Integrated Annual Report 2022

SIPEF

Contents

About this report

Integrated Annual Report 2022

The 2022 annual report is the first integrated annual report of SIPEF highlighting the Group's financial, environmental, social, and governance performance.

Since 2014, SIPEF has issued a sustainability report every two years. Since 2019, these reports have been issued annually. In 2019, the sustainability report was part of SIPEF's annual report, which was made up of three parts: a Company Report (part 1), a Financial Statement (part 2), and a Sustainability Report (part 3). This was an essential step to realising an integrated annual report.

Report scope

This report covers information and data on the Group's financial and non-financial performance for the financial year 1 January to 31 December 2022, and on the events after closing up until 18 April 2023. The report's scope includes all the material operational and management activities within the Group: oil palm in Indonesia and Papua New Guinea, and bananas in Ivory Coast.

The **SIPEF annual reports** are available on the website:
→ www.sipef.com/hq/investors/annual-reports/

The **SIPEF sustainability reports** are available on the website:
→ www.sipef.com/hq/sustainability/sustainability-reports/

Report framework and content

This 2022 integrated report was produced taking into account the international framework on integrated reporting (IR framework).

→ www.integratedreporting.org/wp-content/uploads/2022/08/IntegratedReportingFramework_081922.pdf

The 2022 integrated report aims to provide insight into the resources SIPEF uses to assure its value creation in the short, medium, and long term. These resources are highlighted in SIPEF's mission and strategic objectives (see Mission and Company strategy).

Within the <IR> framework, these resources are collectively referred to as values ('capitals') that are increased, decreased, or transformed through the activities and outputs of the Company. They are categorised in the <IR> framework as financial, manufactured, intellectual, human, social, and natural values. This categorisation helps to clarify the relevance of both financial and non-financial aspects of the value creation for all stakeholders.

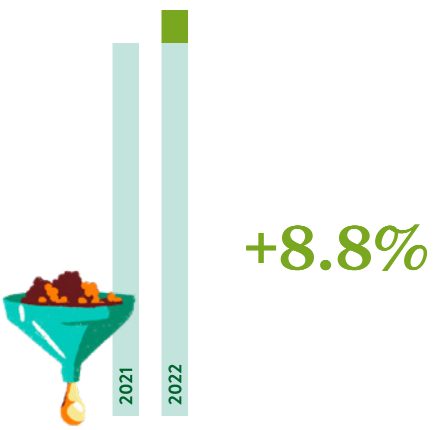
The 2022 integrated report was drafted respecting the 2019 Belgian Companies Code and the 2020 Belgian Code on Corporate Governance. The report has also been prepared taking into account the world's most widely used sustainability reporting standards, the Global Reporting Initiative (GRI) Standards.

SIPEF has not yet called upon third parties to assure the non-financial content of this report. However, the non-financial information regarding the environment and social performance of the Group is largely reviewed through certifications such as the 'Roundtable on Sustainable Palm Oil' (RSPO) and the 'Rainforest Alliance'. The Group is working towards assurance of its non-financial data.

Significant events in 2022

Activities

- Palm oil production in 2022 grew by over 4%, and more precisely, by 5.1% compared with 2021.
- South Sumatra's new development palm fruits production increased with 54.8% against 2021.
- Production of palm fruits in Hargy Oil Palms Ltd (HOPL) plantations, both by own estates and by smallholders, reached record figures of 403 419 tonnes and 254 356 tonnes respectively.
- Total palm oil production of the HOPL plantations in Papua New Guinea, affected by volcanic eruptions in 2019, increased by 8.8%.
- All mills in Papua New Guinea have implemented quality control measures to maintain MOAH (Mineral Oil Aromatic Hydrocarbons) levels in palm kernel oil (PKO) below 1 ppm.



Total palm oil production of the HOPL plantations in Papua New Guinea increased by 8.8%.

Investments and divestments

- In March 2022, the SIPEF group acquired full control of PT Agro Muko by purchasing the remaining 5% shares for an amount of KUSD 5 500.

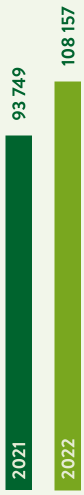
New developments and extensions

- The expansion in South Sumatra (excluding Dendymarker Indah Lestari - DIL) continued steadily: already 16 423 hectares have been cultivated.
- The replanting of the DIL plantations, acquired in 2017, is also largely completed. 10 103 hectares have been replanted in this plantation.
- The extension works of the DIL palm oil mill to boost its processing capacity from 20 to 60 tonnes of palm fruits per hour were completed by the end of the first quarter of 2022 and the full expanded production capacity was available.
- The expansion of the planted hectares of bananas in Ivory Coast continued with another 175 hectares in 2022, bringing the total planted area to 1 066 hectares at year end 2022.

Biodiversity programme in Indonesia:
Over 12 600 hectares of protected forest area under the SBI programme

Sustainability

- Greenhouse gas (GHG) emissions reduction continued to remain a key priority for SIPEF during the year 2022. SIPEF's carbon footprint calculation was verified by a certification body in one business unit, assuring its methodology and figures are in accordance with the ISO 14064 standard. The verification has enabled SIPEF to set an accurate baseline and mitigation strategy for the wider Group.
- SIPEF continued to act as a socially responsible employer and provided at its own cost covid-19 vaccinations and boosters to all employees and their dependents in Indonesia, Papua New Guinea, and Ivory Coast. As a result, over 20 000 employees and their dependents were successfully double vaccinated in the first half of 2022.
- In 2022, SIPEF managed, through the RSPO dispute resolution process, the finalisation of the mediation in PT AKL. The outcome was an agreed joint action and monitoring programme addressing the specific labour concerns.
- In 2022, SIPEF organised a training course focused on improving camera trapping for monitoring the Sumatran tiger population in the 12 672 hectares of licensed forest area being managed under the SIPEF Biodiversity Indonesia programme (SBI). Led by the Zoological Society of London (ZSL), the training is part of a broader engagement that SIPEF initiated with ZSL in 2022.
- Over 3 600 smallholders working with HOPL in Papua New Guinea have successfully been recertified to the RSPO standards, following audits by an independent certification body in 2022.



KUSD
108 157

Net income, share of the Group, after tax, came in at KUSD 108 157, compared to KUSD 93 749 last year.

Results

- Despite the volatility in vegetable oil prices on international markets, palm oil prices remained historically high.
- In Papua New Guinea, exceptionally high palm oil prices, as well as the record production, fully benefited palm activities.
- In Indonesia, sales prices have been significantly impacted by a combined export tax and duty. Due to the continued rise in crude oil prices during the first half of 2022, the export ban was lifted from the second half of May 2022 onwards.
- Unit production costs, except for those for rubber activities, remained well under control due to increasing production volumes. Nevertheless, rising energy prices, which also affect fertiliser prices in the countries where SIPEF operates, had a cost-increasing impact on SIPEF.
- The Company moved towards a positive net financial position, despite continuing the planned expansion in South Sumatra. SIPEF was able to turn its net financial debt position, which still exceeded USD 151 million at the end of 2020, into a positive cash position by the end of 2022.
- Net income, share of SIPEF, after tax, came in at KUSD 108 157, compared to KUSD 93 749 last year. This increase was mainly due to the combination of strongly growing production volumes with unprecedentedly high palm oil prices during the year.
- The board of directors decided to submit to the annual meeting of 14 June 2023 a gross dividend of EUR 3.00 per share, payable in July 2023, and the highest dividend ever paid in the history of the SIPEF group.

EUR
3.00

Gross dividend of EUR 3.00 per share

Message from the chairman

SIPEF is preparing to comply with the new measures introduced by the European Commission, but is well positioned as its palm oil, from own estates as well as from smallholders, is fully traceable and sustainably produced.

In the face of continuing headwinds, SIPEF continued in 2022 to refine and implement its strategy with a focus on the new developments in South Sumatra, yield improvement and production optimisation. It delivered outstanding 2022 results, even while continuing to invest for the future.

The war in Ukraine created a challenging business environment worldwide, with substantially higher energy and food commodity prices fuelling consumer price inflation. Palm oil proved to be an excellent support to fill the supply gap in commodities, when demand for vegetable oils again exceeded production in 2022, at a discount to high liquid oil market prices.

In Indonesia, additional pressure occurred from a domestic requirement to prioritise the supply of a defined volume to the local market, creating logistic and storage constraints. SIPEF showed resilience and managed, in collaboration with its customers, to overcome the challenges and position its sustainable, traceable production back in the market on time.

Then, there is the pressure being put on the emerging economies, as a result of the new measures introduced by the European Commission concerning the import of tropical products linked to deforestation. SIPEF is preparing to comply with these new requirements, but is well positioned as its palm oil, from own estates as well as from smallholders, is fully traceable and sustainably produced.

Thanks to its effective response to challenging market conditions and the successful implementation of its strategy, SIPEF closed the 2022 financial year with an outstanding result. The dividend that will be proposed at the shareholders' meeting of June 2023 will exceed all previous levels. Strengthened by its positive net financial position, the Company is ready to seize all future opportunities.

As a result of its effective continued corporate succession planning, the Group can rely today on rejuvenated management teams in all operational activities. Even in the board of directors the presence of the next generation is secured, with the appointment of Alexandre Delen last year and the arrival of a new independent director with experience in innovation and in the Asian markets, this year.

Finally, I am pleased to introduce the Company's first integrated annual report, providing insight into the resources SIPEF uses to assure its value creation in the short, medium, and long term. Moreover, with its 2022 integrated annual report, the Company is well-prepared for the future European reporting requirements (Corporate Sustainability Reporting Directive – CSRD).

I am convinced SIPEF is ready to address the challenges of the future with confidence. The Group will continue to realise its strategy in a responsible and sustainable way, where economic success and social value creation go hand in hand: 'Doing well by doing good'

BARON LUC BERTRAND
chairman of the board of directors

Message from the managing director

I am proud to announce that 2022 was a record year for the SIPEF group, both in results and cash flow generation. The Company eliminated its net financial debt earlier than anticipated, confirming its intention to continue developing the business with a limited debt structure.

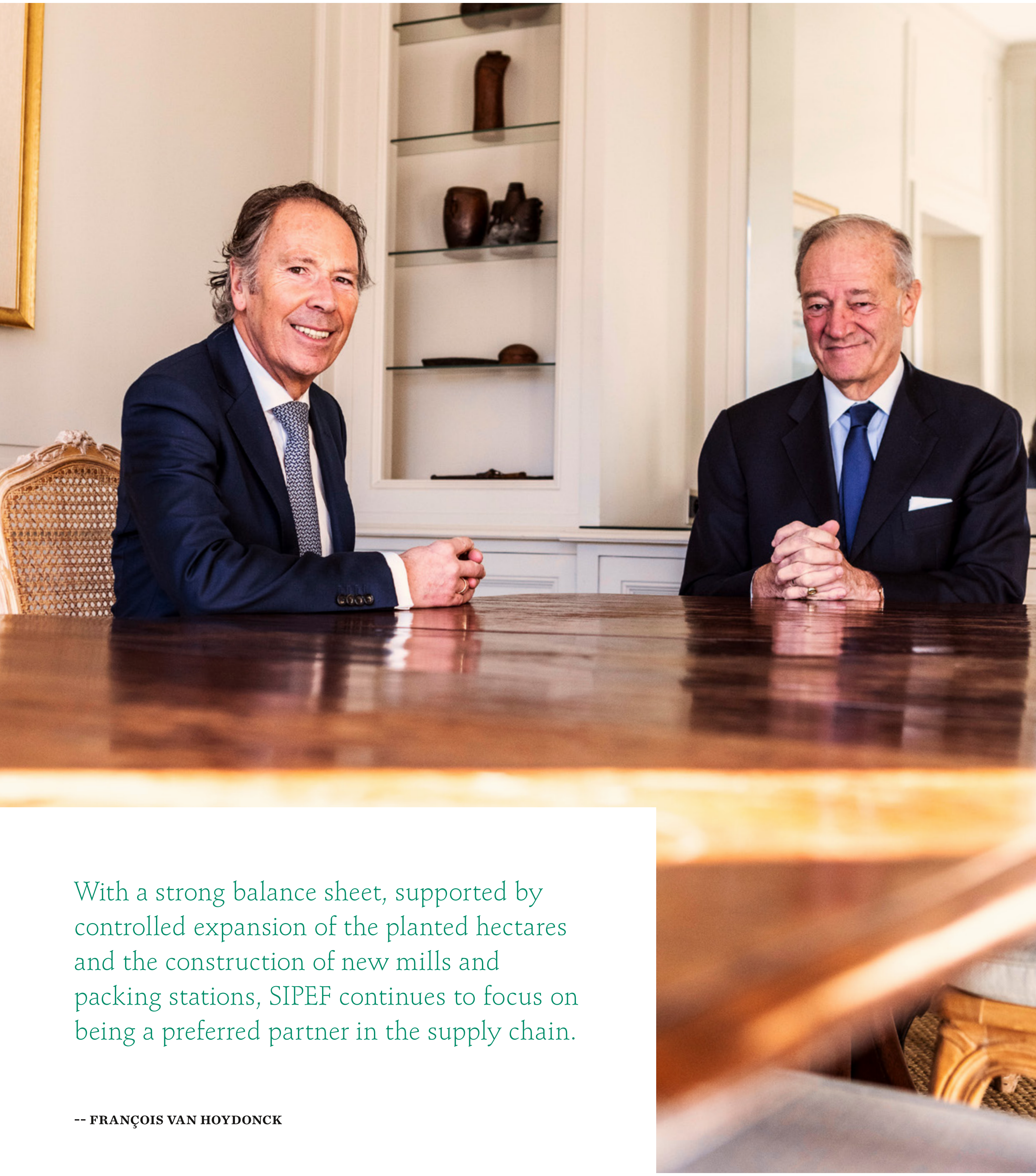
The production of palm oil increased by 5.1%, compared with last year, exceeding the level of 400 000 tonnes of crude palm oil (CPO) for the first time in SIPEF history. Palm oil reached exceptionally high prices, although still traded at a discount to other vegetable oils. The contribution of the Papua New Guinea operations to the 2022 results and cash flow generation of the Group was unprecedented. This was the result, for the second year in a row, of strongly increased production, both from own estates and smallholders.

Banana business continued to expand with an additional 175 hectares planted. Unfortunately, due to unfavourable weather conditions, production volumes did not increase immediately in 2022. However, the Group expects banana production to grow in 2023, leading to higher operational profits.

In the future, SIPEF will continue to invest in the palm oil sector, as it believes strongly in the future of palm oil as the main vegetable oil in the food and the energy sector in a world with an ever-increasing population.

In the future, SIPEF will continue to invest in the palm oil sector, as it believes strongly in the future of palm oil as the main vegetable oil in the food and the energy sector in a world with an ever-increasing population. This belief was also a major force behind the decision in June 2020 to convert two of the three rubber plantations into oil palm plantations. In 2022, the conversion progressed well with the preparation for the first oil palm plantings in 2023.

The overall objective of SIPEF's company strategy is to create added value for its supply chain partners, in collaboration with smallholders, in a sustainable and economically responsible manner, providing high-quality, traceable, and innovative products to the marketplace. This remains a priority for its customer-oriented services in the future.



With a strong balance sheet, supported by controlled expansion of the planted hectares and the construction of new mills and packing stations, SIPEF continues to focus on being a preferred partner in the supply chain.

-- **FRANÇOIS VAN HOYDONCK**

Value creation can be realised by the improvement of the quality of its palm oil by producing and reducing possible contaminants in a sustainable manner. This way, SIPEF's palm oil will be useful for high-end, quality nutritional products.

The Group will also keep focusing on efficiency, with innovative techniques and mechanisation of the labour-intensive palm oil and banana operations. An interesting project that SIPEF is involved in is the development of the F1 hybrid palm seed, aiming to ensure higher yield performances for the Group in the coming years.

In its capacity as a responsible producer of sustainable palm oil, the Group can play an important role in the mitigation and adaptation of the impacts of climate change by reducing its greenhouse gas (GHG) emissions and building the resilience of its agricultural systems. Therefore, the Company started in 2021 with the mapping of its carbon footprint (Scope 1 and Scope 2), using the ISO 14064-1:2018 standards. As of 2021, the first GHG calculations have been completed and verified by an external expert. In 2022, a second version of the calculator was issued, including revision of the calculation procedure and emission factors, and a plan to reduce this footprint over time was drawn up.

Last but not least, as a responsible employer, SIPEF continued in 2022 to embed human rights into its operations. More precisely, the Group made progress with identifying its salient human rights risks, and intensified its efforts to implement human rights due diligence mechanisms. In collaboration with independent assessors, the Company reviewed grievances received. Additionally, it worked with the Roundtable on Sustainable Palm Oil (RSPO) on the dispute resolution mechanism following the mediation process, involving, and engaging all stakeholders to find solutions.

Certification is an essential lever for SIPEF to demonstrate that its operations are managed in a sustainable manner through a set of verifiable requirements. For its sustainable growth strategy, the Company is aiming at collaboration with more local smallholders who wish to engage in an RSPO certification process and to be integrated into the Group's certified supply base. In Papua New Guinea, the smallholders in Bialla delivering fresh fruit bunches to Hargy Oil Palms Ltd (HOPL), have all been certified since 2009. We appreciate the efforts of these smallholders, given that RSPO certification is a difficult process.

In supporting the Group's value creation strategy, SIPEF is constantly searching to improve its management of environmental, social and governance related aspects, and to go beyond the certification requirements where possible.

With a strong balance sheet, supported by controlled expansion of the planted hectares and the construction of new mills and packing stations, SIPEF continues to focus on being a preferred partner in the supply chain, delivering as a reliable and reputable producer of high-quality certified sustainable agricultural products.

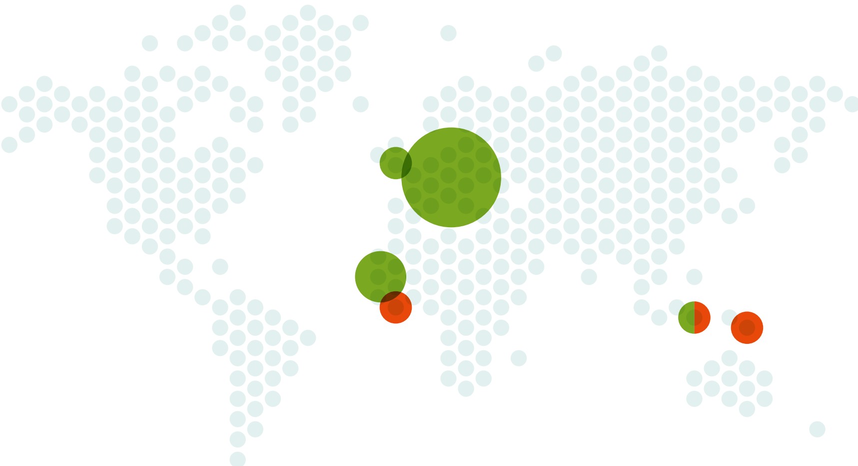
I would like to end with a special note, thanking everyone working for the SIPEF group worldwide, for their dedication and contribution again to a successful year. Although we had to overcome various obstacles and challenges, the teams showed their tremendous resilience.

FRANÇOIS VAN HOYDONCK
managing director

SIPEF at a glance

SIPEF is a Belgian agribusiness company listed on Euronext Brussels. It operates mainly agro-industrial activities in the production of sustainable oil palm products, including fresh fruit bunches (FFB), crude palm oil (CPO), palm kernels (PK), and crude palm kernel oil (CPKO), and sustainable bananas. Recently, the Group started phasing out operations in natural rubber and tea.

GLOBAL PRESENCE



Global operations:
Indonesia
Papua New Guinea
Ivory Coast

Markets served:
Europe
United Kingdom
Indonesia
West Africa

Indonesia

30 Oil palm plantations

6 Palm oil mills

2 Rubber estates

2 Rubber factories

Papua New Guinea

6 Oil palm plantations

3 Palm oil mills

2 Kernel crushing plants (integrated with mills)

Ivory Coast

5 Banana estates

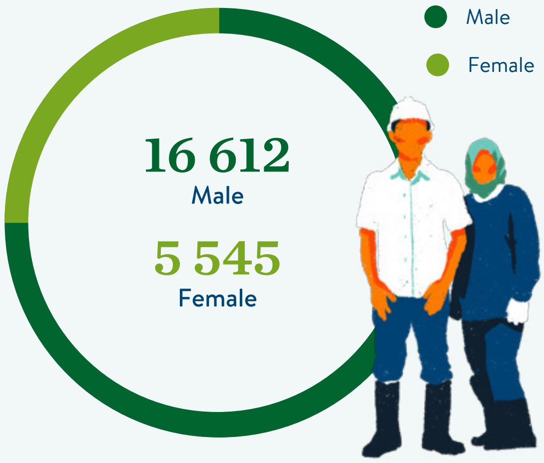
7 Banana packing stations

PLANTED AREA (IN HECTARES)

	INDONESIA	PAPUA NEW GUINEA	IVORY COAST	TOTAL
Oil palms	64 766	13 588	0	78 354
Rubber	1 954	0	0	1 954
Bananas	0	0	1 066	1 066
Horticulture	0	0	31	31
TOTAL	66 720	13 588	1 097	81 404

EMPLOYEES BY COUNTRY

Belgium	23
Indonesia	15 403
Papua New Guinea	4 706
Ivory Coast	2 015
Singapore	10
TOTAL	22 157



FINANCIAL RESULTS - TURNOVER

KUSD
495 737
PALM OIL

KUSD
22 219
BANANAS

Mission

SIPEF's mission is to be the preferred supplier of traceable, sustainable, and high-quality premium agricultural products.

By providing quality products for customers, end-users, employees, communities, and future generations, SIPEF continues to create value for the Company and all its stakeholders.

Company strategy

The overall objective of SIPEF's company strategy is the continuity of value creation for stakeholders in a responsible way. This can be achieved by improving productivity and efficiently controlling the operational costs.

Regarding palm oil, the Group has the ambition to increase the volume of its annual production to 500 000 tonnes by 2026 with a focus on yield increases on existing areas. This equates to a compound annual growth rate (CAGR) of 5%.

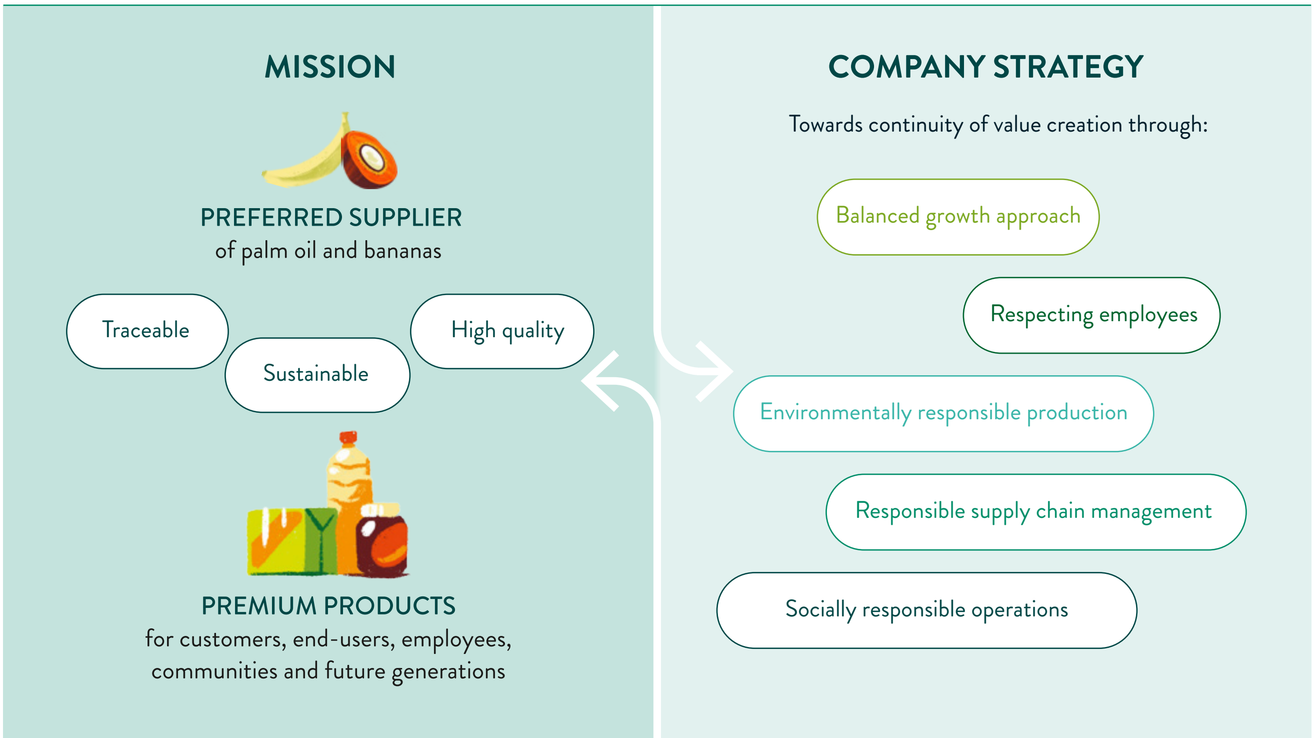
Regarding the banana business, management concentrates on yield increases and cost reductions with a focus on labour costs, as it is more labour intensive.

This optimisation of the value creation can lead to the growth of profits. With the Company's dividend policy, set at 30% of recurring profits, shareholders can attain a growing dividend income.

To reach that overall objective, SIPEF has implemented its strategy on five levels:

1. Balanced growth approach Chapter 2
2. Respecting employees Chapter 3
3. Environmentally responsible production Chapter 4
4. Responsible supply chain management Chapter 5
5. Socially responsible operations Chapter 6

SIPEF'S MISSION AND COMPANY STRATEGY



An integrated sustainability approach

The reporting on the 'integrated sustainability approach' of SIPEF's strategy takes into account the <IR> framework, where six value categories play crucial roles in the process through which value is created, preserved, or eroded.

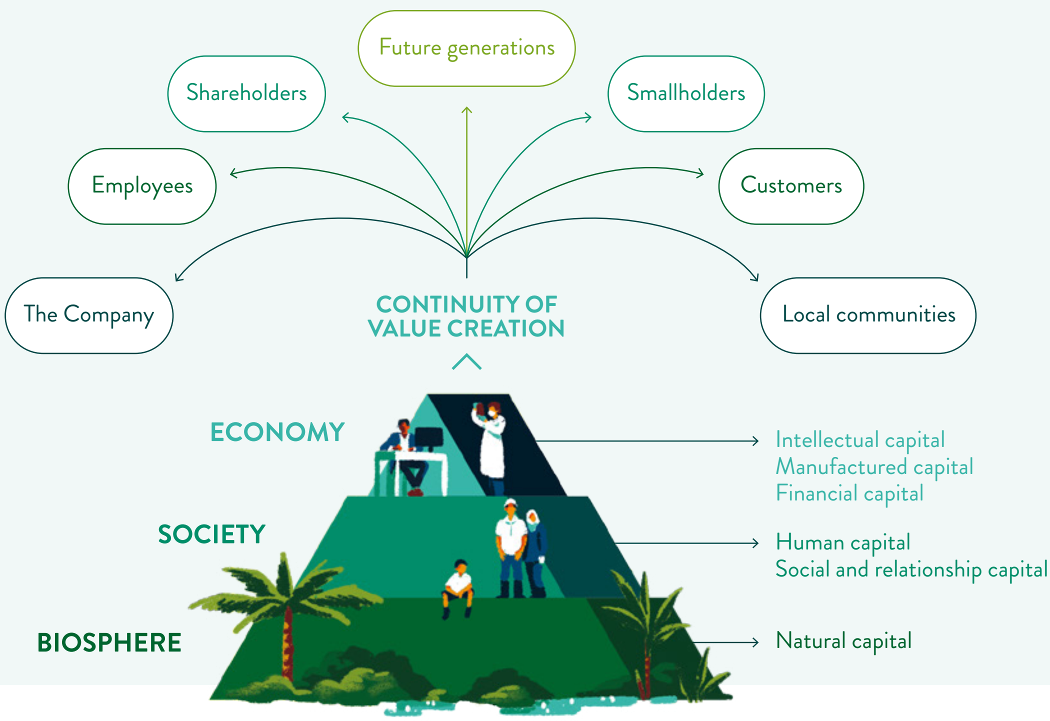
SIPEF needs to invest in these values to realise its long-term strategic objectives. The table below illustrates how these values are linked to SIPEF's operations and strategy.

THE <IR> FRAMEWORK VALUE CATEGORIES AND SIPEF'S OPERATIONS AND STRATEGY

VALUES	SIPEF	CHAPTER
Natural	Environmentally responsible production	4
Human	Respecting employees	3
Social and relationship	Responsible supply chain management	5
	Socially responsible operations	6
Intellectual	SIPEF group - Corporate governance statement	1
	Balanced growth approach	2
Manufactured	Balanced growth approach	2
	Environmentally responsible production	4
Financial	Financial statements of the SIPEF group	7

→ www.integratedreporting.org/resource/international-ir-framework/

CONTINUITY OF VALUE CREATION BY GROWING THE GROUP'S VALUES AND SHARING THE CREATED VALUE WITH STAKEHOLDERS



Materiality assessment 2022

To effectively implement SIPEF's strategy and its integrated sustainability approach, it is important to collectively define the Group's priorities. The process of setting priorities is ongoing on the level of reviewing the material topics, which contribute to defining the KPIs.

In 2022, SIPEF's material topics were reviewed, consolidated and refreshed to ensure alignment with the latest benchmarking assessment among peer companies and industry standards. In addition, increased focus was placed on internal stakeholder engagement to obtain views fom the local teams.

The materiality assessment process forms part of a wider review of some of the key components of SIPEF's sustainability strategy. Moreover, it provides a framework for improving the Company's internal and external sustainability reporting and performance monitoring.

The assessment was carried out in three key steps, as summarised below.

MATERIALITY ASSESSMENT 2022: THREE KEY STEPS

One of the main aims of the materiality exercise was to consolidate the key material topics that had been identified in 2021. The process enabled SIPEF to identify and narrow its topics down to 13 priority areas in 2022. These 13 topics can also be linked with the **six value categories** of the <IR> framework.

A full description of SIPEF's 2022 materiality assessment process is available in Annex 1.

With the revised material topics in 2022, SIPEF's contribution to the SDGs has also been updated and is available in Annex 2.

MATERIAL TOPICS AND VALUES 2022

VALUES	MATERIAL TOPICS
Natural	→ Climate Change → Sustainable Land Use and Conservation
Human	→ Human Rights and Labour Standards → Health and Safety
Social and relationship	→ Supply Chain Management → Community Rights and Development
Intellectual	→ Corporate Governance → Anti-Bribery and Anti-Corruption → Productivity and Quality → Sustainability Standards and Certification → R&D and Innovation → Food Safety
Manufactured	→ Operational Efficiency
Financial	→ Financial Chapter

Sustainability targets and achievements

SIPEF reviewed its sustainability targets to align with the revised material topics in 2022. Some new targets have been set, while a number of the targets were adjusted to ensure relevance and clarity.

- *New Target set*
- *On Track*
- *Achieved*
- *Not Achieved*
- *Delayed*

CH[1]	MATERIAL TOPICS 2022	COMMITMENT	TARGETS	TARGET YEAR	STATUS IN 2022
1	Corporate Governance	Business ethics and transparency of grievance mechanism.	Update Grievance dashboard as required.	Ongoing	**New Target set**
2	Productivity and Quality	Enhancing productivity, quality, and circularity.	Continue with Best Management Practices (BMPs) in existing operations.	Ongoing	**New Target set**
			Support research linked with maximising yields, new regenerative and nature positive agricultural techniques and methods.	Ongoing	**New Target set**
2	Sustainability Standards and Certification	Achieve RSPO certification for SIPEF's own estates.	100% RSPO certification for SIPEF's own estates.	2026	**On Track** Achieved 72% RSPO certification for own estates.
2	Food Safety	Innovation on mitigating contamination of palm products.	3-monochloropropane-1,2-diol (3-MCPD) and glycidyl esters (GE): Complete pilot for CPO washing facility for the Mukomuko palm oil mill.	Third quarter 2023	**New Target set**
			Establish control programme on Mineral Oil Aromatic Hydrocarbons (MOAH) contamination.	Compliance with EU regulation	**New Target set**
			Establish control programme on Mineral Oil Saturated Hydrocarbons (MOSH) contamination.	Compliance with EU regulation	**New Target set**

1 Link to the respective chapters in the report

CH	MATERIAL TOPICS 2022	COMMITMENT	TARGETS	TARGET YEAR	STATUS IN 2022
2	R&D and Innovation	Utilise empty fruit bunches (EFB) for conversion into biopellets.	100% conversion of EFB into biopellets for Umbul Mas Wisesa operations.	To be determined	● **Delayed** Target year to be determined due to the system requiring some finetuning.
3	Health and Safety	No work-related fatalities.	Zero incidence of work-related fatalities.	Ongoing	● **Not Achieved** Two work-related fatalities in 2022.
3	Health and Safety	Reduce Lost Time Injury Frequency Rate (LTIFR).	Reduce percentage of LTIFR by 2025 against 2021 baseline, by country: · Papua New Guinea: 10% (Target: 20.40) · Indonesia: 15% (Target: 2.07) · Ivory Coast: 33% (Target: 10.97)	2025	● **New target set**
3	Human Rights and Labour Standards	Annual monitoring of Human Rights compliance.	One annual external assessment per business unit.	Ongoing	● **On Track** One external assessment carried out in PT AKL, Indonesia. Note: The target has been updated in 2022 from one assessment per year to one assessment per business unit.
4	Climate Change	Reduce carbon footprint of SIPEF group.	GHG emissions reduction targets to be set in 2022.	2022	● **Achieved** Target to reduce GHG emission intensity was set in 2022.
			Reduce GHG emission intensity (Scope 1 and 2) per tonne of CPO by 28% against 2021 baseline.	2030	● **New target set**
4	Sustainable Land Use and Conservation	Annual monitoring of Responsible Plantations Policy implementation.	Annual external verification of no deforestation and no new plantings on peat commitment (NDP commitment) conducted in own concession areas and suppliers.	Ongoing	● **On track** SIPEF continued to engage Earthqualizer Foundation (EQ) to monitor all of its estates and suppliers against its NDP commitment in Indonesia and Papua New Guinea.

CH	MATERIAL TOPICS 2022	COMMITMENT	TARGETS	TARGET YEAR	STATUS IN 2022
4	Sustainable Land Use and Conservation	Historical assessment of compliance to NDP commitment.	Historical assessment of compliance to NDP commitment completed along with any recovery plans, as required for SIPEF's own estates and its suppliers' areas. Internal review and report published by 2023.	2023	**On track** On track to complete the historical assessment by 2023.
4	Sustainable Land Use and Conservation	No deforestation identified within HCV/HCS areas in own concessions under the Company's management control.	Zero hectares of annual tree cover loss identified within own concession areas under the Company's management control.[2]	Ongoing	**Not Achieved** Total of 42.6 hectares of tree cover loss across Indonesia and Papua New Guinea, primarily due to unauthorised clearing and logging by local communities.
4	Sustainable Land Use and Conservation	No deforestation identified within HCV/HCS areas in supplier areas.	Zero hectares of annual tree cover loss identified within supplier areas.	Ongoing	**Achieved** No tree cover loss across Indonesia and Papua New Guinea in supplier areas.
4	Sustainable Land Use and Conservation	Improve management of High Conservation Value (HCV) and High Carbon Stock (HCS) areas within concessions.	All previous standalone assessments updated to integrated HCV-HCSA assessments along with the respective management plans.	2025	**On track** 26 out of 36 assessments have been completed.
4	Sustainable Land Use and Conservation	Improve management of High Conservation Value (HCV) and High Carbon Stock (HCS) areas within concessions.	Ranger/Restoration teams established for all regions to monitor and manage HCV/HCS areas in alignment with the principles of citizen science. · North Sumatra · Bengkulu · South Sumatra · Papua New Guinea · Ivory Coast	2026	**On track** Bengkulu has set up the ranger team and other regions will follow the similar approach.

2 Concession areas that are under SIPEF's management control are the total areas that have already been acquired by SIPEF.

CH	MATERIAL TOPICS 2022	COMMITMENT	TARGETS	TARGET YEAR	STATUS IN 2022
4	Sustainable Land Use and Conservation	Make advancements in SIPEF Biodiversity Indonesia (SBI) programme on conservation, management, and monitoring.	Restore 256 hectares of degraded land within SBI.	2024	**On track** Restored 185 hectares as of 2022. Note: The target has been updated in 2022 to clarify that the total area to be restored is 256 hectares.
			Engage with 369 farmers on regenerative agricultural methods within SBI.	2024	**On track** Engaged 339 farmers as of 2022. Note: The target has been updated in 2022 to clarify that the total number of farmers to be engage is 369.
			Review and improve biodiversity monitoring methodology, specifically for the Sumatran tiger, using a scientific sampling design and protocol.	2024	**On track** SIPEF continued to engage with an external expert to improve its monitoring methodoalogy. Upon completion, continual monitoring will be carried out.
			Continual monitoring using the revised design and protocol.	Ongoing	
4	Sustainable Land Use and Conservation	Protect coastal shorelines and prevent flooding.	Restore 14 hectares of coastal areas.	2024	**On track** In Indonesia, 34 hectares of coastal area was mapped and is being restored. In Papua New Guinea, progress is being made on re-establishing the coastal areas through the introduction of mangrove trees.
4	Sustainable Land Use and Conservation	No use of fires to clear or cultivate land in own concessions under the Company's management control.	Zero incidence of fires in own concession areas under the Company's management control.	Ongoing	**Not Achieved** Four hotspots that impacted 2.5 hectares were verified across Indonesia and Papua New Guinea. The causes of the fires were linked to burning by the local communities for gardening and land use activities.

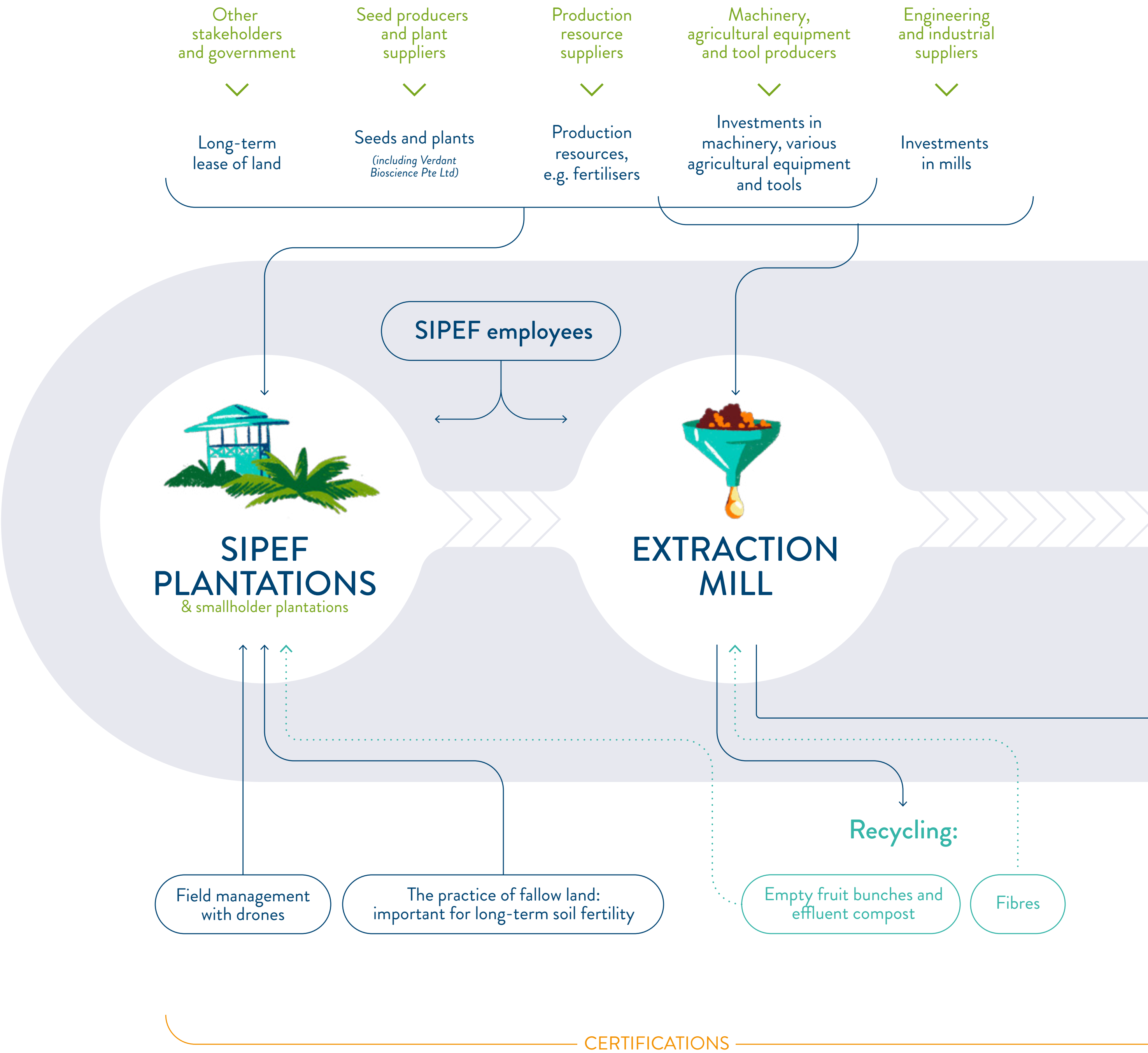
CH	MATERIAL TOPICS 2022	COMMITMENT	TARGETS	TARGET YEAR	STATUS IN 2022
4	Sustainable Land Use and Conservation	No use of fires to clear or cultivate land in total supplier areas.	Zero incidence of fires in supplier areas.	Ongoing	**Not Achieved** No incidents in Indonesia, but there were 11 hotspots verified in Papua New Guinea that impacted 5.3 hectares, primarily linked to burning by the local communities for gardening.
4	Operational Efficiency	Adherence to local regulations on effluent limits in palm oil mills.	Biological Oxygen Demand, Chemical Oxygen Demand and Total Suspended Solids maintained below legal limits at point of release.	Ongoing	**Not Achieved** Seven out of nine mills achieved the targets in 2022.
4	Operational Efficiency	Improve water use management at SIPEF's palm oil mills.	Water usage intensity per tonne of FFB, by palm oil mill: Indonesia · Bukit Maradja (BMPOM) ≤1 · Mukomuko (MMPOM) ≤1 · Bunga Tanjung (BTPOM) ≤1 · Dendymarker Indah Lestari (DILPOM) ≤1 · Perlabian (PLPOM) ≤1.2 · Umbul Mas Wisesa (UMWPOM) ≤1.5 Papua New Guinea · Hargy (HPOM) ≤1 · Navo (NPOM) ≤1 · Barema (BPOM) ≤1.5	Ongoing	**Not Achieved** Eight out of nine mills achieved the targets in 2022.
5	Supply Chain Management	Achieve RSPO certification for all smallholders supplying to SIPEF in Musi Rawas.	100% RSPO certification for smallholders supplying SIPEF in PT Dendymarker Indah Lestari.	2025	**On track** Following RSPO timebound plan.
5	Supply Chain Management		100% RSPO certification for smallholders supplying SIPEF in PT Agro Kati Lama, PT Agro Muara Rupit and PT Agro Rawas Ulu.	2026	**On track** Following RSPO timebound plan.

CH	MATERIAL TOPICS 2022	COMMITMENT	TARGETS	TARGET YEAR	STATUS IN 2022
5	Supply Chain Management	Establish smallholder groups for relevant operational units in Indonesia according to Indonesian law.	100% of smallholders to have signed a Memorandum of Understanding (MoU) for all operational units prior to renewing HGUs.	Ongoing	**On track** Following Indonesia regulation on HGU renewal.
6	Community Rights and Development	Contributing to community development programmes.	Continue contribution to community development programmes such as health, education, childcare, and other initiatives.	Ongoing	**New Target set**

Business model

Palm oil

The chart below illustrates SIPEF's **palm oil production business model**. Palm oil production constitutes the Company's main production activity, generating more than 95% of the Group's gross margin. Broadly speaking, this model also applies to the Group's production of other palm products.



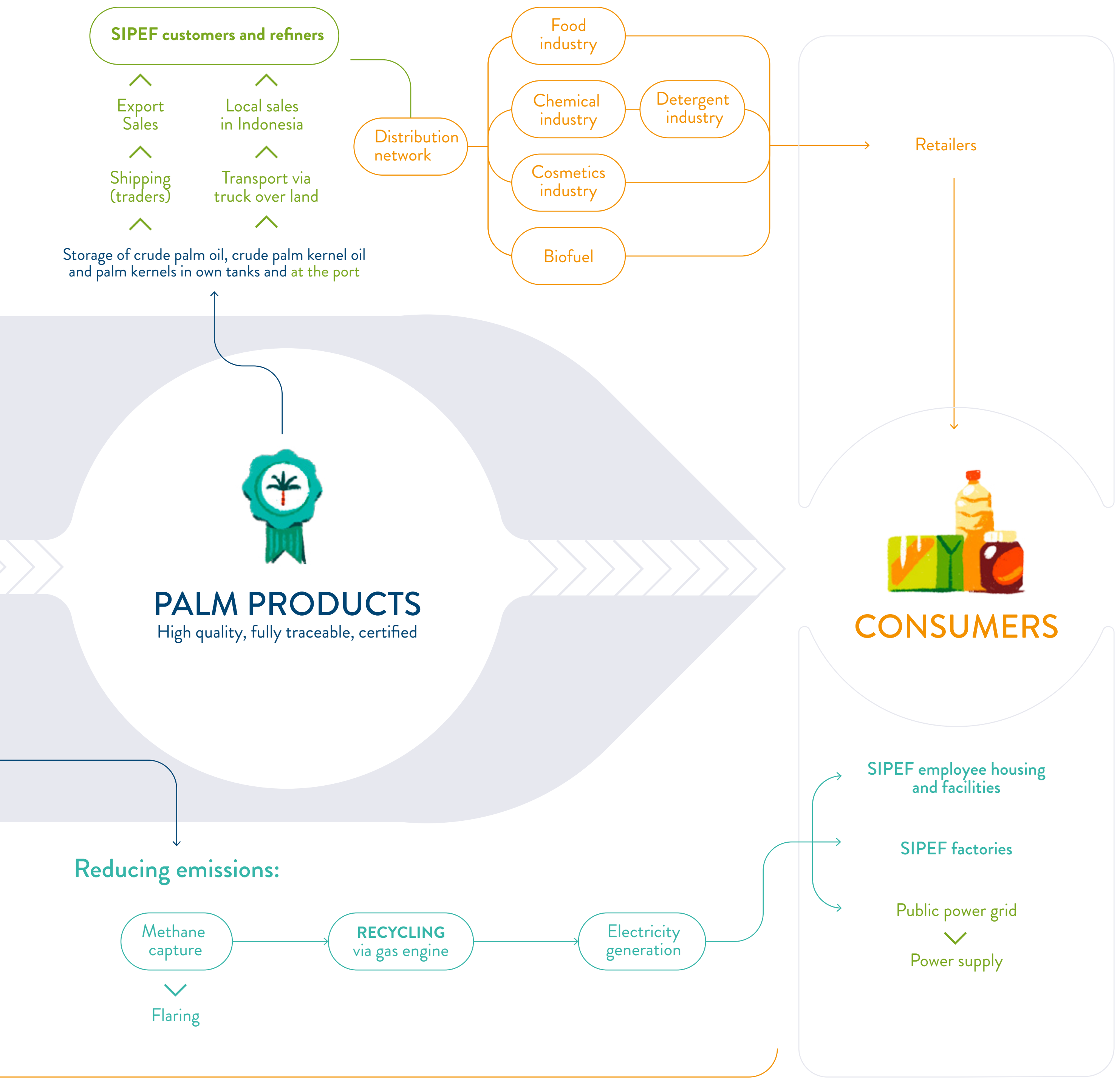
Value creation:

- Employment
- Housing
- Schools
- Health centres, health insurance, covid-19 vaccination programme
- Roads and bridges
- Houses of worship
- Access to basic daily needs (clean water, electricity, ATM, mobile phone network)
- Access to the international market for smallholder production
- Poverty alleviation for employees and local communities

Use and preservation of ecosystem services such as:

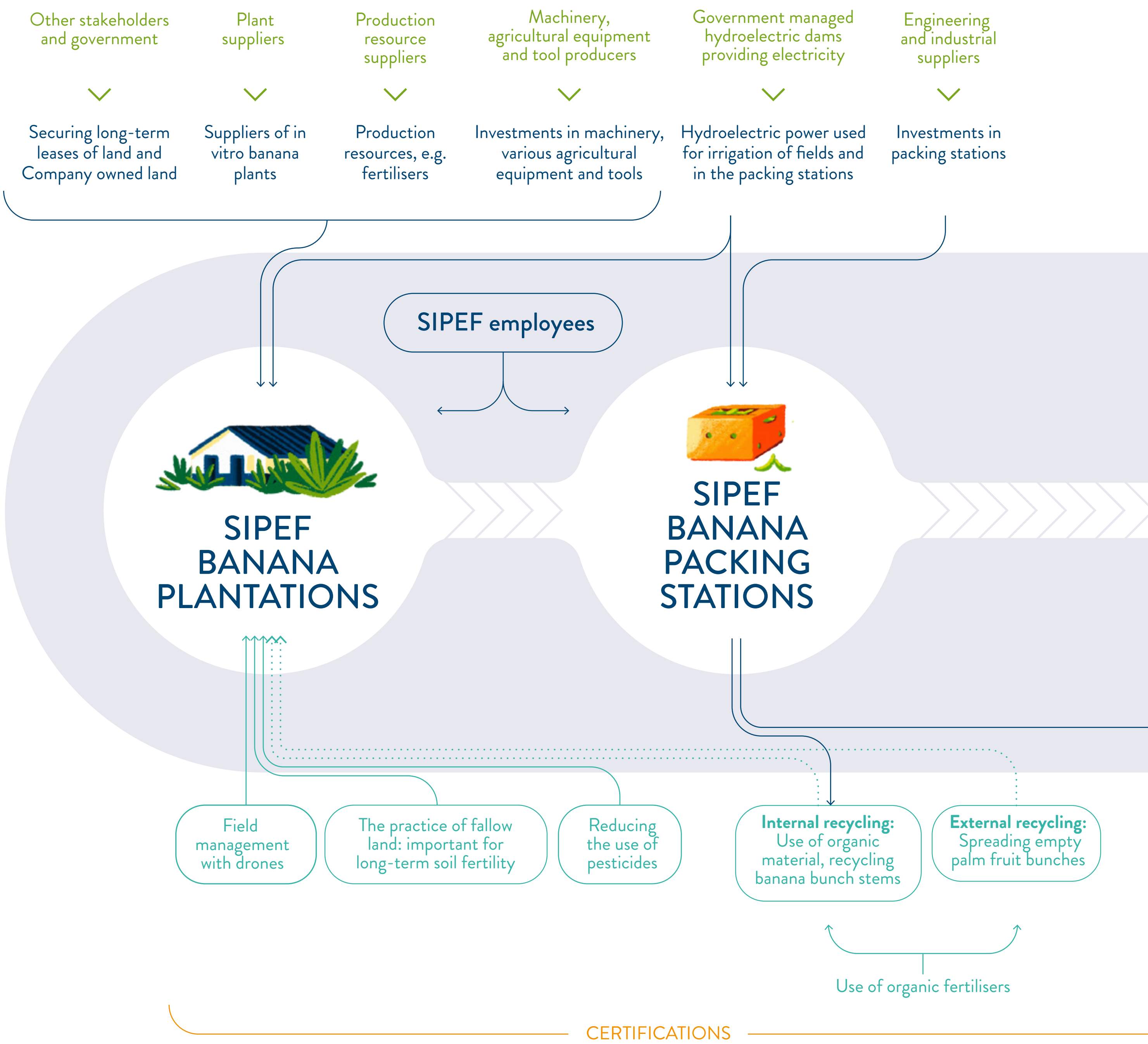
- Water management
- Biodiversity control
- Forest protection
- Preventing methane emissions
- Reducing the use of imported fertilisers
- Preserving soil fertility
- Effluent management

SIPEF activities
Value creation
Third party activities
SIPEF product destinations



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.



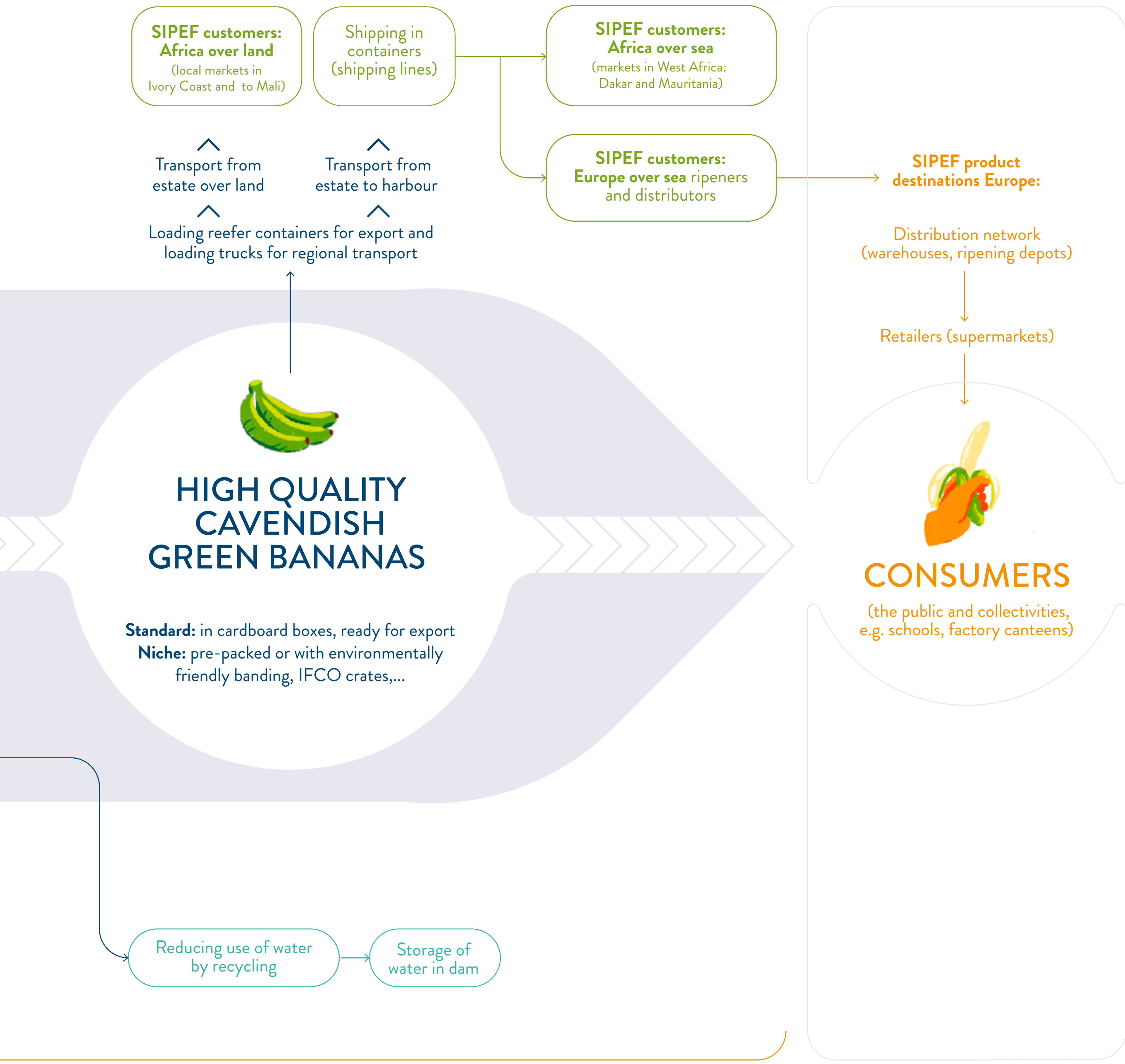
Value creation:

- Employment
- Housing
- Schools
- Health centres, health insurance, covid-19 vaccination programme
- Roads and bridges
- Access to basic daily needs (clean water, electricity, mobile phone network, satellite TV)
- Houses of worship
- Poverty alleviation for employees and local communities

Use and preservation of ecosystem services such as:

- Water management
- Biodiversity control
- Reforestation and forest protection
- Reducing the use of pesticides
- Preserving soil fertility
- Conversion of solar energy into electricity via solar panels
- Field management with drones

SIPEF activities
Value creation
Third party activities
SIPEF product destinations

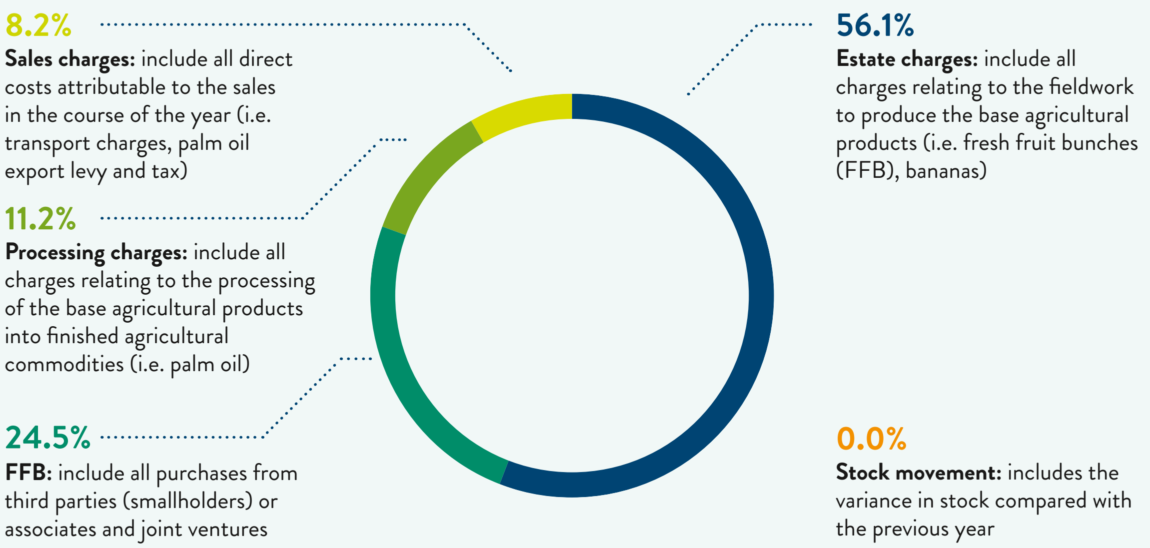


In running its business, the Company needs to make **considerable investments and expenses** in e.g. land, labour, biological assets (bearer plants), buildings, infrastructure, installations and machinery, vehicles, office equipment and other property, plant and equipment.

With these investments and expenses SIPEF pursues the optimisation of the total value creation by increasing its **production volumes** and efficiently **controlling the operational costs**. Labour is one of SIPEF's bigger expenditure items, as well as the recurring cost of the purchase of agrochemicals and inorganic fertilisers. Understandably, with a current total of 22 157 employees (FTEs – full time employees), it is important to look at efficiencies and long-term optimisation.

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

TOTAL OPERATIONAL CHARGES



Markets served

Palm oil

100% of SIPEF's oil palm products are sold on the local market in Indonesia and on the European market. SIPEF's customers are refineries. Depending on their supply chain, the oil can be used in the food industry, oleochemical industry or for green energy (biodiesel) production. SIPEF's customers are parties who want to focus on a sustainable supply chain, who have a preference for using certified and traceable products, and who are willing to pay the premiums for such products.

The 2022 palm oil market started at a record price level following a very low stocks situation and a further deteriorating South American soybean crop due to la Niña drought. The Russian invasion of Ukraine blocked most agricultural products from the European breadbasket to the rest of the world, triggering record high prices in the entire agricultural world, led by wheat, corn and sunflowers.

The Indonesian government struggled to find a solution for local high-priced cooking oil and introduced the Domestic Market Obligation (DMO) at a Domestic Price Obligation (DPO) policy, however it failed its targets. Therefore, President Joko Widodo ordered an export ban on April 23, 2022. This only further fuelled the international market and all farmers except the Indonesian ones, enjoyed majestic price levels. From the middle of May onwards, the Indonesian government reopened the export options again. However, most measures were complicated and bureaucratic and seemed to be changing every fortnight. As a result, exports were progressing very slowly for four months, and the Indonesian tanks were filled to the brim. The Indonesian government then introduced a so-called 'flush-out' tax of USD 200 per tonne to bypass DMO related export permits. The total combined taxes and levies equated to USD 688, depressing the local

market for the growers. It all came together with a significant drop in international commodity prices in June, and local CPO prices dropped to levels just above cost of production.

The second semester of 2022 was certainly less volatile. Good summer crops of rapeseed, sunflower seed and soybeans were contributing to balance the supply and demand. High prices, food inflation and recession fears had tapered demand, particularly in the low-income countries.

The production of palm oil throughout the year showed a modest growth both in Malaysia and Indonesia. The lack of labour was still a major hurdle in Malaysia, but undeniably yields in both countries are declining due to an aging tree profile. This is the result of years of lower prices and a lack of investment in replanting. With limited newly planted acres, these lower yields are likely to last for a few more years.

Where food demand growth globally was marginal in 2022, biofuel still showed a strong growth. Indonesia continued its policy of B30 despite the price volatility, whilst preparing the country for B35 in 2023. The United States showed a strong demand growth mainly coming from the Hydrotreated Vegetable Oil (HVO) industry, taking a huge share of the domestic soybean oil market and the local prices of soybean oil were sky-high. Based on capacity expansion, this growth will continue in 2023. Other big biodiesel producers such as Brazil and Argentina were still holding their blending ratios at a lower level, to manage local inflation, but have already scheduled higher ratios for 2023.

The average price per tonne for CPO CIF Rotterdam in 2022 was USD 1 345 against an average of USD 1 195 in 2021, an increase of 12.6%. At the end of the year, the price was around USD 1 050. Historically still very good prices.

The average price per tonne for CPO CIF Rotterdam in 2022 was USD 1 345 against an average of USD 1 195 in 2021, an increase of 12.6%.

Palm kernel oil

The lauric oil market, the generic term for palm kernel oil and coconut oil, has experienced a year of extremes. At the height of the vegetable oil rally in the first quarter, palm kernel oil (PKO) was trading almost USD 1 000 above palm oil. This was mostly based on a tight supply side for both PKO and coconut oil, and the local Indonesian demand was strong. The increasing export tariffs were not, or to a lesser extent, applicable on oleochemical products. Hence the Indonesian export of oleochemical products were very competitive and profitable.

The oleochemical industry is energy-intensive and the skyrocketing energy prices in 2022 damaged its demand significantly. Certainly, the European Union and United States' players were dealing with these high input costs and the fierce competition from Indonesia, leading to underutilisation of the capacity. As a result, the PKO prices plummeted from their record levels, along with all other oils, but in a faster pace. Later in the year, PKO was even trading at discounts for palm oil to attract demand. Historically though, this was still at high absolute prices.

The average price per tonne of PKO CIF Rotterdam in 2022 was USD 1 588 against an average in 2021 of USD 1 517, a 4.7% increase. But the year ended with prices around USD 1 050, close to even money with palm oil.

Rubber

The rubber market remained in a rather narrow trading range with slow growth in production countered by an even lower demand. The demand was suffering from low global new car sales and China, the biggest rubber consumer, being in a constant lockdown. The average price for RSS1 in 2022 was USD 1 810 per tonne versus USD 2 071 per tonne in 2021.

Bananas

In 2022, the lower supply of bananas to the European Union-27 (EU-27) countries and the United Kingdom (UK) market resulted in a very significant decrease in consumption, by almost 5%, compared with 2021, to reach 6 316 000 tonnes.

It is clear, that all origins decreased their presence on the market. Dollar suppliers (South and Central America) reduced their deliveries by 4.0% (242 000 tonnes). The supply from the African, Caribbean and Pacific (ACP) countries fell by 2.0%, with Africa remaining stable (+0.6%) and the other ACP countries – mostly the Caribbean - reducing their production (-5.1%). European production was the most affected, with a reduction of 11.1%. Dollar bananas had a market share of 74.9%, ACP bananas of 16.7% and the bananas from the Canary Islands, Madeira, Guadeloupe, and Martinique of 8.4%.

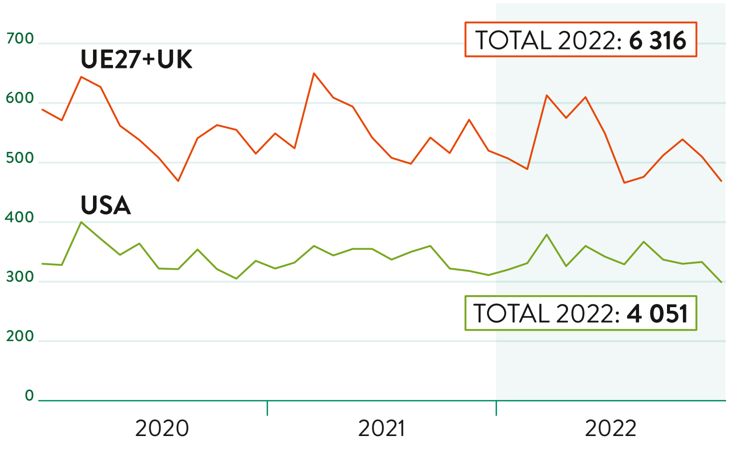
This decrease in supply was mainly linked to inflation and the increase in costs in the production areas, particularly in the first part of the year, while commercial contracts with large-scale distribution had pre-established sales prices for the year. Adding to this economic situation were the climatic disturbances, like too much rain and the floods, and an unfavourable exchange rate effect for producers in the dollar zone with regard to Europe. As a consequence of the reduced supply the European market was less inclined to purchase bananas as in previous years.

Nevertheless, the banana remains one of the most popular consumer goods, due also to its affordability, and the current crisis will certainly not disrupt consumers' interest in this product.

80% of the high-quality bananas of the Group are sold to the markets in Europe and the UK. The rest is sold in the West African region and finally also within the domestic market in Ivory Coast.

There was no change in the import regulations for bananas into the EU and UK in 2022, with continued tariffs of EUR 75.00 per tonne for bananas originating in the dollar zone and free access for ACP bananas, including Ivory Coast for SIPEF.

BANANAS - EU AND USA - SUPPLY (IN 000 TONNES)



Source: CIRAD, Fruittrop

BANANAS - ESTIMATED SUPPLY IN THE EUROPEAN UNION (IN 000 TONNES)

	2020	2021	2022	2022/2021
TOTAL SUPPLY	6 683	6 625	6 316	-4.7%
TOTAL IMPORT, INCLUDING	6 097	6 031	5 788	-4.0%
Countries dollar suppliers	5 051	4 953	4 730	-4.5%
ACP- African countries	597	622	626	0.6%
ACP- Caribbean countries	449	455	432	5.1%
TOTAL EUROPEAN UNION, INCLUDING				
Martinique	132	142	148	3.8%
Guadeloupe	50	58	54	-7.8%
Canary Islands	384	376	309	-17.8%

Source: CIRAD, Eurostat

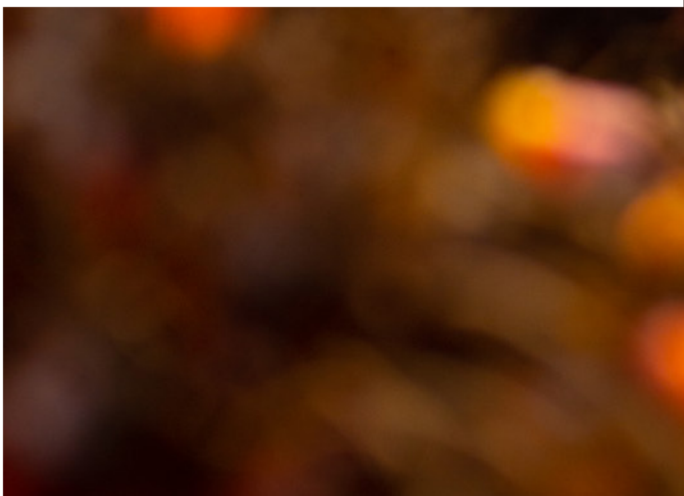
Operational activities

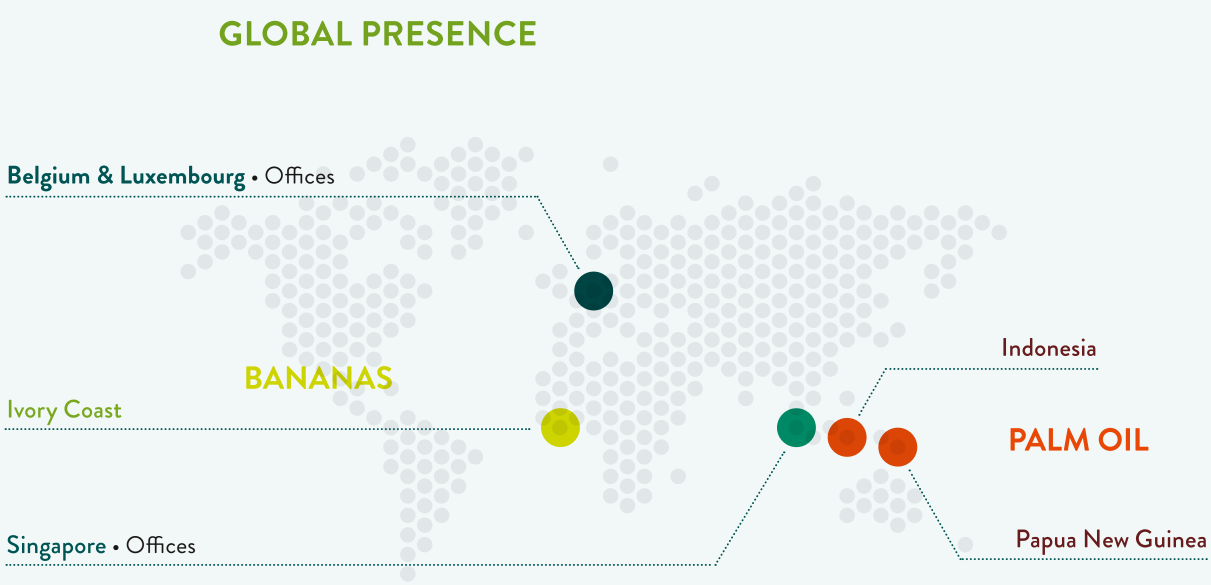
SIPEF management structure in brief

The SIPEF group is headquartered in Belgium, from where, it is managed on strategic, financial, and economic bases. In recent years, SIPEF has strengthened its information technology (IT), sustainability and legal services. As of 2022, the team in Schoten consists of 23 people.

Since 2021, the Group, through SIPEF Singapore Pte Ltd, has had a presence in Singapore, from where the chief operating officer Asia-Pacific, Petra Meekers, closely monitors all the Group's activities in Indonesia and Papua New Guinea. Since 2022, the members of the IT team, which manages all the IT activities of the Group globally, are also based at SIPEF Singapore Pte Ltd.

Finally, SIPEF is represented in Luxembourg by Jabelmalux SA. This company is the Luxembourg parent company of the new oil palm developments in North Sumatra (Umbul Mas Wisesa, Toton Usaha Mandiri and Citra Sawit Mandiri) and of one of the developments in the Musi Rawas region in South Sumatra (Agro Muara Rupit).





PLANTED AREA (IN HECTARES)	INDONESIA	PAPUA NEW GUINEA	IVORY COAST	TOTAL	%
Oil palms	64 766	13 588	0	78 354	96.3%
Rubber	1 954	0	0	1 954	2.4%
Bananas	0	0	1 066	1 066	1.3%
Horticulture	0	0	31	31	0.0%
Total	66 720	13 588	1 097	81 404	100.0%
%	82.0%	16.7%	1.3%	100.0%	

SIPEF operations

At the end of the 2022 fiscal year, the number of own hectares of oil palms planted amounted to 78 354. The annual hectarage growth rate has therefore been 3.9% on average over the last 10 years.

As for bananas, the new assets acquired in 2021 allowed SIPEF to end the year 2022 with 1 066 planted hectares, which will be further extended in 2023, to reach about 1 325 hectares.

SIPEF continues to actively seek investment opportunities by exploring the possibilities of developing new hectares planted with oil palm adjacent to its current operations in order to enlarge its production capacity and, if needed, its infrastructure. In this context, the retention of property rights and concession rights is of prime importance for the Group, in order to ensure sustainable growth.

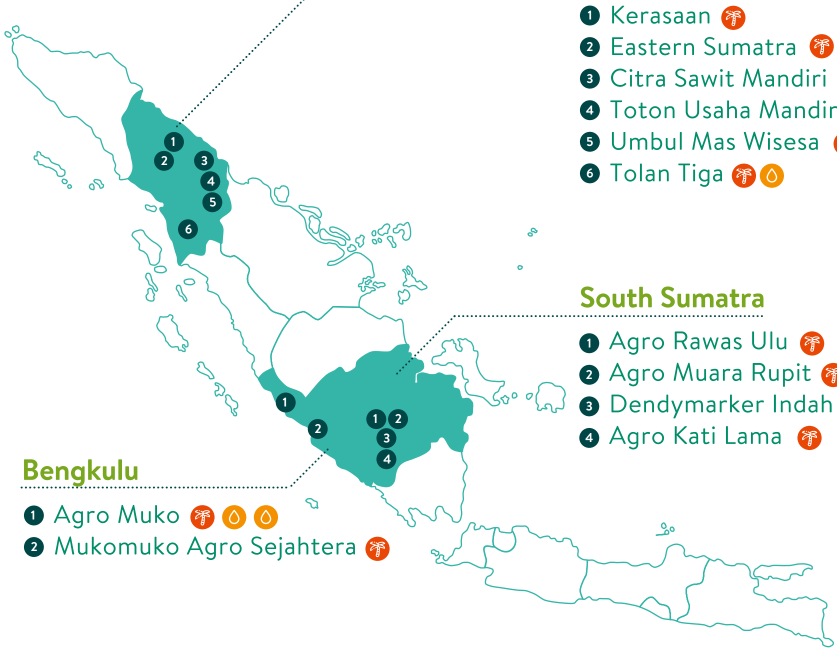
Palm oil

The Group's agri-business activities in palm oil are situated in three different provinces of Sumatra in Indonesia and in West New Britain Province, Papua New Guinea.

The low production of fresh fruit bunches (FFB) in the first four months of the year led to a depressed first quarter 2022 compared with the same period in 2021. However, these poor volumes were fully compensated throughout the rest of the year, and 2022 closed with an increase of 5.6% FFB produced, versus the previous year for both own plantations and smallholders. This rise occurred mainly as a result of the increasing production from the steady developments in South Sumatra, and of the unexpected further high volumes in Papua New Guinea. After a record year in 2021, Hargy Oil Palms Ltd (HOPL) outperformed again in 2022, with an FFB production increase of 9.8% against the previous year. Indonesia closed the year with a rise in FFB of 3.2% compared with 2021. Both countries' operations achieved decent growth.

Not only has FFB production been very good, but the oil extraction rates (OER) have been excellent and in line with 2021. The Group's total palm oil production for the year 2022 achieved the record figure of 403 927 tonnes, an increase of 5.1% compared with the previous year. The growth rate was even higher for the smallholders (+11%) selling their FFB to the SIPEF mills. This was particularly the case in Indonesia, where the smallholders' supply percentage increased, in line with the new regulation in the country.

INDONESIA



North Sumatra

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

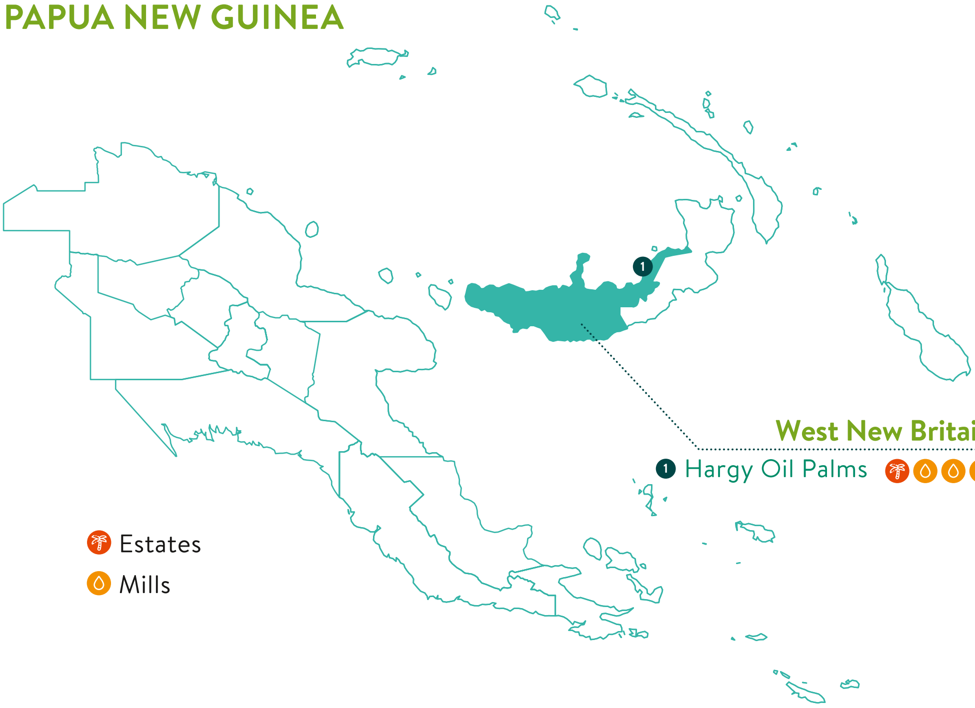
South Sumatra

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



West New Britain

1. Hargy Oil Palms

Estates
Mills

Overview of SIPEF's operational activities in oil palm production

1. Plantations

INDONESIA, NORTH SUMATRA	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2021 (IN TONNES)	FFB PRODUCED 2022 (IN TONNES)	YIELD 2022 FFB/HA (IN TONNES)
Tolan Tiga group	11 524	1 244	13.7	297 229	303 925	26.4
Umbul Mas Wisesa group	9 924	0	13.6	224 429	220 439	22.2
Subtotal own plantations	21 448	1 244	13.6	521 658	524 364	24.4
Smallholders	N/A	N/A	N/A	7 715	12 348	N/A
TOTAL	**21 448**	**1 244**		**529 373**	**536 712**	**25.0**

The **NORTH SUMATRA** business unit remains the one with the most mature plantations of SIPEF Indonesia, operating four oil palm plantations and two mills.

The North Sumatra region benefited from a slightly wetter year (+10% more rainfall), compared with the long-term average. As a consequence, despite a slow start to the year, the production for 2022 had a slight increase of 0.5%, compared with 2021.

FFB production in the mature plantations of North Sumatra, both on mineral and organic soil, after a very depressed start, experienced strong growth in the second quarter, which was followed by a normal steady second semester in general. By the end of 2022 in comparison with 2021, FFB production on mineral soils had risen slightly by 2.3%, average bunch weight had increased by 0.6%, and the number of bunches was 1.6% more. For the organic soil estates, compared with 2021 the FFB production decreased by 1.8%. Although the average bunch weight increased by 2.7%, the number of bunches was 4.4% lower.

INDONESIA, BENGKULU	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2021 (IN TONNES)	FFB PRODUCED 2022 (IN TONNES)	YIELD 2022 FFB/HA (IN TONNES)
Agro Muko	15 796	2 001	12.9	362 121	330 181	20.9
Mukomuko Agro Sejahtera	2 716	606	9.3	34 661	30 913	11.4
Subtotal own plantations	18 512	2 607	12.4	396 782	361 094	19.5
Smallholders	1 227	0	N/A	18 277	17 662	N/A
TOTAL	**19 739**	**2 607**		**415 059**	**378 756**	**18.5**

The regional business unit of **BENGKULU** is operating eight plantations organised into two sub-regions, the north and the south, each zone delivering to its own mill.

In contrast with North Sumatra, the oil palm plantations in Bengkulu province suffered all year long from unsteady weather conditions, being much drier during the first semester than the same period in 2021. Despite excess rainfall in the third quarter, the year still ended with a precipitation deficit of 4% versus the long-term average for the third quarter. These weather conditions contributed to an overall drop of FFB production of 9.0% against 2021, being -8.8% for the Agro Muko plantations and -10.8% for the Mukomuko Agro Sejahtera plantations.

Weather has indeed had a disappointing effect on the overall management of the harvesting and quality processing of crops, recording lower fruit ripeness standards and lower loose fruit collection. The first semester fruits were lighter in average bunch weight and ripening was somewhat delayed. Thanks to normalised weather conditions at the start of the second semester, the production deficit started to decrease. Heavy rainfall figures in August, September and October had narrowed the gap with the other plantations of the SIPEF group by the end of the year.

For the Agro Muko plantations, of the total of eight estates only Mukomuko estate and Tanah Rekah estate recorded an increase in production, with 5.0% and 9.7% respectively versus 2021. In relation to the Mukomuko Agro Sejahtera plantations, production in both Air Majunto estate and Malin Deman estate dropped by 16.1% and 19.7% respectively against last year. However, production in Sungai Teramang estate increased by 147.3% as the new area came to maturity, and the production of the Batu Kuda estate increased by 29.8% because of rehabilitation works.

INDONESIA, SOUTH SUMATRA	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2021 (IN TONNES)	FFB PRODUCED 2022 (IN TONNES)	YIELD 2022 FFB/HA (IN TONNES)
Agro Kati Lama	3 775	633	5.5	38 940	55 924	14.8
Agro Rawas Ulu	2 173	426	4.7	22 684	28 862	13.3
Agro Muara Rupit	4 021	2 585	3.2	23 658	40 473	10.1
Dendymarker Indah Lestari	2 957	4 384	2.1	15 287	29 354	9.9
Subtotal own plantations	12 926	8 028	3.5	100 569	154 613	12.0
Smallholders	2 951	2 236	N/A	14 885	24 023	6.0
TOTAL	**15 876**	**10 264**		**115 454**	**178 636**	**10.9**

The developments in the **SOUTH SUMATRA** region were historically organised into three groups of estates as listed in the table above. The more recent additional estate, Dendymarker Indah Lestari (DIL), is still in the process of rehabilitation.

SIPEF currently has 26 526 hectares planted in South Sumatra, of which 1 086 hectares still have to be replanted, but the 25 440 hectares of newly planted oil palm, aged between one and nine years old, will yield continuously increasing crops in the next few years.

The potential development of more than 32 000 hectares remains a moving target, depending on the ‘identified potential’ of the old projects, but also of the new project areas, where opportunities are still being discovered.

Over the year, the region experienced higher rainfall than the five-year average (+14%) and, as a result, this was quite favourable for palm growth and bunch development. Combined with the average mature area increase in DIL, as well as the steady expansions in Musi Rawas, an increasing average bunch weight was triggered, resulting in a pleasing production surplus for both own plantations and the smallholders (plasma) compared with last year.

The increasing contribution of the Musi Rawas plantations from harvesting on the young maturing 9 969 hectares has led to 125 259 tonnes of FFB (+46.7% versus last year). This was mainly due to the increase in the mature area by 14.0% versus last year and the progressive increase in FFB numbers and average bunch weight (ABW), which increased the overall yield per hectare compared with the year before. Fruit quality was at least 85% ‘normal’ ripe, with harvesters continuing to be trained to improve the quality, and loose fruit was between 8% and 10%.

DIL's increased yield was the direct result of an increase in the total mature area by 104.4%, the new area coming into maturity, as well as the overall improvement in yield per hectare and average bunch weight.

In addition, the young palms proved to be more resilient in dealing with the last delayed stress effects of the 2019 drought.

Replanting of the own estates was completed in 2022, ending with a total of 7 341 hectares planted. Harvesting has started on 2 957 hectares, but the yields were still low overall as the average age of the palms was only 2.1 years old.

As for plasma development, 1 671 hectares had been replanted by the end of 2022, while the balance of 1 086 hectares will be completed in 2023, which should give DIL estate 10 103 hectares of young maturing palms.

PAPUA NEW GUINEA, WEST NEW BRITAIN

	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2021 (IN TONNES)	FFB PRODUCED 2022 (IN TONNES)	YIELD 2022 FFB/HA (IN TONNES)
Hargy estate	4 021	393	6.4	133 587	134 341	33.4
Navo estate	5 462	1 128	9.8	154 969	182 178	33.4
Pandi estate	2 584	0	9.5	78 293	86 901	33.6
Subtotal own plantations	12 067	1 521	9.8	366 849	403 420	33.4
Smallholders	13 930	877	16.1	232 134	254 356	18.3
TOTAL	**25 997**	**2 398**		**598 983**	**657 776**	**25.3**

HARGY OIL PALMS LTD, in Papua New Guinea, is operating six oil palm plantations, organised under three estates delivering to its three palm oil mills, together with 3 645 smallholders that also supply its mills on a regular basis.

Weather conditions in 2022 were very favourable for the development and ripening of palm fruits and FFB production. So, the year has been far above expectations with all plantations, exceeding the record crop achieved in 2021 by 11.4%. HOPL's track record for 2021 and 2022 has indeed been remarkable. For the second year in a row, a relatively 'dry' wet season at the start of the year, which is the usual period of the rainy season, was followed all year long by outperformance on crop, processing, and quality oil production.

In comparison with the five-year average, annual rainfall was only 70% at Hargy, 63% at Barema, 59% at Navo and 63% at Bakada.

Crops from own estates surpassed a record volume resulting in 403 419 tonnes on the back of excellent weather conditions, but also the continued recovery from the volcanic ash rains that had affected Navo plantations once the clean-up and pruning had been completed. The Navo estates showed a 18.9% increase on last year. However, there still remained an average gap yield of about 7 tonnes per hectare, between the non-affected Navo estates and the affected areas in Ibana estate.

Due to the continuous high crop yields throughout the year, the aging transport fleet remained under pressure, caused by delayed deliveries of new trucks and tractors. FFB truck availability for plantations and smallholders was a problem. Contractors were sought for additional transport to enable the timely delivery of all crops to the mills.

The replant for the year achieved an area of 848 hectares, located in the Navo plantations.

Thanks to the high world price levels, good prices were paid for FFB to smallholders all year around. Therefore, they were also harvesting very actively, surpassing a record volume to land at 254 356 tonnes of FFB, and resulting in a record crop increase of 11.2% on last year. This was despite the challenges the team had to face with insufficient fertilisers being applied and the lack of replanting of aging acreage.

For the smallholders' crops, the transport challenge was just as great. A fleet of crane trucks was required to collect the nets from the smallholder production areas. The new truck deliveries were also delayed, since the covid-19 crisis had hampered supplies of electronic parts. Truck orders for 2021, 2022 and 2023 are not expected to start arriving on site until the second quarter of 2023.

The replant for the smallholders reached 487 hectares, which is an overall good performance in view of their reluctance to fell palms at a time of high production as well as high FFB farm gate prices.

2. Mills

As a result of the palm fruits sold to third party mills during the first half of the year, the Group's growth in palm oil (+5.1%) was just slightly lower than the growth in FBB (+5.6%).

The Group average OER remained strong at 24.0%, which is equal to last year.

In North Sumatra where the plantations are mostly mature and of a median average age, the three mills showed a stable or slightly better average OER compared with last year.

INDONESIA, NORTH SUMATRA	BUKIT MARADJA		PERLABIAN		UMBUL MAS WISESA	
	2021	2022	2021	2022	2021	2022
Capacity (tonnes FFB/h)	30	30	55	55	40	40
Actual throughput	30.1	30.3	54.4	54.3	40.2	40.2
FFB processed (tonnes)	122 769	118 867	179 193	191 668	183 649	181 137
Crude palm oil produced (tonnes)	28 910	28 129	39 734	42 378	42 792	42 420
Oil extraction rate (%)	23.55	23.66	22.17	22.11	23.30	23.42
Kernel extraction rate (%)	4.92	4.91	5.76	5.82	4.04	4.12
Free fatty acids (%)	3.13	3.28	3.42	3.60	3.65	3.52

INDONESIA, BENGKULU AND SOUTH SUMATRA	MUKOMUKO		BUNGA TANJUNG		DENDYMARKER INDAH LESTARI	
	2021	2022	2021	2022	2021	2022
Capacity (tonnes FFB/h)	60	60	30	30	20	60
Actual throughput	58.2	47.4	30.2	30.5	20.2	41.6
FFB processed (tonnes)	264 497	255 366	145 934	118 469	108 887	162 350
Crude palm oil produced (tonnes)	62 538	60 088	32 460	26 530	24 541	37 742
Oil extraction rate (%)	23.64	23.53	22.24	21.39	22.57	23.25
Kernel extraction rate (%)	4.33	4.01	4.68	4.82	3.55	3.54
Free fatty acids (%)	3.32	2.72	4.00	3.61	3.40	3.09

The Mukomuko biogas engine has been working at less than half capacity for most of the year, as the public network has had problems uploading the estate's electricity production. *Perusahan Listrik Negara* (PLN) Bengkulu, the national electricity provider has promised that network improvement will reinstate the upload capacity.

The designs for the civils (construction of infrastructure) for the CPO washing plant at Mukomuko palm oil mill have all been received, and materials have entered Indonesia for delivery on site before the end of February 2023, with tentative commissioning near mid-year 2023.

In the first half of the year, some of the harvested bunches from South Sumatra could not be processed in the own mill. This was due to the delay in the expansion of the DIL palm oil extraction mill caused by travel restrictions related to covid-19. However, the newly completed DIL mill still recorded the largest average year-on-year increase from 22.57% to 23.25%.

This average OER was due to the better quality of the recently planted young palms versus the old palms that have now been almost completely replaced.

The performance of the DIL mill increased steadily, and the month of December closed with an OER of 23.77%, the highest of all the Indonesian mills. The final clean-up works have been completed and the mill runs at 60 tonnes per hour.

The design for the future Agro Muara Rupit (AMR) mill has been reviewed and reduced to a maximum capacity of 75 tonnes per hour. An initial capacity of 45 tonnes per hour will be completed by June 2024. The earthworks are 50% completed, while the construction has been awarded to a local contractor, who is processing the steel structure fabrication. Boilers and sterilisers have been ordered and the electrical works are being tendered. The new AMR mill will also include methane capture, and discussions will be started with vendors on the potential uses of the methane produced (including bottled gas, engine fuel and electricity production) and on the inclusion of such an installation in the carbon credit systems, allowing for an offset and/or an extra income in case of downstream high use of the methane.

Helped by the dry weather in Papua New Guinea, OERs reached 25.34% on average, against 25.58% last year. Nevertheless, total palm oil production increased 8.8% versus last year, thanks to higher FFB production. Besides the very difficult month of February, the crop continued all year long above last year's volumes. Especially during the third quarter, the usual drop in production did not take place and production continued at the highest levels. This is the case for the second year in a row, and it could be an indication that the seasonal peak is changing.

PAPUA NEW GUINEA, WEST NEW BRITAIN	HARGY		NAVO		BAREMA		TOTAL	
	2021	2022	2021	2022	2021	2022	2021	2022
Capacity (tonnes FFB/h)	45	45	50	50	45	45	140	140
Actual throughput	46.7	45.1	51.0	50.4	42.9	44.0	140.6	139.5
FFB processed (tonnes)	70 654	70 655	191 604	214 701	104 591	117 844	366 849	403 200
FFB processed smallholders (tonnes)	94 893	103 306	37 633	46 931	99 608	104 119	232 134	254 356
Crude palm oil produced (tonnes)	41 242	43 321	59 596	66 804	52 365	56 517	153 203	166 642
Oil extraction rate (%)	24.91	24.89	26.00	25.58	25.64	25.50	25.58	25.34
Free fatty acids (%)	2.71	3.06	3.06	4.06	3.63	4.13	3.13	3.75
Crude palm kernel oil produced (tonnes)	3 590	3 646	N/A	N/A	8 660	9 715	12 251	13 361
Palm kernels produced (tonnes)	8 679	8 946	11 601	13 802	10 523	11 168	30 803	33 916
Kernel extraction rate (%)	5.24	5.14	5.06	5.29	5.15	5.04	5.14	5.16
Kernel oil extraction rate (%)	2.17	2.09	N/A	N/A	2.00	2.01	2.05	2.03

In the second half of the year the export of palm oil to Europe encountered some shipping delays. Full onshore tank capacity was reached twice, so processing and harvesting had to stop twice as well.

Another issue of increasing concern is the availability of processing capacity being in the right place. Due to the expansion of Company plantations to the north, most of the crop is now growing near the northern Navo mill, and the Navo estates also have most of the unexpected additional crop, after recovering from the 2019 volcanic eruption. This means that crop needs to be transported to the Barema mill, while the southern Hargy mill is not under full capacity use. In late 2021, SIPEF started huge works to rehabilitate and expand the Navo mill capacity from 50 to 57 tonnes per hour, including new boilers, turbines, and an additional line of sterilisers, to be operational in the course of 2023. In the meantime, while waiting for extra tank storage to be built, additional transport is required to bring the crop further down to the Barema mill, but mainly to the Hargy mill.

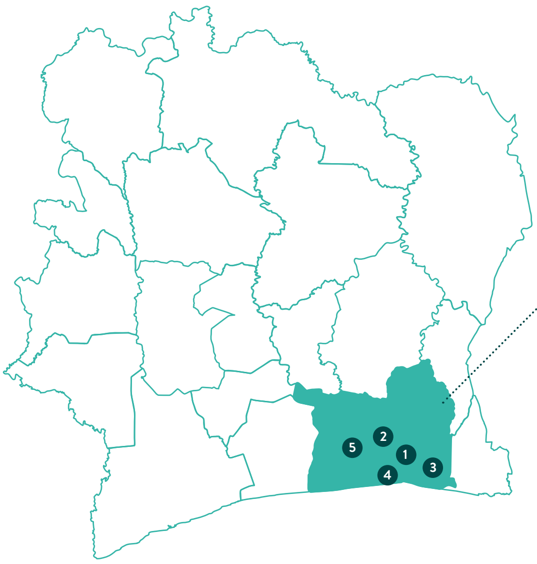
Bananas

The Group's agri-business activities in bananas are situated in Ivory Coast, located in five sites within the southern Lagunas Region.

Plantations J. Eglin is a major player in banana production in Ivory Coast, the most important banana exporting country in Africa. In 2021, the company has produced 32 270 tonnes of bananas for export, the vast majority for the European market, on a planted area of less than 1 000 hectares, split into three locations: Azaguié, Agboville and Motobé.

With the assets acquisition mid-2021 of an old banana plantation business, which ceased producing two years earlier, the planted area of Plantations J. Eglin will grow up to 1 350 hectares within the coming year. It has introduced two new locations, being Akoudié and Lumen.

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 *

Estates

Packing stations

*Under construction

Overview of SIPEF's operational activities in banana production

The first semester is the most crucial period of the year in terms of production. However, in the first semester of 2022, a generally lower temperature and dense fog caused by the Harmattan in combination with a 30% higher rainfall than the five-year average, strongly affected production compared to last year. In the absence of sufficient sunlight, the harvested bunches were smaller with relatively thinner bananas.

Banana production for the year, 32 270 exported tonnes, ultimately ended almost equal to last year. The additional production from the new production sites in the second half of the year offset the generally declining volumes from the historical sites (-7.6%). Adverse weather conditions, with low temperatures and heavy rainfall (+12% to 49% compared with the long-term average, depending on the site), slowed down production, mainly in the Motobé plantation (-21%), and impacted the quality. Yields per hectare were, of course, affected accordingly, with a decline compared with last year.

PLANTATIONS	PLANTED AREA 2021 (IN HECTARES)	PLANTED AREA 2022 (IN HECTARES)	EXPORTED PRODUCTION 2021 (IN TONNES)	EXPORTED PRODUCTION 2022 (IN TONNES)	YIELD 2021 (TONNES/HA)	YIELD 2022 (TONNES/HA)
Azaguié 1 & 2	337	338	13 112	12 833	39.0	38.0
Agboville	230	233	9 507	9 383	41.3	40.3
Motobé	226	236	9 581	7 543	42.4	32.0
Lumen 1 & 2	22	197	0	2 511	0.0	12.7
Akoudié	0	62	0	0	0.0	0.0
TOTAL	**815**	**1 066**	**32 200**	**32 270**	**40.6**	**30.3**

The weather circumstances, combined with reduced shipping availability, meant that mainly in the first half of the year, Plantations J. Eglin also struggled with the quality of the exported fruits, leading to price discounts on the fixed annual price contracts. These quality problems were overcome in the second semester, and the lack of volume from the dollar producers made the Eglin banana the most wanted product in Europe.

The expansion developments and increasing production have required further changes and the enlargement of the management team. In addition, the quality in the packing stations, as well as in the developments are today controlled by Latin American expats.

The Lumen and Akoudié developments were slightly behind schedule in 2022 due to the transport delays incurred during the import of irrigation materials and pumps into Ivory Coast. However, at the end of 2022, Lumen and Akoudié combined had already achieved 259 planted hectares, while the total area of Plantations J. Eglin planted hectares of bananas had increased to 1 066 hectares, almost recovering from the delays.

The remaining land preparation is still in progress for Akoudié, whereas Lumen is almost completed in terms of planting.

PACKING STATIONS		EU		REGIONAL		LOCAL		TOTAL	
	CAPACITY (TONNES/DAY)	2021	2022	2021	2022	2021	2022	2021	2022
Azaguié 1 & 2	60	11 214	10 459	1 898	2 374	1 664	887	14 776	13 720
Agboville	40	8 547	8 077	960	1 306	988	788	10 495	10 171
Motobé	40	8 257	6 324	1 324	1 219	1 234	638	10 815	8 181
Lumen 1 & 2	60	0	2 111	0	400	0	131	0	2 642
Akoudié	40	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL		28 018	26 971	4 182	5 299	3 886	2 444	36 086	34 714

The first fruits of the Lumen extensions were processed in one of its renovated packing stations, and the initial 35 tonnes of bananas were exported in the first semester of 2022.

In 2022, six packing stations were in operation: four historical stations and two stations that were renovated and put into operation during the year, in parallel with the start of the fruit harvest from the Lumen extension sites 1 and 2.

The packing stations operate similarly at all company production sites. Each station can pack up to 250 hectares of banana production, which applies to most of the sites.

The large banana bunches arriving at the packing station are accumulated in a storage area, which allows for quality and standard control and for weighing the fruits received.

The fruit is then floated in rinsing water tanks, and small bunches of fruit, also called hands, are made up, classified by size and/or according to the buyers' specifications. The fruit is packed loose or pre-packed in bags and then undergoes quality control before being palletised. Only bananas sold in the sub-region are not palletised, as fruit for the local market is packed in recycled wooden crates.

All the necessary equipment for the rehabilitation of a seventh packing station has been ordered. This one is situated at the new site of Akoudié and will be operational at the beginning of the second quarter of 2023.

Phasing out of rubber and tea

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.

The rubber volumes continued to decline, in line with the conversion taking place in both Agro Muko Sei Jerinjing estate and in Bandar Pinang estate. The annual volume from own estates dropped from 1 996 tonnes in 2021 to 1 368 tonnes in 2022 and will decline further in 2023.

End of 2027, the switch to mature and cash-generating oil palm plantations should be completed.

Furthermore, in May 2021, PT Tolan Tiga Indonesia signed the agreement related to the conditional sale of PT Melania, which owns the third rubber plantation and the tea plantation of the Group, to the Shamrock Group. PT Tolan Tiga Indonesia is currently working towards the HGU renewals to definitively complete the sale. Unlike the situation of MAS Palembang (the rubber plantation), Cibuni estate (the tea plantation) is continued to be managed by PT Tolan Tiga/SIPEF.

As a result of this conditional sale, the figures of the rubber and tea activities are since 2021 no longer integrated in the consolidated accounts.

Events after the balance sheet date

There are no significant post-balance sheet events that have a specific impact on SIPEF group's activities and consolidated financial statements. This is also true for the latest evolution of the dispute between Russia and Ukraine and the recent problems at some banks (Silicon Valley Bank and Crédit Suisse).

Corporate governance statement

The 'Corporate governance statement' comprises information with regard to the good governance of the SIPEF holding for 2022 and the following period until the meeting of the board of directors of 18 April 2023.

The Company has a strong corporate governance structure focused on responsible business, proper management, and implementation of ever-evolving sustainability commitments. The Group's guidelines for good governance are summarised in several basic elements, such as the corporate governance charter, the remuneration policy and the code of conduct comprising the ethics policies to promote and support responsible and ethical behaviour. These policies collectively set out the Group's commitments to ethical business conduct and corporate governance best practices. Moreover, SIPEF complies to the principles of the 2020 Belgian Code on Good Governance, on which it relies as the reference code for the application of the 'comply or explain' principle.

→ www.corporategovernancecommittee.be

A strong policy on corporate governance is also made possible through a clear governance structure, defining the role of the highest governing bodies. Lastly, a strong policy on corporate governance is the result of a stable shareholder structure at SIPEF.

BASIC ELEMENTS OF SIPEF'S CORPORATE GOVERNANCE	
Corporate Governance Charter	The Charter describes the most important elements of SIPEF's corporate governance, including the governance structure of the Company.
Remuneration Policy	The Remuneration Policy outlines the different components of the remuneration of the directors, the managing director, and the other members of the executive committee. It sets out the criteria and methods for the calculation of this remuneration. It is designed to (i) attract, reward, and retain the necessary talent, (ii) achieve the strategic objectives of the Company and (iii) promote sustainable value creation.
Code of Conduct	The Code of Conduct sets out the principles of conduct in terms of responsible and ethical behaviour for all staff, including consultants and contracting parties of SIPEF. It specifies SIPEF's commitment to transparency, anti-bribery and anti-corruption, compliance with all relevant international and national laws, and the prohibition of using the Group's facilities or working hours to conduct personal business.

Corporate Governance Charter

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 its various committees. It also contains the rules of conduct that apply to the people 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 23 September 2022. This last amendment mainly concerned a change in the shareholding of SIPEF.

→ The amended version of the Charter can be consulted on the website:
www.sipef.com/media/2447/20210811_corporate-governance-charter_eng-approved.pdf

Ethics policy - Code of Conduct

SIPEF believes that ethical business can be a force for good governance. SIPEF has always formulated the Company's policies to be in line with **ethical principles**. By doing so the Group wants to promote and support a responsible and ethical behaviour within SIPEF and its suppliers.

Since 1 January 2020, SIPEF has formalised its ethics policy in the Code of Conduct that supplemented the rules of the Charter. This code sets out the ethical rules of conduct for staff members and managers of SIPEF. Consultants and contracting parties operating with SIPEF are also required to respect it. As required by the Belgian Corporate Governance Code and the Corporate Governance Charter, the board of directors of SIPEF monitors compliance with the Code of Conduct once a year. SIPEF has also introduced a code of conduct in all of the countries where it is active.

In line with its ethics policy, the Company continues to prioritise **transparency** towards its stakeholders on how it conducts its business. Within the framework of its policy on ethics, SIPEF also commits to comply with all relevant international and national laws, and other **critical topics** such as zero tolerance towards bribery and corruption, whistleblowing, handling of grievances, prohibition of management and employees using the Group's facilities or working hours to conduct personal business and privacy.

→ See for more information: www.sipef.com/media/2278/gedragscode-sipef_code-of-conduct_eng_-v-14-09-2019.pdf

1. Transparency

The Group addresses **transparency** on some key common topics, including remuneration, financial statements, and risk management as summarised in the table below.

THE BASIC ELEMENTS OF SIPEF'S ETHICS POLICY ON TRANSPARENCY	
Remuneration report	The report provides a comprehensive overview with respect to a specific financial year and the previous year of all aspects of 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.
External and internal audit	The auditor conducts the external audit on the consolidated and the statutory statements of SIPEF. An internal audit department has been set up at the operating units in Indonesia and Hargy Oil Palms Ltd in Papua New Guinea, reporting on a regular basis to the local audit committee that assesses the internal audit reports. A summary of these internal audit reports is presented to the SIPEF audit committee, also on a regular basis.
Internal control	SIPEF's internal control systems, set up in accordance with the Belgian law and soft law, strive for compliance with legal and sustainable regulations as well as with all procedures, guidelines, and rules of the Group to protect its assets, staff and activities and optimise its management.
Risk management	Every year the board of directors, upon proposal of the audit committee, analyses, assesses, and maps out the various risks that face the Group based on the likelihood that they would occur and of their potential impact on the Company. Subsequently it issues the appropriate instructions and/or establishes the required procedures to enable the identified risks to be dealt with appropriately.
Conflict of interests	The Charter describes the procedures to apply in case a conflict of interest is entailed by a transaction or decision of the board of directors.
Financial transactions with SIPEF shares	The Charter provides rules that directors, management, employees, and self-employed staff of SIPEF must comply with in financial transactions with SIPEF shares as well as a policy to prevent market abuse.
EU Taxonomy	SIPEF assesses the eligibility of its economic activities against the EU Taxonomy.

1.1 Remuneration report

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 also reflects the remuneration policy that was approved by the general meeting of 9 June 2021 with a majority of 95.8% of the votes. The detailed text of the remuneration policy is published on the website of the Company.

→ See: www.sipef.com/media/2426/en-remuneratiebeleid-2021.pdf

The remuneration report 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 2022. 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 November 2021 the board of directors decided to increase the annual fixed remuneration of the managing director as of 2022. This increase was the result of the growth of the size of the Company, in combination with the debt reduction to the level requested by the board of directors and the resilience of the Group to overcome the most difficult years with the volcanic eruptions in Papua New Guinea in an economic climate of low palm oil prices.

Moreover, all members of the executive committee benefited in 2022 from a variable remuneration calculated based on the recurrent consolidated results 2021 and the performances of the management of that year. It was characterised by some important developments and transactions that are set out under the section 'Significant events in 2021' (see Company Report 2021 page 4). The significant events in 2022 will be decisive for the variable remuneration to be paid in 2023.

In 2022, 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. However, directors' emoluments were increased starting in 2022. A benchmark with similar companies had shown that the compensation of the board of directors of the companies included in this study was generally higher than that of the SIPEF directors. These amended emoluments will be submitted to the ordinary general meeting for ratification as part of the approval of the 2022 remuneration report.

The annual remuneration of the chairman of the board of directors was also found to be below the benchmark for several years. Therefore, it too was increased with effect from 2022.

However, the remuneration of the members of the audit committee and the remuneration committee, as well as their respective chairs, remained unchanged in 2022 as they were generally in line with the benchmark average.

→ See: www.sipef.com/media/2426/en-remuneratiebeleid-2021.pdf

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 2022, the directors received the following remuneration:

ON AN ANNUAL BASIS PER PERSON	MEMBER	CHAIRMAN
Board of directors	EUR 35 000	EUR 90 000
Audit committee	EUR 7 500	EUR 9 750
Remuneration committee	EUR 4 000	EUR 5 200

	BOARD OF DIRECTORS		AUDIT COMMITTEE		REMUNERATION COMMITTEE		TOTAL	
IN KEUR	2021	2022	2021	2022	2021	2022	2021	2022
Baron Luc Bertrand	60.00	90.00	0.00	0.00	0.00	0.00	60.00	90.00
François Van Hoydonck	29.00	35.00	0.00	0.00	0.00	0.00	29.00	35.00
Tom Bamelis	29.00	35.00	9.75	9.75	0.00	0.00	38.75	44.75
Priscilla Bracht	29.00	35.00	0.00	0.00	0.00	0.00	29.00	35.00
Alexandre Delen (from 8 June 2022)	0.00	17.50	0.00	0.00	0.00	0.00	0.00	17.50
Baron Jacques Delen (until 8 June 2022)	29.00	17.50	0.00	0.00	0.00	0.00	29.00	17.50
Antoine Friling	29.00	35.00	0.00	0.00	5.20	5.20	34.20	40.20
Gaëtan Hannecart	29.00	35.00	0.00	0.00	0.00	0.00	29.00	35.00
Yu-Leng Khor (from 9 June 2021)	14.50	35.00	0.00	0.00	2.00	4.00	16.50	39.00
Sophie Lammerant-Velge	29.00	35.00	7.50	7.50	4.00	4.00	40.50	46.50
Petra Meekers (until 9 June 2021)	14.50	0.00	0.00	0.00	2.00	0.00	16.50	0.00
Nicholas Thompson	29.00	35.00	7.50	7.50	0.00	0.00	36.50	42.50
TOTAL	**321.00**	**405.00**	**24.75**	**24.75**	**13.20**	**13.20**	**358.95**	**442.95**

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. They benefit from director liability insurance.

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 a 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. No shares were awarded to the members of the executive committee in 2022.

2022

IN KEUR	FVH	CDW	TH	RK	PM	JN	TOTAL	%
Board remuneration	35	0	0	0	0	0	35	0.8%
Fixed remuneration	459	274	265	318	643	356	2 315	53.1%
Variable remuneration	484	218	222	230	0	308	1 462	33.5%
Pension contributions	251	46	45	0	0	46	388	8.9%
Other	21	9	15	28	82	8	163	3.7%
SUBTOTAL	1 250	547	547	576	725	718	4 363	100.0%
Market value vested share option (begin exercise period)*	80	27	27	27	0	27	186	
TOTAL REMUNERATION	**1 330**	**574**	**574**	**603**	**725**	**745**	**4 550**	
Subtotal	100%	100%	100%	100%	100%	100%	100%	
Fixed	61%	60%	59%	60%	100%	57%	66%	
Variable	39%	40%	41%	40%	0%	43%	34%	

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%
Market value vested share option (begin exercise period)*	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%	

* For more details on the respective option plans (respectively, SOP 2019 and SOP 2018) see page 62 and 63.

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 of SIPEF 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 set in a discretionary manner (based on financial and non-financial criteria) 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, among others, 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 based on 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.

Furthermore, the board of directors did not award any special bonuses to any members for specific accomplishments in 2022.

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 2022.

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. Stock options

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 2022 have the following characteristics:

- **Type**: SIPEF existing share options (one option gives the holder the right to one existing SIPEF share);
- **Time of the offer:** second half of November;
- **Exercise price:** the lower of the following two values: the price determined based on the average closing price of the stock for 30 days prior to the offer and the last closing price of the stock prior to the date of 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.

On 17 November 2022, 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 6 000 options were granted to general managers of the foreign subsidiaries.
The options granted in 2022 have the following characteristics:

- **Exercise price:** EUR 57.70
- **Expiry date:** 17 November 2032
- **Exercise period**: at any time from 1 January 2026 up to and including 16 November 2032

BREAKDOWN OF THE SIPEF STOCK OPTION PLAN (SOP)								VESTED			NOT VESTED
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Offer	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	17/11/22
Vesting	21/11/15	20/11/16	18/11/17	28/11/18	07/12/19	23/11/20	20/11/21	23/11/22	19/11/23	18/11/24	17/11/25
Exercise period begin:	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	01/01/26
Exercise period end:*	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	16/11/32
Exercise price (in EUR)	59.14	55.50	54.71	49.15	53.09	62.87	51.58	45.61	44.59	58.31	57.70
Market price begin exercise period (in EUR)	52.77	60.49	62.80	48.80	54.80	43.20	56.90	58.90			

* latest exercise date

FLUCTUATIONS IN THE FINANCIAL YEAR 2022

FRANÇOIS VAN HOYDONCK								VESTED	NOT VESTED			
SOP	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	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 2022	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	0	0	0	48 000
Exercised in 2022	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2022	-6 000	0	0	0	0	0	0	0	0	0	0	-6 000
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)							309 480	273 660				
Vested at market price (in EUR)							341 400	353 400				
Latent capital gain at vesting date (in EUR)							31 920	79 740				

CHARLES DE WULF								VESTED	NOT VESTED			
SOP	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	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 2022	0	0	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	12 000
Exercised in 2022	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2022	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)							103 160	91 220				
Vested at market price (in EUR)							113 800	117 800				
Latent capital gain at vesting date (in EUR)							10 640	26 580				

THOMAS HILDENBRAND								VESTED	NOT VESTED			
SOP	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	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 2022	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	16 000
Exercised in 2022	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2022	-2 000	0	0	0	0	0	0	0	0	0	0	-2 000
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)							103 160	91 220				
Vested at market price (in EUR)							113 800	117 800				
Latent capital gain at vesting date (in EUR)							10 640	26 580				

ROBBERT KESSELS								VESTED	NOT VESTED			
SOP	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	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 2022	0	2 000	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	14 000
Exercised in 2022	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2022	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)							103 160	91 220				
Vested at market price (in EUR)							113 800	117 800				
Latent capital gain at vesting date (in EUR)							10 640	26 580				

JOHAN NELIS								VESTED	NOT VESTED			
SOP	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	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 2022	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	16 000
Exercised in 2022	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2022	-2 000	0	0	0	0	0	0	0	0	0	0	-2 000
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)							103 160	91 220				
Vested at market price (in EUR)							113 800	117 800				
Latent capital gain at vesting date (in EUR)							10 640	26 580				

In 2022, no options were exercised by the members of the executive committee.

In 2022, all options of the 2012 stock option plan expired.

6. Deviations from the remuneration policy in 2022

In 2022, 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 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.

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

A) YEARLY CHANGE IN REMUNERATION (IN PERCENTAGE)

	2018	2019	VARIANCE	2020	VARIANCE	2021	VARIANCE	2022	VARIANCE
Total board remuneration[3] (in KEUR)	344	359	**4%**	359	**0%**	359	**0%**	443	**23%**
Total fixed remuneration excom[4] (in KEUR)	1 899	1 943	**2%**	1 967	**1%**	2 424	**23%**	2 901	**20%**
Total variable remuneration excom[5] (in KEUR)	1 168	416	**-64%**	0	**-100%**	272	**N/A**	1 463	**438%**

B) YEARLY CHANGE IN THE PERFORMANCE OF THE COMPANY

	2018	2019	VARIANCE	2020	VARIANCE	2021	VARIANCE	2022	VARIANCE
CPO market price (in USD/tonne CIF Rotterdam)	598	566	**-5%**	715	**26%**	1 195	**67%**	1 345	**13%**
Produced CPO volumes (in tonnes)	351 757	312 514	**-11%**	329 284	**5%**	384 187	**17%**	403 927	**5%**
Result, share of the Group (recurring) (in KUSD)	22 713	-8 004	**-135%**	14 122	**N/A**	82 746	**486%**	108 157	**31%**

C) YEARLY CHANGE IN THE AVERAGE REMUNERATION OF THE EMPLOYEES

	2018	2019	VARIANCE	2020	VARIANCE	2021	VARIANCE	2022	VARIANCE
Average fixed remuneration employees SIPEF HQ[6] (in KEUR/month)	4 440	4 491	**1%**	4 832	**8%**	5 165	**7%**	4 913	**-5%**
Average variable remuneration employees SIPEF HQ[7] (in KEUR/year)	20 003	7 618	**-62%**	0	**-100%**	4 955	**N/A**	23 613	**377%**

D) RATIO HIGHEST/LOWEST REMUNERATION (FTE)

	2018	2019	2020	2021	2022
Ratio total fixed remuneration highest member excom and lowest employee HQ[8]	12.8	9.3	9.2	9.1	15.6

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

8. Information on the general meeting votes on the remuneration policy and report

The current remuneration policy was approved with a majority of 95.8% of votes by the general meeting of 9 June 2021. It was applied for the first time to the financial year 2021. The remuneration report for the 2021 financial year, was welcomed by the ordinary general meeting of 8 June 2022. The current remuneration report for the financial year 2022 will be submitted for approval at the annual general meeting on 14 June 2023.

1.2 External and internal audit of financial statements

1. External audit

The ordinary general meeting of 9 June 2021 has, based on the outcome of a private tender in accordance with European regulations, 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 2022 regarding the statutory audit of the accounts and consolidated financial statements of SIPEF amounts to KUSD 115.

The remuneration for non-audit services in 2022 came to KUSD 0.

The total cost of external control of the SIPEF group paid to the EY network amounted to KUSD 568. The fees paid for advice from the same statutory auditor and related companies came to KUSD 0. All details regarding the fees paid to EY can be found in Note 33 of the Financial statements.

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 on a regular basis 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 2022 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 2022 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 2022.

1.3 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 based on 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.

1. Control environment

The board of directors has set up two internal committees, the audit committee, and the remuneration committee, and has delegated the daily management of the Company to the executive committee.

The Group is split into several 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.

The SIPEF board of directors has also drawn up the necessary policies, including a 'Responsible Plantations Policy' (www.sipef.com/hq/sustainability/policies/responsible-plantations-policy/) and a 'Responsible Purchasing Policy' (www.sipef.com/hq/sustainability/policies/responsible-purchasing-policy/), which apply to all plantation activities and raw materials. It reviews these policies 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 Chapter 2 of this Integrated Annual Report.

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.

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.

2. Risk analysis and control activities

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

Certain risks can threaten the achievement of these goals. The regular assessment of environmental, social and governance (ESG) risks plays an important role in the development and implementation of the long-term sustainability strategy of the Group. Every year, the board of directors identifies these risks and classifies them 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.

2.1 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

2.2 SPECIFIC RISKS

Five specific risks have been selected from the aforementioned principal risks. They are discussed in this chapter, given their relevance to the Group's activities in the past financial year 2022. A full description of the other principal risks is published on the website at www.sipef.com/hq/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. Hereafter, there are five specific risks:

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 94% 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 30% 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.

Future climate change risk

DESCRIPTION

Earth's climate is changing. As average temperatures rise, acute hazards, such as heat waves and floods, increase in frequency and severity, and chronic hazards, such as drought and sea level rise, become more severe. Although companies and communities have adapted to mitigate the impacts of climate risks, the pace and extent of adaptation will likely need to increase significantly to manage rising levels of physical climate risks.

As climate change shifts ecosystems, it will impact the planet and livelihoods, with risks to food production as well. Therefore, adaptation is likely to entail rising costs, and choices will have to be made about how to build resilience.

Faced with these challenges, policy and decision makers will need to establish the right framework, processes, and governance to mitigate further increases in climate risks, by establishing different regulations or classification systems for companies (such as the EU Taxonomy), as well as tax and sanction systems. Moreover, financial institutions could align their investment and credit policies with climate change risk, by denying financial resources to companies that do not sufficiently integrate adaptation and mitigation of this risk into their strategy.

RISK-MITIGATING MEASURES

SIPEF is expanding its sustainability strategy to address climate change issues with a more holistic approach. An important step in this direction is the calculation of SIPEF's carbon footprint at Group level. This was started in 2019 and verified in 2022 by a certification body. The Group continued in 2022 to elaborate this calculation method, defined a reduction target and developed a reduction plan against a 2021 baseline. Furthermore, SIPEF has also been working on climate action initiatives at Group level in recent years. Here it focuses, as much as possible, on reusing land and raw materials with as few residual flows and emissions as possible. In this context, the following projects have been launched:

- a composting plant for palm oil residues;
- methane capture and biogas plants;
  generating electricity from renewable energy;
- biodiversity, conservation and reforestation programmes in Indonesia, Papua New Guinea, and Ivory Coast.

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 new developments on 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 license (*Hak Guna Usaha* - HGU). Full High Conservation Value/High Carbon Stock (HCV/HCS) assessments and Social Impact Assessments (SIA) 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, the 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. 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. 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.

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.

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 on a regular basis. A summary of the most important findings is submitted to the SIPEF audit committee also on a regular basis.

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.

5. Internal control and risk management systems related to financial reporting

The process for drawing up financial reports is led by the 'corporate finance department', under the direct supervision of the chief financial officer and is organised as follows:

→ 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 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 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.

1.4 Rules of conduct concerning conflict 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 2022, 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 15 February 2022 and 16 November 2022. 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 15 FEBRUARY 2022

"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 temporally leaves the meeting.

The Directors take notice of the evaluation and the bonus proposed by the Remuneration Committee for François Van Hoydonck regarding 2021. They confirm the recommendation issued by the Remuneration Committee.

François Van Hoydonck enters the meeting room.

...

EXCERPT OF THE MINUTES OF 16 NOVEMBER 2022

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

As the next items concern its 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 is in line with the market, but it is noted that the fixed remuneration of the Managing Director is above the benchmark average, after an increase of annual fixed remuneration last year, while the average fixed remuneration of the Executive Committee members (excluding Petra Meekers with a Singapore expat status) is below the benchmark for the second consecutive year.*

- *The variable remunerations for 2021 are, due to the reduced profitability of the Company in 2020, considerably below the benchmark, turning the comparison for 'total' remunerations to be well below the benchmark levels. This effect has entirely been reversed when considering the variable remunerations paid in 2022, based on the better profitability in 2021.*

  Considering that in 2023 the variable remuneration, calculated on the basis of the 2022 record results, will be substantially higher than the previous year, it is decided to advise the Board of Directors to limit the fixed remuneration increase for 2023 to the contractual consumer index increase, for all Executive Committee members, including the Managing Director. The fixed remuneration can then be reviewed again in 2023, while it is expected that the impact of the variable remuneration will be more moderate.

- *It is proposed that the yearly option scheme, started in 2011, would be continued in 2022. 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 22 000 share options to the Managing Director, the extended Executive Committee and the three Managers in charge of the operations of SIPEF in Indonesia, PNG and Ivory Coast. One option giving the beneficiary the right to buy one SIPEF share, 22 000 options correspond to an amount of approximately KEUR 1 254 (on the basis of a share price of approximately EUR 57 per share); 6 000 options (KEUR 342) would be offered to the Managing Director. As the yearly option scheme issued in 2012 will expire on 21 November 2022, it is unlikely that the remaining 12 000 options will be exercised before due date. It is further recommended that the Company continuously covers all outstanding options by a buyback of SIPEF shares until expiry of the program, or until the exercise of all options will have taken place. It is assumed that by the end of 2022 a total of 184 000 treasury shares will be needed to cover all options, including the 2022 plan. In addition, the Management proposes to make some minor changes to the regulations of the share option plan to reflect as closely as possible the realities and the legal requirements regarding tax and social security. The proposed changes are summarized in a separate note to the Committee and the Board of Directors.*

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 2022.

1.5 Rules of conduct 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.

1.6 Compliance to EU Taxonomy

The EU Taxonomy is a classification system for environmentally sustainable economic activities, developed by the European Commission to help scale up sustainable investment and implement the European Green Deal. The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards sustainable projects and activities. It represents an important step towards achieving carbon neutrality by 2050 in line with EU goals, as it establishes clear definitions and criteria for what is considered to be 'sustainable'. This includes definitions and criteria for classification of economic activities that meet the environmental objectives of 'Climate change mitigation' and 'Climate change adaptation'.

As a non-financial parent undertaking, SIPEF has assessed the Taxonomy eligibility of its economic activities for the reporting period 2022. The following section presents the proportion of the Group's turnover, capital expenditure (Capex) and operating expenditure (Opex) associated with Taxonomy eligible economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation), in accordance with Article 8 Taxonomy Regulation and Article 10 (2) of the Article 8 Delegated Act.

SIX ENVIRONMENTAL OBJECTIVES OF THE TAXONOMY REGULATION

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

For more information: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

SIPEF's core business activities: Taxonomy non-eligible

SIPEF has assessed all Taxonomy eligible economic activities listed in the Climate Delegated Act based on the Company's activities as an agro-industrial group. The Climate Delegated Act focuses on economic activities and sectors that have the most potential to achieve the objectives of climate change mitigation and climate change adaptation. The sectors covered include energy, selected manufacturing activities, transport, and buildings.

SIPEF's assessment of Taxonomy eligibility focused on economic activities defined as the provision of goods or services on a market, thus (potentially) generating revenues. In this context SIPEF, as an agribusiness group, defines the growing of oil palm, rubber, and bananas, and the production of palm oil, palm kernels, palm kernel oil and rubber as the core of its business activities.

After a thorough evaluation involving all relevant departments and teams, it was concluded that SIPEF's core economic activities are not covered by the Climate Delegated Act and as such, are Taxonomy non-eligible.

As stipulated in the Climate Delegated Act adopted in June 2021, the criteria for agriculture have been temporarily excluded from the Delegated Regulation, pending further progress on the negotiations underway on the Common Agricultural Policy (CAP). SIPEF therefore expects to be able to report at least some of its core business activities as Taxonomy eligible under the objectives of climate change mitigation and climate change adaptation in the future.

SIPEF discloses this information on a voluntary basis, as the Group believes that this information is helpful for users of its consolidated non-financial statement to gain a better understanding of its business activities. Although SIPEF's core activities are not currently covered by the Climate Delegated Act, and not Taxonomy eligible, the Group remains committed to reducing greenhouse gas emissions linked with its business activities, and to managing the risks and impacts associated with climate change. An overview of the Group's existing initiatives with respect to climate change mitigation and adaptation has been provided in Chapter 4 of this report.

PROPORTION OF TAXONOMY-ELIGIBLE AND TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES IN TOTAL TURNOVER, CAPEX AND OPEX

	TOTAL (KUSD)	PROPORTION OF TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES (%)	PROPORTION OF TAXONOMY- NON- ELIGIBLE ECONOMIC ACTIVITIES (%)
Turnover	527 460	0%	100%
Capital expenditure (Capex)	79 294	0%	100%
Operating expenditure (Opex)	51 175	0%	100%

2. Critical topics

Within the framework of SIPEF's ethics policy, the following is the list of other **critical topics** addressed in addition to transparency.

OTHER CRITICAL TOPICS	
Anti-bribery and anti-corruption	The Group has robust policies, mechanisms, and measures in place to address any risks associated with corruption in the industry and locations in which the Group operates.
Whistleblowing	SIPEF and the subsidiaries of SIPEF are required to make sure that any reported concern about suspected misconduct is properly followed up, investigated, and remediated.
Grievances	SIPEF's grievance mechanism ensures all stakeholders, internal and external, can be confident that their grievances will be heard and handled impartially, and will not be met with reprisal.
Ban on personal business	Prohibition using the Group's facilities or working hours to conduct personal business.
Privacy	The privacy policy defines how SIPEF uses, stores, and protects personal data, in line with GDPR.

2.1 Anti-bribery and anti-corruption

SIPEF understands the importance of creating a fair environment for business, free from the distorting, anti-competitive effects of bribery and other forms of corruption. The Company is aware of the seriousness of potential consequences for the Group in terms of legal, financial, reputational, and operational impacts.

The Group has robust policies, mechanisms, and measures in place to address any risks associated with corruption in the industry and locations in which the Group operates. Internal sanctions, up to dismissal, are issued for breaching Company regulations. The worst cases are reported to the relevant authorities, and the Company co-operates fully in cases of prosecution.

Internal procedures and internal audit programmes are continuously under review to prevent and detect internal and external fraud.

The Group's Internal Audit Department (IAD) provides training and awareness for its employees, with the target of ensuring that employees at every level of the business understand the relevance and importance of the Group's anti-corruption policies. Besides, IAD also meets regularly with local level government to inform them of its policies and procedures on anti-corruption as well. The outcome from IAD reports and findings are reviewed by management team regularly as well.

2.2 Whistleblowing

Employees who have concerns about suspected misconduct are encouraged to come forward without fear of punishment or unfair treatment. All reported concerns are handled with the utmost confidentiality and the name of the whistle-blower is not disclosed without consent.

SIPEF and the SIPEF subsidiaries are required to make sure that any concern reported is properly followed up and investigated, if appropriate, and that the necessary corrective actions are taken.

2.3 Handling of grievances

SIPEF's grievance mechanism ensures all stakeholders, internal and external, can be confident that their grievances will be heard and handled impartially, and will not be met with reprisal. A Group policy on grievances has been implemented and communicated to the entire workforce, as well as to other stakeholders.

All grievances are addressed in a transparent and timely manner, directly between the complainants and the respective operation. A specific system is in place for cases involving sexual harassment, with an emphasis on preserving privacy and ensuring fair proceedings.

Grievances received from NGOs, or grievances considered to be significant, are communicated on the Grievances Dashboard of the SIPEF company website, including information about the status of each case, and whether and how cases have been resolved.

The Grievances Dashboard can be accessed at:
www.sipef.com/hq/sustainability/grievances-dashboard-active-andor-progressing

ADDRESSING GRIEVANCES: PT AKL

A grievance related to allegations about the rights, working conditions and safety of temporary workers employed by third-party contractors, that was filed with the RSPO in 2020, related to PT Agro Kati Lama (AKL) in South Sumatra, was formally closed by the RSPO Complaints Panel in June 2022.

→ https://askrspo.force.com/Complaint/s/case/5000o000039fl8kAAA/detail

The SIPEF group engages external experts to support on the conflict resolution and is continually monitoring its progress to evaluate the effectiveness of measures agreed.

2.4 Privacy

SIPEF's privacy policy has been effective since 2018. The policy defines how SIPEF uses, stores, and protects personal data. It is aligned with the requirement applicable in the EU under the General Data Protection Regulation (GDPR 2016/679).

Corporate governance structure

1. Board of directors

1.1 Composition as at 31 December 2022

The board of directors consisted of 10 members on 31 December 2022.

	TERM
Baron Luc Bertrand, chairman	2020-2023
François Van Hoydonck, managing director	2019-2023
Tom Bamelis	2022-2026
Priscilla Bracht	2022-2026
Alexandre Delen (from 8 June 2022)	2022-2026
Baron Jacques Delen (until 8 June 2022)	2021-2022
Antoine Friling	2019-2023
Gaëtan Hannecart	2020-2024
Yu-Leng Khor	2021- 2025
Sophie Lammerant-Velge	2019-2023
Nicholas Thompson	2019-2023

→ The curricula vitae of the directors are available on the Company website: www.sipef.com/hq/about-sipef/board-management/

At least half of the members of the board are non-executive directors, more precisely nine out of ten. Three out of ten directors are women. The Company accordingly respects the legal gender diversity quota of one-third.

Furthermore, as at 31 December 2022 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 three of the Code.

The Company's shareholder structure is characterised by the presence of two reference shareholders, Ackermans & van Haaren and Group Bracht. 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

Alexandre Delen

Antoine Friling

Gaëtan Hannecart

Yu-Leng Khor

Sophie
Lammerant-Velge

Nicholas Thompson

1.2 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, marketing and IT sector. 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.

As at 31 December 2022, 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, to date 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 2022, three of the ten directors were independent.

1.3 Changes to the composition of the board of directors

Ending and renewal of directorships in 2023

The directorships of Luc Bertrand, François Van Hoydonck, Antoine Friling, Sophie Lammerant-Velge and Nicholas Thompson expire at the end of the ordinary general meeting of 14 June 2023. Luc Bertrand has applied for a new mandate of two years. François Van Hoydonck, Antoine Friling, and Nicholas Thompson have each applied for a new directorship of four years. The mandate of Sophie Lammerant-Velge will not be renewed.

Appointment of a new director

It will be proposed to the general meeting of 14 June 2023 to appoint Giulia Stellari as a new independent director for a period of four years. Her term of office will therefore expire at the end of the general meeting in June 2027, which will decide on the accounts for the 2026 financial year.

1.4 Directorships at listed companies at 31 December 2022

The Code limits to five the number of directorships that a director is permitted to hold in listed companies. At 31 December 2022, the following directors have directorships at listed companies other than SIPEF:

Baron Luc Bertrand:
- Ackermans & van Haaren
- CFE
- DEME Group

Tom Bamelis:
- DEME Group

Gaëtan Hannecart:
- Financière de Tubize

Yu-Leng Khor:
- Rohas Technic Berhad

1.5 Meetings of the board in 2022 and attendance record

The SIPEF board of directors met six times in 2022. The weighted average attendance was 100%. 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
Alexandre Delen (from 8 June 2022)*	3/3
Baron Jacques Delen (until 8 June 2022)**	3/3
Antoine Friling	6/6
Gaëtan Hannecart	6/6
Yu-Leng Khor	6/6
Sophie Lammerant-Velge	6/6
Nicholas Thompson	6/6

The boards of directors of February and August 2022 established the annual and semi-annual financial statements and dealt with the respective press releases. The meeting in September 2022 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:

- installation of an Enterprise Resource Planning (ERP) software in the SIPEF group;
- appointment of a new Global IT-Manager;
- update of the delegation of power;
- future positioning of SIPEF as palm oil company;
- the 10-year business plan;
- the budgets, including Capex budget, relating to 2022 and 2023 for the Group;
- risks, internal audit and internal control within the Group;
- benchmarking of remuneration for directors and executive committee members;
- bonus pool for the Group's management and staff for the 2021 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 2023;
- succession planning within the Group;
- sustainability: materiality assessment results, review of the RPP and RPuP, GHG review 2022 (update and baseline setting/ targets);
- annual report 2021, including the remuneration report and the sustainability report;
- convening and organisation of the ordinary general meeting of 8 June 2022;
- update of the Charter;
- the 2022 management option plan;
- valuation of the SIPEF share;
- corporate governance: compliance with Code of Conduct, feedback on the Company's dialogue with shareholders, review of the deviations from the 2020 Corporate Governance Code and explanations, and review and confirmation of the 'Internal UBO Register'.

* attendance calculated from the ordinary general meeting of 8 June 2022 and based on the meetings during his directorship

** attendance calculated up to and including the day of the ordinary general meeting of 8 June 2022 and based on the meetings during his directorship

1.6 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 interaction between the board of directors and the executive committee once a year, in the absence of the managing director (article 3.11 of the Charter). This annual assessment was held on 16 August 2022. The directors in question were of the opinion that the relationship with the executive committee is reliable and open, giving them a reliable and transparent view of the day-to-day operations of the Group.

2. Executive Committee

2.1 Composition at 31 December 2022

François Van Hoydonck
chairman

Charles De Wulf

Thomas Hildenbrand

Robbert Kessels

Petra Meekers

Johan Nelis

COMPOSITION EXECUTIVE COMMITTEE AT 31 DECEMBER 2022	
François Van Hoydonck, chairman	managing director
Charles De Wulf	estates department manager
Thomas Hildenbrand	fruit department manager
Robbert Kessels	chief commercial officer
Petra Meekers	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/hq/about-sipef/board-management/

2.2 Members of the executive committee

At 31 December 2022, 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.

The Company does not have any intentions to make any further changes to the composition of this committee in 2023.

The Board of Directors of 16 November 2022 has prolonged the delegation of the daily management to François Van Hoydonck until September 2024, under the suspensive condition of his reappointment as director by the general meeting of June 2023.

2.3 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 confirmed in 2021 by the appointment of Petra Meekers as a member of the executive committee.

2.4 Meetings in 2022

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 2022, among other things, the committee prepared the statutory and consolidated accounts, as well as the quarterly figures of the Group. It established the short-term and long-term budgets, which were submitted to the board for approval. It also prepares the necessary sensitivity analyses as part of the strategic plan as well as for the annual budget, in order to assess the appropriate risk profile of the decisions to be made.

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 and the valuation of the SIPEF share. It organized the installation of the Enterprise Resource Planning (ERP) software and followed its implementation.

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. It dealt with various topics related to sustainability, among which: the materiality assessment, update and setting of the baseline and the targets of the GHG in 2022, and review of the RPP and RPuP.

It also studied the new national and European legislative initiatives in the field of sustainability and the consequences for the Company.

2.5 Assessment

The composition, scope, 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.

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

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 16 August 2022 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.

3. Committees of the board of directors

3.1 Audit committee

Composition as at 31 December 2022, meetings and attendance record in 2022.

	TERM	ATTENDANCE
Tom Bamelis, chairman	2022-2026	4/4
Sophie Lammerant-Velge	2019-2023	4/4
Nicholas Thompson	2019-2023	4/4

As at 31 December 2022, 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 2022. 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 and of rubber factories;
- the analysis of the expected tax cost of the Group;
- the accounting treatment of the 2021-2022 tax expenses (effective and deferred tax);
- the follow-up of the accounting treatment of the conditional sale of the 95% PT Melania shares;
- the booking of the impairment of the PT Dendymarker Indah Lestari felled areas;
- the valuation of the stocks in Indonesia;
- the accounting treatment of interest-free receivables from smallholders;
- the accounting treatment of the acquisition of an additional 5% in PT Agro Muko;
- the financial covenant regarding the long-term loan and its evolution;
- the update of the existing risks and their classification;

- the corporate tax strategy;
- the organisation of the internal audit departments in the Group;
- 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 function at the Head Office in Belgium;
- 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 2022. The meetings of the audit committee were also attended by the managing director and the chief financial officer. Moreover, a representative of the reference shareholder, Ackermans & van Haaren attended all meetings.

The internal auditors of the operational subsidiaries did not attend the meetings of the audit committee of the mother company. The managing director and chief financial officer held meetings with the local internal audit managers in Indonesia and Papua New Guinea, in the course of the financial year 2022.

Assessment

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

3.2 Remuneration committee

Composition as at 31 December 2022, meetings and attendance record in 2022.

	TERM	ATTENDANCE
Antoine Friling, chairman	2019-2023	2/2
Yu-Leng Khor	2021-2025	2/2
Sophie Lammerant-Velge	2019-2023	2/2

As at 31 December 2022, 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 2022. The weighted average attendance was 100%.

In 2022, 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 2022;
- → remuneration policy and remuneration report;
- → remuneration of directors and fixed remuneration of the members of the executive committee for 2023;
- → update of succession planning;
- → share option plan 2022 for the Group's managers: revision of the share option regulations and determination of the modalities of the options to be issued.

The managing director also attended the meetings of the remuneration committee. Moreover, a representative of each of the reference shareholders, Ackermans & van Haaren and the Bracht Group, 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.

3.3 Nomination committee

Composition as at 31 December 2022, meetings and attendance record in 2022.

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 1.1).

The board met three times in 2022 in its capacity of nomination committee, on 15 February, 16 August and 16 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 director.

4. Sustainability governance structure

SIPEF's sustainability governance structure is designed to appropriately manage the implementation and constant evolution of its sustainability commitments. A high-level overview of how sustainability governance is embedded, from board level to subsidiary level, is outlined in this section. The infographic in this section also shows how sustainability governance is integrated in the corporate governance structure. In other words, sustainability topics are discussed in the executive committee, which is accountable to the board of directors. Further information can be found on the SIPEF website: www.sipef.com/hq/sustainability/sustainable-approach/

SIPEF has established policies, procedures and supporting structures that ensure good corporate and sustainability governance at all levels, including the Company's subsidiaries. This section provides a brief overview of the role of the board of directors and the executive committee in the implementation of SIPEF's sustainability strategy.

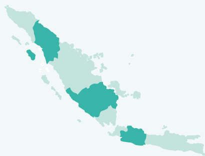
SIPEF BOARD OF DIRECTORS

SIPEF EXECUTIVE COMMITTEE

COO APAC: responsible for sustainability

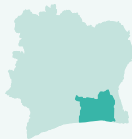
GLOBAL SUSTAINABILITY TEAM

- SIPEF sustainability director
- Senior sustainability officer*
- CSR sustainability analyst
- Junior sustainability analyst**



Indonesia
Executive committee chaired by the president director

Papua New Guinea
Executive committee chaired by the general manager



Ivory Coast
Executive committee chaired by the general manager

SIPEF sustainability director

REGIONAL SUSTAINABILITY TEAMS

Sustainability team Indonesia

- Team North Sumatra
- Team Bengkulu
- Team South Sumatra

Sustainability team Papua New Guinea

Sustainability team Ivory Coast

* new position as from January 2023

** new position as from October 2022

SIPEF BOARD OF DIRECTORS

Ultimate responsibility for sustainability lies at board level, with Priscilla Bracht having a particular interest in this issue. The full board reviews progress made by SIPEF based on sustainability rankings and ratings, certification progress, and internal risk assessments and reporting. A sustainability briefing paper is provided to the board of directors at least twice a year and the board discusses material ESG topics during its strategic board meeting once a year.

SIPEF EXECUTIVE COMMITTEE

The board is guided by SIPEF's executive committee on the implementation and progress of the Group's sustainability strategy. Sustainability is led from the executive committee level by Petra Meekers, who was appointed as chief operating officer Asia-Pacific (COO APAC) in June 2021. With a strong background in sustainability, the appointment has significantly strengthened ESG leadership within the Group.

Below, a brief overview is provided on the way SIPEF's sustainability teams bring the sustainabilty strategy in line with the expectations of key stakeholders.

SIPEF GLOBAL SUSTAINABILITY TEAM

The global sustainability team was set up in 2021 with the purpose of ensuring that SIPEF's sustainability strategy, policies and communications remain aligned with the evolving expectations and requirements of key stakeholders. This includes coordinating internal and external reporting on the Group's sustainability performance. The team is overseen by SIPEF's COO APAC, and is guided by the SIPEF sustainability director and assisted by a CSR sustainability analyst and a junior sustainability analyst who joined SIPEF in May 2021 and in October 2022, respectively. A senior sustainability officer joined the team in January 2023.

REGIONAL SUSTAINABILITY TEAMS

Three teams are in charge of the implementation of SIPEF's sustainability strategy and policies at subsidiary level: the sustainability teams of Indonesia, Papua New Guinea and Ivory Coast.

- The **Indonesian team** is composed of 16 experts and is spread across four locations: the Medan Head Office, North Sumatra, Bengkulu and Musi Rawas (South Sumatra).
- The **team in Papua New Guinea** consists of a sustainability head of department and five experts focused on different areas of sustainability at Hargy Oil Palms Ltd (HOPL). The head of department is also a member of HOPL's executive committee.
- The **team in Ivory Coast** currently consists of two experts.

The SIPEF sustainability director oversees the teams in Indonesia, Papua New Guinea and Ivory Coast, and reports directly to the in-country president director (Indonesia) and general managers (Papua New Guinea and Ivory Coast), as well as to SIPEF's COO APAC.

Shareholder structure

The SIPEF shareholder structure is characterised by the presence of two controlling shareholders, Ackermans & van Haaren and Group Bracht comprising Priscilla, Theodora and Victoria Bracht and their respective companies (Cabra P, Cabra T en 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 23 August 2022, SIPEF received a notification regarding the threshold crossing of 50% of the voting rights of SIPEF by Ackermans & van Haaren NV ('AvH') together with Group Bracht. This movement in SIPEF's shareholding resulted from several purchases of SIPEF shares on the stock exchange by AvH between the previous notification of 2 July 2020 and the threshold crossing date of 22 August 2022. Following these transactions, AvH together with Group Bracht held 50.00% of SIPEF's voting rights, of which 36.00% and 12.32% are held directly by AvH and Group Bracht, respectively, supplemented by 1.68% treasury shares held by SIPEF.

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.

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

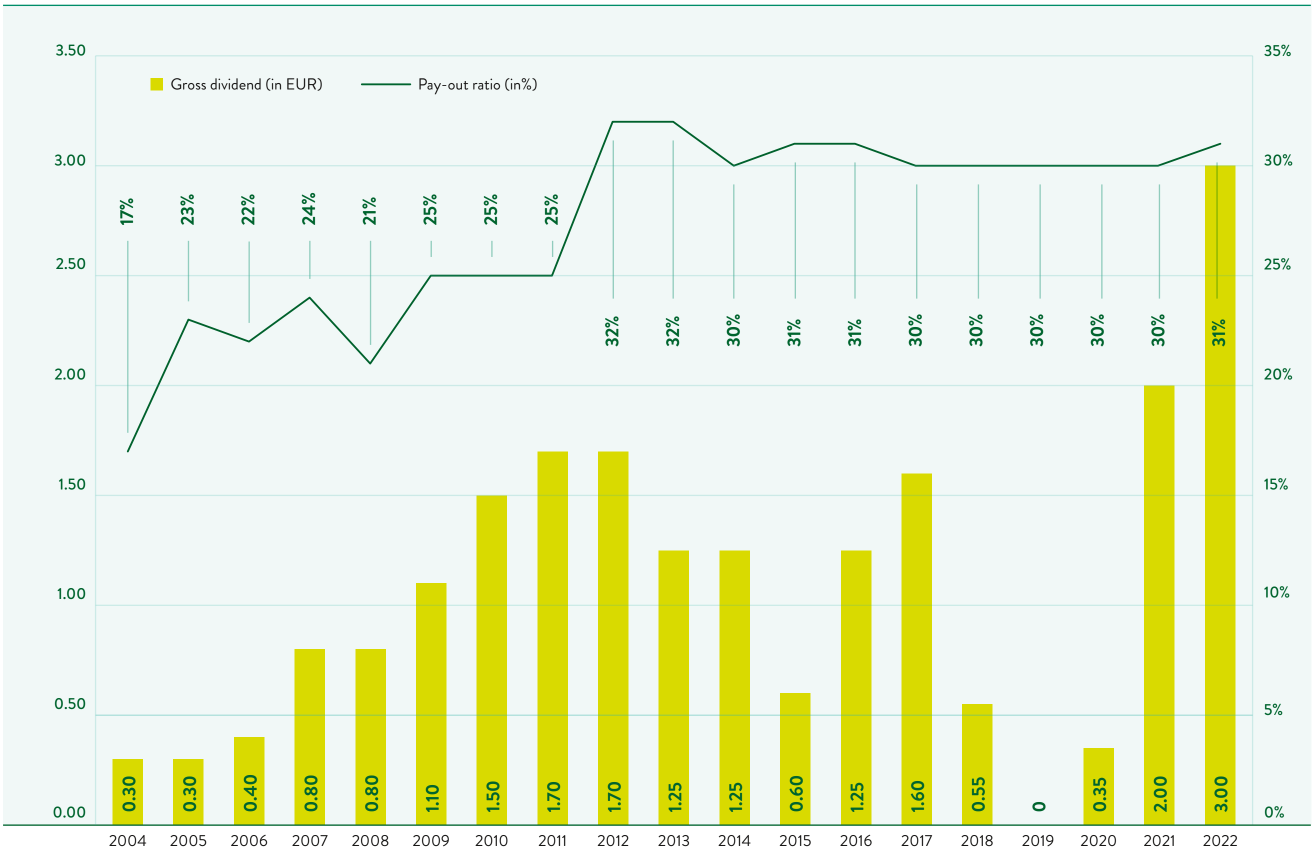
Stock market listing

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

STOCK MARKET DATA ON THE SIPEF SHARE

EVOLUTION OF STOCK MARKET DATA OF THE SIPEF SHARE (IN EUR)	2022	2021	2020	2019	2018
Highest stock price of the year	70.80	60.80	56.70	54.80	65.00
Lowest stock price of the year	52.70	43.85	38.00	35.25	47.10
Closing stock price per 31/12	58.90	56.90	43.20	54.80	48.80
Market capitalization per 31/12 (KEUR)	623 122	601 964	457 027	579 747	516 271
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	5 441	5 277	5 956	5 081	4 967
Average turnover per trading day (KEUR)	338	263	274	229	287

EVOLUTION OF THE DIVIDEND AND PAY-OUT RATIO



DIVIDEND POLICY

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.

ANALYSTS COVERING SIPEF

ANALYSTS COVERING SIPEF	
Bank Degroof Petercam	Frank Claassen
Berenberg	Vasiliki Kotlida
KBC Securities	Michiel Declercq

FINANCIAL CALENDAR

FINANCIAL CALENDAR	
20 April 2023	Quarterly information Q1
14 June 2023	Ordinary and extraordinary general meeting
14 August 2023	Half-yearly financial report
19 October 2023	Quarterly information Q3
February 2024	Annual announcement

The periodical and occasional information relating to the Company and to the Group will be published before opening hours of the stock exchange.

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

Balanced growth approach

SIPEF's balanced growth approach places sustainability as one of the levers in supporting the Group's continual value creation strategy, while keeping a limited debt level. The Group focuses on key sustainability priorities across its operations to ensure it positively contributes to the environment, society, and local economies. The building blocks of this controlled growth approach are outlined in this chapter.

Optimum productivity

Demand for vegetable oils is forecast to continue to increase significantly in the years to come. The Group therefore strongly believes that certified sustainable palm oil has a crucial role to play in meeting growing demand for vegetable oils, while protecting the environment and the livelihoods of communities.

Efficient production and respect for the limited availability of agricultural land are crucial for SIPEF's success as a business, now and especially in the future. While SIPEF is striving for efficiency in all crops, optimising yields in the production of oil palm is particularly important.

SIPEF recognises the significant potential and importance of innovation in enhancing productivity, quality, and circularity practices. The Group is committed to implementing best practices that aim to improve soil fertility, optimise inputs, recycle by-products, and further increase product quality and the yield per planted hectare. The Group has also made significant investments in research and development (R&D) and solutions linked with maximising yields.

More information on R&D initiatives through SIPEF's joint venture, Verdant Bioscience Pte Ltd (VBS), is detailed in the innovation and continuous improvement section (see page 111).

Collaboration with key stakeholders and recognition by external parties

Stakeholder engagement is an important tool for the Group to understand the expectations from different stakeholders. SIPEF is actively engaging with its key stakeholders to ensure that key issues and trends are taken into consideration in the formulation of its planning and strategic decisions where relevant (see SIPEF's stakeholder engagement table, Annex 4).

SIPEF is proud to see that its achievements have continued to be recognised by several benchmarking organisations in 2022.

BENCHMARK SCORES IN 2022

SPOTT

Sustainability Policy Transparency Toolkit

11th

out of 100 palm oil companies

SIPEF was ranked 11th out of 100 palm oil companies in 2022, with a total score of 86.8%

→ More information can be found at the website: www.spott.org/palm-oil/

Forest 500

12th

out of 350 companies

SIPEF was ranked 12th out of 350 companies in 2022, with a total score of 56%.

→ More information can be found at the website: https://forest500.org/rankings/companies

CDP

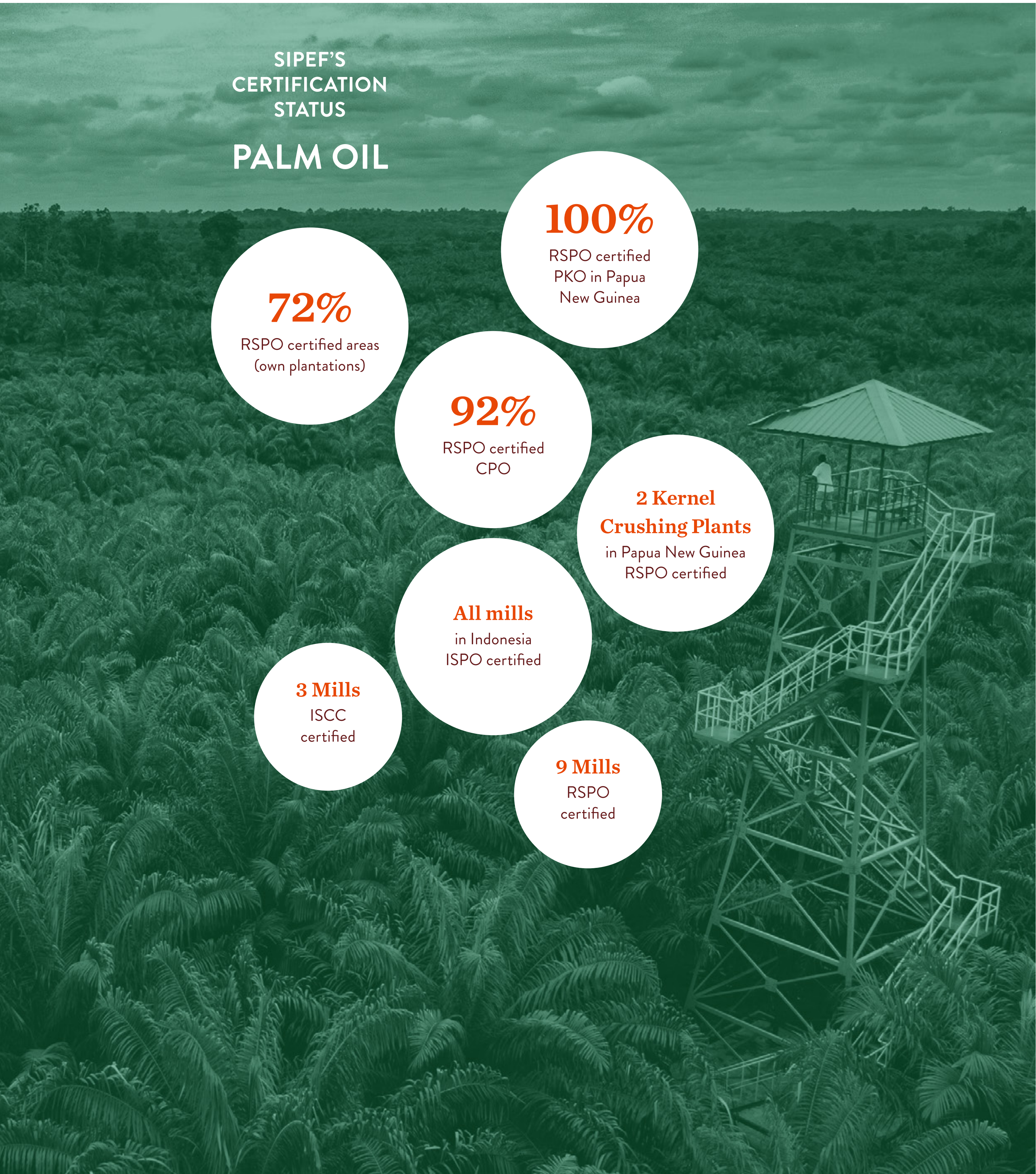
Forests and Climate Change

B

Forests 2022

- SIPEF has submitted Forests and Climate Change disclosures to CDP since 2021, and received a public score for the first time in 2022.
- SIPEF received a B (Management) for its 2022 Forests submission, a score that is aligned with the palm oil average performance in crop farming.
- For its 2022 disclosure for Climate Change, SIPEF received a D (Disclosure), a slightly below average performance in the sector, which the Company plans to improve on.

→ More information can be found at the website: www.cdp.net/en/companies


SIPEF'S CERTIFICATION STATUS
PALM OIL
100% RSPO certified PKO in Papua New Guinea
72% RSPO certified areas (own plantations)
92% RSPO certified CPO
2 Kernel Crushing Plants in Papua New Guinea RSPO certified
All mills in Indonesia ISPO certified
3 Mills ISCC certified
9 Mills RSPO certified

Sustainability standards and certifications

Certification is an important lever for SIPEF in demonstrating that its operations are managed in a sustainable manner through a set of verifiable requirements. SIPEF always aims to go beyond the certification requirements, where possible, to ensure continual improvement in the management of environmental, social and governance related aspects in conducting its business.

SIPEF is committed to achieving 100% RSPO certification for all its oil palm operations by 2026,[9] including the inclusion of RSPO certified supplying smallholders in its supply chain. As of 2022, 72% of the Group's own plantation area is RSPO certified. In addition, all of SIPEF's mills and kernel crushing facilities have maintained their RSPO certification. All six of the Group's mills in Indonesia are also certified in accordance with the ISPO Standard.

SIPEF is also committed to 100% Rainforest Alliance certification for its banana operations. In 2022, all sites that were Rainforest Alliance certified in previous years have maintained their certification. The certifications of SIPEF's plantations and packing stations at the two new sites, Akoudié and Lumen, are currently in progress.

An overview of current certifications across SIPEF's oil palm and bananas operations is available in Annex 5: Base Data. Further information regarding the RSPO certification for smallholders is reported in the 'Responsible supply chain management' chapter (see Chapter 5).

→ More information on the sustainability certifications achieved by SIPEF is available at www.sipef.com/hq/sustainability/certifications-records/

9 SIPEF's overall progress towards RSPO certification is available in its submission to RSPO ACOP at https://rspo.org/members/1-0021-05-000-00/

Sustainability Policies

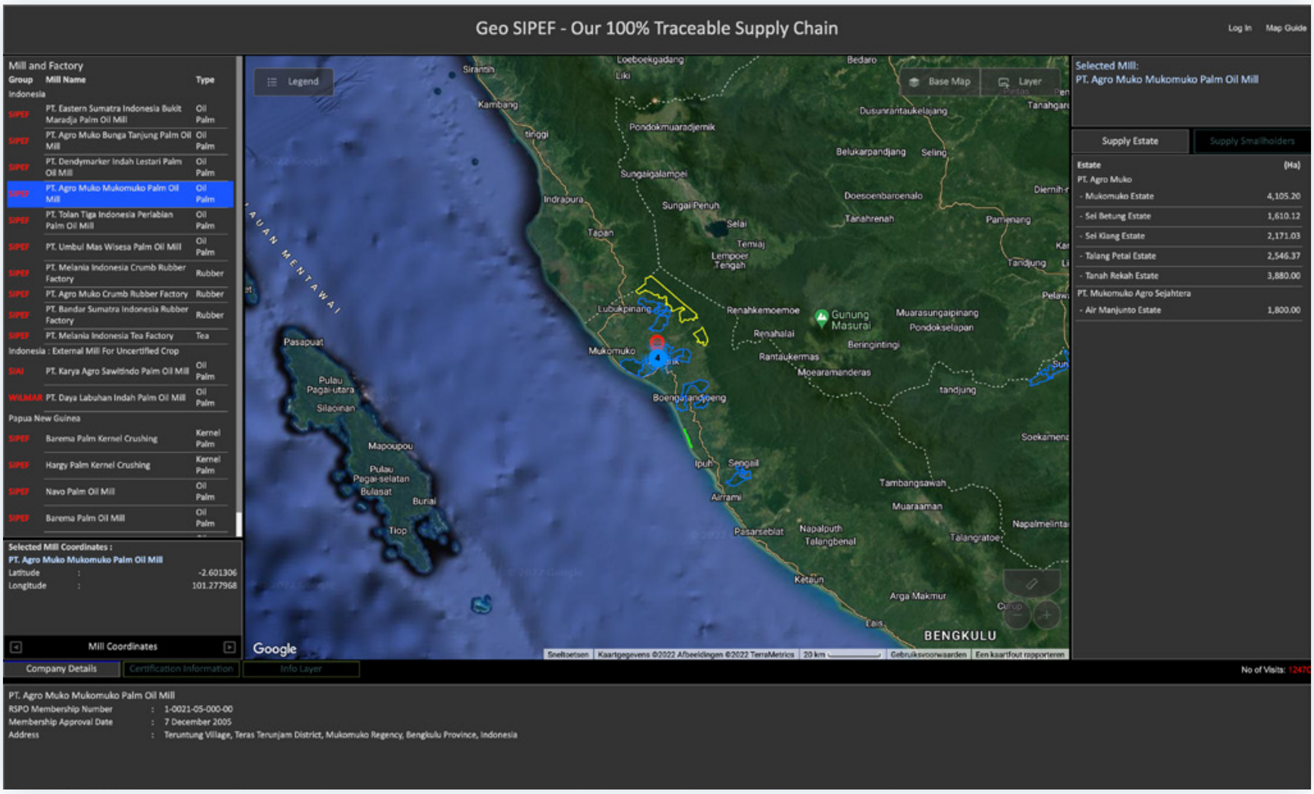
SIPEF established its sustainability policies in 2014 to support the achievement of its Group's mission and company strategy. Since then, the policies have been regularly reviewed to ensure relevance and alignment with the dynamic sustainability requirements, locally and internationally. The Group's two core policies are the Responsible Plantations Policy (RPP) and the Responsible Purchasing Policy (RPuP), which detail SIPEF's commitments across key environmental and social topics, not only within the Group's own plantations and operations, but also in the production areas of its suppliers, all of which are smallholders.

RPP AND RPUP	
Responsible Plantations Policy	The RPP is the highest-level Group sustainability policy, which defines the guidelines for SIPEF's management of new developments, as well as continuous improvement in the management of existing plantations. The Policy covers SIPEF's key environmental and social commitments and principles for sustainable production and processing. These include SIPEF's overarching commitment to producing fully traceable and certified products, as well as its No Deforestation, No new development on Peat, and No Exploitation (NDPE) commitments. → www.sipef.com/hq/sustainability/policies/responsible-plantations-policy/
Responsible Purchasing Policy	The RPuP guides the Group's responsible sourcing requirements for engaging with third-party suppliers and sets out criteria for working with smallholders on their journey towards certification. It also provides the framework for the procedures utilised to select, monitor and, if necessary, exclude, suspend, or expel smallholders in the Company's supply base. → www.sipef.com/hq/sustainability/policies/responsible-purchasing-policy/

In addition to the RPP and RPuP, the Group upholds several supporting policies aimed at specific issues such as human rights, child labour and grievances. All these policies are accessible on SIPEF's website at www.sipef.com/hq/sustainability/sipef-corporate-policies/

Traceability

SIPEF is committed to maintaining 100% full traceability of all commodities sold to their place of production, both to estates managed by SIPEF or its supplier smallholder plots. SIPEF has mapped all its own estates and supplier smallholder plots on an interactive online mapping application, GeoSIPEF. The platform provides auxiliary information, including the status of certifications where relevant, and the proximity to key biodiversity areas.



→ GeoSIPEF can be accessed at: www.geosipef.com

Traceability of certified products

All certification schemes require full traceability on sourcing in order to claim full sustainability of a product. All of SIPEF's mills are RSPO certified, with eight of the mills under the Identity Preserved supply chain model, and one under Mass Balance due to a large proportion of its supply base currently being in the process of RSPO certification.

The Group's two kernel crushing plants under Hargy Oil Palms Ltd in Papua New Guinea are RSPO certified under the Segregated supply chain model with all the supply bases fully mapped.

SIPEF's palm oil mills only source from own plantations or from smallholders whose production locations are known and mapped. As such, while some of the Group's palm oil supply base is not yet certified, and some of the Group's production facilities are RSPO Segregated or Mass Balance, all of it is traceable.

All of the bananas produced by Plantations J. Eglin are fully traceable too. Plantations J. Eglin is developing an innovative traceability software using barcodes to enhance its traceability process that is more accessible and efficient. It will allow customers to trace the bananas purchased back to the boxes in packing plants by inserting the barcode in a website-based traceability platform. In 2022, 100% of the Group's palm oil and banana products are traceable back to their supply base.

Quality and food safety management

SIPEF strives to maintain the highest standards in the quality of its products, ensuring that they comply with relevant health and safety regulations, as well as the requirements of its customers. The Company has been proactively working with key internal and external stakeholders on improving the quality of its products by ensuring efficiency in processing and reducing the level of contaminants, in preparation of the anticipated EU regulations in the coming years.

For the banana operations, specifications of quality are established with customers and plantations in addition to the general requirements. A dedicated team is in charge of inspections.

Quality reports are provided to ensure that effective procedures and controls are in place to maintain the quality of the products. Besides quality control, Plantations J. Eglin also focuses on food safety through implementation controls in place, such as, adhering to food safety certification for packaging to avoid cross-contamination, as well as best field, and operational practices ensuring that pesticides used from planting until the point of export to customers follow the requirements on residual controls.

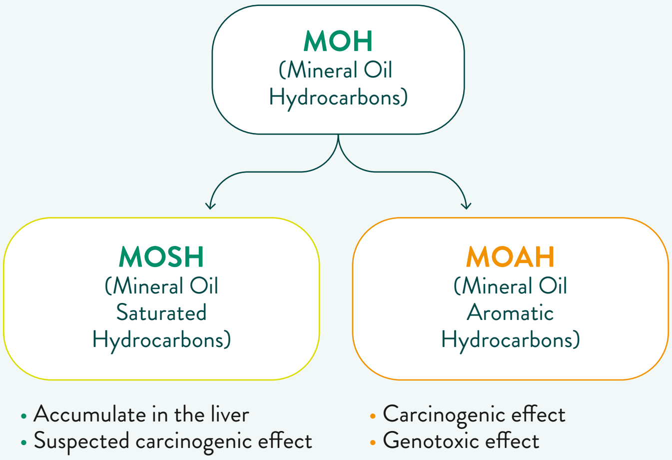
In 2022, SIPEF has made great progress towards achieving the high quality of its products.

Palm oil: 3-MCPD and GE contaminants

3-monochloropropane-1,2-diol(3-MCPD) and glycidyl esters (GE) are compounds formed during food production and preparation at high temperatures such as in palm oil refineries. 3-MCPD is considered a contaminant because the high consumption of the compound may lead to potential health concerns among younger age groups, especially infants. High levels of GEs in food is genotoxic and carcinogenic.

SIPEF is piloting a CPO washing facility in one of its palm oil mills in Indonesia, Mukomuko palm oil mill, to reduce the level of chlorine in CPO production as it is the main precursor that could cause a higher risk of 3-MCPD and GE in the refining process. SIPEF aims to complete the pilot by the third quarter of 2023 before upscaling the project over the coming years.

KNOWN HEALTH RISKS CAUSED BY MINERAL OILS



ENGINEERING CONTROL (SHORT TERM)

SIPEF has identified the common sources and risk mitigation solutions in its palm oil mill operations. The key is to ensure regular equipment maintenance to eliminate lubricant leakages at the hotspots identified and incorporate engineering control to contain the potential leakages.

FOOD GRADE LUBRICANT IN PALM OIL MILLS (LONG TERM)

Since late 2022, all kernel crushing plants and palm oil mills in Papua New Guinea have replaced its mineral oil lubricants with food grade lubricants in processes that are in direct contact with the products during processing. For the Indonesian operations, the aim is to switch 100% of the palm oil mills to food grade lubricants as well, by the end of 2023.

Palm oil: Mineral Oil Hydrocarbons contaminants (MOAH and MOSH)

The European Food Safety Authority (EFSA) has published a reference related to Mineral Oil Hydrocarbons (MOH) indicating that it was present at several levels in nearly all foods. Following this, it was also set out for different vegetable oil industries to focus on the Hazard Analysis Critical Control Point (HACCP) system which should have special consideration towards lubricants handling in the production of the crude oils.

Mineral oil components such as Mineral Oil Aromatic Hydrocarbons (MOAH) and Mineral Oil Saturated Hydrocarbons (MOSH) can get into food through different stages of food production from cultivation, storage, transportation, processing, and packaging. The main sources of these compounds include hydraulic oils used in machines, adhesives, printer inks and packaging materials. These components pose health concerns as MOSH is known to accumulate in the liver and lymphoid system, which causes inflammation, whereby MOAH may be carcinogenic.

SIPEF recognises the significance of producing high quality premium oil with low contamination and has commenced projects through partnerships among its internal stakeholders from the quality department and the engineering department to identify potential MOSH and MOAH contamination spots and create mitigation measures to reduce these.

Innovation and continuous improvement

SIPEF is committed to investing in research, development and innovation that will enable progress towards:

- **sustainable and optimal use of land:** increasing yield per hectare, minimising environmental impacts, and improving soil health;
- **efficient production and processing:** increasing the efficiency and optimisation of the use of inputs, and repurposing by-products;
- **improving quality:** significantly improving the quality of planting materials;
- **enhancing resilience:** boosting the resilience of future crops, as a key step in strengthening the capacity for adaptation to climate change.

Verdant Bioscience Pte Ltd

The Company has invested in VBS as it recognises the significant potential for R&D and innovation through this partnership to support its commitment on innovation and continuous improvement. There are three ongoing main areas of the research and development that have significant potential for the improvement of production of palm oil:

- development of improved crop varieties;
- enhancing crop resistance and resilience;
- improvements in agronomic and crop protection practices.

→ More information about VBS can be accessed at www.verdantbioscience.com

VBS ENGAGES IN RESEARCH AND DEVELOPMENT ACTIVITIES IN THREE MAIN AREAS:

Plant breeding, genetics* and biotechnology, including the development of new or improved crop varieties

Improvements in agronomic practices, most notably through the optimisation of palm nutrition

Crop protection and resilience, including enhancing resistance to increasing threats from pests and diseases, and resilience in changing growing conditions

* Note: The scope does not include genetic modification.

F_1 hybrid oil palm varieties

VBS continues to successfully progress its central strategy to deliver high yielding field proven F_1 hybrid varieties for the oil palm industry. Increasing yield per unit area of land is seen as the only real solution to the growing world demand for vegetable oil, without increasing the area of oil palm planted. F_1 hybrids have the potential to at least double yields per hectare and could eliminate the risk of further loss of rainforest and biological diversity.

In 2021, VBS started its field trial programme by planting 31 F_1 hybrid crosses and then in 2022 another 42 crosses were trial planted. The objective of these trials is to ensure that VBS' F_1 hybrid crosses have been robustly field tested before commercial release.

Enhancing resistance and resilience

The seedlings from F_1 hybrid crosses are screened in the nursery for disease tolerance, drought tolerance and variation in nutrient uptake. The crosses are then field tested in a range of field environments in different geographic locations. VBS is developing commercial F_1 hybrid crosses which will deliver high yields despite the changing rainfall patterns caused by climate change and in more marginal environments in terms of soil fertility. More batches of genetically diverse F_1 hybrid crosses will be trialled each year for evaluation in SIPEF's plantations to ensure the selection is optimised for commercial environments. In addition to testing genetically diverse crosses, VBS will also produce crosses from parents with complimentary traits. Therefore, producing crosses which are not only high yielding but are also tolerant to diseases and pests and/or with traits which will allow ease of future mechanisation and ease of harvesting (late abscission bunches with long stalk).

VBS remains on track to be able to market fully tested high yielding F1 hybrids by the end of the decade.

Improvements in agronomic practices

A further VBS priority is to deliver bespoke agronomic recommendations to SIPEF estates which will deliver the highest returns on investment whilst improving soil health. To achieve this goal there are ongoing oil palm fertiliser field trials being carried out to test fertiliser treatments (major and minor nutrients) in different environments. The fertiliser trial results will allow further refinement of the annual fertiliser recommendations to SIPEF estates.

VBS recommends applying organic fertilisers including compost produced from palm oil mill empty fruit bunches (EFB) mixed with palm oil mill effluent (POME), or just EFB when a composting facility is not available. These organic fertilisers are efficient slow-release fertilisers, and their field application will also improve the soil health by increasing soil microbial diversity and activity. Improved soil health will both increase nutrient uptake and potentially reduce the infection risk from soil borne diseases.

VBS's senior agronomist is also investigating ways to reduce soil and nutrient run off in different estate conditions and particularly in terraced areas. His findings should help improve best management practices and therefore reduce nutrient losses by run off and leaching.

Improvements in crop protection practices

VBS advocates integrated pest and disease management practices with a preference for biological control and prevention, e.g. the minimum use of pesticides. In circumstances where biological control is not working, then only pesticides which will control the pest (not broad-spectrum pesticides) are recommended. This is achieved by both pesticide application methods and selecting pesticides with the optimal formulation.

The disease *Ganoderma* is the most significant Southeast Asian oil palm disease and often causes significant palm losses in second or third oil palm generations. Therefore, VBS is partnering with SIPEF estates to implement procedures which reduce the *Ganoderma* disease inoculum at replanting and also to apply other fungi species which are antagonistic to *Ganoderma* disease infection.

Other R&D developments

In North Sumatra, at the Umbul Mas Wisesa mill, a project on the biopellet plant will convert the excess biomass (EFB) into high-quality calorific pellets through a process of high pressure and heat. Since the energy for this process comes from sustainable and renewable sources, this allows the production of these biopellets to be carbon neutral. The pellets can be marketed to be used for generation of green electricity. The completion of the project has been delayed due to some technical issues in the system.

Respecting employees

Employees are one of the most valuable assets of SIPEF, and the Company strives to treat all employees fairly, with respect for human and labour rights. The Group finds it important to be a responsible employer by acting in line with all relevant local laws and international frameworks. Examples are the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the United Nations' Universal Declaration of Human Rights. As a responsible employer, SIPEF's commitments to human and labour rights are stated in specific policies focused on issues such as child labour, forced or trafficked labour, freedom of association, occupational health and safety, equal employment opportunity and sexual harassment.

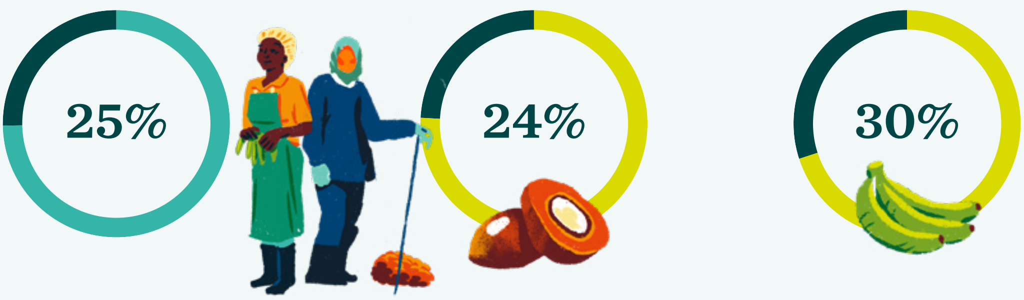
→ **All policies are available on SIPEF's website:**
www.sipef.com/hq/sustainability/policies/responsible-plantations-policy/

EMPLOYEES OVERVIEW

22 157
Total employees[10]

Employees by country[10]

Papua New Guinea	Indonesia	Ivory Coast	Belgium	Singapore
4 706	15 403	2 015	23	10



% women in total employees[10]

% women in oil palm and banana operations[11]

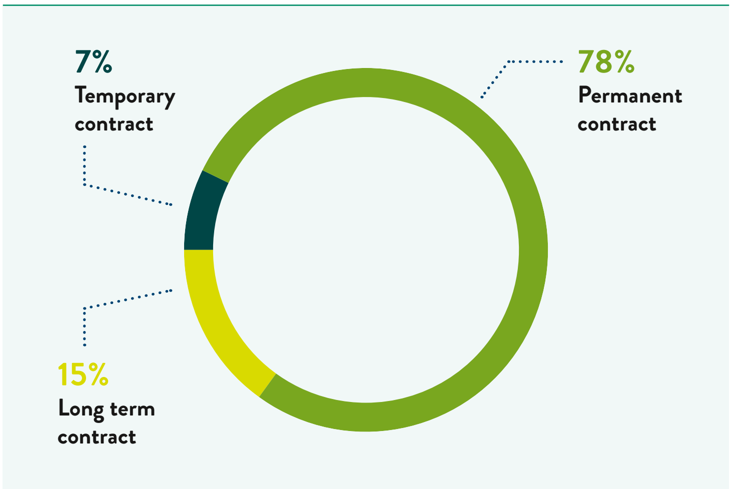
10 This also includes employees in tea, rubber activities and horticulture
11 This excludes employees in tea, rubber activities and horticulture

SIPEF's workforce

In 2022, SIPEF's workforce consisted of 22 157 people, including employees under contract of indeterminate duration (permanent contracts) and temporary employees, spread across Belgium, Indonesia, Papua New Guinea, Ivory Coast and Singapore. The majority of SIPEF's employees are located in Indonesia (69.5%), followed by Papua New Guinea (21.2%), and Ivory Coast (9.1%), with the remaining 0.2% in Belgium and Singapore. Based on the total breakdown of employees by gender, around 25% of SIPEF's employees are women.

SIPEF hires 78% of employees under contract of indeterminate duration (permanent contracts), 15% under long-term contract and 7% under temporary contracts in its oil palm and banana operations. Temporary contractors include seasonal workers in the plantations for activities which are short-term and function as additional support during peak seasons. All temporary contractors in Indonesia are covered for social security following Indonesian regulations, and employees hired on long-term renewable contracts (i.e. *Perjanjian Kerja Waktu Tertentu* (PKWT)) are in the process to be considered to join the workforce under contract for an indefinite period of time.

EMPLOYEES BY CONTRACT TYPE



Ruth Kristanti Purba, graduated from the Cadet Programme in 2019 with excellent results, and has since been posted to the Agronomy Department in the Musi Rawas region as field assistant agronomy, focusing on quality control and taking responsibility for managing the central nursery.

Diversity and equal opportunity

SIPEF is committed to a non-discriminatory workplace. The Company complies with all relevant anti-discrimination and equal employment laws and regulations of the countries where it operates. This also applies to its suppliers' operations.

SIPEF recognises that women are an integral part of the workforce and the Company continuously promotes equal opportunities for women by supporting them both at work and outside of the workplace. This includes supporting women in applying for training programmes leading towards management roles.

Cadet programme

In Indonesia and Papua New Guinea, the long-running cadet programme is designed to support college graduates and fast track them into SIPEF's middle management career paths. The Company actively encourages women to participate in this programme. In Indonesia, the female graduates made up 17% of the total number of successful graduates in 2022 and 10% in Papua New Guinea. SIPEF believes the initiative can have a positive impact on a profession that is traditionally male-dominated.

Gender committees

Gender committees and equivalents have been established in the operating units and meet regularly to raise awareness on the importance of the role of women in operational activities, as well as to discuss other gender-related issues. These committees are comprised of balanced representation from management and union teams to ensure the Group upholds its commitments such as equal employment opportunity, protection of reproductive rights and ensuring the workplace is free of sexual harassment.

Employment contracts and wages

Employment contracts provided to employees are written up in the local language, with clearly stated salaries and conditions according to local laws.

Achieving a living wage is fundamental to ensure employees are able to support their families. SIPEF meets all local regulations for minimum wages and complies with the living wage calculations, as audited by the various certification standards to which the Group adheres, such as RSPO, Rainforest Alliance and Fairtrade standards. Following the implementation guidance of these standards, salary matrices are used to identify gaps. These help to develop improvement plans to ensure that existing gaps are closed, in order to meet the living wage. Partnerships with peers in the industry and buyers are key to solving the issue of living wages collectively. SIPEF contributes within the context of the different countries in which the Group operates.

OIL PALM (INDONESIA AND PAPUA NEW GUINEA)

Since 2018, the RSPO Principles and Criteria (P&C) include requirements on providing a living wage. The RSPO is working on defining a benchmark for the oil palm sector for each country under the standard's national interpretations. In these countries, the RSPO is collaborating with the respective national initiatives to define the relevant benchmarks. In the interim, RSPO has issued the formulas required for the calculation of living wage to be used by the certification bodies for certification purposes. SIPEF actively contributes to these discussions within the RSPO working group.

BANANAS (IVORY COAST)

According to the Rainforest Alliance and Fairtrade standards, the Group is making continuous efforts to improve the living wage and its calculations, to address any potential gaps. Plantations J. Eglin is working with its peer companies and in collaboration with the unions to identify possible gaps in current processes, and to take actions to adapt the living wage to the evolving standards in consultation with the full supply chain and its employees.

For further information related to living wage according to the respective certification standards:

- → **RSPO:** Decent Living Wage Task Force – Roundtable on Sustainable Palm Oil
- → **Rainforest Alliance:** Annex S10: Living Wage Benchmarks per Country – List | Rainforest Alliance
- → **Fairtrade:** Foundation's approach to Living wages

No exploitation

SIPEF does not tolerate child labour, forced labour or human trafficking in its own operations, nor in the activities of its contractors, and third-party suppliers. The Company believes that children should have the right to education and a healthy life. SIPEF is committed to ensuring that children, under the age of 18 years, are not employed by the Company for any work-related purposes. The Group recognises that forced or trafficked labour can take various forms, which are all equally unacceptable. Disciplinary action will be taken, up to and including dismissal, and may also lead to legal action, where applicable and if charges are substantiated.

SIPEF is committed to monitoring human rights compliance through partnerships with external experts for selected business units each year. This is in addition to the annual audits being carried out on human rights requirements that form part of the certification standards that SIPEF complies with. This monitoring is an important safeguard in ensuring that SIPEF is implementing a due diligence system that identifies any additional opportunities and risks in preparation for upcoming EU regulations, such as the Directive on Corporate Sustainability Due Diligence (CSDDD), which requires effective protection of human rights.

Freedom of association and collective bargaining

SIPEF believes in creating a constructive working environment for all its employees. The Group respects the right to freedom of association and collective bargaining through the implementation of the relevant laws and regulations of its countries of operation. As of 31 December 2022, 52% of employees working in SIPEF's palm oil and banana operations are covered by collective bargaining agreements. Workers have the right to join unions or organise themselves following the respective legislation of the country of operation. SIPEF aims to engage with all union representatives and promotes dialogue through Company management.

52% of employees working in SIPEF's palm oil and banana operations are covered by collective bargaining agreements.

Employee housing, education, and medical services

SIPEF is committed to creating employment and development opportunities in the areas in which it operates. Most of SIPEF's employees and their families live within the borders of its operations, and the Company provides them with housing, clean water, medical services, and access to education for their children. SIPEF's plantations in Indonesia have also offered free childcare since 2017, to support working families and to give women equal opportunities in the workplace.

In providing these facilities and services, SIPEF respects crucial elements of the Global Living Wage Coalition (GLWC) 'living wage' definition, such as decent standards of living, housing, clean water, education, and health care.

Housing, schools, and clinics are an important driving force for community development. Many of the educational and medical facilities set up by SIPEF are therefore also accessible to local community members. More information on how these facilities are shared with or provided for local communities is available in Chapter 6. SIPEF works to ensure that all of its employees

EMPLOYEE HOUSING, CLINICS, SCHOOLS AND CHILDCARE FACILITIES AS OF DECEMBER 2022

11 365*
Housing units

40
Clinics

45
Schools

40
Day care facilities

* Note: The total number of houses has been restated in 2022 to reflect the number of housing units provided by SIPEF instead of the number of buildings, which was the basis for calculation in 2021.

EDUCATION AND CHILDCARE	MEDICAL CARE
→ Free transportation to state schools is available for the children of SIPEF employees across Company operations, where relevant and needed. → Hargy Oil Palms Ltd (HOPL) built one additional school in 2021. As of 2022, 244 primary and secondary students are enrolled in this new school. → The HOPL International School's 10th grade was ranked number four in the country amongst private schools.[12] → Plantations J. Eglin has renovated three schools in October and December 2022, two of which were originally built by the company and one by the community. The first renovation took place at a nursery school, where 30 children are enrolled. The other two renovations took place at primary schools, that collectively have the capacity to accommodate over 640 students. → In Indonesia, 25 units of unoccupied houses were renovated and repurposed as day care facilities in 2022. These new facilities enable SIPEF to accommodate more children in its daycare programme than in previous years.	→ SIPEF provides free medical care for its employees. The Company works with its own doctors and nurses at local clinics and care centres located on the plantations. A total of 111 healthcare workers, including doctors, nurses, and midwives, are employed across SIPEF's operations in all three countries. → The number of clinics in Indonesia has decreased since 2021 due to the conditional sale of the tea plantation, PT Melania Indonesia, in that same year. The clinic located at this plantation is no longer counted in the total. → In Ivory Coast, Plantations J. Eglin has constructed two new clinics in 2022 for one of its new sites, Lumen estate. The construction of a clinic at the Akoudié estate, another new site, has started in December 2022.

gain or maintain access to social securities and health programmes offered by government agencies in each country of operation.

- → In Indonesia, SIPEF has been working to ensure that all its employees including temporary employees are registered for the country's national social security and health insurance programmes. These programmes provide coverage for accident, fatality, pension, and health security.
- → In Papua New Guinea, all local employees are covered by an accident insurance, and all national employees have access to the National Superannuation Fund (pension fund).
- → In Ivory Coast, all employees are covered by the National Social Security Fund (Caisse Nationale de Prévoyance Sociale).

12 Source: Top Performing Schools in Papua New Guinea in 2022 - Study in Papua New Guinea (www.pngfacts.com)

Commitment to food security

SIPEF is committed to providing access to affordable food for its employees. In Indonesia, the Company supplies employees under contracts of indeterminate duration and their families with up to 46 kg of rice per household every month. In Ivory Coast, all employees are provided a fixed monthly subsidy for the purchase of rice. For some locations of operation, resident employees can utilise areas within SIPEF's concessions for the cultivation of staple crops and vegetables to offset the cost of purchasing produce.

SIPEF also encourages and provides support for the opening of local stores by employees and their family members. These stores are mostly owned by the workers unions or cooperatives. SIPEF subsidises the transport of goods or provides capital, where needed. The stores provide employees regular access to basic goods at reasonable costs. The Company also monitors the prices to ensure affordability of basic goods.

INITIATIVES PER COUNTRY	
	In **Indonesia**, employee cooperatives have set up successful mini markets in most of the Company's plantations.
	In **Ivory Coast**, the stores have been managed by cooperatives since 2018. These cooperatives are composed entirely of women from employee families.
	In **Papua New Guinea**, the Group engages with local operators who will receive annual operating contracts to set up stores in its plantations. These contracts specify that prices must be comparable to local prices.

Occupational health and safety

The Group prioritises the health and safety of its workforce and implements its 'Occupational Health and Safety Policy', which prevents the occurance of fatal incidents, which applies not only to all employees, but also to its contractors and their employees. SIPEF invests in trainings and provides all necessary personal protective equipment (PPE) and medical examinations to all relevant employees, in order for them to carry out their tasks effectively in a safe environment. All risks are regularly analysed and assessed, and any occupational accidents are investigated to prevent them from being repeated.

There is a dedicated committee responsible for occupational safety, health, and environment at each operating unit. The committee consists of representatives from management, the staff and other workers who meet on a regular basis. The committee is commonly assisted by a trained safety officer who is responsible for implementing the Safety Management Plan.

SIPEF regrets that there were two work-related fatalities among its employees, one in Indonesia and one in Papua New Guinea. In Indonesia, a harvester was hit by a sickle while he was trying to avoid a falling frond. He sadly passed away in

the hospital. In Papua New Guinea, a worker fell from a tractor's trailer and was run over as the driver was reversing the tractor. The worker sadly passed away on the way to the clinic. To prevent the re-occurrence of these fatal incidents, several trainings were conducted at the operating units. The Company also sent out regular unannounced safety patrols to ensure employees are prioritising good health and safety practices.

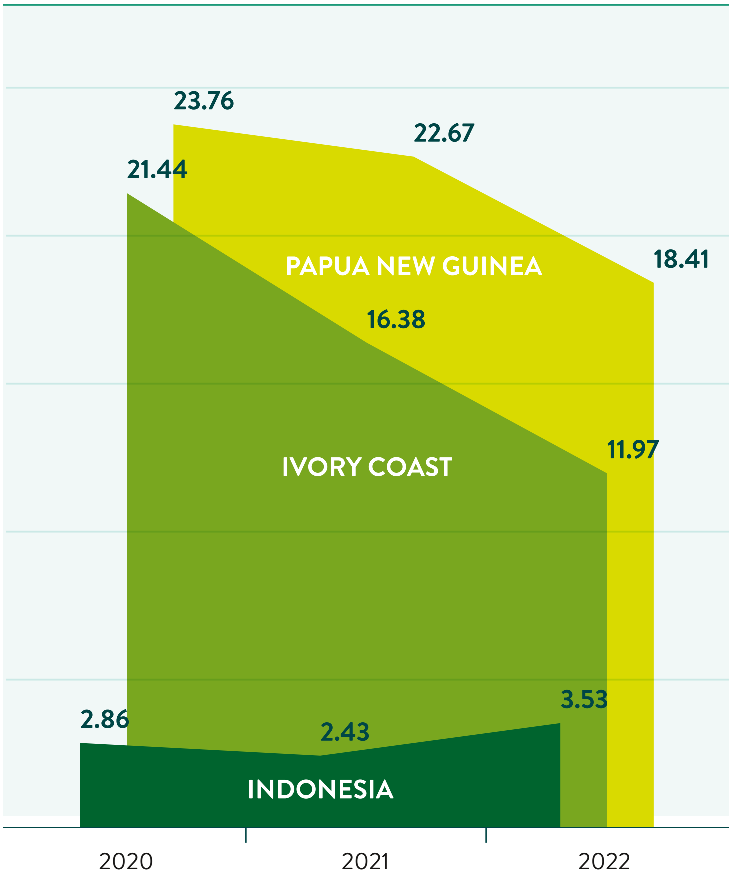
In 2022, SIPEF recorded improvement in its average lost time injury frequency rate (LTIFR) across the Group, which decreased to 7.04 in 2022 from 7.70 in 2021. The large differences found for LTIFR across the countries where SIPEF operates are mainly due to the different ways in which lost time cases are recorded across the operating units. Trainings are being carried out to ensure that the definition of lost time cases, and when to start counting, is aligned so that cases can be recorded correctly.

The Company is committed to reducing the LTIFR across its operations by between 10% to 33% by 2025, against the 2021 baseline by country in Papua New Guinea, Indonesia, and Ivory Coast. Ongoing trainings and awareness raising activities are being conducted to reinforce existing safety procedures that ensure a safe working environment for all SIPEF employees.

CHEMICAL HANDLING TRAINING

Employees are given special training, supervision, and PPE for the handling of chemicals. Pregnant and breast-feeding employees do not work with chemicals and will be assigned to other suitable tasks.

LTIFR (PER 1 000 000 HOURS WORKED)



Covid-19 vaccination programme

In 2022, SIPEF continued to advance its comprehensive programme to provide free access to covid-19 vaccinations for its employees and their dependents. In Indonesia, SIPEF made the most progress with 81% of the employees receiving a double vaccination against covid-19 in 2022. The first booster programme by SIPEF had participation from 81% of all employees in Indonesia. It is possible that the actual total number of employees that received a booster is higher, as some employees and/or family members may have opted to benefit from government programmes, which started slightly later, but ran in parallel to SIPEF's vaccination efforts.

In Ivory Coast, a total of 68% of employees were double vaccinated, and 13% had their first vaccination dose. Employees who have not been vaccinated, or those who have received a single dose, are mainly from the new sites (i.e. Lumen and Akoudié) where recruitment is still in progress. Access to vaccines in Ivory Coast is difficult but SIPEF will continue its efforts to secure more vaccines to enable a higher percentage of the workforce in Ivory Coast to have the option to be vaccinated.

In Papua New Guinea, a total of 6% of employees are fully vaccinated. Boosters were made available but there was no uptake in 2022. More time will be needed to allow confidence in the vaccine to grow, and increase the vaccination rate in Papua New Guinea.

Compliance

Management systems are in place to ensure compliance with SIPEF's Standard Operating Procedures (SOPs) that are in line with the Group's policies and commitments. All country offices in Indonesia and Papua New Guinea have a functionally independent internal audit department, which audits all operations to ensure compliance with SOPs. In addition, compliance to the various certification standards (RSPO, Rainforest Alliance, ISO, ISCC, ISPO) and legal requirements are ensured through functional Internal Control Systems under the Sustainability Departments, and verified through independent external audits.

Environmentally responsible production

Sustainable land use and conservation are integral to SIPEF's approach to sustainability. This is clearly reflected in the Company's sustainable land use and conservation initiatives, and in its group-wide commitment to 'no deforestation' and 'no new development in peat' areas. This commitment applies to both its own operations and its smallholder suppliers. SIPEF is dedicated to minimising and managing all environmental impacts of its business operations, from plantations to processing, through the implementation of Best Management Practices (BMPs) and risk-based impact mitigation strategies, including reducing greenhouse gas (GHG) emissions.

Climate change

The food and agricultural sector can play an important role in the mitigation of and adaptation to the impacts of climate change, by reducing its GHG emissions and building the resilience of its agricultural systems. SIPEF has implemented several policies and measures to manage climate-related risks including, but not limited to, a policy on no deforestation and no new plantings on peat (NDP), and the protection of areas of High Conservation Value (HCV).

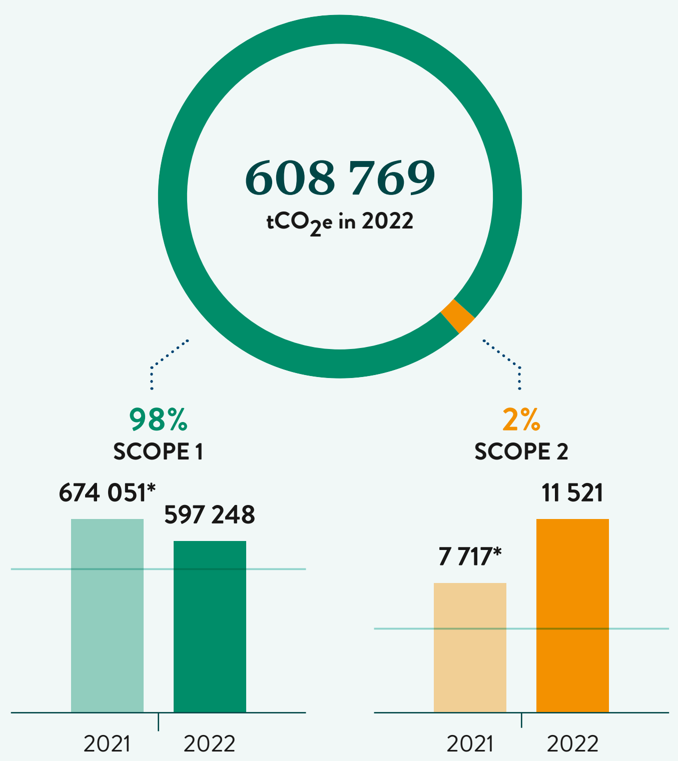
SIPEF carbon footprint

In recognition of the growing impact and risks linked to climate change, SIPEF has calculated its carbon footprint (Scope 1 and Scope 2) at Group level since 2019, using the ISO 14064-1:2018 standard. In 2021, the first GHG calculations were completed. In 2022, these calculations were verified by a certification body, and a second version of the GHG calculator was issued, including revisions to the calculation procedure and emission factors.

The results presented in this section include the net annual GHG emissions for the Group's Scope 1 and Scope 2 activities for 2021-2022, which account for emissions from upstream production, downstream processing, and transport to Free on Board (FOB)[13] point of sale for palm oil, rubber, tea, and bananas within SIPEF's operations in Indonesia, Papua New Guinea, and Ivory Coast.

13 It should be noted that the point of sale for bananas will be revised in 2023 to include its final change of custody.

GHG EMISSIONS 2022 (SCOPE 1 AND SCOPE 2) (tCO_2e)



GHG EMISSION (tCO_2e)

	2021	2022
Scope 1	674 051*	597 248
Scope 2	7 717*	11 521
TOTAL	681 769*	608 769

* Note: verification and validation of the data following the ISO 14064 methodology were carried out in 2022. Data for 2021 has therefore been updated.

The total net GHG emissions of the Group for 2022 were 608 769 tCO_2e. The majority of emissions for the Group fell into the category of Scope 1 (98%), the emissions from Group owned or controlled sources. Around 2% were in Scope 2, the indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the Group. SIPEF is planning to broaden its calculations to include Scope 3 emissions, which cover indirect emissions from the Group's value chain, such as smallholder suppliers, offsite materials transport, employees' commutes, business travel and other third-party sources. Further data validation and verification, as well as engagement with third parties, will be necessary to make this possible.

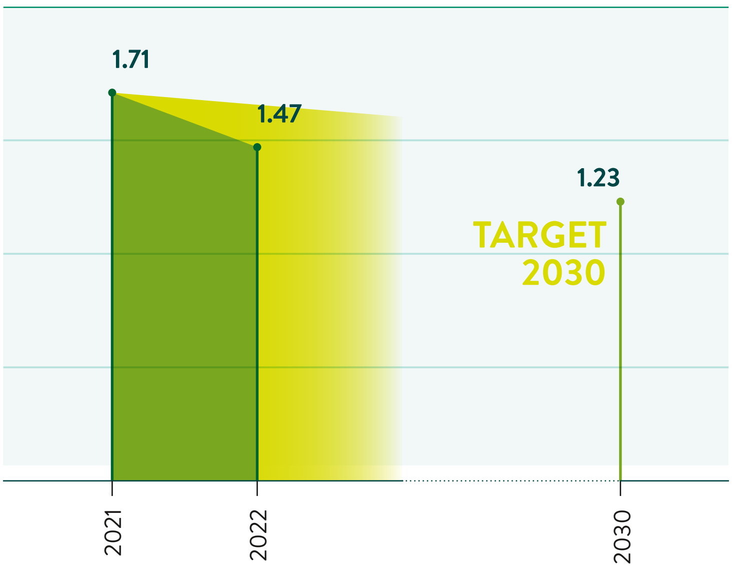
Overall GHG emissions have been reduced by 11% since 2021, mainly due to the reduction in palm oil mill effluent (POME) emissions achieved by one of the methane capture facilities that was recommissioned to full capacity, and a decreased rubber throughput. There was also a decrease in annualised GHG emissions from historical land use change.

Accounting for 97.6% of the total emissions, palm oil is by far the largest contributor to the carbon footprint, due to its larger scale operations across SIPEF. Based on the GHG emission sources and sinks in palm oil production, SIPEF recognises that the highest sources of emissions in its oil palm operations are related to historic and current land use change and POME. Conservation areas represent carbon sinks through sequestration by vegetative growth in HCV areas, including riparian zones and High Carbon Stock (HCS) forests within SIPEF's concessions, and the conserved forests within SIPEF Biodiversity Indonesia (SBI). In addition to the areas dedicated to conservation, there are also areas reserved for potential conversion to oil palm, i.e. rubber estates, which sequester carbon through vegetative growth, and therefore contribute to net emissions.

GHG emissions reduction target setting

In 2022, the Group's inventory of GHG data and information was verified at a reasonable level of assurance by PT. TÜV NORD Indonesia. The verification was conducted at two supply bases in Indonesia with all verified procedures and emission factors used across the Group. Based on the revised GHG calculations and projected emissions associated with planned expansions, SIPEF has developed its target to reduce 28% of its GHG emissions intensity per tonne of crude palm oil (CPO) by 2030 against the 2021 baseline. This target is in accordance with the Group's plan of working towards the Science Based Targets initiative (SBTi). In 2022, the GHG emissions intensity per tonne of CPO was reduced by 14% from that of 2021. SIPEF is taking several initiatives to reduce its GHG emissions in operations to achieve its target by 2030 and thereafter.

TOTAL SCOPE 1 & 2 NET EMISSIONS PER TONNE OF CPO 2021 – 2022



4
Methane capture facilities in Indonesia

1
Methane capture facility in Papua New Guinea

Capturing methane from palm oil mills

SIPEF has installed methane capture facilities in its palm oil mills to trap the methane emissions from POME. As of 2022, SIPEF has equipped five mills (56%) with these facilities. Captured methane is flared or burnt in biogas generators to produce electricity. The Group plans to build methane capture facilities for all its palm oil mills. In order to achieve its GHG emissions reduction target by 2030, SIPEF also plans to increase the use of captured methane as biogas, such as for producing electricity or for Compressed Natural Gas for transport.

The Group's methane capture facilities fitted with biogas plants in Indonesia generated 4 600 051 kWh of electricity in 2022, all of which was used to power its mills or for general use by nearby communities. This was less than the electricity generated in 2021, due to technical issues related to connecting and synchronising with the national grid, during which the process of flaring was solely relied on.

CLEAN DEVELOPMENT MECHANISM (CDM)

Under the CDM, emission-reduction projects in developing countries can earn certified emission-reduction credits. SIPEF currently has four of its nine mills running CDM projects based on the reduction of GHG emissions through methane capture facilities, flaring or biogas generation.

→ More information: www.cdm.unfccc.int

Sustainable land use

SIPEF follows the requirements of certification standards relevant to the implementation of BMPs and new developments. Since 2014, the Group has been committed to no deforestation, including zero conversion of the natural ecosystems found in HCV areas, HCS forests, and fragile or marginal soils, such as peat areas.

New developments

The Group follows the RSPO New Planting Procedure (NPP) prior to any new developments in its own oil palm operations, whereas for non-oil palm new developments, the operating units follow the requirements of the relevant certification standards, such as Rainforest Alliance and Fairtrade.

In 2022, a proposed expansion of smallholder areas in Papua New Guinea was initiated. In order to ensure that SIPEF meets all the Roundtable on Sustainable Palm Oil (RSPO) RSPO NPP requirements, all relevant assessments are being carried out and are expected to be completed by early 2024.

Peatland management

SIPEF conducts drainability assessments according to the RSPO Principles and Criteria 2018 and will continue to monitor the implementation of its management approach for areas with developed peat in order to reduce subsidence rates and the risks of flooding. Where possible, SIPEF will identify any further opportunities for conservation or restoration of peat areas.

Monitoring and management

SIPEF'S MONITORING AND MANAGEMENT OF NDP

ALERT RECEIVED 	Alerts are received either through Earthqualizer or via SIPEF customers who use a variety of other third-party verifiers. When an alert is received, field teams first investigate the site to verify whether there has been an incident of tree cover loss.
VERIFICATION OF MANAGEMENT CONTROL 	Verification is carried out to determine whether SIPEF has management control[15] over the land where the incident has occurred.
CAUSE OF INCIDENT EVALUATED 	If the incident is verified to have occurred, its cause is evaluated. This includes whether the incident was human-induced or due to natural causes, such as stream bank erosion, natural tree mortality or wind damage. Non-natural causes can include, but are not limited to, encroachment by subsistence farming, deforestation for timber or firewood, or conversion for the purposes of commercial farming or forestry.
ACTION TAKEN 	All illegal deforestation activities are reported to the police, illegal settlers or land users are evicted, and areas are restored with natural vegetation as soon as possible. In cases where SIPEF does not have management control, it will inform and engage with communities on the Company's sustainable land use policies.

No Deforestation and No new plantings on Peat (NDP)

SIPEF continues to engage with the Earthqualizer Foundation (EQ)[14] to monitor all its estates and suppliers against its NDP commitment in Indonesia and Papua New Guinea. The engagement relies on a review of historic and real-time analysis of satellite imagery to detect any change in land cover that contravenes the NDP commitment. Recovery and liability assessment is used to verify past incidents, which includes the identification of the causes of alerts verified and the development of corrective actions to be implemented to recover any confirmed liability. SIPEF is on track to meet its target to complete the historical assessment of its NDP by 2023.

→ Further information on EQ: www.earthqualizer.org

As of 31 December 2022, more than 157 700 hectares of land under SIPEF's concessions and suppliers in Indonesia and Papua New Guinea are being covered by EQ's monitoring. All SIPEF's plantations, including the SBI areas and all smallholder groups, were monitored during the reporting year. The total area of verified tree cover loss was 42.6 hectares.

14 Moving forward, SIPEF will be using EQ data instead of Global Forest Watch data for monitoring and reporting.
15 As per free, prior and informed consent (FPIC) requirements, landowners are given the option not to sell, and when this happens SIPEF does not have control over these areas of land, even if they are located within the Company's concession areas.

In 2022, third party monitoring of tree cover loss received a total of two alerts within SIPEF's concession areas in Indonesia. Upon investigation, both incidents were confirmed to be actual tree cover loss, found to be caused by unauthorised land clearing by local communities. SIPEF has reported the encroachment to local authorities to take action on the unauthorised land clearing, and vegetation is being restored.

In Papua New Guinea, one alert was received by Hargy Oil Palms Ltd (HOPL), and it was also confirmed to be actual tree cover loss as the result of unauthorised logging by local communities. The area affected was leased to HOPL for potential expansion prior to the establishment of SIPEF's RPP. However, in accordance with the Group's ensuing no deforestation commitment, it was not developed. The current activities were authorised by the original landowners, but without consultation with HOPL. SIPEF has reported the unauthorised logging activity to the relevant authority, and has started the restoration of natural vegetation in the affected area. Discussions are also currently being held on the terms and conditions of the lease agreement.

SUMMARY OF EQ'S NDP MONITORING IN 2022

	WITHIN OWN CONCESSIONS			WITHIN SUPPLIER AREAS		
COUNTRY / PROVINCE	EQ ALERTS	VERIFIED INCIDENTS OF TREE COVER LOSS	VERIFIED AREA OF TREE COVER LOSS (HA)	EQ ALERTS	VERIFIED INCIDENTS OF TREE COVER LOSS	VERIFIED AREA OF TREE COVER LOSS (HA)
INDONESIA	2	2	14.6	0	0	0
North Sumatra	0	0	0	0	0	0
Bengkulu	2	2	14.6	0	0	0
South Sumatra	0	0	0	0	0	0
PAPUA NEW GUINEA	1	1	28.0	0	0	0
TOTAL	3	3	42.6	0	0	0

Remediation and compensation

SIPEF is committed to the RSPO Remediation and Compensation Procedure (RaCP) for its own oil palm operations. The RaCP focuses on assessing historical plantation development, undertaken since November 2005, that has not undergone HCV assessments. The Group is committed to restoring the ecosystems and value of the areas in the case of identified deforestation or conversion.

→ The ongoing RaCP involving SIPEF are available on the RSPO website: www.rspo.org/as-an-organisation/tools/remediation-and-compensation/racp-trackers/

SIPEF'S MONITORING AND MANAGEMENT OF FIRES

ALERT RECEIVED

Fire hotspots are monitored by RSPO, which relies on a monitoring service platform provided by NASA and on the concession and smallholder data submitted by SIPEF. Any fire within 100 metres of a concession or smallholder is detected and reported, based on field investigation.

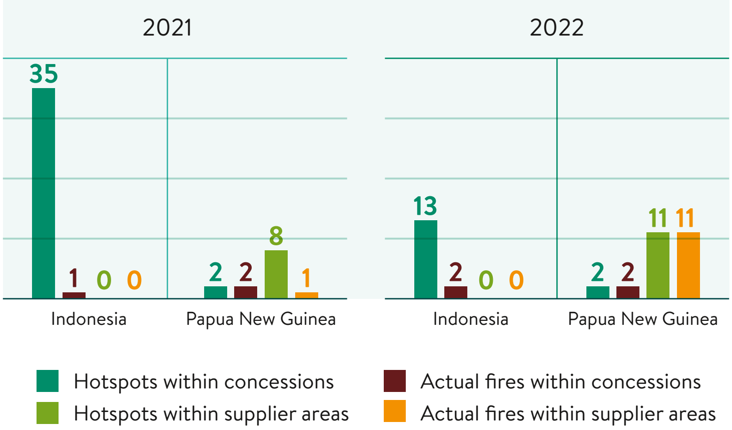
VERIFICATION OF MANAGEMENT CONTROL

Automated hotspot alerts based on satellite imagery are generated on a continuous basis, and each alert is investigated by SIPEF. The fire risk status is updated daily and communicated to all levels of staff. Fire risk status signs are also placed at numerous sites on SIPEF's estates, so that the employees and their families are kept informed of any potential or verified fires.

ACTION TAKEN

All verified fires are immediately extinguished, and an internal report is compiled, which is then filed with the police. In the case of oil palm operations, these reports are also filed with RSPO. SIPEF is also committed to restoring any areas under the Group's management control that have been impacted by fire.

NUMBER OF HOTSPOTS VERSUS CONFIRMED FIRES



Fire prevention and management

SIPEF strictly prohibits the use of fire for any new developments, a requirement applicable to its own estates and its suppliers. The Group has a fire risk alert monitoring system, is equipped with firefighting equipment, and has teams in place in case of any fire incidents. Water management in peatlands is also very important to avoid the risk of creating hotspots for fires, and SIPEF pays special attention to fire prevention in these areas.

Hotspot and fire monitoring in 2022

In 2022, SIPEF's fire monitoring system identified 15 hotspots within its own concession areas, of which 4 alerts were verified to be actual fires in Indonesia and Papua New Guinea. In addition, 11 verified fires were found within the supplier areas in Papua New Guinea.

In Papua New Guinea and Indonesia, the areas impacted were primarily linked to land use activities by local communities. For areas within SIPEF's concessions, the areas impacted are in the progress of restoration.

Conservation and restoration

SIPEF's subsidiaries are located in ecologically distinctive and biodiverse regions. The Group recognises its unique position and the role it can play in mitigating further biodiversity loss by decoupling deforestation and agricultural production, and by contributing to the safeguarding of important ecosystems in the landscapes where it operates. The Group also has a no hunting policy, which makes an exception for sustainable hunting by local communities.

Identification of conservation areas within SIPEF's concessions

As of 31 December 2022, SIPEF has managed a total of 13 544.4 hectares of conservation area across its concessions in Indonesia, Papua New Guinea, and Ivory Coast, based on HCV and HCSA assessments[16] carried out prior to development. This excludes the conservation area managed under SBI, as the definition used in this section focuses on areas within SIPEF's concessions only. There was a slight reduction of total conservation areas in 2022 in Indonesia and Papua New Guinea, due to fewer sites being classified as potential conservation areas. Upon re-assessment, they were confirmed as non-conservation areas, and some buffer zones that were outside SIPEF's areas were also removed. In Ivory Coast, there was an increase due to an additional conservation area being included from the new plantation in Akoudié.

TOTAL CONSERVATION AREAS IN 2021 - 2022 (IN HECTARES)

COUNTRY	2021 CONSERVATION	2022 CONSERVATION
Indonesia	9 966.7*	9 691.0
Papua New Guinea	4 114.3*	3 623.7
Ivory Coast	123.7*	229.7
TOTAL	14 204.7*	13 544.4

* Conservation areas in 2021 have been updated to account for estates with pending issuance of a Cultivation Rights Title (i.e *Hak Guna Usaha* – HGU). This figure may change depending on the final HGU approval.

To date, a total of 26 integrated HCV-HCSA assessments have been carried out and submitted for approval to the relevant reviewer organisations (HCV Network or HCSA). All approved assessments and those undergoing review are made available on the HCV Network and HCSA websites. The Company has also set the target of aligning its management plans with the revised assessments by 2025 to improve management plans for the HCV and HCSA areas.

HCV-HCSA ASSESSMENTS CONDUCTED

COUNTRY	NUMBER OF ESTATES	NUMBER OF ESTATES THAT HAVE COMPLETED INTEGRATED ASSESSMENTS
INDONESIA	33	26
North Sumatra	9	6
Bengkulu	13	9
South Sumatra	11	11
PAPUA NEW GUINEA	3	0
TOTAL	36	26

16 Carried out by licensed assessors under the HCV Network's Assessor Licensing Scheme (ALS). Habitat management plans are developed for these areas.

Monitoring of conservation areas and biodiversity within SIPEF's operations

By 2026, SIPEF will have established ranger restoration teams for all regions where it operates to improve the management of HCV areas and HCS forests. SIPEF also engages with neighbouring communities so that they are aware of the locations, importance, and benefits of the HCV areas and HCS forests, and so that the communities can become actively involved in protecting them. Social HCV areas remain accessible to communities. Biodiversity monitoring is carried out with a combination of camera trap surveys and patrolling by the ranger teams in the conservation areas.

Conservation areas within SIPEF's operations provide viable habitat and connectivity to surrounding areas for a wide range of species. There have been sightings of critically endangered species such as the helmeted hornbill *(Buceros vigil)*, found by SIPEF's rangers, and the Sumatran tiger *(Panthera tigris sondaica)*, captured by camera traps. The Sumatran tiger, the smallest of the tiger subspecies, is found only in Sumatra and is no longer present in Java or Bali. Not only has this species been photographed in SIPEF conservation areas, but there were also several sightings by workers in 2022. It is assumed that these tigers are moving from the more heavily forested mountains in search of prey, due to reported outbreaks of African swine fever (ASF) in Sumatra, which has affected the local population of wild boar *(Sus scrofa)*. SIPEF is working with the Zoological Society of London (ZSL) to broaden its wildlife monitoring programme to include prey species so that this dynamic is better understood.

Supporting landscape initiatives and biodiversity programmes

SIPEF actively contributes to development and discussion around a landscape level approach in the context of sustainable palm oil production through its involvement in the RSPO's Jurisdictional Working Group (JWG). In Papua New Guinea, there is an increasing interest from the smallholders and customary landowners around SIPEF's operations, to participate in the sustainable supply chain. As such, Hargy Oil Palms Ltd has started a project together with a licensed assessor, PT. Hijau Daun, looking at taking a balanced approach towards an integrated oil palm landscape. An integrated HCV-HCSA assessment has been carried out, which included field plots and surveys, in-depth interviews with participants, including smallholders, and participatory land use mapping of customary lands. This has resulted in HCV-HCS vegetation cover maps and participatory land use plans, that will be validated through another round of consultation with all of the communities.

In addition, SIPEF also finances and supports a few conservation and biodiversity projects in Indonesia, Papua New Guinea, and Ivory Coast.

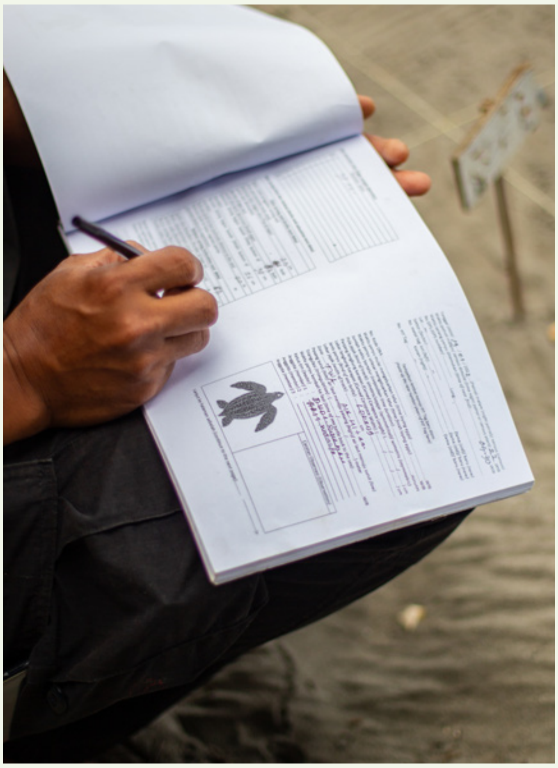
SIPEF BIODIVERSITY INDONESIA (SBI) PROJECT

The SBI project is a 12 672-hectare licensed area of forest that acts as a buffer to the Kerinci Seblat National Park. It is one of the conservation projects in Indonesia granted for ecosystem restoration for a term of 60 years under the purview of the Directorate General of Sustainable Production Forest Management, Ministry of Environment and Forestry of the Republic of Indonesia.

The project focuses on the protection and monitoring of biodiversity, reforestation of degraded areas, and engagement with communities to protect the conservation area managed under SBI.

- **BIODIVERSITY MONITORING:** An extremely rich range of megafauna has been identified in the area, including the critically endangered Sumatran tiger (*Panthera tigris sondaica*).
- **REFORESTATION AND ENRICHMENT:** In 2022, an area of 14 hectares was reforested. This accounted for a total of 185 hectares of reforested area (48 330 trees planted) since the beginning of the SBI project. The team intends to make substantial progress, by achieving 72% of the target to restore 256 hectares by 2024.
- **ALTERNATIVE INCOMES FOR FARMERS:** Agroforestry is creating a sustainable livelihood for local communities. A total of 339 growers have received technical support and seedlings for tree crops as of 31 December 2022. In 2022, 30 new farmers were registered for participation in the agroforestry programme regulated under the Indonesian Government 'Social Forestry' programme. This represents 92% completion toward the 2024 target of collaborating with 369 farmers in SIPEF's agroforestry programmes.
- **SCIENCE-BASED CONSERVATION:** In 2022, a training course on camera trapping to monitor the Sumatran tiger population was carried out by ZSL. The training is part of a broader engagement that SIPEF initiated with ZSL and has jump-started the work of surveying the tiger population, in an area determined by SBI and based on an improved survey protocol prepared jointly by SBI and ZSL.

SEA TURTLE CONSERVATION PROJECT IN INDONESIA



1 898

Sea turtles were released in 2022

SIPEF's sea turtle conservation project, Yayasan SIPEF Indonesia (YSI) helps to protect and increase the population of sea turtles on a five-kilometre-long stretch of beach at Air Hitam Conservation Park in Sumatra. Local authorities and residents of two villages work together as field operators to monitor the beach.

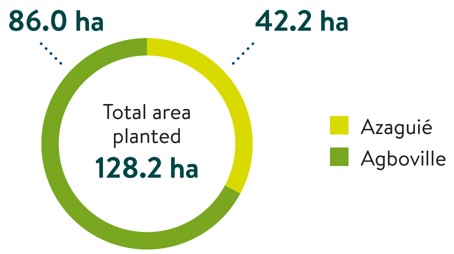
Since 2007, the project has successfully enabled the collection of 37 249 eggs and the release of 22 588 sea turtles. In 2022, 3 158 eggs were collected, and 1 898 sea turtles were released. Unfortunately, the Indonesian Government has not renewed the MoU for YSI, pending a general review of all NGO and foundation conservation projects in Indonesia.

REFORESTATION PROGRAMME IN IVORY COAST

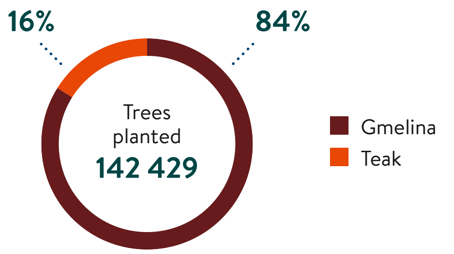
SIPEF's banana company, Plantations J. Eglin, is working to contribute to restoration through its reforestation programme. The company has developed a reforestation plan for low-lying areas that are not suited to banana cultivation, primarily on the sites of Azaguié and Agboville. As of 31 December 2022, the programme has reached an area of around 128.2 hectares.

Most trees planted were gmelina (*Gmelina arborea*) (84%), as they are better suited to the low-lying land found in the estates than teak (*Tectona grandis*) (16%), which thrive better on hillsides. Moving forward, Plantations J. Eglin will continue to focus on maintaining the hectares already planted and will evaluate the possibility of expanding the programme in the future.

TOTAL PLANTED AREA UNDER REFORESTATION PROGRAMME (2022)



SPECIES OF TREES PLANTED UNDER REFORESTATION PROGRAMME (2022)



COASTAL AREA RESTORATION

In both Papua New Guinea and Indonesia, SIPEF has projects focusing on rehabilitating coastal areas. Rehabilitation initiatives, such as mangrove planting, will assist in buffering areas in the estates from further erosion.

IN PAPUA NEW GUINEA	IN INDONESIA
SIPEF is in the process of re-establishing the coastal areas around Navo operations through the introduction of mangrove trees.	In Agromuko, 34 hectares of coastal area have been mapped and are being restored to natural vegetation.

Implementing Best Management Practices

SIPEF continues to minimise the impacts of its activities on the environment surrounding its operations by implementing the relevant Best Management Practices (BMPs) across its operations. Wherever possible, the Group also engages in regenerative and circular practices focused on reusing by-products and waste from its production and processing activities.

Chemical and pesticide management

Pest management is crucial for protecting crops and maximising yields. Integrated pest management (IPM) has been implemented for both SIPEF's oil palm and banana production. The approach encourages natural pest control mechanisms. It also focuses on careful consideration of chemical and pesticide applications that minimise risks to humans and ecosystems. SIPEF utilises numerous different methods of natural or biological pest control which aim to reduce the reliance on plant protection products.

Pesticide use

SIPEF is committed to minimising the use of pesticides, while maintaining or increasing productivity per hectare. In addition to implementing IPM, SIPEF has phased out paraquat in all its operations since 2016, as per its Responsible Plantations Policy. The Group emphasises the safety of all employees involved in handling pesticides and ensures that those involved are trained and adequately equipped, and that their health is regularly monitored.

DIFFERENT METHODS OF NATURAL OR BIOLOGICAL PEST CONTROL

Ganoderma mycelium can be suppressed by **CHIPPING PALM TRUNKS** and leaving the chippings exposed to sunlight, enabling the ultraviolet radiation to kill the fungus.

DISC HARROWING CHIPS into mineral soil limits the breeding habitat of the rhinoceros beetle *(Oryctes rhinoceros)*.

BIOLOGICAL CONTROL includes trapping and infecting male *Orcytes* with a virus and releasing them to curb populations of *Orcytes*.

EMPTY FRUIT BUNCHES (EFB) and formulated fertiliser are applied to the varieties of palm hybrids that best suit the sites, for healthier and more naturally resistant palms.

NITROGEN-FIXING COVER CROPS are planted to provide extra soil nitrogen and reduce noxious weeds.

BENEFICIAL PLANTS are established to foster populations of natural enemies, such as parasitoids, e.g. *Eocanthecona furcellata,* which are released.

Conditions for natural predators, such as **NESTING SITES FOR OWLS OR RAPTOR PERCHES** in replanting areas, are provided.

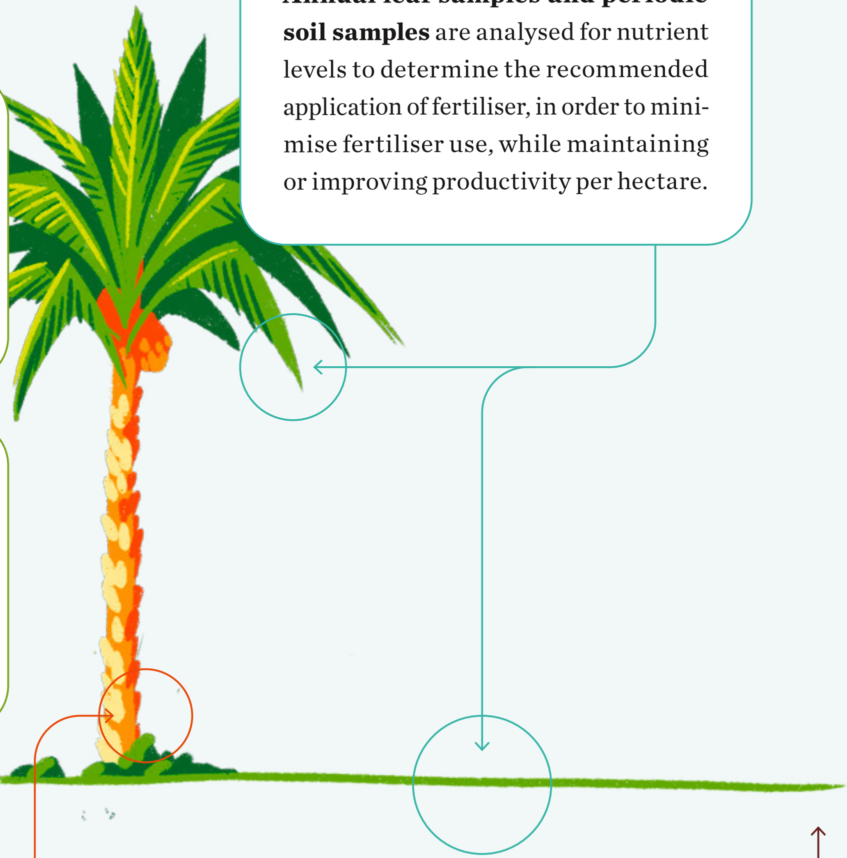
The first enemy of a banana plantation is a leafspot disease caused by a fungus called *Cercospora musae,* which settles on the leaves and rapidly becomes necrotic. To avoid systematic fungicide spraying, field sanitation, by **REGULAR REMOVAL OF OLD DISEASED LEAVES** is practiced. Chemical treatment will only be organised when the level of infestation is too high.

BANANA TISSUE CULTURE PLANTING MATERIAL, which is free of nematodes, means there is no need to use nematicides.

A **WEEVIL THAT DESTROYS THE BANANA ROOT,** the *Cosmopolites sordidus,* can be trapped using attractive pheromones, so pesticide use is no longer required in normal and controlled circumstances.

Preserving soil fertility and health

OIL PALM



At SIPEF's palm oil operations, all land preparations start with **detailed topographic maps** to assess the planted areas and ensure that the appropriate BMPs are implemented for soil health and conservation.

Preventative measures are taken to prevent soil erosion, such as planting legume cover crops, installing stop bunds (silt traps) and silt trenches, and planting bund and slope protection like vetiver grass *(Chrysopogon zizanioides)*.

Annual leaf samples and periodic soil samples are analysed for nutrient levels to determine the recommended application of fertiliser, in order to minimise fertiliser use, while maintaining or improving productivity per hectare.

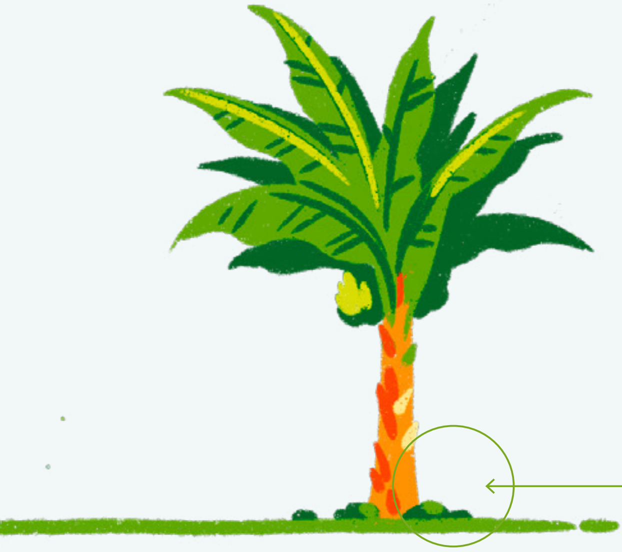
In terms of oil palm diseases, the biggest risk to older estates remains that of Basal Stem Rot (BSR) caused by the fungus *Ganoderma boninense*. Intensive land preparation techniques before and during replanting are undertaken, combined with the rapid establishment of the cover crop, *Mucuna bracteata* and followed by at least a one-year fallow period in an attempt to break or at least interrupt the fungus' life cycle. The use of **'Gano-tolerant' planting material** has been introduced and its effectiveness is being tracked very closely.

Antagonistic and beneficial fungi, such as *Trichoderma* and the soil improver Rhizoplex, are also being used as part of the armoury against this virulent fungus.

The application of **mineral and organic fertilisers** is balanced, while maintaining the soil's structure and managing the costs of operations. By applying compost and other biomass like EFB, cocoa or coffee husks, the soil exposure is reduced. This method contributes to soil health and conservation, and reduces dependency on mineral fertilisers.

SIPEF has also invested in a **composting system** at its Bukit Maradja operations, which processes 100% of the plantation's EFB and wastewater into organic fertiliser with a high nutrient content.

BANANAS



In banana production, the main soil and root hosted pest is the nematode, which is a very tiny parasitic worm that feeds on the plants. The use of meristem tissue for young plants at replanting ensures that there will be uninfected plants, but it will only be guaranteed if the soil has passed through a **fallow period of at least one year**, without any regrowth of wild banana plants. By cutting them off from all food sources, the nematodes will die and disappear.

For further improvement of the soil quality during this period, the fallow blocks are planted with *Tithonia*. In a few months, they form bushes two or three metres high, which are crushed at the end of the period to ensure coverage of the ground, enhancing the organic content, and avoiding erosion, until replanting operations start.

Minimising waste and pollution

As part of SIPEF's commitment to minimising waste and pollution, the Group uses and recycles the by-products from its palm oil and banana production as well as from its processing activities.

OIL PALM AND BANANA PLANTATIONS

OIL PALM

- **Empty Fruit Bunches (EFB)** are applied to the fields to return the remaining nutrients and organic matter content back to the soil.
- **Composted EFB** can be beneficial for certain soils and can, in some cases, be mixed with mill effluent/boiler ash/the deposits from the decanting systems to create organic fertiliser.

BANANAS

- As soon as the fruit hands are removed from the bunch at the packing station, **the banana stems** as well as **fruit debris** are spread back on the fields, generally in the fallow areas.
- **Non-desirable or old leaves and necrotic areas**, as well as supernumerary hands are cut and left on the ground, ensuring that as much organic matter as possible is returned to the soil.

PALM OIL MILLS

PALM OIL

- **Treated Palm Oil Mill Effluent (POME)** is applied in the fields as a source of nutrients for the palms.
- **Fibres from palm nut mesocarp** are burned in the mill boilers to generate electricity through steam turbines. In 2022, 78% of the total electricity generated at mills was from renewable energy.
- **Palm nut endocarp**, the source of palm kernel shell, is sold to third parties as a biomass.
- **Palm nut endosperm**, the source of palm kernel expeller, is sold as a component in animal feed.

While the examples mentioned above are the main current uses for by-products, there are several other uses being explored, tested, and practised within the industry. Ongoing innovation, research and development will continue to help unlock a wealth of value from what was previously considered waste.

Mitigating water pollution and managing effluent

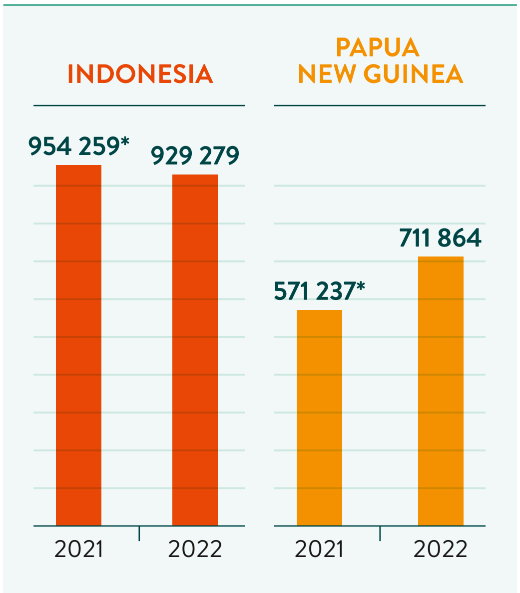
In order to mitigate water pollution, maintaining riparian buffer zones of natural vegetation is important for absorbing runoff and protecting the waterways. SIPEF is committed to following all local regulations on effluent limits in its palm oil mills. Therefore, in 2022, the Group defined targets for the biochemical oxygen demand (BOD), chemical oxygen demand (COD) and total suspended solids (TSS) be maintained below legal limits at point of release. SIPEF uses engineering controls and water treatment systems to ensure the levels stay within the required limits. In 2022, there were a few incidents whereby the palm oil mills in Papua New Guinea exceeded the legal limits for BOD and TSS due to a desilting programme. The desilting programme was carried out to reduce the build-up of solids, which would otherwise have caused a decrease in the retention time and the bacterial activities required to minimise organic matter in the effluent.

Water management

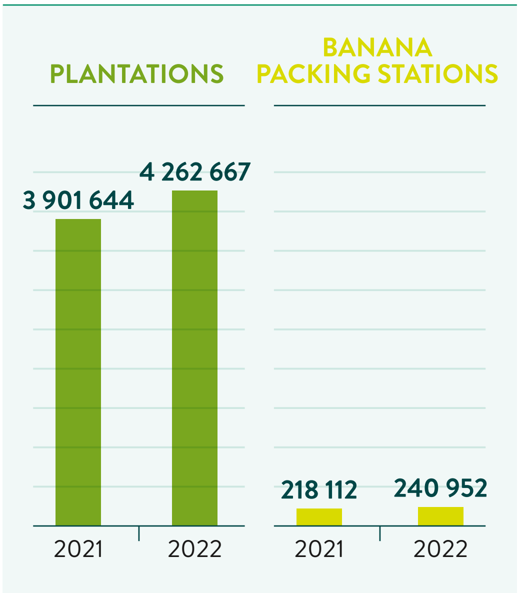
SIPEF's approach to water management is to preserve the availability and quality of water resources for the surrounding communities and environment, as well as for its own business. SIPEF measures and aims to optimise water usage in all of its operations. The scope of data presented in this section focuses on water management at SIPEF's palm oil mills, banana plantations and banana packing stations.

In 2022, total water usage at SIPEF's palm oil mills increased by 7.6%. An important update relates to the target on water usage intensity per tonne of FFB processed, which has now been set for each individual mill, and no longer at Group level. This allows a more accurate and targeted water management and improvement plan to be implemented. In 2022, a mill in Papua New Guinea exceeded the set target on water usage intensity due to the regular cleaning of oil on the ramp hopper, resulting in high water usage.

TOTAL WATER USAGE IN PALM OIL MILLS (M³)



TOTAL WATER USAGE IN BANANA OPERATIONS (M³)



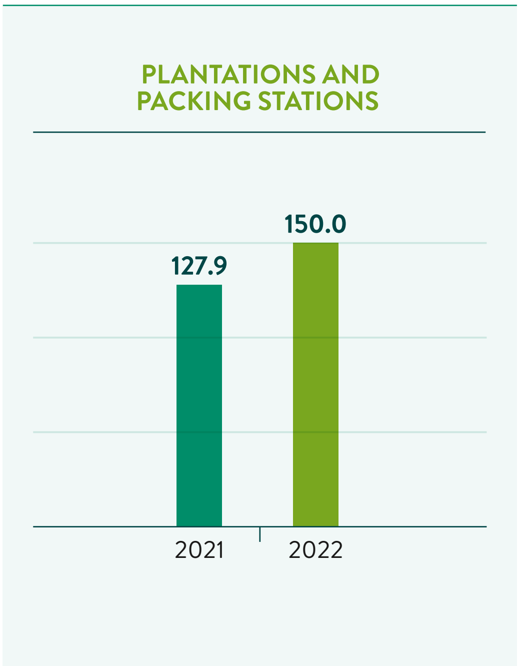
* Note: Water usage for palm oil mills in Papua New Guinea has been restated, as the previous figures included domestic water usage that led to higher consumption being recorded. For Indonesia, the slight changes were due to flow meter adjustments being made.

Bananas remain the Group's most water-intensive product, primarily due to the use of irrigation. About 30% of the irrigation water used at the banana plantation in Ivory Coast is rainwater, stored in dams during the rainy season, then reused and pumped during the dry season a few months later. The remaining amount comes from rivers alongside the plantations.

Water for the banana packing stations is supplied from wells, due to health and food safety requirements. The water used is recycled after the packing process by using decantation tanks, then stored back in the dams for irrigation in the future or flowed back into the river.

In 2022, there was a 17% increase in water usage intensity due to the extension of Lumen estate, whereby the first planting was carried out with no harvest yet and coupled with a lower yield.

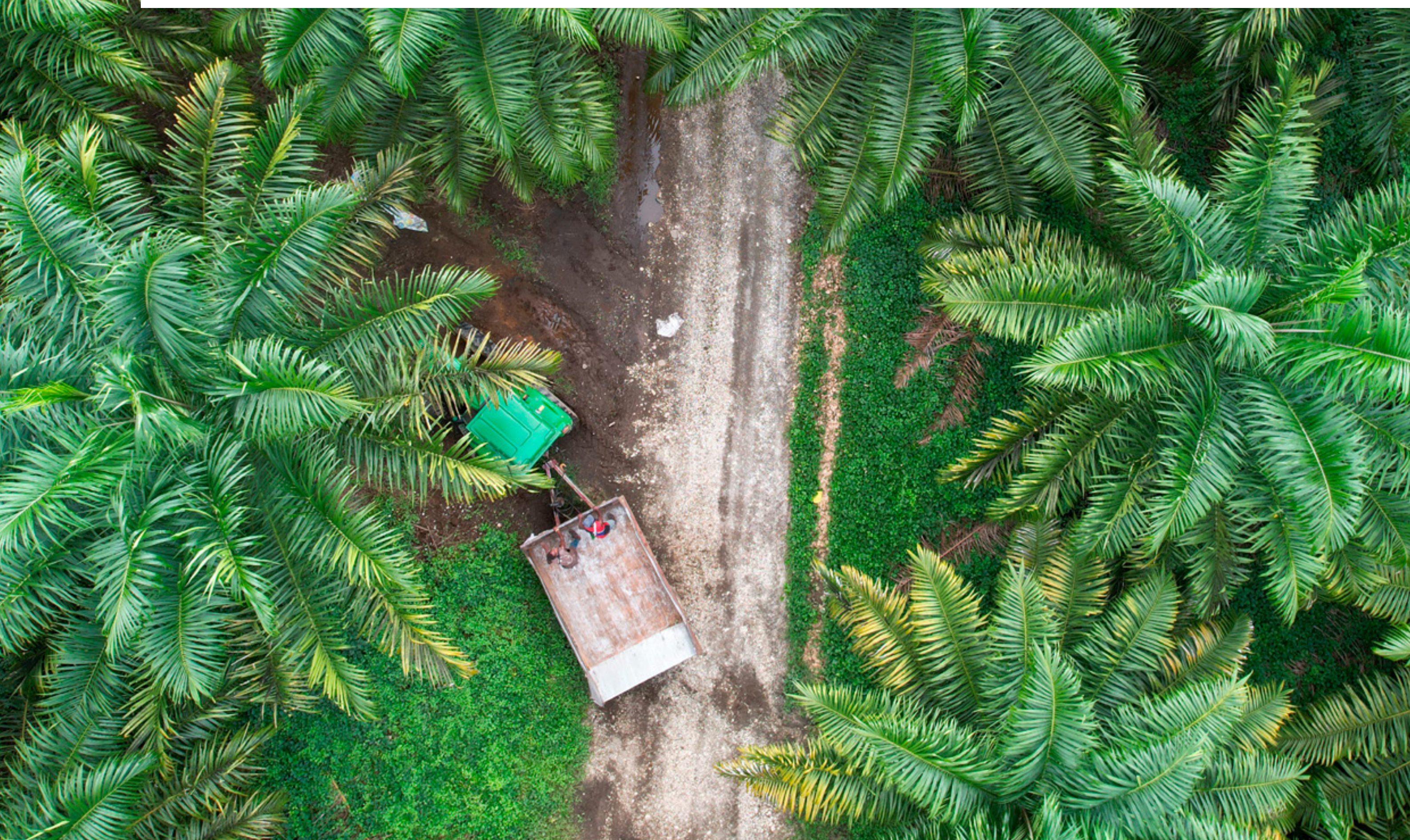
WATER USAGE INTENSITY OF BANANA OPERATIONS (M³/TONNE BANANAS EXPORTED)



Responsible supply chain management

With the projection of global palm oil demand growth estimated between 0.8 and 2.8% a year, smallholders will continue to play a significant role in meeting global demand. It is estimated that between 25% to 30%[16] of the world's palm oil supply is produced by smallholders. Yet, with an average yield of 13 tonnes of fresh fruit bunches (FFB) per hectare per year,[17] smallholders have markedly lower yields than large plantations. By supporting smallholders to implement better practices, there is not only a potential to increase global productivity, but also to protect the environment while improving their livelihoods.

SIPEF's strategy to create value in a responsible way includes supporting its suppliers to become part of its sustainable supply chain. All of SIPEF's suppliers are oil palm smallholders who contribute to the Group's supply bases in Indonesia and Papua New Guinea.[18]



Smallholder programmes

SIPEF has established a number of smallholder programmes that provide various forms of support to oil palm smallholders. Through these programmes, the Company shares Best Management Practices (BMPs), supplies seedlings, assists in achieving and maintaining Roundtable on Sustainable Palm Oil (RSPO) certification, and provides agronomic and logistical services.[19]

SCHEME SMALLHOLDERS	INDEPENDENT SMALLHOLDERS
INDONESIA	INDONESIA
COMPANY-MANAGED SMALLHOLDERS (PLASMA) – located within SIPEF's concessions, whereby the production of the crops is fully managed by SIPEF Indonesia. **VILLAGE SMALLHOLDERS (*Kebun Masyarakat Desa*)** – located adjacent to SIPEF's concessions, whereby the small oil palm blocks developed in collaboration with surrounding villages are fully or partially managed by SIPEF Indonesia. All scheme smallholder production areas in Indonesia are developed in accordance with RSPO guidelines. They are either already RSPO certified or on track to be certified, depending on the status of the Cultivation Rights Title (*Hak Guna Usaha* – HGU).	**ASSOCIATED BUY/SELL SMALLHOLDERS** – manage their own lands, and have the option to sell to SIPEF Indonesia, depending on their commitment and progress towards RSPO certification. **ASSOCIATED SEEDLING SMALLHOLDERS** – manage their own lands and receive support from SIPEF Indonesia for certified seed supply after being assessed. These smallholders are not physically linked to SIPEF's supply chain, and their integration will take time, depending on their progress and readiness to move towards certification.
PAPUA NEW GUINEA	
ASSOCIATED SMALLHOLDERS – own and manage their lands and production, but due to their geographic location, are linked to SIPEF's supply chain and sell to Hargy Oil Palms Ltd (HOPL) mills, which are in the vicinity of these smallholders' operations. All HOPL associated smallholders in Papua New Guinea are RSPO certified.	

16 Source: www.solidaridadnetwork.org/wp-content uploads/2022/09/Palm-Oil-Barometer-2022_solidaridad.pdf

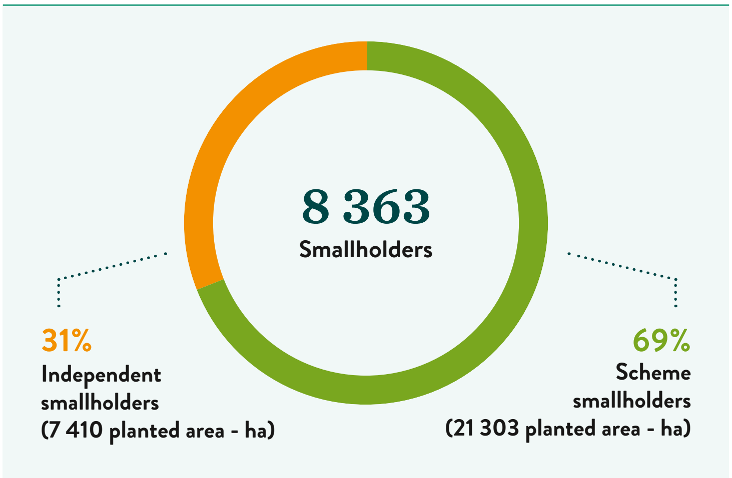
17 Source: www.researchgate.net/publication/330704805_Developing_an_atlas_of_yield_potential_and_yield_gaps_for_current_oil_palm_plantation_area_in_Indonesia

18 With the exception of the PT Timbang Deli estate in Indonesia, which also has volumes that form part of the SIPEF group's outgrower production. However, this production accounts for less than 0.5% of the Group's total production.

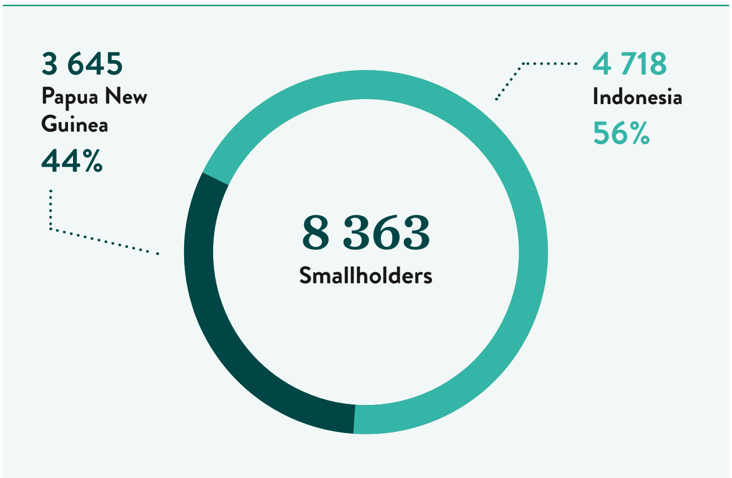
19 Further information on how SIPEF works with smallholders can also be found on the Group's website: www.sipef.com/hq/sustainability/smallholders/

In 2022, SIPEF collaborated with 8 363 smallholders in Indonesia and Papua New Guinea, of which 5 741 (69%) are scheme smallholders and 2 622 (31%) are independent smallholders. Across both countries, 21 303 (74%) hectares of planted area are owned by scheme smallholders and 7 410 (26%) hectares are managed by independent smallholders.

SCHEME VS. INDEPENDENT OIL PALM SMALLHOLDERS



OIL PALM SMALLHOLDERS BY COUNTRY



Smallholders in SIPEF's supply base

While SIPEF is engaging with independent smallholders in Indonesia through its smallholder programmes, the vast majority of smallholders currently supplying SIPEF's mills are scheme smallholders. The following sections therefore focus on the Group's scheme smallholder programmes in Indonesia and Papua New Guinea.

SIPEF's scheme smallholder supply base covers a production area that represents about 21% of the total planted area managed by SIPEF. These smallholders contribute to 17% of SIPEF's overall FFB production.

INDONESIA	PAPUA NEW GUINEA
SIPEF Indonesia currently works with 2 096 scheme smallholders. The total planted area of these smallholders amounts to 6 496 hectares, which represents 9% of the total oil palm planted area in SIPEF Indonesia's supply base.	All of HOPL's third-party suppliers are classified in alignment with the RSPO smallholder definitions. These smallholders manage a total production area of 14 807 hectares, representing more than 50% of the oil palm planted area in HOPL's supply base.
KEY TRENDS 2022 → Scheme smallholders contributed 4% of the total FFB produced by SIPEF Indonesia's supply base. → Compared with 2021, the total planted area managed by these smallholders has increased more than 20%, which contributed to the higher FFB production.	**KEY TRENDS 2022** → Scheme smallholders accounted for 39% of the total FFB produced by HOPL's supply base. → Compared with 2021, the total planted area managed by these smallholders decreased. This is due to the replanting that was carried out in 2022, the area of which has been excluded from the total planted area.

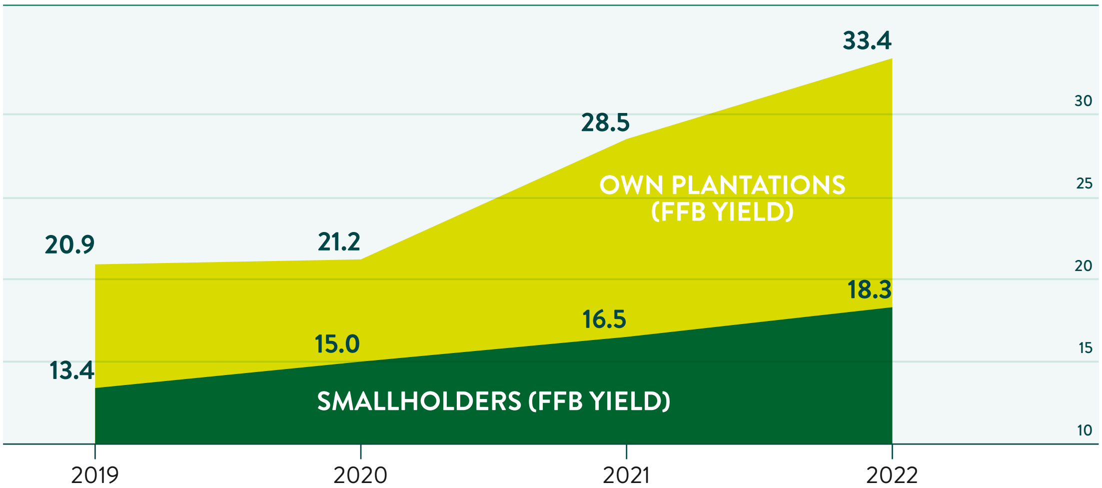
Papua New Guinea

Improving smallholder yields

In Papua New Guinea, HOPL is working closely with smallholders to improve their yields by providing support in the form of training and extension services. Additionally, investments are being made in research and development services through collaboration with a local planning committee.[20]

In 2022, the average FFB yield per hectare of the associated smallholders in Papua New Guinea engaged by HOPL increased by 11%. This builds on the positive production trends that have been observed since 2019, indicating that these smallholders are making progress in improving their yields.

HOPL FFB YIELD (TONNES PER HECTARE)



20 An overview of HOPL's smallholder programme is available on the Company's website: www.sipef.com/sipef-papua-new-guinea/sustainability/smallholders/.

Annual contribution to capacity building and research

SIPEF and the associated smallholders working with HOPL have continued to invest in capacity building and research initiatives, aimed at consistently increasing smallholder yields over time. Together, these investments amounted to a total of PGK 2 604 361 in 2022.

SIPEF's investments are directed at HOPL's initiatives focused on providing direct support to smallholders. The investments made by the smallholders have been channelled to the Oil Palm Research Association (OPRA), the Oil Palm Industry Corporation (OPIC) and Bialla Oil Palm Growers Association (BOPGA) for access to extension and research and development services provided by these organisations.

Indonesia

Village smallholders *(Kebun Masyarakat Desa)*

SIPEF Indonesia works with 291 village smallholders surrounding its Agro Muko operations. Through this programme, oil palm blocks are developed with smallholders that are either fully or partially managed by SIPEF Indonesia. These smallholders are provided with pre-financing for the development of the plots, and the FFB produced is purchased by SIPEF Indonesia at market prices. Smallholders will pay off the low interest loan based on an agreed-upon deduction from the sale of crop to SIPEF Indonesia.

Company-managed smallholders

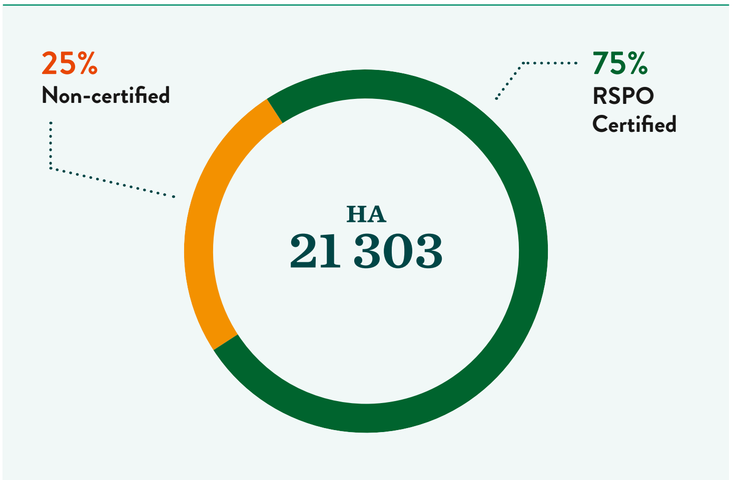
Under the company-managed programme, SIPEF Indonesia is in full control of all aspects of the management and production of the FFB. The company develops and plants the land and carries out all operational inputs and management up to and including harvesting and crop recovery. A purchase agreement is set in place for the FFB at market prices. These smallholders are given an advance monthly payment during the immature phase, which together with development costs is recovered as part of the purchase agreement. In 2022, the company-managed programme consisted of 1 805 smallholder members.

Towards a 100% RSPO certified supply base

SIPEF's third-party suppliers, all of which are smallholders, must comply with SIPEF's Responsible Purchasing Policy (RPuP),[21] along with other relevant policies where applicable. The RPuP forms the basis for the engagement criteria and procedures to select and monitor smallholders in SIPEF's supply base.

Any smallholder planning to engage with SIPEF is pre-screened against legal and geographic criteria. This is to ensure compliance with critical certification requirements and that any uncertified smallholders planning to work with SIPEF will, at a minimum, adhere to the Group's No Deforestation, No new plantings on Peat and No Exploitation (NDPE) commitment.

RSPO CERTIFICATION STATUS FOR SCHEME SMALLHOLDERS



SIPEF has set and is committed to a timebound target to achieve 100% RSPO certification for the Company's supply base by 2026.[22] In Indonesia, all smallholders supplying SIPEF have been certified, with the exception of those supplying to the Group in Musi Rawas. In Papua New Guinea, all of the smallholders working with HOPL and supplying its three mills have been RSPO certified since 2009.

As of 2022, 75% of the total scheme smallholder area within SIPEF's supply base has been RSPO certified. As part of the preparation for achieving and maintaining RSPO certification, all scheme smallholders are engaged through an established internal control system. Internal audits are carried out annually to ensure compliance with the RSPO Principles and Criteria, as well as with SIPEF's policies.

SIPEF also engages with independent smallholders in Indonesia with the aim of supporting them to become a part of SIPEF's sustainable supply chain, where possible. Independent smallholders, who manage their own land, have the option to sell their FFB to SIPEF, as well as to other mills outside SIPEF's supply chain.

As of 2022, 60 hectares of areas managed by independent smallholders supplying to SIPEF have been RSPO certified. Meanwhile, FFB from independent smallholders that are not ready for RSPO certification, or that are in the process but not yet RSPO certified, are processed separately by third-party mills.

21 More information on the RPuP and its related requirements can be found on the Company's website: www.sipef.com/hq/sustainability/policies/responsible-purchasing-policy/

22 According to SIPEF's timebound plan to achieve 100% RSPO certification, available at: www.sipef.com/hq/ www.rspo.org/nl/members/1-0021-05-000-00/

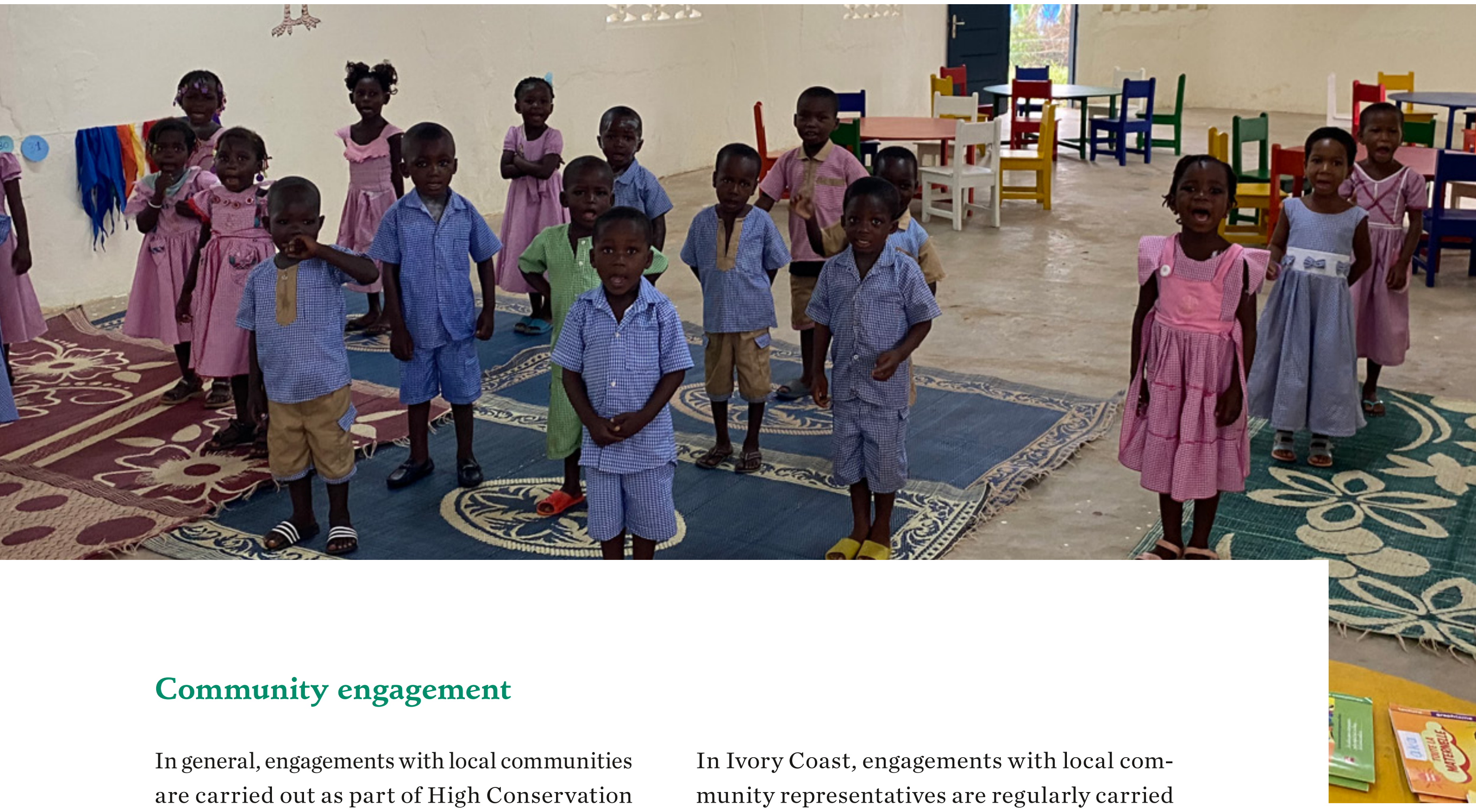
Socially responsible operations

SIPEF believes it is important to support and develop long-term relationships with the local communities surrounding its operations, and the Company makes it a priority to be a good neighbour. The Group is also committed to upholding indigenous and local communities' legal and customary land tenure rights, as well as their rights to resources, territories, livelihoods, and food security. SIPEF also strives to ensure that local communities can benefit from its activities including, but not limited to, providing employment and maintaining infrastructures, such as schools, health centres, roads, bridges, and places of worship.

Respecting land and community rights

Free, Prior and Informed Consent

SIPEF is committed to respecting the rights of community members and to obtain Free, Prior and Informed Consent (FPIC) prior to any new development to ensure that development does not diminish legal, customary or user rights. Consent is obtained through an ongoing process involving full participation of affected communities, who may have legal representation of their choosing. Communities retain the right to say no to the development at all times during the process and have the right to compensation where the development has a proven negative impact. FPIC does not end with the sale of land title or rights. It is a process of continual engagement and interaction with surrounding communities to ensure their voices are heard, implemented as a means to minimise negative social impacts of the operations and maximise the positive impacts.



Community engagement

In general, engagements with local communities are carried out as part of High Conservation Value and High Carbon Stock Approach assessments, as well as social impact assessments (SIA). These assessments are carried out by external experts, whereby management plans are developed based on feedback received from the local communities. The plans are then communicated with relevant parties involved to ensure the effectiveness of the programmes planned, and to prevent conflicts through a collaborative approach. In Indonesia, SIPEF carries out annual social outreach programmes as part of the requirements to maintain the environmental permit.

There were a total of four social impact assessments and formal engagement processes conducted by independent parties across Indonesia and Papua New Guinea in 2022, including one that was related to the RSPO complaint resolution in PT AKL, South Sumatra. Recommendations from these assessments were incorporated into the overall management plan and are now part of internal processes.

In Ivory Coast, engagements with local community representatives are regularly carried out. A fund managed by the company's human resources department is available to provide the support needed for the local communities based on these engagements. In 2022, Plantations J. Eglin supported the local communities through various activities, including financing preliminary reforestation work[23] in a public school for transportation of seedlings and for site preparation, coordinated through the local water and environment department. This was in support of the national reforestation project '1 day 50 million trees'.[24] In addition, the company renovated a nursery school and contributed to local celebrations and sports activities.

23 This includes amongst others, activities such as staking and digging.
24 Source: www.gouv.ci/_actualite-article.php?recordID=12245

FAIRTRADE FUND

In Ivory Coast, there is also a Fairtrade fund managed by a committee of employees for the implementation of development projects. These projects are agreed on by the employees, and directly benefit employees, their families, and surrounding communities.

In 2022, the Fairtrade fund was used to:

EDUCATION:
Renovate two primary schools and a nursery school and purchase a vehicle to transport school children.

MEDICAL:
Purchase an ambulance that serves employees and the surrounding communities and build an analysis laboratory linked to the medical centre at the Azaguié site.

Plantations J. Eglin is planning to carry out a social study with support from external experts in 2023. The aim of the study is to develop a structured engagement approach for the company to strengthen its relationship with the local communities, especially for plantations that have not yet been subjected to environmental and social impact assessments.

Addressing land conflicts and community grievances

Grievances from local communities, indigenous peoples and other stakeholders are addressed in accordance with SIPEF's Grievance Policy. These can include, but are not limited to, land disputes and compensation for loss of legal, customary or user rights. The process enables them to express their views through their own representative institutions. It is important that all parties involved agree upon the grievance processes for an effective resolution. For any conflict or dispute over land issues, the extent of the disputed area is mapped out in a participatory way with involvement of affected parties, including neighbouring communities, where relevant. Evidence will also be made available to show whether compensation was accepted following a documented process of FPIC. Details of all grievances are available on the SIPEF grievances dashboard.

→ Further information can be found on the Company's grievances dashboard.

Community development

The Group has continued to allocate resources for maintaining and improving infrastructure to ensure the needs from local communities are met. Some facilities provided by SIPEF to its employees are also accessible to members of the local communities, such as education and medical facilities.

All schools established by SIPEF are accessible to the children from the surrounding communities. 67.5% of clinics established by SIPEF are accessible to the local communities across SIPEF's operations. The Group also works with the relevant local governments and consults with local communities to build and maintain roads surrounding its operations, where applicable. This is to provide safe access to roads inside and surrounding its plantations, in addition to ensuring smooth plantation operations.

Maternity ward: a continuing success story

Over the course of 2019-2021, Hargy Oil Palms Ltd (HOPL) led a project aimed at significantly improving maternity care. The programme was carried out in cooperation with the West New Britain Provincial Health Authorities at the Bialla Health Centre, which provides medical services to a community of approximately 50 000 people in West New Britain, Papua New Guinea. HOPL supported the project, which was funded by donors, by providing building materials and manpower to improve the existing building structure. It also delivered bedding and required medical equipment like an ultrasound machine, medical steriliser, and an electrocardiogram (ECG) machine.

In 2022, HOPL, in partnership with the Provincial Health Authorities, provided paediatric training and assistance to the maternity ward medical staff. It also initiated a maintenance plan to ensure that the building and its equipment can continue to operate and meet the objectives. Medical donations from Australia have contributed to the wellbeing of the patients.

Since its opening, more than 1 500 babies have been born in a safer environment, giving them the best possible chances for optimal health. The project is proving to be a success story with increased bed occupancy and trust being restored between this maternal care centre and the families in the communities.

Financial statements

Comments on the consolidated financial statements

The consolidated financial statements for fiscal year 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements (chapter 7 - financial statements) are part of the integrated annual report and should be read together with the other chapters of the integrated annual report, including the non-financial information included in:

- Chapter 1 – Section “An integrated sustainability approach”
- Chapter 1 – Section “Sustainability targets and achievements”
- Chapter 1 – Section “Business model”
- Chapter 1 – Section “Corporate governance statement – 1.6 Compliance to EU taxonomy” on page 78-79
- Chapter 2 - Balanced growth approach
- Chapter 3 - Respecting employees
- Chapter 4 - Environmentally responsible production
- Chapter 5 - Responsible supply chain management
- Chapter 6 - Socially responsible operations
- Annex 1 to 5

The Integrated Annual Report 2022, being Chapters 1 through Chapter 7 and the annexes, has been prepared taking into account the world’s most widely used sustainability standards, the standards of the ″Global Reporting Initiative″ (GRI) and the international framework for integrated reporting (″Integrated reporting″ or IR framework).

Balance sheet

The total assets of the SIPEF group has increased to 1 062 KUSD, surpassing for the first time the threshold of 1 billion USD. Due to the excellent free cash flow of the year, the Group’s net financial position has turned positive, even after capital expenditures of KUSD 79 294, mainly related to the continued expansion in South Sumatra. The major movements in the balance sheet over the course of 2022 should be seen as a consequence of the excellent results and free cash flow of the group, resulting in expanding assets supported primarily by an increase in equity.

The increase in biological assets and other fixed assets by KUSD 28 697 during 2022 was mainly due to investments in intangible and tangible fixed assets (KUSD 79 294) exceeding depreciation (KUSD 47 939).

The non-current receivables increased as a result of the granting of loans to plasma farmers in South Sumatra to finance their new plantings. The assets held for sale of KUSD 13 520 concerned the estimated net sales value of the part of PT Melania owned by the Group until all conditions for a final sale are met.

Net current assets, net of cash, remained around the usual level of USD 60 million. The growth due to a rise in inventories and receivables was largely offset by an increase in taxes payable.

IN KUSD	31/12/2022	31/12/2021
Inventories	48 936	48 017
Biological assets	10 936	9 168
Trade receivables	44 643	32 282
Other receivables	47 728	49 878
Current tax receivables	1 100	1 469
Derivatives	1 639	0
Other current assets	2 197	2 151
Trade payables	-29 863	-23 605
Advances received	-5 698	-11 934
Other payables	-14 437	-11 519
Income taxes	-33 440	-19 346
Derivatives	0	-2 066
Other current liabilities	-15 063	-12 749
NET CURRENT ASSETS, NET OF CASH	58 679	61 746

The net cash position improved by KUSD 49 314, thanks to positive cash flows, and amounted to KUSD +122 at the end of December 2022.

IN KUSD	31/12/2022	31/12/2021
Other investments and deposits	10 208	38
Cash and cash equivalents	34 148	19 939
Financial liabilities > 1 year	-18 000	-36 000
Leasing liabilities > 1 year	-2 320	-2 207
Current portion of amounts payable > 1 year	-18 000	-18 000
Financial liabilities	-5 323	-12 477
Leasing liabilities < 1 year	- 590	- 484
NET CASH POSITION	122	-49 192

Result

Total sales increased by 26.7% versus 2021 to USD 527 million.

Palm oil sales grew by 30.2%. The rise in volumes sold was mainly due to the significantly higher world market price for crude palm oil (CPO). In addition, the total tonnes of CPO produced increased by 5.1%.

Sales in the banana and horticulture segment expressed in euro, the functional currency, increased by 3.2%, mainly due to higher unit selling prices. However, after conversion to USD, the functional currency of SIPEF, these sale figures decreased by 3.7% due to the EUR/USD exchange rate evolution.

The total cost of sales increased by KUSD 58 958 in 2022 in comparison with last year. The main elements of this rise are:

- Operating costs for the own plantations and mills increased by KUSD 23 058 or 12.6%. This was mainly due to higher fertiliser costs, the further maturing of the South Sumatra plantations (KUSD +9 588) and a higher cost for harvesting and transporting FFB at Hargy Oil Palms Ltd in Papua New Guinea.
- Third-party purchases of FFB from Hargy Oil Palms Ltd increased by KUSD 10 679 or 27.6%, largely due to higher purchase prices of FFB, the price of which is related to CPO.
- Third-party CPO purchases also increased by KUSD 11 728 as a result of a one-time purchase and sale transaction (without margin).
- Finally, there was a positive impact on the total cost of sales 2022 of KUSD 15 471 due to low closing stock as of 31 December 2022.

The average ex-factory unit cost for mature oil palm plantations increased significantly (+/-10.0%) in 2022 compared with 2021, mainly due to increased fertiliser costs and higher bonus provisions. These negative effects were mitigated by a devaluation of the Indonesian rupiah (IDR) against the USD by 4.0%, reducing local costs expressed in USD.

The average ex-factory cost for the mature banana plantations over the same period, expressed in euro, the functional currency, increased by 24.7%. This sharp increase was due to higher input costs, such as fertilisers and packaging materials, as well as start-up costs in the Lumen and Akoudié expansion zones.

The ‘changes in fair value of biological assets’ related to the effects of valuing pending fruits at their fair value (IAS 41R).

Gross profit increased from KUSD 169 218 at the end of 2021 to KUSD 221 031 at the end of 2022, an increase of 30.6%

Gross profit from the palm segment grew by KUSD 54 687 to KUSD 221 248, mainly due to higher net ex-mill CPO prices. At USD 996 per tonne, the average realised net ex-factory CPO price was 23.4% higher than that of USD 807 per tonne at the same time last year. In addition, higher CPO production (+5.1%) and increased unit cost prices (+10.0%) played an important role, each in opposite ways.

The gross profit of the banana and horticulture segment decreased from KUSD 3 803 to KUSD 2 294 due to an increase in total costs. This rise was caused by, cost inflation in 2022 and the expansion of planted areas, which for the time being, could not be offset by sales.

General and administrative expenses increased in comparison with last year, mainly as a result of the raised bonus provision linked to better results, the further deployment of the Singapore branch office centralising the internal IT services of the Group and the normalisation of travel budgets following the covid-19 pandemic.

Operating income amounted to KUSD 178 312 compared with KUSD 139 416 last year, which included a capital gain of KUSD 11 640 related to the sale of PT Melania.

Financial income of KUSD 1 300 includes interests from receivables from plasma holders in South Sumatra (KUSD 844) and interest received on deposits (KUSD 456). Last year's amount (KUSD 1 475) also included a positive time effect of the discounting of the receivable from the 2016 sale of the SIPEF-CI oil palm plantation in Ivory Coast (KUSD 748). Therefore, the cash income in 2022 increased by KUSD 573 compared with 2021.

Financial charges were mainly related to long-term financing and a discounting on plasma holder receivables (KUSD 1 883).

The negative exchange results (KUSD 3 251) were mainly due to the hedging of the expected dividend in euro and the conversion into USD of the net IDR balance position at the Indonesian subsidiaries. Most of the positions were hedged but the sudden devaluation of the IDR against the USD at year-end led to a limited exchange loss anyway.

The result before taxes was KUSD 172 557 compared with KUSD 136 637 in 2021.

The effective tax rate amounted to 34.5%. This is significantly higher than the expected recurring tax charge of 26.6%. This is the consequence of a 15% withholding tax (KUSD 7 500) on the dividend paid from Papua New Guinea to the Belgian parent company. There was also the impairment of several deferred tax assets (KUSD 2 022) and the impact of a number of disallowed expenses (KUSD 4 022), among which the most important is the limitation of interest deduction in Indonesia (KUSD 2 240).

Share of result of associates and joint ventures (KUSD -566) included the limited negative contribution of research activities centralised in PT Timbang Deli and Verdant Bioscience Pte Ltd.

Profit for the period was KUSD 112 455, up 13.1% against last year, which included the capital gain on PT Melania. Net income, share of the Group, amounted to KUSD 108 157 (USD 10.40 per share).

To date, there is no indication that the capital gain of KUSD 11 640 (KUSD 11 003, share of the Group) recorded in 2021 on the sale of PT Melania to PT Shamrock Group should be revised.

Cash flow

Cash flow from operating activities increased from KUSD 178 796 in 2021 to KUSD 216 714 in 2022, in line with the increase in operating profit.

The variation of the working capital of KUSD -6 455 mainly concerned a temporary increase in trade receivables and trade payables, and an increased bonus provision. The stock level of CPO was at a very high level throughout 2022 due to the destabilised local CPO market in Indonesia. At year-end it had fully normalised and was almost back to the same tonnage as at the end of 2021.

In Indonesia and Papua New Guinea, the Group made advance payments of taxes relating to fiscal year 2022 in accordance with local legislations. These were calculated partly on the 2020 results and partly on the 2021 results. Since the retained earnings were in each case lower than the 2022 results, the taxes paid (KUSD 44 964) were significantly less than the taxes to be paid (KUSD 59 427). In addition, the withholding tax on the dividend paid by Hargy Oil Palms Ltd to the Belgian parent company (KUSD 7 500) was not paid until January 2023.

Investments in intangible and tangible assets (KUSD -79 294) related to the usual replacement investments, but mainly to the expansions in South Sumatra (KUSD -36 225). Continued covid-19 related logistical and operational constraints kept investments temporarily below expectations of USD 100 million.

Additional loans (KUSD -4 504) were also made during the year to surrounding plasma holders in South Sumatra.

The sale price of tangible fixed assets and financial fixed assets (KUSD -1 985) concerned only the sale of minor tangible fixed assets and the cost of the sale of PT Melania. As a reminder, last year this item (KUSD 30 229) mainly included funds from the sale of PT Melania for KUSD 17 077, and the balance of KUSD 7 631 was related to the sale of SIPEF-CI.

In early 2022, the SIPEF group acquired the remaining 5% minority stake in PT Agro Muko at a cost of KUSD 5 500.

Free cash flow for the year was KUSD 74 012 compared to KUSD 112 270 for the same period last year.

Other financing activities (KUSD -49 633) included buy-back and sale transactions on treasury shares (net of KUSD -67), partial repayments of long-term financing (KUSD -18 000), a net increase of KUSD 219 of leasing debts, repayment of short-term financing (KUSD -7 048), dividend payments to SIPEF shareholders (KUSD -22 280), dividend payments to minority shareholders (KUSD -1 720) and net interest payments (KUSD -631).

Consolidated balance sheet

IN KUSD	NOTE	2022	2021
Non-current assets		**847 168**	**815 303**
Intangible assets	8	226	348
Goodwill	8	104 782	104 782
Biological assets - bearer plants	9	316 714	307 371
Other property, plant & equipment	10	379 931	359 896
Investment property		0	0
Investments in associates and joint ventures	24	3 032	3 598
Financial assets		98	92
Other financial assets		98	92
Receivables > 1 year		28 287	25 666
Other receivables	11	28 287	25 666
Deferred tax assets	23	14 097	13 550
Current assets		**215 055**	**176 462**
Inventories	12	48 936	48 017
Biological assets	13	10 936	9 168
Trade and other receivables		92 371	82 161
Trade receivables	26	44 643	32 282
Other receivables	14	47 728	49 878
Current tax receivables	23	1 100	1 469
Investments		10 208	38
Other investments and deposits	19	10 208	38
Derivatives	26	1 639	0
Cash and cash equivalents	19	34 148	19 939
Other current assets		2 197	2 151
Assets held for sale	30	13 520	13 520
TOTAL ASSETS		1 062 223	991 765

IN KUSD	NOTE	2022	2021
Total equity		**850 144**	**766 183**
Shareholders' equity	15	817 803	727 329
Issued capital		44 734	44 734
Share premium		107 970	107 970
Treasury shares (-)		- 11 588	-11 521
Reserves		687 933	596 813
Translation differences		- 11 246	-10 666
Non-controlling interests	16	32 341	38 854
Non-current liabilities		**89 665**	**113 402**
Provisions > 1 year		767	1 125
Provisions	17	767	1 125
Deferred tax liabilities	23	48 131	46 950
Trade and other liabilities > 1 year	26	0	0
Financial liabilities > 1 year (incl. derivatives)	19	18 000	36 000
Leasing liabilities > 1 year	27	2 320	2 207
Pension liabilities	18	20 448	22 290
Advances received > 1 year		0	4 830
Current liabilities		**122 414**	**112 180**
Trade and other liabilities < 1 year		83 438	66 404
Trade payables	26	29 863	23 605
Advances received	26	5 698	11 934
Other payables	14	14 437	11 519
Income taxes	23	33 440	19 346
Financial liabilities < 1 year		23 913	30 961
Current portion of amounts payable after one year	19	18 000	18 000
Financial liabilities	19	5 323	12 477
Leasing liabilities < 1 year	27	590	484
Derivatives	26	0	2 066
Other current liabilities		15 063	12 749
Liabilities associated with assets held for sale		0	0
TOTAL EQUITY AND LIABILITIES		1 062 223	991 765

Consolidated income statement

IN KUSD	NOTE	2022	2021
Revenue	7	527 460	416 053
Cost of sales	7	-308 198	-249 240
Changes in fair value of biological assets	7	1 769	2 404
Gross profit		**221 031**	**169 218**
General and administrative expenses	7	-43 424	-36 891
Other operating income/(expenses)	20	705	7 088
Operating result		**178 312**	**139 416**
Financial income		1 300	1 475
Financial costs		-3 803	-3 096
Exchange differences		-3 251	-1 157
Financial result	21	**-5 754**	**-2 779**
Profit before tax		**172 557**	**136 637**
Tax expense	23	-59 536	-36 075
Profit after tax		**113 021**	**100 562**
Share of results of associated companies and joint ventures	24	- 566	-1 091
Result from continuing operations		**112 455**	**99 471**
Result from discontinued operations		0	0
Profit for the period		**112 455**	**99 471**
Attributable to:			
- Non-controlling interests	16	4 298	5 722
- Equity holders of the parent		108 157	93 749

EARNINGS PER SHARE (IN USD)	NOTE	2022	2021
FROM CONTINUING AND DISCONTINUED OPERATIONS			
Basic earnings per share	31	10.40	9.00
Diluted earnings per share	31	10.36	8.99
FROM CONTINUING OPERATIONS			
Basic earnings per share	31	10.40	9.00
Diluted earnings per share	31	10.36	8.99
Basic earnings per share excluding capital gain sale PT Melania	31	10.40	7.88

Statement of consolidated comprehensive income

IN KUSD	NOTE	2022	2021
Profit for the period		**112 455**	**99 471**
Other comprehensive income:			
Items that may be reclassified to profit and loss in subsequent periods			
- Exchange differences on translating foreign operations	15	- 580	372
- Cash flow hedges - fair value result for the period	26	2 147	905
- Income tax effect (cash flow hedges)		- 537	- 226
Items that will not be reclassified to profit and loss in subsequent periods			
- Defined Benefit Plans - IAS 19	18	- 126	- 631
- Income tax effect		28	139
Total other comprehensive income for the year		**932**	**559**
Other comprehensive income attributable to:			
- Non-controlling interests		- 7	2
- Equity holders of the parent		939	557
Total comprehensive income for the year		**113 387**	**100 030**
Total comprehensive income attributable to:			
- Non-controlling interests		4 291	5 724
- Equity holders of the parent		109 096	94 306

Consolidated cash flow statement

IN KUSD	NOTE	2022	2021
OPERATING ACTIVITIES			
Profit before tax		**172 557**	**136 637**
Adjusted for:			
Depreciation	8,9,10	47 939	48 616
Movement in provisions	17,18	-2 326	2 452
Stock options		140	121
Unrealized exchange result		0	0
Changes in fair value of biological assets		-1 769	-2 404
Other non-cash results		947	- 773
Hedge reserves and financial derivatives	26	-1 558	2 178
Financial income and charges	21	620	2 369
Result on disposal of property, plant and equipment		162	1 241
Result on disposal of financial assets		0	-11 640
Cash flow from operating activities before change in net working capital	25	216 714	178 796
Change in net working capital	25	-6 455	-8 523
Cash flow from operating activities after change in net working capital		210 260	170 273
Income taxes paid	23	-44 964	-9 962
Cash flow from operating activities		**165 295**	**160 311**
INVESTING ACTIVITIES			
Acquisition intangible assets	8	0	- 40
Acquisition biological assets	9	-29 429	-27 396
Acquisition property, plant & equipment	10	-49 864	-41 256
Financing plasma advances		-4 504	-9 578
Acquisition investment property		0	0
Acquisition subsidiaries	16	-5 500	0
Dividends received from associated companies and joint ventures		0	0
Proceeds from sale of property, plant & equipment		1 517	5 521
Proceeds from sale of financial assets	30	-3 502	24 708
Cash flow from investing activities		**-91 283**	**-48 041**
Free cash flow		**74 012**	**112 270**
FINANCING ACTIVITIES			
Capital increase		0	0
Equity transactions with non-controlling parties		0	0
Increase of treasury shares	22	- 176	-2 194
Decrease of treasury shares	22	109	1 033
Decrease in long-term financial borrowings	19	-18 642	-18 078
Increase in long-term financial borrowings	19	755	0
Decrease short-term financial borrowings	19	-7 154	-73 710
Increase short-term financial borrowings	19	106	0
Last year's dividend paid during this book year		-22 280	-4 443
Dividends paid by subsidiaries to minorities	16	-1 720	-2 306
Interest received - paid	21	- 631	-2 386
Cash flow from financing activities		**-49 633**	**-102 084**
Net increase in investments, cash and cash equivalents	19	**24 379**	**10 187**
Other investments and deposits and Cash and cash equivalents (opening balance)	19	19 977	9 790
Effect of exchange rate fluctuations on cash and cash equivalents	19	0	0
Other investments and deposits and Cash and cash equivalents (closing balance)	19	44 356	19 977
Of which:	19		
Investments and other deposits	19	10 208	38
Cash and cash equivalents	19	34 148	19 939

Statement of changes in consolidated equity

IN KUSD	Issued capital SIPEF	Share premium SIPEF	Treasury shares	Defined benefit plans IAS19	Consoli-dated reserves	Translation differences	Share-holder equity	Non-controlling interests	Total equity
JANUARY 1, 2022	44 734	107 970	-11 521	-5 033	601 846	-10 666	727 329	38 854	766 183
Result for the period					108 157		108 157	4 298	112 455
Other comprehensive income				- 91	1 610	- 580	939	- 7	932
Total comprehensive income				**- 91**	**109 767**	**- 580**	**109 096**	**4 291**	**113 387**
Last year's dividend paid					-22 280		-22 280	-1 720	-24 000
Equity transactions with non-controlling parties (5% PT AM)					3 583		3 583	-9 083	-5 500
Other (note 22)			- 67		140		73		73
DECEMBER 31, 2022	44 734	107 970	-11 588	-5 124	693 057	-11 246	817 803	32 341	850 144
JANUARY 1, 2021	44 734	107 970	-10 277	-4 539	511 838	-11 038	638 688	35 862	674 550
Result for the period					93 749		93 749	5 722	99 471
Other comprehensive income				- 494	679	372	557	2	559
Total comprehensive income				**- 494**	**94 428**	**372**	**94 306**	**5 724**	**100 030**
Last year's dividend paid					-4 443		-4 443	-2 306	-6 749
Sale PT Melania							0	- 426	- 426
Other			-1 244		23		-1 221		-1 221
DECEMBER 31, 2021	44 734	107 970	-11 521	-5 033	601 846	-10 666	727 329	38 854	766 183

Notes

1. IDENTIFICATION

SIPEF (the 'company') is a limited liability company ('naamloze vennootschap' / 'société anonyme') incorporated in Belgium and registered at 2900 Schoten, Calesbergdreef 5. The consolidated financial statements for the year ended 31 December 2022 comprise SIPEF and its subsidiaries (together referred to as 'SIPEF group' or 'the Group'). Comparative figures are for the financial year 2021.
The consolidated financial statements have been established by the board of directors on 14 February 2023. The events after the balance sheet date were updated and approved for issue by the directors on April 18, 2023. These financial statements will be presented to the shareholders at the general meeting of June 14, 2023. A list of the directors and the statutory auditor, as well as a description of the principal activities of the Group, are included in chapter one of the integrated report.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been adopted by the European Union as per 31 December 2022.

The following standards or interpretations are applicable for the annual period beginning on 1 January 2022:

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)

These changes did not have a significant impact on the equity or net result of the Group.

The Group did not elect for early application of the following new standards and interpretations which were issued at the date of approval of these financial statements but were not yet effective on the balance sheet date:

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024 or later, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)

At present, the Group does not expect the initial adoption of these standards and interpretations to have a material effect on the Group's financial statements.

3. ACCOUNTING POLICIES

Basis of preparation

Starting in 2007 the consolidated financial statements are presented in US dollar (until 2006 this was done in euro), rounded off to the nearest thousand (KUSD). This modification is the result of the changed policy with regard to the liquidity and debt management since the end of 2006, whereby the functional currency of the majority of the subsidiaries has been changed from the local currency to the US dollar.

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investments in equity instruments measured at FVOCI, financial derivative instruments and biological produce.

The accounting policies have been consistently applied throughout the Group and are consistent with those used in the previous year.

Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of acquisition. Any costs directly attributable to the acquisition are recognized in profit or loss. The purchase consideration to acquire a business, including contingent payments, is recorded at fair value at the acquisition date, while subsequent adjustments to the contingent payments resulting from events after the acquisition date are recognized in profit or loss. Non-controlling interest are initially measured either at fair value or at the share of the non-controlling participation in the identifiable net assets recognized of the acquired company. The basis of measurement is selected on a transaction-by-transaction basis. All acquisition-related costs, such as consulting fees, are expensed.

If the initial accounting for a business combination is incomplete by the end of the financial year in which the combination occurs, SIPEF group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see paragraph below), and/or additional assets and/or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the acquisition date to the date SIPEF group obtains complete information about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Step acquisitions

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the company.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Consolidation principles

Subsidiaries

Subsidiaries are those enterprises controlled by the company. An investor controls an investee if and only if the investor has all of the following elements, in accordance with IFRS 10:

- Power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases (or a date nearby).

Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases (or a date nearby). When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Joint ventures

Joint ventures are those enterprises over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognized gains and losses of joint ventures on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases (or a date nearby).
When the Group's share of losses exceeds the carrying amount of the joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the joint ventures.

Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealized gains arising on intra-group transactions, are eliminated for companies included using the full consolidation method in preparing the consolidated financial statements.

Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

In the individual Group companies, transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Financial statements of foreign operations

Functional currency: items included in financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). Starting from 2007 the consolidated financial statements are presented in USD, this is the functional currency of the majority of the Group companies.
To consolidate the Group and each of its subsidiaries, the financial statements of the individual entities are translated as follows:

- Assets and liabilities at the closing rate;
- Income statements at the average exchange rate for the year;
- The components of shareholders' equity at the historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associated entities at the year-end exchange rate are recorded as part of the shareholders' equity under "translation differences". When a foreign entity is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

Biological assets

SIPEF group only recognizes a biological asset or “consumable biological asset” when it controls the asset as a result of past events, when it is probable that future economic benefits associated with the asset will flow to the SIPEF group and when the fair value or cost of the asset can be measured reliably.

The biological asset of palm oil is defined as the oil contained in the palm fruit, so that the fair value of this distinct asset can be estimated reliably.

SIPEF group has opted to measure biological assets of rubber at fair value at the point of harvest in accordance with IAS 41.32 and not to measure it at fair value as it grows less costs to sell in accordance with IAS 41.10c as it is of the opinion that all parameters used in any alternative fair value measurement (future productions, determination of the start of the life cycle, cost allocation,…) are clearly unreliable. As a consequence, all alternative fair value measurements are also considered clearly unreliable.

The biological assets of bananas are measured at fair value as it grows less costs to sell, taking into account that all the parameters for the fair value calculation are available and reliable.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point of sale costs and from the change in fair value less estimated point of sale costs of a biological asset is included in net profit or loss in the period in which it arises.

At the time of harvest, fresh fruit bunches, rubber and bananas are measured at their fair value less costs to sell and transferred to inventories.

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination. Goodwill is not amortized but reviewed for impairment at least annually. For the purpose of testing goodwill for impairment, goodwill is allocated to operating companies which is the lowest level at which the goodwill is monitored for internal management purposes (i.e. cash flow generating unit). Any impairment is immediately recognized in the income statement and is not subsequently reversed.

Negative goodwill represents the excess of the Group’s interest in the fair value of the net identifiable assets acquired over the cost of acquisition. Negative goodwill is immediately recognized in the income statement.

Intangible assets

Intangible assets include computer software and various licenses. Intangible assets are capitalized and amortized using the straight-line method over their useful life.

Property, plant and equipment

Property, plant and equipment, including investment property and bearer plants, are stated at cost less accumulated depreciation and any accumulated impairment losses. Borrowing costs attributable to the construction or production of qualifying assets are capitalized. Expenses for the repair of property, plant and equipment are usually charged against income when incurred.
Property held for sale, if any, is stated at the lower of amortized cost and fair value less selling charges.

In accordance with the amendments to IAS 16 and IAS 41, bearer plants are stated at cost less accumulated depreciation and any accumulated impairment losses. All costs relating to the maintenance of the bearer plants, including fertilisation, is capitalised as long as the bearer plants are immature.. Depreciation commences when the bearer plants have become mature and the production of biological assets starts.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the related assets:

Buildings	5 to 30 years
Infrastructure	5 to 25 years
Installations and machinery	5 to 30 years
Vehicles	3 to 20 years
Office equipment and furniture	5 to 10 years
Other property, plant and equipment	2 to 20 years
Bearer plants	20 to 25 years

Land is not amortized.

The Group presents the cost of land rights as a part of property, plant & equipment, consistently with practices in the industry and with relevant guidance in that respect. In addition, The Group closely monitors the situation of each land title in terms of renewal and only depreciates its land rights if there is an indication that the land title might not be renewed. The renewal costs of land rights are also recognized as land rights and are amortized over the term of the renewal.

Leases

Assets, representing the right to use the underlying leased asset, are capitalized as property, plant and equipment at cost, comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The corresponding lease liabilities, representing the net present value of the lease payments, are recognized as long-term or current liabilities depending on the period in which they are due. Leased assets and liabilities are recognized for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lease payments are discounted using the lessee’s incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The interest rate implicit in the lease could not be determined. All cash flows relating to the leases are included in the increase/decrease of the short term or long term financial borrowings (financing activities) in the cash flow statement.

Lease interest is charged to the income statement as an interest expense.

Leased assets are depreciated, using straight-line depreciation over the lease term, including the period of renewable options, in case it is probable that the option will be exercised.

Lessee accounting
Due to the nature of the Group's business whereby the operations are primarily taking place in relatively remote areas, the Group owns most of the assets used. Therefore, there is only a limited amount of leases which qualify for lease accounting. The three main categories consist of:

Office rental
Considering that most of the office rentals are long-term leases, the main areas management actions are required:

- Determining the lease term;
- Calculating the incremental borrowing rate.

Company cars
Company cars in Belgium meet the definition of a lease and therefore the same approach as office rentals will be applied.

Papua-New-Guinea land rights
In the Group's subsidiary Hargy Oil Palms Ltd in Papua-New-Guinea, a part of the land rights include a fixed annual rental payment for the usufruct of the land, as well as a variable royalty depending on the production levels of the year measured in tons FFB. The annual fixed rental payment meets the definition of a lease, whereby the lease term of asset has been determined as the average lifespan of an oil palm (25 years).

Lessor accounting
The Group has no contracts that could lead to lessor accounting.

Impairment of assets

Property, plant and equipment (including bearer plants) and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may be higher than the recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. If impairment is no longer justified in future periods due to a recovery in assets' fair value or value in use, the impairment reserve is reversed.

Financial instruments

Classification and measurement of financial instruments
Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The financial assets include the investments in equity instruments designated at fair value through other comprehensive income, loans to related parties, receivables including trade receivables and other receivables, derivative financial instruments, financial assets at fair value through profit or loss, cash and cash equivalents. The acquisitions and sales of financial assets are recognised at the transaction date.

Financial assets – debt instruments
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments include:

- Receivables measured at amortised cost
- Trade receivables measured at amortised cost
- Cash and cash equivalents
- Other investments and deposits

Financial assets – investments in equity instruments
On initial recognition, the Group made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Derivatives
The Group uses financial derivative instruments primarily to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. The Group applies hedge accounting under IFRS 9 – "Financial Instruments".

Derivative instruments are valued at fair value at initial recognition. The changes in fair value are reported in the income statement unless these instruments are part of hedging transactions, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedging instruments in respect interest rate risk in cash flow hedges. Derivatives related to the foreign currency risk are not documented in a hedging relationship.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i. e. rebalances the hedge) so that it meets the qualifying criteria again.

The value fluctuations of a derivative financial instrument that complies with the strict conditions for recognition as a cash flow hedge are recorded in other comprehensive income for the effective part. The ineffective part is recorded directly in the profit and loss account. The hedging results are recorded out of other comprehensive income into the profit and loss account at the moment the hedged transaction influences the result.

A derivative with a positive fair value is recorded as a financial asset, while a derivative with a negative fair value is recorded as a financial liability. A derivate is presented as current or non-current depending on the expected expiration date of the financial instrument.

Impairment of financial assets
In relation to the impairment of financial assets an expected credit loss model is applied. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Specifically, the following assets are included in the scope for impairment assessment for the Group: 1) trade receivables; 2) non-current receivables and loans to related parties; 3) cash and cash equivalents.

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has applied the simplified approach and records lifetime expected losses on all trade receivables.

IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12month expected credit losses.

For long term receivables IFRS 9 provides a choice to measure expected credit losses applying lifetime or a general (3 stages of expected credit loss assessment) expected credit losses model. The Group selected the general model. All bank balances are assessed for expected credit losses as well.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between a) the asset's carrying amount and b) the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss.

Financial liabilities
All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method.
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid

and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Receivables and payables
The Group initially measures an amount receivable and payable at fair value. For the amount receivables, the transaction price is deemed to be equal to the fair value. Subsequently, these amount receivables are carried at amortized cost using the effective interest method less any allowance for expected credit losses. For amounts payable, the transaction price is deemed to be equal to the fair value. Subsequently, these amount payables are carried at amortized cost using the effective interest method. Amounts receivable and payable in a currency other than the functional currency of the subsidiary are translated at the prevailing Group exchange rates on the balance sheet date.

Cash and cash equivalents
Cash and cash equivalents are measured at their amortised value and include cash and deposits with an original maturity of less than three months. Negative cash balances are recorded as liabilities.

Other investments and deposits

Investments are measured at their amortized value and include short term deposits with an original maturity of three months or more or other short-term monetary investments that are readily convertible into a known amount of cash and with an insignificant risk of change in value.

Interest-bearing borrowings
Interest-bearing borrowings are measured at amortised cost price. Borrowings are initially recognized as proceeds received, net of transaction costs. Any difference between cost and redemption value is recognized in the income statement using the effective interest method.

Inventories
Inventories are valued at the lower of cost or net realizable value.

The stock finished goods include biological assets measured at fair value less cost of sale at the date of harvest which includes production costs.

Inventories are written down on a case-by-case basis if the estimated net realizable value declines below the carrying amount of the inventories. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. When the reason for a write-down of the inventories has ceased to exist, the write-down is reversed.

Assets held for sale
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group-, excluding finance costs and income tax expenses).

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plant to sell the asset and the sale expected to be completed within one year from the date of the classification.

PP&E and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

Shareholders' equity
Dividends of the parent company payable on ordinary shares are only recognized as a liability in the period in which they are approved.

Costs incurred with respect to the issuance of equity instruments are recorded as a deduction in equity.

Non-controlling interest
Non-controlling interests include a proportion of the fair value of identifiable assets and liabilities recognized upon acquisition of a subsidiary, together with the appropriate proportion of subsequent profits and losses.
In the income statement the minority share in the company's profit or loss is separated from the consolidated result of the Group.

Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

Pensions and other post-employment benefits
Group companies have various pension schemes in accordance with the local conditions and practices in the countries they operate in.

1. Defined benefit plans
The defined benefit plans are generally un-funded but fully provisioned for using the 'projected unit credit'- method. This provision represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in the Other Comprehensive Income.

2. Defined contribution plans
The Group pays contributions to publicly or privately administered insurance plans. Since the Group is obliged to

make additional payments if the average return on the employer's contribution and on the employees' contributions is not attained, those plans should be treated as "defined benefit plans" in accordance with IAS 19.

Share based payment

Stock option plans exist within the SIPEF group, giving beneficiaries the right to buy SIPEF shares at a predefined price. This price is determined at the time when the options are granted and it is based on the market price or the intrinsic value.

The performance of the beneficiary is measured (at the moment of granting) on the basis of the fair value of the granted options and warrants and recognized in profit and loss when the services are rendered during the vesting period.

Revenue recognition

The SIPEF group's core activity is the sale of goods. SIPEF group recognises revenue at the moment the control over the asset is transferred to the customer. The goods sold are transported by ship and recognized as revenue as soon as the goods are loaded onto the ship. Revenue recognition occurs at the moment when the goods are loaded onto the ship. Revenue is recorded at this point in time for all contracts within the SIPEF group. The payment terms depend on the delivery terms of the contract and can vary between prepayment, cash against documents and 45 days after handover of the bill of lading. Deliveries are at a fixed price. For each contract there is only one performance obligation which needs to be fulfilled: the delivery of the goods.

The Group has no material incremental costs of obtaining a contract which would fulfil the capitalization criteria as defined by IFRS 15.

Cost of sales

Cost of sales includes all costs associated with harvest, transformation and transport. Purchases are recognized net of cash discounts and other supplier discounts and allowances.

General and administrative expenses

General and administrative expenses include expenses of the marketing and financial department and general management expenses.

Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax liabilities and assets are recognized for temporary differences between the carrying amount in the balance sheet and the tax bases of assets and liabilities and are subsequently adjusted to reflect changes in tax rates expected to be in effect when the temporary differences reverse. Deferred tax assets are included in the consolidated accounts only to the extent that their realization is probable in the foreseeable future.

4. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires the Group to use accounting estimates and judgements and make assumptions that may affect the reported amounts of assets and liabilities at the date of the balance sheets and reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates.

Below we present an update of the most important judgements applicable in the annual report.

- Judging that land rights will not be amortized unless there is an indication that the land title might not be renewed:

The main areas in which estimates are used are:

- Deferred tax assets
- Impairment of assets (goodwill impairment)
- Determination of the estimated costs related to the sale of PT Melania.

The key estimates used in the calculation of deferred tax assets and impairment of assets (goodwill impairment) testing rely on making an estimate on commodity prices over a longer period. By nature, the commodity prices used in such estimates are volatile and will therefore in reality be different from the estimated amounts. There is no unique independent variable on which a relevant sensitivity can be done on the calculation of the deferred tax assets. We refer to note 8 for the goodwill impairment testing.

The determination of the net selling price of PT Melania includes an estimate of the costs related to the sale as agreed in the Sale and purchase agreement ("SPA"). The main estimates made include:

- The timing and the cost of renewing the permanent concession rights (HGU)
- The compensation for the accumulated social rights of the employed personnel, who will presumably be taken over almost entirely by Shamrock Group.

5. GROUP COMPANIES / CONSOLIDATION SCOPE

The ultimate parent of the Group, SIPEF, Schoten/Belgium, is the parent company of the following significant subsidiaries:

	Location	% of control	% of interest
Consolidated companies (full consolidation)			
PT Tolan Tiga Indonesia	Medan / Indonesia	95.00	95.00
PT Eastern Sumatra Indonesia	Medan / Indonesia	95.00	90.25
PT Kerasaan Indonesia	Medan / Indonesia	57.00	54.15
PT Bandar Sumatra Indonesia	Medan / Indonesia	95.00	90.25
PT Mukomuko Agro Sejahtera	Medan / Indonesia	95.00	85.74
PT Umbul Mas Wisesa	Medan / Indonesia	95.00	94.90
PT Citra Sawit Mandiri	Medan / Indonesia	95.00	94.90
PT Toton Usaha Mandiri	Medan / Indonesia	95.00	94.90
PT Agro Rawas Ulu	Medan / Indonesia	95.00	95.00
PT Agro Kati Lama	Medan / Indonesia	95.00	95.00
PT Agro Muara Rupit	Medan / Indonesia	95.00	94.90
Hargy Oil Palms Ltd	Bialla / Papua N.G.	100.00	100.00
Plantations J. Eglin SA	Azaguié / Ivory Coast	100.00	100.00
Jabelmalux SA	Luxembourg / G.D. Luxemburg	99.89	99.89
Sipef Singapore	Singapore / Republic of Singapore	100.00	100.00
PT Agro Muko	Medan / Indonesia	100.00	95.00
PT Dendymarker Indah Lestari	Medan / Indonesia	100.00	95.00
Associates and joint ventures (equity method)			
Verdant Bioscience Pte Ltd	Singapore / Republic of Singapore	38.00	38.00
PT Melania Indonesia	Medan / Indonesia	55.00	52.25
PT Timbang Deli Indonesia	Medan / Indonesia	38.00	36.10
Companies not included			
Horikiki Development Cy Ltd	Honiara / Solomon Islands	90.80	90.80

SIPEF has signed a sale and purchase agreement with Shamrock Group (SG) on the sale of 100% of the share capital of its Indonesian subsidiary, PT Melania. In a first phase, 40% was sold so that the SIPEF group now owns only 55% of the share capital. However, upon signing of the SPA, SIPEF has lost full control of PT Melania. Subsequently, PT Melania has been accounted for as a joint venture held for sale as from 30 April 2021. The assets and liabilities of PT Melania have been measured at fair value, equalling the net selling price of KUSD 23 353.

As of 30 April 2021, the results of PT Melania are no longer included in the consolidated profit and loss of the SIPEF group as PT Melania is classified as a joint venture held for sale.

Despite the possession of the majority of voting rights, the Group has no control over the non-consolidated company Horikiki Development Cy Ltd because it is established in inaccessible regions. Even so there is no value in Horikiki.

There are no restrictions to realise assets and settle liabilities of subsidiaries.

6. EXCHANGE RATES

As a result of a revised liquidity- and debt management as from the end of 2006 the functional currency in the majority of the subsidiaries has been changed to US dollar as from January 1, 2007. The following subsidiary has a different functional currency:

Plantations J. Eglin SA EUR

The exchange rates below have been used to convert the balance sheets and the results of these entities into US dollar (this is the currency in which the Group presents its results).

	Closing rate		Average rate	
	2022	2021	2022	2021
EUR	0.9393	0.8816	0.9533	0.8480

7. OPERATIONAL RESULT AND SEGMENT INFORMATION

SIPEF's activities can be classified into segments based on the type of product. SIPEF has the following segments:

- Palm: Includes all palm products, including palm oil, palm kernels and palm kernel oil, both in Indonesia and Papua New Guinea.
- Rubber: Includes all different types of rubber produced in Indonesia and sold by the SIPEF group:
  - Ribbed Smoked Sheets (RSS)
  - Standard Indonesia Rubber (SIR)
  - Scraps and Lumps
- Tea: Includes the "cut, tear, curl" (CTC) tea produced by PT Melania in Indonesia and which the SIPEF group buys and sells.
- Bananas and horticulture: Includes all sales of bananas and horticulture originating from Ivory Coast.
- Corporate: Mainly includes management fees received from non-group companies, commissions charged on sea freight and other commissions which are not covered by the sales contract.

The overview of segments below is based on the SIPEF group's internal management reporting. The executive committee is the chief operating decision maker. The most important differences with IFRS consolidation are:

- Instead of revenue, the gross margin per segment is used as the starting point.
- The capital gain on the sale of PT Melania was not included in the "other operating income/(expenses)" but is included on a separate line.

In KUSD	2022	2021
Gross margin per product		
Palm	221 248	166 562
Rubber	-4 105	-2 608
Tea	195	134
Bananas and plants	2 294	3 803
Corporate	1 397	1 328
Total gross margin	**221 031**	**169 218**
General and administrative expenses	-43 424	-36 891
Other operating income/(expenses)	705	-4 552
Financial income/(cost)	-2 503	-2 369
Discounting Sipef-CI	0	748
Exchange differences	-3 251	-1 157
Result before tax	**172 557**	**124 997**
Tax expense	-59 536	-36 075
Effective tax rate	-34.5%	-28.9%
Result after tax	**113 021**	**88 923**
Share of results of associated companies	- 566	-1 091
Result for the period before sale of PT Melania	**112 455**	**87 832**
Gain on sale PT Melania	0	11 640
Result for the period	**112 455**	**99 471**

Below we present the segment information per product and per geographical region in accordance with the IFRS profit and loss accounts. The segment result is revenue minus expense that is directly attributable to the segment and the relevant portion of income and expense that can be allocated on a reasonable basis to the segment.

Gross profit by product

2022 - KUSD	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
Palm	495 737	-274 646	157	221 248	100.1
Rubber	3 821	-7 926	0	-4 105	-1.9
Tea	4 286	-4 090	0	195	0.1
Bananas and horticulture	22 219	-21 536	1 611	2 294	1.0
Corporate	1 397	0	0	1 397	0.6
Total	**527 460**	**-308 198**	**1 769**	**221 031**	**100.0**

2021 - KUSD	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
Palm	380 862	-216 913	2 613	166 562	98.4
Rubber	8 059	-10 667	0	-2 608	-1.5
Tea	2 719	-2 574	- 11	134	0.1
Bananas and horticulture	23 085	-19 085	- 197	3 803	2.2
Corporate	1 328	0	0	1 328	0.8
Total	**416 053**	**-249 240**	**2 404**	**169 218**	**100.0**

Total sales increased by 26.7% versus 2021 to USD 527 million.

Palm oil sales grew by 30.2%. The rise in volumes sold was mainly due to the significantly higher world market price for crude palm oil (CPO). In addition, the total tonnes of CPO produced increased by 5.1%.

Sales in the banana and horticulture segment expressed in euro, the functional currency, increased by 3.2%, mainly due to higher unit selling prices. However, after conversion to USD, the functional currency of SIPEF, these sale figures decreased by 3.7% due to the EUR/USD exchange rate evolution.

The average ex-factory unit cost for mature oil palm plantations increased significantly (+/- 10.0%) in 2022 compared with 2021, mainly due to increased fertiliser costs and higher bonus provisions. These negative effects were mitigated by a devaluation of the Indonesian rupiah (IDR) against the USD by 4.0%, reducing local costs expressed in USD.

The average ex-factory cost for the mature banana plantations over the same period, expressed in euro, the functional currency, increased by 24.7%. This sharp increase was due to higher input costs, such as fertilisers and packaging materials, as well as start-up costs in the Lumen and Akoudié expansion zones.

The ‘fair value adjustment’ related to the effects of valuing pending fruits at their fair value (IAS 41R).

Gross profit increased from KUSD 169 218 at the end of 2021 to KUSD 221 031 at the end of 2022, an increase of 30.6%

Gross profit from the palm segment grew by KUSD 54 687 to KUSD 221 248, mainly due to higher net ex-mill CPO prices. At USD 996 per tonne, the average realised net ex-factory CPO price was 23.4% higher than that of USD 807 per tonne at the same time last year. In addition, higher CPO production (+5.1%) and increased unit cost prices (+10.0%) played an important role, each in opposite ways.

Gross profit of the rubber segment further decreased from KUSD -2 608 in 2021 to KUSD -4 105 in 2022 due to declining rubber production following the accelerated replanting of rubber to palm oil, the accelerated depreciations due to the replanting and due to the low rubber prices during 2022.

The gross profit of the banana and horticulture segment decreased from KUSD 3 803 to KUSD 2 294 due to an increase in total costs. This rise was caused by, cost inflation in 2022 and the expansion of planted areas, which for the time being, could not be offset by sales.

The segment "corporate" comprises the management fees received from non-group entities, additional commissions on sea freights and any other commissions that are not included in the sales contracts.

Gross profit by geographical region

2022 - KUSD	Revenue	Cost of sales	Other income	Changes in the fair value	Gross profit	% of total
Indonesia	260 957	-161 780	968	128	100 272	45.4
Papua New Guinea	242 888	-124 880	0	29	118 036	53.4
Ivory Coast	22 219	-21 537	0	1 611	2 293	1.0
Europe	429	0	0	0	429	0.2
Total	**526 492**	**-308 198**	**968**	**1 769**	**221 031**	**100.0**

2021 - KUSD	Revenue	Cost of sales	Other income	Changes in the fair value	Gross profit	% of total
Indonesia	215 361	-130 497	900	1 392	87 156	51.5
Papua New Guinea	167 920	-91 298	0	1 209	77 831	46.0
Ivory Coast	31 444	-27 445	0	- 197	3 803	2.2
Europe	428	0	0	0	428	0.3
Total	**415 153**	**-249 240**	**900**	**2 404**	**169 218**	**100.0**

Total cost of sales can be split up in the following categories:

1. Estate charges - includes all charges relating to the field work to produce the base agricultural products (i.e. fresh fruit bunches, latex, bananas, horticulture);
2. Processing charges - includes all charges relating to the processing of the base agricultural products to the finished agricultural commodities (i.e. palm oil, rubber, ...);
3. FFB/CPO/latex purchases - includes all purchases from third parties (smallholders) or associates and joint ventures~~.~~
4. Stock movement - includes the variance in stock~~;~~
5. Changes in fair value includes the changes in the fair value of the biological assets of palm oil and bananas;
6. Sales charges - includes all direct costs attributable to the sales of the year (i.e. transport charges, palm oil export tax/levy, ...);
7. General and administrative expenses – includes all costs related to the overall organisation (i.e. general management, financial department, marketing, internal audit, sustainability, etc.).

In KUSD	2022	2021
Estate charges	171 824	150 127
Processing charges	34 363	33 003
FFB/CPO/latex purchases	75 145	60 143
Stock movement finished products	-1 771	-20 333
Changes in fair value	1 769	2 404
Sales charges	25 098	21 492
Cost of sales	**306 429**	**246 835**
General and administrative expenses	43 424	36 891
Total cost of sales and general and administrative expenses	**349 853**	**283 726**

Estate charges have increased compared to last year due to:
- higher fertilizer costs;
- higher local transporting costs in Hargy Oil Palms Ltd;
- the additional mature hectares in the Musi Rawas region, whereby estate and general field charges are now increasing annually;
- higher FFB productions in 2022;
- a general increase in costs due to inflation.

The processing charges increased slightly compared to prior year due to a higher number of FFB's being processed.

Purchases of FFB/CPO/Latex increased by KUSD 15 002, mainly due to the increase in purchases of FFB from third parties at Hargy Oil Palms Ltd, which increased by KUSD 10 679 or 27.6%, largely due to higher purchase prices of FFB, the price of which is related to CPO.

Stock levels were in line with prior year resulting in a minor stock movement. The stock movement in 2021 was characterized by high stock of palm products combined with high world market prices at year-end compared to 2020.

Sales charges have increased due to the higher transportation and freight prices on the world market.

Total depreciation amounts to KUSD 47 939. Most of the depreciation was included in the estate and processing charges (KUSD 43 070). In addition, a total of KUSD 3 868 of depreciation charges is recorded in the "General and administrative" expenses and KUSD 1 001 in "other operating income/(expenses)".

General and administrative expenses increased in comparison with last year, mainly as a result of the raised bonus provision linked to better results, the further deployment of the Singapore branch office centralizing the internal IT services of the Group and the normalization of travel budgets following the covid-19 pandemic.

Revenue by location of the debtors

In KUSD	2022	2021
Indonesia	246 604	205 284
The Netherlands	133 570	152 297
Switzerland	91 059	7 822
Belgium	12 112	6 360
Malaysia	10 970	8 460
France	10 250	9 408
United Kingdom	7 494	5 677
Germany	4 018	928
Ivory coast	3 538	3 602
Ireland	2 004	1 671
Singapore	1 512	5 627
China	1 388	1 557
Afghanistan	992	116
Pakistan	693	111
United States	593	3 726
United Arab. Emirates	494	195
Other	80	93
Spain	69	2 634
Poland	19	485
Total	**527 460**	**416 053**

The revenue of the Group is realised against a relatively small number of first-class buyers: per product about 90% of the revenue from contracts with customers is realized with a maximum of 10 clients. For additional information we refer to note 26 – financial instruments.

Segment information – geographical information

	2022					
In KUSD	**Indonesia**	**PNG**	**Ivory Coast**	**Europe**	**Singapore**	**Total**
Intangible assets	0	0	0	226	0	226
Goodwill	104 782	0	0	0	0	104 782
Biological assets	236 406	79 844	464	0	0	316 714
Other property, plant & equipment	267 239	101 664	9 723	503	801	379 931
Investments in associates and joint ventures	- 769	0	0	0	3 801	3 032
Other financial assets	46	0	37	15	0	98
Receivables > 1 year	28 287	0	0	0	0	28 287
Deferred tax assets	11 762	0	558	1 776	0	14 097
Total non-current assets	**647 753**	**181 508**	**10 783**	**2 521**	**4 603**	**847 168**
% of total	76.46%	21.43%	1.27%	0.30%	0.54%	100.00%

	2021					
In KUSD	**Indonesia**	**PNG**	**Ivory Coast**	**Europe**	**Singapore**	**Total**
Intangible assets	0	0	0	348	0	348
Goodwill	104 782	0	0	0	0	104 782
Biological assets	226 144	80 950	277	0	0	307 371
Other property, plant & equipment	253 032	98 848	7 311	704	0	359 896
Investments in associates and joint ventures	- 749	0	0	0	4 347	3 598
Other financial assets	46	0	31	15	0	92
Receivables > 1 year	25 666	0	0	0	0	25 666
Deferred tax assets	10 995	0	319	2 237	0	13 550
Total non-current assets	**619 916**	**179 798**	**7 938**	**3 304**	**4 347**	**815 303**
% of total	76.03%	22.05%	0.97%	0.41%	0.53%	100.00%

The assets of Indonesia relate for roughly 98% to the palm segment and roughly 2% to the rubber segments. The assets of PNG relate 100% to the palm segment. The assets of Ivory coast relate 100% to the bananas and horticulture segment. The assets of Singapore relate primarily to Verdant Bioscience Pte Ltd conducting research into and developing high-yielding seeds The assets of Europe do not relate specifically to one product segment.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

	2022		2021	
In KUSD	**Goodwill**	**Intangible assets**	**Goodwill**	**Intangible assets**
Gross carrying amount at January 1	**104 782**	**767**	**104 782**	**787**
Acquisitions	0	0	0	40
Sales and disposals	0	0	0	- 60
Transfers	0	0	0	0
Translation differences	0	0	0	0
Gross carrying amount at December 31	**104 782**	**767**	**104 782**	**767**
Accumulated amortization and impairment losses at January 1	**0**	**- 419**	**0**	**- 314**
Depreciations	0	- 122	0	- 165
Sales and disposals	0	0	0	60
Transfers	0	0	0	0
Remeasurement	0	0	0	0
Accumulated amortization and impairment losses at December 31	**0**	**- 541**	**0**	**- 419**
Net carrying amount January 1	**104 782**	**348**	**104 782**	**473**
Net carrying amount December 31	**104 782**	**226**	**104 782**	**348**

Goodwill impairment analysis

Goodwill is the positive difference between the acquisition price of a subsidiary, associated company or joint venture and the share of the Group in the fair value of the identifiable assets and liabilities of the acquired entity on the acquisition date. Under standard IFRS 3 – Business Combinations, goodwill is not amortized, but rather tested for impairment.

Goodwill and intangible fixed assets are tested annually by management to see whether they have been exposed to impairment in accordance with the accounting policies in note 3 (regardless of whether there are indications of impairment).

To be able to assess the necessity of an impairment, the goodwill is allocated to a cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash that is to a large degree independent of the inflow of cash from other assets or groups of assets. This cash-generating unit is analysed on each balance sheet date to determine whether the carrying value of the goodwill can be fully recovered. If the realizable value of the cash-generating unit is lower in the long term than the carrying value, an impairment is recognized on the income statement in the amount of this difference.

In the SIPEF model, the cash-generating unit is compared with the total underlying asset related to the palm oil segment as of 31 December 2022. This consists of the following items:

Assets (in KUSD)*	2022
Biological assets – bearer plants	316 251
Other fixed assets	370 207
Goodwill	104 782
Current assets – current liabilities	29 374
Total	**820 614**

** Assets include only the entities with palm oil activities*

The SIPEF group has defined the "cash-generating unit" as the operational palm oil segment. It consists of all cash flows from the palm oil activities of all plantations in Indonesia and Papua New Guinea. The cash flows from the sale of rubber, tea and bananas are not included here, as the goodwill has been allocated exclusively to the whole of the palm oil segment.

The recoverable value of the cash-generating units to which goodwill is allocated was determined by means of a calculation using a discounted cash flow model. The starting point is the operational plans of the Group, which look a decade ahead (to 2032) and have been approved by the board of directors. In this model, the macro-economic parameters, such as palm oil price and inflation, are deemed constant for each year. The constant palm oil price used in the model (USD 800/ton) is management's best estimate of the long-term palm oil price expressed as CIF Rotterdam. The negative impact of the altered export tax and export levy schemes in Indonesia have been included in the future cash flows.

The average palm oil price used in the goodwill impairment amounts to USD 800/ton whereas the spot price per 31 December 2022 amounted to USD 1 070/ton.

In the model, the growth of sales is the same as the normal improvement of the production volumes due to the maturity of the palm trees of the various subsidiaries. Any improvement in the future EBITDA margins in the model is a normal consequence of the same improvement in production volumes.

The current model was established with a weighted average cost of capital (after tax) of 11.56% and utilises the local tax rates of 22%-30%.depending on the countries in the which the cash flows are generated. The terminal value in the discounted cash flow model is based on perpetual growth of 2% in accordance with the Gordon growth model. In the model we use a sensitivity analysis for various palm oil prices and various weighted average costs of capital (WACC):

Palm oil price (CIF Rotterdam)	
Scenario 1	USD 750/ton CIF Rotterdam
Scenario 2 (base case)	USD 800/ton CIF Rotterdam
Scenario 3	USD 850/ton CIF Rotterdam

WACC	
Scenario 1	10.56%
Scenario 2 (base case)	11.56%
Scenario 3	12.56%

Summary assumptions of 2022:

PO / WACC	10.56%	11.56%	12.56%
USD 750/ton CIF Rotterdam	Scenario 1	Scenario 4	Scenario 7
USD 800/ton CIF Rotterdam	Scenario 2	Scenario 5 (base case)	Scenario 8
USD 850/ton CIF Rotterdam	Scenario 3	Scenario 6	Scenario 9

Summary assumptions of 2021:

PO / WACC	7.19%	8.19%	9.19%
USD 705/ton CIF Rotterdam	Scenario 1	Scenario 4	Scenario 7
USD 755/ton CIF Rotterdam	Scenario 2	Scenario 5 (base case)	Scenario 8
USD 805/ton CIF Rotterdam	Scenario 3	Scenario 6	Scenario 9

The increase of the WACC compared to previous year is primarily due to the increase in world market USD interest rates in 2022.

For the sensitivity analysis, the price was increased and decreased by USD 50/ton. The WACC was increased and decreased with one percent. A sensitivity matrix is shown below for the total discounted cash flow for various palm oil prices and various weighted average costs of capital (WACC).

Sensitivity matrix per 31 December 2022

WACC/PO price (in KUSD)	10.56%	11.56%	12.56%
USD 750/ton CIF Rotterdam	1 025 365	901 297	801 168
USD 800/ton CIF Rotterdam	1 192 466	1 051 510	937 692
USD 850/ton CIF Rotterdam	1 067 563	940 179	837 318
Value of underlying assets*	820 614	820 614	820 614

** Concerns the underlying assets related to the palm oil segment*

The headroom is the difference between the total discounted cash flows and the value of the underlying asset:

Headroom (in KUSD)	10.56%	11.56%	12.56%
USD 750/ton CIF Rotterdam	204 751	80 683	- 19 446
USD 800/ton CIF Rotterdam	371 852	230 896	117 077
USD 850/ton CIF Rotterdam	246 949	119 565	16 704

Green = base scenario

We also calculate the breakeven palm oil price based on the various WACCs.

Breakeven price	10.56%	11.56%	12.56%
USD/ton	701 $/ton	729 $/ton	755 $/ton

Management is of the opinion that the assumptions used in the calculation of the value in use as described above give the best estimates of future development. The sensitivity analysis shows that goodwill is in most of the cases fully recoverable. As a result, management is of the opinion that there is no indication of any impairment. Future sales prices continue to be difficult to predict over a long period of time and will be continuously monitored in the future.

9. BIOLOGICAL ASSETS – BEARER PLANTS

Movement schedule biological assets - bearer plants

The balance sheet movements in biological assets – bearer plants can be summarized as follows:

In KUSD	2022	2021
Gross carrying amount at January 1	**416 487**	**429 192**
Change in consolidation scope	0	- 17 474
Acquisitions	29 429	27 396
Sales and disposals	- 6 145	- 22 594
Transfers	161	80
Other	0	0
Translation differences	- 82	- 114
Gross carrying amount at December 31	**439 851**	**416 487**
Accumulated depreciation and impairment losses at January 1	**- 109 116**	**- 113 365**
Change in consolidation scope	0	4 924
Depreciation	- 19 228	- 21 462
Sales and disposals	5 140	20 694
Transfers	0	0
Other	0	0
Translation differences	68	92
Accumulated depreciation and impairment losses at December 31	**- 123 136**	**- 109 116**
Net carrying amount January 1	**307 371**	**315 827**
Net carrying amount December 31	**316 714**	**307 371**

10. OTHER PROPERTY, PLANT AND EQUIPMENT

In KUSD	Land, buildings and infrastructure	Installations and machinery	Vehicles	Office equipment , furniture and others	Leasing	In progress	Land rights	Total
	2022							
Gross carrying amount at January 1	**200 834**	**187 855**	**72 622**	**34 867**	**3 551**	**12 794**	**131 411**	**643 933**
Change in consolidation scope	0	0	0	0	0	0	0	0
Acquisitions	12 947	10 912	7 451	1 260	822	8 730	7 744	49 864
Sales and disposals	- 1 521	- 2 470	- 6 112	- 158	0	- 338	0	- 10 598
Transfers	8 782	3 730	405	160	0	- 13 238	0	- 161
Other	- 10	13	0	0	0	0	0	3
Translation differences	- 670	- 167	- 126	- 57	0	- 213	- 13	- 1 247
Gross carrying amount at December 31	**220 362**	**199 873**	**74 240**	**36 070**	**4 373**	**7 735**	**139 143**	**681 795**
Accumulated depreciation and impairment losses at January 1	**- 81 651**	**- 118 542**	**- 57 856**	**- 22 192**	**- 963**	**0**	**- 2 834**	**- 284 038**
Change in consolidation scope	0	0	0	0	0	0	0	0
Depreciation	- 8 858	- 10 906	- 5 690	- 2 493	- 624	0	- 19	- 28 590
Sales and disposals	981	2 713	6 077	153	0	0	- 1	9 923
Transfers	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Translation differences	541	149	85	53	0	0	13	840
Accumulated depreciation and impairment losses at December 31	**- 88 987**	**- 126 587**	**- 57 384**	**- 24 479**	**- 1 588**	**0**	**- 2 841**	**- 301 866**
Net carrying amount January 1	**119 183**	**69 313**	**14 766**	**12 675**	**2 588**	**12 794**	**128 577**	**359 896**
Net carrying amount December 31	**131 374**	**73 287**	**16 856**	**11 591**	**2 785**	**7 735**	**136 302**	**379 931**

The total of the investments in tangible assets (KUSD 79 294) relates to the usual replacement investments, but mainly to the expansions in South Sumatra (KUSD 36 225), where also the expansion of the Dendymarker mill has been finalised. Continued covid-19 related logistical and operational constraints kept investments temporarily below expectations of USD 100 million. The assets in progress mainly relate to the continued investments in the immature areas, which will be transferred to the bearer plants upon their coming to maturity. In addition the Dendymarker mill has been transferred during 2022 to the land, buildings and infrastructure after commissioning the expansion from 20 ton per hour to 60 ton FFB per hour.

In KUSD	2021 Land, buildings and infrastructure	Installations and machinery	Vehicles	Office equipment, furniture and others	Leasing	In progress	Land rights	Total
Gross carrying amount at January 1	**188 549**	**190 336**	**72 629**	**34 138**	**3 304**	**16 492**	**125 533**	**630 983**
Change in consolidation scope	- 7 491	- 6 134	- 1 322	- 834	0	- 1 131	- 197	- 17 109
Acquisitions	13 846	4 833	3 987	1 544	247	10 448	6 351	41 256
Sales and disposals	- 859	- 1 199	- 3 017	- 90	0	- 4 142	- 259	- 9 566
Transfers	7 722	237	505	186	0	- 8 729	0	- 80
Other	- 12	12	0	0	0	0	0	0
Translation differences	- 922	- 231	- 160	- 78	0	- 144	- 17	- 1 550
Gross carrying amount at December 31	**200 834**	**187 855**	**72 622**	**34 867**	**3 551**	**12 794**	**131 411**	**643 933**
Accumulated depreciation and impairment losses at January 1	**- 81 098**	**- 114 635**	**- 56 458**	**- 20 431**	**- 547**	**0**	**- 3 002**	**- 276 172**
Change in consolidation scope	5 988	5 392	1 193	541	0	0	181	13 295
Depreciation	- 7 980	- 10 637	- 5 473	- 2 454	- 416	0	- 29	- 26 988
Sales and disposals	725	1 142	2 770	84	0	0	0	4 721
Transfers	1	0	0	0	0	0	0	1
Other	0	0	0	0	0	0	0	0
Translation differences	713	196	112	68	0	0	16	1 105
Accumulated depreciation and impairment losses at December 31	**- 81 651**	**- 118 542**	**- 57 856**	**- 22 192**	**- 963**	**0**	**- 2 834**	**- 284 038**
Net carrying amount January 1	**107 451**	**75 701**	**16 171**	**13 707**	**2 757**	**16 492**	**122 531**	**354 810**
Net carrying amount December 31	**119 183**	**69 313**	**14 766**	**12 675**	**2 588**	**12 794**	**128 577**	**359 896**

Below is a table with the proprietary rights on which the plantations of the SIPEF group are established:

	Hectares	Type	Maturity	Crop
PT Tolan Tiga Indonesia	6 042	Concession	2023	Oil palm
PT Tolan Tiga Indonesia	2 437	Concession	2024	Oil palm
PT Eastern Sumatra Indonesia	3 200	Concession	2023	Oil palm
PT Kerasaan Indonesia	2 380	Concession	2023	Oil palm
PT Bandar Sumatra Indonesia	1 189	Concession	2024	Rubber and oil palm
PT Melania Indonesia	5 140	Concession	2023	Rubber and Tea
PT Toton Usaha Mandiri	1 199	Concession	2046	Oil palm
PT Agro Muko	2 256	Concession	2044	Oil palm
PT Agro Muko	2 423	Concession	2045	Oil palm
PT Agro Muko	315	Concession	2031	Oil palm
PT Agro Muko	1 410	Concession	2028	Oil palm
PT Agro Muko	2 903	Concession	2028	Oil palm
PT Agro Muko	7 437	Concession	2044	Oil palm
PT Agro Muko	2 185	Concession	2022*	Oil palm
PT Agro Muko	1 515	Concession	2022*	Oil palm
PT Agro Muko	2 100	Concession	2022*	Rubber
PT Agro Muko	232	Concession	2056	Oil palm
PT Umbul Mas Wisea	4 397	Concession	2048	Oil palm
PT Umbul Mas Wisea	2 071	Concession	2048	Oil palm
PT Umbul Mas Wisea	679	Concession	2049	Oil palm
PT Umbul Mas Wisea	462	Concession	2049	Oil palm
PT Umbul Mas Wisea	155	Concession	2019	Oil palm
PT Dendymarker Indah Lestari	13 705	Concession	2028	Oil palm
PT Mukomuko Agro Sejahtera	1 705	Concession	2053	Oil palm
PT Mukomuko Agro Sejahtera (STGE)	385	Concession	2024	Oil palm
PT Mukomuko Agro Sejahtera (BKDE)	1 513	Concession	2057	Oil palm
PT Timbang Deli Indonesia	972	Concession	2023	Rubber and oil palm
Hargy Oil Palms Limited	128	Concession	2075	Oil palm
Hargy Oil Palms Limited	2 967	Concession	2076	Oil palm
Hargy Oil Palms Limited	34	Concession	2077	Oil palm
Hargy Oil Palms Limited	7	Concession	2079	Oil palm
Hargy Oil Palms Limited	6 460	Concession	2082	Oil palm
Hargy Oil Palms Limited	2 900	Concession	2101	Oil palm
Hargy Oil Palms Limited	170	Concession	2102	Oil palm
Hargy Oil Palms Limited	694	Concession	2106	Oil palm
Hargy Oil Palms Limited	1	Concession	2110	Oil palm
Hargy Oil Palms Limited	18	Concession	2113	Oil palm
Hargy Oil Palms Limited	246	Concession	2117	Oil palm
Plantations J. Eglin SA	1 021	Freehold	n/a	bananas and horticulture
Plantations J. Eglin SA	743	Provisional concession	n/a	bananas and horticulture
Total	**86 622**			
PT Citra Sawit Mandiri	1 814	In negotiation	-	Oil palm
PT Agro Rawas Ulu	5 712	In negotiation	-	Oil palm
PT Agro Kati Lama	7 568	In negotiation	-	Oil palm
PT Agro Kati Lama	3 091	In negotiation	-	Oil palm
PT Agro Muara Rupit	4 811	In negotiation	-	Oil palm
PT Agro Muara Rupit	7 498	In negotiation	-	Oil palm
PT Agro Muara Rupit	1 303	In negotiation	-	Oil palm
PT Agro Muara Rupit	4 201	In negotiation	-	Oil palm
PT Mukomuko Agro Sejahtera	385	In negotiation	-	Oil palm
Total	**36 383**			

** All documentation for the renewal of the land rights which matured in 2022 has been delivered in time to the relevant authorities. The authorities are in the process of reviewing and approving. There is no indication that these land rights will not be renewed.*

In addition, our subsidiary Hargy Oil Palms Ltd has a total of 7 241 hectares of surveyed area (of which 4 029 hectares planted) on subleased land, with renewal dates between 2036 and 2046.

11. RECEIVABLES > 1 YEAR

In KUSD	2022	2021
Receivables > 1 year – plasma receivables	28 287	25 666

The receivables > 1 consists out of plasma receivables in Indonesia. Plasma receivables represent a loan granted to the smallholders for the accumulated costs to develop plasma plantations which are currently being financed by the Group. When the plasma plantations start to mature, the plasma farmers are obliged to sell their harvests to the Group and a portion of the resulting proceeds will be used to repay the loans.

The plasma receivables will be gradually repaid from the moment the plasma holders become a going concern plantation whereby proceeds of the FFB sales will be partly used to repay the loan.

Plasma receivables are divided into interest bearing and non-interest bearing. The non-interest bearing plasma loans are discounted upon recognition. The outstanding receivables up until 2021 had not yet been discounted and this has been included as a one-off correction in 2022. The total discounting cost up to December 31, 2022 amounts to KUSD 1 883 with an effect of KUSD 157 for 2022 and KUSD 1 726 one-off correction relating to all outstanding loans prior to 2022.

The Group has calculated the expected credit loss in accordance with IFRS 9 and has done an impairment test on the outstanding plasma receivables which showed no basis for impairment based on the long-term repayment plans.

The repayment of the plasma loans will be determined largely by the plasma fruit production and world palm oil prices over the next years and is also dependant on the terms and conditions of the plasma scheme. Therefore it is not possible to predict the exact timing of repayment. The Group currently has a total short term plasma receivable of KUSD 587 – included in the current other receivables - and a long term plasma receivable of KUSD 28 287.

12. INVENTORIES

Analysis of inventories:

In KUSD	2022	2021
Raw materials and supplies	24 181	21 508
Finished goods	24 755	26 509
Total	**48 936**	**48 017**

The remaining stock of raw materials and supplies has increased with KUSD 2 673 in comparison to prior year. This is mainly due to increased fertilizer prices.

The decrease in finished goods is mainly due to the lower CPO prices at year-end compared to prior year (1 305 USD/ton in 2021 compared to 1 070 USD/ton in 2022) which results in a lower overall stock value, as the stock finished goods includes biological assets measured at fair value less cost to sell at the date of harvest. The amount of CPO stock was 11.5% higher than last year.

13. BIOLOGICAL ASSETS

The total biological assets at the end of the year are presented below:

In KUSD	2022	2021
Biological assets - palm oil	6 464	6 306
Biological assets - bananas	4 472	2 862
Total	**10 936**	**9 168**

The biological asset of palm oil is defined as the oil contained in the palm fruit. When the palm fruit contains oil, then this distinct asset is recognised and the fair value is estimated based on:

- The estimated quantity of oil that is available in the palm fruit;
- The estimated sales price of palm oil at the time of closing;
- The estimated cost to harvest and process the palm fruit;
- The estimated sales charges (transport, export tax, …).

Different scientific studies have shown that the oil in the palm oil fruit develops exponentially in approximately 4 weeks. The estimated quantity of oil in the palm oil fruit is therefore determined based on the harvest of the 4 weeks after the time of closing. In the calculation of the estimated quantity of available oil, the weighted importance of the harvest decreases step-by-step per week, in order to approximate the quantity of oil at the time of closing as well as possible. The fair value of the biological assets calculated at the closing value on the 31st of December 2022 is based on level 2 data input.

At 31 December 2022 the total biological assets of palm oil amounted to KUSD 6 464 compared to KUSD 6 306 at 31 December 2021.

Impact of the estimated quantity of available oil	-10%	Carrying amount	+10%
Carrying value of the biological assets - palm oil	5 817	6 464	7 110
Gross Impact income statement (before tax)	- 646		646

The estimated sales price and the estimated costs and charges are the actual sales prices and costs at the time of closing. The results from the change of the fair value of the palm fruit are included in 'changes in fair value of biological assets'.

The biological assets at the end of December also contain the consumable biological assets of bananas of our subsidiary Plantations J. Eglin SA. The biological assets of bananas are defined as the banana bunches which will be harvested in 3 months, weighted at their pro-rata for each remaining harvesting month. At 3 months before harvest, a reliable flower count is done, which is used to determine the estimated biological assets. The net selling price to value the biological assets is determined as the current market prices reduced by the remaining costs to sell the biological assets. The balance of 2022 amounted to KUSD 4 472 (2021 KUSD 2 861) and has increased due to the maturing of the new plantations in Akoudié and Lumen as well as an increase in the net selling price used.

Impact of the estimated quantity of available bananas	-10%	Carrying amount	+10%
Carrying value of the biological assets - bananas	4 025	4 472	4 919
Gross Impact income statement (before tax)	- 447		447

There are no restrictions, pledges or commitments in relation to the biological assets of the Group.

14. OTHER CURRENT RECEIVABLES AND OTHER CURRENT PAYABLES

The 'other receivables' have decreased with KUSD 2 150 from KUSD 49 878 in 2021 to KUSD 47 728 in 2022. The other receivables mainly consist of VAT receivables in the various entities, but also include a current account with Verdant Bioscience PTE Ltd (KUSD 9 073 in 2022 and KUSD 8 588 in 2021), a current account with PT Melania as it is classified as held for sale (KUSD 6 514 and KUSD 5 211 KUSD in 2021) and the smallholder receivables in Hargy Oil Palms Ltd.

The decrease in 'other receivables' is explained by some significant VAT settlements in our Indonesian subsidiaries, a decrease of KUSD 2 355 in the current account towards PT Melania and an increase in the GST receivable (VAT receivable) in Hargy Oil Palms Ltd (+ KUSD 2 494).The remaining movements consist of various smaller items in the different subsidiaries.

The Group has calculated the expected credit loss in accordance with IFRS 9 and determined it to be immaterial.

The 'other payables' (KUSD 14 437 in 2022 and KUSD 11 519 in 2021) mainly concern social obligations (salaries to be paid, provisions for holiday pay and bonus) and have increased in comparison to prior year, primarily due to an increased bonus provision following the better results of the SIPEF group in 2022.

15. SHAREHOLDERS' EQUITY

Capital stock and share premium

The issued capital of the company as at December 31, 2022 amounts to KUSD 44 734, represented by 10 579 328 fully paid ordinary shares without nominal value.

	2022	2021	Difference
Number of shares	10 579 328	10 579 328	0

In KUSD	2022	2021	Difference
Capital	44 734	44 734	0
Share premium	107 970	107 970	0
Total	**152 704**	**152 704**	**0**

	2022	2021	2022	2021
	KUSD	KUSD	KEUR	KEUR
Treasury shares - opening balance	**11 521**	**10 277**	**9 490**	**8 389**
Acquisition/sale treasury shares	67	1 244	59	1 101
Treasury shares - ending balance	**11 588**	**11 521**	**9 549**	**9 490**

Since the start of the share buy-back program on 22 September 2011, SIPEF has bought back 178 933 shares for a total amount of KEUR 9 549, corresponding to 1.6913% of the total shares outstanding, as cover for a share option plan for the management. For additional information see note 22.

Authorised capital

The extraordinary general meeting of shareholders on June 10, 2020 authorised the board of directors to increase the capital in one or more operations by an amount of KUSD 44 734 over a period of 5 years after the publication of the renewal.

Shareholder structure

The company has received following shareholders declarations:

Acting in concert	Number of shares	Date	Denominator	%
Ackermans & Van Haaren NV*	3 987 859	24/08/2022	10 579 328	37.695
Cabra NV**	1 001 032	24/08/2022	10 579 328	9.462
Cabra P**	100 000	24/08/2022	10 579 328	0.945
Cabra T**	100 000	24/08/2022	10 579 328	0.945
Cabra V**	100 000	24/08/2022	10 579 328	0.945
Theodora Bracht**	2 000	24/08/2022	10 579 328	0.019
Priscilla Bracht**	0	24/08/2022	10 579 328	0.000
Victoria Bracht**	0	24/08/2022	10 579 328	0.000
Total votes acting in concert	**5 290 891**			**50.011**

** Including 178 000 own shares*
*** Group Bracht*

Translation differences

Translation differences consists of all the differences related to the translation of the financial statements of our subsidiaries for which the functional currency is different from the presentation currency of the Group (USD). The deviation from last year is due to the movement of the USD versus the EUR (KUSD -580).

In KUSD	2022	2021
Opening balance at January 1	**-10 666**	**-11 038**
Movement, full consolidation	- 580	- 719
Movement, change in consolidation scope	0	1 091
Ending balance at December 31	**-11 246**	**-10 666**

Dividends

On February 14, 2023 a dividend of KEUR 31 738 (EUR 3.00 gross per ordinary share) has been proposed by the board of directors but has not yet been approved by the general meeting of shareholders of SIPEF and is therefore not provided for in the financial statements as at December 31, 2022.

Capital management

The capital structure of the Group is based on the financial strategy as defined by the board of directors. Summarized, this strategy consists of an expansion policy while respecting a very limited debt ratio. The management puts forward yearly the plan for approval by the board of directors.

Chain of control

1. Chain of control above Ackermans & Van Haaren NV

I. Ackermans & Van Haaren NV is directly controlled by Scaldis Invest NV, a company incorporated under Belgian law.
II. Scaldis Invest NV is directly controlled by Belfimas NV, a company incorporated under Belgian law.
III. Belfimas NV is directly controlled by Celfloor SA, a company incorporated under Luxembourg law.
IV. Celfloor SA is directly controlled by Apodia International Holding BV, a company incorporated under Dutch law.
V. Apodia International Holding BV is directly controlled by Palamount SA, a company incorporated under Luxembourg law.
VI. Palamount SA is directly controlled by Stichting administratiekantoor “Het Torentje”, incorporated under Dutch law.
VII. Stichting Administratiekantoor “Het Torentje” is the ultimate controlling shareholder.

2. Chain of control above Cabra NV

Priscilla Bracht, Theodora Bracht and Victoria Bracht exercise joint control over Cabra NV.

3. Chain of control above Cabra P NV, Cabra T NV and Cabra V NV

Cabra P NV, Cabra T NV and Cabra V NV are controlled by, respectively, Priscilla Bracht, Theodora Bracht and Victoria Bracht.

4. Chain of control above SIPEF

Ackermans & van Haaren NV and Group Bracht jointly exercise control over SIPEF.

16. NON-CONTROLLING INTERESTS

According to previous Indonesian law, no foreign investor was allowed to own more than 95% of the shares of a plantation company. Therefore, most of the Indonesian subsidiaries have at least a 5% non-controlling interest. The non-controlling interests of our Indonesian subsidiaries mainly consist of one Indonesian pension fund. Following an alteration in the law in 2020, foreign investors are now allowed to own virtually 100% of the shares of a plantation company.

The table below presents the non-controlling interests per company, as well as their share of the equity and the profit of the year.

	2022			2021		
In KUSD	% Non-controlling interests	Share of the equity	Share of the profit of the year	% Non-controlling interests	Share of the equity	Share of the profit of the year
PT Tolan Tiga Indonesia	5.00	21 823	1 106	5.00	20 610	1 344
PT Eastern Sumatra Indonesia	9.75	6 813	709	9.75	6 105	509
PT Kerasaan Indonesia	45.85	6 197	2 029	45.85	6 004	1 774
PT Bandar Sumatra Indonesia	9.75	1 018	- 121	9.75	1 139	- 125
PT Melania Indonesia	2.75	235	0	2.75	235	- 3
PT Mukomuko Agro Sejahtera	14.26	- 447	- 104	14.26	- 343	20
PT Umbul Mas Wisesa	5.10	- 68	469	5.10	- 537	248
PT Citra Sawit Mandiri	5.10	- 182	18	5.10	- 201	63
PT Toton Usaha Mandiri	5.10	244	86	5.10	156	97
PT Agro Rawas Ulu	5.00	- 330	- 136	5.00	- 194	- 22
PT Agro Kati Lama	5.00	- 974	- 277	5.00	- 700	- 24
PT Agro Muara Rupit	5.10	- 564	- 300	5.10	- 264	- 126
PT Agro Muko	5.00	1 344	1 170	9.75	9 259	2 391
PT Dendymarker Indah Lestari	5.00	-2 710	- 351	5.00	-2 358	- 425
Jabelmalux SA	0.11	- 58	0	0.11	- 59	0
Total		**32 341**	**4 298**		**38 854**	**5 722**

The non-controlling interest's share of the property, plant and equipment (including biological assets - bearer plants) amounts to KUSD 29 787 in 2022 (2021: KUSD 35 091). In 2022, PT Tolan Tiga purchased the remaining 5% shares from the minority shareholder in PT Agro Muko for an amount of USD 5.5 million. Due to this transaction the Group’s interest percentage in PT Agro Muko increased by 4.75%.

The movements of the year can be summarized as follows:

In KUSD	2022	2021
At the end of the preceding period	**38 854**	**35 862**
Profit for the period attributable to non-controlling interests	4 298	5 722
Defined Benefit Plans - IAS19R	- 7	2
Distributed dividends	-1 720	-2 306
Acquisition 5% minority shares PT Agro Muko	-9 083	0
Other	0	- 426
At the end of the period	**32 341**	**38 854**

The distributed dividends to non-controlling interests consist of:

In KUSD	2022	2021
PT Kerasaan Indonesia	1 720	1 376
PT Melania Indonesia	0	930
Total	**1 720**	**2 306**

The dividend from PT Kerasaan has been declared and paid in 2022.

There are no limitations to the transfer of funds. The non-controlling interests have no rights to use the assets of the Group or to repay the liabilities of the subsidiaries. The non-controlling interests do not have significant protective rights. There are no restrictions to realise assets and settle liabilities of subsidiaries.

17. PROVISIONS

In KUSD	2022	2021
Provision	767	1 125

The provisions are entirely related to a VAT dispute in Indonesia (KUSD 767). During 2022, there have been a number of court cases which were settled mainly in our favour. It is difficult to make an estimate of the settlement time of the dispute. The remaining provisions is estimated based on the ratio of the settled court cases in favour of SIPEF compared to the total court cases remaining.

18. PENSION LIABILITIES

Defined benefit plans

Pension liabilities mainly represent defined benefit plans in Indonesia. These pension plans, set up in order to pay a lump sum amount at the time of retirement, are not financed with a third party. The total number of employees affected by the pension plan amounts to 8 223. The pension plan is payable to an employee at the age of 55 or after 30 years of seniority, whichever comes first.

Since the pension plan is adjusted by future salary increases and discount rates, the pension plan is exposed to Indonesia's future salary expectations, as well as Indonesia's inflation and interest rate risk. Furthermore, the pension plan is payable in Indonesian Rupiah, exposing it to a currency risk. We refer to note 26 for further details concerning the currency risk of the Group. As the pension plan is unfunded, there is no risk relating to a return on plan assets.

The following reconciliation summarizes the variation of total pension liabilities between 2021 and 2022:

In KUSD	2021	Pension cost	Payment	Exchange	Translation difference	Change consolidation scope	Other	2022
Indonesia	21 498	1 375	-1 064	-2 009	0	0	0	19 802
Ivory Coast	793	9	- 76	0	- 49	0	- 31	646
Total	**22 291**	**1 384**	**-1 140**	**-2 009**	**- 49**	**0**	**- 31**	**20 448**

The following assumptions are used in the pension calculation of Indonesia:

	2022	2021
Discount rate	7.25%	7.50%
Future salary increases	5.00%	5.00%
Assumed retirement age	55 years or 30 years of seniority	55 years or 30 years of seniority

Pension liabilities in Indonesia have changed as follows:

In KUSD	2022	2021
Opening	21 498	24 039
Service cost	- 116	3 060
Interest cost	1 366	1 386
Benefits paid	-1 064	-1 688
Actuarial gains and losses	126	638
Exchange differences	-2 009	- 214
Change consolidation scope	0	-5 724
Other	0	0
Closing	**19 801**	**21 498**

Actuarial gains and losses consist of the following components:

In KUSD	2022	2021
Experience adjustments	- 345	638
Changes in assumptions used	471	0
Total actuarial gains and losses	**126**	**638**

The actuarial gains and losses included in the above table contain the largest part of the total actuarial gains and losses included in the other comprehensive income.

The amounts relating to the pension cost of Indonesia are as follows:

In KUSD	2022	2021
Service cost	- 116	3 060
Interest cost	1 366	1 386
Pension cost	**1 250**	**4 446**
Actuarial gains and losses recorded in Other Comprehensive Income	126	638
Total pension cost	**1 375**	**5 084**

These costs are included under the headings cost of sales and general and administrative expenses of the income statement.

Estimated benefit payments in 2023 are KUSD 899.

Sensitivity of the variation of the discount rate and of the future salary increase

Values as appearing in the balance sheet are sensitive to changes in the actual discount rate compared to the discount rate used. The same applies to changes in the actual future salary increase compared to the future salary increase used in the calculation. For our Indonesian entities, simulations were made to calculate the impact of a 1% increase or decrease of both parameters on the pension provision, resulting in the following effects:

Impact of the change in discount rate

In KUSD	+1%	Carrying amount	-1%
Pension liability of the Indonesian subsidiaries	18 016	19 801	21 867
Gross impact on the comprehensive income	1 785		-2 066

Impact of the change in future salary increase

In KUSD	+1%	Carrying amount	-1%
Pension liability of the Indonesian subsidiaries	21 982	19 801	17 892
Gross impact on the comprehensive income	-2 181		1 909

Defined contribution plans

The Group pays contributions to publicly or privately administered insurance plans. Since the Group is obliged to make additional payments if the average return on the employer's contribution and on the employees' contributions is not attained, those plans should be treated as "defined benefit plans" in accordance with IAS 19.

The liability is based on an analysis of the plans and the limited difference between the legally guaranteed minimum returns and the interest guaranteed by the insurance company, the Group has concluded that the application of the PUC method would have an immaterial impact. The total accumulated reserves amount to KUSD 1 966 by the end of December 2022 (2021: KUSD 2 343) compared to the total minimum guaranteed reserves of KUSD 1 648 at 31 December 2022 (2021: KUSD 1 753).

Contributions paid regarding the defined contribution plans amount to KUSD 463 (KUSD 530 in 2021). SIPEF is not responsible for the minimum guaranteed return on the contributions paid for the members of the executive committee (KUSD 409).

19. NET FINANCIAL ASSETS/(LIABILITIES)

Net financial assets/(liabilities) (Non-GAAP measure) can be analysed as follows:

In KUSD	2022	2021
Short-term obligations - credit institutions	-5 323	-12 477
Financial liabilities > 1 year (incl. derivatives)	-18 000	-36 000
Current portion of amounts payable after one year	-18 000	-18 000
Other investments and deposits	10 208	38
Cash and cash equivalents	34 148	19 939
Lease liability	-2 910	-2 691
Net financial assets/(liabilities)	**122**	**-49 192**

Analysis of net financial assets/(liabilities) 2022 per currency:

In KUSD	EUR	USD	Others	Total
Short-term financial obligations	-5 323	-18 000	0	-23 323
Other investments and deposits	208	10 000	0	10 208
Cash and cash equivalents	801	32 623	724	34 148
Financial liabilities > 1 year	0	-18 000	0	-18 000
Lease liability	- 244	-2 666	0	-2 910
Total 2022	**-4 559**	**3 957**	**724**	**122**
Total 2021	**-12 088**	**-37 664**	**559**	**-49 192**

The short-term financial obligations relate to the commercial papers for a total amount of KUSD 5 323. This financial obligation has been completely hedged at an average rate of 1 EUR = 1.0249 USD.

Other investments and deposits mainly include bank deposits with original maturities of more than 3 months but less than one year.

The financial liabilities with an original maturity of more than one year include an 85.5 million USD loan of which 49.5 million USD has already been repaid between 2019 - 2022. It concerns a long-term loan that was taken out with a banking consortium with a first-class rating for creditworthiness. It concerns an unsecured loan with a term of 5 years. The interest rate is composed as the USD 3M interest rate + a margin of 1.20% to 2.50%, depending on the debt/EBITDA ratio. The variable interest rate was hedged at a fixed interest rate of 1.3933% through an "Interest Rate Swap".

It should be noted that in 2020 SIPEF has made use of the possibility of postponing capital repayments to cope with the impact of covid-19. As a result, the repayments at the end of June 2020 (KUSD 4 500) have been postponed until June 2024, and the repayment at the end of September 2020 (KUSD 4 500) has been postponed until September 2024.

There is one financial requirement applicable to the loan covenant which states that the net financial debt may not exceed 2.5 times the REBITDA of the year. This financial covenant is tested every half-year. The EBITDA of the Group consists of the operating results + profit/loss from equity companies + depreciation and additional impairments/increases on assets. The REBITDA consists of the same calculation, but excluding the one-off, non-recurring effects. The Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities per December 31, 2022. The financial covenant ratio will remain at 2.50 at 30 June 2023 and 31 December 2023. Due to the significant volatility of the palm oil prices and the impact on the result and EBITDA of the Group, this covenant is continuously monitored. It is not expected that this covenant will be breached in 2023.

Covenant ratio	2022	2021
Operating result	178 312	139 416
Exceptional items	0	-11 640
Recurring operating result	**178 312**	**127 776**
Depreciation and result on sale FA	48 101	49 856
REBITDA	**226 413**	**177 632**
(-) minorities recurring	-4 298	-5 086
REBITDA group share	**222 115**	**172 546**
Net Senior Leverage	**0.00**	**0.29**

Reconciliation of the net financial assets/(liabilities) and cash flow:

In KUSD	2022	2021
Net financial position at the beginning of the period	**-49 192**	**-151 165**
Decrease in long-term borrowings	18 642	18 078
Increase in long-term borrowings	- 755	0
Decrease in short-term financial obligations	7 154	73 710
Increase in short-term financial obligations	- 106	0
Net movement in cash and cash equivalents	24 379	10 186
Net financial assets/(liabilities) at the end of the period	**122**	**-49 192**

Reconciliation of the total financial liabilities:

In KUSD	2022	2021
Financial liabilities at the beginning of the period	**69 168**	**160 956**
Decrease in long-term financial obligations	-18 642	-18 078
Increase in long-term financial obligations	755	0
Decrease in short-term financial obligations	-7 154	-73 710
Increase in short-term financial obligations	106	0
Financial liabilities at the end of the period	**44 233**	**69 168**

20. OTHER OPERATING INCOME/(EXPENSES)

The other operating income/(expenses) can be detailed as follows:

	2022			2021		
In KUSD	Equity holders of the parent	Non-controlling interests	Total	Equity holders of the parent	Non-controlling interests	Total
VAT claim Indonesia	548	30	578	53	6	59
VAT claim Belgium	274	0	274	0	0	0
Accelerated depreciation oil palms PT Dendymarker	- 385	- 20	- 405	-4 018	- 211	-4 229
Capital gain sale PT Melania	0	0	0	11 003	637	11 640
Other income/(charges)	288	- 30	258	- 291	- 90	- 381
Other operating income/(expenses)	**725**	**- 20**	**705**	**6 748**	**341**	**7 088**

The other income/charges mainly consist out of:

- the movement in the provision for the Indonesian VAT claim (KUSD +578) mainly in favour of SIPEF;
- the VAT court case with the Belgian authorities dating back from 2009 granted by the court in favour of SIPEF (KUSD +274);
- the remaining accelerated depreciation of the oil palms in PT Dendymarker (KUSD -405);
- the stock adjustments for obsolete stock;
- warehouse sales to smallholders in Papua New Guinea.

21. FINANCIAL RESULT

The financial income concerns the interests received on current accounts with non-consolidated companies and on temporary excess cash, as well as the income resulting from the unwinding of the discounting of the receivables > 1 year. The financial costs concern the interests on long term and short-term borrowings as well as bank charges, the discounting of the long term plasma receivables and other financial costs.

In KUSD	2022	2021
Interests received	1 300	727
Discounting of receivables > 1 year	-1 883	748
Financial cost	-1 920	-3 096
Exchange result	-4 809	1 021
Financial result derivatives	1 558	-2 178
Financial result	**-5 754**	**-2 779**

22. SHARE BASED PAYMENT

Grant date	Opening balance	Number of options granted	Number of options exercised	Number of options expired	Ending Balance
2012	14 000		-2 000	-12 000	0
2013	16 000				16 000
2014	18 000				18 000
2015	18 000				18 000
2016	18 000				18 000
2017	18 000				18 000
2018	20 000				20 000
2019	20 000				20 000
2020	18 000				18 000
2021	18 000				18 000
2022	0	20 000			20 000
Balance	**178 000**	**20 000**	**-2 000**	**-12 000**	**184 000**

SIPEF's stock option plan, which was approved in November 2011, is intended to provide long term motivation for the members of the executive committee and general directors of the foreign subsidiaries whose activities are essential to the success of the Group. The options give them the right to acquire a corresponding number of SIPEF shares.

The remuneration committee is responsible for monitoring this plan and selecting the beneficiaries. The options are provided free of charge and their exercise period is 10 years.

IFRS 2 has been applied to the stock options. The total value of the outstanding options 2013 - 2022 (valued at the fair value at the moment of granting), amounts to KUSD 1 565 and is calculated based on an adjusted Black & Scholes model of which the main characteristics are as follows:

Grant date	Share price (in EUR)	Dividend yield	Volatility	Interest rate	Estimated expected lifetime	Black & Scholes Value (in EUR)
2013	57.70	2.50%	29.69	1.36%	5.00	12.72
2014	47.68	2.50%	24.83	0.15%	5.00	5.34
2015	52.77	2.50%	22.29	0.07%	5.00	8.03
2016	60.49	3.00%	19.40	-0.37%	5.00	8.38
2017	62.80	3.00%	18.88	-0.12%	5.00	5.57
2018	48.80	3.00%	18.60	-0.03%	5.00	3.54
2019	54.80	3.00%	19.56	-0.32%	5.00	8.12
2020	43.20	3.00%	23.35	-0.66%	5.00	4.57
2021	56.90	3.00%	24.14	-0.33%	5.00	6.74
2022	58.90	3.00%	25.86	2.82%	5.00	11.73

In 2022, 20 000 new stock options were granted with an exercise price of EUR 57.70 per share. The fair value when granted was fixed at KUSD 250 and is recorded in the profit and loss accounts over the vesting period of 3 years (2023-2025). The total cost of the stock options included in the income statement is KUSD 140 in 2022 (2021: KUSD 121). To cover the outstanding option liability, SIPEF has a total of 178 933 treasury shares in portfolio.

	Number of shares	Average purchase price (in EUR)	Total purchase price (in KEUR)	Total purchase price (in KUSD)
Opening balance 31/12/2021	178 000	53.31	9 490	11 521
Acquisition of treasury shares	2 933	56.44	166	176
Disposal of treasury shares	-2 000	53.31	- 107	- 109
Ending balance 31/12/2022	**178 933**	**53.37**	**9 549**	**11 588**

The extraordinary general meeting of shareholders on June 10, 2020 authorised the board of directors to purchase own shares of SIPEF if deemed necessary over a period of 5 years after the publication of the renewal.

23. INCOME TAXES

The reconciliation between the tax expenses and tax at local applicable tax rates is as follows:

In KUSD	2022	2021
Profit before tax	**172 557**	**136 637**
Tax at the applicable local rates	-45 989	-35 039
Average applicable tax rate	-26.65%	-25.64%
Withholding tax on the dividend of Hargy Oil Palms Ltd	-7 500	0
Non-taxable capital gain on sale of PT Melania	0	2 561
Permanent differences	-3 796	-1 907
Losses of the year for which no DTA is recognised	- 128	- 178
Impairment losses recognised on DTA recognised in previous years	-2 003	-2 560
Reversal of impairment losses on DTA recognised in previous years	105	2 432
Corrections prior year	- 225	-1 384
Tax expense	**-59 536**	**-36 075**
Average effective tax rate	-34.50%	-26.40%

The withholding tax on the dividend of Hargy Oil Palms related to a 15% Withholding tax payable on a dividend of MUSD 50 paid by Hargy Oil Palms to SIPEF. The permanent differences consist mainly of permanently rejected expenses for tax purposes and have increased due to the permanently rejected interest cost expenses in the South Sumatra group due to the Thin capitalisation regulation in Indonesia.

We received from the Indonesian tax authorities the formal approval, that starting from financial year 2014 our Indonesian affiliates are allowed to lodge their tax declaration in USD. From the tax authorities in Papua New Guinea the SIPEF group got permission to prepare the tax declaration based on USD accounts from 2015 onwards. For SIPEF NV and Jabelmalux SA a similar authorisation has been obtained with effect from the financial year 2016.

Deferred tax liabilities and assets are offset per taxable entity which leads to the following split between deferred tax assets and deferred tax liabilities:

In KUSD	2022	2021
Deferred tax assets	14 097	13 550
Deferred tax liabilities	-48 131	-46 950
Net deferred taxes	**-34 034**	**-33 400**

The movements in net deferred taxes (assets - liabilities) are:

In KUSD	2022	2021
Opening balance	**-33 400**	**-30 961**
Variation (- expense) / (+ income) through income statement	- 109	-1 352
Tax impact of IAS 19 through comprehensive income	28	139
Tax impact hedge accounting via OCI	- 537	- 226
Change in consolidation scope	0	- 973
Other	- 16	- 27
Closing balance	**-34 034**	**-33 400**

Deferred taxes in the income statement are the result of:

In KUSD	2022	2021
Addition/(utilization) of tax losses brought forward	149	1 779
Origin/(reversal) of temporary differences - IAS 41 revaluation	236	-3 149
Origin/(reversal) of temporary differences - fixed assets	- 466	-2 875
Origin/(reversal) of temporary differences - pension provision	- 401	561
Origin/(reversal) of temporary differences - other	373	2 332
Total	**- 109**	**-1 352**

Total deferred tax assets are not entirely recognized in the balance sheet. The breakdown of total recognized and unrecognized deferred taxes is as follows:

	2022		
In KUSD	Total	Not recorded	Recorded
Biological assets	-1 175	0	-1 175
Property, plant and equipment, including bearer plants	-44 927	0	-44 927
Inventories	-6 024	0	-6 024
Pension provision	4 356	0	4 356
Tax losses	15 927	5 553	10 375
Others	3 362	0	3 362
Total	**-28 481**	**5 553**	**-34 034**

The majority of the unrecognized deferred tax assets at the end of 2022 are located at the companies of the South Sumatra group (KUSD 4 784) and the Tolan Tiga group rubber activities (KUSD 763). The set-up of and the adjustments to the deferred tax assets are based on the most recently available long-term business plans.

The total tax losses (recognized and unrecognized) have the following maturity structure:

	2022		
In KUSD	Total	Not recorded	Recorded
1 year	9 189	9 189	0
2 years	9 321	4 107	5 213
3 years	21 771	10 892	10 879
4 years	13 505	806	12 699
5 years	9 349	218	9 130
Unlimited	7 146	24	7 122
Total	**70 280**	**25 236**	**45 044**

In Indonesia and Papua New Guinea the Group made advance payments of taxes in accordance with local legislation. These were partly based on the results of 2020 and partly on the results of 2021 which were both lower than the results of 2022. Therefore, the prepayments of taxes of KUSD 44 964 were below the taxes to be paid of KUSD 59 427.

In KUSD	2022	2021
Taxes to receive	1 100	1 469
Taxes to pay	-33 440	-19 346
Net taxes to receive/(to pay)	**-32 340**	**-17 877**

In KUSD	2022	2021
Net taxes to receive/(to pay) at the beginning of the period	**-17 877**	**7 079**
Change consolidation scope	0	- 211
Transfer	0	15
Taxes to pay	-59 427	-34 722
Paid taxes	44 964	9 962
Net taxes to receive/(to pay) at the end of the period	**-32 340**	**-17 877**

Taxes paid as presented in the consolidated cash flow statement are detailed as follows:

In KUSD	2022	2021
Tax expense	-59 536	-36 075
Deferred tax	109	1 353
Current taxes	**-59 427**	**-34 722**
Variation prepaid taxes	369	10 101
Variation payable taxes	14 094	14 658
Paid taxes	**-44 964**	**-9 962**

There are no material unrecorded uncertain tax positions within the SIPEF group.

24. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The SIPEF group has the following percentage of control and percentage of interest in the associates and joint ventures:

Entity	Location	% of control	% of interest
Verdant Bioscience Pte Ltd	Singapore / Republic of Singapore	38.00	38.00
PT Timbang Deli Indonesia	Medan / Indonesia	38.00	36.10

An associate is an entity over which the Group has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has no joint ventures.
The investments in associates and joint ventures consist of Verdant Bioscience and PT Timbang Deli, both active in tropical agriculture.

Verdant Bioscience Pte Ltd (VBS) is a company located in Singapore. As of 1 January 2014, the Group holds a 38% interest in VBS. The company is a cooperation between Ackermans & Van Haaren (42%), SIPEF NV (38%), PT Dharma Satya Nusantara (10%) and Biosing Pte (10%) with the objective of conducting research into and developing high-yielding seeds with a view to commercializing them.

The Group holds via Verdant Bioscience Pte Ltd a 36.10% participation in PT Timbang Deli, a company located on the island of Sumatra in Indonesia. PT Timbang Deli is engaged in cultivation of palm oil and rubber and provides the practical operation of the

Group's research activities. Following the Share Swap agreement with Verdant Bioscience Pte Ltd the SIPEF group contributed 95% of the total number of shares of PT Timbang Deli to Verdant Bioscience Pte Ltd.

The total section "investments in associates and joint ventures" can be summarized as follows:

In KUSD	2022	2021
Verdant Bioscience Pte Ltd	3 801	4 347
PT Timbang Deli Indonesia	- 769	- 749
Total	**3 032**	**3 598**

During the first four months of 2021, PT Melania was included in the consolidation as a joint venture before being classified as an asset held for sale. The total section "Share of results of associated companies and joint ventures" can be summarized as follows:

In KUSD	2022	2021
Verdant Bioscience Pte Ltd	- 546	- 565
PT Timbang Deli Indonesia	- 20	- 467
PT Melania Indonesia	0	-59
Total result	**- 566**	**-1 091**

Below we present the condensed statements of financial position of the associated companies and joint ventures. These are prepared in accordance with IFRS and are before intercompany eliminations and excluding goodwill.

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
In KUSD	2022	2021	2022	2021
Biological assets	0	0	3 546	3 772
Other non-current assets	23 886	23 876	6 275	6 727
Current assets	13 723	14 077	892	1 276
Cash and cash equivalents	248	129	206	225
Total assets	**37 856**	**38 083**	**10 919**	**12 000**
Non-current liabilities	- 14	- 14	1 341	1 271
Long term financial debts	0	0	0	0
Current liabilities	21 707	20 497	13 945	15 039
Short term financial debts	0	0	0	0
Equity	16 162	17 599	-4 367	-4 311
Total equity and liabilities	**37 856**	**38 083**	**10 919**	**12 000**

Below we present the condensed income statements of the associated companies and joint ventures. These are prepared in accordance with IFRS and are before intercompany eliminations and excluding goodwill.

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
In KUSD	2022	2021	2022	2021
Inclusion in the consolidation:	38.00%	38.00%	36.10%	36.10%
Revenue	0	0	5 056	3 319
Depreciation	48	10	841	920
Interest income	200	33	5	3
Interest charges	0	0	- 200	- 33
Total comprehensive income	-1 436	-1 486	- 56	-1 295
Share in the consolidation	**- 546**	**- 565**	**- 20**	**- 467**
Total share of the group	- 546	- 565	- 20	- 467
Total share minorities	0	0	0	0
Total	**- 546**	**- 565**	**- 20**	**- 467**

Reconciliation of the associated companies and joint ventures

The below tables are prepared in accordance based on the IFRS financial statements as included in the consolidation, in accordance with the accounting policies of the SIPEF group, before goodwill allocation.

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
In KUSD	**2022**	**2021**	**2022**	**2021**
Equity without goodwill	16 161	17 599	-4 367	-4 311
Share of the group	6 141	6 687	-1 576	-1 556
Goodwill	0	0	807	807
Equity elimination PT Timbang Deli	-2 340	-2 340	0	0
Total	**3 801**	**4 347**	**- 769**	**- 749**

Dividends received from associated companies and joint ventures

During the year no dividends were received from associated companies and joint ventures.

There are no restrictions on the transfers of funds to the Group.

25. CHANGE IN NET WORKING CAPITAL

Cash flow from operating activities increased from KUSD 178 796 in 2021 to KUSD 216 714 in 2022, in line with the increase in operating profit.

The variation of the working capital of KUSD -6 455 mainly concerned a temporary increase in trade receivables and trade payables, and an increased bonus provision. The stock level of CPO was at a very high level throughout 2022 due to the destabilised local CPO market in Indonesia. At year-end it had fully normalised and was almost back to the same tonnage as at the end of 2021.

The above-mentioned use of working capital concerned the usual temporary movements.

26. FINANCIAL INSTRUMENTS

Exposure to fluctuations in the market price of core products, currencies, interest rates and credit risk arises in the normal course of the Group's business. Financial derivative instruments are used to a limited extend to reduce the exposure to fluctuations in foreign exchange rates and interest rates.

Fluctuations in the market price of core products

Structural risk

SIPEF group is exposed to structural price risks of their core products. The risk is primarily related to palm oil and palm kernel oil and to a lesser extent to rubber. A change of the palm oil price of USD 10 CIF per ton has an impact of about KUSD 2 683 (without considering the impact of the current export tax and export levies in Indonesia) on result after tax. This risk is assumed to be a business risk.

Transactional risk

The Group faces transactional price risks on products sold. The transactional risk is the risk that the price of products purchased from third parties fluctuates between the time the price is fixed with a customer and the time the transaction is settled. This risk is assumed to be a business risk.

Currency risk

Most of the subsidiaries are using the US dollar as functional currency. The Group's currency risk can be split into three distinct categories: structural, transactional and translational:

Structural risk

Most of the Group's revenues are denominated in USD, while all the operations are located outside the USD zone (particularly in Indonesia, Papua New Guinea, Ivory Coast and Europe). Any change in the USD against the local currency will therefore have a considerable impact on the operating result of the company. Most of these risks are considered to be a business risk.

Transactional risk
The Group is also subject to transactional risks in respect of currencies, i.e. the risk of currency exchange rates fluctuating between the time the price is fixed with a customer, supplier or financial institution and the time the transaction is settled. This risk, with the exception of naturally covered positions, is not covered since most receivables and payables have a short settlement term.

The pension liabilities in Indonesia are important long-term liabilities that are fully payable in IDR. A devaluation or revaluation of 10% of the IDR versus the USD has the following effect on the income statement:

In KUSD	IDR Dev 10%	Book value	IDR Rev 10%
Pension liabilities in Indonesia	18 363	20 199	22 443
Gross impact income statement	1 836		-2 244

The pension liability in Indonesia consists of KUSD 19 801 from fully consolidated subsidiaries and of KUSD 398 from equity consolidated companies (PT Timbang Deli).

The long-term receivables on the Indonesian plasma holders are important long term assets that are fully payable in IDR. A devaluation or revaluation of 10% of the IDR versus the USD has the following effect on the income statement:

In KUSD	IDR Dev 10%	Book value	IDR Rev 10%
Plasma receivables	25 715	28 287	31 430
Gross impact income statement	-2 572		3 143

On February 14, 2023 the board of directors has proposed the payment of a dividend of KEUR 31 738 (EUR 3.00 gross per ordinary share). In line with the Group's liquidity and currency policy the exchange risk was covered in 5 forward exchange contracts for the sale of KUSD 33 939 for KEUR 31 600 (average exchange rate of 1.0740) before year-end.

Sensitivity analysis
With regard to the cover of the dividend for the end of the year a devaluation or revaluation of 10% of the EUR versus the USD has the following effect on the profit and loss account:

In KUSD	EUR Dev 10%	Closing rate	EUR Rev 10%
Dividend	30 584	33 642	37 380
Gross Impact income statement	-3 058		3 738

Translational risk
The SIPEF group is an international company and has operations which do not use the USD as their reporting currency. When such results are consolidated into the Group's accounts the translated amount is exposed to variations in the value of such local results are consolidated into the Group's accounts the translated amount is exposed to variations in the value of such local currencies against the USD. SIPEF group does not hedge against such risk (see accounting policies).

As from 1st of January 2007 onwards the functional currency of most of our activities is the same as the presentation currency, this risk has been largely restricted.

Interest rate risk
The Group's exposure to changes in interest rates relates to the Group's financial debt obligations. At the end of December 2022, the Group's net financial assets/(liabilities) amounted to KUSD 122 (2021: KUSD -49 192), of which KUSD 23 913 short term financial liabilities (2021: KUSD 30 961) and KUSD 44 356 net short-term cash and cash equivalents (2021: KUSD 19 977).

The financial liabilities > 1 year (incl. derivatives) amount to KUSD 20 320 (2021: KUSD 38 207).

Considering that only the Short-term obligations - credit institutions (KUSD 5 323, refer to note 19) are of a current nature with variable interest rates, we believe a 0.5% change in interest rate will not have a material impact.

Considering that the long-term financial debt is primarily based on a variable interest rate, the risk exists that with an increase of the interest rate, the financing cost will increase. This interest risk is hedged using an interest rate swap (IRS). The goal of this interest rate swap is to decrease the volatility (and with it the interest rate risk) as much as possible

Available funds are invested in short term deposits.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a loss. This credit risk can be split into a commercial and a financial credit risk. With regard to the commercial credit risk management has established a credit policy and the exposure to this credit risk is monitored on a continuous basis.

In practice a difference is made between:

In KUSD	2022	2021
Receivables from the sale of palm oil/rubber/tea	42 891	30 609
Receivables from the sale of bananas and plants	1 752	1 673
Total	**44 643**	**32 282**

The credit risk for the first category is rather limited as these sales are for the most part immediately paid against presentation of documents. Moreover, it concerns a relatively small number of first-class buyers: per product about 90% of the revenue from contracts with customers is realized with a maximum of 10 clients. For palm oil there is one clients who represents over 30% of the total sales. For rubber there are two clients which represent over 30% of total revenues. Contrary to the first category the credit risk for the receivables from the sales of bananas and horticulture is higher.

For both categories there is a weekly monitoring of the open balances due and a proactive system of reminders. Impairments are applied as soon as total or partial payments are seen as unlikely. The elements that are taken into account for these appraisals are the lengths of the delay in payment and the creditworthiness of the client.

The receivables from the sales of bananas and horticulture have the following due date schedule:

In KUSD	2022	2021
Not yet due	852	941
Due < 30 days	823	523
Due between 30 and 60 days	49	180
Due between 60 and 90 days	0	0
Due > 90 days	28	29
Total	**1 752**	**1 673**

During 2022 and 2021, no material impairment on receivables was recorded in the income statement.

The Group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses. The Group analysed the impact of IFRS 9 and concluded there is no material impact on the bad debt reserve booked. The Group also assessed whether the historic pattern would change materially in the future and expects no significant impact.

Liquidity risk

A material and structural shortage in our cash flow would damage both our creditworthiness as well as the trust of investors and would restrict the capacity of the Group to attract fresh capital. The operational cash flow provides the means to finance the financial obligations and to increase shareholder value. The Group manages the liquidity risk by evaluating the short term and long-term cash flows. The SIPEF group maintains an access to the capital market through short- and long-term debt programs.

The following table gives the contractually determined (not-discounted) cash flows resulting from liabilities at balance sheet date:

2022 - In KUSD	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 5 years
Financial obligations > 1 year (incl. derivatives)	18 000	-18 771	- 475	-18 296	0	0	0
Leasing liabilities > 1 year	2 320	-3 817	- 50	- 639	- 601	- 548	-1 979
Advances received > 1 year	0	0	0	0	0	0	0
Trade & other liabilities < 1 year							
Trade payables	29 863	-29 863	-29 863	0	0	0	0
Advances received	5 698	-5 698	-5 698	0	0	0	0
Financial liabilities < 1 year							
Current portion of amounts payable after one year	18 000	-18 296	-18 296	0	0	0	0
Financial liabilities	5 323	-5 396	-5 396	0	0	0	0
Leasing liabilities < 1 year	590	- 628	- 628				
Derivatives	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Total liabilities	**79 794**	**-82 468**	**-60 405**	**-18 935**	**- 601**	**- 548**	**-1 979**

2021 - In KUSD	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 5 years
Financial obligations > 1 year (incl. derivatives)	36 000	-37 239	- 618	-18 510	-18 111	0	0
Leasing liabilities > 1 year	2 207	-4 250	- 177	- 489	- 464	- 449	-2 671
Advances received > 1 year	4 830	-4 830	0	-4 830	0	0	0
Trade & other liabilities < 1 year							
Trade payables	23 605	-23 605	-23 605	0	0	0	0
Advances received	11 934	-11 934	-11 934	0	0	0	0
Financial liabilities < 1 year							
Current portion of amounts payable after one year	18 000	-18 471	-18 471	0	0	0	0
Financial liabilities	12 477	-12 597	-12 597	0	0	0	0
Leasing liabilities < 1 year	484	- 523	- 523				
Derivatives	2 066	-2 066	-2 066	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Total liabilities	**111 604**	**-115 516**	**-69 992**	**-23 829**	**-18 575**	**- 449**	**-2 671**

In order to limit the financial credit risk SIPEF has spread its more important activities over a small number of banking groups with a first-class rating for creditworthiness. The current maximum credit lines available amount to KUSD 159 292 (2021: KUSD 178 686). In 2022, same as in previous years, there were no infringements on the conditions stated in the credit agreements nor were there any shortcomings in repayments.

Financial instruments measured at fair value in the statement of financial position

Companies within the Group may use financial instruments for risk management purposes. Specifically, these are instruments principally intended to manage the risks associated with fluctuating interest and exchange rates. The counterparties in the related transactions are exclusively first-ranked banks.

Derivative instruments are measured at fair value at initial recognition. The changes in fair value are reported in the income statement unless these instruments are part of hedging transactions.

Fair values of derivatives are:

In KUSD	2022	2021
Interest rate swaps	1 350	- 797
Forward exchange transactions	289	-1 269
Fair value (+ = asset; - = liability)	**1 639**	**-2 066**

In accordance with IFRS 13 financial instruments are grouped into 3 levels based on the degree to which the fair value is observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

The IRS has a notional amount of KUSD 36 000. The carrying amount is recorded on the derivatives (assets) for an amount of KUSD 1 350, the deferred tax assets for an amount of KUSD -338 and the other comprehensive income in the equity for an amount of KUSD 1 012.

The notional amount from the forward exchange transactions amounts to KUSD 39 063. The forward exchange contracts are not documented in a hedging relationship and accordingly, all changes in fair value are recorded in the financial result. The Group has documented the interest rate swaps (IRS) in a hedging relationship. The terms of the IRS and the hedged debt match 100%. Therefore, no effectiveness test based on a ratio of changes in fair value of the hedging instrument against that of the hedged debt is required. An IRS with matching contractual terms would have limited inefficiency.

The fair value of the forward exchange contracts and interest rate swap calculated at the closing value on the 31st of December 2022 were also incorporated in level 2.

Financial instruments per category

The following table presents the financial instruments per category as per end 2022 and end 2021:

2022 - In KUSD	Carrying amount	IFRS 9 category	Fair value	Fair value hierarchy
Financial assets				
Other investments	98	AC	98	Level 2
Receivables > 1 year				
Other receivables	28 287	AC	28 287	Level 2
Total non-current financial assets	**28 385**		**28 385**	
Trade and other receivables				
Trade receivables	44 643	AC	44 643	Level 2
Other receivables	47 728	AC	47 728	Level 2
Investments				
Other investments and deposits	10 208	AC	10 208	Level 2
Cash and cash equivalents	34 148	AC	34 148	Level 2
Derivatives	289	FVTPL	289	Level 2
Derivatives	1 350	Hedging	1 350	Level 2
Total current financial assets	**138 366**		**138 366**	
Trade and other obligations > 1 year	0	AC	0	Level 2
Financial obligations > 1 year (incl. derivatives)	18 000	AC	18 000	Level 2
Leasing liabilities > 1 year	2 320	AC	2 320	Level 2
Advances received > 1 year	0	AC	0	Level 2
Total non-current financial liabilities	**20 320**		**20 320**	
Trade & other obligations < 1 year				
Trade payables	29 863	AC	29 863	Level 2
Other payables	14 437	AC	14 437	Level 2
Advances received	5 698	AC	5 698	Level 2
Financial obligations < 1 year				
Current portion of amounts payable after one year	18 000	AC	18 000	Level 2
Financial obligations	5 323	AC	5 323	Level 2
Leasing liabilities < 1 year	590	AC	590	Level 2
Derivatives	0	FVTPL	0	Level 2
Derivatives	0	Hedge accounting	0	Level 2
Total current financial liabilities	**73 911**		**73 911**	

2021 - In KUSD	Carrying amount	IFRS 9 category	Fair value	Fair value hierarchy
Financial assets				
Other investments	92	AC	92	Level 2
Receivables > 1 year				
Other receivables	25 666	AC	25 666	Level 2
Total non-current financial assets	**25 758**		**25 758**	
Trade and other receivables				
Trade receivables	32 282	AC	32 282	Level 2
Other receivables	49 878	AC	49 878	Level 2
Investments				
Other investments and deposits	38	AC	38	Level 2
Cash and cash equivalents	19 939	AC	19 939	Level 2
Derivatives	0	FVTPL	0	Level 2
Derivatives	0	Hedge accounting	0	Level 2
Total current financial assets	**102 137**		**102 137**	
Trade and other obligations > 1 year	0	AC	0	Level 2
Financial obligations > 1 year (incl. derivatives)	36 000	AC	36 000	Level 2
Leasing liabilities > 1 year	2 207	AC	2 207	Level 2
Advances received > 1 year	4 830		4 830	Level 2
Total non-current financial liabilities	**43 037**		**43 037**	
Trade & other obligations < 1 year				
Trade payables	23 605	AC	23 605	Level 2
Other payables	11 519	AC	11 519	Level 2
Advances received	11 934	AC	11 934	Level 2
Financial obligations < 1 year				
Current portion of amounts payable after one year	18 000	AC	18 000	Level 2
Financial obligations	12 477	AC	12 477	Level 2
Leasing liabilities < 1 year	484	AC	484	Level 2
Derivatives	1 269	FVTPL	1 269	Level 2
Derivatives	797	Hedge accounting	797	Level 2
Total current financial liabilities	**80 085**		**80 085**	

27. Leasing

The Group leases office space, land rights and vehicles under a number of lease agreements with a lease term of one year or more. The rent of the office buildings concerns the monthly rental payments for the offices in Indonesia and Singapore. The rent of the offices and ancillary parking space in Belgium has not been included in the leases due to the short-term exemption. For the land rights the subject of the lease concerns the usufruct of certain land wherefore a fixed annual rental amount is paid. The remaining land rights in PNG have a duration of 99 years for which no rental amount is paid. These assets will be depreciated over a period of 25 years in line with the lifespan of an oil palm. The vehicles concern the limited number of car leases within the Group.

The future operating lease commitments under these non-cancellable leases are due as follows:

In KUSD	2022	2021
Current lease liabilities	590	484
Non-current lease liabilities	2 320	2 207
Total lease liability as at 31 December	**2 910**	**2 691**

The movement during the year of the lease liability can be summarised as follows:

In KUSD	2022	2021
Lease commitments disclosed as at 1 January	**2 691**	**2 828**
Acquisitions	822	246
Financial costs/(income)	219	220
Lease repayments	- 804	- 604
Exchange result	- 17	1
Lease liability recognised as at 31 December	**2 910**	**2 691**

The lease commitments are included in the increase in long term (KUSD 755) and short term (KUSD 67) financial borrowings in the cash flow. The lease repayments are included in the decrease in long term (KUSD - 642) and short term (KUSD -162) financial borrowings in the cash flow.

The right-of-use assets can be classified as follows:

Movement (in KUSD)	2022	2021
Total right-of-use assets as at 1 January	**2 587**	**2 757**
Acquisition	822	246
Depreciation	-624	- 417
Total right-of-use assets as at 31 December	**2 785**	**2 587**

	Land rights	Office rent	Car rent	Total
Total right-of-use assets as at 31 December 2021	893	1 281	413	**2 587**
Total right-of-use assets as at 31 December 2022	833	1 693	259	**2 785**

The total depreciation of the right-of-use assets until 31 December 2022 amounts to KUSD 624 and the financial costs to KUSD 219. Of the depreciation, KUSD 60 was recorded in the cost of sales of the palm segment of Papua New Guinea and KUSD 564 KUSD in the "general and administrative expenses". There are no material expenses related to short term and low value leases. There are no material extension options not included in the calculation.

28. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

Guarantees

No guarantees have been issued by third parties as security for the company's account and one guarantee has been issued to a third party for the account of subsidiaries during 2022. A corporate guarantee has been given as part of the share purchase agreement of Verdant Bioscience Pte. Ltd. for a total amount of KUSD 3 082 to cover the outstanding liability that Verdant Bioscience Pte. Ltd. has to its previous shareholder Sime Darby Berhad. This liability is due in May 2023.

In connection to the same share purchase agreement, Verdant Bioscience Pte. Ltd. has received a bank guarantee for a total amount of KUSD 593 from the new shareholder PT Dharma Satya Nusantara which will be used to provide a loan to Verdant Bioscience Pte. Ltd. to repay part (10/52) of the above outstanding liability.

Significant litigation

Nihil

Forward sales

The commitments for the delivery of goods (palm products, rubber, tea, bananas and horticulture) after the year end fall within the normal delivery period of about 3 months from date of sale. Those sales are not considered as forward sales.

29. RELATED PARTY TRANSACTIONS

Transactions with directors and members of the executive committee

Key management personnel are defined as the directors and the Group's management committee. The table below shows an overview of total remuneration received:

In KUSD	2022	2021
Directors' fees	465	423
Fixed fees	2 429	2 213
Variable fees	1 534	321
Post-employment benefits	406	465
Other	171	126
Market value vested stock option (on vesting date)	195	88
Total	**5 200**	**3 637**

The amounts are paid in EUR. The amount paid in 2022 amounts to KEUR 4 957 (2021: KEUR 3 084). The increase of KEUR 1 874 is mainly a consequence of the higher variable fee paid in 2022 compared to 2021.

Starting from the financial year 2007 fixed fees shall be paid to the members of the board of directors, the audit committee and the remuneration committee.

Related party transactions are considered immaterial, except for the rental agreement since 1985 between Cabra NV and SIPEF covering the offices and ancillary parking space at Castle Calesberg in Schoten. The annual rent, adjusted for inflation, amounts to KUSD 194 (2021 KUSD 208) and KUSD 81 (2021 KUSD 84) is invoiced for SIPEF's share of maintenance of the buildings, parking space and park area.

SIPEF's relations with board members and management committee members are covered in detail in the "Corporate Governance statement" section.

Other related party transactions

Transactions with related companies are mainly trade transactions and are priced at arms' length. The revenue and expenses related to these transactions are immaterial to the consolidated financial statements as a whole.

Transactions with group companies

Balances and transactions between the Group and its subsidiaries which are related parties of the Group have been eliminated in the consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The following table represents the total of the transactions that have occurred during the financial year between the Group and the joint venture PT Timbang Deli and Verdant Bioscience Pte Ltd at 100%:

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
	2022	2021	2022	2021
Total sales during the financial year	0	0	0	0
Total purchases during the financial year	0	0	2 510	2 265
Total receivables as per 31 December	9 028	8 330	9	14
Total payables as per 31 December	300	300	193	263

30. Business combinations, acquisitions and divestures

During 2022 the SIPEF group has purchased the remaining 5% shares of PT Agro Muko for KUSD 5 500, increasing the beneficial interest of PT Agro Muko from 90.25% to 95.00%.

In 2021, SIPEF signed a sale and purchase agreement with Shamrock Group (SG) on the sale of 100% of the share capital of its Indonesian subsidiary, PT Melania. SG is an Indonesian group that runs several rubber plantations and factories, and specialises in the production and sale of latex gloves. Before the transaction, SIPEF controlled 95% of PT Melania through its Indonesian 95% subsidiary, PT Tolan Tiga. The remaining 5% is owned by an Indonesian pension fund.

As a reminder, PT Melania owns half of the Group's Indonesian rubber operations in Sumatra and the entire tea operations in Java. Initially, 40% of the shares was sold for a payment of USD 19 million. After this first stage the Shamrock Group took over the management of the rubber activities. The second tranche of 60% of the shares (of which 55% are held by SIPEF) will be transferred no later than 2024 for USD 17 million, after the renewal of the permanent land rights (HGU) for the whole of the rubber and tea business. The gross transaction price for 100% of the shares is USD 36 million.

At 31 December 2021, a total of KUSD 1 922 has already been paid relating to the costs associated with the SPA. During 2022 an additional amount of KUSD 3 502 has been paid. This brings the total paid amount to KUSD 5 424 at 31 December 2022. The total has been deducted from the advance that was already received at CD 1 (KUSD 9 167).

The final net sale price and any capital gain on the sale of PT Melania will depend largely on the timing and the cost of renewing the permanent concession rights (HGU) and on the compensation for the accumulated social rights of the employed personnel, who will presumably be taken over almost entirely. The gain on the sale of PT Melania may be adjusted going forward depending on revision of the estimate of these costs in the future.

SIPEF has made a best estimate of the costs related to the sale of PT Melania. Below we present the calculation of the net selling price as was done at the time of sale in 2021:

In KUSD	Selling price
Total amount to be received	36 000
estimated costs related to the sale	-11 418
Net selling price (100% of the shares)	24 582
Net selling price for 95%	23 353
Of which	
40% of the shares	9 833
55% of the shares	13 520

At 31 December 2022 the group still considers the net selling price and the subsequent capital gain of KUSD 11 640 as recorded in the financial statements of 2021 to be correct. However any change in the estimated costs related to the sale will impact the final capital gain in either a positive or a negative way. The group aims to finalise the sale of the second tranche of 60% of the shares (of which 55% are held by SIPEF) in the course of 2023. Nonetheless the timing remains uncertain and mainly depends on the exact timing of the renewal of the land titles of PT Melania

31. EARNINGS PER SHARE (BASIC AND DILUTED)

From continuing and discontinued operations	2022	2021
Basic earnings per share		
Basic earnings per share - calculation (USD)	10.40	9.00
Basic earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	108 157	93 749
Denominator: the weighted average number of ordinary shares outstanding	10 401 938	10 418 431
The weighted average number of ordinary shares outstanding is calculated as follows:		
Number of ordinary shares outstanding at January 1	10 401 328	10 419 328
Effect of shares issued / share buyback programs	610	- 897
Effect of the capital increase	0	0
The weighted average number of ordinary shares outstanding at December 31	10 401 938	10 418 431
Diluted earnings per share		
Diluted earnings per share - calculation (USD)	10.36	8.99
The diluted earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	108 157	93 749
Denominator: the weighted average number of dilutive ordinary shares outstanding	10 443 064	10 422 490
The weighted average number of dilutive ordinary shares outstanding is calculated as follows:		
The weighted average number of ordinary shares outstanding at December 31	10 401 938	10 418 431
Effect of stock options on issue	41 126	4 059
The weighted average number of dilutive ordinary shares outstanding at December 31	10 443 064	10 422 490

32. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant post-balance sheet events that have a specific impact on SIPEF group's activities and consolidated financial statements. This is also true for the latest evolution of the dispute between Russia and Ukraine and the recent problems at some banks (Silicon Valley Bank and Crédit Suisse).

33. SERVICES PROVIDED BY THE AUDITOR AND RELATED FEES

The statutory auditor of the SIPEF group is EY Bedrijfsrevisoren BV represented by Wim Van Gasse and Christoph Oris.
The fees for the annual report of SIPEF were approved by the general meeting after review and approval of the audit committee and by the board of directors. These fees correspond to an amount of KUSD 115 in 2022 (2021: KUSD 118). For the Group, EY has provided services for KUSD 568 in 2022 (2021: KUSD 577), of which KUSD 0 (2021: KUSD 0) are for non-audit services.

ESEF information

ESEF INFORMATION	
Homepage of reporting entity	www.sipef.com
LEI code of reporting entity	549300NN3PC8KDD43S24
Name of reporting entity or other means of identification	SIPEF
Domicile of entity	Belgium
Legal form of entity	Naamloze vennootschap
Country of incorporation	Belgium
Address of entity's registered office	Calesbergdreef 5, 2900 Schoten, Belgium
Principal place of business	Indonesia, Papua New Guinea and Ivory Coast
Description of nature of entity's operations and principal activities	Tropical agriculture
Name of parent entity	SIPEF
Name of ultimate parent of group	SIPEF
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	No change in name of reporting entity
Length of life of limited life entity	
Period covered by financial statements	

Statutory auditor's report on consolidated financial statements

Independent auditor's report to the general meeting of SIPEF NV for the year ended 31 December 2022

As required by law and the Company's articles of association, we report to you as statutory auditor of SIPEF NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the statement of consolidated comprehensive income, the consolidated cash flow statement and the statement of changes in consolidated equity for the year ended 31 December 2022 and the disclosures (all elements together the "Consolidated Financial Statements") as included on pages 158 to 212 of Chapter VII Financial Statements of the Integrated Annual Report 2022, as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 9 June 2021, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2023. We performed the audit of the Consolidated Financial Statements of the Group during 2 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of SIPEF NV, that comprise of the consolidated balance sheet on 31 December 2022, the consolidated income statement, the statement of consolidated comprehensive income and the consolidated cash flow statement of the year and the disclosures, which show a consolidated balance sheet total of $ 1.062.223 thousand and of which the consolidated income statement shows a profit for the year of $ 112.455 thousand.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2022, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA's") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level.

Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Impairment assessment of goodwill

Description of the key audit matter

The goodwill amounts to $ 104.782 thousand as at 31 December 2022, and relates to the palm oil segment in Indonesia and Papua New Guinea. Goodwill must be tested for impairment on at least an annual basis. The determination of recoverable amount requires judgement from management in both identifying and then valuing the relevant single Cash Generating Units. As disclosed in note [8] – Goodwill and Other intangible assets of the Consolidated Financial Statements, the recoverable value was determined by using a discounted cash flow model. The cash flow model estimates the relevant cash flows expected to be generated in the future and discounted to the present value using a discount rate (“WACC”).

This estimate requires management to use a number of variables and market conditions, such as future prices and growth rates regarding volume, timing of future operating expenses and discount rate, and long-term growth rates. As a result, the determination of the recoverable value of the CGU is subjective in nature due to management's estimates of the future performance of the palm oil segment, in particular the expected long-term crude palm oil prices and the WACC.

Changes in certain assumptions used in the model may lead to significant changes in the assessment of recoverable value. This matter is considered a key audit because of the degree of judgment required for these estimates.

Summary of the procedures performed

- We obtained an understanding of management’s review process of the discounted cash flow model used and the approval by the board of the underlying business plan.
- We assessed the determination of the CGU’s based on our understanding of the nature of the Company and their operations, and assessed whether this is consistent with the internal reporting of the business;
- With the help of our internal valuation specialists, we have established the suitability and mathematical correctness of the cash flow model used in determining the recoverable amount of the CGUs evaluated, as well as the WACC used assessed;
- We compared the cash flow forecasts with approved budgets and other relevant market and economic information, in particular with regard to expected long-term prices for CPO;
- We evaluated management’s key assumptions used in the impairment calculations;
- We assessed the analysis made by management in respect of sensitivity of the value in use to changes in the assumptions used within the model;
- We independently performed sensitivity analyses around the key assumptions used in the discounted cash flow model and we assessed the robustness of the budgeting process by management and we verified if the future cash flows were based on the approved business plan by the board;
- We reviewed the adequacy of the disclosures in the note [8] – Goodwill and Other intangible assets of the Consolidated Financial Statements concerning those key assumptions. Within the note is explained that changes in key assumptions used could give rise to an impairment of the goodwill balance in the future.

Recoverability of the deferred tax assets

Description of the key audit matter

The deferred tax assets recognized amount to $ 14.097 thousand as at 31 December 2022 on unutilized cumulative tax losses carried forward. The recognition of deferred tax assets entails a significant level of judgement by the Board in assessing the quantification, probability and sufficiency of future taxable profits against which they may be offset and future reversals of existing taxable temporary differences.

Due to the judgement required of the Board in interpreting the criteria set forth in local tax legislations in force and the risk that may arise from a different interpretation of such legislations, as well as the uncertainty associated with recovering the amounts recognized as deferred tax assets and the expected recovery period, we consider this to be a key audit matter.

Summary of the procedures performed

- We obtained an understanding of the internal controls associated with the process of estimating the recoverability of the deferred tax assets;
- We assessed the reasonableness of the criteria and the main assumptions considered by management in estimating the future taxable profits necessary for offset;
- We involved our local tax experts in the relevant locations to understand potential impacts of local tax regulations on the criteria used by management to determine the recoverability of the deferred tax assets;
- We compared the profit and loss forecasts used as a basis for recognizing tax losses with the actual results obtained and evaluated the reasonableness of the time period in which management expects to offset these assets;
- We agreed the profit and loss forecasts used as a basis for recognizing tax losses with the approved budgets;
- We assessed whether the information disclosed in note [23] – Income taxes of the Consolidated Financial Statements on the recoverability of the aforementioned deferred tax assets meets the requirements of IFRS.

Gain on sale transaction PT Melania

Description of the key audit matter

As disclosed in note 30 of the Consolidated Financial Statements, PT Melania was deconsolidated in April 2021 due to the loss of control, when SIPEF and the Shamrock Group entered into a conditional sale and purchase agreement of the shares of PT Melania.

As a result, PT Melania has been accounted for as a joint venture held for sale since that date and has been measured at fair value, equaling the net selling price of $ 23 353 thousand of which 55% is still retained in the balance sheet as assets held for sale per 31 December 2022 or
$ 13.520 thousand.

The sale and purchase agreement includes several key terms and conditions around future expenses still to be covered by SIPEF to fulfill conditions precedent. Significant judgments and estimates had to be made by management to determine those expected future costs included in the measurement of the fair value of the assets held for sale. The final net sale price and any capital gain on the sale of PT Melania depends largely on the cost and timing of renewing the permanent land rights and on the compensation for the accumulated social rights of the employed personnel. The gain on the sale of PT Melania may need to be adjusted going forward depending on revision of the estimate of these costs in the future.

Summary of the procedures performed

- We have read the sales agreement to gain an understanding of the key terms and conditions of the transaction;
- We evaluated whether the proper accounting treatment was applied for the transaction as well as the presentation as held for sale at;
- We assessed the estimation of the net selling price as calculated by the management including assessment of the significant judgements and estimates made by management in evaluating certain key terms and conditions such as certain expenses still to be covered by SIPEF to fulfill the conditions precedent;
- We assessed the appropriateness of the financial information disclosed in the note 30 to the Consolidated Financial Statements concerning this transaction.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISA's, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a

true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information (non-financial information as defined on page 159 in the Integrated Annual Report 2022), attached to the Board of Directors' report, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on Global Reporting Initiative Standards ("GRI"). However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with GRI.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

No additional services, that are compatible with the audit of the Consolidated Financial Statements as referred to in Article 3:65 of the Code of companies and associations and for which fees are due, have been carried out.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal).

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements of SIPEF NV per 31 December 2022 included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/data-portal) are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

Other communications.

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Antwerpen, 26 April 2023

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Christoph Oris *
Partner
*Acting on behalf of a BV

Wim Van Gasse*
Partner
*Acting on behalf of a BV

23CO0081

Parent company summarised statutory accounts

The annual accounts of SIPEF are given below in summarized form. In accordance with the Belgian Code on Companies, the annual accounts of SIPEF, together with the management report and the auditor's report will be deposited with the National Bank of Belgium.

These documents may also be obtained on request from:

SIPEF, Calesbergdreef 5, B-2900 Schoten

Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the SIPEF-group.

The statutory auditor's report is unqualified and certifies that the annual accounts of SIPEF NV give a true and fair view of the company's net equity and financial position as of 31 December 2022 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

The balance sheet total of the company as per 31 December 2022 amounts to KUSD 433 578 compared to KUSD 398 951 in previous year.

The 'financial assets – receivables from affiliated companies' increased with KUSD 23 783, and at the same time the 'amounts receivable within one year' decreased by KUSD 12 152. The 'receivables from affiliated companies' have increased mainly due to the additional funding of KUSD 23 783 to SIPEF's Indonesian subsidiaries for expansion. The amount receivable within one year have decreased by KUSD 12 152 because of the repayments by the subsidiaries of SIPEF following their increased result and cash flow.

On the liabilities side, the decrease in financial debts (both long and short term) is related to the repayment of both long and short term financial loans pursuant to the cash received by SIPEF from the repayments of its subsidiaries. Trade payables increased by KUSD 31 426 as a result of an increase in outstanding trade payable to Hargy Oil Palms LTD by KUSD 34 949. This is purely attributable to timing.

The equity of SIPEF before profit appropriation amounts to KUSD 322 358, which corresponds to 30.47 USD per share.

The individual results of SIPEF are large determined by dividends and capital gains/losses. As SIPEF does not directly hold all of the Group's participating interest, the consolidated result of the Group is a more accurate reflection of the underlying economic development.

The statutory profit for the year 2022 amounts to KUSD 50 737 compared to a profit of KUSD 34 749 in the previous year.

On February 14, 2023, a dividend of KEUR 31 738 (EUR 3.00 gross per ordinary share) has been recommended by the board of directors. After deduction of the withholding tax (30%), the net dividend will amount to EUR 2.1 per share. Since the treasury shares are not entitled to a dividend in accordance with Article 7:217 §3 of the Code of Companies and Associations, the total dividend amount depends on the number of treasury shares for account of SIPEF, on June 15, 2023 at 11.59 pm CET (i.e. the day be-fore the ex-date). The board of directors proposes to be authorised accordingly to enter the final total dividend amount (and the resulting change) in the statutory financial statements. The maximum proposed total amount is KEUR 31 738. If the annual general meeting approves this dividend proposal, the dividend will be payable from July 5, 2023.

Taking into account the number of treasury shares held on the date of establishment of the annual report, the board of directors proposes to allocate the result (in KUSD) as follows:

- Profit carried forward from previous year: KUSD 103 121
- Profit of the year: KUSD 50 737
- Total available for appropriation: KUSD 153 858
- Addition to the legal reserve: KUSD 0
- Addition to the other reserves: KUSD 0
- Dividend: KUSD -33 218
- Result to be carried forward: KUSD 120 640

Condensed balance sheet

(after appropriation)

In KUSD	2022	2021
Assets		
Fixed assets	**302 696**	**279 081**
Formation expenses	0	0
Intangible assets	226	348
Tangible assets	244	291
Financial assets	302 226	278 442
Current assets	**130 882**	**119 870**
Amounts receivable after more than one year	0	0
Stocks and contracts in progress	780	618
Amounts receivable within one year	86 033	98 184
Investments	36 873	10 802
Cash at bank and in hand	6 429	9 931
Other current assets	767	334
Total assets	**433 578**	**398 951**
Liabilities		
Equity	**289 141**	**271 621**
Capital	44 734	44 734
Share premium account	107 970	107 970
Reserves	15 796	15 796
Profit/ (loss) carried forward	120 640	103 121
Provisions and deferred taxation	**0**	**0**
Provisions for liabilities and charges	0	0
Creditors	**144 437**	**127 330**
Amounts payable after more than one year	18 000	36 000
Amounts payable within one year	126 437	91 330
Accrued charges and deferred income	0	0
Total liabilities	**433 578**	**398 951**

Condensed income statement

In KUSD	2022	2021
Operating income	295 643	221 962
Operating charges	- 292 425	- 219 388
Operating result	**3 218**	**2 575**
Financial income	53 260	33 958
Financial costs	- 4 050	- 963
Financial result	**49 210**	**32 995**
Result for the period before taxes	**52 428**	**35 570**
Income taxes	- 1 691	- 820
Result for the period	**50 737**	**34 749**

Appropriation account

In KUSD	2022	2021
Profit/ (loss) to be appropriated	153 858	127 194
Profit / (loss) for the period available for appropriation	50 737	34 749
Profit / (loss) brought forward	103 121	92 445
Appropriation account	**153 858**	**127 194**
Transfers to legal reserve	0	0
Transfers to other reserves	0	477
Result to be carried forward	120 640	103 121
Dividends	33 217	23 596
Remuneration to directors	0	0

Annex 1 - Materiality Assessment 2022

In 2022, SIPEF's materiality assessment process was carried out with support from independent consultants through the combination of desktop benchmarking and physical workshops in Indonesia and Papua New Guinea.

OBJECTIVES OF MATERIALITY ASSESSMENT IN 2022

- → Review and consolidate material topics identified in 2021
- → Collect relevant insights from local teams
- → Identify priority KPIs in line with updated material topics in 2022
- → Align with GRI Universal Standards guidance and requirements on materiality

THE ASSESSMENT WAS CARRIED OUT IN THREE KEY STEPS:

1

MATERIALITY ANALYSIS AND BENCHMARK ASSESSMENT

Six peer companies and five industry standards

The benchmark analysis conducted looked at SIPEF's 2021 material topics and priority KPIs against peer reporting, ratings/benchmarks, and industry and global standards.

2

LOCAL TEAM CONSULTATION

Physical workshops in Indonesia and Papua New Guinea

Independent consultants were engaged to collect relevant insights and rank material topics using the GRI Standards. By involving the local teams, the regional ESG considerations, including the local-level gaps and priority areas, could be accessed and reviewed.

3

VALIDATION AND FINALISATION OF MATERIAL TOPICS

Based on the results of a consolidation analysis on the outputs from the local workshops, SIPEF's Global Sustainability Team reviewed and finalised the material topics to align with SIPEF's priorities and strategy.

4

APPROVAL FROM THE BOARD OF DIRECTORS

Overview of changes to material topics in 2022

MATERIAL TOPICS CONSOLIDATED

- 22 material topics consolidated into 13 material topics
- 12 priority topics consolidated into 8 priority topics

LEVEL OF IMPORTANCE

From important to priority (7):

- **OPERATIONAL EFFICIENCY**
  Integrated 'Important' topic from 2021:
  Water Management
- **COMMUNITY RIGHTS AND DEVELOPMENT**
  Integrated 'Important' topic from 2021:
  Community Development
- **HUMAN RIGHTS AND LABOUR STANDARDS**
  Integrated 'Important' topic from 2021:
  Diversity and Inclusion
- **SUSTAINABLE LAND USE AND CONSERVATION**
  Integrated 'Important' topics from 2021:
  Fire Prevention and Management, Biodiversity, Ecosystem Conservation and Restoration, Fertiliser and Pesticide Use, Regenerative Practices

From priority to important (3):

- **CORPORATE GOVERNANCE**
  Integrated 'Priority' topic from 2021:
  Transparency
- **R&D AND INNOVATION**
- **SUSTAINABILITY STANDARDS AND CERTIFICATION**

NO	MATERIAL TOPICS 2022	MATERIAL TOPICS 2021	IMPORTANCE 2021	IMPORTANCE 2022	COMMENTS
1	Anti-Bribery and Anti-Corruption	Anti-Bribery and Anti-Corruption	Important	Important –Medium	
2	Climate Change	Climate Change	Priority	Priority – High	
3	Community Rights and Development	Community Rights	Priority	Priority – High	
		Community Development	Important	Priority – High	Higher importance level due to consolidation
4	Corporate Governance	Transparency	Priority	Important – Medium	Adjusted to become a new topic title with Transparency as component
5	Food Safety	Food Safety	Important	Important – Low	

↓

NO	MATERIAL TOPICS 2022	MATERIAL TOPICS 2021	IMPORTANCE 2021	IMPORTANCE 2022	COMMENTS
6	Health and Safety	Health and Safety	Priority	Priority – High	
7	Human Rights and Labour Standards	Human Rights and Labour Standards	Priority	Priority – High	
		Diversity and Inclusion	Important	Priority – High	Higher importance level due to consolidation
8	Operational Efficiency	Water Management	Important	Priority – High	Adjusted to become a new topic title with Water Management as component
9	Productivity and Quality	Productivity and Quality	Priority	Priority – High	
10	R&D and Innovation	R&D and Innovation	Priority	Important – Medium	Benchmark assessment indicated topic as Low, but adjusted to Medium based on strategic importance to SIPEF
11	Supply Chain Management	Traceability	Priority	Priority – High	
		Smallholder Engagement	Priority	Priority – High	
12	Sustainability Standards and Certification	Sustainability Standards and Certification	Priority	Important – Medium	Adjusted following the benchmark assessment, which indicated topic as Medium
13	Sustainable Land Use and Conservation	Deforestation	Priority	Priority – High	Adjusted to become new topic title integrating a number of 2021 topics. Priority set as High due to consolidation.
		Peatlands	Priority	Priority – High	
		Fire Prevention and Management	Important	Priority – High	
		Biodiversity	Important	Priority – High	
		Ecosystem Conservation and Restoration	Important	Priority – High	
		Fertiliser and Pesticide Use	Important	Priority – High	
		Regenerative Practices	Important	Priority – High	

The main output of the materiality assessment process was a consolidated list of material topics. The process also led to the following outcomes and conclusions:

- Based on the results from the benchmarking exercise and the local workshops, no major topics were found to be missing from the list developed in 2021
- The number of material topics were reduced from 22 in 2021 to 13 in 2022, as a result of the consolidation process
- Core strategic KPIs were identified and revised based on material topics consolidated

SIPEF's material topics 2022

NO	MATERIAL TOPIC 2022	LEVEL OF IMPORTANCE	CHAPTER
1	Climate Change	PRIORITY - HIGH	Chapter 4
2	Community Rights and Development	PRIORITY - HIGH	Chapter 6
3	Health and Safety	PRIORITY - HIGH	Chapter 3
4	Human Rights and Labour Standards	PRIORITY - HIGH	Chapter 3
5	Supply Chain Management	PRIORITY - HIGH	Chapter 5
6	Sustainable Land Use and Conservation	PRIORITY - HIGH	Chapter 4
7	Operational Efficiency	PRIORITY - HIGH	Chapter 4
8	Productivity and Quality	PRIORITY - HIGH	Chapter 2
9	Anti-Bribery and Anti-Corruption	IMPORTANT – MEDIUM	Chapter 1
10	Corporate Governance	IMPORTANT – MEDIUM	Chapter 1
11	R&D and Innovation	IMPORTANT – MEDIUM	Chapter 2
12	Sustainability Standards and Certification	IMPORTANT – MEDIUM	Chapter 2
13	Food Safety	IMPORTANT - LOW	Chapter 2

Annex 2 – United Nations Sustainable Development Goals (SDGs)

The table below outlines the Group's contributions to 10 of the most relevant SDGs.

It reads as follows:
- first column: the name of the SDG goal
- second column: description of the SDG target
- third column: name of SIPEF's relevant material topics
- fourth column: description of relevant activities of SIPEF

SDG GOAL	SDG TARGET	RELEVANT MATERIAL TOPICS	SIPEF'S ACTIVITIES
SDG 1: No Poverty	1.4 - By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	*Community Rights and Development*	SIPEF ensures that prior to any new developments, Free, Prior and Informed Consent (FPIC) has been provided by local communities. Wherever possible, the Company also provides community members with opportunities to benefit from its activities, including through employment and development opportunities in the rural and remote areas in which the Group operates. Most of SIPEF's employees and their families live within its operations, and the Group provides them with housing, clean water, and medical services.

SDG GOAL	SDG TARGET	RELEVANT MATERIAL TOPICS	SIPEF'S ACTIVITIES
SDG 2: Zero Hunger	2.3 - By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.	*Supply Chain Management* *Productivity and Quality*	SIPEF has established smallholder oil palm programmes focused on enabling smallholders to participate in its sustainable supply chain. SIPEF's extension services include: agronomic advice, training and the provision of quality seedlings. SIPEF is committed to achieve 100% RSPO certification for all its oil palm operations including inclusion of RSPO certified supplying smallholders into its supply chain. SIPEF is also committed to 100% Rainforest Alliance certification for its banana operations.
	2.4 - By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.	*Productivity and Quality* *Sustainable Land Use and Conservation* *R&D and Innovation*	SIPEF past beste beheerpraktijken en regeneratieve praktijken toe, en natuurvriendelijke oplossingen. Deze praktijken zijn gericht op het verbeteren van de bodemvruchtbaarheid, het optimaliseren van input, het recycleren van bijproducten en het verhogen van de productkwaliteit en -productiviteit. De Groep wil ook investeren in O&O en innovatie om deze doelstellingen te bereiken en de kwaliteit van het plantgoed en de weerbaarheid van toekomstige gewassen te verbeteren.

SDG GOAL	SDG TARGET	RELEVANT MATERIAL TOPICS	SIPEF'S ACTIVITIES
SDG 3: Good Health and Well-being	3.8 - Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.	*Human Rights and Labour Standards* *Community Rights and Development* *Health and Safety*	SIPEF is operating clinics in Indonesia, Papua New Guinea, and Ivory Coast. Most facilities are accessible to both employees and community members.
SDG 4: Quality Education	4.1 - By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.	*Community Rights and Development*	SIPEF has established kinder-gartens, primary and secondary schools in Indonesia, Papua New Guinea, and Ivory Coast. All facilities are accessible to employee children, and to chil-dren from surrounding commu-nities. SIPEF also provides free day care for employee children in Indonesia.
	4.2 - By 2030, ensure that all girls and boys have access to quality early childhood development, care, and pre-primary education so that they are ready for primary education.		

SDG GOAL	SDG TARGET	RELEVANT MATERIAL TOPICS	SIPEF'S ACTIVITIES
SDG 6: Clean Water and Sanitation	6.3 - By 2030, improve water quality by reducing pollution, eliminating dumping, and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and substantially increasing recycling and safe reuse globally.	*Sustainable Land Use and Conservation*	SIPEF mitigates pollution of surface and ground water through good soil conservation practices, the establishment of riparian zones and wastewater treatment.
	6.4 - By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	*Operational Efficiency*	SIPEF optimises water use across operations, including reusing water as much as possible to keep water consumption at a minimum. In the banana operations of the Group, 30% of irrigation water is stored in catchment basins during the rainy season and can be used responsibly during the dryer season.
SDG 7: Affordable and Clean Energy	7.2 - By 2030, increase substantially the share of renewable energy in the global energy mix.	*Climate Change*	Generation of electricity from renewable energy sources, including from steam turbines and methane capture facilities fitted with biogas plants at SIPEF's palm oil operations.

SDG GOAL	SDG TARGET	RELEVANT MATERIAL TOPICS	SIPEF'S ACTIVITIES
SDG 8: Decent Work and Economic Growth	8.5 - By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	*Human Rights and Labour Standards*	SIPEF meets all local regulations for minimum wages and is compliant with the living wage calculations, as audited by the various certification standards to which the Group adheres such as RSPO, Rainforest Alliance and Fairtrade standards.
	8.8 - Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	*Health and Safety*	SIPEF ensures its employees and workers are provided with a safe and healthy work environment. To prevent accidents, the Group invests in continuous training, the provision of appropriate PPE, and rigorous internal supervision and control systems. All risks are regularly analysed and assessed, and any occupational accidents are investigated to prevent them from being repeated.

SDG GOAL	SDG TARGET	RELEVANT MATERIAL TOPICS	SIPEF'S ACTIVITIES
SDG 12: Responsible Consumption and Production	12.2 - By 2030, achieve the sustainable management and efficient use of natural resources.	*Sustainability Standards and Certification* *Operational Efficiency* *Sustainable Land Use and Conservation*	Credible third-party certification is an important aspect of SIPEF's sustainability approach. The Group applies the highest benchmarked international standards, including the RSPO and Rainforest Alliance standards. The Group implements Best Management Practices, as well as regenerative and circular practices, focused on reusing by-products and waste from its production and processing activities. SIPEF implements Integrated Pest Management (IPM) for both its palm oil and banana production. Pesticides are used as a last resort when IPM and other methods are not able to prevent outbreaks of pests and diseases above the economic threshold.
	12.4 - By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.		

SDG GOAL	SDG TARGET	RELEVANT MATERIAL TOPICS	SIPEF'S ACTIVITIES
SDG 13: Climate Action	13.1 - Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	*Climate Change* *Sustainable Land Use and Conservation*	SIPEF is engaging in the following palm oil climate change adaptation initiatives under its current approach: - No new planting on peatlands and implementation of Best Management Practices on existing plantings on peatland - SIPEF has a fire risk alert monitoring system, as well as comprehensive firefighting procedures in place - Strengthening natural defences against storm surges, coastal erosion, and coastal flooding through the rehabilitation of coastal buffers - Biodiversity, conservation and reforestation programmes in Indonesia, Papua New Guinea, and Ivory Coast.
	13.2 - Integrate climate change measures into national policies, strategies, and planning.	*Climate Change*	SIPEF is engaging in the following climate change mitigation initiatives under its current approaches: - A composting facility for palm oil residues - Methane capture facilities and biogas plants that generate renewable electricity

SDG GOAL	SDG TARGET	RELEVANT MATERIAL TOPICS	SIPEF'S ACTIVITIES
SDG 15: Life on Land	15.1 - By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements. 15.2 - By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. 15.3 - By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought, and floods, and strive to achieve a land degradation-neutral world. 15.5 - Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.	*Sustainable Land Use and Conservation*	Conservation areas are identified and protected within the areas of SIPEF's concessions where the Group has management control. The Group is committed to no deforestation and no new plantings on peatland. HCV and HCSA assessments are carried out prior to any new developments. SIPEF is also committed to monitoring biodiversity in all set-aside areas within its concessions, and to implementing its no hunting policy on its own estates and in the cultivated areas of its third-party suppliers. The policy makes an exception for sustainable hunting by local communities. Through the SIPEF Foundation, the Group finances and supports two long-term biodiversity projects in Indonesia. Both are based in Bengkulu province near SIPEF's Agro Muko estates. - SIPEF Biodiversity Indonesia (SBI) at Bengkulu - Turtle Conservation Project at Air Hitam Conservation Park

Annex 3 – Accounting policies

The assessment of the Taxonomy-eligibility and Taxonomy-non-eligibility of SIPEF's Turnover, Capex and Opex was carried out in accordance with the specifications and definitions set out in Annex I of the Art. 8 Delegated Act. The account- ing policies utilised in this process are described as follows:

Turnover KPI

The proportion of Taxonomy-eligible economic activities in the Group's total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy- eligible economic activities (numerator) divided by the net turnover (denominator). The denomi- nator of the turnover KPI is based on the Group's consolidated net turnover in accordance with IAS 1 .82(a). Further details on the Group's accounting policies regarding the Group's consol- idated net turnover, can be found in the consolidated financial statements.

With regard to the numerator, SIPEF has not identified any Taxonomy-eligible activities as explained above.

Reconciliation

The Group's consolidated net turnover can be reconciled to the consolidated financial statements, in the income statement (Financial Statements – 'revenue'.

Capex KPI

The Capex KPI is defined as Taxonomy-eligible Capex (numerator) divided by the Group's total Capex (denominator). Regarding the numerator, an explanation is provided below.

Total Capex consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation, and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes additions to fixed assets (IAS 16), intangible assets (IAS 38) and right-of-use assets (IFRS 16). Additions resulting from business combinations are also included (but this is not applicable in 2022). Goodwill is not included in Capex as it is not defined as an intangible asset in accordance with IAS 38. Further details on the accounting policies regarding the Group's Capex can be found in the consolidated financial statements.

Reconciliation

The Group's total Capex can be reconciled to the consolidated financial statements as the total of acquisition of intangible assets, acquisition of biological assets and acquisition of property, plant and equipment in the consolidated cash flow.

Opex KPI

The Opex KPI is defined as Taxonomy-eligible Opex (numerator) divided by the total Opex (denominator). Regarding the numerator, an explanation is provided below.

Total Opex consists of direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. This includes:

- Research and development expenditure, which is not applicable to the SIPEF group. Although the SIPEF group does have research and development expenditures concentrated in its minority subsidiaries Verdant Bioscience Singapore and PT Timbang Deli, these are included in the consolidation as equity consolidated companies, which are not included for the Opex calculation.
- The volume of non-capitalised leases, which was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases. Further information can be found in the note on leasing of the consolidated financial statements.
- Maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment and biological assets (bearer plants). These were determined based on the maintenance and repair costs allocated to the respective assets. The maintenance of the biological assets - bearer plants contains all costs related to keeping the biological assets (bearer plants) in a good productive state. Primary examples of this include all expenses linked with fertiliser application, pruning, pest and disease control.

The related cost items can be found in various line items in the Group's income statement, including cost of sales (maintenance of operational PP&E and biological assets – bearer plants) and general and administrative expenses (such as maintenance of IT-systems), if applicable.

In general, this includes labour costs, costs for services, and material costs for daily servicing as well as for regular and unplanned maintenance and repair measures. These costs are directly allocated to PP&E.

As the SIPEF group has not identified Taxonomy-eligible economic activities, the Group does not record Capex/Opex related to assets or processes that are associated with Taxonomy-eligible economic activities in the numerator of the Capex KPI and the Opex.

Annex 4 – Stakeholder Engagement Table

STAKEHOLDER GROUPS	ENGAGEMENT OBJECTIVES	APPROACH OF ENGAGEMENT	FREQUENCIES
Sustainability Standards and Certification Schemes	• Understanding of standards' requirements and adherence with certification standards. • Contribute to improvement of sustainability standards as members.	*RSPO working groups' meetings*	Ongoing
		RSPO Annual Communication of Progress (ACOP)	Annual
		International Sustainability and Carbon Certification (ISCC), Rainforest Alliance, Indonesian Sustainable Palm Oil (ISPO), International Organisation for Standardization (ISO): engagement through certification bodies	Ongoing
Communities	• Understanding of community concerns and improving livelihoods of communities. • Grievances	• *Community programmes* • *Social impact assessments (SIAs) and management plans* • *Free, prior and informed consent (FPIC) processes* • *Communication regarding grievance mechanism*	Ongoing
Customers	• Communicate progress of sustainability related policies/commitments implementation. • Understanding and sharing supply chain related challenges/concerns.	• *Website* • *Physical visits by customers* • *Physical visits by SIPEF team per requested* • *Updates on quality of products*	Ongoing
		Annual reports	Annually
Employees	• Upholding Company's policies on human and labour rights. • Create and maintain awareness of employees on sustainability related issues and best practices.	• *Training programmes* • *Trade union meetings*	Ongoing
		• *Appraisal meetings* • *Annual trade union meetings*	Annually

STAKEHOLDER GROUPS	ENGAGEMENT OBJECTIVES	APPROACH OF ENGAGEMENT	FREQUENCIES
Financial Institutions and Investors/ Shareholders	• Accurate and frequent updates on Company's strategy, business, financial and sustainability performance. • Build trust through open dialogue, disclosure and transparency.	*Website*	Ongoing
		Interim reports which includes sustainability topics	Quarterly
		Financial results with financial and trading updates	Biannually
		• *Annual report* • *Annual General Meeting of Shareholders*	Annually
		Roadshows and analyst meetings	As and when required
Governments/ Regulatory Bodies	• Compliance with national and local regulations. • Maintain strong relationship to facilitate projects focused on building smallholder capacity. • Maintenance of public roads and infrastructure. • Maintenance of public schools and clinics. • Make advancements in SIPEF Biodiversity Indonesia (SBI) programme on conservation, management and monitoring.	• *Training and outreach programmes* • *Meetings*	Ongoing
Multi-stakeholder Initiatives	• Promote the use of certified sustainable palm oil. • Support the implementation of private-sector commitments to remove deforestation from supply chain.	*Involvement as:* • *Founding member of Belgian Alliance for Sustainable Palm Oil (BASP)* • *Member of the Tropical Forest Alliance (TFA)*	Ongoing

STAKEHOLDER GROUPS	ENGAGEMENT OBJECTIVES	APPROACH OF ENGAGEMENT	FREQUENCIES
Non-Governmental Organisations	Support continuous improvement for sustainable agriculture.	*Engagement with NGOs addressing related sustainability topics to ensure implementation is aligned to recognised standards and approaches*	As and when required
Research Institutions	Innovation in improving productivity and quality.	• *Verdant Bioscience Pte Ltd* • *Papua New Guinea Oil Palm Research Association*	Ongoing
Benchmarks/ Ratings	Understanding the Company's performance based on benchmarks done against peer companies.	*Website*	Ongoing
		• *Annual report* • *Questionnaires* • *Assessments*	Annually
Suppliers/ Smallholders	Support smallholders to improve their productions and livelihoods, and integrate sustainability practice with the aim to achieve RSPO certification.	• *Smallholder programmes for scheme smallholders and independent smallholders including trainings on best management practices, sustainability related topics and agronomic support* • *Awareness on land and customary rights and Free, Prior and Informed Consent (FPIC) processes* • *Grievance mechanism* • *Social impact assessments (SIA)*	Ongoing
Technical Consultancies/ Experts	• Improve environmental and social practices towards responsible production. • Certification compliance • Carry out assessments by qualified experts (e.g. licensed assessors under the High Conservation Value Network's Assessor Licensing Scheme).	• *Meetings* • *Review of assessments*	As and when required
		Specific projects: Monitoring on deforestation and fire	Ongoing

Annex 5 – Base Data

About SIPEF

Group production (in tonnes)

FRESH FRUIT BUNCHES PRODUCED	YTD 2022	YTD 2021	% CHANGE
OWN			
Indonesia	**1 040 074**	**1 019 009**	**2.07%**
Tolan Tiga group	303 925	297 229	2.25%
Umbul Mas Wisesa group	220 439	224 429	-1.78%
Agro Muko group	361 096	396 782	-8.99%
South Sumatra group	154 613	100 568	53.74%
Papua New Guinea	**403 419**	**366 849**	**9.97%**
Hargy Oil Palms Ltd	403 419	366 849	9.97%
TOTAL OWN	**1 443 493**	**1 385 858**	**4.16%**
OUTGROWERS			
Indonesia	**54 033**	**40 848**	**32.28%**
Tolan Tiga group	11 217	6 963	61.08%
Umbul Mas Wisesa group	1 131	752	50.46%
Agro Muko group	17 662	18 277	-3.37%
South Sumatra group	24 023	14 855	61.71%
Papua New Guinea	**254 356**	**232 134**	**9.57%**
Hargy Oil Palms Ltd	254 356	232 134	9.57%
TOTAL OUTGROUWERS	**308 389**	**272 982**	**12.97%**
TOTAL FRESH FRUIT BUNCHES PRODUCED	**1 751 883**	**1 658 840**	**5.61%**

FRESH FRUIT BUNCHES SOLD	YTD 2022	YTD 2021	% CHANGE
Indonesia	**66 250**	**55 117**	**20.20%**
Tolan Tiga group	4 608	2 231	106.50%
Umbul Mas Wisesa group	40 433	41 532	-2.65%
Agro Muko group	4 924	4 628	6.38%
South Sumatra group	16 286	6 726	142.15%
TOTAL FRESH FRUIT BUNCHES SOLD	**66 250**	**55 117**	**20.20%**

FRESH FRUIT BUNCHES PROCESSED	YTD 2022	YTD 2021	% CHANGE
Indonesia	**1 027 856**	**1 004 740**	**2.30%**
Tolan Tiga group	310 534	301 961	2.84%
Umbul Mas Wisesa group	181 137	183 649	-1.37%
Agro Muko group	373 834	410 431	-8.92%
South Sumatra group	162 350	108 698	49.36%
Papua New Guinea	**657 775**	**598 983**	**9.82%**
Hargy Oil Palms Ltd	657 775	598 983	9.82%
TOTAL FRESH FRUIT BUNCHES PROCESSED	**1 685 632**	**1 603 723**	**5.11%**

OIL EXTRACTION RATE	YTD 2022	YTD 2021	% CHANGE
Indonesia	**23.1%**	**23.0%**	**0.42%**
Tolan Tiga group	22.7%	22.7%	-0.12%
Umbul Mas Wisesa group	23.4%	23.3%	0.50%
Agro Muko group	23.2%	23.1%	0.10%
South Sumatra group	23.2%	22.6%	2.97%
Papua New Guinea	**25.3%**	**25.6%**	**-0.95%**
Hargy Oil Palms Ltd	25.3%	25.6%	-0.95%
TOTAL OIL EXTRACTION RATE	**24.0%**	**24.0%**	**0.03%**

PALM OIL	YTD 2022	YTD 2021	% CHANGE
OWN			
Indonesia	**226 611**	**222 509**	**1.84%**
Tolan Tiga group	68 975	67 550	2.11%
Umbul Mas Wisesa group	42 272	42 733	-1.08%
Agro Muko group	83 075	90 895	-8.60%
South Sumatra group	32 289	21 331	51.37%
Papua New Guinea	**102 479**	**94 231**	**8.75%**
Hargy Oil Palms Ltd	102 479	94 231	8.75%
TOTAL OWN	**329 090**	**316 740**	**3.90%**
OUTGROWERS			
Indonesia	**10 675**	**8 466**	**26.10%**
Tolan Tiga group	1 532	1 094	40.07%
Umbul Mas Wisesa group	148	59	147.97%
Agro Muko group	3 542	4 103	-13.67%
South Sumatra group	5 453	3 209	69.92%
Papua New Guinea	**64 162**	**58 972**	**8.80%**
Hargy Oil Palms Ltd	64 162	58 972	8.80%
TOTAL OUTGROWERS	**74 837**	**67 438**	**10.97%**
TOTAL PALM OIL	**403 927**	**384 178**	**5.14%**

PALM KERNELS	YTD 2022	YTD 2021	% CHANGE
OWN			
Indonesia	**44 278**	**44 445**	**-0.38%**
Tolan Tiga group	16 686	16 135	3.41%
Umbul Mas Wisesa group	7 432	7 412	0.26%
Agro Muko group	15 202	17 519	-13.23%
South Sumatra group	4 959	3 378	46.81%
TOTAL OWN	**44 278**	**44 445**	**-0.38%**
OUTGROWERS			
Indonesia	**1 877**	**1 498**	**25.35%**
Tolan Tiga group	312	225	38.86%
Umbul Mas Wisesa group	25	10	153.54%
Agro Muko group	748	777	-3.75%
South Sumatra group	792	486	63.06%
TOTAL OUTGROWERS	**1 877**	**1 498**	**25.35%**
TOTAL PALM KERNELS	**46 156**	**45 943**	**0.46%**

PALM KERNEL OIL	YTD 2022	YTD 2021	% CHANGE
Papua New Guinea	**13 361**	**12 251**	**9.06%**
Hargy Oil Palms Ltd - Own	8 185	7 437	10.06%
Hargy Oil Palms Ltd - Outgrowers	5 176	4 814	7.52%
TOTAL PALM KERNEL OIL	**13 361**	**12 251**	**9.06%**

RUBBER	YTD 2022	YTD 2021	% CHANGE
OWN			
Indonesia	**1 368**	**1 996**	**-31.46%**
Tolan Tiga group	387	599	-35.39%
Agro Muko	981	1 397	-29.78%
TOTAL OWN	**1 368**	**1 996**	**-31.46%**
OUTGROWERS			
Indonesia	**555**	**645**	**-13.95%**
Tolan Tiga group	555	645	-13.95%
TOTAL OUTGROWERS	**555**	**645**	**-13.95%**
TOTAL RUBBER	**1 923**	**2 641**	**-27.19%**

BANANAS	YTD 2022	YTD 2021	% CHANGE
Ivory Coast	**29 759**	**32 201**	**-7.58%**
Azaguié	12 833	13 113	-2.14%
Agboville	9 383	9 507	-1.30%
Motobé	7 543	9 581	-21.27%
Lumen	2 511	0	-
Akoudié	0	0	-
TOTAL BANANAS	**32 270**	**32 200**	**0.22%**

Group planted area (in hectares)

Total planted area of consolidated companies excluding PT Timbang Deli and PT Melania.

	2022			2021		
	MATURE	IMMATURE	PLANTED	MATURE	IMMATURE	PLANTED
OIL PALMS	64 953	13 401	78 354	64 181	12 982	77 163
Indonesia	**52 886**	**11 880**	**64 766**	**51 312**	**12 245**	**63 558**
Tolan Tiga group	**11 524**	**1 244**	**12 768**	**12 027**	**875**	**12 902**
PT Tolan Tiga	7 029	640	7 669	7 322	493	7 816
PT Eastern Sumatra	2 500	357	2 857	2 631	280	2 911
PT Kerasaan	1 994	247	2 242	2 073	102	2 175
Umbul Mas Wisesa group	**9 924**	**0**	**9 924**	**9 937**	**0**	**9 937**
PT Umbul Mas Wisesa	7 043	0	7 043	7 056	0	7 056
PT Toton Usaha Mandiri	1 135	0	1 135	1 135	0	1 135
PT Citra Sawit Mandiri	1 746	0	1 746	1 746	0	1 746
Agro Muko group	**18 512**	**2 607**	**21 119**	**19 154**	**1 979**	**21 133**
PT Agro Muko	15 796	2 001	17 798	16 332	1 508	17 839
PT Mukomuko Agro Sejahtera	2 716	606	3 322	2 822	471	3 294
South Sumatra group	**12 926**	**8 028**	**20 954**	**10 194**	**9 391**	**19 586**
PT Agro Kati Lama	3 775	633	4 407	3 638	538	4 176
PT Agro Muara Rupit	4 021	2 585	6 606	3 294	2 355	5 649
PT Agro Rawas Ulu	2 173	426	2 599	1 816	728	2 543
PT Dendymarker Indah Lestari	2 957	4 384	7 341	1 447	5 770	7 217
Papua New Guinea	**12 067**	**1 521**	**13 588**	**12 869**	**736**	**13 605**
Hargy Oil Palms Ltd	12 067	1 521	13 588	12 869	736	13 605
RUBBER	1 954	0	1 954	1 954	0	1 954
Indonesia	**1 954**	**0**	**1 954**	**1 954**	**0**	**1 954**
Tolan Tiga group	**696**	**0**	**696**	**696**	**0**	**696**
PT Bandar Sumatra	696	0	696	696	0	696
Agro Muko group	**1 258**	**0**	**1 258**	**1 258**	**0**	**1 258**
PT Agro Muko	1 258	0	1 258	1 258	0	1 258
BANANAS	906	160	1 066	794	0	794
Ivory Coast	**906**	**160**	**1 066**	**794**	**0**	**794**
Plantations J. Eglin SA	906	160	1 066	794	0	794
PINEAPPLE FLOWERS	23	8	31	23	8	31
Ivory Coast	**23**	**8**	**31**	**23**	**8**	**31**
Plantations J. Eglin SA	23	8	31	23	8	31
TOTAL	**67 836**	**13 568**	**81 404**	**66 952**	**12 989**	**79 942**

Group planted area (in hectares)*

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

	TOTAL	BENEFICIAL INTEREST - %	SHARE OF THE GROUP
OIL PALMS	78 354	94.11%	73 740
Indonesia	**64 766**	**92.88%**	**60 152**
Tolan Tiga group	**12 768**	**86.77%**	**11 078**
PT Tolan Tiga	7 669	95.00%	7 286
PT Eastern Sumatra	2 857	90.25%	2 579
PT Kerasaan	2 242	54.15%	1 214
Umbul Mas Wisesa group	**9 924**	**94.90%**	**9 418**
PT Umbul Mas Wisesa	7 043	94.90%	6 684
PT Toton Usaha Mandiri	1 135	94.90%	1 077
PT Citra Sawit Mandiri	1 746	94.90%	1 657
Agro Muko group	**21 119**	**93.54%**	**19 756**
PT Agro Muko	17 798	95.00%	16 908
PT Mukomuko Agro Sejahtera	3 322	85.74%	2 848
South Sumatra group	**20 954**	**94.97%**	**19 900**
PT Agro Kati Lama	4 407	95.00%	4 187
PT Agro Muara Rupit	6 606	94.90%	6 269
PT Agro Rawas Ulu	2 599	95.00%	2 470
PT Dendymarker Indah Lestari	7 341	95.00%	6 974
Papua New Guinea	**13 588**	**100.00%**	**13 588**
Hargy Oil Palms Ltd	13 588	100.00%	13 588
RUBBER	1 954	93.31%	1 823
Indonesia	**1 954**	**93.31%**	**1 823**
Tolan Tiga group	**696**	**90.25%**	**628**
PT Bandar Sumatra	696	90.25%	628
Agro Muko group	**1 258**	**95.00%**	**1 195**
PT Agro Muko	1 258	95.00%	1 195
BANANAS	1 066	100.00%	1 066
Ivory Coast	**1 066**	**100.00%**	**1 066**
Plantations J. Eglin SA	1 066	100.00%	1 066
PINEAPPLE FLOWERS	31	100.00%	31
Ivory Coast	**31**	**100.00%**	**31**
Plantations J. Eglin SA	31	100.00%	31
TOTAL	**81 404**	**94.17%**	**76 659**

* actual planted hectares

Age profile (in hectares)

OIL PALMS						
YEAR	TOLAN TIGA GROUP	UMBUL MAS WISESA GROUP	AGRO MUKO GROUP	SOUTH SUMATRA GROUP	HARGY OIL PALMS	TOTAL
2022	647	0	1 054	1 990	848	4 539
2021	597	0	1 436	2 922	673	5 627
2020	0	0	118	3 242	63	3 423
2019	278	0	1 520	3 161	335	5 293
2018	303	0	1 067	2 427	547	4 343
2017	395	45	971	2 627	596	4 634
2016	328	185	397	2 426	219	3 555
2015	679	69	1 080	1 161	741	3 728
2014	709	0	1 016	758	1 386	3 869
2013	434	0	1 244	241	947	2 867
2012	745	202	1 506	0	1 628	4 082
2011	754	755	26	0	811	2 346
2010	625	1 525	357	0	619	3 126
2009	103	1 658	573	0	294	2 627
2008	397	1 954	299	0	239	2 889
2007	319	2 139	467	0	1 558	4 483
2006	619	365	1 030	0	928	2 942
2005	550	1 004	544	0	190	2 288
2004	116	0	759	0	159	1 034
2003	725	0	120	0	148	993
2002	233	0	63	0	330	626
2001	296	0	585	0	329	1 210
2000	302	0	869	0	0	1 172
1999	370	0	1 612	0	0	1 982
1998	425	0	1 166	0	0	1 591
Before 1998	1 820	24	1 241	0	0	3 085
	12 768	**9 924**	**21 119**	**20 954**	**13 588**	**78 354**
AVERAGE AGE	13.52	13.60	12.00	3.47	9.83	**9.79**

Evolution of key data over 5 years

		2022	2021	2020	2019	2018
ACTIVITIES						
Total own production of consolidated companies (in tonnes)	palm oil	329 090	316 740	271 472	264 641	290 441
	rubber	1 368	3 182	5 300	5 495	6 930
	bananas	32 270	32 200	31 158	32 849	27 788
Average market price (USD/tonne)	palm oil*	1 345	1 195	715	566	598
	rubber**	1 810	2 071	1 728	1 640	1 565
	bananas***	762	616	628	662	647
Own FFB production (in tonnes/ha)	Indonesia	19.67	19.86	18.74	19.52	20.60
	Papua New Guinea	33.43	28.51	21.16	20.79	28.25
Palm oil extraction rate (in %)	Indonesia	23.09%	22.99%	22.79%	23.23%	22.73%
	Papua New Guinea	25.33%	25.58%	24.64%	23.35%	24.36%
STOCK EXCHANGE SHARE PRICE (IN EUR)						
Maximum		70.80	60.80	56.70	54.80	65.00
Minimum		52.70	43.85	38.00	35.25	47.10
Closing 31/12		58.90	56.90	43.20	54.80	48.80
Stock Exchange capitalisation at 31/12 (in KEUR)		623 122	601 964	457 027	579 747	516 271
RESULTS (IN KUSD)		**2022**	**2021**	**2020**	**2019**	**2018**
Turnover		527 460	416 053	274 027	248 310	275 270
Gross profit		221 031	169 218	62 357	37 162	72 096
Operating result		178 312	139 416	30 778	4 940	50 065
Share of the group in the result		108 157	93 749	14 122	-8 004	30 089
Cash flow from operating activities after taxes		165 295	160 311	73 262	33 988	36 221
Free cash flow		74 012	112 270	21 299	-27 751	-12 912
BALANCE SHEET (IN KUSD)						
Operating fixed assets (1)		696 645	667 267	670 637	665 413	640 435
Shareholders' equity		817 803	727 329	638 688	628 686	644 509
Net financial assets (+)/obligations (-)		122	-49 192	-151 165	-164 623	-121 443
Investments in intangible and operating fixed assets (1)		79 294	68 692	51 763	66 546	69 428
DATA PER SHARE (IN USD)						
Number of shares		10 579 328	10 579 328	10 579 328	10 579 328	10 579 328
Number of own shares		178 933	178 000	160 000	160 000	143 300
Equity		78.63	69.93	61.30	60.34	61.76
Basic earnings per share (2)		10.40	9.00	1.36	-0.77	2.88
Cash flow from operating activities after taxes (2)		15.89	15.39	7.03	3.26	3.46
Free cash flow (2)		7.12	10.78	2.04	-2.66	-1.24

(1) Operating fixed assets = biological assets - bearer plants, other property, plant & equipment and investment property
(2) Denominator 2022 = weighted average number of shares issued (10 401 938 shares)

* Oilworld price data
** World bank commodity price data
*** CIRAD price data (in EUR)

Responsible production and processing

RSPO CERTIFIED AREA OF OIL PALM OPERATIONS

OIL PALM OPERATIONS (HECTARES)	2022	2021	2020
SIPEF GROUP			
RSPO certified area - own plantations	83 228	80 099	80 073
RSPO certified area - smallholders	16 049	16 243	15 066
TOTAL RSPO CERTIFIED AREA	**99 277**	**96 342**	**95 139**
INDONESIA			
RSPO certified area - own plantations	62 779	59 639	59 618
RSPO certified area - smallholders	1 242	1 353	1 173
RSPO CERTIFIED AREA	**64 021**	**60 992**	**60 791**
PAPUA NEW GUINEA			
RSPO certified area - own plantations	20 449	20 460	20 455
RSPO certified area - smallholders	14 807	14 890	13 893
RSPO CERTIFIED AREA	**35 256**	**35 350**	**34 348**

RSPO CERTIFIED FFB PRODUCTION VOLUMES OF OIL PALM OPERATIONS

OIL PALM OPERATIONS (TONNES)	2022	2021	2020
SIPEF GROUP			
RSPO certified FFB - own plantations	1 273 922	1 297 632	1 150 582
RSPO certified FFB - smallholders	272 650	258 126	230 510
TOTAL RSPO CERTIFIED FFB	**1 546 572**	**1 555 758**	**1 381 092**
INDONESIA			
RSPO certified FFB - own plantations	870 503	930 783	880 966
RSPO certified FFB - smallholders	18 294	25 992	20 719
RSPO CERTIFIED FFB	**888 797**	**956 775**	**901 685**
PAPUA NEW GUINEA			
RSPO certified FFB - own plantations	403 419	366 849	269 616
RSPO certified FFB - smallholders	254 356	232 134	209 791
RSPO CERTIFIED FFB	**657 775**	**598 983**	**479 407**

RSPO CERTIFICATION PROGRESS OF PALM OIL MILLS

PALM OIL MILLS OPERATIONS (NUMBER OF MILLS)	2022	2021	2020
INDONESIA			
RSPO certified mills - Identity Preserved	5	5	5
RSPO certified mills - Mass Balance	1	1	1
ISPO certified mills	6	6	6
PAPUA NEW GUINEA			
RSPO certified mills - Identity Preserved	3	3	3
RSPO certified crushing plants - Segregation	2	2	2

RSPO CERTIFIED CPO, PK AND PKO VOLUMES

PALM OIL OPERATIONS (TONNES)	2022	2021	2020
INDONESIA			
RSPO certified CPO	206 959	210 276	199 877
RSPO certified PK	41 700	42 801	42 076
PAPUA NEW GUINEA			
RSPO certified CPO	166 641	153 203	118 123
RSPO certified PKO	13 361	12 251	9 397

Sustainability standards and certification

CERTIFICATION (NUMBER OF CERTIFICATES)	2022	2021	2020	2019	2018
RSPO: Roundtable on Sustainable Palm Oil	8	8	8	8	8
ISCC: International Sustainability and Carbon Certification	4	4	4	4	5
ISPO: Indonesian Sustainable Palm Oil	8	8*	6	6	5
ISO 14001:2015	1	1	1	1	1
ISO 9001:2015	1	1	1	1	1
GLOBALG.A.P.	1	1	1	1	1
Rainforest Alliance	2*	5*	5	5	5
Fairtrade	1	1	1	1	-
Sedex	1	1	1	1	1
TOTAL	**27**	**30**	**28**	**28**	**27**

* ISPO certificate data from 2021 has been restated. There was one ISPO certificate issued in 2021 but was only received by SIPEF in 2022.

* Rainforest Alliance discontinued certification for rubber, thus three certificates for SIPEF's rubber estates are no longer valid since July 2021 onwards.

Respecting employees

EMPLOYEES BY GENDER* AT GROUP LEVEL

GROUP EMPLOYEES (NUMBER OF EMPLOYEES)	2022	2021	2020
Male	16 612	15 749	16 553
Female	5 545	5 484	5 081
TOTAL EMPLOYEES BY GENDER	**22 157**	**21 233**	**21 634**

* This also includes the total employees in tea, rubber activities and horticulture.

EMPLOYEES BY COUNTRY

COUNTRY (NUMBER OF EMPLOYEES)	2022	2021	2020
Belgium	23	23	24
Indonesia	15 403	14 998	15 622
Papua New Guinea	4 706	4 628	4 575
Ivory Coast	2 015	1 583	1 413
Singapore	10	1	N/A
TOTAL EMPLOYEES BY COUNTRY	**22 157**	**21 233**	**21 634**

EMPLOYEES BY GENDER, BY CROP

GENDER BY CROP (NUMBER OF EMPLOYEES)	2022	
	FEMALE	MALE
Oil palm	4 384	13 522
Bananas	591	1 385
TOTAL EMPLOYEES	**4 975**	**14 907**

EMPLOYEES BY EMPLOYMENT CONTRACT, BY CROP

EMPLOYMENT TYPE BY CROP (NUMBER OF EMPLOYEES)	2022		
	PERMANENT	LONG TERM CONTRACT*	TEMPORARY
Oil palm	13 595	2 923	1 388
Bananas	1 912	0	64
TOTAL EMPLOYEES	**15 507**	**2 923**	**1 452**

* In Indonesia, employees hired on long term renewable contracts (i.e. *Perjanjian Kerja Waktu Tertentu* (PKWT)) are in the process to be considered to join workforce under contract for an indefinite period of time.

GENDER COMPOSITION OF CADET PROGRAMME GRADUATES BY COUNTRY

CADET PROGRAMME (NUMBER OF GRADUATES)	2022	
	FEMALE	MALE
Indonesia	8	38
Papua New Guinea	1	9
TOTAL GRADUATES	**9**	**47**

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS (CBAs) IN OIL PALM AND BANANA OPERATIONS

COVERAGE OF CBAs (NUMBER OF EMPLOYEES)	2022
Oil palm	8 319
Bananas	1 976
TOTAL EMPLOYEES	**10 295**

HOUSES PROVIDED TO EMPLOYEES

HOUSES PROVIDED BY SIPEF (NUMBER OF UNITS)	2022	2021	2020
Indonesia	8 233	7 999*	7 618*
Papua New Guinea	2 366	2 305	2 269
Ivory Coast	766	766	783
TOTAL NUMBER OF HOUSES	**11 365**	**11 070**	**10 670**

* Number of houses in Indonesia have been restated to report on the total unit of houses and not by number of buildings.

SCHOOLS ESTABLISHED BY SIPEF

SCHOOLS ESTABLISHED (NUMBER OF SCHOOLS)	2022	2021	2020
Indonesia	38	38	38
Papua New Guinea	3	2	2
Ivory Coast	4	4	4
TOTAL NUMBER OF SHOOLS	**45**	**44**	**44**

CLINICS PROVIDED BY SIPEF

CLINICS PROVIDED (NUMBER OF CLINICS)	2022	2021	2020
Indonesia	22	23	23
Papua New Guinea	13	13	13
Ivory Coast	5	3	3
TOTAL NUMBER OF CLINICS	**40**	**39**	**39**

DAY CARE FACILITIES PROVIDED BY SIPEF

DAY CARE FACILITIES PROVIDED (NUMBER OF FACILITIES)	2022	2021
Day care facilities	40	15
TOTAL NUMBER OF DAY CARE FACILITIES	**40**	**15**

LOST TIME INCIDENT FREQUENCY RATE (LTIFR) BY COUNTRY

LTIFR (RATE PER 1 000 000 HOURS WORKED)	2022	2021	2020
Indonesia	3.53	2.43	2.86
Papua New Guinea	18.41	22.67	23.76
Ivory Coast	11.97	16.38	21.44

WORK-RELATED FATALITIES

WORK-RELATED FATALITIES (NUMBER OF CASES)	2022	2021	2020
Indonesia	1	1	2
Papua New Guinea	1	0	0
Ivory Coast	0	0	0

Environmentally responsible production

SIPEF NET GHG EMISSIONS PER YEAR (SCOPE 1 AND SCOPE 2)

GHG EMISSIONS (tCO_2e)	2022	2021
Scope 1	597 248	674 051*
Scope 2	11 521	7 717*
TOTAL NET GHG EMISSIONS PER YEAR	**608 769**	**681 769***

* Verification and validation of the data following the ISO 14064 methodology were carried out in 2022, thus data presented were updated for 2021.

SIPEF NET GHG EMISSIONS PER CROP (SCOPE 1 AND SCOPE 2)

GHG EMISSIONS (tCO_2e)	2022	2021
Oil palm	593 866	658 725
Rubber	2 029	6 972
Tea	11 152	10 450
Bananas	1 721	5 621
TOTAL NET GHG EMISSIONS PER CROP	**608 769**	**681 769**

SIPEF GHG EMISSIONS INTENSITY PER TONNE OF CPO (SCOPE 1 AND SCOPE 2)

GHG EMISSIONS (tCO_2e/TONNE CPO)	2022	2021
Crude palm oil	1.47	1.71
INTENSITY	**1.47**	**1.71**

ELECTRICITY GENERATED FROM RENEWABLE SOURCES

RENEWABLE ENERGY GENERATED (kWh)	2022		2021	
PALM OIL MILLS	BIOGAS FACILITIES	STEAM TURBINES	BIOGAS FACILITIES	STEAM TURBINES
Indonesia	4 600 051	19 330 979	6 039 602	21 090 622
Papua New Guinea	N/A	12 944 742	N/A	17 181 434
TOTAL RENEWABLE ENERGY GENERATED	**4 600 051**	**32 275 721**	**6 039 602**	**38 272 056**

TREE COVER LOSS MONITORING BY COUNTRY/PROVINCE

TREE COVER LOSS MONITORING	2022					
	WITHIN OWN CONCESSIONS			WITHIN SUPPLIER AREAS		
BY COUNTRY/PROVINCE	EQ ALERTS	VERIFIED INCIDENTS	VERIFIED AREA (IN HECTARES)	EQ ALERTS	VERIFIED INCIDENTS	VERIFIED AREA (IN HECTARES)
Indonesia	**2**	**2**	**14.6**	**0**	**0**	**0**
North Sumatra	0	0	0	0	0	0
Bengkulu	2	2	14.6	0	0	0
South Sumatra	0	0	0	0	0	0
Papua New Guinea	**1**	**1**	**28.0**	**0**	**0**	**0**
Papua New Guinea	1	1	28.0	0	0	0
TOTAL	**3**	**3**	**42.6**	**0**	**0**	**0**

HOTSPOT AND FIRE MONITORING BY COUNTRY/PROVINCE

HOTSPOT AND FIRE MONITORING	2022			2021	
	HOTSPOTS	ACTUAL FIRES	AREAS IMPACTED (IN HECTARES)	HOTSPOTS	ACTUAL FIRES
WITHIN OWN CONCESSIONS					
Indonesia	**13**	**2**	**2.0**	**35**	**1**
North Sumatra	2	0	0	5	0
Bengkulu	3	0	0	9	0
South Sumatra	8	2	2.0	21	1
Papua New Guinea	**2**	**2**	**0.5**	**2**	**2**
Papua New Guinea	2	2	0.5	2	2
TOTAL	**15**	**4**	**2.5**	**37**	**3**
WITHIN SUPPLIER AREAS					
Indonesia	**0**	**0**	**0**	**0**	**0**
North Sumatra	0	0	0	0	0
Bengkulu	0	0	0	0	0
South Sumatra	0	0	0	0	0
Papua New Guinea	**11**	**11**	**5.3**	**8**	**1**
Papua New Guinea	11	11	5.3	8	1
TOTAL	**11**	**11**	**5.3**	**8**	**1**

SIPEF BIODIVERSITY INDONESIA (SBI) PROGRAMME

SBI BIODIVERSITY MONITORING (AS AT 31 DECEMBER 2022)	UNIT	2022	2021
Agroforestry growers engaged	number of individuals	339	309
Trees planted	number of trees	48 330	45 258
Degraded area restored	hectares	185	171

SEA TURTLE CONSERVATION PROJECT IN INDONESIA

SEA TURTLE CONSERVATION	UNIT	2022	2021
TO DATE SINCE 2007			
Turtle eggs collected	number of eggs	37 249	34 682
Turtles released	number of turtles	22 588	20 206
DURING REPORTING YEAR			
Turtle eggs collected	number of eggs	3 158	4 262
Turtles released	number of turtles	1 898	2 878

REFORESTATION PROGRAMME IN IVORY COAST

	2022	
REFORESTATION	AREA PLANTED (IN HECTARES)	TREES PLANTED (NUMBER OF TREES)
Agboville	**86.0**	**95 546**
Gmélina	65.0	72 215
Teak	21.0	23 331
Azaguié	**42.2**	**46 833**
Gmélina	42.2	46 833
TOTAL	**128.2**	**142 429**

WATER USAGE IN PALM OPERATIONS AND BANANA OPERATIONS

WATER USAGE (IN CUBIC METRES)	2022	2021	2020
PALM OIL MILLS			
Indonesia	929 279	954 259*	828 156*
Papua New Guinea	711 864	571 237*	404 862*
TOTAL	**1 641 143**	**1 525 496**	**1 233 018**
BANANA OPERATIONS			
Plantations	4 262 667	3 901 644	4 012 702
Banana packing stations	240 952	218 122	211 674
TOTAL	**4 503 619**	**4 119 756**	**4 224 376**

* Water usage for palm oil mills in Papua New Guinea have been restated as the previous figures included domestic water use that led to higher consumption recorded. For Indonesia, the slight changes were due to flow meter adjustments made.

PALM OIL MILL WATER USAGE INTENSITY

PALM OIL MILLS (CUBIC METRES/TONNE FFB PROCESSED)	TARGET	2022	2021	2020
Indonesia				
Bukit Maradja	≤ 1.0	0.91	0.92	0.89
Bunga Tanjung	≤ 1.0	0.63	0.66	0.69
Dendymarker Indah Lestari	≤ 1.0	0.99	1.06	1.14
Mukomuko	≤ 1.0	0.89	0.95	0.91
Perlabian	≤ 1.2	0.74	0.68	0.68
Umbul Mas Wisesa	≤ 1.5	1.31	1.40	1.62
Papua New Guinea				
Barema	≤ 1.5	0.96	0.85*	0.77*
Hargy	≤ 1.0	0.96	0.83*	0.55*
Navo	≤ 1.0	1.27	1.13	1.20

* Water usage for palm oil mills in Papua New Guinea have been restated as the previous figures included domestic water use that led to higher consumption recorded.

BANANA OPERATIONS WATER USAGE INTENSITY

BANANA OPERATIONS (CUBIC METRES/TONNE BANANAS EXPORTED)	2022	2021	2020
Plantations and packing stations	149.98	127.94	135.67

LEGAL LIMITS OF POME DISCHARGE AND APPLICATION: BOD, COD, TSS FOR PALM OIL MILLS

						2022		
PALM OIL MILLS	DISCHARGE POINT	LEGAL LIMITS BOD	LEGAL LIMITS COD	LEGAL LIMITS TSS	UNIT	BOD EXCEEDED LIMIT	COD EXCEEDED LIMIT	TSS EXCEEDED LIMIT
INDONESIA								
Bunga Tanjung	Discharge into water body	100	350	250	mg/l	0	0	0
Mukomuko	Discharge into water body	100	350	250	mg/l	0	0	0
Dendymarker Indah Lestari	Discharge into water body	100	350	250	mg/l	0	0	0
Umbul Mas Wisesa	Discharge into water body	100	350	250	mg/l	0	0	0
Bukit Maradja	Land application and use for compost	5 000	N/A	N/A	mg/l	0	N/A	N/A
Perlabian	Land application	5 000	N/A	N/A	mg/l	0	N/A	N/A
PAPUA NEW GUINEA								
Hargy	Discharge into water body	100	N/A	500	mg/l	5	N/A	5
Barema	Land application	4 000	N/A	1 000	mg/l	0	N/A	4
Navo	Land application	4 000	N/A	1 000	mg/l	0	N/A	0

Responsible supply chain management

OIL PALM SMALLHOLDER PROGRAMMES BY COUNTRY

	2022			2021		
SMALLHOLDER PROGRAMMES	NUMBER OF SMALL-HOLDERS	PLANTED AREA (IN HECTARES)	FFB VOLUME PRODUCED (IN TONNES)	NUMBER OF SMALL-HOLDERS	PLANTED AREA (IN HECTARES)	FFB VOLUME PRODUCED (IN TONNES)
SIPEF GROUP						
Scheme smallholders	5 741	21 303	296 042	5 882	20 219	265 258
Independent smallholders	2 622	7 410	5 727	3 266	7 979	2 970
TOTAL GROUP	**8 363**	**28 713**	**301 769**	**9 148**	**28 198**	**268 228**
INDONESIA						
Company managed programme (Plasma)	1 805	5 924	32 981	1 943	4 643	23 738
Village smallholder programme (*Kebun Masyarakat Desa*)	291	572	8 705	304	686	9 386
Associated buy/sell programme	1 600	4 471	5 727*	2 438	5 667	2 970
Associated seedling programme	1 022	2 939	N/A*	828	2 312	N/A
TOTAL INDONESIA	**4 718**	**13 906**	**47 413**	**5 513**	**13 308**	**36 094**
PAPUA NEW GUINEA						
Associated smallholder programme	3 645	14 807	254 356	3 635	14 890	232 134
TOTAL PAPUA NEW GUINEA	**3 645**	**14 807**	**254 356**	**3 635**	**14 890**	**232 134**

* FFB production volume from the associated seedling programme and the majority of FFB production volume from the associated buy/sell programme are currently not included in SIPEF's supply base.

RSPO CERTIFIED SMALLHOLDERS, AREA, AND PRODUCTION VOLUME

OIL PALM SMALLHOLDERS	2022	2021	2020
SIPEF GROUP			
Number of RSPO certified smallholders	4 195	4 297	4 309
RSPO certified smallholder area (in hectares)	16 049	16 243	15 066
RSPO certified smallholder FFB volume (in tonnes)	272 650	258 126	230 510
INDONESIA*			
Number of RSPO certified smallholders	550	662	663
RSPO certified smallholder area (in hectares)	1 242	1 353	1 173
RSPO certified smallholder FFB volume (in tonnes)	18 294	25 992	20 719
PAPUA NEW GUINEA			
Number of RSPO certified smallholders	3 645	3 635	3 646
RSPO certified smallholder area (in hectares)	14 807	14 890	13 893
RSPO certified smallholder FFB volume (in tonnes)	254 356	232 134	209 791

* Includes both scheme and independent smallholders.

Socially responsible operations

SCHOOLS ACCESSIBLE TO COMMUNITY CHILDREN

SCHOOLS AVAILABLE (NUMBER OF SCHOOLS)	2022	2021
Facilities accessible to employee children	45	44
Facilities accessible to community children	45	44*

* The number of schools accessible to community children has been restated, as all schools are accessible to community children.

CLINICS ACCESSIBLE TO COMMUNITY

CLINICS AVAILABLE (NUMBER OF CLINICS)	2022
Facilities accessible to employees	40
Facilities accessible to community	27

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 2022 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 2022 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 2022 are described in Note 22 of this integrated annual report.

At 31 December 2022, SIPEF owns 178 933 treasury shares (1.69% 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

CA -- Collective Bargaining Agreements are legal contracts that regulate the terms and conditions of employees at work.

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 CO_2, 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 United Nations Framework Convention on Climate Change.

CDP -- CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

CIF Rotterdam -- Cost, Insurance and Freight 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.

CPKO -- Crude Palm Kernel Oil is an edible plant oil derived from the kernel of the fruit of the oil palm.

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.

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.

Forest 500 -- Forest 500 identifies the 350 companies and 150 financial institutions with the greatest exposure to tropical deforestation risk, and annually assesses them on the strength and implementation of their deforestation and human rights commitments.

FPIC -- Free, Prior and Informed Consent 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.

GE -- Glycidyl esters are contaminants formed during food production and preparation at high temperature.

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. -- This 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 is an independent international organisation that has pioneered sustainability reporting since 1997. The 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.

HCS -- High Carbon Stock

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 concept was originally developed by the Forest Stewardship Council (FSC) in 1999 for use in forest management certification. In 2005, the HCV Resource Network (HCVRN) 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.

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

Integrated landscape approach -- This approach uses HCV-HCSA assessment, including FPIC, to distinguish areas for conservation from degraded areas that have potential for development.

Inti -- The nucleus estate of a plantation company in Indonesia is referred to as inti. They are stated as 'own' in the Group production figures.

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 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.

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 emissions; 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.

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 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.

MOAH -- Mineral Oil Aromatic Hydrocarbons

MOSH -- Mineral Oil Saturated Hydrocarbons

NPP -- The New Planting Procedure 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 NPP ensures that all indicators of the RSPO Principles and Criteria (P&C), related to new developments, are being implemented.

PK -- The Palm Kernel is the edible seed of the oil palm fruit.

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.

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.

PKWT -- *Perjanjian Kerja Waktu Tertentu* (Bahasa Indonesia: Provision of Work, Time Certain; labour agreement) refers to long-term renewable contracts.

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 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.

SDGs -- Sustainable Development Goals, 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.

SOP -- Standard Operating Procedures are 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 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 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 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.

ZSL -- Zoological Society of London is a science-driven conservation charity, working to restore wildlife in the United Kingdom and around the world.

3-MCPD -- 3-monochloropropane-1,2-diol is a common contaminant formed in heat-processed fat-containing foods from glycerol or acyl glycerides in the presence of chloride ions. 3-MCPDE are the esters formed during the same process.

Finance

IFRS Terminology

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

Biological assets - bearer plants -- The bearer plants (palm and rubber trees, 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 shares.

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

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 2022 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 2022 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

Represented by
Christoph Oris and Wim Van Gasse,
Borsbeeksebrug 26
2600 Antwerpen (Berchem)
Belgium

For further information

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Dit Geïntegreerd Jaarverslag is ook verkrijgbaar in het Nederlands.

Translation: this Integrated 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 Integrated 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 Integrated Annual Report.

Concept and realisation:
Focus advertising

Photography:
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