FFB/h)	30	30	55	55	40	40
Actual throughput	27.24	30.05	54.32	54.28	40.18	40.16
FFB processed (tonnes)	121 660	122 769	179 502	179 193	166 814	183 649
Crude palm oil produced (tonnes)	28 427	28 910	39 432	39 734	38 544	42 792
Oil extraction rate (%)	23.37	23.55	21.97	22.17	23.11	23.30
Kernel extraction rate (%)	4.91	4.92	5.79	5.76	4.06	4.04

The average oil extraction rates (OER) of the Indonesian palm oil processing mills, accordingly with the local rainfall volumes, varied in a larger range compared with last year. They fluctuated from 21.4% to 22.4% in South Sumatra, which still processes a relatively high percentage of old palm fruits with low oil content, to 23.3% in the fully mature plantations with organic soils in North Sumatra.

Thanks to these high extraction rates, the increase in palm fruit volumes (13.55%) were also reflected in an even higher increase in palm oil volumes (16.68%) compared with the year 2020.

A good performance was achieved in the Bukit Maradja Palm Oil Mill (BMPOM), the smallest mill in North Sumatra: the OER was 23.55% against 23.37% last year.

The Perlabian Palm Oil Mill (PLPOM) which is the biggest but also the oldest mill in North Sumatra, is the key operator and many upgrades have been done over the last few years to improve its performance.

The PLPOM has increased the OER from about 20% some years ago to currently 22.17%, but remains hampered by the low oil content of the remaining old fruit coming mainly from PLE.

At the Umbul Mas Wisesa Palm Oil Mill (UMWPOM), due to the wet weather in September/October and the lower bunch set, the overall performance of the mill came down in OER, FFA during the last quarter: the final OER was an average of 23.30%, against 23.11% last year.

MILLS BENGKULU AND SOUTH SUMATRA	MMPOM		BTPOM		DILPOM	
	2020	2021	2020	2021	2020	2021
Capacity (tonnes FFB/h)	60	60	30	30	20	60
Actual throughput	59.38	58.18	29.83	30.22	20.31	20.16
FFB processed (tonnes)	242 611	264 497	134 445	145 934	81 504	108 698
Crude palm oil produced (tonnes)	56 968	62 538	30 249	32 460	17 540	24 541
Oil extraction rate (%)	23.48	23.64	22.50	22.24	21.52	22.57
Kernel extraction rate (%)	4.52	4.33	5.05	4.68	3.84	3.55

The Mukomuko Palm Oil Mill (MMPOM), which takes most of the crop of the northern estates of the Agro Muko group, reached an average OER of 23.64% at the end of 2021, better than the 23.48% of last year. The main reason for the good performance is the increase in the ripeness standards of the harvested fruits.

FFA numbers were slightly higher, especially around the Ramadan and the Lebaran break.

The Bunga Tanjung Palm Oil Mill (BTPOM), which takes the crop of the southern estates, continues to struggle in terms of performance, mainly because it is not running at full capacity: at 83% on the basis of 30 tonnes per hour and only 42% on a calculation of 60 tonnes per hour.

OER was 22.24% at the end of the year, versus 22.50% the year before.

An additional industrial asset was the Agro Muko Tank Terminal located in Padang, which remained essential in terms of shipping, if and when required. Its capacity remained unchanged, with a total of 26 000 tonnes stored in eight tanks.

The ongoing upgrade of the Dendymarker Indah Lestari Palm Oil Mill (DILPOM) from 20 to 60 tonnes per hour capacity has continued, while the mill was running and processing at full speed.

The mill will have a horizontal Compact Modular Concept (CMC) Indexing System steriliser and entirely new power supply (boilers, turbines, etc.), while the old material will be dismantled as soon as possible. The old boiler will remain on standby. The mill should provide a better oil recovery and kernel recovery, less oil loss and a good steaming process. The final commissioning could be expected by the end of April 2022.

For the year 2021, OER was at 22.57% compared with 21.52% for the previous year.

Papua New Guinea

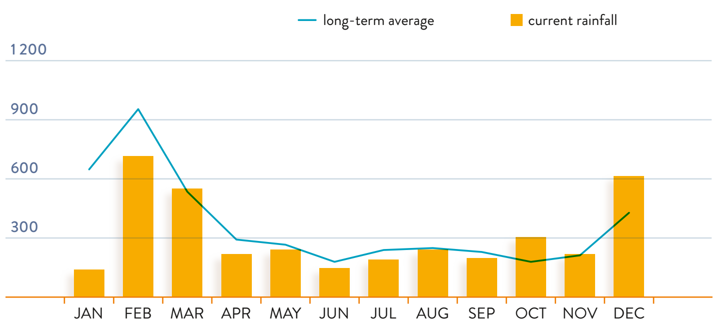
Papua New Guinea

Hargy Oil Palms Ltd (HOPL) has six oil palm plantations regrouped under three estates, together with 3 635 independent smallholder plantations that supply its palm oil mills on a regular basis.

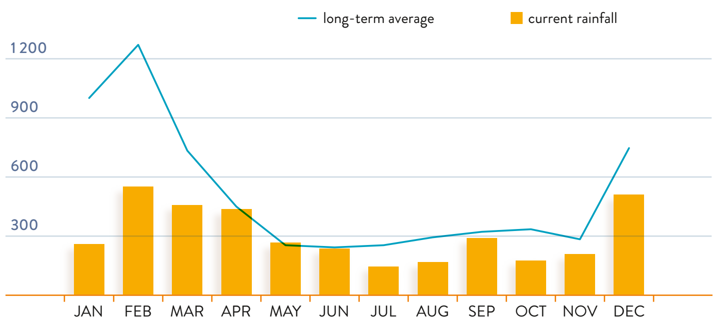
After a dry month of December 2020 and a relatively mild rainy season in the first quarter of 2021, followed by lower than average precipitation volumes in the second half, the yearly average rainfall in the oil palm plantations in Papua New Guinea was about 30% lower than the five-year average.

These weather circumstances provided agronomically good conditions in the region, leading to steady high production coupled with the unexpectedly rapid recovery of the areas affected by the Navo volcano. This has had a generally positive impact on all aspects of the operations.

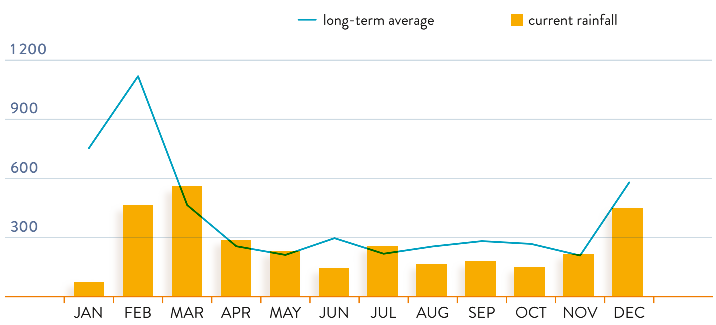
HARGY ESTATE 2021 RAINFALL VS. AVERAGE (IN MM)



NAVO ESTATE 2021 RAINFALL VS. AVERAGE (IN MM)



BAKADA ESTATE 2021 RAINFALL VS. AVERAGE (IN MM)



Estates

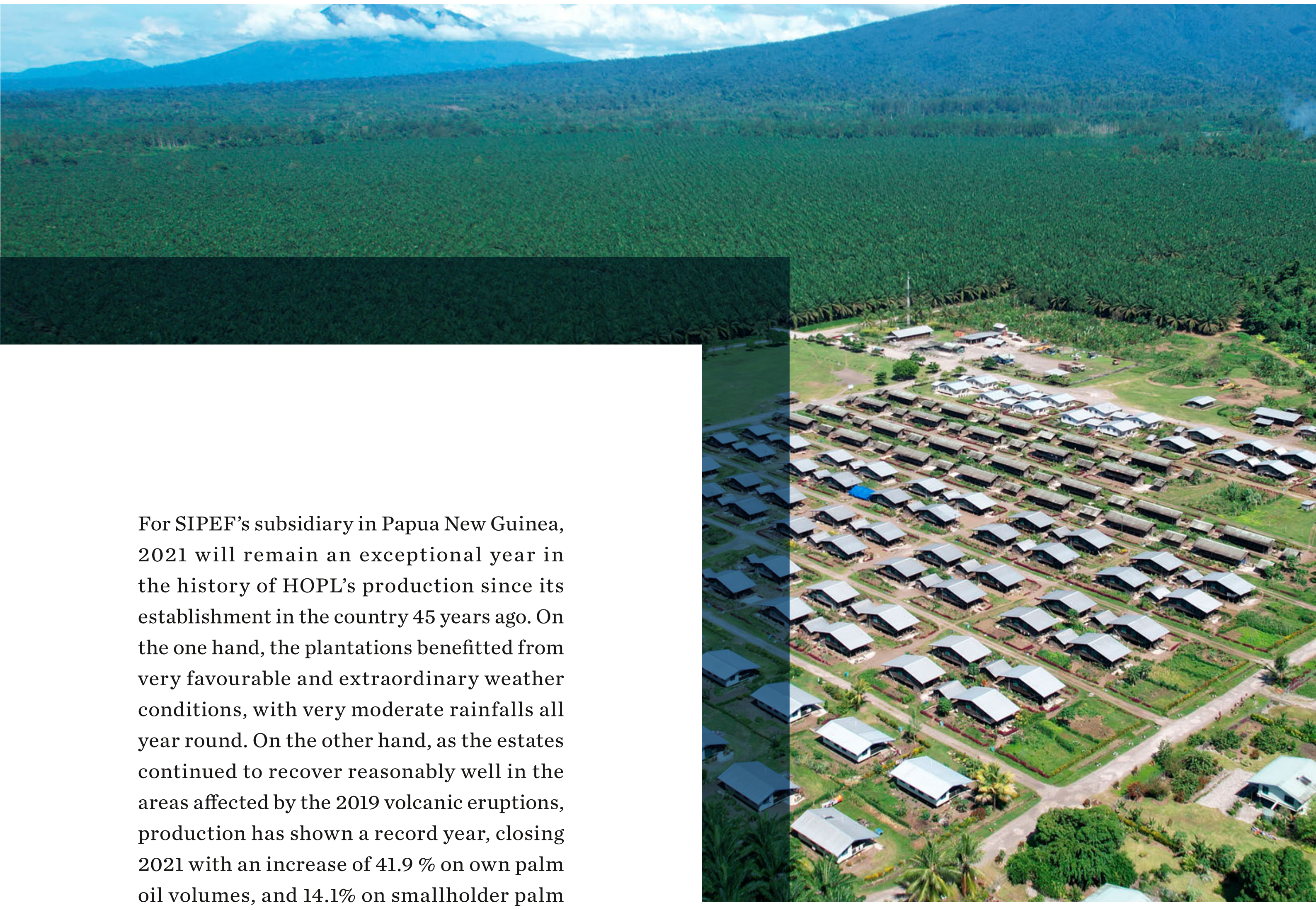
Following almost two years without replanting, due to having focused on rehabilitation and recovery of the areas affected by the 2019 volcanic eruptions, HOPL resumed its replanting programme in 2021.

All seedlings have been from the DAMI 'Super Family' type since 2015, enabling the yields for the future to be enhanced. The seedling quality issues experienced late 2020 and early 2021 have been steadily overcome. However, the new overhead sprinkler irrigation system being installed this year in the nursery will surely improve the uniformity of the seedling development.

Replanting has progressed well, despite some difficulties with contractor felling equipment and seed delivery delays. The replanting team achieved nearly 675 hectares own, allowing an average palm age of 10.2 years to be maintained. About 150 hectares have been deferred to 2022, mainly due to delays in seed deliveries. For the smallholders, the replanting is ongoing at a slower pace, and the average palm age is 15.9 years at the end of 2021.

PLANTED AREA AND PRODUCTION

	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2020 (IN TONNES)	FFB PRODUCED 2021 (IN TONNES)	YIELD 2021 FFB/HA (IN TONNES)
Hargy estate	4 023	393	9.03	106 610	133 587	33.2
Navo estate	6 262	343	11.60	95 607	154 969	24.7
Pandi estate	2 584	0	8.54	67 398	78 293	30.3
Subtotal own plantations	12 869	736	10.18	269 616	366 849	28.5
Smallholders	14 074	744	15.89	209 791	232 134	16.5
TOTAL	**26 943**	**1 480**	-	**479 407**	**598 983**	**22.2**



For SIPEF's subsidiary in Papua New Guinea, 2021 will remain an exceptional year in the history of HOPL's production since its establishment in the country 45 years ago. On the one hand, the plantations benefitted from very favourable and extraordinary weather conditions, with very moderate rainfalls all year round. On the other hand, as the estates continued to recover reasonably well in the areas affected by the 2019 volcanic eruptions, production has shown a record year, closing 2021 with an increase of 41.9 % on own palm oil volumes, and 14.1% on smallholder palm oil volumes, for whom the harvesting was also encouraged by the high world market prices for their delivered fruit.

All three estates surpassed their peaks from 2018. Helped by the weather, the harvesting teams have controlled the daily harvesting rounds well, resulting in good quality fresh fruit bunches (FFB). They significantly increased crop collection, ending the year with a 36.1% FFB production rise versus last year.

The rehabilitation pruning work of the plantations at Navo impacted by the volcano was completed early in the year with the assistance of contractors. Subsequent access to the crop on the most affected areas assisted Navo, almost doubling its production.

In 2021, the replanting programme resumed in the areas affected by the 2019 volcanic eruptions.

The smallholders had more difficulty, delivering decreased fruit volumes at the start of the year. However, they finally ended the year with a significant rise, a record-breaking performance at 10.7%, surpassing their highest volumes in 2018. The outstanding prices have seen smallholder block maintenance improve across the project area and, with the regular uninterrupted 14-day crop pickup schedules, largely contributed to their good production. Also, no crop has been rejected.

Road access has been good all year, even though there has been little assistance from the Government for the main and smallholder roads, which are still primarily maintained by the Company.

Mills

Mill extraction rates have also been at record levels. Whilst these are significantly influenced by the exceptional weather, good fruit quality as a consequence of well controlled harvest day rounds, an overall improvement in field management, regular uninterrupted smallholder 14-day crop pickup schedules, and excellent work by the mill teams have made this possible.

The three palm oil mills in Papua New Guinea reached a peak annual average of 25.8%. At year end, Hargy Palm Oil Mill (HPOM) was on average at 24.9%, with Barema Palm Oil Mill (BPOM) at 25.6% and Navo Palm Oil Mill (NPOM) at 26.0%.

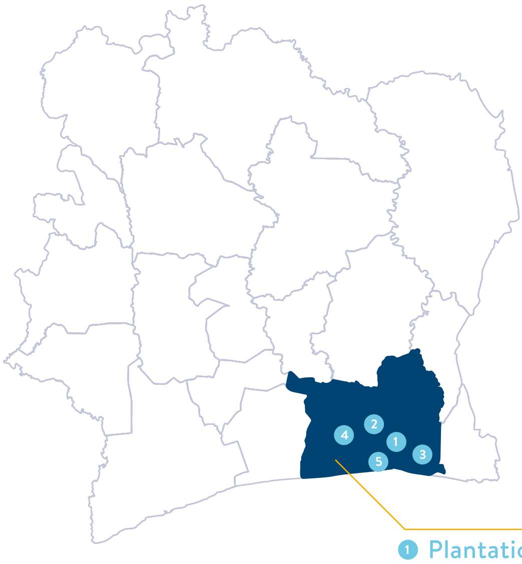
On the other hand, the same reasons of a mild wet season, well-maintained plantation harvest rounds and regular smallholder crop collections, have combined to enable the mills to maintain FFAs below 4.00%, ending the year on average at 2.71% for HPOM, 3.63% for BPOM and 3.06% for NPOM. These rather low FFA levels led to a premium achieved on every shipment. To further improve on FFA and to avoid quick increases of FFA during the tank storage period before loading the ships, all storage tanks at the tank farm are emptied and cleaned on a routine basis. The Company's wharf and oil pipeline remain certified as compliant with the International Ship and Port Facility Security Code (ISPS Code).

Crude palm oil (CPO) and crude palm kernel oil (CPKO) produced were also on the record side, with 13 shipments loaded for the first time this year, compared with the usual 12 shipments a year. As a result of both good crop production and extraction rates, CPO volume is 29.7% above 2020.

MILLS	HPOM		NPOM		BPOM		TOTAL	
	2020	2021	2020	2021	2020	2021	2020	2021
Capacity (tonnes FFB/h)	45	45	50	50	45	45	140	140
Actual throughput	45.32	46.74	48.88	50.95	44.61	42.90	138.81	140.60
FFB processed (tonnes)	50 583	70 654	130 272	191 604	89 812	104 591	269 837	366 849
FFB processed smallholders (tonnes)	90 848	94 893	27 730	37 633	91 213	99 608	209 791	232 134
Crude palm oil produced (tonnes)	33 569	41 242	38 999	59 596	45 555	52 365	118 123	153 203
Oil extraction rate (%)	23.74	24.91	24.68	26.00	25.27	25.64	24.63	25.58
Crude palm kernel oil produced (tonnes)	2 723	3 590	-	-	6 673	8 660	9 397	12 251
Palm kernels produced (tonnes)	7 093	8 679	8 302	11 601	9 311	10 523	24 706	30 803
Kernel extraction rate (%)	5.02	5.24	5.25	5.06	5.17	5.15	5.15	5.14
Kernel oil extraction rate (%)	1.93	2.17	-	-	1.97	2.00	1.96	2.05

Bananas

IVORY COAST



Région des Lagunes

1. Plantations J. Eglin - Azaguié 1 & 2
2. Plantations J. Eglin - Agboville
3. Plantations J. Eglin - Motobé
4. Plantations J. Eglin - Lumen 1 & 2
5. Plantations J. Eglin - Akoudié

Plantations J. Eglin is a major player in the banana production in Ivory Coast, the most important banana producing and exporting country in Africa. The company produces nearly 33 000 tonnes of bananas for export annually, the vast majority for the European market, on a planted area of about 800 hectares, split into three locations Azaguié, Agboville and Motobé. However, with the assets acquisition by mid-2021 of an old banana plantation which ceased producing for the last two years, the planted area of Plantations J. Eglin will grow within the coming three years from 800 to 1 350 hectares. It will introduce two new locations, being Akoudié and Lumen.

Rainfall

Only Azaguié 1 got rainfall figures comparable to the long-term average. Otherwise all other sites were below the average. Motobé experienced the driest year within the sites in 2021, with -29% compared to last year, and -25% compared to the long-term average.

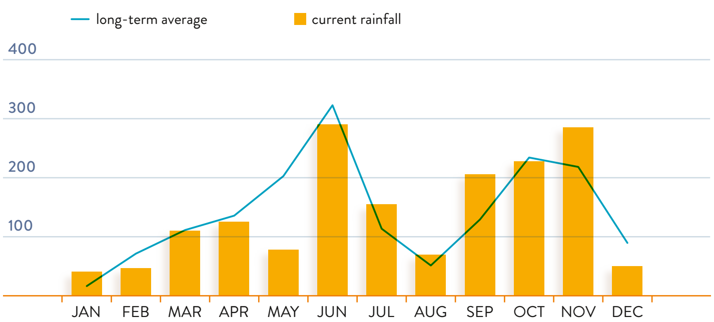
Estates

The activities of the banana plantations remain concentrated on the same historical three production areas, where there were no major changes in 2021. As of 31 December 2021, the total banana area planted is 794 hectares, which is 4% more compared with last year.

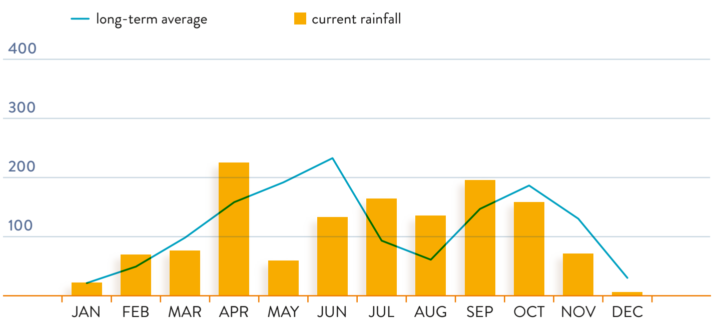
Plantations J. Eglin has the ambition to make optimal use of the area available for bananas by maintaining the regular replanting cycle, including fallow periods. With the use of in-vitro cultivated banana plants every seven years on average, the current strategy focuses on planting healthy plant material in healthy soil having had a period of fallow.

In 2021, the banana area in Ivory Coast was expanded with a first new plantation. 22 hectares of this area were effectively planted in the fourth quarter and were, therefore, still unproductive in 2021. The annual production should consequently increase by more than 15% in 2022, mainly due to the new harvesting areas in the second half of the year.

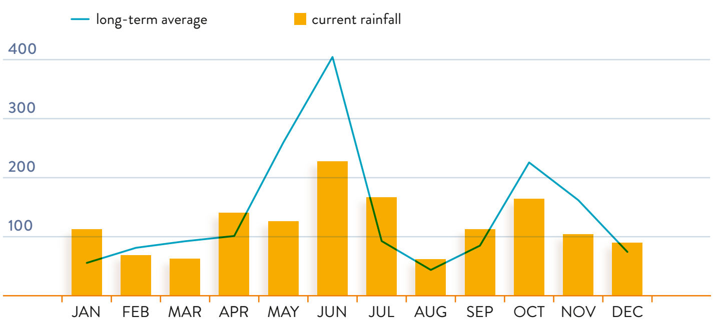
AZAGUIÉ 1 & 2 2021 RAINFALL VS. AVERAGE (IN MM)



AGBOVILLE 2021 RAINFALL VS. AVERAGE (IN MM)



MOTOBÉ 2021 RAINFALL VS. AVERAGE (IN MM)



PLANTED AREA AND PRODUCTION

	PLANTED AREA (IN HECTARES)	PRODUCTION 2020 (IN TONNES)	PRODUCTION 2021 (IN TONNES)	YIELD 2021 TONNES/HA
Azaguié 1	146	5 152	5 600	38.4
Azaguié 2	191	8 447	7 512	39.3
Agboville	230	8 988	9 507	41.3
Motobé	226	8 571	9 581	42.4
Lumen 1	IN PREPARATION			
Lumen 2	IN PREPARATION			
Akoudié	IN PREPARATION			
TOTAL	**794**	**31 158**	**32 200**	**40.6**

After disappointing banana volumes at the end of 2020, expected higher production was achieved in most of the plantations as from the start of 2021. A limited impact of the colder Harmattan wind in the second quarter, combined with good production cycles, resulted in more bunches with a higher average weight and a consequently better volume for export to Europe and Africa for the first six months of the year.

The third quarter saw a slight decrease in production, due to the variations in the production cycles of the four banana plantations.

For the full year, the agronomic performance has been slightly higher than last year (+3.3%). Despite more bunches than expected being harvested overall, lower weights were however observed per bunch, from an almost identical harvested area.

Packing stations

The development of the new plantations which started in the second semester should not, above all, affect the current operations on the historical four sites. Therefore the new areas have been managed as a separate business unit.

At Lumen 1 and 2, as at 31 December 2021, 22 hectares had been prepared, drained, irrigated and planted. The tissue culture plants were grown in Azaguié's own nursery. The cableway is being installed, to be ready for the first harvesting, which will take place by July-August 2022.

At Akoudié, the first project to be completed was to have the access road reshaped up to the national main tarmac road. A ring road was then constructed to ensure all cultivated land by the Group cannot be encroached upon by outside people. The land preparation itself has been contracted out for the cleaning, subsoiling and drainage of the area, during the driest period, to make sure the land will be ready for planting in the second semester of 2022.

PACKING STATIONS		EU		REGIONAL		LOCAL		TOTAL	
	CAPACITY (TONNES/DAY)	2020	2021	2020	2021	2020	2021	2020	2021
Azaguié 1	30	4 444	4 856	709	744	365	630	5 518	6 230
Azaguié 2	40	7 075	6 358	1 372	1 154	701	1 034	9 148	8 546
Agboville	40	8 055	8 547	933	960	872	988	9 860	10 494
Motobé	40	7 565	8 257	1 006	1 324	655	1 234	9 226	10 815
Lumen 1	WILL RESUME OPERATIONS AS FROM JULY 2022								
Lumen 2	WILL RESUME OPERATIONS AS FROM JULY 2022								
Akoudié	WILL RESUME OPERATIONS AS FROM DECEMBER 2022								

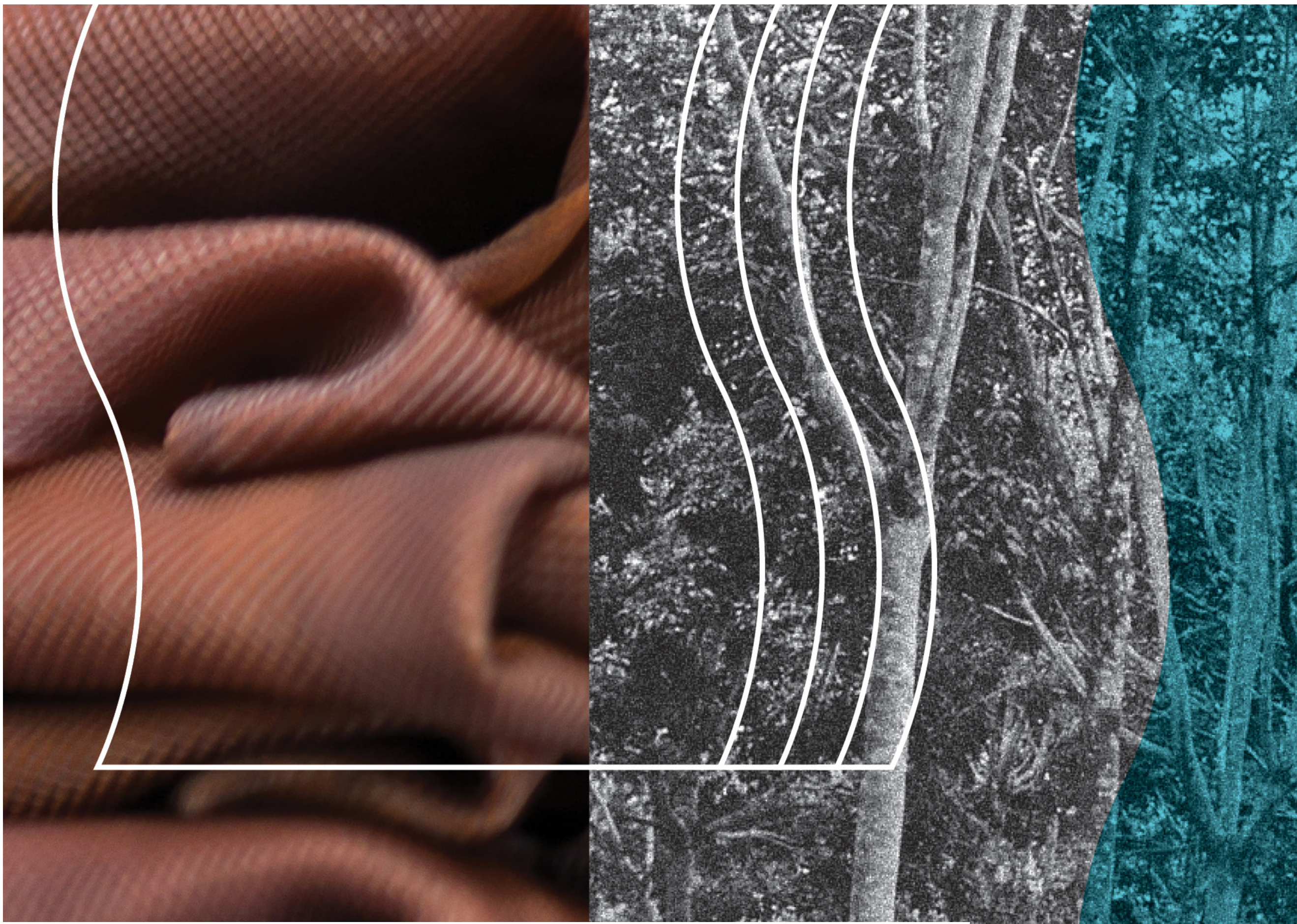
Horticulture

ORNAMENTAL PLANTS (UNITS)	PINEAPPLE FLOWERS			ORNAMENTAL FOLIAGE			LOTUS		
	2020	2021	VARIANCE %	2020	2021	VARIANCE %	2020	2021	VARIANCE %
Azaguié 2	345 299	333 775	-3.3%	1 736 100	1 611 050	-7.2%	80 610	130 465	61.8%

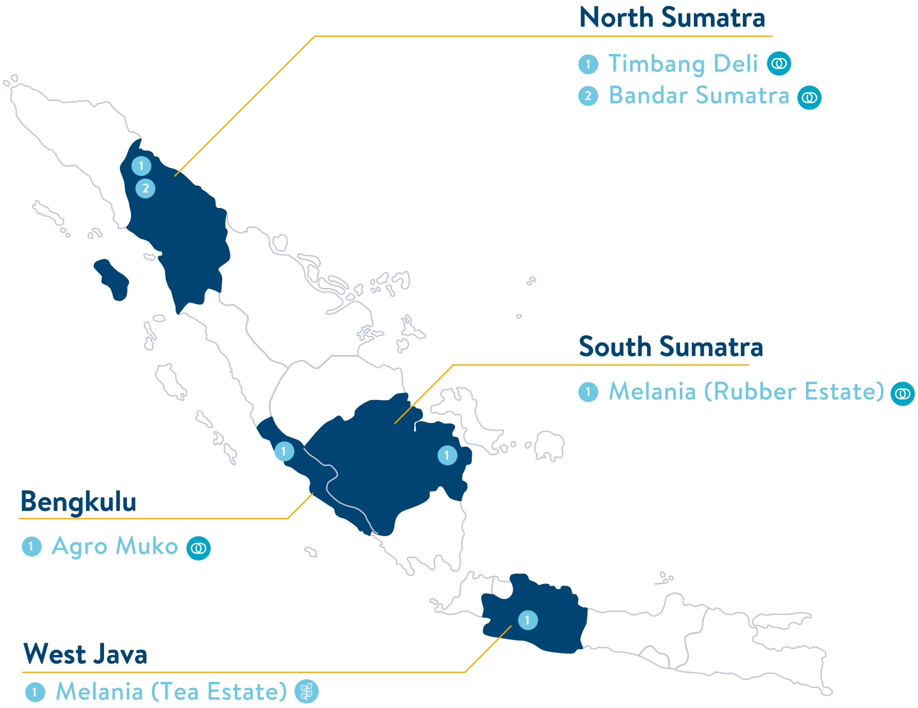
The horticulture activities are carried out in Ivory Coast on 32 hectares of land adjacent to the banana plantation site of Azaguié 2. For many years, pineapple flowers and ornamental foliage have been grown on the same cultivated area. This year has seen a small decrease in the hectarage, as nine hectares were transformed into the banana plantations, and three hectares were extended on wasteland which has been rehabilitated.

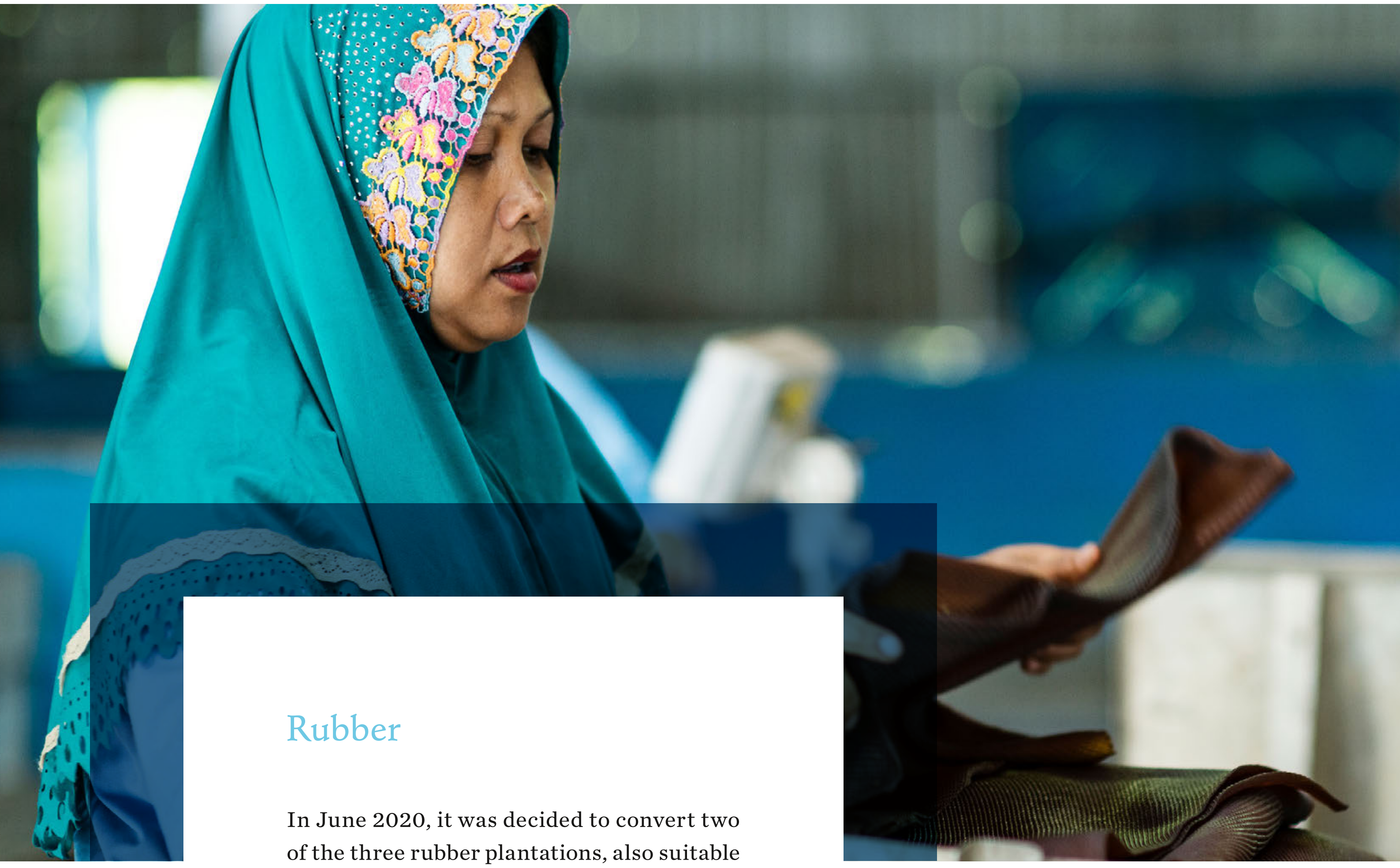
The lotus flowers are grown on the dam lake of the Agboville site.

Rubber and tea



INDONESIA





Rubber

In June 2020, it was decided to convert two of the three rubber plantations, also suitable for palm cultivation, into oil palm plantations and immediately start the conversion process. Besides the need for getting RSPO approval beforehand, and applying all the New Planting Procedures (NPP), the conversion also includes the closure of the nurseries, the cessation of replanting efforts and the maintenance of the remaining areas. When planting is allowed, it will, of course, include a plasma development, which is a requirement imposed by the governmental authorities on the oil palm industry, related to the renewal of land use rights licences (*Hak Guna Usaha* – HGU). The restructuring will last for about three to four years, during which time the rubber tapping will continue to the maximum and be accompanied by the gradual planting of oil palms. By 2029, the switch to mature and cash-generating oil palm plantations should be complete.

Estates

Rubber production remained problematic all year long, mainly in Bandar Pinang estate (BPE). The crop was indeed 34.8% below in 2021, a year heavily affected by the *Pestalotiopsis* fungus. The main reason is the reduced numbers of tapped hectares caused by the early start of the conversion, while early and prolonged wintering also reduced the possibility for stimulation. The low production is affecting the unit cost of production, which has gone up compared to the net selling price.

Preparing for the conversion is in progress, with 465 hectares waiting to be planted with oil palm, but RSPO assessments and HGU renewal concerns make it continue as a rubber estate for the time being.

The operational performance of PT Timbang Deli also remained frustratingly on the low side. Tolan Tiga group was buying the latex produced by PT Timbang Deli's limited plantation activity to manufacture it into ribbed smoked sheets (RSS).

In Agro Muko, nearly 500 hectares of rubber plantations have already been felled and planted with Mucuna cover crop. In the meantime, a consultant carried out the environmental and social impact assessments for RSPO compliance, and the reports were submitted to the High Conservation Value Resource Network (HCVRN) organisation in October 2021.

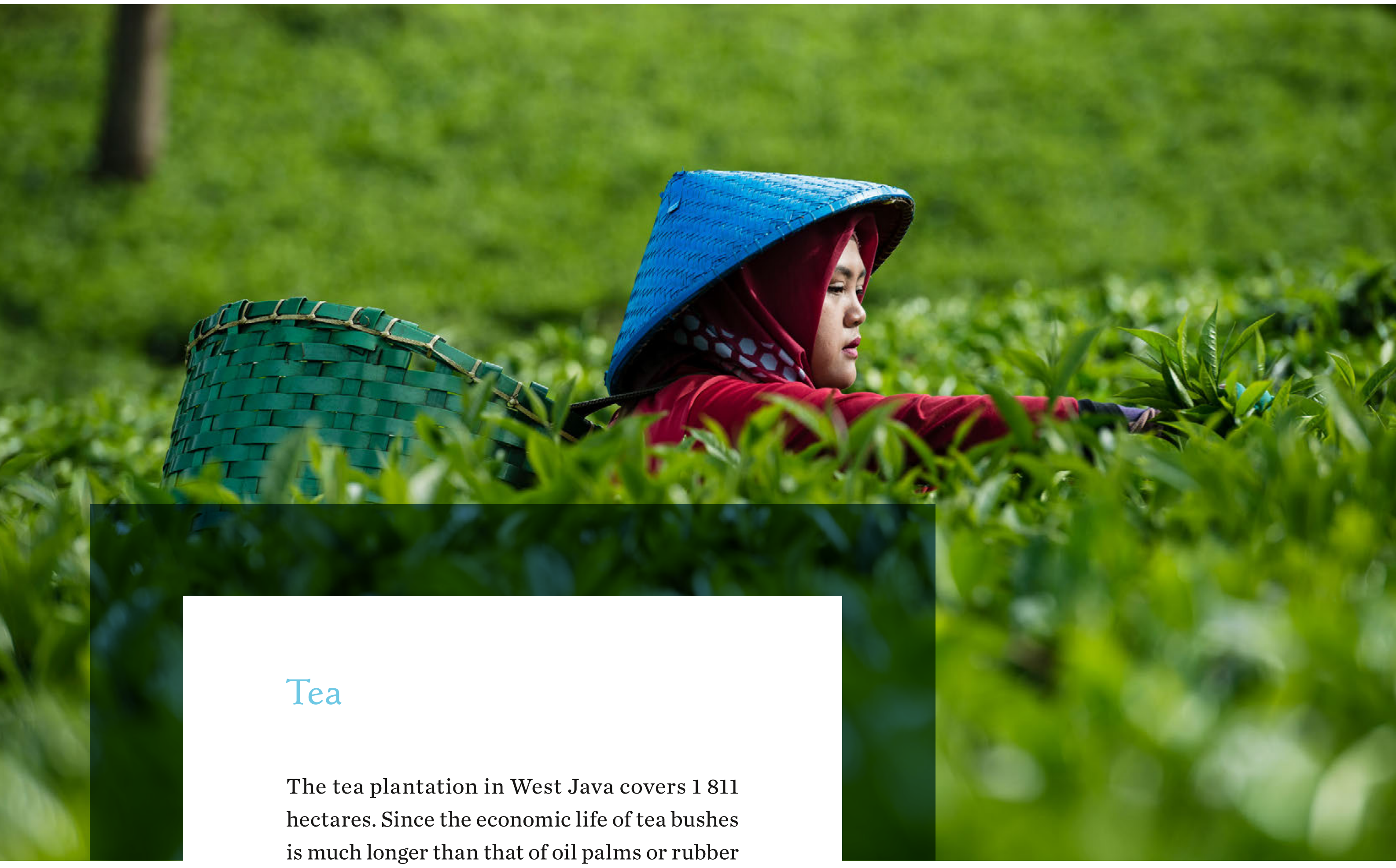
The workforce has already been reduced by a third, with some workers being relocated.

As the management of MASE Palembang was handed over to Shamrock Group on 1 May 2021, the figures of these activities were from that date no longer integrated In the consolidation.

Mills

The Crumb Rubber Factory (CRF) in Agro Muko was running below capacity all year long, a result of the start of the conversion to rubber. Also due to the sale of PT Melania, from May onwards the cup lumps from MASE were no longer sent to Agro Muko.

As the conversion from rubber to oil palm is expected to be implemented from 2024 on, calculations need to be made, based on the rubber market prices, about when it will become more beneficial to stop producing in the CRF, and just tap and sell the cup lumps to a dedicated buyer. There is no alternative for the factory, once processing is stopped.



Tea

The tea plantation in West Java covers 1 811 hectares. Since the economic life of tea bushes is much longer than that of oil palms or rubber trees, replanting does not happen until 50 years, or sometimes more, after planting. The result is that the area to be replanted annually is much smaller than for other agricultural commodities, and no replanting was done in 2021.

The agreement related to the sale of PT Melania by PT Tolan Tiga Indonesia to Shamrock Group was signed in May 2021. PT Tolan Tiga Indonesia is currently working towards the HGU renewals in order to complete definitively the sale.

Unlike the situation of MAS Palembang, Cibuni estate continued to be efficiently managed by PT Melania. Shamrock Group is sending a visiting agent to keep track of operations on a monthly basis. The production has been continued and all the leaf quality and final product specifications have been preserved.

With respect to the HGU renewal applications, which are likely to be completed by the end of 2022, and the related 20% plasma requirements, the contracted smallholders are very engaged in delivering tea leaves, corresponding so far to 14,1% of the annual production. These leaves are processed separately into the 'Melchi' brand tea sold separately from the 'Melania' brand, mainly on the local market.

Research and development

Verdant Bioscience Pte Ltd

Research and development to increase yields per hectare remains very important for a sector that is under pressure to produce ever more vegetable oil, and always in a more sustainable manner, but which has little or no access to additional land. Therefore, the Group must focus on improving the efficiency of the areas already planted. In that context, the Company's 38% participation in Verdant Bioscience Pte Ltd (VBS), a company founded in 2013, is of particular importance.

Through VBS, SIPEF not only has access to new varieties of high-yielding oil palms, but also to the real potential to generate very meaningful sustainability benefits worldwide.

To achieve this SIPEF collaborates with reliable professional partners: Ackermans & van Haaren (42%) a renowned Belgian Investment Company; Dharma Satya Nusantara Tbk (10%), an Indonesian listed plantation company; and BioSing (10%), the VBS management.

Through VBS, SIPEF not only has access to new varieties of high-yielding oil palms, but also to the real potential to generate very meaningful sustainability benefits worldwide. An increase in yield per unit of area is seen as the only real solution to the growing world demand for vegetable oil, without increasing the area of oil palm planted. This could eliminate the risk of further loss of rainforest and biological diversity. Such a yield increase would be unique for a crop like oil palm with its global economic importance.

VBS is one of the first Indonesian seed producers to bring semi-clonal seeds to the market, based on clones produced as female seed palms through a tissue culture process. This production of semi-cloned seeds enables VBS to produce, in commercial quantities, selected elite crosses under the brand name Verdant Select, which have been thoroughly tested in both Papua New Guinea and Indonesia.

Besides the semi-cloned seeds, VBS is focusing a specific F_1 hybrid programme.

It focuses on the development of high-yielding F_1 hybrid oil palms and other supporting technologies and innovation solutions, that underpin the significant potential for yield and productivity improvement in the global palm oil sector. The seeds from a single selected F_1 hybrid variety will have higher yields and be genetically uniform. This genetic uniformity within each F_1 hybrid variety allows management practices (harvesting, nutrients applied and replanting time) to be further optimised from which the grower can lever great value. Despite the challenges of operating during a pandemic, the F_1 hybrid programme has made good progress and candidate F_1 hybrid crosses grown in the nursery were field planted in 2021. Further testing of new F_1 hybrid crosses will now continue each year with female plants from different genetic backgrounds. Successes were also achieved in increasing the frequency of crosses with F_1 hybrid palms from well-defined but diverse genetic backgrounds. The first-generation offspring of these homozygous parental plants (F_1 hybrid crosses) have the potential to deliver greatly improved yields.

As a major shareholder of VBS, SIPEF is testing commercial varieties of candidate oil palms on its Sumatran plantations. These trials include selection not only based on higher yields, but also on important commercial secondary traits such as disease resistance, as well as selection of new commercial material for specific environmental conditions, e.g. rainfall amount and distribution, or soil fertility, microbial diversity and moisture holding capacity.

As a major shareholder of VBS, SIPEF is testing commercial varieties of candidate oil palms on its Sumatran plantations.

VBS agronomists and crop protection staff have continued to work with SIPEF plantation management to make recommendations in order to realise the potential of existing plantations, mainly by increasing yields per hectare and innovatively enriching the soil. Long-term trials of both fertilisers and compost have been carried out on representative soils in each SIPEF region. In this way, the recommendations for fertilisers and compost can be further refined for the specific growing conditions, based on the results of objective science, also with the aim of improving the soil health.

VBS also works with the plantation management of PT Tolan Tiga Indonesia on the development of new insights and their future integration into strategies. These developments include the optimisation of plant growth, the regulation of carbon in the soil, the maintenance of good water balance, and also the control of pests and diseases. In this way, the Group wants to prevent commercial losses in oil palm, rubber and tea. In addition, work is also being undertaken to further optimise the good agricultural practices that underpin the sustainable manner in which SIPEF operates its plantations. In this respect, preference is given to biological control of pests and the minimum use of pesticides. With all these developments, SIPEF aims to improve the circularity and carbon positive impacts.

Other developments

SIPEF continues to focus on renewal and innovations that further contribute to making the Company more sustainable. This is important for a company in the agricultural sector, in order to continue producing sufficient and healthy food. Therefore, SIPEF has examined how it can efficiently manage and reduce greenhouse gas (GHG) emissions with targeted investments. First of all, it is important to calculate a GHG inventory that provides the necessary information for the further progress of emissions reduction. In 2021, SIPEF focused on creating that inventory using the internationally recognised 'Carbon Footprint' ISO 14064 standard. The initial findings of these calculations can be found in the Sustainability Report, part 3 of this Annual Report.

In 2022, SIPEF will focus on verifying the application of this methodology by the various business units of the Group and publish the results at the end of the year. Thanks to this inventory and the continued development of its mitigation strategy, SIPEF could in the future reduce GHG emissions in a recognised, transparent and verifiable manner.

This calculation has shown that in the palm oil production process, including the fermentation of wastewater in an open pond system, a natural biological fermentation process (anaerobic), a significant amount of methane (CH4) is emitted. The methane can be captured and flared by building a capture system. Currently, SIPEF has already equipped five of its nine plants with such a capture system. The Dendymarker mill is the sixth mill where this kind of installation will be set up. Due to covid-19, its construction was delayed in 2021. The end of the works is planned for 2025.

In addition, it is possible to convert the biogas into electricity and heat with limited emissions. This application is profitable if the generated energy can be delivered to the grid at a green rate when there is an internal shortage of biomass or steam. In Bengkulu, a plant for electricity generation from methane gases has been built. Since the end of 2017, the Group has supplied the energy that could not be used internally to the public grid. This has made SIPEF a direct supplier of green energy to the public sector for the first time. However, this is only profitable if the tariffs are good and if sufficient volume is purchased, which unfortunately is not currently the case. However, SIPEF hopes that in the future there will be renewed interest from the government for green energy at the right price.

SIPEF focuses on reusing land and commodities as much as possible, with as few residues as possible and reduced emissions.

Furthermore, SIPEF also focuses on reusing land and commodities as much as possible, with as few residues as possible and reduced emissions. In circular agriculture, the focus is on enriching the soil. The reduction of GHG will increase due to the reduced use of nitrogen fertilisers, which are in themselves energy intensive. In North Sumatra, SIPEF has been working for several years with a state-of-the-art composting facility, which absorbs the empty bunches and wastewater from the Bukit Maradja palm oil mill. In this way, the residual flows are used in an emission-neutral process. In this process, the compost produced is used to improve the soil structure of the oldest plantations in the long term and significantly reduce the use of chemical fertilisers.

In North Sumatra, at the UMW mill, a biomass pellet plant is being established, which will convert excess biomass (empty fruit bunches) into high-quality calorific pellets. The biomass will be dried and converted under high pressure and heat into these pellets. The residual steam is produced sustainably and is available in large quantities. The energy required for the process also comes from a sustainable source (biogas and steam). In this way, the entire chain is emission-neutral. The pellets can then be used again to generate green electricity. The project was delayed in 2021 due to technical modifications and the covid-19 pandemic. The project will be completed in the second quarter of 2022.

Finally, SIPEF started an integral research project in 2021 to further increase the quality of oil produced. For good future prospects, the production of high-quality oil is very important for the sector, given the increasing quality requirements for the fats and oil industry. Therefore, SIPEF has started a project in collaboration with a partner, whereby the quality of the oil is increased by washing the crude palm oil. In this process, the precursors that can form 3-MCPD (3-monochloropropane-1, 2-diol are removed. 3-MCPD is a substance that can be formed during the heating of high-fat products at very high temperatures in the refining of vegetable oils. Treating the crude oil in the first production process at the mill lowers the risk of formation of this substance, while increasing the quality of the crude palm oil before it goes for refining. This is an added value for both the refining and the final product. The quality is guaranteed from the beginning of the process. The first research results show that good results can be obtained in a test installation. SIPEF has decided to scale up the project and provide a first mill with a washing system in 2022.

Risks and uncertainties

In November 2021, the audit committee once more analysed the various risks that face the Group.

In this process the committee identified and classified 76 risks: general, product, operational, workforce, financial, commercial, legal and political.

Subsequently, all of these risks were then assessed, based on the likelihood that they would occur and their potential impact on the Company, and were mapped out. The audit committee has adapted the classification of a number of risks compared with the 2020 classification, in response to the events in 2021.

Based on that analysis, only the principal risks that are certain, virtually certain or likely to occur in the SIPEF group, and that could have a significant or moderate negative impact on the financial situation, the operating results or the liquidity of the Group leading to impairments of assets, are stated below.

1. Principal risks

The following **principal risks** have been identified:

	RISKS	CERTAIN	VIRTUALLY CERTAIN	LIKELY
1	Risk connected with the spread of activities over a limited number of countries and with limited product diversification	HIGH		
2	Risk connected with expansion		HIGH	
3	Risk of dependence on a limited number of large customers		HIGH	
4	Risk connected with land property rights and rights of use		HIGH	
5	Risk of natural disasters (plantations – mills)			HIGH
6	Risk of rising raw material-related input prices		AVERAGE	
7	Risk of not finding sufficient staff in remote areas		AVERAGE	
8	Risk of wage rises		AVERAGE	
9	Climate risk		AVERAGE	
10	Future climate change		AVERAGE	
11	Risk of an unexpected fall in future short-term margins		AVERAGE	
12	Risk connected with the concern for sustainability in Europe and increased RSPO restrictions		AVERAGE	

IMPACT

POSSIBILITY

2. Specific risks

Four specific risks have been selected from the aforementioned principal risks. They are discussed below, given their relevance to the Group's activities in the past financial year 2021. A full description of the other principal risks is published on the website at www.sipef.com/investors/risks-and-uncertainties.

The risks connected with local regulations are also examined; specifically, the risk of a tax levy on every palm oil export out of Indonesia. Although this is not one of the principal risks the Group faces, it is discussed here due to its topicality.

Risk connected with the spread of activities over a limited number of countries and with the limited product diversification

DESCRIPTION	RISK-MITIGATING MEASURES
The Group chiefly produces oil palm products in Indonesia and Papua New Guinea, and bananas in Ivory Coast.	The concentration of the activities in Indonesia, Papua New Guinea and Ivory Coast is explained by history. The Group accordingly remains a long-term investor in industrial agriculture in these countries and also wishes to increase its presence and production there, given that it has been able to build up a position as a recognised and renowned producer of sustainable agricultural products. The Group naturally continues to closely monitor all political, economic and legislative developments and initiatives in these countries, in order to be able to respond to them as well as possible.
The centre of gravity of SIPEF's activities is in the cultivation of oil palm products in Indonesia and Papua New Guinea, which accounts for approximately 92% of total turnover. So, if problems of any nature occur in Indonesia, and to a lesser extent in Papua New Guinea and Ivory Coast, that obstruct the cultivation or production of these products, this could have a significant negative impact on the results and the financial situation of the Group.	SIPEF is of the opinion that it is better to concentrate on a few high-yield products with good long-term prospects than investing in more lower-yield products with uncertain prospects. This explains why, in recent years, SIPEF has decided to focus exclusively on the production of oil palm products and, to a lesser extent, bananas that guarantee a stable yield. SIPEF is convinced that palm oil, as the most productive and efficient vegetable oil, will remain an essential part of the balanced diet of a growing >>>

and increasingly prosperous global population. Palm oil is capturing an ever-larger share of food and biofuel markets worldwide, except in Europe. That is due, among other things, to its efficient industrial processing and its low-cost price compared with other vegetable oils. Furthermore, the palm oil yield per hectare is five to ten times higher than any other vegetable oil. This yield will only continue to rise as efficiency is improved, while the area available as agricultural land will only continue to fall. So, the long-term expectations for palm oil remain generally very favourable.

Risk connected with land property and use rights

DESCRIPTION	RISK-MITIGATING MEASURES
The retention of property rights and concession rights is essential for the Group in order to safeguard and develop production in the various countries. The Group activities and results could therefore be seriously impacted if it does not manage to retain these rights or, in the case of concession agreements, renew them for a long term. There is also a risk for the Group if the existing land use rights are limited.	SIPEF has precisely mapped the various property rights and concession rights. The Group also employs legal experts with a solid knowledge of local laws and who maintain a constructive relationship with the relevant authorities. Constant monitoring of property rights and concession rights ensures that SIPEF can follow the correct and necessary procedures in a timely manner to renew or extend them or even acquire new rights. Furthermore, in recent years, the requirement was introduced in Indonesia that 20% of the area covered by an agreement on new concession rights or the renewal of original concession rights must be registered in the name of local smallholders. Pursuant to this, SIPEF has entered into new agreements with these smallholders. It will take a long time to integrate these smallholders into SIPEF's RSPO-certified supply chain by means of specific programmes. A 'local smallholder' department was set up at the Head Office of the Indonesian activities to give appropriate attention to directing and supporting these processes.

Climate risk

DESCRIPTION	RISK-MITIGATING MEASURES
The volumes produced, the turnover and margins generated are impacted by climate conditions, such as precipitation, sunshine, temperature and humidity. Unfavourable weather can disrupt the agricultural activities and have a negative impact on agricultural production. Severe weather, e.g. floods, droughts, severe storms, could result in significant damage to property, protracted interruptions to the activities, personal injury and other damage to the operating activities of the Group. The potential physical consequences of climate change are uncertain and may differ depending on the region and the product.	The Group endeavours to prepare as well as possible for certain natural phenomena, in order to limit or even avoid its consequences. It focuses in particular on the impact of changes in precipitation, which can result in flooding or droughts. A study has been done to monitor water tables and the moisture content of the soils, to determine its impact and to design, according to best management practice, systems which will deal with water retention. To maintain the right water levels in the estates and in the landscape, water gates have been built to contain or guide the water to an appropriate level. Of course, all of this is done by following the best practices and the existing regulations. In addition, in the banana operations of the Group 70% of irrigation water is stored in catchment basins during the rainy season and can be used responsibly during the dryer season. Furthermore, across all Group activities special attention is given to the maintenance of buffer zones and riparian areas around natural rivers within the estates or on adjacent coastline. These zones and areas are used to maintain good vegetation, keep moisture levels high, control erosion and protect the coastline. The Group has also invested in fire prevention, fire risk monitoring and firefighting, particularly in areas which are more prone to drought and fires. In certain areas the soil needs to be drained for the cultivation of oil palms. Following best practices is very important in these areas to make sure the risk of fire and flooding is reduced. The Group also conducts drainage assessments to minimise these risks and to maintain a good natural flow of water. SIPEF reports and makes great efforts to control fires that occur in the concessional areas it manages. Moreover, it monitors areas outside the Group's plantations and engages with stakeholders to prevent and stop fires when they occur.

Risk connected with the concern for sustainability in Europe and increased RSPO restrictions

DESCRIPTION	RISK-MITIGATING MEASURES
The Group's reputation is based on its RSPO certification. Given the growing consumer concern for sustainability and corporate social responsibility, the European Union or the various authorities in the countries in which SIPEF operates could impose tougher rules on companies. It is uncertain whether the Group and the local producers will always be able to comply with these certification requirements. If the Group fails to meet the requirements, it could lose its certification or the certification could be suspended. Such loss or suspension could have an adverse impact on the activities, reputation and financial situation of the Group.	The Group oil palm plantations follow the RSPO standards and are compliant with the RSPO Principles and Criteria set. SIPEF also has its own Responsible Plantations Policy following the No Deforestation, No Peat and No Exploitation (NDPE) rules, and verification and monitoring is in place. Full certification according to RSPO for the new development areas is pending on the issuing of the permanent Indonesian cultivation licence (*Hak Guna Usaha* - HGU). Full High Conservation Value/ High Carbon Stock (HCV/HCS) and Sustainability Impact Assessment (SIA) assessments have been completed in the areas, which are ready to be certified when the HGU will be obtained. The Company also continues to follow the trends set by its customers and stakeholders, based on their need for confirmation that sustainability standards are fulfilled at all times. Unfortunately, all sustainability efforts and positive impacts of the Group have not always been understood by the consumer market nor motivated buyers to only buy sustainable, fully traceable palm oil. SIPEF therefore continues to work on its engagement with different stakeholders, including well established NGOs, towards their understanding in which context oil palms are cultivated, how sustainable palm oil is produced and how it contributes to the social and environmental objectives of the Sustainable Development Goals in producing countries. Palm oil can also count on a considerable number of customers in emerging markets, especially in Indonesia, India and China. It is important to consider a balanced approach and not single out one particular vegetable oil. With that in mind, the Company is convinced that the crude palm oil (CPO) market will not be regulated out of existence. This is confirmed by the steady growth in demand for palm oil and the ever-greater share of the global market, notwithstanding the increasing importance given to sustainability.

Risk connected with local regulations, specifically a tax levy on every palm oil export out of Indonesia	
DESCRIPTION	RISK-MITIGATING MEASURES
Currently, there is a progressive tax plus levy on every palm oil export out of Indonesia. The price of sales to Indonesian customers is also impacted by this levy, given the local population is not prepared to pay more than the net export price. These levies, therefore, have a major direct and indirect impact on all palm oil produced by SIPEF in Indonesia. In December 2020, this tax and levy was increased substantially, due to the application of a new export levy matrix for palm products. The higher tax was passed to finance the Indonesian government's biodiesel programme. That meant that the export levy and tax increased significantly in 2021 compared with 2020, and was on average USD 349 per tonne in 2021, compared with USD 74 per tonne a year earlier. This equated to a rise of USD 275 per tonne compared with the previous system. The continuing rise in CPO prices in the course of the first half of the year led to the easing of the export levy mechanism on 2 July 2021. The levy and tax will be calculated by the government on a monthly basis, based on the applicable palm oil prices on the international markets. There is also a potential risk of unexpected taxation in Papua New Guinea.	Given the uncertainty about the setting of the local reference price for palm oil, the available palm oil volumes in Indonesia will be put on the market on a monthly basis and the expected volumes of the SIPEF plantations will no longer be hedged by future contracts. However, the opposite is true for Papua New Guinea, where future contracts were signed in 2021. That said, given the unstable political climate in that country, the board of directors regularly sets a maximum term and volumes for these sales, based on the prevailing economic and political circumstances.

Corporate governance statement

1. General

The 'Corporate governance statement' gives special attention to factual information with regard to good governance for a given financial year. This chapter describes any changes that were made to policy and the relevant events regarding good governance during the past financial year 2021 and the closing of the financial year until the meeting of the board of directors of 15 February 2022. The statement also contains the remuneration report and the diversity policy that SIPEF applies for the composition of the board of directors and the executive committee. For the application of the 'comply or explain' principle, the Company relies on the Belgian Corporate Governance Code 2020 ('Code') as the reference code.

(www.corporategovernancecommittee.be)

SIPEF has always formulated the Company's policy to be in line with the best practices of good governance. In 2005, the board of directors of SIPEF adopted the original version of the Corporate Governance Charter ('Charter'). The Charter sets out the structure, powers and functioning of the Company's bodies as well as the obligations of the members of the board of directors and the various committees of the Company. It also contains the rules of conduct that apply to the persons discharging managerial responsibilities and the staff of the Company, if they conduct transactions relating to SIPEF's financial instruments. The Charter has been regularly updated since 2005, in line with changes to applicable regulations and the best practices of good governance. It was last amended on 11 August 2021. These last amendments mainly concerned the appointment of a sixth member of the executive committee and a change in the shareholding of SIPEF. The amended version of the Charter can be consulted on the website (www.sipef.com).

The rules of the Charter have been supplemented since 1 January 2020 by the provisions of the Code of Conduct, which sets out the ethical rules of conduct for the persons discharging managerial responsibilities and staff of SIPEF.

In 2021, the corporate governance of SIPEF was once again influenced by covid-19. As was the case in 2020, the safety of the Company's shareholders, the directors, the members of the executive committee and all other employees and stakeholders of the SIPEF group took precedence. Nevertheless, the Group's operations in Belgium, as well as in Indonesia, Papua New Guinea and Ivory Coast went smoothly via virtual meetings, the strict observance of the necessary security measures and the implementation of various technologies that were constantly updated and reinforced.

The board of directors and the committees organised hybrid meetings, in which members could participate physically or virtually. The ordinary general meeting of 9 June 2021 took place for the second time behind closed doors. In order to increase the involvement of shareholders, it was decided to allow them to participate virtually in the meeting, which was also streamed live. All appropriate measures were taken to ensure that the shareholders were able to exercise their rights to vote and to ask questions as fully as possible. In this way, the remuneration policy was approved as well as the remuneration report that included for the first time the individual remuneration of the members of the executive committee. That said, management found it very regrettable that in 2021 again, it could not meet the shareholders of the Company and speak in person to them at this annual event.

2. Board of directors

2.1 Composition at 31 December 2021

The board of directors consisted of 10 members at 31 December 2021.

	TERM
Baron Luc Bertrand, chairman	2020-2023
François Van Hoydonck, managing director	2019-2023
Tom Bamelis	2018-2022
Priscilla Bracht	2018-2022
Baron Jacques Delen	2021-2022
Antoine Friling	2019-2023
Gaëtan Hannecart	2020-2024
Yu-Leng Khor (from 9 June 2021)	2021-2025
Sophie Lammerant-Velge	2019-2023
Petra Meekers (until 9 June 2021)	2020-2021
Nicholas Thompson	2019-2023

The curricula vitae of the directors are available on the Company website (www.sipef.com).

At least half of the members of the board are non-executive directors, more precisely nine of the ten.

Three of the ten directors are women. The Company accordingly respects the legal gender diversity quota of one third.

Furthermore, at 31 December 2021 the following independent directors sat on the board of directors:

- Yu-Leng Khor
- Sophie Lammerant-Velge
- Nicholas Thompson

These directors fulfil all independence criteria stated in principle 3 of the Code.

The Company's shareholder structure is characterised by the presence of two reference shareholders, Ackermans & van Haaren and Group Bracht, composed of Priscilla, Theodora and Victoria Bracht, and their respective companies (Cabra P, Cabra T and Cabra V), and Cabra NV, which act in mutual consultation, on the basis of a shareholder agreement that was originally entered into in 2007 for a period of 15 years. In 2017, this agreement was amended and renewed for a further period of 15 years.

In spite of this shareholder structure, no director or group of directors has a dominant influence on the functioning of the board of directors.

Non-executive directors

Female directors

Independent directors

Luc Bertrand
chairman

François Van Hoydonck
managing director

Tom Bamelis

Priscilla Bracht

Jacques Delen

Antoine Friling

Gaëtan Hannecart

Yu-Leng Khor

Sophie
Lammerant-Velge

Nicholas Thompson

2.2 Diversity policy

POLICY

The board can only deliberate and make decisions efficiently when the number of members is limited, and the appropriate diversity is present on the board.

The Company applies various criteria when appointing directors, including experience, knowledge, training, age, gender and nationality.

The board also gives special attention to the complementary competencies of its members, which are often associated with the diverse backgrounds of the directors.

The Company also endeavours to protect the interests of all stakeholders through the presence of independent directors.

SIPEF does not tolerate any form of discrimination.

APPLICATION

The background and professional experience of the members are very diversified within the board. They extend over the agricultural, financial, manufacturing and marketing industries. Sustainability being a key aspect of all activities of the SIPEF group, the Company ensures that the board is able to call on the requisite expertise in this domain from within its ranks.

At 31 December 2021, three nationalities were represented by the members of the board: Belgian, British and Malaysian.

Women have sat on the SIPEF board of directors for many years. Priscilla Bracht was the first female director to be appointed in 2004. Sophie Lammerant-Velge joined the board in 2011 and in 2017 the number of female directors increased to three, when Petra Meekers was co-opted to replace Antoine de Spoelberch. In 2021, Petra Meekers left the board of directors to join the executive committee. She was replaced by a new female director, Yu-Leng Khor. This way, in 2021 three of the ten directors were uninterruptedly women.

SIPEF aspires to have a sufficient number of independent directors on the board of directors. At the end of 2021, three of the ten directors were independent.

2.3 Changes to the composition of the board of directors

ENDING AND RENEWAL OF DIRECTORSHIPS IN 2022

The directorships of Tom Bamelis, Priscilla Bracht and Jacques Delen expire at the end of the ordinary general meeting of 8 June 2022. Tom Bamelis and Priscilla Bracht have each applied for a new directorship of four years. The mandate of Jacques Delen will not be renewed.

APPOINTMENT OF A NEW DIRECTOR

It will be proposed to the general meeting of 8 June 2022 to appoint Alexandre Delen as a new director for a period of four years. His term of office will therefore expire at the end of the general meeting in June 2026, which will decide on the accounts for the 2025 financial year.

2.4 Directorships at listed companies at 31 December 2021

The Code limits to five the number of directorships that a director is permitted to hold in listed companies.

The following directors have directorships at listed companies other than SIPEF:

Baron Luc Bertrand:
→ Ackermans & van Haaren
→ CFE

Baron Jacques Delen:
→ Ackermans & van Haaren

Gaëtan Hannecart:
→ Financière de Tubize

Yu-Leng Khor:
→ Rohas Tecnic Berhad

2.5 Meetings of the board in 2021 and attendance record

The SIPEF board of directors met six times in 2021. The weighted average attendance was 98.3%. The individual attendance record at the meetings was as follows:

	ATTENDANCE
Baron Luc Bertrand, chairman	6/6
François Van Hoydonck, managing director	6/6
Tom Bamelis	6/6
Priscilla Bracht	6/6
Baron Jacques Delen	6/6
Antoine Friling	6/6
Gaëtan Hannecart	5/6
Yu-Leng Khor (from 9 June 2021)*	3/3
Sophie Lammerant-Velge	6/6
Petra Meekers (until 9 June 2021)**	3/3
Nicholas Thompson	6/6

* attendance calculated from the ordinary general meeting of 9 June 2021 and based on the meetings during her directorship

** attendance calculated up to and including the day of the ordinary general meeting of 9 June 2021 and based on the meetings during her directorship

The boards of directors of February and August 2021 established the annual and semi-annual financial statements and dealt with the respective press releases. The meeting in September 2021 deliberated on the Group strategy.

As a rule, the development of the activities of the various subsidiaries is checked at each meeting, based on a report drawn up by the executive committee. In addition, the board dealt with the following specific subjects, among others, at its various meetings:

- the conditional sale of the Indonesian company, PT Melania, which owns the Mas rubber plantation and tea assets, to the Indonesian Shamrock Group;
- the purchase in Ivory Coast of the assets of the Wanita banana plantations;
- the Research & Development project for the development of high-quality crude palm oil with a low contaminant level;
- the 10-year business plan;
- the budgets relating to 2021 and 2022 for the Group;
- risks, internal audit and internal control within the Group;
- the benchmarking of remuneration for directors and executive committee members;
- the bonus pool for the Group's management and staff for the 2020 financial year and the variable remuneration of the members of the executive committee;
- the remuneration of the directors and the fixed remuneration for the members of the executive committee for 2022;
- the remuneration policy;
- the Carbon Disclosure Project reporting;
- various topics related to sustainability and, among others, the materiality index, KPIs, SDGs and GRI reporting;
- the 2020 annual report, including the remuneration report and deviations from the Code;
- the convening and organisation of the ordinary general meeting of 9 June 2021;
- the triennial evaluation of the board of directors and its committees;
- the update of the Charter;
- the 2021 management option plan;
- the application of the Code of Conduct and the dialogue with shareholders.

2.6 Assessment

In accordance with the Code, every three years the directors assess the scale, composition and functioning of the board of directors and the committees of the Company.

During the board of directors' meetings of 11 August and 23 September 2021, this triennial evaluation took place. The current size and composition of the board and its committees were found to be appropriate and it was considered that the essential qualifications are sufficiently present.

The next evaluation of the composition and functioning of the board and its committees will take place in 2024.

Furthermore, the non-executive directors assess the relationship between the board of directors and the executive committee once a year, in the absence of the managing director (article 2.8 of the Charter). This annual assessment of the interaction was held on 10 February 2021. The directors in question were of the opinion that the relationship with the executive committee is reliable and open, giving them a sound and transparent view of the day-to-day operations of the Group.

3. Executive committee

3.1 Composition at 31 December 2021

François Van Hoydonck
chairman

Charles De Wulf

Thomas Hildenbrand

Robbert Kessels

Petra Meekers

Johan Nelis

COMPOSITION EXECUTIVE COMMITTEE AT 31 DECEMBER 2021	
François Van Hoydonck, chairman	managing director
Charles De Wulf	estates department manager
Thomas Hildenbrand	fruit department manager
Robbert Kessels	chief commercial officer
Petra Meekers (from 10 June 2021)	chief operating officer Asia-Pacific
Johan Nelis	chief financial officer

The curricula vitae of the members of the executive committee are available on the Company website (www.sipef.com).

3.2 Members of the executive committee

At 31 December 2021, the executive management comprised six people who act together as the executive committee. The committee is responsible for the daily management of the Company and is chaired by the managing director, François Van Hoydonck.

The board appoints the members of the executive committee for an indefinite period of time. This ensures continuity in the functioning of the executive committee.

To anticipate future developments in the Group, Petra Meekers joined the committee as of 10 June 2021, in her role as 'chief operating officer Asia-Pacific' (COO APAC). With the prospect of this appointment, Petra Meekers resigned as a director of SIPEF at the ordinary general meeting of 9 June 2021.

The Company does not have any intentions to make any further changes to the composition of this committee in 2022.

3.3 Diversity policy

POLICY

The diversity policy, on which basis the composition of the board of directors is determined, also applies to the executive committee. A balanced and varied composition is all the more important for the committee, which must be composed of a limited number of people with the knowledge and experience to be able to handle all aspects of the Company's activities.

When appointing the members, the Company is primarily focused on the experience, knowledge and training of the candidates to ensure sufficient complementary competence is present.

Age, gender and nationality are other criteria that are considered. They guarantee a diverse way of thinking and acting.

No form of discrimination is tolerated.

APPLICATION

All members of the committee have their own specific competence in various fields, being agrarian management, sustainability, commercial and administrative management, finance, legal and IT. Where necessary, the members have the required experience in countries where SIPEF is active or in countries in tropical and subtropical regions.

The ages of the members vary from early forties to early sixties. The age limit is set at 65.

There are three different nationalities in the committee: French, Dutch and Belgian.

SIPEF is completely open to the integration of women at all levels of the Company. Women hold key positions both in Belgium and abroad. This was recently confirmed once again by the appointment of Petra Meekers as a member of the executive committee.

3.4 Meetings in 2021

As a rule, the executive committee meets every Tuesday, subject to unforeseen circumstances, and whenever required in the interests of the Company.

The committee is responsible for the daily management of the Group, including all actions connected with the day-to-day operations of the Company and the other companies of the Group, as well as all actions that are not important enough for the board of directors or too urgent to justify the intervention of the board. It has the appropriate operational freedom and resources to duly perform its work.

In practice, the committee prepares all decisions of the board and ensures all decisions taken are implemented. In 2021, among other things, the committee prepared the statutory and consolidated accounts, as well as the quarterly figures of the Group, and established the short-term and long-term budgets, which were submitted to the board for approval. It followed the operational and financial developments of the Group and made related presentations for the board of directors. It formulated proposals concerning the strategy to be followed. Among other things, it prepared the sale of PT Melania as well as the investment in the assets of the Wanita banana plantations, and took the necessary measures for their realisation.

It deliberated on the materiality index, KPIs, SDGs and GRI reporting to be adopted by the Company for the sustainability report. It also studied the new national and European legislative initiatives in the field of sustainability and the consequences for the Company. It submitted various drafts to the board of directors for approval, amongst which those of the annual report, including the remuneration report and the sustainability report.

3.5 Assessment

The composition, operation and performance of the executive committee are evaluated twice a year by the remuneration committee. Furthermore, the remuneration committee, together with the managing director, evaluates each year the contribution of each member of the executive committee to the development of the activities and the results of the Group. The chairman of the committee does not participate in the evaluation of his own performance.

The non-executive directors also give their opinion on the interaction between the board of directors and the executive committee annually, in the absence of the managing director. Their opinion on 10 February 2021 was that the relationship of the board with the executive committee is reliable and open, giving the directors a sound and transparent view of the day-to-day operations of the Group.

In addition, throughout the year, the board of directors evaluates the executive committee based on its work and preparations for the board.


Estate

4. Committees of the board of directors

4.1 Audit committee

COMPOSITION AT 31 DECEMBER 2021, MEETINGS AND ATTENDANCE RECORD IN 2021

	TERM	ATTENDANCE
Tom Bamelis, chairman	2019-2022	4/4
Sophie Lammerant-Velge	2019-2023	4/4
Nicholas Thompson	2019-2023	4/4

At 31 December 2021, the audit committee had three members, all non-executive directors. Two members are independent directors. The committee is chaired by Tom Bamelis.

The term in which members have a seat on the committee coincides with the term of their directorship.

All members of the audit committee have the necessary accounting and auditing skills, and the committee has collective expertise with regard to the activities of SIPEF.

The audit committee met four times in 2021. The weighted average attendance was 100%.

In February and August, the committee's primary focus was on analysing the annual and semi-annual financial statements and the press release relating to these accounts. At each of these meetings, the auditor presented the results of the audit of these statements.

In addition, the following were also explained and discussed during the various meetings:
- the application of the goodwill impairment test;
- the accelerated depreciation of the immature and mature rubber plantations to be converted into oil palm plantations;
- the analysis of the accounting treatment of the 2020-2021 tax expenses (effective and deferred tax);
- the accounting treatment of the sale of the 95% PT Melania shares and the related press release;
- the impairment of the PT Dendymarker plantings and of the long-term receivable from smallholders;
- the allocation of the purchase price of the assets of the Wanita banana plantations;
- the financial covenant regarding the long-term loan and its evolution;
- the update of the existing risks and their classification;
- the reports of the internal audit committees of the Indonesian subsidiaries and Hargy Oil Palms Ltd in Papua New

Guinea;
- the reasons for not organising an internal audit at the Head Office in Belgium;
- the proposal to appoint a new Group auditor as from the financial year 2021;
- the evaluation of the relationship of the statutory auditor with the management and the financial department.

The auditor attended all the meetings of the committee in 2021.

The internal auditors of the operational subsidiaries did not attend the meetings of the audit committee of the mother company. The managing director and CFO held virtual meetings with the local internal audit managers in Indonesia and Papua New Guinea, in the course of the financial year 2021.

ASSESSMENT

The periodic assessment of the composition and functioning of the board of directors also relates to the committees of the board of directors.

4.2 Remuneration committee

COMPOSITION AT 31 DECEMBER 2021, MEETINGS AND ATTENDANCE RECORD IN 2021

	TERM	ATTENDANCE
Antoine Friling, chairman	2019-2023	2/2
Yu-Leng Khor (from 9 June 2021)*	2021-2025	1/1
Sophie Lammerant-Velge	2019-2023	2/2
Petra Meekers (until 9 June 2021)**	2020-2021	1/1

* attendance calculated from the ordinary general meeting of 9 June 2021 and based on the meetings during her mandate

** attendance calculated up to and including the day of the ordinary general meeting of 9 June 2021 and based on the meetings during her mandate

At 31 December 2021, the remuneration committee is composed of three members, all non-executive directors. The majority of the committee, i.e. two of the three members, are independent directors. The committee is chaired by Antoine Friling.

The term in which members have a seat on the committee coincides with the term of their directorship. The committee has the required expertise in remuneration policy.

The remuneration committee met twice in 2021. The weighted average attendance was 100%.

In 2021, the remuneration committee considered the following issues:
- benchmarking of the compensation of the Group's expatriates, managers and directors;
- determination of the Group's bonus pool;
- individual assessment of management and proposal of variable remuneration payable in 2021;

- remuneration policy and remuneration report;
- remuneration of directors and fixed remuneration of the members of the executive committee for 2022;
- update of succession planning;
- issue of share options in 2021 for the Group's managers.

The managing director also attended the meetings of the remuneration committee.

A representative of each of the reference share-holders, Ackermans & van Haaren and Group Bracht, was present at the February and November meetings.

ASSESSMENT

The periodic assessment of the composition and functioning of the board of directors also relates to the committees of the board of directors.

4.3 Nomination committee

COMPOSITION AT 31 DECEMBER 2021, MEETINGS AND ATTENDANCE RECORD IN 2021

The SIPEF nomination committee is composed of all the members of the board of directors.

The change to the composition of the nomination committee is identical to the change to the composition of the board of directors (see point 2.1.).

The board met twice in 2021 in its capacity of nomination committee, on 10 February and 17 November. The weighted average attendance was 100%.

The board of directors in its capacity as nomination committee, expressed its opinion on the following issues:

- the interaction between the board of directors and the executive committee, in the absence of the managing director;
- the renewal of the mandate of directors and appointment of a new independent director;
- the appointment of a new member of the remuneration committee and of the executive committee;
- the appointment of a new auditor and determination of his remuneration.

4.4 Assessment of the committees of the board of directors

The board of directors regularly assesses its own composition and functioning, as well as the composition and functioning of its committees.

At the meetings of 11 August and 23 September 2021, in addition to the assessment of the board, the composition and functioning of the board's committees were discussed.

The current size and composition of the board committees were found to be appropriate and it was considered that the essential qualifications are sufficiently present.

The next assessment of the board of directors and its committees will take place in 2024.

5. Remuneration report

5.1 Introduction

The present remuneration report has been prepared in accordance with article 3:6. §3 of the Companies Code, as amended by the law of 28 April 2020, enacting into Belgian law the EU directive encouraging long-term shareholder engagement. It provides a comprehensive overview of all aspects of the remuneration, including all benefits in whatever form that were awarded to the non-executive directors, the managing director and the other members of the executive committee during the financial year 2021. It contains a detailed presentation of the remuneration of every member of the executive committee, the collegiate body that is responsible for daily management.

In 2021, a variable remuneration was again paid to the executive management. Indeed, in 2020, the recurring consolidated result, the basis for calculating this remuneration, was no longer negative, as it was in 2019. The performance of the year 2020 formed the basis for the determination of the variable remuneration paid in 2021. It was characterised by some important developments and transactions that are set out under the section 'Significant events in 2020' (see Company Report 2020 page 6). The significant events in 2021 will be decisive for the variable remuneration to be paid in 2022.

In 2021, there were no major changes to the composition of the board of directors with an impact on the remuneration of the members of the board of directors. The number of members of the executive committee, on the other hand, was increased from five to six compared to the previous financial year. Petra Meekers, who until then had been a member of the board of directors, joined the executive committee on 10 June 2021 in her capacity as 'chief operating officer Asia-Pacific'.

This report has been prepared in accordance with the remuneration policy approved by a majority of 95.8% of votes at the ordinary general meeting of 9 June 2021. This new policy, which broadly reflects the old one, applies to remuneration paid from 1 January 2021. The detailed text of the remuneration policy is published on the Company's website.

5.2 Total remuneration of the directors

The directors receive a fixed remuneration that is not linked to the results. This remuneration consists of the emoluments for the meetings of the board of directors and, where applicable, remuneration for membership of a given committee.

In 2021, the directors received the following remuneration:

IN EUR (ON AN ANNUAL BASIS PER PERSON)	MEMBER	CHAIRMAN
Board of directors	29 000	60 000
Audit committee	7 500	9 750
Remuneration committee	4 000	5 200

	BOARD OF DIRECTORS		AUDIT COMMITTEE		REMUNERATION COMMITTEE		TOTAL	
IN KEUR	2020	2021	2020	2021	2020	2021	2020	2021
Baron Luc Bertrand	60.00	60.00	0.00	0.00	0.00	0.00	60.00	60.00
François Van Hoydonck	29.00	29.00	0.00	0.00	0.00	0.00	29.00	29.00
Tom Bamelis	29.00	29.00	9.75	9.75	0.00	0.00	38.75	38.75
Priscilla Bracht	29.00	29.00	0.00	0.00	0.00	0.00	29.00	29.00
Baron Jacques Delen	29.00	29.00	0.00	0.00	0.00	0.00	29.00	29.00
Antoine Friling	29.00	29.00	0.00	0.00	5.20	5.20	34.20	34.20
Regnier Haegelsteen (until 10 June 2020)	14.50	0.00	0.00	0.00	0.00	0.00	14.50	0.00
Gaëtan Hannecart (from 10 June 2020)	14.50	29.00	0.00	0.00	0.00	0.00	14.50	29.00
Yu-Leng Khor (from 9 June 2021)	0.00	14.50	0.00	0.00	0.00	2.00	0.00	16.50
Sophie Lammerant-Velge	29.00	29.00	7.50	7.50	4.00	4.00	40.50	40.50
Petra Meekers (until 9 June 2021)	29.00	14.50	0.00	0.00	4.00	2.00	33.00	16.50
Nicholas Thompson	29.00	29.00	7.50	7.50	0.00	0.00	36.50	36.50
TOTAL	**321.00**	**321.00**	**24.75**	**24.75**	**13.20**	**13.20**	**358.95**	**358.95**

The outgoing and incoming directors are remunerated in accordance with the number of months they served as director in the financial year.

The non-executive directors do not receive any variable remuneration or options. Neither is part of their remuneration paid out in the form of shares of the Company (see Company Report, page 109). They benefit from director liability insurance.

5.3 Total remuneration of the members of the executive committee

The members of the executive committee, consisting of the managing director and other managers of the Company, receive fixed remuneration, variable remuneration and, possibly, share options.

The Company has not set any minimum number of shares that must be held by the members of the executive management (see Company Report, page 109).

No shares were awarded to the members of the executive committee in 2021.

BREAKDOWN OF THE TOTAL REMUNERATION

2021

IN KEUR	FVH	CDW	TH	RK	PM	JN	TOTAL	%
Board remuneration	29	0	0	0	17	0	46	1.7%
Fixed remuneration	365	256	246	299	375	336	1 877	69.6%
Variable remuneration	88	41	43	38	0	62	272	10.1%
Pension contributions	256	46	47	0	0	46	395	14.7%
Other	15	9	15	28	31	8	106	3.9%
SUBTOTAL	**753**	**352**	**351**	**365**	**423**	**452**	**2 696**	**100.0%**
Capital gain vested share option (at vesting date)*	32	11	11	11	0	11	74	
TOTAL REMUNERATION	**785**	**363**	**362**	**376**	**423**	**463**	**2 770**	
Subtotal	100%	100%	100%	100%	100%	100%	100%	
Fixed	88%	88%	88%	90%	100%	86%	90%	
Variable	12%	12%	12%	10%	0%	14%	10%	

2020

IN KEUR	FVH	CDW	TH	RK	PM	JN	TOTAL	%
Board remuneration	29	0	0	0	0	0	29	1.5%
Fixed remuneration	370	254	246	298	0	303	1 471	74.8%
Variable remuneration	0	0	0	0	0	0	0	0.0%
Pension contributions	258	46	49	0	0	46	399	20.3%
Other	10	9	14	27	0	8	68	3.5%
SUBTOTAL	**667**	**309**	**309**	**325**	**0**	**357**	**1 967**	**100.0%**
Capital gain vested share option (at vesting date)*	0	0	0	0	0	0	0	
TOTAL REMUNERATION	**667**	**309**	**309**	**325**	**0**	**357**	**1 967**	
Subtotal	100%	100%	100%	100%	N/A	100%	100%	
Fixed	100%	100%	100%	100%	N/A	100%	100%	
Variable	0%	0%	0%	0%	N/A	0%	0%	

* For more details on the respective option plans (respectively, SOP 2018 and SOP 2017), see page 97 and 98, table: Breakdown of the SIPEF stock option plan (SOP).

The managing director receives emoluments for participating in the meetings of the board of directors and additional fixed remuneration for his executive duties.

A. FIXED REMUNERATION

The members of the executive committee receive a fixed remuneration and benefit from group insurance with fixed contributions. This comprises a supplementary pension, as well as disability and life insurance. In addition, the Company has taken out hospitalisation insurance and assistance insurance with global cover for every member. Management also benefits from a company car and meal vouchers. However, the fixed remuneration of Petra Meekers, who operates from Singapore, includes a fixed monthly amount that, in addition to the fixed remuneration, is provided for costs such as pension, company car and accommodation expenses. Also, Petra benefits from a disability, life and health care insurance and receives an allowance for the studies of her children (see item 'Other').

B. VARIABLE REMUNERATION

The total amount of the variable remuneration paid to both the staff and the members of the executive committee cannot be more than 2% of the consolidated recurring result before tax, share of the Group. The maximum amount of the variable short-term remuneration in cash of each member of the executive committee is set at two times the fixed remuneration of this member. Petra Meekers is not entitled to any variable remuneration during the first two years of her employment with SIPEF.

The ultimate individual amount of the variable remuneration awarded to each of the members is based on financial criteria that are set in a discretionary manner by the board of directors, at the proposal of the remuneration committee. This committee makes a proposal based on the various components of the profit of the financial year and the contribution of each member of the executive committee to its achievement. In doing so, the remuneration committee is guided by the financial and objectively measurable criteria, set in advance and applied for a period of one financial year.

The linking of the variable remuneration to performance in one financial year – rather than performance criteria over two or three financial years as laid down by law – is justified by the volatility of the results of the agro-industrial activities, particularly the palm oil market, whose performance is linked to the price of agricultural raw materials.
It is therefore logical that the remuneration of the staff and management, like the shareholder dividend, changes with the volatility of the Group. The Company strictly applies this reasoning every year. This means that if the Group incurs a loss in a given year, no variable remuneration or dividend is paid the following year to the members of the executive committee and the shareholders respectively. This was the case in 2020, when no variable remuneration and dividend were paid due to the loss in 2019.

Setting the variable remuneration on the basis of performance in one financial year does not undermine the long-term vision of the executive management. This vision is inextricably bound up with the agro-industrial activities of the SIPEF group, which can only be evaluated in the long-term, as evidenced by the strategy and business model of SIPEF (see Company Report, page 13 and further).

Furthermore, the board of directors did not award any special bonuses to any members for specific accomplishments in 2021.

Besides the short-term variable remuneration, the members of the executive committee receive no long-term variable remuneration in cash.

C. CLAWBACK

All members of the executive committee have signed a clawback clause. This means that the Company is entitled to demand variable net remuneration is returned if it was awarded on the basis of incorrect financial data.

The Company did not trigger this clawback clause in 2021.

5.4 Consistency between remuneration and remuneration policy and application of the performance criteria

The total remuneration of the directors and the members of the executive committee is completely in line with the remuneration policy, and is calculated and applied in a transparent way.

The fixed remuneration of the members of the board of directors and the executive committee is benchmarked on an annual basis against market practice and is, therefore, in line with the market.

The variable remuneration is linked to the annual results of the Group, which depend directly on the volatile prices of agricultural raw materials.

The Company notifies its shareholders, management, employees and all other stakeholders on a continual basis, and in a proper and transparent way, about developments with regard to the activities, sustainability, performance and corporate governance of the Group. Since 2020, this transparency has been provided in even more detail in this report with regard to the remuneration of the members of the executive committee. Clear communication and transparency are the cornerstones of satisfaction, keep people motivated and contribute to good long-term performance. This way, staff and management remain motivated and dedicated to achieving the long-term goals the Group has set.

5.5 Stock option plan

Share options have been offered to members of the executive committee every financial year since 2011. The share options offered in the SIPEF share option plan have the following characteristics:

- **Type:** SIPEF share options (one option gives the holder the right to one SIPEF share);
- **Time of the offer:** second half of November;
- **Exercise price:** price based on the average closing price of the share over the 30 days preceding the offer;
- **Term of the plan:** 10 years;
- **Exercise term:** from 1 January of the year following the third anniversary of the grant, up to and including the end of the tenth year after the date of the offer;
- No performance criteria have been set for the granting or exercise of share options.

Options granted to the members of the executive committee in 2021.

On 18 November 2021, options were granted by SIPEF to the members of the executive committee. These options were accepted by the beneficiaries as follows:

	NUMBER
François Van Hoydonck	6 000
Charles De Wulf	2 000
Thomas Hildenbrand	2 000
Robbert Kessels	2 000
Johan Nelis	2 000
TOTAL	**14 000**

Another 4 000 options were granted to general managers of the foreign subsidiaries.

The options granted in 2021 have the following characteristics:

- **Exercise price:** EUR 58.31
- **Expiry date:** 18 November 2031
- **Exercise period:** at any time from 1 January 2025 up to and including 17 November 2031

BREAKDOWN OF THE SIPEF STOCK OPTION PLAN (SOP)								VESTED			NOT VESTED
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Offer	23/11/11	21/11/12	20/11/13	18/11/14	28/11/15	07/12/16	23/11/17	20/11/18	23/11/19	19/11/20	18/11/21
Vesting	31/12/14	31/12/15	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23	31/12/24
Exercise period begin:	01/01/15	01/01/16	01/01/17	01/01/18	01/01/19	01/01/20	01/01/21	01/01/22	01/01/23	01/01/24	01/01/25
Exercise period end:*	22/11/21	20/11/22	19/11/23	17/11/24	27/11/25	06/12/26	22/11/27	19/11/28	22/11/29	18/11/30	17/11/31
Exercise price (in EUR)	56.99	59.14	55.50	54.71	49.15	53.09	62.87	51.58	45.61	44.59	58.31
Market price at vesting date (in EUR)	47.68	52.77	60.49	62.80	48.80	54.80	43.20	56.90			

* latest exercise date

Fluctuations in the financial year 2021

FRANÇOIS VAN HOYDONCK								VESTED		NOT VESTED		
SOP	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Offered not yet vested	0	0	0	0	0	0	0	0	6 000	6 000	6 000	18 000
Vested before the end of 2021	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	0	0	0	48 000
Exercised in 2021	-6 000	0	0	0	0	0	0	0	0	0	0	-6 000
Expired in 2021	0	0	0	0	0	0	0	0	0	0	0	0
Total share options at the end of the year	0	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	60 000
Vested at exercise price (in EUR)							377 220	309 480				
Vested at market price (in EUR)							259 200	341 400				
Latent capital gain at vesting date (in EUR)							0	31 920				

CHARLES DE WULF								VESTED		NOT VESTED		
SOP	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Offered not yet vested	0	0	0	0	0	0	0	0	2 000	2 000	2 000	6 000
Vested before the end of 2021	0	0	0	2 000	2 000	2 000	2 000	2 000	0	0	0	10 000
Exercised in 2021	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2021	0	0	0	0	0	0	0	0	0	0	0	0
Total share options at the end of the year	0	0	0	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	16 000
Vested at exercise price (in EUR)							125 740	103 160				
Vested at market price (in EUR)							86 400	113 800				
Latent capital gain at vesting date (in EUR)							0	10 640				

THOMAS HILDENBRAND								VESTED		NOT VESTED		
SOP	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Offered not yet vested	0	0	0	0	0	0	0	0	2 000	2 000	2 000	6 000
Vested before the end of 2021	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	16 000
Exercised in 2021	-2 000	0	0	0	0	0	0	0	0	0	0	-2 000
Expired in 2021	0	0	0	0	0	0	0	0	0	0	0	0
Total share options at the end of the year	0	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	20 000
Vested at exercise price (in EUR)							125 740	103 160				
Vested at market price (in EUR)							86 400	113 800				
Latent capital gain at vesting date (in EUR)							0	10 640				

ROBBERT KESSELS								VESTED		NOT VESTED		
SOP	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Offered not yet vested	0	0	0	0	0	0	0	0	2 000	2 000	2 000	6 000
Vested before the end of 2021	0	0	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	12 000
Exercised in 2021	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2021	0	0	0	0	0	0	0	0	0	0	0	0
Total share options at the end of the year	0	0	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	18 000
Vested at exercise price (in EUR)							125 740	103 160				
Vested at market price (in EUR)							86 400	113 800				
Latent capital gain at vesting date (in EUR)							0	10 640				

JOHAN NELIS								VESTED		NOT VESTED		
SOP	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Offered not yet vested	0	0	0	0	0	0	0	0	2 000	2 000	2 000	6 000
Vested before the end of 2021	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	16 000
Exercised in 2021	-2 000	0	0	0	0	0	0	0	0	0	0	-2 000
Expired in 2021	0	0	0	0	0	0	0	0	0	0	0	0
Total share options at the end of the year	0	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	20 000
Vested at exercise price (in EUR)							125 740	103 160				
Vested at market price (in EUR)							86 400	113 800				
Latent capital gain at vesting date (in EUR)							0	10 640				

In 2021, three members of the executive committee together exercised 10 000 options of the 2011 stock option plan. The remaining 6 000 options of that plan, which were granted to general managers of subsidiaries, were also exercised by the beneficiaries before 22 November 2021, the expiry date.

In 2021, the members of the executive committee exercised no other options than those mentioned above and no options expired.

5.6 Deviations from the remuneration policy in 2021

In 2021, remuneration was awarded to the directors and the members of the executive committee in compliance with the remuneration policy, except for the departures mentioned under 5.3. a. and b. These deviations are linked to the stay of Petra Meekers in Singapore where she is stationed for the operational management of the Asia-Pacific subsidiaries of the Group.

5.7 Comparative information on changes to the remuneration and the performance of the Company over a period of 5 years; ratio between highest and lowest remuneration of SIPEF

A) YEARLY CHANGE IN REMUNERATION (IN PERCENTAGE)

	2017	2018	VARIANCE	2019	VARIANCE	2020	VARIANCE	2021	VARIANCE
Total board remuneration (1) (in KEUR)	315	344	**+9%**	359	**+4%**	359	**0%**	359	**0%**
Total fixed remuneration excom (2) (in KEUR)	1 832	1 899	**+4%**	1 943	**+2%**	1 967	**+1%**	2 424	**+23%**
Total variable remuneration excom (3) (in KEUR)	682	1 168	**+71%**	416	**-64%**	0	**-100%**	272	**N/A**

B) YEARLY CHANGE IN THE PERFORMANCE OF THE COMPANY

	2017	2018	VARIANCE	2019	VARIANCE	2020	VARIANCE	2021	VARIANCE
CPO market price (in USD/tonne CIF Rotterdam)	715	598	**-16%**	566	**-5%**	715	**+26%**	1 195	**+67%**
Produced CPO volumes (in tonnes)	330 958	351 757	**+6%**	312 514	**-11%**	329 284	**+5%**	384 187	**+17%**
Result, share of the Group (recurring) (in KUSD)	64 481	22 713	**-65%**	-8 004	**-135%**	14 122	**N/A**	82 746	**+486%**

C) YEARLY CHANGE IN THE AVERAGE REMUNERATION OF THE EMPLOYEES

	2017	2018	VARIANCE	2019	VARIANCE	2020	VARIANCE	2021	VARIANCE
Average fixed remuneration employees SIPEF HQ (4) (in KEUR/month)	4 467	4 440	**-1%**	4 491	**+1%**	4 832	**+8%**	5 165	**+7%**
Average variable remuneration employees SIPEF HQ (5) (in KEUR/year)	12 012	20 003	**+67%**	7 618	**-62%**	0	**-100%**	4 955	**N/A**

D) RATIO HIGHEST/LOWEST REMUNERATION (FTE)

	2017	2018	2019	2020	2021
Ratio total fixed remuneration highest member excom and lowest employee HQ (6)	12.5	12.8	9.3	9.2	9.1

(1) Remuneration as included under 5.2. Total remuneration of the directors
(2) Fixed remuneration as included under 5.3. Total remuneration of the members of the executive committee
(3) Variable remuneration as included under 5.3. Total remuneration of the members of the executive committee
(4) Average gross salary (full-time equivalent) in January of the respective year
(5) Average variable remuneration (full-time equivalent) paid
(6) Total fixed cost highest individual remuneration of the executive committee/total fixed cost (full-time equivalent) lowest employee remuneration HQ

5.8 Information on the general meeting votes on the remuneration policy and report

The new remuneration policy applied for the first time to the financial year 2021. It was approved with a majority of 95.8% of the votes by the general meeting of 9 June 2021. The same general meeting also approved the remuneration report for the 2020 financial year, which had been prepared in accordance with the old remuneration policy. The current remuneration report, drawn up on the basis of the new remuneration policy, will also be submitted for approval to the ordinary general meeting on 8 June 2022.

6. External and internal audit

6.1 External audit

The ordinary general meeting of 9 June 2021 noted the resignation of the auditor, Deloitte Bedrijfsrevisoren CVBA, represented by Kathleen De Brabander. This mandate, which would normally expire at the end of the ordinary general meeting of June 2023, was fully in line with the European regulation on audit reform of 16 April 2014. However, the Belgian legislator interprets the transitional provisions of this regulation regarding the external rotation of auditors in a restrictive way. As a result, Deloitte could only exercise its renewed mandate for the financial year 2020 and had to interrupt it for the two following financial years.

Subsequently, at the end of 2020, SIPEF initiated a private tender procedure with a view to appointing a new auditor in accordance with European regulations. Based on the outcome of this procedure, the general meeting of 9 June 2021 appointed EY Bedrijfsrevisoren BV, represented by Christoph Oris and Wim Van Gasse, for a term of three years. The annual remuneration was set at USD 93 000, excluding indexation and VAT.

The auditor conducts the external audit on the consolidated and individual financial statements of SIPEF. He reports to the audit committee and the board of directors twice a year.

The annual remuneration of the statutory auditor for the financial year 2021 regarding the statutory audit of the accounts and consolidated financial statements of SIPEF amounts to KUSD 116.

The remuneration for non-audit services in 2021 came to KUSD 0.

The total cost of external control of the SIPEF group paid to the EY network amounted to KUSD 577. The fees paid for advice from the same statutory auditor and related companies came to KUSD 0. All details regarding the fees paid to Deloitte can be found in Note 33 of the Financial Statements.

6.2 Internal audit

An internal audit department has been set up at the operating units in Indonesia and at Hargy Oil Palms Ltd in Papua New Guinea, reporting four times per year to the local audit committee that assesses the internal audit reports.

The internal audit function at the Head Office in Belgium and in the other subsidiaries was exercised in 2021 by the member of the executive committee responsible, along with the managing director and the chief financial officer of SIPEF. Given the limited size of these companies, in 2021 the SIPEF audit committee did not change its opinion that no separate internal audit department should be set up at this time for the Head Office and these subsidiaries. The committee did recommend in November 2020 that one of the Group controllers at the Head Office should conduct an internal audit and present a report on these few companies to the SIPEF audit committee. This procedure was strictly applied in 2021.

7. Report in connection with internal control and risk management systems

The SIPEF board of directors is responsible for assessing the inherent risks of the Group and the effectiveness of internal control.

SIPEF's internal control systems were set up in accordance with the Belgian legal requirements for risk management and internal control, the principles stated in the 2020 Belgian Corporate Governance Code, and are organised on the basis of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model.

An analysis conducted at Group level forms the basis of the internal control and risk management system, an important pillar of which is the reliability of the financial reporting and the communication process.

7.1 Control environment

SIPEF is a Belgian-listed company specialising in agro-industrial activities in tropical and subtropical regions. The Group produces mainly palm products in Indonesia and Papua New Guinea and, on a smaller scale, bananas in the Ivory Coast. The production of these products is a very labour-intensive process.

To optimise the management of the plantations, a lot of attention is given to the employees' general knowledge and training in agricultural and management methods. The Company draws up manuals with standard operating procedures containing practical guidelines and appropriate management practices, to ensure the implementation of the Group policy in agriculture, technology and environment by the various members of staff in different parts of the world. The Group management ensures that all employees are able to work in a safe and healthy environment.

The SIPEF board of directors has also drawn up a 'Responsible Plantations Policy' (www.sipef.com/hq/sustainability/policies/responsible-plantations-policy) and a 'Responsible Purchase Policy' (www.sipef.com/hq/sustainability/policies/responsible-purchasing-policy/), which apply to all plantation activities and raw materials. It reviews these lines of policy every year to adapt them to the latest legal, social and environmental standards.

To facilitate and encourage further growth, SIPEF pursues in the day-to-day management of its activities clear sustainable regulations that are stricter than the legal requirements of the countries in which the Company does business. That undertaking is documented by certificates and generally accepted standards: see the Sustainability Report, page 18.

The internal control exercised by SIPEF monitors compliance with all these procedures, guidelines and rules to protect the assets, staff and activities of the Group and optimise their management.

The corporate structure, corporate philosophy and management style of the SIPEF group can be generally described as 'flat'. This is explained by the limited number of decision channels in the hierarchy. This and the low staff turnover increase the social control in the Company.

The Group is split into a number of departments. Each department has specific functions and each person in that department has a specific job description. The required level of education and/or experience is established for each job and duty. There is a well-defined policy of delegating powers.

Lastly, SIPEF monitors the strict application of the rules set down in its Corporate Governance Charter and the Code of Conduct to ensure that the directors, all persons discharging managerial responsibilities and the staff of the Group act honestly and ethically, and in accordance with the applicable rules and principles of good governance.

7.2 Risk analysis and control activities

Every year, the board of directors approves the strategic plan setting out the strategic, operational, financial, tax and legal goals.

Certain risks can threaten the achievement of these goals. These risks have been identified and classified based on their potential importance, the likelihood they will become reality and the steps taken to deal with them. The risk actions are split into the following categories: reduction, transfer, avoidance and acceptance.

The Company has issued the appropriate instructions and/or established the required procedures to enable the identified risks to be dealt with appropriately.

7.3 Information and communication

A set of internal and external operational and financial reports ensures the appropriate information can be made available at the appropriate levels on a periodic basis (daily, weekly, monthly, quarterly, every six months or annually) so that the assigned responsibilities can be duly taken.

7.4 Supervision and monitoring

It is the responsibility of every employee to report potential failings in the internal control to the appropriate person.

In addition, the internal audit departments at the operating units in Indonesia and at Hargy Oil Palms Ltd in Papua New Guinea, are responsible for the constant supervision of the effectiveness and compliance of the existing internal control for their respective activities. They propose the appropriate adjustments based on their findings. A local audit committee discusses the reports of the internal audit departments every quarter. A summary of the most important findings is submitted to the SIPEF audit committee every year.

The responsible member of the executive committee, together with the managing director and the chief financial officer of SIPEF, monitors the internal control at small subsidiaries for which a separate internal audit function has not been created. Furthermore, one of the Group controllers at the Head Office conducts an internal audit of the activities of these subsidiaries and presents a report to the SIPEF audit committee.

In addition, the financial statements of every Group subsidiary are checked by an external auditor at least every year. Any remarks ensuing from this external audit are submitted to the board of directors in the form of a management letter. No major failures in the internal control have been established in the past.

7.5 Internal control and risk management systems related to financial reporting

The process for drawing up financial reports is as follows:

- The process is led by the corporate finance department, which is under the direct supervision of the chief financial officer of SIPEF.
- A schedule is drawn up based on the imposed (internal and external) deadlines. This is given to every reporting entity and the external auditor at the start of the year. The external deadlines are also published on the Company's website.
- The following reporting entities can be identified:
  - A. SIPEF in Belgium
  - B. Jabelmalux SA in Luxembourg
  - C. the companies in Indonesia, including PT Timbang Deli, taken as a whole, and PT Melania
  - D. Hargy Oil Palms Ltd in Papua New Guinea
  - E. Plantations J. Eglin SA in Ivory Coast
  - F. Verdant Bioscience Pte Ltd in Singapore
  - G. SIPEF Singapore Pte Ltd in Singapore
- The financial department of each entity is headed by a certified accountant.
- The first step in the annual reporting cycle is drawing up a budget for the following year. This is done in the period September to November and is submitted to the board of directors for approval in November. The strategic options in this budget also fit in with the long-term plan strategy that is updated and approved by the board of directors annually.
- Sensitivity analyses for the strategic plan and the annual budget are drawn up to be able to make the right risk profile for the decisions to be made.
- The production figures and the cash financial position of the previous month are received and consolidated by the 'corporate finance' department in the first week of every month, before being submitted to the managing director and the executive committee.
- The intergroup transactions are also reconciled in this first week, before the accounts are closed.
- The monthly financial reporting comprises an analysis of the volumes of initial stock, production, sales and end stock; the operational result and a summary of the other items on the income statement, i.e. financial result and tax, a balance sheet and cash flow analysis.
- The accounting policies used for the monthly reporting are identical to those used for the legal consolidation under IFRS.
- The monthly figures are compared with the budget and the same period a year earlier for each reporting entity, and significant differences are investigated.
- The corporate finance department consolidates these (summary) operational and financial figures (in functional currency) on a monthly basis to the reporting currency (USD), and checks once again that they are consistent with the budget or the previous period.
- The consolidated monthly reporting is submitted to the managing director and the executive committee.

- The board of directors receives this report on a periodic basis, i.e. 3, 6, 9 and 12 months, as preparation for the board meeting. This report is accompanied by a memorandum with a detailed description of the operational and financial trends of the preceding quarter.
- In the event of exceptional events, the board of directors is also notified immediately.
- An external audit controls the individual financial statements and the technical consolidation at the end of June and the end of December, but only in December for the smaller entities. The consolidated IFRS figures are then submitted to the audit committee.
- Based on the advice of the audit committee, the board of directors gives its opinion on the correctness of the consolidated figures before publishing the financial statements on the market.
- An interim management report is published twice a year, after the first and after the third quarter, stating the trends in production volumes, global market prices and any changes in the pipeline.
- The corporate finance department is responsible for monitoring any amendments to IFRS reporting standards and implementing these amendments in the Group.

The monthly management reports and the legal consolidation are done in an integrated system. Appropriate care is also given to anti-virus and security applications, uninterrupted backups and steps to ensure the continuity of the service.

8. Rules of conduct concerning conflicts of interest

The Charter describes the policy with regard to transactions between the Company or one of its affiliated companies and a member of the board of directors or the executive committee, or an associated person, that could entail a conflict of interest, within the meaning of the Companies Code or otherwise. It also states the legal procedures that are laid down in articles 7:96 and 7:97 of the Companies Code.

In 2021, transactions giving rise to a conflict of interests within the meaning of article 7:96 of the Companies Code were reported to the board of directors of 10 February 2021 and 17 November 2021. The legal procedure provided for by this article was applied to the related decisions of the board. The Company auditor was given the minutes of the meeting in which these board decisions were made. Excerpts of the minutes relating to the decisions in question are reproduced in full below:

Excerpt of the minutes of 10 February 2021
"The Chairman of the Remuneration Committee, Antoine Friling, summarises the proposals of the Committee to the Directors as follows: ...

- *The individual evaluation of the members of the Executive Committee was discussed in length.*

  As this item concerns part of his remuneration, François Van Hoydonck, Managing Director, states that there is a conflict of interest on his behalf. Article 7:96 of the Belgian Companies Code is therefore applicable. He leaves the meeting temporarily.

  The Directors take notice of the evaluation and the bonus proposed by the Remuneration Committee for François Van Hoydonck regarding 2020. They confirm the recommendation issued by the Remuneration Committee.

  François Van Hoydonck enters the meeting room.

...

The Committee has also continued the discussion on succession planning in the SIPEF group.

Petra Meekers being concerned by this item, states that there is a conflict of interest on her behalf in the sense of article 7:96 of the Belgian Companies Code and leaves the meeting.

From previous reports it is proven that the Group is well prepared for the future at the different levels of management in the various countries, except for the replacement of the President Director in Indonesia and the Managing Director in Head Office. It has been proposed that Petra Meekers will join the Group as CEO of SIPEF Singapore Pte Ltd as from 1st April 2021 onwards. She will be responsible for the operations in Indonesia and PNG as Chief Operating Officer Asia-Pacific (COO APAC). A remuneration package with a total cost of KEUR 622 has been advised for approval. Petra is also recommended to join the SIPEF Executive Committee as from 10th June 2021.

Petra informed the company that in view of her new executive functions in SIPEF, she will resign from the Board of Directors at the next AGM of 9 June 2021. Petra will follow a path towards a potential nomination as Managing Director of SIPEF by September 2024. There will be well-defined stepstones for evaluation and advice by the Remuneration Committee to the Board of Directors as Nomination Committee. The succession of the President Director Indonesia will be considered as one of the priorities in the next six months.

The Board unanimously approves these recommendations of the Remuneration Committee.

Petra Meekers enters the meeting again."

Excerpt of the minutes of 17 November 2021

"The Chairman of the Remuneration Committee, Antoine Friling, summarises the advice of the Committee to the Directors as follows: ...

As the next items concern his individual remuneration, François Van Hoydonck, Managing Director, states that there is a conflict of interest on his part, as referred to in article 7:96 of the Belgian Company Code. François leaves the meeting.

- *The same benchmark study shows that the overall fixed remuneration of the Managing Director and the Executive Committee members are in line with the market and that no general adjustment is required. The variable remunerations received in 2021 were substantially lower than the benchmark average, but in line with the profitability of the Company in 2020. It is however recommended, in view of the developments over the last few years, including the growth of the size of the Company, in combination with the debt reduction at times of low palm oil prices, to increase the annual remuneration of the Managing Director from KEUR 667 to KEUR 750 (cost to the Company) as from 2022 onwards.*

- *It is proposed that the yearly option scheme, started in 2011, would be continued in 2021. The options would have the same characteristics as those granted last year, being an annual stock option plan on existing SIPEF shares and in line with Belgian tax legislation. The Committee proposes to grant a total number of 20 000 share options to the Managing Director, the extended Executive Committee and the 2 Managers in charge of the operations of SIPEF in Indonesia and Ivory Coast. The Manager in charge of PNG is not earmarked for the option program offered in 2021, as being in a transition phase. One option giving the beneficiary the right to buy one SIPEF share, 20 000 options correspond to an amount of approximately KEUR 1 120 (on the basis of a share price of approximately EUR 56 per share); 6 000 options (KEUR 336) would be offered to the Managing Director. As the yearly option scheme issued in 2011 will expire on 23rd November 2021, it is likely that the remaining 16 000 shares will be exercised before the due date. It is further recommended that the Company continuously cover all outstanding options by a buyback of SIPEF shares until expiry of the program or the exercise of all options will have taken place. It is assumed that by the end of 2021 a total of 180 000 treasury shares will be needed to cover all options, including the 2021 plan.*

The Directors, in the absence of François Van Hoydonck, approve these last proposals of the Committee.

François Van Hoydonck enters the meeting again."

There were no other conflicts of interest in 2021.

9. Policy concerning financial transactions

The board of directors has drawn up and set down the rules of conduct that the directors, employees and self-employed staff of SIPEF must comply with in financial transactions with Company stock and its policy to prevent market abuse drafted and written down in chapter 5 of the Charter.

10. Shareholder structure

The SIPEF shareholder structure is characterised by the presence of two controlling shareholders, Ackermans & van Haaren and Group Bracht (comprising of Priscilla, Theodora and Victoria Bracht and their respective companies (Cabra P, Cabra T and Cabra V), and Cabra NV), which act together in mutual consultation on the basis of a shareholder agreement that was originally entered into in 2007 for a period of 15 years. On 3 March 2017, this agreement was amended and renewed for a further period of 15 years.

With a stable shareholding of SIPEF, the aim of this shareholder agreement is to promote the balanced development and profitable growth of SIPEF and its subsidiaries. Among other things, it contains voting arrangements in relation to the appointment of directors and arrangements in relation to the transfer of shares.

On 2 July 2020, SIPEF received notification of (i) the fact that Cabra NV had decreased its SIPEF voting rights under the 10% threshold and (ii) the change to the composition of Group Bracht. These changes to the shareholding of SIPEF were the consequence of the partial split on 30 June 2020 of Cabra NV, due to the formation of three new companies: Cabra P, Cabra T and Cabra V, controlled by Priscilla Bracht, Theodora Bracht and Victoria Bracht, respectively. In connection with this partial split, 100 000 SIPEF shares were contributed in each of the newly formed companies. After this transaction, Cabra NV held 9.46% of the voting rights of SIPEF. The partial split has no impact on the total number of SIPEF shares that Group Bracht holds (12.31%) or on the shareholder agreement entered into with Ackermans & van Haaren, by virtue of which the latter company exercises joint control of SIPEF together with Group Bracht. Based on this notification, Ackermans & van Haaren together in consultation with Group Bracht holds 46.99% of the votes, of which 34.68% are in the hands of Ackermans & van Haaren and the rest are in the possession of Group Bracht.

The relevant details of this transparency statement have been published on the Company's website (www.sipef.com/hq/investors/shareholders-information/shareholders-structure).

On that date, no other shareholder held more than 5% of the votes of SIPEF.

11. Agreement with the Belgian Corporate Governance Code 2020 – ‘comply or explain’

SIPEF’s corporate governance deviates from a limited number of recommendations of the Code:

1.

Remuneration of the non-executive directors: deviation from the requirement that part of their remuneration should be in the form of shares of the Company that must be held until at least one year after the end of the term of office and at least three years after their award (article 7.6 Code).

Reason:
This form of remuneration is imposed by the Code to ensure the non-executive directors act from the perspective of a long-term shareholder. However, the non-executive directors must represent the interests of all stakeholders rather than simply the shareholders. Furthermore, the activities and strategy of SIPEF are solely driven by a long-term vision. The Company is therefore of the opinion that it is unnecessary to extend such a vision to the remuneration policy.

2.

Remuneration of the members of the executive committee: no minimum threshold has been set by the board of directors for shares that must be held by the members of the executive committee (article 7.9 Code).

Reason:
The Company imposes no minimum threshold on the members of the executive committee, as they are always driven by a long-term vision that is inextricably bound up with the agro-industrial activities of the Group. These can only be evaluated in the long-term, as evidenced by the strategy and business model of SIPEF. Furthermore, the remuneration of the members of the executive committee is already linked to the performance of the Company by means of the variable remuneration and the granting of share options that are valid for a period of 10 years.

3.

The board of directors has not appointed a secretary fulfilling the roles laid down by the Code (article 3.19 Code).

Reason:
The roles laid down by article 3.20 of the Code are fulfilled by the managing director, assisted by the legal counsel of the Company.

4.

The board has not set up a nomination committee. The full board of directors serves as a nomination committee and only 30% of its members are independent directors, rather than the majority as required by the Code (article 4.19 Code).

Reason:
SIPEF is of the opinion that the whole board of directors is better suited than a nomination committee to prepare and organise the composition and the succession planning of the board and its committees. Furthermore, the relatively limited size of the board – ten members – does not hamper efficient deliberation and decision-making.

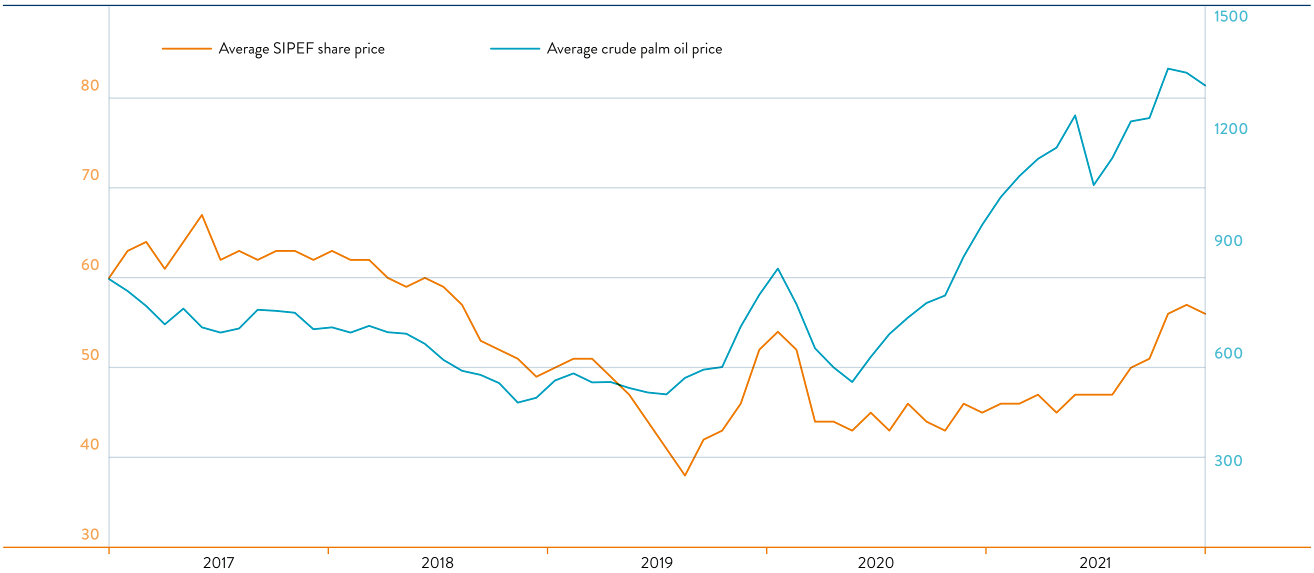
SIPEF on the stock market

Stock market listing

SIPEF shares have been listed on the Brussels stock market since the establishment of SIPEF in 1919.

Currently, the shares are listed on the continuous market of Euronext Brussels (share code: SIP, ISIN code: BE0003898187).

EVOLUTION OF THE SIPEF SHARE (IN EUR) COMPARED TO THE CRUDE PALM OIL PRICE (IN USD)



The graph above shows that, until roughly the middle of 2020, SIPEF shares in EUR generally followed the same trend as the crude palm oil (CPO) prices. From the second half of 2020, the share price of SIPEF in EUR has remained relatively stable, while the prices of CPO have risen from roughly USD 600 per tonne in June 2020 to USD 1 350 per tonne in December. Even though it is difficult to explain the market movements, this change in trend is probably due to the change in export tax and export levy policies in Indonesia, limiting the upside effect of increasing CPO prices for the Indonesian subsidiaries. In addition, the ESG profile of the palm oil sector has evolved negatively in recent years within the European Union, which may also weigh on the SIPEF share price.

Evolution of stock market data of the SIPEF share (in EUR)

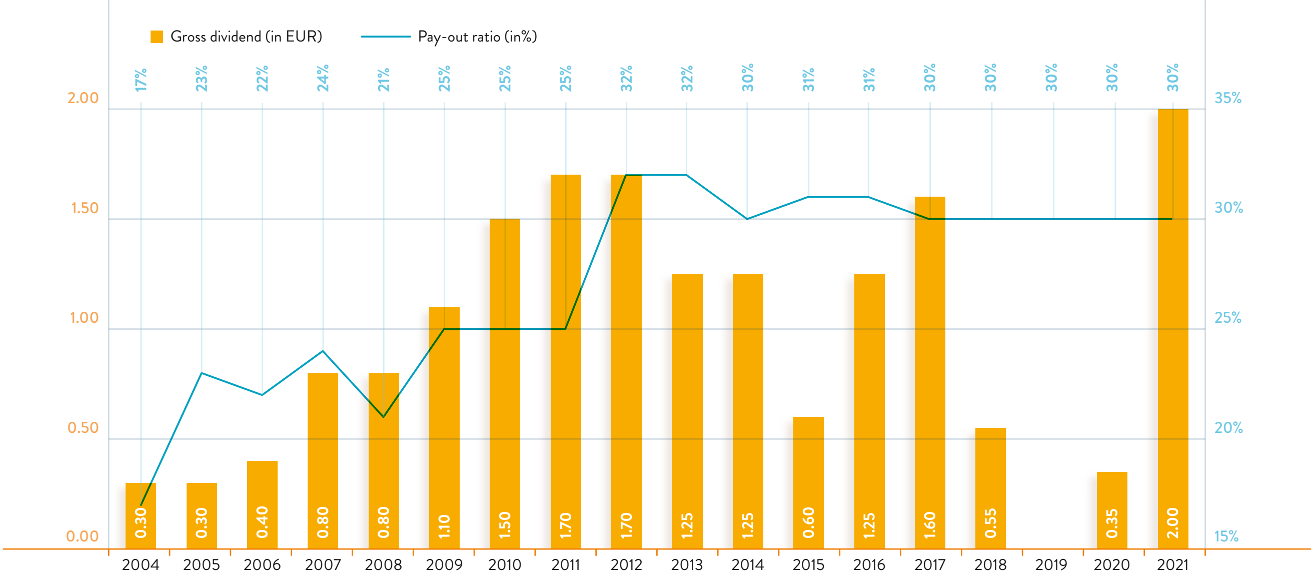
	2021	2020	2019	2018	2017
Highest stock price of the year	60.80	56.70	54.80	65.00	69.84
Lowest stock price of the year	43.85	38.00	35.25	47.10	57.76
Closing stock price per 31/12	56.90	43.20	54.80	48.80	62.80
Market capitalisation per 31/12 (KEUR)	601 964	457 027	579 747	516 271	664 382
Number of shares per 31/12	10 579 328	10 579 328	10 579 328	10 579 328	10 579 328
Average number of shares traded per trading day	5 277	5 956	5 081	4 967	5 014
Average turnover per trading day (KEUR)	263	274	229	287	318

Dividend policy

As from 2004, the pay-out ratio increased from 17% to about 30% in 2012. This percentage remained stable over the 2012-2020 period, except for 2019. In 2019, SIPEF recorded a loss so that no dividend payment was proposed for 2020.

It is SIPEF's intention to continue with the policy of paying out a dividend of approximately 30% of the recurring profit from the previous financial year and reinvesting the balance in the further growth of the Company.

EVOLUTION OF THE DIVIDEND AND PAY-OUT RATIO



Financial calendar

The periodical and occasional information relating to the Company and to the Group will be published before opening hours of the stock exchange as follows:
Thursday 21 April 2022: interim report for the first three months
Thursday 18 August 2022: half-year results
Thursday 20 October 2022: interim report for the first nine months
February 2023: results of the financial year, accompanied with comments on the activities of the Group
Wednesday 7 June 2023: next ordinary general meeting of shareholders will be held at 3:00 pm at Kasteel Calesberg, Calesbergdreef 5, 2900 Schoten

In accordance with the applicable legal requirements, each major event that could affect the Company's and the Group's result is the subject of a separate press release.

Financial service

The main paying agent is Bank Degroof Petercam.

Corporate website

The website (ww.sipef.com) plays an increasingly important role in SIPEF financial communication. Therefore, a substantial part of the corporate website is reserved for investor relations.

As of the launch of the renewed SIPEF website in October 2018, reference is made to the daily stock price and the daily CPO price (www.sipef.com/hq/investors/daily-share-price-cpo-price).

Other information about the Company

Term

The Company exists for an indefinite term.

Capital

SUBSCRIBED CAPITAL

SIPEF has been granted official approval from the Federal Public Service (FPS) Economy, as from 1 January 2016, to keep its accounts and draw up its financial statements in US dollars, the functional currency of SIPEF.

At 31 December 2021 the fully paid-up registered capital was USD 44 733 752.04. It is represented by 10 579 328 shares without nominal value.

All shares representing the capital have the same rights.

Each share gives the right to one vote. SIPEF has issued no other categories of shares, such as shares without voting rights or preferential shares.

AUTHORISED CAPITAL

The extraordinary general meeting of 10 June 2020 passed a resolution to extend by five years the authorisation granted to the board of directors to increase the capital of USD 44 733 752.04 on one or more occasions, according to the terms stipulated in the Articles of Association.

That authorisation is valid for a period of five years, from 2 July 2020, the date of publication in the Appendices to the Belgisch Staatsblad, up to and including 1 July 2025.

The extraordinary general meeting of 10 June 2020 decided that, if the Company receives an announcement from the Financial Services and Markets Authority (FSMA) that it has been informed of a public bid to acquire the shares of the Company, in accordance with article 7:202 §2, 2° of the Companies Code, the board of directors can only use its authorisation with regard to the authorised capital, if this notification is made no later than three years after the date of the extraordinary general meeting that renewed the authorisation in question, being from 10 June 2020 up to and including 9 June 2023.

At 31 December 2021 the fully authorised capital was USD 44 733 752.04.

Based on this amount, no more than 10 579 328 new shares can be issued.

TREASURY SHARES

The extraordinary general meeting of 10 June 2020 renewed for a period of five years the authorisation given to the board of directors, as a result of which the board, with due consideration for the legal provisions, may obtain a maximum number of 2 115 865 own shares being 20% of the issued capital, according to the modalities specified in the Articles of Association.

That authorisation is valid for a period of five years, from 2 July 2020, the date of publication in the Appendices to the Belgisch Staatsblad, up to and including 1 July 2025.

This extraordinary general meeting also renewed the authorisation granted to the board of directors to obtain own shares, if this purchase is necessary to avoid an imminent serious disadvantage for the Company. That authorisation is valid for a period of three years, from 2 July 2020, the date of publication in the Appendices to the Belgisch Staatsblad, up to and including 1 July 2023.

The purchase and sale of own shares in 2021 are described in Note 22 of this Annual Report.

At 31 December 2021, SIPEF owns 178 000 treasury shares (1.68% of the total number of outstanding shares) which are reserved for the exercise of granted and not yet exercised options.

Documents available to the public

ACCESS TO THE INFORMATION FOR THE SHAREHOLDERS AND WEBSITE

SIPEF has a website (www.sipef.com) where shareholders can access all information on the Company.

This website is regularly updated and contains the information required under the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market and the Companies Code.

Among other things, the website contains the financial statements and annual reports, all press releases published by the Company, and all useful and necessary information on the general meetings and the participation of the shareholders in these meetings, particularly the conditions provided by the articles of association for the convening of the (ordinary and extraordinary) general meetings of the shareholders.

Lastly, the results of the votes and the minutes of the general meetings are also published on the website.

PLACES WHERE DOCUMENTS ACCESSIBLE TO THE PUBLIC CAN BE CONSULTED

The coordinated articles of association of the Company can be inspected at the Registry of the Commercial Court in Antwerp, at the Company's registered office and on its website (www.sipef.com/hq/investors/shareholders-information/corporate-governance).

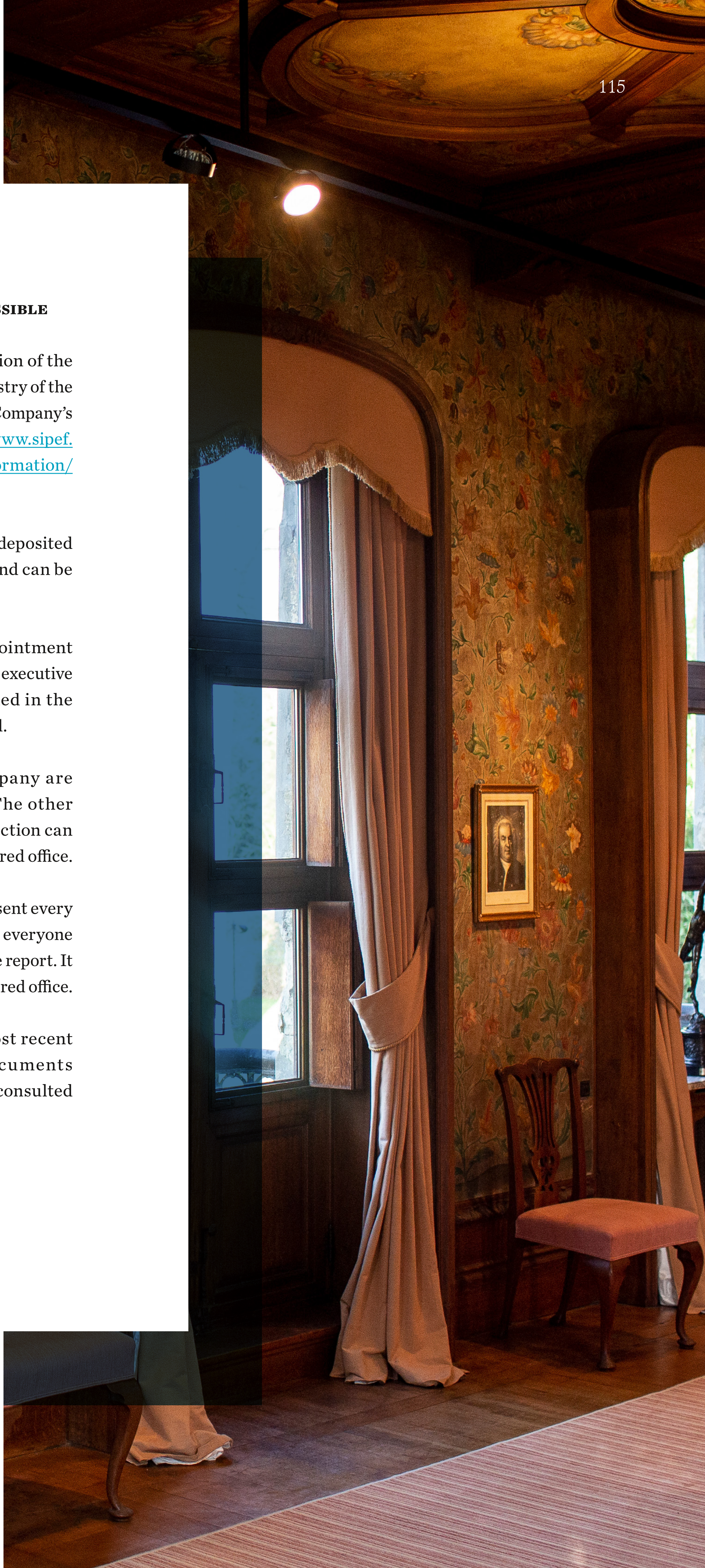
The annual financial statements are deposited with the National Bank of Belgium and can be consulted on the website of SIPEF.

The resolutions concerning the appointment and the removal of the members of the executive bodies of the Company are published in the Appendices to the Belgisch Staatsblad.

The financial notices of the Company are published in the financial press. The other documents available for public inspection can be consulted at the Company's registered office.

The annual report of the Company is sent every year to registered shareholders and to everyone who has expressed a wish to receive the report. It is available free of charge at the registered office.

The annual reports of the three most recent financial years and all other documents mentioned in this paragraph can be consulted on the Company's website.



Glossary

General

ACP -- The African, Caribbean and Pacific Group of States organisation was created by the Georgetown Agreement in 1975. It is composed of 79 states, which are bound to the European Union via the EU Partnership Agreement. One of the main objectives is the sustainable development of its member states and their gradual integration into the global economy.

CDM -- The Clean Development Mechanism allows a country with an emission limitation or reduction commitment under the Kyoto Protocol to implement an emission reduction project in developing countries. Such projects can earn saleable Certified Emission Reduction (CER) credits, each equivalent to one tonne of CO2, which can be counted towards meeting Kyoto targets. It is the first global, environmental investment and credit scheme of its kind, providing a standardised emissions offset instrument, CER. CDM is managed by the UNFCCC (United Nations Framework Convention on Climate Change).

CIF Rotterdam -- Cost, Insurance and Freight (CIF) is the selling price to cover all costs including insurance and freight up to the port of destination which is Rotterdam in this case. The buyer will pay for the goods delivered in Rotterdam. The CIF Rotterdam price is a worldwide reference in the palm oil market.

CPO -- Crude Palm Oil is an edible oil which is extracted from the pulp of the fruit of the oil palm.

CSPKO -- Certified Sustainable Palm Kernel Oil is palm kernel oil produced by palm oil plantations, which have been independently audited and certified against the Roundtable on Sustainable Palm Oil (RSPO) standard.

CSPO -- Certified Sustainable Palm Oil is palm oil produced by palm oil plantations, which have been independently audited and certified against the RSPO standard.

CTC tea -- During the Cut, Tear and Curl tea process, the leaf is not rolled. Instead, it goes through a CTC machine, which results in a different tea from orthodox tea. It infuses more quickly and makes stronger cups of black tea.

EFB -- Empty Fruit Bunches are the remains of the Fresh Fruit Bunches (FFB) after the fruit has been removed for palm oil pressing.

EMS -- An Environmental Management System is a set of processes and practices that enables an organisation/company to reduce its environmental impacts.

FFA -- Free Fatty Acids are found in palm oil, as in all oils. The major FFA in palm oil are palmitic and oleic. Crude palm oil quality and price are dependent on the FFA content at time of shipping.

FFB -- Fresh Fruit Bunches are the palm fruits that grow in bunches on the oil palm, the raw material to be transported to a palm oil mill for processing. The mill process extracts the palm oil from the flesh of each individual piece of fruit on the bunch.

FOB Indonesia -- Free on Board is the selling price indicating that the seller pays for the transportation of the goods to the port of shipment, in this case Indonesia, plus loading costs. The buyer pays, in addition to the goods, the cost of freight, insurance, unloading and transportation from the port of arrival to the final destination.

FPIC -- Free, Prior and Informed Consent (FPIC) is a specific right that pertains to indigenous peoples and local communities, and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It allows indigenous peoples and local communities with demonstrable user rights over an area to give or withhold consent to a project that may affect them or their territories.

GHG -- Greenhouse gases are the emissions into the Earth's atmosphere of any of various gases, amongst others carbon dioxide and methane, that contribute to the greenhouse effect, leading to changes in temperature.

GLOBALG.A.P. -- Is a worldwide recognised farm certification program that translates consumer requirements into Good Agricultural Practices among multiple retailers and their suppliers.

GRI -- The Global Reporting Initiative (GRI) is an independent international organisation that has pioneered sustainability reporting since 1997. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone.

HCSA -- The High Carbon Stock Approach is a methodology that distinguishes forest areas for protection from degraded lands, with low carbon and biodiversity values that may be developed.

The methodology was developed with the aim of ensuring a widely accepted practical, transparent, robust and scientifically credible approach to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.

HCV -- The High Conservation Value (HCV) concept was originally developed by the Forest Stewardship Council in 1999 for use in forest management certification. In 2005 the HCV Resource Network was established and the scope was widened from 'HCV Forest' to 'HCV Area'. It is now a keystone principle of sustainability standards for palm oil, soy, sugar, biofuels and carbon, as well as being widely used for landscape mapping, conservation and natural resource planning and advocacy.

HCVA -- High Conservation Value Areas are designated on the basis of high HCVs which are biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level.

HFCC -- High Forest Cover Countries (HFCC) are defined as those having > 60% forest cover (based on recent, trusted recognition of their Reduction of Emissions from Deforestation and Forest Degradation (REDD+) and national data); < 1% oil palm cover; a deforestation trajectory that is historically low but increasing or constant; and a known frontier area for oil palm or where major areas have been allocated for development.

HFCL -- High Forest Cover Landscapes (HFCL) are landscapes having > 80% forest cover. The High Carbon Forest Landscape (HCFL) concept was developed by the High Carbon Stock Approach (HCSA) and a specific section in the HCSA Toolkit relating to HCFL is being developed in conjunction with RSPO.

HGU -- *"Hak Guna Usaha"* is a cultivation licence issued by the Indonesian Government.

IP -- Sustainable palm oil from a single identifiable certified source is kept separately from ordinary palm oil throughout the supply chain. A mill is deemed to be Identity Preserved (IP) if the FFB processed by the mill are sourced from plantations/estates that are certified against the RSPO Principles and Criteria (RSPO P&C).

IPM -- Integrated Pest Management is an ecosystem approach to crop production that combines different management strategies and practices to grow healthy crops and minimise the use of pesticides.

ISCC -- International Sustainability and Carbon Certification is an independent certification scheme designed to demonstrate that biomass and bioenergy, and other biomass-based products used as ingredients by the feed, food and chemical industries, comply with requirements related to sustainability and GHG emissions. The scheme aims to reduce GHG emissions; ensure that biomass is not produced on land with high carbon stock or high biodiversity; ensure the application of good agricultural practices related to soil, water and air; and finally, ensure respect for human, labour and land rights.

ISEAL -- The International Social and Environmental Accreditation (ISEAL) is the global membership association for credible sustainability standards. These sustainability standards meet the Codes of Good Practice and promote measurable change through open, rigorous and accessible certification systems. They are supported by international accreditation bodies, which are required to meet accepted international best practice.

ISPO -- The Indonesian Sustainable Palm Oil system is a policy adopted by the Ministry of Agriculture on behalf of the Indonesian Government. The aims are to improve the competitiveness of Indonesian palm oil in the global market; reduce GHG; draw attention to environmental issues and also lead the ISPO GHG Working Group. The ISPO Commission and the GHG Working Group have worked together to formulate the calculation guidelines for palm oil plantations in Indonesia. These guidelines will be used as a reference and be incorporated by the Government into the latest ISPO standard.

Izin Lokasi -- This licence issued by the Indonesian Government authorises a developer to compensate land from private owners in a specific location for a defined project.

Mass Balance (MB) -- Sustainable palm oil from certified sources is mixed with ordinary palm oil throughout the supply chain. A mill is deemed to be Mass Balance (MB) if the mill processes FFB from both RSPO certified and uncertified plantations/estates. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own and third-party certified supply bases. In that scenario, only the volume of oil palm products produced from the processing of the certified FFB can claim MB.

NPP -- The New Planting Procedure (NPP) was introduced with the aim of providing a framework for the responsible development of new land for oil palm cultivation. The NPP includes a set of assessments and verification activities carried out by both growers and certification bodies before any new oil palm development commences. The assessments ensure that new oil palm plantings will not negatively impact primary forest, High Conservation Value (HCV) areas, High Carbon Stock (HCS), fragile and marginal soil, or local peoples' lands. A successful implementation of the NPP ensures that all indicators of the RSPO Principles and Criteria (P&C) 2013, Principle 7, are being implemented, and are therefore in compliance when a new development starts.

PKO -- Palm Kernel Oil is an edible vegetable oil derived from the kernel of the oil palm fruit.

Plasma -- Cooperative programs for plantation development in Indonesia oblige oil palm plantation companies by law to assist individual farmers to develop their agricultural land and manage oil palm planted areas, called 'plasma' areas. Their production is stated as 'outgrowers' in the Group production figures.

POIG -- The Palm Oil Innovation Group (POIG) is a multi-stakeholder initiative that strives to achieve the adoption of responsible palm oil production practices by key players in the supply chain, through developing and sharing a credible and verifiable benchmark that builds upon the Roundtable on Sustainable Palm Oil (RSPO), and creating and promoting innovations. Founded in 2013, the initiative was developed in partnership with leading NGOs as well as with progressive palm oil producers.

POME -- Palm Oil Mill Effluent is wastewater generated from palm oil milling activities. With its high organic content, POME is a source with great potential for biogas production and/or composting.

Rainforest Alliance -- The Rainforest Alliance is an international non-profit organisation working at the intersection of business, agriculture and forestry to make responsible business the new normal, and awarding certifications. It is an alliance of companies, farmers, foresters, communities and consumers committed to creating a world where people and nature thrive in harmony.

RSPO -- The Roundtable on Sustainable Palm Oil is a non-profit global certification scheme that unites stakeholders from the palm oil industry: palm oil producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organisations (NGOs), to develop and implement global standards for sustainable palm oil. A set of environmental and social criteria has been developed, with which companies must comply in order to produce Certified Sustainable Palm Oil (CSPO). When properly applied, these criteria can help to minimise the negative impacts of palm oil cultivation on the environment and communities in palm oil producing regions. The RSPO members have committed to produce, source and/or use sustainable palm oil certified by the RSPO.

RSS -- Ribbed Smoked Sheets (commonly known as RSS 1 to 5) are a natural rubber which comes directly from the latex of rubber trees. The coagulated latex, rolled in sheets, is graded on the basis of certain parameters, after having been smoked, dried, and the packed in bales. The number 1 to 5 indicates the level of purity of the sheet. The RSS3 processed in Indonesia is mainly used for tires and tubes.

SAN -- The Sustainable Agriculture Network (SAN) is a coalition of non-profit conservation organisations in America, Africa, Europe and Asia promoting the environmental and social sustainability of agricultural activities through the development of standards for best practices, certification and training for rural farmers around the world. Their vision of the world is one where agricultural activity contributes to biodiversity conservation and sustainable livelihoods. Their mission is to be a global network transforming agriculture into a sustainable activity.

SDGs -- Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The 17 SDGs are integrated—that is, they recognise that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.

SIR -- Standard Indonesian Rubber. The different parameters are specified with numbers and letters defining the specifications content (dirt, ash, viscosity, etc.). According to SNI (Indonesian National Standard) specifications, a SIR 10 means that it is a cleaner rubber with less impurities than a SIR 20 and a SIR3CV60 presents a higher viscosity than a SIR3CV50 rubber.

SOP -- Standard Operating Procedures: step-by-step instructions compiled by an organisation or company on how a process works, in order to help employees carry out routine operations.

SPOTT -- The Sustainability Policy Transparency Toolkit (SPOTT) is a free, online platform supporting sustainable commodity production and trade. By tracking transparency, SPOTT incentivises the implementation of corporate best practice. SPOTT assesses commodity producers and traders on their public disclosure regarding their organisation, policies and practices related to environmental, social and governance issues.

UNFCCC -- The United Nations Framework Convention on Climate Change (UNFCCC) is an international environmental treaty negotiated at the United Nations Conference on Environment and Development (UNCED), informally known as the Earth Summit, held in Rio de Janeiro from 3 to 14 June 1992. The objective of the UNFCCC is to stabilise greenhouse gas (GHG) concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system, in a time frame which allows ecosystems to adapt naturally and enables sustainable development.

Finance

IFRS Terminology

Associated companies -- Entities in which SIPEF has a significant in-fluence and that are processed using the equity-method.

Biological assets - bearer plants -- The bearer plants (trees, tea bushes, banana plants, ...) on which the biological produce grows.

Biological assets - agricultural produce -- The harvested product coming from biological assets - bearer plants.

CGU -- Cash generating unit or cash flow generating unit.

Earnings per share basic -- Net result for the period (Group share) / Average outstanding shares over the period.

Earnings per share diluted -- Net result for the period (Group share)/ [Average number of outstanding shares over the period - own shares + (number of possible new shares that have to be issued within the framework of the existing outstanding stock options plans x dilution effect of the stock option plans)].

Joint ventures -- Entities that are controlled jointly. These companies are consolidated following the equity method.

Net financial position -- Interest bearing financial debts at more than one year + interest bearing financial debts within the maximum of one year - cash and cash equivalents.

Subsidiaries -- Fully consolidated entities under SIPEF control.

Financial performance measures

EBIT -- Operating results + profit/loss from equity companies.

EBITDA -- EBIT + depreciation and additional impairments/ increases on assets.

Market capitalisation -- Closing price x total number of outstanding share.

Working capital -- Inventories + trade receivables + other receivables + recoverable taxes - trade payables - payables taxes - other payables.

Annex

Group production (in tonnes)

FRESH FRUIT BUNCHES PRODUCED	YTD 2021	YTD 2020	% CHANGE
OWN			
Indonesia	**1 019 009**	**950 854**	**7.17%**
Tolan Tiga group	297 229	298 757	-0.51%
Umbul Mas Wisesa group	224 429	206 984	8.43%
Agro Muko group	396 782	362 545	9.44%
South Sumatra group	100 568	82 567	21.80%
Papua New Guinea	**366 849**	**269 616**	**36.06%**
Hargy Oil Palms Ltd	366 849	269 616	36.06%
TOTAL OWN	**1 385 858**	**1 220 470**	**13.55%**
OUTGROWERS			
Indonesia	**40 848**	**28 652**	**42.57%**
Tolan Tiga group	6 963	2 408	189.20%
Umbul Mas Wisesa group	752	1 925	-60.95%
Agro Muko group	18 277	16 386	11.54%
South Sumatra group	14 855	7 933	87.25%
Papua New Guinea	**232 134**	**209 791**	**10.65%**
Hargy Oil Palms Ltd	232 134	209 791	10.65%
TOTAL OUTGROUWERS	**272 982**	**238 443**	**14.49%**
TOTAL FRESH FRUIT BUNCHES PRODUCED	**1 658 840**	**1 458 913**	**13.70%**

FRESH FRUIT BUNCHES SOLD	YTD 2021	YTD 2020	% CHANGE
Indonesia	**55 116**	**52 969**	**4.05%**
Tolan Tiga group	2 231	2	120900.92%
Umbul Mas Wisesa group	41 532	42 095	-1.34%
Agro Muko group	4 628	1 875	146.83%
South Sumatra group	6 726	8 996	-25.24%
TOTAL FRESH FRUIT BUNCHES SOLD	**55 116**	**52 969**	**4.05%**

FRESH FRUIT BUNCHES PROCESSED	YTD 2021	YTD 2020	% CHANGE
Indonesia	**1 004 740**	**926 537**	**8.44%**
Tolan Tiga group	301 961	301 163	0.27%
Umbul Mas Wisesa group	183 649	166 814	10.09%
Agro Muko group	410 431	377 056	8.85%
South Sumatra group	108 698	81 504	33.37%
Papua New Guinea	**598 983**	**479 407**	**24.94%**
Hargy Oil Palms Ltd	598 983	479 407	24.94%
TOTAL FRESH FRUIT BUNCHES PROCESSED	**1 603 723**	**1 405 944**	**14.07%**

OIL EXTRACTION RATE	YTD 2021	YTD 2020	% CHANGE
Indonesia	**23.0%**	**22.8%**	**0.87%**
Tolan Tiga group	22.7%	22.5%	0.89%
Umbul Mas Wisesa group	23.3%	23.1%	0.84%
Agro Muko group	23.1%	23.1%	0.07%
South Sumatra group	22.6%	21.5%	4.90%
Papua New Guinea	**25.6%**	**24.6%**	**3.81%**
Hargy Oil Palms Ltd	25.6%	24.6%	3.81%
TOTAL OIL EXTRACTION RATE	**24.0%**	**23.4%**	**2.28%**

PALM OIL	YTD 2021	YTD 2020	% CHANGE
OWN			
Indonesia	**222 509**	**205 040**	**8.52%**
Tolan Tiga group	67 550	67 310	0.36%
Umbul Mas Wisesa group	42 733	38 413	11.25%
Agro Muko group	90 895	83 545	8.80%
South Sumatra group	21 331	15 772	35.25%
Papua New Guinea	**94 231**	**66 432**	**41.85%**
Hargy Oil Palms Ltd	94 231	66 432	41.85%
TOTAL OWN	**316 740**	**271 472**	**16.68%**
OUTGROWERS			
Indonesia	**8 466**	**6 121**	**38.31%**
Tolan Tiga group	1 094	549	99.29%
Umbul Mas Wisesa group	59	132	-54.93%
Agro Muko group	4 103	3 671	11.76%
South Sumatra group	3 209	1 769	81.43%
Papua New Guinea	**58 972**	**51 691**	**14.09%**
Hargy Oil Palms Ltd	58 972	51 691	14.09%
TOTAL OUTGROWERS	**67 438**	**57 812**	**16.65%**
TOTAL PALM OIL	**384 178**	**329 284**	**16.67%**

PALM KERNELS	YTD 2021	YTD 2020	% CHANGE
OWN			
Indonesia	**44 445**	**42 867**	**3.68%**
Tolan Tiga group	16 135	16 255	-0.73%
Umbul Mas Wisesa group	7 412	6 754	9.75%
Agro Muko group	17 519	17 036	2.84%
South Sumatra group	3 378	2 822	19.69%
TOTAL OWN	**44 445**	**42 867**	**3.68%**
OUTGROWERS			
Indonesia	**1 498**	**1 162**	**28.93%**
Tolan Tiga group	225	113	98.68%
Umbul Mas Wisesa group	10	22	-55.58%
Agro Muko group	777	720	7.95%
South Sumatra group	486	306	58.68%
TOTAL OUTGROWERS	**1 498**	**1 162**	**28.93%**
TOTAL PALM KERNELS	**45 943**	**44 028**	**4.35%**

PALM KERNEL OIL	YTD 2021	YTD 2020	% CHANGE
Papua New Guinea	**12 251**	**9 397**	**30.38%**
Hargy Oil Palms Ltd - Own	7 437	5 294	40.47%
Hargy Oil Palms Ltd - Outgrowers	4 814	4 102	17.35%
TOTAL PALM KERNEL OIL	**12 251**	**9 397**	**30.38%**

RUBBER	YTD 2021	YTD 2020	% CHANGE
OWN			
Indonesia	**3 182**	**5 300**	**-39.96%**
Tolan Tiga group	599	918	-34.78%
Melania*	1 186	2 695	-55.99%
Agro Muko	1 397	1 686	-17.16%
TOTAL OWN	**3 182**	**5 300**	**-39.96%**
OUTGROWERS			
Indonesia	**645**	**711**	**-9.28%**
Tolan Tiga group	645	711	-9.28%
TOTAL OUTGROWERS	**645**	**711**	**-9.28%**
TOTAL RUBBER	**3 827**	**6 011**	**-36.33%**

TEA	YTD 2021	YTD 2020	% CHANGE
Indonesia	**965**	**2 762**	**-65.06%**
Melania - Own*	829	2 664	-68.88%
Melania - Outgrowers*	136	98	38.78%
TOTAL TEA	**965**	**2 762**	**-65.06%**

BANANAS	YTD 2021	YTD 2020	% CHANGE
Ivory Coast	**32 200**	**31 158**	**3.34%**
Azaguie 1	5 600	5 152	8.70%
Azaguie 2	7 512	8 447	-11.07%
Agboville	9 507	8 988	5.77%
Motobé	9 581	8 571	11.78%
TOTAL BANANAS	**32 200**	**31 158**	**3.34%**

* PT Melania rubber and tea productions are included for 4 months only because of the sale of PT Melania as of 30/04/2021.

Planted area (in hectares)

Total planted area of consolidated companies excluding PT Timbang Deli.

	2021			2020		
	MATURE	IMMATURE	PLANTED	MATURE	IMMATURE	PLANTED
OIL PALMS	64 181	12 982	77 163	63 489	12 984	76 473
Indonesia	**51 312**	**12 245**	**63 558**	**50 745**	**12 040**	**62 785**
Tolan Tiga group	**12 027**	**875**	**12 902**	**12 383**	**581**	**12 963**
PT Tolan Tiga	7 322	493	7 816	7 452	375	7 827
PT Eastern Sumatra	2 631	280	2 911	2 716	205	2 921
PT Kerasaan	2 073	102	2 175	2 215	0	2 215
Umbul Mas Wisesa group	**9 937**	**0**	**9 937**	**9 938**	**6**	**9 944**
PT Umbul Mas Wisesa	7 056	0	7 056	7 063	0	7 063
PT Toton Usaha Mandiri	1 135	0	1 135	1 135	0	1 135
PT Citra Sawit Mandiri	1 746	0	1 746	1 740	6	1 746
Agro Muko group	**19 154**	**1 979**	**21 133**	**18 891**	**2 196**	**21 087**
PT Agro Muko	16 332	1 508	17 839	16 045	1 877	17 922
PT Mukomuko Agro Sejahtera	2 822	471	3 294	2 847	319	3 166
South Sumatra group	**10 194**	**9 391**	**19 586**	**9 532**	**9 258**	**18 790**
PT Agro Kati Lama	3 638	538	4 176	3 373	616	3 989
PT Agro Muara Rupit	3 294	2 355	5 649	2 377	3 082	5 459
PT Agro Rawas Ulu	1 816	728	2 543	1 546	906	2 452
PT Dendymarker Indah Lestari	1 447	5 770	7 217	2 236	4 654	6 890
Papua New Guinea	**12 869**	**736**	**13 605**	**12 744**	**944**	**13 689**
Hargy Oil Palms Ltd	12 869	736	13 605	12 744	944	13 689
RUBBER	1 954	0	1 954	4 142	674	4 816
Indonesia	**1 954**	**0**	**1 954**	**4 142**	**674**	**4 816**
Tolan Tiga group	**696**	**0**	**696**	**2 778**	**674**	**3 452**
PT Bandar Sumatra	696	0	696	767	0	767
PT Melania	0	0	0	2 011	674	2 685
Agro Muko group	**1 258**	**0**	**1 258**	**1 363**	**0**	**1 363**
PT Agro Muko	1 258	0	1 258	1 363	0	1 363
TEA	0	0	0	1 744	43	1 786
Indonesia	**0**	**0**	**0**	**1 744**	**43**	**1 786**
PT Melania	0	0	0	1 744	43	1 786
BANANAS	794	0	794	780	0	780
Ivory Coast	**794**	**0**	**794**	**780**	**0**	**780**
Plantations J. Eglin SA	794	0	794	780	0	780
PINEAPPLE FLOWERS	23	8	31	30	8	38
Ivory Coast	**23**	**8**	**31**	**30**	**8**	**38**
Plantations J. Eglin SA	23	8	31	30	8	38
TOTAL	**66 952**	**12 989**	**79 942**	**70 184**	**13 709**	**83 893**

Planted area (in hectares)

Total planted area of consolidated companies (share of the Group) excluding PT Timbang Deli.

	TOTAL	BENEFICIAL INTEREST - %	SHARE OF THE GROUP
OIL PALMS	77 163	93.04%	71 790
Indonesia	**63 558**	**91.55%**	**58 185**
Tolan Tiga group	**12 902**	**87.04%**	**11 230**
PT Tolan Tiga	7 816	95.00%	7 425
PT Eastern Sumatra	2 911	90.25%	2 627
PT Kerasaan	2 175	54.15%	1 178
Umbul Mas Wisesa group	**9 937**	**94.90%**	**9 430**
PT Umbul Mas Wisesa	7 056	94.90%	6 696
PT Toton Usaha Mandiri	1 135	94.90%	1 077
PT Citra Sawit Mandiri	1 746	94.90%	1 657
Agro Muko group	**21 133**	**89.55%**	**18 924**
PT Agro Muko	17 839	90.25%	16 100
PT Mukomuko Agro Sejahtera	3 294	85.74%	2 824
South Sumatra group	**19 586**	**94.97%**	**18 601**
PT Agro Kati Lama	4 176	95.00%	3 968
PT Agro Muara Rupit	5 649	94.90%	5 361
PT Agro Rawas Ulu	2 543	95.00%	2 416
PT Dendymarker Indah Lestari	7 217	95.00%	6 856
Papua New Guinea	**13 605**	**100.00%**	**13 605**
Hargy Oil Palms Ltd	13 605	100.00%	13 605
RUBBER	1 954	90.25%	1 763
Indonesia	**1 954**	**90.25%**	**1 763**
Tolan Tiga group	**696**	**90.25%**	**628**
PT Bandar Sumatra	696	90.25%	628
PT Melania	0	0.00%	0
Agro Muko group	**1 258**	**90.25%**	**1 135**
PT Agro Muko	1 258	90.25%	1 135
TEA	0	0.00%	0
Indonesia	**0**	**0.00%**	**0**
PT Melania	0	0.00%	0
BANANAS	794	100.00%	794
Ivory Coast	**794**	**100.00%**	**794**
Plantations J. Eglin SA	794	100.00%	794
PINEAPPLE FLOWERS	31	100.00%	31
Ivory Coast	**31**	**100.00%**	**31**
Plantations J. Eglin SA	31	100.00%	31
TOTAL	**79 942**	**93.04%**	**74 378**

Age profile (in hectares)

OIL PALMS

YEAR	TOLAN TIGA GROUP	UMBUL MAS WISESA GROUP	AGRO MUKO GROUP	SOUTH SUMATRA GROUP	HARGY OIL PALMS	TOTAL
2021	597	0	1 192	2 904	673	5 365
2020	0	0	118	3 241	135	3 494
2019	278	0	1 526	3 246	263	5 314
2018	303	0	1 067	2 761	547	4 676
2017	399	45	971	2 624	596	4 635
2016	328	185	397	2 302	219	3 431
2015	679	69	1 080	1 114	741	3 682
2014	709	0	1 011	686	1 387	3 793
2013	434	0	1 244	301	947	2 926
2012	745	202	1 505	117	1 628	4 198
2011	754	755	26	0	811	2 346
2010	625	1 525	387	0	619	3 156
2009	103	1 658	573	0	294	2 627
2008	397	1 954	332	0	239	2 921
2007	319	2 152	578	0	1 563	4 612
2006	619	365	1 063	0	928	2 975
2005	551	1 004	557	0	190	2 301
2004	133	0	759	0	159	1 051
2003	750	0	120	0	148	1 018
2002	470	0	63	0	330	863
2001	296	0	585	0	774	1 655
2000	302	0	1 129	263	243	1 936
1999	370	0	1 672	27	173	2 242
1998	426	0	1 522	0	0	1 948
1997	753	0	0	0	0	753
Before 1997	1 564	24	1 657	0	0	3 244
	12 902	**9 937**	**21 133**	**19 585**	**13 605**	**77 163**
Average age	**13.90**	**12.60**	**12.44**	**3.12**	**10.18**	**9.94**

Evolution of key data over 5 years

ACTIVITIES		2021	2020	2019	2018	2017
Total own production of consolidated companies (in tonnes)	Palm oil	316 740	271 472	264 641	290 441	272 312
	Rubber	3 182	5 300	5 495	6 930	6 964
	Tea	829	2 644	2 331	2 422	2 402
	Bananas	32 200	31 158	32 849	27 788	29 772
Average world market price (USD/tonne)	Palm oil*	1 195	715	566	598	715
	Rubber**	2 071	1 728	1 640	1 565	1 995
	Tea**	2 112	2 004	2 226	2 579	2 804
	Bananas***	616	628	662	647	684
Own FFB production (in tonnes/ha)	Indonesia	19.86	18.74	19.52	20.60	22.36
	Papua New Guinea	28.51	21.16	20.79	28.25	27.21
Palm oil extraction rate (in %)	Indonesia	22.99%	22.79%	23.23%	22.73%	22.80%
	Papua New Guinea	25.58%	24.64%	23.35%	24.36%	24.64%

STOCK EXCHANGE SHARE PRICE (IN EUR)	2021	2020	2019	2018	2017
Maximum	60.80	56.70	54.80	65.00	69.84
Minimum	43.85	38.00	35.25	47.10	57.76
Closing 31/12	56.90	43.20	54.80	48.80	62.80
Stock Exchange capitalization at 31/12 (in KEUR)	601 964	457 027	579 747	516 271	664 382

RESULTS (IN KUSD)	2021	2020	2019	2018	2017
Turnover	416 053	274 027	248 310	275 270	321 641
Gross profit	169 218	62 357	37 162	72 096	120 474
Operating result	139 416	30 778	4 940	50 065	169 585
Share of the group in the result	93 749	14 122	- 8 004	30 089	139 663
Cash flow from the operating activities after taxes	160 311	73 262	33 988	36 221	119 853
Free cash flow	112 270	21 299	- 27 751	- 12 912	- 16 512

BALANCE SHEET (IN KUSD)	2021	2020	2019	2018	2017
Operational fixed assets (1)	667 267	670 637	665 413	640 435	614 351
Shareholders' equity	727 329	638 688	628 686	644 509	634 636
Net financial assets (+) / obligations (-)	- 49 192	- 151 165	- 164 623	- 121 443	- 83 697
Investments in intangible and operating fixed assets (1)	68 692	51 763	66 546	69 428	59 625

* Oil World price data
** World bank commodity price data - updated database
*** CIRAD price data (in EUR)
(1) Operating fixed assets = biological assets - bearer plants, other property, plant & equipment and investment property

DATA PER SHARE (IN USD)	2021	2020	2019	2018	2017
Number of shares	10 579 328	10 579 328	10 579 328	10 579 328	10 579 328
Number of own shares	178 000	160 000	160 000	143 300	124 000
Equity	69.93	61.30	60.34	61.76	60.70
Basic earnings per share (2)	9.00	1.36	-0.77	2.88	14.21
Cash flow from operating activities after taxes (2)	15.39	7.03	3.26	3.46	12.20
Free cash flow (2)	10.78	2.04	-2.66	-1.24	-1.68

(2) Denominator 2021 = weighted average number of shares issued (10 418 431 shares)

Responsible persons

RESPONSIBILITY FOR THE FINANCIAL INFORMATION

François Van Hoydonck
managing director

Johan Nelis
chief financial officer

DECLARATION OF THE PERSONS RESPONSIBLE FOR THE FINANCIAL STATEMENTS AND FOR THE MANAGEMENT REPORT

Baron Luc Bertrand, chairman and François Van Hoydonck, managing director declare that, to their knowledge:

- the consolidated financial statements for the financial year ended on 31 December 2021 were drawn up in accordance with the 'International Financial Reporting Standards' (IFRS) and provide an accurate picture of the consolidated financial position and the consolidated results of the SIPEF group and its subsidiary companies that are included in the consolidation.

- the financial report provides an accurate overview of the main events and transactions with affiliated parties, which occurred during the financial year 2021 and their effects on the financial position, as well as a description of the main risks and uncertainties for the SIPEF group.

STATUTORY AUDITOR

EY Bedrijfsrevisoren BV

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Dit jaarverslag is ook verkrijgbaar in het Nederlands.

Translation: this annual report is available in Dutch and English. The Dutch version is the original; the other language version is a free translation. We have made every reasonable effort to avoid any discrepancies between the different language versions. However, should such discrepancies exist, the Dutch version will take precedence.

The official Annual Report of the SIPEF group in ESEF-format can be found on the SIPEF-website, under the section “investors”. All other formats are considered to be unofficial versions of the Annual Report.

Concept and realisation: Focus advertising

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