Integrated Annual Report 2023

SIPEF

Contents

We remain confident that in a world with an ever-increasing population, palm oil will continue to be the main vegetable oil in the food and energy sector, due to its higher yield per hectare compared to other vegetable oils.

Message from the chairman and managing director

Looking back at 2023, we are proud to present once more outstanding financial results and operational cash flows. Thanks to these performances, reflecting persisting strong palm oil markets, SIPEF was able to continue its investments, mainly related to the ongoing expansion in South Sumatra, with a limited financial debt structure.

The past year was marked by several geopolitical tensions, from the continuing war in Ukraine to the escalating battles in Gaza and the volatile situation in the South China Sea. However, in this turbulent landscape, palm oil markets have continued to remain favourable from a historical perspective.

We remain confident that in a world with an ever-increasing population, palm oil will continue to be the main vegetable oil in the food and energy sector, due to its higher yield per hectare compared to other vegetable oils, its efficient industrial processing, and its low cost. Therefore, the Group continues to expand its plantations in a sustainable manner. This belief also inspired the conversion of two of the three rubber plantations into oil palm plantations. This process progressed well in 2023, with the first oil palms being planted, and is expected to be completed in 2024.

SIPEF's palm oil production was impacted by the El Niño weather phenomenon, resulting in a decline of 3.1% against 2022. At the end of November 2023, the Group's activities in Papua New Guinea were disrupted by the volcanic eruption of Mount Ulawun, four years after the previous outbreak. Fortunately, no injuries or deaths were suffered, and damage turned out to be less significant than originally expected. Nevertheless, it is anticipated that it will take an additional two years to fully absorb the negative impact on the production.

In South Sumatra, the new developments steadily progressed with 18 179 hectares already planted by the end of 2023. Furthermore, the replanting of 10 184 hectares in the Dendymarker Indah Lestari plantations, acquired in 2017, was completed. Besides further expansion of planted areas and associated infrastructure, investments in South Sumatra included the construction of the Agro Muara Rupit mill. The operational start-up of this seventh palm oil mill in Indonesia occurred in April 2024, with a processing capacity of 45 tonnes of fresh fruit bunches (FFB) per hour in the first phase.

SIPEF also continued to expand its banana operations, with the development of additional plantations in Côte d'Ivoire, bringing the total planted area to 1 229 hectares by the end of 2023. The newly developed sites of Lumen and Akoudié outperformed in their first year of harvest, pushing the overall banana production 27% higher than that of 2022. In February 2023, SIPEF decided to focus entirely on expanding banana operations in Côte d'Ivoire and to wind down the horticulture business over the next 18 months.

For many years, SIPEF's business strategy has been built on controlled growth as an upstream player and value creation for all its stakeholders.

However, as cultivable land continues to become increasingly scarce, SIPEF recognised the imperative to enhance production efficiency and optimise land utilisation through the adoption of new technologies and farming techniques. This realisation prompted an investment in 2013 in Verdant Bioscience Pte Ltd, a company dedicated to developing F_1 hybrid varieties, resulting in high-yielding palm seeds and methodologies aimed at increasing crop resilience.

Consequently, SIPEF's current strategy places a strong emphasis on operational enhancements in land use, production and processing efficiency. This involves the integration of new technologies to enhance palm oil quality, the development of superior seed varieties, and the adoption of best practices, including the segregation of quality streams for food production.

Driven by the understanding that only the highest-quality palm oil will meet future consumption standards, the Company expanded its growth strategy in 2023 to target markets where demand for premium-quality, low-contaminant, virgin oils will be required.

Furthermore, driven by the understanding that only the highest-quality palm oil will meet future consumption standards, and motivated by new European regulations, the Company expanded its growth strategy in 2023 to target markets where demand for premium-quality, low-contaminant, virgin oils will be required.

This new strategy was concretised by the development of several projects, some of which could already be finalised by the end of 2023. More precisely, the Crude Palm Oil (CPO) washing plant in Bengkulu for the production of low chloride and low contaminated mineral oil has been running in test conditions since mid-November 2023. Several samples have been taken for analysis and test results are promising. In Papua New Guinea, the pilot project at the Barema palm oil mill for the segregation of virgin oil and technical oil has progressed steadily, with the first commissioning taking place in March 2024.

Sustainability remains a key feature for the Group performance and is strongly interrelated with SIPEF's quality and traceability ambitions. As such, the Group works relentlessly to halt deforestation, to address the needs of communities by improving their livelihoods, and to protect wildlife and the environment. It continued in 2023 to produce 100% RSPO compliant palm oil and 100% Fairtrade and Rainforest Alliance labelled bananas. Also, great efforts were made by the teams of Papua New Guinea for the recertification of all own plantations and smallholders' plantations in accordance with the latest RSPO standards.

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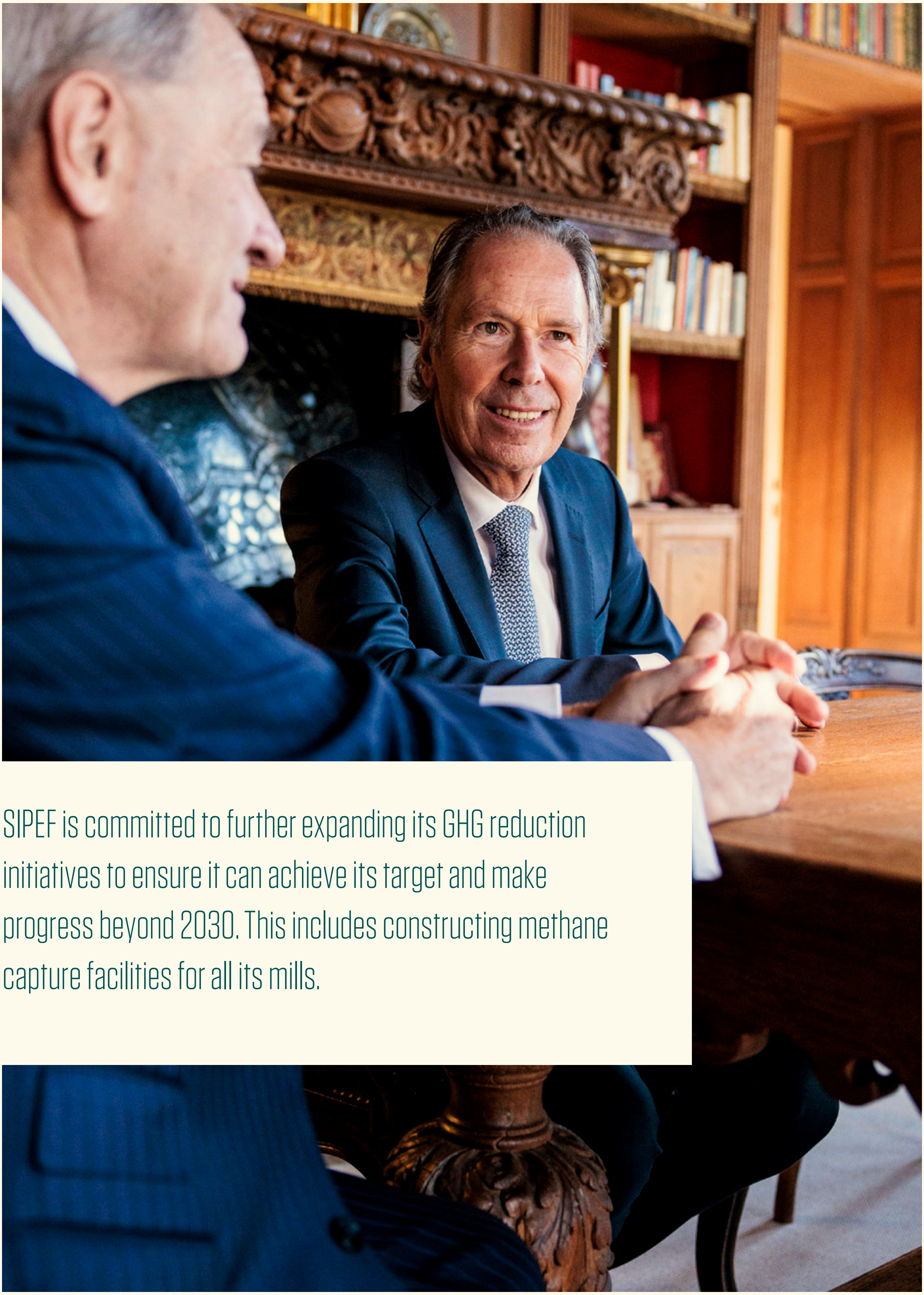


SIPEF is committed to further expanding its GHG reduction initiatives to ensure it can achieve its target and make progress beyond 2030. This includes constructing methane capture facilities for all its mills.

Moreover, SIPEF is making efforts to address the risks and impacts of climate change and proceeds to make headway with its greenhouse gas (GHG) emissions. In 2022, SIPEF's carbon footprint calculation was externally verified to the ISO 14064 standards. Since then, the Company has set a target to reduce its GHG emission intensity (Scopes 1 and 2) per tonne of CPO by 28% by 2030 against its verified 2021 baseline. SIPEF is committed to further expanding its GHG reduction initiatives to ensure it can achieve its target and make progress beyond 2030. This includes constructing methane capture facilities for all its mills. To date, six out of ten mills have been equipped with these facilities.

New sustainability requirements, including the European measures, continuously pushed the Group over the last few years to further invest in digital technologies, IT systems and human resources, enlarging, among others, its sustainability and IT teams. On the level of the board of directors, SIPEF strengthened its sustainable and scientific management with the appointment of Giulia Stellari, an expert in agronomic technologies. So, today the Group is well prepared and positioned to comply with these new requirements.

We can conclude that SIPEF has invested a significant amount of time and resources to prepare the Group to tackle future challenges effectively. But all these efforts and investments are in vain without proper leadership. Therefore, in anticipation of the managing director's retirement in September 2024, a comprehensive succession plan was meticulously developed and monitored in recent years.

This diligent planning resulted in the designation of Petra Meekers as the future managing director last April. Petra's journey within SIPEF has been marked by her expertise and dedication. In 2021, she transitioned from her role on the SIPEF board to join the executive committee as a sustainability expert and the chief operating officer Asia-Pacific (COO APAC). In this capacity, she spearheaded all operational activities in Indonesia and Papua New Guinea and gained invaluable insights into the details of the banana business and other facets of the Group's operations. We are confident that Petra's leadership will secure a prosperous future for SIPEF, and we trust that our shareholders will feel similarly confident and approve her appointment as member of the board of directors in June 2024.

The year 2023 was important for the Group in terms of new strategic choices. We are certain that in the future, strengthened by a solid balance sheet, a strong cash flow and a limited debt position, we will be able to successfully implement our new strategy. Nevertheless, we are aware that we cannot succeed in our mission without the support of all our stakeholders and in particular our shareholders. We want to thank them for their confidence by proposing a gross dividend of euro 2.0, in line with the 30% payout ratio of the previous year.

Finally, and most importantly, we want to express our gratitude for the relentless dedication and contribution of all the people working for the Group worldwide, who made the 2023 results and achievements possible. We are convinced that together with its enthusiastic and skilled teams, SIPEF can face the future with great optimism.

BARON LUC BERTRAND
chairman of the board of directors

FRANÇOIS VAN HOYDONCK
managing director

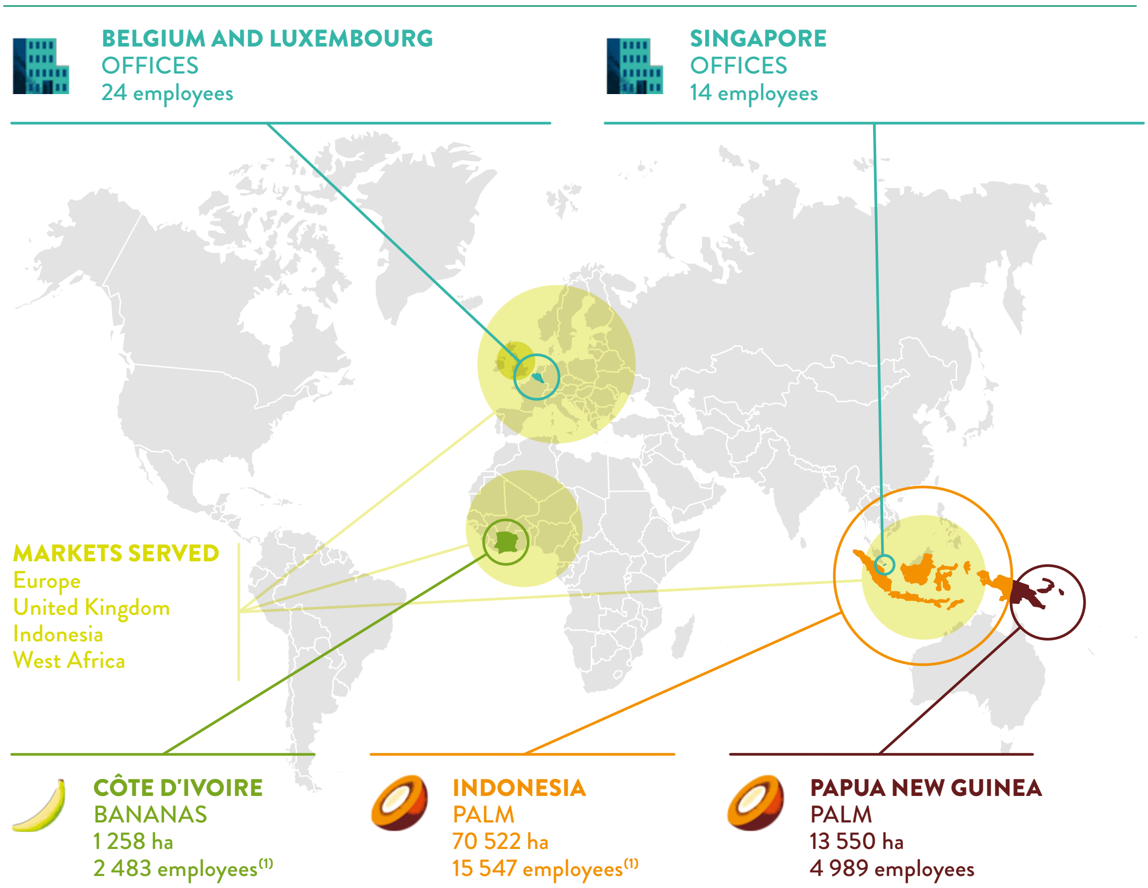
SIPEF at a glance

SIPEF is a Belgian agribusiness group listed on Euronext Brussels. The Group operates agro-industrial activities, mainly in the production of sustainable palm products in Indonesia and Papua New Guinea, and bananas in Côte d'Ivoire. The palm products SIPEF produces include fresh fruit bunches (FFB), crude palm oil (CPO), palm kernels (PK) and crude palm kernel oil (CPKO). The Group also has operations in natural rubber, tea, and horticulture which are in the process of being phased out.

SIPEF has a multinational workforce of 23 057 people, full-time equivalent (FTE), the majority of whom are employed or contracted through SIPEF's subsidiaries. The Group manages a total of 85 329 hectares of own production area across its global operations.

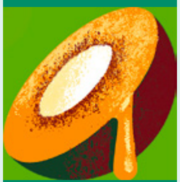
Further details on SIPEF's operational activities can be found in the chapter on SIPEF's operations, on pages 26-73.

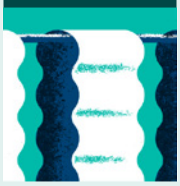
GLOBAL PRESENCE

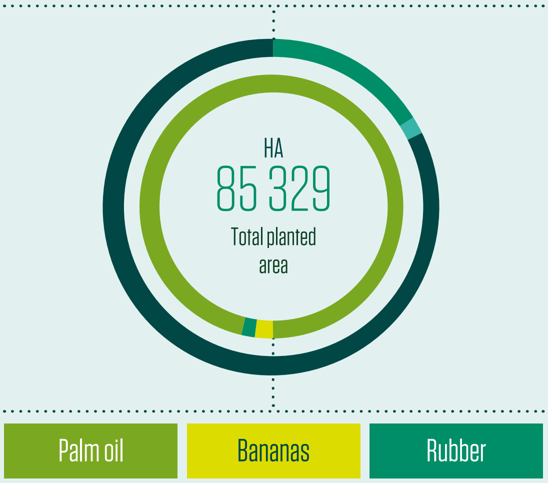


(1) Figures include total employees in tea and rubber activities (Indonesia) and horticulture (Côte d'Ivoire).

INDONESIA	PAPUA NEW GUINEA	CÔTE D'IVOIRE
30 Oil palm plantations	6 Oil palm plantations	
6 Palm oil mills	3 Palm oil mills	5 Banana estates
2 Rubber estates	2 Kernel crushing plants (integrated with mills)	7 Banana packing stations

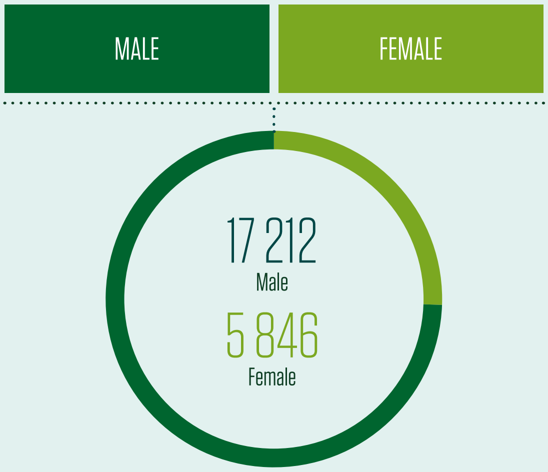






PLANTED AREA (IN HECTARES)

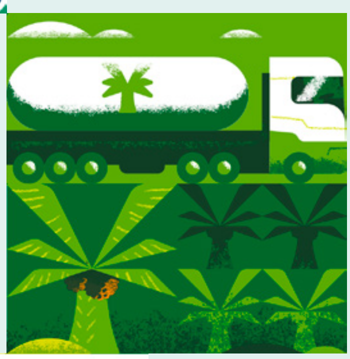
	INDONESIA	PAPUA NEW GUINEA	CÔTE D'IVOIRE	TOTAL
Oil palms	68 621	13 550	0	82 171
Rubber	1 901	0	0	1 901
Bananas	0	0	1 229	1 229
Horticulture	0	0	29	29
TOTAL	70 522	13 550	1 258	85 329



EMPLOYEES BY COUNTRY

Belgium	24
Indonesia	15 547
Papua New Guinea	4 989
Côte d'Ivoire	2 483
Singapore	14
TOTAL	23 057

Tonnes
968
Rubber



Tonnes
391 215
Palm oil

Tonnes
40 976
Bananas

Highlights of 2023

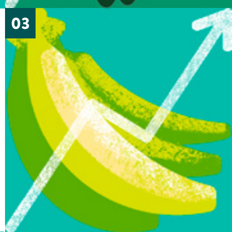
ACTIVITIES

→ **Palm oil production** of the SIPEF group declined by 3.1% against last year, as a result of weather challenges, marked by the El Niño weather phenomenon.

→ In Papua New Guinea, the reduction was exacerbated by the volcanic eruption on 20 November 2023. After initial verification, the damage was found to be less significant than originally estimated. **The rehabilitation is proceeding well.** 01

→ **The production of fresh fruit bunches** in South Sumatra's new plantations increased by 40.3% compared with 2022. 02

→ All palm oil extraction mills in Papua New Guinea and Indonesia have taken quality measures to keep MOSH/MOAH levels in palm oil low.



+27%
Bananas

→ The **CPO washing plant** at the Mukomuko palm oil mill has been operational for testing since mid-November 2023, with promising initial results.

→ The pilot project at the Barema palm oil mill in Papua New Guinea for the **separation of 'virgin' oil and 'technical' oil** continued steadily in 2023, with the first commissioning in March 2024. 04

→ **Banana production increased by 27.0%** on previous year's exported volumes. The increase is entirely related to the ongoing expansion of 421 hectares in two new production sites in Côte d'Ivoire. 03

→ The Indonesian affiliate PT Citra Sawit Mandiri obtained the ***Hak Guna Usaha*** (HGU, i.e. the long-term licence to use the land) in the second half of 2023.

INVESTMENTS AND EXPANSION

→ The Group invested a total of KUSD 106 986 in intangible and tangible assets in 2023. These related to the usual replacement investments in the existing developments, as well as the new developments in South Sumatra and Côte d'Ivoire.

→ **The expansion in South Sumatra**, Indonesia, (excluding Dendymarker Indah Lestari - DIL) has been steady, with 18 179 hectares already planted. 01

→ The **replanting** of the DIL plantations acquired in 2017 has been completed. 10 184 hectares have been replanted in this plantation.

→ In addition to further expansion of planted areas and associated infrastructure, such as houses and roads, investments in South Sumatra included, amongst others, the **construction of the Agro Muara Rupit palm oil mill**, the seventh in Indonesia. The first commissioning took place in April 2024. In its first phase, this palm oil mill has a processing capacity of 45 tonnes of fresh fruit bunches per hour. 02

→ The **expansion of hectares planted with bananas in Côte d'Ivoire** continued with another 163 hectares in 2023, bringing the total planted area at the end of 2023 to 1 229 hectares. 03

+163 ha

Planted area in Côte d'Ivoire

RESULTS

- **Palm oil markets continued to remain favourable** from a historical perspective: prices mostly navigated within a tight range between USD 900 and 1 000 CIF Rotterdam during 2023. 01

- Steady prices and enhanced cost control once more guaranteed **outstanding financial performances**, albeit lower than the all-time record year 2022.

- **The unit production prices of palm oil remained well under control.** The decrease in fertiliser and energy costs resulted in a lower cost, which was, however, offset by the lower total production, leading to a higher unit selling price. 02

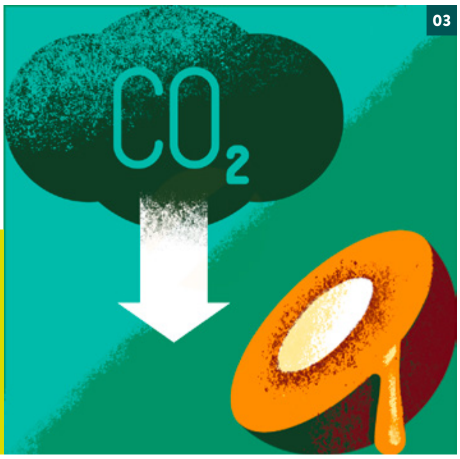
- The Net Financial Position remains limited to KUSD -31 418, after **investments of KUSD 106 986**, mainly related to the continued expansion in South Sumatra.

- **Net profit, share of the Group, after taxes, amounted to KUSD 72 735** against KUSD 108 157 last year. The decrease was mainly due to the lower unit selling price per tonne of crude palm oil and the decrease in total palm oil production. Basic earnings per share were USD 6.99 compared with USD 10.40 per share in 2022.

- The board of directors decided to propose to the shareholders' meeting of 12 June 2024 a gross dividend of euro 2.00 per share, payable as of 3 July 2024.

SUSTAINABILITY

28%
GHG reduction plan



- By the close of 2023, SIPEF has already achieved **a reduction of 10% in its net GHG emissions intensity (Scope 1 and Scope 2)** relative to its 2021 baseline of 1.88 tonnes of CPO, mainly due to the lower POME emissions. 03

- During the course of 2023, SIPEF achieved **Rainforest Alliance and GLOBALG.A.P certifications** for its new banana plantation sites, Akoudié and Lumen, reinstating the status of SIPEF's banana operations as fully certified. In 2023, all sites that were Fairtrade certified in previous years have maintained their certification.

→ SIPEF's improvements in sustainability reporting and performance are reflected in the sustainability benchmark scores and rankings for 2023. With an 88.9% rating from the Sustainability Policy Transparency Toolkit (SPOTT), the Company increased its score by 2.1% compared with 2022 and maintained its ranking of 11th out of 100 palm oil companies.

88.9%
SPOTT

01

→ SIPEF achieved **Roundtable on Sustainable Palm Oil (RSPO) certification** for nearly 3 000 hectares (100%) of smallholder area at PT Dendymarker Indah Lestari (DIL) in South Sumatra. 01

→ The SIPEF subsidiary in Papua New Guinea completed an integrated **High Conservation Value and High Carbon Stock Approach (HCV-HCSA)** assessment, which covered all existing estates, smallholders, and surrounding areas. It identified large areas for conservation, as well as for potential new development in and around existing smallholder estates. As a participatory mapping initiative, the assessment also facilitated extensive community engagement.

→ On 11 December 2023, the Indonesian Ministry of Environment and Forestry (KLHK) approved the **SIPEF Biodiversity Indonesia (SBI) 10-year management plan** for the 12 672 hectares of forest area overseen by the initiative. The approval secures SBI's existing licence of 60 years to manage and conserve the area for another decade.

→ **SIPEF also advanced in its CDP Climate Change disclosure**, moving up to a C ('Awareness') from the 2022 score of D ('Disclosure'). The new score aligns SIPEF's performance with the crop sector's average. SIPEF maintained its B ('Management') score for its CDP Forests submission, a score that falls in line with the average performance of palm oil in the crop farming sector, and is higher than the European regional average.

D → C
New score

02

→ For the first time, the Group's headquarters in Belgium achieved certification under the **GlobalG.A.P. Chain of Custody Standard and the Rainforest Alliance supply chain certification standard** (2020 Sustainable Agriculture Standard: Supply Chain Requirements). 02

SIPEF's mission and strategy

SIPEF is a well-established agricultural commodities company, having operated for more than 100 years. With its wealth of experience, the Group works to consistently produce high-quality and fully traceable palm oil products and bananas, while preserving natural ecosystems, engaging in fair labour practices, and providing support for local communities in the places where it operates.

Looking to the future, SIPEF is also focusing on diversification into targeted markets, with the aim of being the preferred supplier of premium agricultural products.

Fundamental to the realisation of its ambitions and the Group's overarching mission are SIPEF's seven Guiding Principles and its Balanced Growth Strategy.

SIPEF's Mission, Guiding Principles, and Balanced Growth Strategy

GUIDING PRINCIPLES

With operations and offices in Indonesia, Papua New Guinea, Côte d'Ivoire, Singapore, and Luxembourg,[1] and its Headquarters in Belgium, SIPEF has a very multicultural and diverse workforce. The management, employees, as well as all contracting parties, are governed by a set of Guiding Principles, which shape the conduct and culture of the Group.

Like we see with the long-lived lifecycle of the palm tree, long-term thinking is naturally embedded in the way we conduct business at SIPEF. This includes looking at the future impacts of today's decisions and actions on the environment and communities in the areas where we operate.

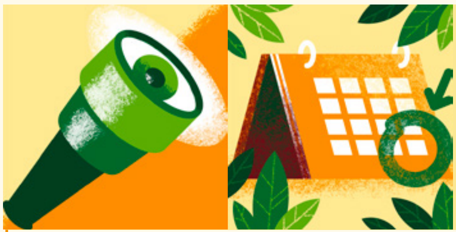
François Van Hoydonck

(1) Jabelmalux SA is the Luxembourg parent company of SIPEF's latest oil palm developments in North Sumatra (PT Umbul Mas Wisesa, PT Toton Usaha Mandiri and PT Citra Sawit Mandiri), and of one of the new developments in the Musi Rawas Region in South Sumatra (PT Agro Muara Rupit).

SIPEF strives for:

1. Reliability and stability

To be a reliable and stable partner for all its stakeholders.



2. Long-term planning and decision making

To always plan for, and make decisions, based on its long-term vision.

3. Continuous improvement

To continuously improve all aspects of its business, focusing on quality, productivity, and best environmental, social and governance practices.

4. Sustainable economic growth

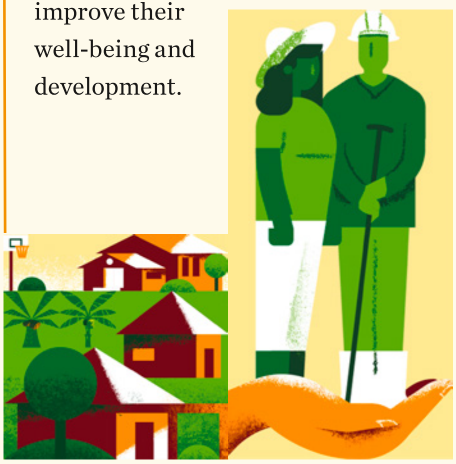
To generate economic value for its shareholders and other stakeholders, while striving for a controlled level of debt.

5. Conservation and restoration of the environment

To conserve, and where possible, restore the natural environment within its operations by engaging in sustainable agricultural practices and actively managing conservation areas.

6. Supporting employees and communities

To treat all employees and local communities with respect for their rights, while supporting opportunities to improve their well-being and development.



7. Value creation for all stakeholders

To create value for all its stakeholders, fairly and responsibly.

BALANCED GROWTH STRATEGY

SIPEF believes that with its Balanced Growth Strategy, it can achieve its business objectives in a way that simultaneously respects and promotes its sustainability goals.

As a Belgian agribusiness company listed on Euronext Brussels, SIPEF is committed to generating economic value for its shareholders and other stakeholders, while striving for a controlled level of debt. At the same time, sustainability is firmly anchored to the core of SIPEF's business model, and the Group has made a top-down commitment to managing its operations in an environmentally and socially responsible manner. Through its business activities and partnerships, SIPEF is also working to contribute positively to the communities and local economies in the remote areas where it operates.

SIPEF's Balanced Growth Strategy takes an integrated approach towards the realisation of the Company's business and sustainability priorities.

The Strategy's eight key levers and their components are described in the following:

Production efficiency

Respecting the limited availability of agricultural land, whilst continuing to meet growing market demands, is crucial for SIPEF's success as a business, now and in the future.

The Group works to enhance its production efficiency by:

→ **Optimising land use in production areas**
→ **Improving production processes**
→ **Engaging in practices and solutions focused on boosting yields**

→
See chapter on SIPEF's operations for more details (page 26)

Environmental stewardship

For SIPEF, environmental stewardship means minimising and managing all direct and indirect impacts of its business activities on the natural environment, and on the climate.

SIPEF's priorities under environmental stewardship are:

→ **Sustainable land use and biodiversity conservation**
→ **No deforestation and no new developments on peat (NDP)**
→ **Best Management Practices (BMPs) that minimise environmental impacts**
→ **Greenhouse gas (GHG) reduction initiatives**

→
See chapter on environmental stewardship for more details (page 90)

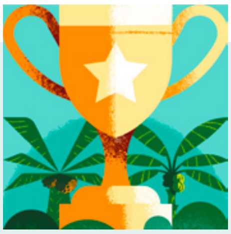
Respecting employees and communities

SIPEF's Balanced Growth Strategy rests on the premise that growth is not possible without being a responsible employer and neighbour, first.

For SIPEF, being a good employer and neighbour means:

- → **Respecting human, labour, and community rights, in accordance with local laws and international frameworks**
- → **Contributing to the needs of local communities by providing employment, and health, education, and infrastructural services**

→
See chapter on respecting employees and communities for more details (page 114)



Operational excellence

SIPEF is committed to operational excellence, and continuously strives to improve the efficiency of its processes and the effectiveness of its practices.

Operational excellence at SIPEF means:

- → **Maximising production quantity and quality**
- → **Optimising inputs, reusing by-products, and minimising waste**
- → **Promoting a culture of continuous improvement**

→
See chapter on SIPEF's operations for more details (page 26)

High-quality, sustainable, traceable, certified products

Supplying high-quality, sustainable, traceable, and certified products is key for SIPEF to differentiate itself from others and diversify into targeted markets.

Integral to this lever in SIPEF's strategy are the following:

- → **Implementing the highest food safety and quality standards**
- → **Maintaining 100% traceability for all products**
- → **Full compliance with leading sustainability standards and certifications**

→
See chapter on SIPEF's operations for more details (page 26)

Responsible supply chain management

SIPEF believes that creating value in a responsible way includes supporting its suppliers to become part of its sustainable supply chain. All of the Group's suppliers are oil palm smallholders, whose locations are known and mapped.

SIPEF's approach to responsible supply chain management is centred around:

- → **Supporting smallholders in their journey towards improved, sustainable, and certified production**
- → **Providing training, planting materials, and agronomic services to smallholders**
- → **Supporting smallholders to earn higher incomes and have better access to international markets**
- → **Screening and monitoring suppliers to ensure compliance with SIPEF policies**

→
See chapter on responsible supply chain management for more details (page 136)

Innovation and early adoption

SIPEF recognises the immense potential of being an early adopter of innovations that focus on enhancing the productivity, quality, and resilience of its future crops.

SIPEF's priorities under innovation and early adoption are:

- → **Investing in research and development (R&D) to enable progress towards sustainable and optimal land use, efficient production, higher quality products, and resilient crops**
- → **Testing and applying new principles and practices**
- → **Remaining agile and adaptable to accommodate strategic and market shifts**

→
See chapter on SIPEF's operations for more details (page 26)

Good business conduct

SIPEF maintains the highest regard for ethical business practices, understanding their critical role in mitigating financial, reputational, and legal risks.

For SIPEF, good business conduct means:

- → **Fostering a culture of ethical conduct amongst management, staff, and contractors**
- → **Implementing systems and processes to ensure the practice of ethical conduct**
- → **Having robust policies, procedures and measures in place to address any risks, including those associated with bribery or corruption**

→
See chapter on good business conduct for more details (page 146)

STRATEGY GOVERNANCE AND MANAGEMENT STRUCTURE

SIPEF's board of directors is ultimately responsible for the design and oversight of the Balanced Growth Strategy.

At a Group level, implementation of the Strategy is led by SIPEF's executive committee, which steers the global teams in Belgium, Singapore, and Luxembourg. The global teams take on a coordinating role in the delivery of the Strategy, including monitoring and reporting on progress.

At SIPEF's operations in Indonesia, Papua New Guinea, and Côte d'Ivoire, the execution of the Strategy is carried out by the regional teams at the Group's subsidiaries. The regional executive committees in each country oversee these teams and their activities, and report to SIPEF's executive committee.

SIPEF's Balanced Growth Strategy: Governance Structure

- Leadership teams
- Board committees
- Global teams
- Group subsidiaries

SIPEF BOARD OF DIRECTORS

REMUNERATION COMMITTEE | NOMINATION COMMITTEE | AUDIT COMMITTEE

SIPEF EXECUTIVE COMMITTEE

SIPEF's board of directors is ultimately responsible for the design and oversight of the Balanced Growth Strategy. The Strategy's implementation is led by SIPEF's executive committee.

LUXEMBOURG (Jabelmalux SA) → BELGIUM (SIPEF Head Office) ← SINGAPORE (SIPEF Singapore Pte Ltd)

At a Group level, the Balanced Growth Strategy's implementation is coordinated by global teams in Belgium, Singapore and Luxembourg (finance, legal, marketing, IT, operational management and sustainability).

Regional executive committee	Regional executive committee	Regional executive committee
INDONESIA (PT Tolan Tiga Indonesia)[1]	PAPUA NEW GUINEA (Hargy Oil Palms Ltd)	CÔTE D'IVOIRE (Plantations J. Eglin SA)

Operational activities and the execution of the priorities under the Balanced Growth Strategy for SIPEF's palm products are carried out by the regional teams at its subsidiaries in Indonesia and Papua New Guinea. The regional executive committees in each country oversee these teams and activities, and report to the SIPEF executive committee.

Operational activities and the execution of the priorities under the Balanced Growth Strategy for SIPEF's bananas are carried out by the regional teams at its subsidiary in Côte d'Ivoire. The regional executive committee in Côte d'Ivoire oversees these teams and activities, and reports to the SIPEF executive committee.

→ For a detailed description of **SIPEF'S CORPORATE GOVERNANCE STRUCTURE** - see pages 156-167)
→ For a detailed description of **SIPEF'S SUSTAINABILITY GOVERNANCE STRUCTURE** - see pages 84-85)

(1) SIPEF has 14 subsidiaries in Indonesia. Governance, communications and reporting to the SIPEF executive committee are managed through the regional executive committee of SIPEF's main and largest subsidiary, PT Tolan Tiga Indonesia.

SIPEF's operations

OVERVIEW OF OPERATIONS

Palm Oil

SIPEF's primary operational activities are in the cultivation of oil palms and in the production of palm oil products. These activities take place across West New Britain, Papua New Guinea, and three provinces in Sumatra in Indonesia, where fresh fruit bunches (FFB) are grown, harvested and processed into crude palm oil (CPO), palm kernels (PK) and crude palm kernel oil (CPKO). The products are sold directly to customers in Indonesia or exported for sale to European customers.

During the course of 2023, the Group's commercial focus was on further developing its activities with an extended oil palm landbank in South Sumatra, where an additional 1 786 hectares were compensated, and 2 337 hectares were prepared for planting or planted, to reach a total of 18 760 cultivated hectares. With the replant of PT Dendymarker Indah Lestari (PT DIL) completed, the Group has 28 362 newly planted, maturing oil palm hectares in South Sumatra.

By 31 December 2023, a total of 82 171 hectares within SIPEF's concessions have been planted with oil palms. When accounting for the supply base managed by partnering smallholder producers, SIPEF's total supply base exceeded more than 100 000 hectares in 2023, reaching a new milestone. The production from this area collectively supplies nine palm oil processing mills in Indonesia and Papua New Guinea.

In 2023, the Group's palm related activities accounted for 91% of its total revenue. The compounded annual oil palm hectarage growth rate over the last 10 years is 4.0%.

Bananas

SIPEF's banana production in Côte d'Ivoire is the Group's second largest activity. SIPEF cultivates the Cavendish variety across five plantations managed by its subsidiary, Plantations J. Eglin. Plantations J. Eglin is one of the three major players within the banana export sector in Côte d'Ivoire. More than 80% of the bananas are sold to the European market and to the United Kingdom, in accordance with all relevant regulatory requirements and guidelines. The rest are sold in the West Africa region and on the local market in Côte d'Ivoire.

During the course of 2023, the new sites at Lumen and Akoudié were developed. Together, they added an additional 421 hectares of banana cultivation, successfully already outperforming during their first year of harvest. By 31 December 2023, SIPEF's total planted area for bananas was 1 229 hectares.

Production of bananas in Côte d'Ivoire increased by 43.8% in the fourth quarter of 2023, bringing the annual production up to 40 976 tonnes, which is a 27.0% increase when compared to 2022. In 2023, the Group's banana production accounted for 7% of total revenue.

Rubber and tea

In 2021, SIPEF had started phasing out its operations in natural rubber and tea, a process that will be completed in 2024. The remaining 1% of SIPEF's 2023 revenue comes from its residual production volumes of rubber and tea in Indonesia. In line with the phase out process, including the conversion of the rubber plantations to oil palm, the production of rubber continued to decline to less than 1 000 tonnes in 2023.

Planted area and production target

PLANTED AREA BY ACTIVITY IN 2023 (IN HECTARES)

	INDONESIA	PAPUA NEW GUINEA	CÔTE D'IVOIRE	TOTAL	%
Oil palms	68 621	13 550	0	82 171	96.3%
Rubber	1 901	0	0	1 901	2.2%
Bananas	0	0	1 229	1 229	1.4%
Horticulture	0	0	29	29	0.0%
Total	70 522	13 550	1 258	85 329	100.0%
%	82.6%	15.9%	1.5%	100.0%	

By 2031, SIPEF is aiming for an annual production target of 600 000 tonnes of palm oil, and 55 000 tonnes of bananas. To achieve this, SIPEF is focusing on improving production efficiency by optimising land use, improving production processes and boosting existing oil palm yields. The Group will also continue to seek investment opportunities by exploring the possibilities of developing new hectares with oil palm adjacent to its current operations in order to enlarge its production capacity and, if needed, its infrastructure. Additionally, it will continue its work to retain existing property and concession rights.

More information on SIPEF's palm and banana operational activities and their results for 2023 can be found on pages 48-71.

PRODUCTION 2023 (IN TONNES)

	OWN	THIRD PARTIES	YTD Q4/23
Oil palms	321 629	69 586	391 215
Rubber	827	141	968
Bananas	40 976	0	40 976

BUSINESS STRATEGY IMPLEMENTATION

SIPEF's operational activities and business strategy reflect the Company's top-down commitment to creating added value for all its stakeholders, fairly and responsibly. SIPEF's Balanced Growth Strategy is founded on balancing commercial success with creating a positive impact on the environment, society, the local economies in the places where it operates, and for the various other stakeholders the Group engages with.

SIPEF's Balanced Growth Strategy has four core business levers that drive its commercial activities.

BUSINESS LEVERS

- Production efficiency
- Operational excellence
- High-quality, sustainable, traceable, certified products
- Innovation and early adoption

SUSTAINABILITY LEVERS

- Environmental stewardship
- Respecting employees and communities
- Responsible supply chain management
- Good business conduct

Business and sustainability levers: complimentary and interconnected

SIPEF's business levers complement and operate together with its four core sustainability levers. Collectively, they ensure that SIPEF's commercial activities are always interwoven with its environmental, social and good governance priorities.

Both sets of levers are embedded in SIPEF's strategic decision-making, operational and business activities, employee and community engagements, and value chain relationships.

Further details on the four sustainability levers, and how they connect with the business levers can be found in the chapter on sustainability at SIPEF, on page 74.

Production efficiency

Land scarcity is one of today's most critical issues. While the world's population continues to rise, the amount of available arable land is decreasing due to land use competition, soil degradation caused by human-induced erosion and pollution, and the surging global demand for food. In the coming decades, this will be compounded by the acute physical risks linked with climate change, and future policy developments that may induce further restrictions.

SIPEF will continue to explore new opportunities for development in brownfield areas, in accordance with its no deforestation and no new planting on peat (NDP) policy. Its main strategic focus, however, is on enhancing production efficiency and boosting yields through the optimisation of land use and production processes.

Although the Group is striving for efficiency for all of its crops, optimising yields in the production of oil palm is particularly important. Today, palm oil is one of the most important vegetable oils in the global oils and fats industry, generating significant employment and export earnings in key producing countries, including in Indonesia and Papua New Guinea. Oil palm is also highly productive, yielding as much as two to eight times more per hectare than any other vegetable oil crop.[1] It also has the lowest requirements for inputs of fertilisers, pesticides and fuel per tonne of production.

THE GROUP WORKS TO ENHANCE ITS PRODUCTION EFFICIENCY BY:

→ Optimising land use in production areas
→ Improving production processes
→ Engaging in practices and solutions focused on boosting yields

Bananas also offer a number of productivity advantages as a crop. Banana plants can be harvested throughout the year, bear fruit within 9-12 months, and are highly productive. They are also a key crop for nutrition and global food security for more than 400 million people in producer countries,[2] and an essential source of income and employment for many households worldwide.

SIPEF recognises the significant potential and importance of innovation in enhancing existing productivity potential, quality, and sustainability. The Group is committed to implementing best management practices that aim to improve soil fertility, optimise inputs to production, and further increase product quality and the yield per planted hectare. SIPEF also continues to make significant investments in research and development (R&D) and in innovative solutions that further support its production efficiency goals.

(1) Source: www.wur.nl/en/newsarticle/New-light-on-the-sustainability-of-palm-oil.htm
(2) Source: www.bananalink.org.uk/all-about-bananas/

Operational excellence

For SIPEF, operational excellence means striving to enhance the efficiency of its processes and the effectiveness of its practices, ensuring the Company is making progress towards its long-term goals. A key focus in this area is maximising the value of its activities and outputs, both in terms of the quantity and quality of its products to meet customer demands, but also in the new or added value that can be generated for the by-products of its production processes.

OPERATIONAL EXCELLENCE AT SIPEF MEANS:

- → Maximising production quantity and quality
- → Optimising inputs, reusing by-products, and minimising waste
- → Promoting a culture of continuous improvement

At SIPEF, a continuous improvement philosophy is applied in the Group's approach to making decisions, managing activities, engaging with employees, and collaborating with upstream and downstream partners in its value chain. This includes monitoring the Group's operational success at different stages, and trialling and adopting new techniques and technologies.

Box: Re-using and recycling by-products and packing materials

Wherever possible, SIPEF explores and adopts circular practices in its operations. Many of these are focused on optimising inputs, reusing by-products and minimising waste from its production and processing activities, and on implementing regenerative and nature-based solutions.

Some examples of these include:

Using by-products from its palm oil and banana production activities, as well as from third-parties, as organic fertiliser. Organic waste and biomass, such as empty fruit bunches (EFB), treated palm oil mill effluent (POME), banana stems, and cocoa husks are applied to the fields as organic fertiliser.

Generating renewable energy from the by-products of milling operations to power operations and employee compounds. Electricity is generated at all of SIPEF's mills from the burning of fibres from palm nut mesocarp in boilers and the use of steam turbines. Additionally, at one of its mills, the Group uses methane capture from POME and a biogas generator to produce electricity. Looking ahead, SIPEF is also exploring the possibility of harnessing its biogas for the production of BioCNG (compressed natural gas), a renewable energy source.

Re-use and recycling of packing materials from banana packing stations. Locally purchased cardboard boxes and pallets are recycled by customers at destination. For some customers, re-usable IFCO crates are used for packing the bananas.

Read more about how SIPEF implements circular and regenerative practices in the the chapter on environmental stewardship on page 90.

High-quality, sustainable, traceable, certified products

Producing high-quality, sustainable, traceable, and certified palm oil and bananas has a crucial role to play in meeting the global demand for these commodities, while protecting the natural environment and human rights, and enhancing the livelihoods of smallholders and local communities.

SIPEF takes on a holistic approach to quality and sustainability, underscoring its dedication to contributing to a sustainable food system, and its role in shaping a more responsible agricultural sector. By prioritising these aspects, SIPEF can also differentiate itself from other players on the market.

INTEGRAL TO THIS LEVER IN SIPEF'S STRATEGY ARE THE FOLLOWING:

- → Implementing the highest food safety and quality standards
- → Maintaining 100% traceability for all products
- → Full compliance with leading sustainability standards and certifications

Producing high-quality palm oil

Implementing the highest food safety and quality standards is an important focus area in the production of palm oil products given the growing demand for high-end, controlled ingredients. This is also in view of the growing concerns in consumer countries over additives and specific contaminants in vegetable oils, alongside the requirements of European food safety regulations.

SIPEF's commitment to high-quality palm oil starts from the initial stages of production and extends throughout its supply chain. The Group has established comprehensive quality assurance protocols and conducts regular inspections and tests to ensure that its palm oil meets the strictest industry standards. In line with its ambition to become the preferred supplier of high-end, premium oil palm products, uniquely positioned in the market, SIPEF aims to completely eliminate or minimise contaminants, such as chloride—a precursor for 3-MCPD Esters, Glycidyl esters (GE), and other potential impurities like mineral oil contamination (MOSH and MOAH).

Production of high-quality, virgin oil

By integrating innovative techniques and improving quality control measures, SIPEF is significantly reducing contaminants in its palm oil production. A key focus area here has been the successful transition to the use of H1 food grade lubricants, a programme that started in Papua New Guinea in 2022 that has shown positive results during 2023. The pilot project at the Barema palm oil mill for the separation of 'virgin' oil and 'technical' oil continued steadily in 2023, with the official commissioning taking place in March 2024.

Palm oil: 3-MCPD and GE contaminants

3-MCPD esters can form as a result of chemical reactions during the deodorisation stage in the palm oil refining process. Under the very high temperatures during this process, chloride can react with the glycerol backbone of lipids to produce 3-monochloropropane-1,2-diol(3-MCPD). Glycidyl fatty acid esters (GEs) is also a compound that can form from edible oil during high-temperature refining processes.

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. 3-MCPD and GE are not present in the raw materials, but can appear as a result of the refining process.

At the close of 2023, SIPEF successfully completed the pilot of its CPO washing facility, installed at its Mukomuko palm oil mill in Indonesia. The purpose of the washing facility is to reduce the level of chloride in CPO production, one of the main precursors to causing a higher risk of 3-MCPD. With promising initial results, the washing facility will undergo further testing and monitoring throughout 2024 before facilities are installed at additional sites.

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

The European Food Safety Authority (EFSA) published a reference related to Mineral Oil Hydrocarbons (MOH), indicating that it was present at several levels in nearly all foods. Subsequently, it was also determined that the different vegetable oil industries would need to focus on the Hazard Analysis Critical Control Point (HACCP) system, which should have special considerations 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 enter food at different stages of food production including 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 raise health concerns; MOSH can accumulate in the liver and lymphoid system, leading to inflammation, while MOAH is potentially 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 its quality departments and engineering departments, focused on setting up a control programme to reduce any risk of MOSH and MOAH contamination, as well as develop mitigation measures.

KNOWN HEALTH RISKS CAUSED BY MINERAL OILS

MOH
(Mineral Oil Hydrocarbons)

MOSH
(Mineral Oil Saturated Hydrocarbons)

- Accumulate in the liver
- Suspected carcinogenic effect

MOAH
(Mineral Oil Aromatic Hydrocarbons)

- Carcinogenic effect
- Genotoxic effect

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 their mineral oil lubricants with food grade lubricants in processes that are in direct contact with the products during processing. During the course of 2023, all operations in Indonesia underwent the same process. As such, 100% of the palm oil mills have been switched to food grade lubricants by the end of 2023.

Producing high-quality bananas

Quality standards in the production of sustainable bananas are established with customers and plantations, with ongoing inspections happening on the ground through dedicated teams. 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 established implementation controls, such as, adhering to food safety certification for packaging to avoid cross-contamination, as well as best field and operational practices, ensuring that any contamination from planting until the point of export to customers follow the requirements on residual controls.

Traceability for palm oil and bananas

SIPEF is a leader in traceability, with all commodities it sells being fully traceable to their production location, either an estate managed by SIPEF or a supplier smallholder plot.

Traceability is a fundamental principle for sustainability in agricultural commodity supply chains. It enables customers and consumers to ascertain that the products they buy are indeed sourced from certified estates and smallholders, and therefore contribute to environmental, social and economic sustainability. It is also essential for ensuring food safety, meeting consumer demands for transparency, complying with regulations, and improving supply chain management and efficiency.

In 2023, SIPEF maintained 100% traceability for its palm oil products and bananas.

All of the sustainability certification schemes SIPEF complies with require full traceability on sourcing in order to claim full sustainability of a product.

PALM OIL PRODUCTS

SIPEF's nine mills are all certified in accordance with the Roundtable on Sustainable Palm Oil (RSPO) standard, with eight of the mills under the Identity Preserved (IP) supply chain model, and one mill, PT DIL in South Sumatra, operating under the Mass Balance (MB) model. PT DIL mill's supply chain model is MB due to a portion of its supply base undergoing the RSPO certification process.

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 palm oil supply base of PT DIL mill is not yet certified, all of it is traceable.

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

BANANAS

All of SIPEF's banana plantations and packing stations are certified under the IP supply chain model in accordance with requirements of Rainforest Alliance certification.

Enhancing transparency and traceability with technology

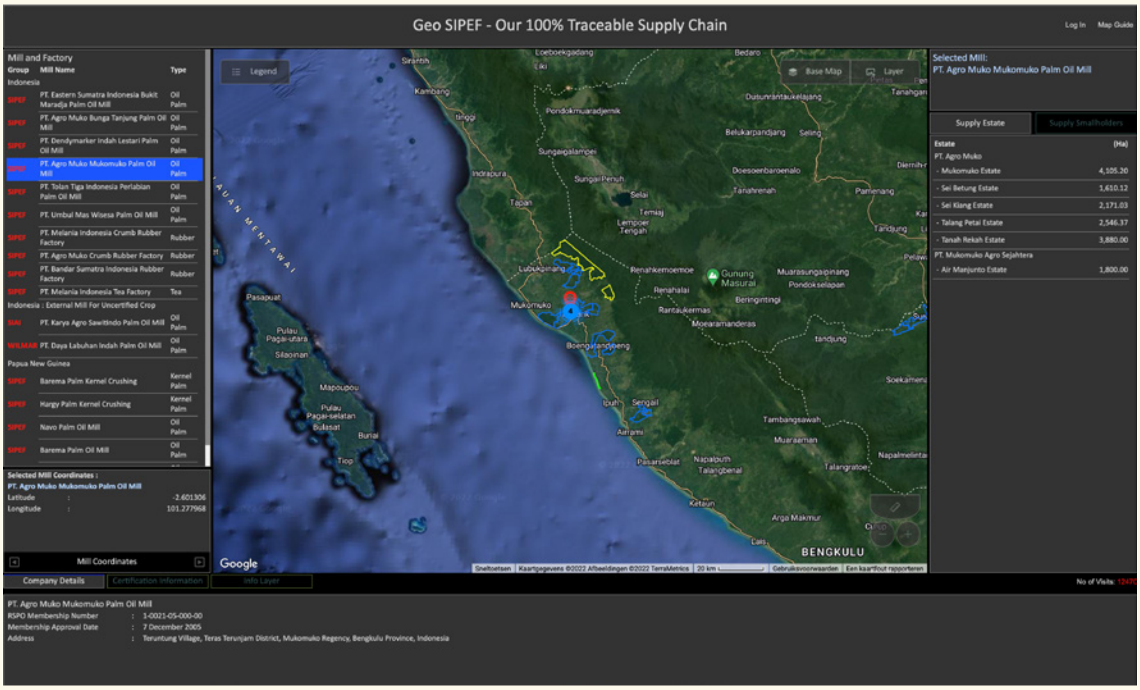
GEO SIPEF: INTERACTIVE MAPPING APPLICATION

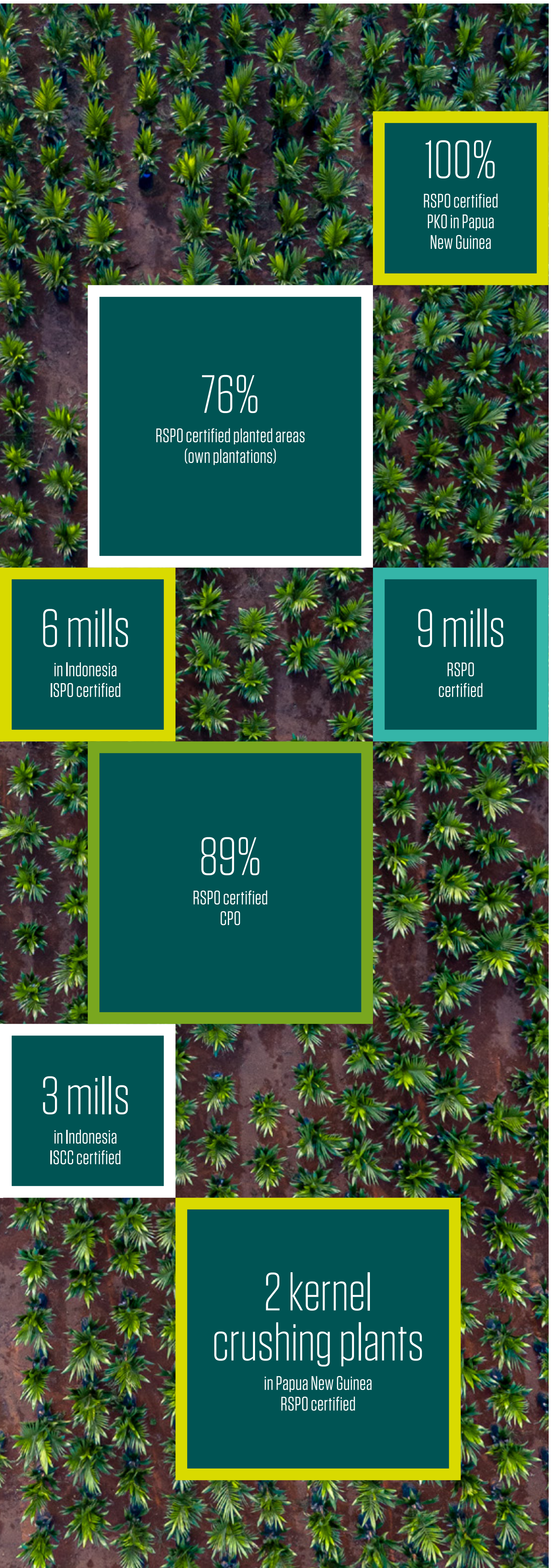
As part of its commitment to transparency and to a fully certified sustainable and traceable supply base, SIPEF has developed an interactive mapping application called 'Geo SIPEF'. This tool allows the user to locate all SIPEF palm oil mills, kernel crushing plants, and their respective supply bases. It also provides auxiliary information, including the status of certifications where relevant, information on production capacity, and the proximity of operations to key biodiversity areas.

→ Geo SIPEF can be accessed at www.geosipef.com

TRACEABILITY SOFTWARE FOR BANANA PRODUCTS

Plantations J. Eglin has developed an innovative traceability software, which uses barcodes to trace the bananas being purchased by customers back to the boxes at the packing stations. The software is currently being implemented at two packing stations, with the aim to roll out its use across all stations. As a next step, SIPEF aims to make improvements, including the development of a web-based traceability platform accessible to customers.





Sustainability standards and certifications

Certification establishes a foundation for guiding SIPEF in its continuous improvement journey towards balanced growth. It offers a structured framework for the Group to embed sustainability and good management practices across its own operations and supply chain, positions SIPEF as a responsible participant in the global market, and drives operational improvements. Certification also fosters transparency and accountability, enabling the Group to demonstrate its commitment to environmental, social and governance practices through verifiable standards.

Throughout 2023, SIPEF continued to maintain and progress its compliance with leading certification standards for its palm oil and banana operations.

Palm oil certification

SIPEF is working towards its target to achieve 100% RSPO certification for all its oil palm operations. including for the smallholders in its supply chain. The Group has developed a time-bound plan to have all its mills and their supply bases certified by 2026.

As of 31 December 2023, 76% of SIPEF's own planted area is RSPO certified. All 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.

Banana certification

For its banana operations, SIPEF is committed to achieving 100% Rainforest Alliance, Fairtrade, and GlobalG.A.P certification.

During the course of 2023, the company achieved Rainforest Alliance and GLOBALG.A.P certifications for its new sites, Akoudié and Lumen, reinstating the status of SIPEF's banana operations as fully certified. Plantations J. Eglin has been rigorously preparing for the certification of these sites since their acquisition in 2021.

In 2023, all sites that were Fairtrade 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.

For the first time, the Group's headquarters in Belgium achieved certification under the GlobalG.A.P. Chain of Custody Standard and the Rainforest Alliance supply chain certification standard (2020 Sustainable Agriculture Standard: Supply Chain Requirements). Additionally, it maintained its Fairtrade Trader Standard certification.

Entering new premium markets

Looking to the future, SIPEF continues to explore new and improved customer and distribution channels for high quality, sustainable, traceable and certified – essentially premium – bananas and palm oil. Building on long established relationships in its upstream value chain, SIPEF is now also looking at collaborating more closely with potential downstream players in key markets. By engaging with them on the latest quality standards, sustainable cultivation techniques, and the reduction of contaminants, SIPEF is fostering a shared commitment to delivering premium, low-contaminant palm oil to existing and new customers.

Innovation and early adoption

As an agribusiness company guided by the principle of continuous improvement, SIPEF recognises the immense potential of being an early adopter of innovation.

The palm oil industry has started to focus on innovative ways of working to achieve higher efficiency and productivity, whilst improving natural resource management and environmental protection. Pilot projects, currently in the inception stages and expected to scale up over the next decade, focus on developing technologies that will, for example, deliver higher quality crude products, optimise waste streams, and reduce carbon impacts. Of course, external factors that may accelerate or delay such innovative developments and their effective adoption, including war, government policy, or disease outbreaks, need to be considered.

SIPEF teams at different locations continue to move forward on testing and applying new principles and practices in its operations and value chain. The Group is making progress on its technology agenda by streamlining its IT department and starting to review digital capabilities and software applications towards the future needs of the business.

By using digital technologies such as block-by-block Performance Analysis, using drones or high-resolution imagery and GPS data, SIPEF is now able to identify each palm tree or production unit, so that a poor yield can in future, be individually dealt with. The Group also continues to invest in digitalisation and advanced technologies with the aim of developing predictive modelling capabilities that can be used to determine yield and climate impacts in the future.

SIPEF'S PRIORITIES UNDER INNOVATION AND EARLY ADOPTION ARE:

- Investing in research and development (R&D) to enable progress towards sustainable and optimal land use, efficient production, higher quality products, and resilient crops
- Testing and applying new principles and practices
- Remaining agile and adaptable to accommodate strategic and market shifts

SIPEF is dedicated to a long-term vision and, as such, prioritises investments in research and development, and innovation. These continuing endeavours are based on a long-term view and are instrumental in advancing progress towards communal sectoral challenges:

- **Significantly enhancing yield per hectare annually, utilising Verdant Bioscience Pte Ltd's innovative F_1 Hybrids:** By maximising yield, there will be effectively optimised land utilisation for oil palm cultivation, thereby alleviating pressure on further deforestation and biodiversity loss through the concept of 'land sparing'. This stands as the leading sustainability objective, yet to be attained by the global oil palm industry as well as the agricultural sector in general.
- **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 and palm products (focusing on human health);
- **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

SIPEF has made strategic investments in Verdant Bioscience Pte Ltd (VBS), acknowledging the substantial potential for research and development (R&D) and innovation stemming from this partnership. This collaboration reinforces the dedication to fostering innovation and continuous improvement as well as early adoption of new technology.

Currently, there are three primary areas of ongoing research and development with significant potential to enhance palm oil production:

- Development of improved crop varieties;
- Enhancing crop genetic resistance and resilience;
- Improving agronomic and crop protection practices, including early adoption of new techniques focusing on soil health and regenerative practices.

Note: The scope does not include genetic modification.

Verdant Bioscience Pte Ltd
F_1 Hybrid oil palm varieties

VBS continues to advance its core strategy of developing and delivering high-yielding, field-proven F_1 Hybrid varieties for the oil palm industry. Recognising the escalating global demand for vegetable oil, without the option to expand oil palm cultivation areas, enhancing yield per unit area of land emerges as the primary solution. F_1 Hybrids hold the promise of potentially doubling yields per hectare, thereby mitigating the risk of further deforestation and biodiversity loss.

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. In 2023, a further 161 F_1 Hybrid crosses were trial planted. The objective of these trials is to ensure that VBS' F_1 Hybrid crosses have been robustly field tested before selection and commercial release. The harvesting/yield recording of the first F_1 Hybrid trial started in January 2024.

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. Genetic pest and disease tolerance breeding is usually the most robust crop protection strategy but takes time to implement.

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 SIPEF's estates and management practices.

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 F_1 Hybrids by 2029.

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 regenerating 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. Greater emphasis is now also being placed on regenerative practices optimising soil health by the management of legume cover crops, shrubs and trees to maximise nitrogen fixation. By committing to regenerating soil health greater value will be gained from both organic and inorganic fertilisers (higher yield per nutrient unit).

VBS research work focuses on utilising organic fertilisers, such as compost derived from a blend of palm oil mill empty fruit bunches (EFB) and palm oil mill effluent (POME), or solely EFB in cases where a composting facility is unavailable. These organic fertilisers serve as efficient slow-release agents, and their application in the field not only enhances soil health by boosting microbial diversity and activity but also fosters improved nutrient uptake. Moreover, this approach has the potential to mitigate the risk of soil-borne diseases.

Improvements in crop protection practices

As research progresses, VBS promotes integrated pest and disease management strategies, prioritising biological control methods and preventative measures, with minimal reliance on pesticides. In cases where biological control proves ineffective, VBS will only recommend the use of targeted pesticides specifically tailored to control the pest, avoiding the use of broad-spectrum pesticides whenever possible. This approach is facilitated by employing precise application techniques and selecting formulations that are best suited to the task at hand.

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.

SIPEF will continue to make R&D investments and explore new technologies that refine production methods and keep SIPEF at the forefront of industry advancements towards producing high-quality, low-contaminant palm oil. Remaining agile and adaptable to accommodate strategic and market shifts will be key for SIPEF in the long-term.

SIPEF PALM OIL VALUE CHAIN

As an upstream player, SIPEF's core activities focus on the cultivation of oil palm, and on the harvesting and processing of fresh fruit bunches (FFB) into crude palm oil (CPO), palm kernels (PK) and crude palm kernel oil (CPKO).

- Third-party activities
- SIPEF activities
- SIPEF product destination

SIPEF EMPLOYEES

INPUTS

SIPEF PLANTATIONS

- Seeds and plants (including Verdant Bioscience Pte Ltd)
- Production resources e.g. fertilisers
- Machinery, various equipment and tools
- Long-term lease of land

SMALLHOLDER PLANTATIONS

FFB

MILL WASTE +

ORGANIC FERTILISER

BEST MANAGEMENT PRACTICES

COMMUNITIES

SIPEF provides to employees and communities:

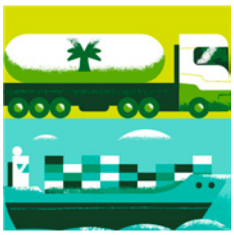
- Employment
- Healthcare
- Housing
- Schools
- Other services

SIPEF MILLS
(INCL. KERNEL CRUSHING PLANTS)

CPO, PK & CPKO

STORAGE/ TRANSPORT

CUSTOMERS
REFINERS & KERNEL CRUSHING PLANTS



STORAGE

- Own tanks at estate
- Tanks at the port

TRANSPORT

- Transport over land in tanker trucks (local sales)
- Shipped in tanker vessels (export sales)

DISTRIBUTION NETWORK

- Food industry
- Chemical industry
- Cosmetics industry
- Biofuel

RETAILERS

CONSUMERS

BY-PRODUCTS

RENEWABLE ENERGY

AND CERTIFICATIONS

PALM OIL: OPERATIONAL ACTIVITIES IN 2023

Throughout the dynamic landscape of 2023, SIPEF's oil palm plantations faced challenges of volatile weather conditions, partly influenced by the impacts of El Niño.

In Indonesia, South Sumatra and Bengkulu regions faced a dry spell, in particular during the months of August and September. The consequences of this were somewhat compensated for by much anticipated rainfall in the third and fourth quarters in North and South Sumatra. The Bengkulu region, however, continued to face a prolonged dry period.

Consequently, the volatile weather conditions impacted SIPEF's FFB cultivation and harvest, and the Group saw an overall slightly lower production in 2023, compared with the previous year. By the fourth quarter, however, Indonesia's production had steadily recovered, complemented by a strong start of the year for the operations in Papua New Guinea.

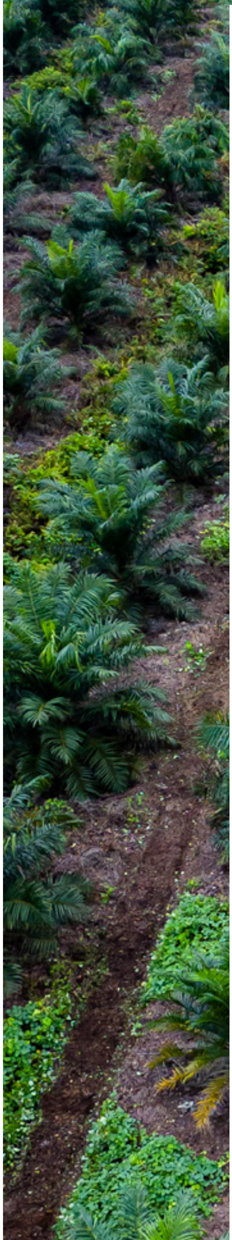
The appreciated fourth quarter increase of 7.9% in palm oil production in Indonesia was, unfortunately, more than offset by the cyclical decline in production in Papua New Guinea in the second quarter (-17.4%). This reduction was exacerbated by a volcanic eruption on 20 November, affecting parts of SIPEF's estates' planted palms and smallholder production.

In 2023, own FFB production reached 1 417 031 tonnes of fruit, which was 1.83% lower compared with 2022. Total FFB production, including smallholders, resulted in 1 710 292 tonnes of fruit, which is -2.37% on last year's production. The overall annual palm oil production of the SIPEF group was 391 215 tonnes, a decrease of 3.2% on last year.

The focus on controlled growth continued in 2023, with the full integration and rehabilitation of the Batu Kuda estate in the Bengkulu region, which is adjacent to SIPEF's existing Agro Muko operation. A total area of 1 512 hectares was integrated, with an additional 235 hectares being replanted.

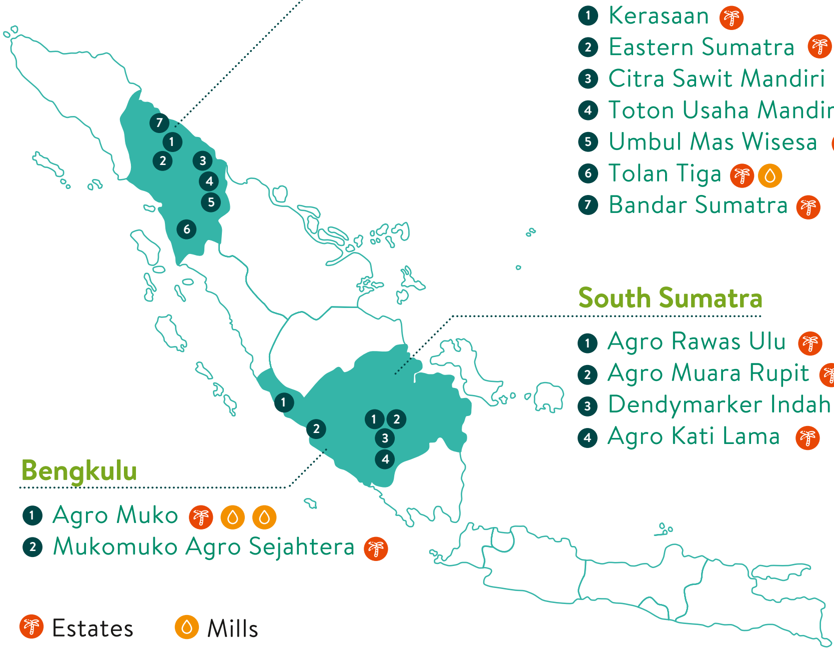
At Musi Rawas, an additional 2 337 hectares was replanted in compliance with RSPO in 2023, bringing the total area to 18 760 hectares. Finally, with the replanting of Dendymarker Indah Lestari (DIL) also completed, the Group has 28 362 newly planted, maturing oil palm hectares in South Sumatra.

Despite some of the challenges, SIPEF's operational teams exhibited resilience and adaptability, navigating through fluctuations with determination and strategic foresight. Looking forward, the Company remains committed to controlled growth, exploring opportunities to enhance efficiencies and scale.



Operational activities in Indonesia

Together with its subsidiary, PT Tolan Tiga Indonesia, SIPEF controls and manages its operational activities in Indonesia through the head office in Medan and three regional management offices in North Sumatra, Bengkulu and South Sumatra provinces, where its plantations and mills are located.



North Sumatra

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

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

Estates Mills

Plantations

INDONESIA, NORTH SUMATRA	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2023 (IN TONNES)	FFB PRODUCED 2022 (IN TONNES)	YIELD 2023 FFB/HA (IN TONNES)
Tolan Tiga group	11 455	2 496	13.0	282 821	303 925	24.7
Umbul Mas Wisesa group	9 924	0	14.6	186 328	220 439	18.8
Subtotal own plantations	**21 379**	**2 496**	**13.7**	**469 149**	**524 364**	**21.9**
Smallholders	N/A	N/A	N/A	11 116	12 348	N/A
TOTAL	**21 379**	**2 496**		**480 265**	**536 712**	**22.5**

The **NORTH SUMATRA** business unit, comprising the Tolan Tiga and Umbul Mas Wisesa (UMW) groups, includes three mills, and collectively represents an established operation. The Tolan Tiga group covers 11 455 hectares of mature estates and 2 496 hectares of immature estates, and the UMW Group covers 9 924 hectares of mature estates.

Throughout 2023, operations in the North Sumatra region still faced the impact of the extended drought period in 2021/2022, affecting both the mineral and organic soil estates. This resulted in decreased yields, with a total FFB production on mineral estates of 282 821 tonnes, a decline of 6.9% compared with the previous year. Similarly, FFB production on organic soil estates was 186 328 tonnes, a decline of 15.5% compared with the previous year.

Despite these challenges, a focus on organic soil management at UMW yielded positive results in the third quarter, with a 2.4% improvement compared with the third quarter in 2022. However, fluctuating rainfall patterns, characterised by dry months in the second quarter and high rainfall for the remainder of the year, impacted crop production as well as the extraction rates, particularly in the fourth quarter. Consequently, palm oil production on mineral estates closed the year with a 7.15% decrease, while organic soil estates experienced a 17.60% decline. Additionally, UMW encountered extreme wet conditions from September onwards, resulting in approximately 50% of the UMW South estate being flooded.

Progress in the conversion from rubber to oil palm at the Bandar Pinang estate, a part of the Tolan Tiga group, has been substantial. In 2023, a significant 500 hectares of oil palm were successfully planted, marking a successful transition from rubber to oil palm cultivation. The full conversion of rubber to oil palm across the estate is expected to be finalised by 2024.

Additionally, the replanting programme within the Tolan Tiga group also progressed, with 1 159 hectares being prepared in 2023 alone. This brings the total immature hectare count from 1 244 in 2022 to 2 496, reducing the average oil palm age of the Tolan Tiga group to 13.0.

INDONESIA, BENGKULU	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2023 (IN TONNES)	FFB PRODUCED 2022 (IN TONNES)	YIELD 2023 FFB/HA (IN TONNES)
Agro Muko	14 995	3 474	11.4	323 895	330 182	21.6
Mukomuko Agro Sejahtera	2 489	592	9.1	38 481	30 914	15.5
Subtotal own plantations	**17 484**	**4 066**	**11.1**	**362 376**	**361 096**	**20.7**
Smallholders	1 083	0	N/A	17 356	17 662	16.0
TOTAL	**18 567**	**4 066**		**379 732**	**378 758**	**20.5**

The regional business unit of **BENGKULU** is made up of Agro Muko and the Muko Muko Agro Sejahtera groups, consisting of eight plantations and two mills, which are located over two sub-regions, each delivering to its own mill. The area consists of 17 484 hectares of mature estates and 4 066 hectares of immature estates. In 2023, the harvested FFB remained consistent with the previous year, with 362 376 tonnes of FFB against 361 096 tonnes of FFB, showing an increase of 0.4%. The year started off slow but was offset by a robust fourth quarter performance (+7.7%). Throughout the year, the region experienced significantly low rainfall levels. A four-month drought period during the second half of 2023 was experienced, with precipitation levels dropping below 100 mm per month.

The Batu Kuda estate integration was completed in December 2023, with rehabilitation efforts advancing steadily and 235 hectares successfully replanted. Additionally, harvesting activities continued on 660 hectares of old plantings. In 2023, efforts resulted in the collection of nearly 5 500 tonnes of FFB, marking a notable increase of 25.7% compared with the previous year. Furthermore, 2023 saw good progress on the construction of new infrastructure, including the new housing.

INDONESIA, SOUTH SUMATRA	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2023 (IN TONNES)	FFB PRODUCED 2022 (IN TONNES)	YIELD 2023 FFB/HA (IN TONNES)
Agro Kati Lama	4 022	779	6.2	64 387	55 924	16.0
Agro Rawas Ulu	2 405	205	5.8	35 397	28 862	14.7
Agro Muara Rupit	4 980	3 371	3.3	57 566	40 473	11.6
Dendymarker Indah Lestari	4 646	2 788	3.0	60 815	29 354	13.1
Subtotal own plantations	**16 053**	**7 144**	**4.1**	**218 165**	**154 613**	**13.6**
Smallholders	2 313	2 857	N/A	32 377	24 023	14.0
TOTAL	**18 366**	**10 001**		**250 542**	**178 636**	**13.6**

The developments in **SOUTH SUMATRA** are organised into four groups of estates, including the DIL estate. The cultivated areas in South Sumatra continued to grow by 2 337 hectares to 18 760 hectares, all in compliance with RSPO. With the replanting of DIL completed, the Group has 28 362 newly planted, maturing oil palm hectares, of which 5 170 are plasma hectares, in South Sumatra. In 2023, the harvested FFB increased compared with the previous year, with 218 165 tonnes of FFB against 154 613 tonnes of FFB, showing an increase of 41.1%.

South Sumatra experienced very dry weather in the third quarter. August and September recorded hardly any rainfall, and the planting and manuring activities had to be stopped. As from October onwards, the weather patterns changed, and high rainfall in November and December helped to make up for the delays incurred in planting.

The replanting of DIL was successfully completed in 2023 with the full replanting of own estates, totalling 7 434 hectares. The replanting of the plasma area was also completed, covering 2 749 hectares. In 2023, the plasma areas under the DIL estate achieved RSPO certification.

The potential for the development of more than 3 400 hectares remains a moving target, depending on the identified potential of the old projects, but also in adjacent areas, where opportunities are still being discovered.

Mills

INDONESIA, NORTH SUMATRA	BUKIT MARADJA		PERLABIAN		UMBUL MAS WISESA	
	2023	2022	2023	2022	2023	2022
Capacity (tonnes FFB/h)	30	30	55	55	40	40
Actual throughput	29.0	30.3	50.7	54.3	40.2	40.2
FFB processed (tonnes)	114 090	118 867	176 404	191 668	152 673	181 137
Crude palm oil produced (tonnes)	26 952	28 129	38 865	42 378	34 985	42 420
Oil extraction rate (%)	23.62	23.66	22.03	22.11	22.91	23.42
Kernel extraction rate (%)	5.20	4.91	5.87	5.82	4.20	4.12
Free fatty acids (%)	2.59	3.28	2.76	3.60	3.44	3.52

INDONESIA, BENGKULU	MUKOMUKO		BUNGA TANJUNG	
	2023	2022	2023	2022
Capacity (tonnes FFB/h)	60	60	30	30
Actual throughput	59.7	47.4	32.1	30.5
FFB processed (tonnes)	266 301	255 366	107 941	118 469
Crude palm oil produced (tonnes)	62 574	60 088	23 610	26 530
Oil extraction rate (%)	23.50	23.53	21.87	21.39
Kernel extraction rate (%)	4.12	4.01	5.17	4.82
Free fatty acids (%)	2.95	2.72	3.3	3.61

INDONESIA, SOUTH SUMATRA	DENDYMARKER INDAH LESTARI	
	2023	2022
Capacity (tonnes FFB/h)	60	60
Actual throughput	50.9	41.6
FFB processed (tonnes)	250 542	162 350
Crude palm oil produced (tonnes)	57 465	37 742
Oil extraction rate (%)	22.94	23.23
Kernel extraction rate (%)	3.86	3.54
Free fatty acids (%)	3.2	3.09

In **INDONESIA**, there are six operational mills, with a seventh mill currently under construction in South Sumatra, at Agro Muara Rupit (AMR). The total own production of palm oil amounted to 231 569 tonnes, compared with 226 611 tonnes in 2022.

The Group's average oil extraction rate (OER) stood at 22.9%, a slight decrease from the previous year's 23.1%. In North Sumatra, where the plantations are predominantly mature and have a well-aged profile, the three mills (Bukit Maradja, Perlabian and UMW) exhibited a stable average OER, albeit slightly lower than the previous year. The OER at UMW experienced a decline of -2.15% compared with 2022, primarily attributed to the exceptionally wet weather in the fourth quarter. However, across all three mills, kernel extraction saw improvement in 2023, following the implementation of a kernel recovery programme.

The average OER in Agro Muko, across two mills, dipped marginally from 23.2% in 2022 to 23.0% in 2023, although the palm oil production remained consistent, totalling 86 185 tonnes. At Bunga Tanjung mill, the second boiler is being refurbished, and is expected to result in performance improvements in the course of 2024. Additionally, a kernel recovery programme was implemented at the Agro Muko mills in 2023, resulting in notable improvements.

The average OER in South Sumatra at DIL was 22.9%, marking a decrease of 1.34% compared with 2022. This reduction can be attributed to the extended wet season experienced in the fourth quarter, compounded by technical challenges encountered with steam distribution. Still the production of Crude Palm Oil (CPO) from own estates experienced a significant uptick, increasing by 55.48%. Total CPO production reached 57 465 tonnes, a notable increase from the 37 742 tonnes produced in the previous period by more areas coming into maturity.

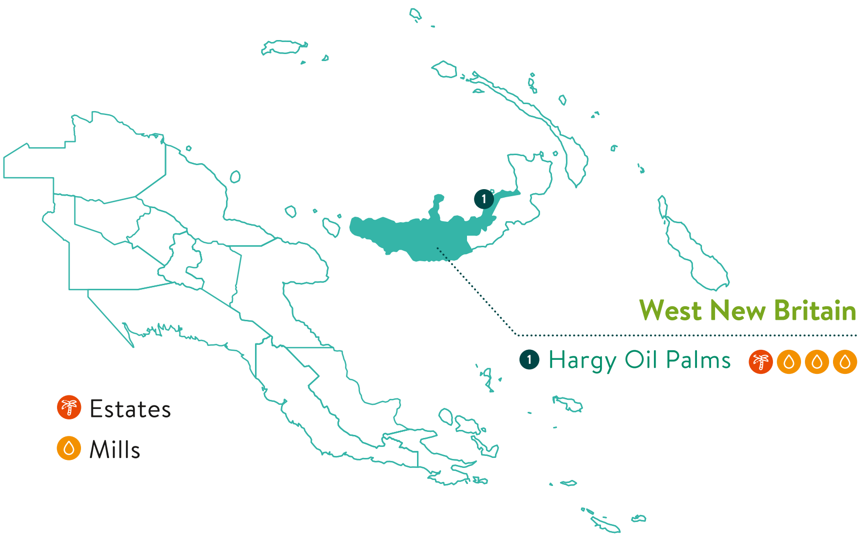
The construction of the AMR mill was substantial throughout 2023, with expectations for completion and operation by the second quarter of 2024.

Aligned with SIPEF's strategic focus, a comprehensive programme was initiated in 2023 focused on enhancing the quality of oils produced by the Group's mills. Several key initiatives have been carried out, with a strong emphasis on reducing contaminants such as chloride, MOSH/MOAH, and GE. Notably, a washing plant was installed at the Muko Muko mill in 2023, and has been successfully completed. Initial results have been promising, with the plant having achieved chloride levels below 2.5 ppm. Furthermore, efforts have commenced to transition all lubricants to food-grade standards, aligning with SIPEF's commitment to quality and safety. Additionally, an overarching quality programme has been established, with a focus on enhancing control over critical points in the milling process.

In line with SIPEF's emissions reduction strategy, a bio-compressed natural gas (Bio-CNG) plant project is set to commence in North Sumatra in collaboration with the KIS Group, and aiming to be operational by early 2025. The plant will use the captured methane and further compress this into bottled gas. In addition, boiler and steam production improvements are underway in the North Sumatra mills.

Operational activities in Papua New Guinea

Hargy Oil Palms Limited (HOPL) in Papua New Guinea is operating six oil palm plantations, organised under three estates delivering to its three palm oil mills, together with 3 646 certified smallholders that also supply its mills.



Plantations

PAPUA NEW GUINEA, WEST NEW BRITAIN	MATURE (IN HECTARES)	IMMATURE (IN HECTARES)	AVERAGE OIL PALM AGE	FFB PRODUCED 2023 (IN TONNES)	FFB PRODUCED 2022 (IN TONNES)	YIELD 2023 FFB/HA (IN TONNES)
Hargy estate	4 413	0	11.0	134 558	134 341	33.4
Navo estate	5 307	1 244	9.5	157 216	182 178	33.4
Pandi estate	2 584	0	10.5	75 565	86 901	33.6
Subtotal own plantations	**12 305**	**1 244**	**10.2**	**367 339**	**403 420**	**33.4**
Smallholders	13 664	1 143	16.4	232 414	254 356	18.3
TOTAL	**25 969**	**2 387**		**599 753**	**657 776**	**25.3**

The Papua New Guinea operations began the 2023 year on a positive note, maintaining the performance seen over the past two years with 104 459 tonnes of FFB in the first quarter. However, production experienced a decline in the second semester, affecting both own estates and surrounding smallholders. The third quarter was particularly challenging, marked by a significant decrease in production (22.3% on own estates) due to lower bunch numbers and above-average rainfall. In particular, Bakada plantation, part of Pandi estate, had the largest deficit of FFB, being 20% below the 2022 performance. This could have been attributed to the prolonged drier period of four months experienced in 2022.

Production saw improvement in the last quarter of the year, with 367 340 tonnes of FFB of own production, although remaining 13.5% lower than the previous year for own estates. The smallholder crop amounted to 232 414 tonnes of FFB, which was -11.3% compared with 2022.

Rainfall patterns returned to normal, aligning with the five-year average, following two years of drier weather in Papua New Guinea. Precipitation was evenly distributed throughout the year, with above-average rainfall in the middle of the year and relatively dry periods during the wet season.

Over the past three years, the replanting efforts have shown significant progress, with 1 845 hectares being replanted. This has effectively lowered the average age of palms across the entire HOPL estates to 10.5 years.

Furthermore, in 2023, the transportation situation saw improvement with the arrival of new trucks onsite. These trucks have played a crucial role in supporting operations and facilitating the collection of crops from both own estates and smallholder properties.

The smallholder replanting programme remained active, with 234 hectares replanted by the end of August, and a yearly target of 500 hectares. Additionally, the government's contribution to HOPL smallholders, particularly through funding for seedlings, has provided an extra boost to the replanting programme, ensuring its continuity and success. HOPL, in collaboration with the communities and smallholders, also initiated a new project, assisting in a landscape level High Conservation Value and High Carbon Stock Approach (HCV-HCSA) assessment to support land use planning and to determine areas which could be cultivated following the RSPO guidelines.

The volcanic eruption on 20 November of Mt Ulawun, situated north of the Group's estates and surrounding smallholders, caused significant disruptions to operations. The immediate focus shifted entirely towards ensuring the safety of individuals and safeguarding assets. Due to efficient evacuation efforts for the workers and communities, no injuries or fatalities were reported. However, the impact on plantations and infrastructure was substantial.

On Navo estate, 3 565 hectares out of a total of 13 559 planted hectares, were affected and required rehabilitation, including the cleaning and pruning of collapsed fronds. Although there will be an initial impact, the experience gained from the first eruption in 2019 will enable the teams to effectively manage the cleanup process. It is anticipated that the entire cleanup process will be completed by the end of April 2024, within only six months after the eruption. It is estimated that it will take around two years for the full recovery, but the focus on rehabilitation will continue.

Mills

PAPUA NEW GUINEA, WEST NEW BRITAIN	HARGY		NAVO		BAREMA		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022
Capacity (tonnes FFB/h)	45	45	50	50	45	45	140	140
Actual throughput	44.6	45.1	49.8	50.5	45.0	44.0	139.4	139.5
FFB processed (tonnes)	78 607	70 655	181 666	214 701	107 067	117 844	367 340	403 200
FFB processed smallholders (tonnes)	91 214	103 306	44 037	46 931	97 162	104 119	232 413	254 356
Crude palm oil produced (tonnes)	40 561	43 321	55 598	66 804	50 604	56 517	146 763	166 642
Oil extraction rate (%)	23.88	24.89	24.64	25.58	24.74	25.50	24.46	25.34
Free fatty acids (%)	3.40	3.06	4.16	4.06	4.18	4.13	3.96	3.75
Crude palm kernel oil produced (tonnes)	8 337	8 946	12 493	13 802	10 400	11 168	31 230	33 916
Palm kernels produced (tonnes)	3 318	3 646	N/A	N/A	9 094	9 715	12 412	13 361
Kernel extraction rate (%)	4.91	5.14	5.54	5.29	5.09	5.04	5.21	5.16
Kernel oil extraction rate (%)	1.95	2.09	N/A	N/A	2.11	2.01	2.07	2.03

In **PAPUA NEW GUINEA**, there are three mills: Hargy, Barema and Navo. Both Barema and Hargy are equipped with a kernel crushing plant.

The mills faced challenges at the beginning of the year due to shipping delays from the end of 2022, which extended into the first month of 2023. These delays resulted in backlogs of crop, leading to processing delays and affecting crop delivery and free fatty acid (FFA) levels. Fortunately, the situation had normalised by March.

In terms of performance, the OER decreased in 2023, dropping by 3.41% to an average of 24.5%, compared with 25.3% in 2022. Additionally, a total of 12 412 tonnes of PKO was produced, marking a decrease of 7.10% compared with 2022.

In 2022, a programme was initiated to upgrade the Navo mill, aiming to increase its capacity to 60 tonnes per hour. The major works were undertaken throughout 2023, including the installation of a new turbine and a boiler, and the replacement and extension of sterilisers. Additionally, a fourth steriliser, an empty bunch press, and a chipper were installed as part of the upgrade. These enhancements not only aim to boost milling capacity but also to generate more biomass for the boiler, thereby reducing reliance on diesel generators and extending milling hours.

Furthermore, the mill ramp expansion project commenced in 2023 and is scheduled for completion in 2024. Upon project completion, the mill will be fully equipped to operate at the targeted capacity of 60 tonnes per hour.

As part of the strategic programme aimed at controlling contaminants, all mills successfully transitioned from normal lubricants to food-grade (H1) lubricants, achieving full conversion by the fourth quarter of 2023. In addition to the lubricant conversion initiative, there is a concerted effort to implement the splitting of oil streams, with the rollout commencing at the Barema mill. This involves the separation of oil streams, with the mill working towards establishing a primary production stream for CPO and a secondary stream with lower specifications (higher FFA), suitable for technical applications.

MARKETS SERVED: PALM OIL

Palm oil

One hundred per cent 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.

In 2023, the palm oil market exhibited a period of relative stability, with palm oil prices primarily following the trends set by other vegetable oil markets and gasoil prices. Despite experiencing lower prices compared with 2022, the average price levels for 2023 remained historically high.

The production of palm oil appeared to plateau during the year, with Malaysian production remaining largely unchanged from 2022 and Indonesian production showing only minor growth. This stagnation can be attributed to several factors, including an aging tree profile resulting in lower yields, a lack of replanting efforts, and limited new plantation development. The era of consistent growth in palm oil production over the past two decades seems to have come to an end.

A consistent stock reduction was noted in Indonesia, as domestic biodiesel blending to B35 was fully implemented and consumed over ten million tonnes per annum.

Biofuel in general was a big growth engine in 2023, with the United States (US) and Indonesia as driving nations, but growing numbers were also seen in Brazil, Malaysia and other vegetable oil producing nations. In the US, it was the hydrotreated vegetable oils (HVO) in particular that showed stellar growth. Simultaneously, there was a massive growth in waste oil and used cooking oil (UCO) flows to the EU, and to a lesser extend the US, mostly coming from China. Waste flows are eligible for double-counting in carbon offsets in the EU. This volume was replacing rapeseed oil, which is contrary to waste flows only being eligible for single-counting. Governments as well as certain certification bodies have started investigations into this 'sudden growth' of waste supply. This stopped a significant share of these flows into the EU; however, there was an oversupply of rapeseed oil as a result.

2023 can be marked as a year where rather unusual price developments have been seen. For a long time, sunflower oil and rapeseed oil were known to be price premium products and seemed to run an independent course. However, the impact of the Russia-Ukraine war and the influx of the waste and UCO flows into Europe had a significant impact on the trade flows. These two liquid oils had to regain market share, so they started competing with soybean oil and palm oil, and traded at discounts. In that respect, palm oil was the best performer last year underscoring the balanced-to-tight supply and demand picture.

Weather also played its role. Coming out of the La Niña that dominated 2022, in 2023, El Niño weather patterns appeared. During September and October 2023, hot and dry weather was definitely experienced in Southeast Asia, but that soon changed to wet weather later in the year. The immediate effects were mild and it remains to be seen how the 2024 production will be impacted. In South America, there were certainly spots of drought that impacted the soybean crop, but, overall, the crop forecast is for a record high as acreage has expanded significantly in Brazil.

Compared with 2022, last year was one with little government intervention in the palm producing countries. The Domestic Market Obligation (DMO) seemed to work reasonably well, support programmes for replanting for smallholders were in place, and the B35 mandate was accomplished. The political focus was on the 2024 elections in Indonesia.

The average price for CPO CIF Rotterdam in 2023 was USD 955 against an average of USD 1 295 in 2022, a decrease of 26%. Historically, these were very good prices.

Palm kernel oil

The lauric oil market, the generic term for palm kernel oil (PKO) and coconut oil, experienced probably its dullest price discovery mechanism in more than a decade. The entire year, PKO traded between even money and a USD 50 discount to palm oil. Coconut oil was a premium of roughly USD 100 to PKO. The average price of PKO CIF Rotterdam in 2023 was USD 950 against an average in 2022 of USD 1 500, a 37% decrease.

The demand, particularly from the oleochemical industry, was simply very low and, as a result, stocks in palm kernels and PKO were building throughout the second half of 2022 and first half of 2023. The oleochemical market was struck by high energy costs hurting its profitability and, on the other hand, due to uncertain macroeconomic circumstances, particularly in China, having a direct negative impact on demand.

Being relatively cheap, PKO slowly regained some market share. However, it was not enough for it to find its own course, so PKO stayed in the shadows of its sister product palm oil until the end of the year.

SIPEF'S BANANA VALUE CHAIN

SIPEF's activities in banana production focus on the cultivation, harvesting and transportation of green banana bunches. From packing stations, SIPEF's bananas are sold to ripening and distribution centres in consumer markets.

- Third-party activities
- SIPEF activities
- SIPEF product destination

SIPEF EMPLOYEES

INPUTS

- In vitro banana plants
- Production resources (e.g. fertilisers)
- Machinery, various equipment and tools
- Electricity from the public grid for field irrigation and packing stations
- Long-term lease of land and company owned land

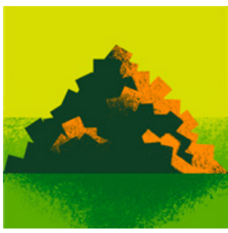
SIPEF BANANA PLANTATIONS

TRANSPORTED GREEN BANANAS[1]

ORGANIC FERTILISER[5]

FIELD WASTE+

INPUT BY THIRD PARTIES



BEST MANAGEMENT PRACTICES

(1) By cableway and tractor
(2) In cardboard boxes and in IFCO crates
(3) Transport to Africa (over land): from estate with reefer trucks
(4) Shipping to Europe and Africa (overseas): in reefer containers
(5) Re-use of third parties' cocoa husks and empty palm fruit bunches and of own banana stems and empty banana bunches

COMMUNITIES

SIPEF provides to employees and communities:

- Employment
- Healthcare
- Housing
- Schools
- Other services

SIPEF BANANA PACKING STATIONS

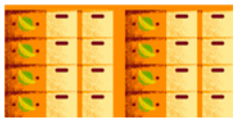
PACKED AND PALLETISED GREEN BANANAS(2)

CONTAINER TRANSPORT

- Reefer truck transport(3)
- Reefer container transport(4)

CUSTOMERS

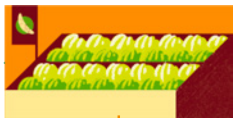
RIPENERS AND DISTRIBUTORS



DISTRIBUTION NETWORK

- Warehouses
- Ripening depots

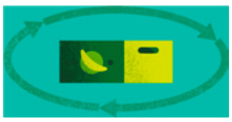
RETAILERS (SUPERMARKETS)



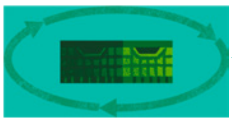
CONSUMERS

BY-PRODUCTS(6)

RECYCLABLE AND RE-USABLE PACKING MATERIALS (7)



RE-USABLE IFCO CRATES (7)



AND CERTIFICATIONS

(6) Recycling of own banana stems and empty banana bunches

(7) Purchased, locally manufactured, cardboard boxes and pallets which are recycled at destination and re-usable IFCO crates

BANANAS: OPERATIONAL ACTIVITIES IN 2023

Every year, the most crucial period in terms of banana production is the first semester, which also corresponds to the best marketing conditions in Europe.

The start of 2023, however, was impacted by the Harmattan, which caused abnormally lower temperatures by night and dryer conditions by day, than in previous years. Following this, the second semester saw wetter conditions compared with the previous year.

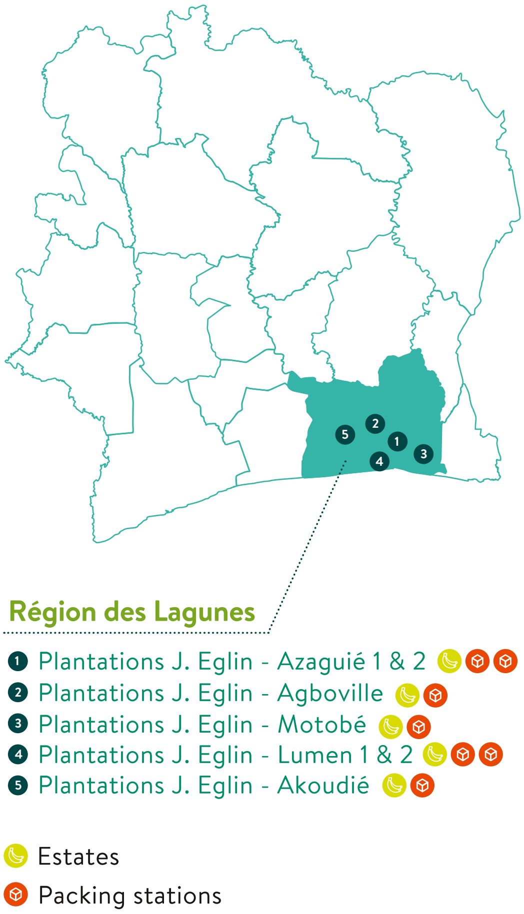
By 31 December 2023, banana export production to the European Union (EU) and West Africa reached 49 976 tonnes, representing a 27% increase compared with 2022. This great result can be attributed to the completion of the planting of the whole area on the Lumen site, as well as the ongoing developments of the Akoudié site, which together will contribute to a 70% increase in hectarage, as well as three supplementary packing stations being in full operation at the end of 2023.

Despite these successes, during the course of 2023, Plantations J. Eglin, its management and staff, also faced a number of challenges that were successfully overcome.

The yields of SIPEF's historical sites, Motobé, Azaguié and Agboville, underperformed in 2023, producing fewer banana bunches, with smaller than usual bananas. This was caused on the one hand by delays in the supply, impacting the spreading of both mineral and organic fertilisers during the first semester of 2023. On the other hand, these sites also battled Black Sigatoka disease, which was particularly problematic during the wet season, reducing the volumes of bananas that could be exported to the European markets due to quality concerns. This led to uneven distribution on European markets over the course of the year, and a reduction in price per tonne for a period of about two months. The Motobé site also faced a high mortality of tissue plants compared with the other sites.

Operational Activities in Côte d'Ivoire

SIPEF's banana plantations are located across five sites within the southern Lagunes Region of Côte d'Ivoire.



Plantations

PLANTATIONS	PLANTED AREA 2023 (IN HECTARES)	PLANTED AREA 2022 (IN HECTARES)	EXPORTED PRODUCTION 2023 (IN TONNES)	EXPORTED PRODUCTION 2022 (IN TONNES)	YIELD 2023 (TONNES/HA)	YIELD 2022 (TONNES/HA)
Azaguié	340	338	11 702	12 833	34.4	38.0
Agboville	246	233	8 003	9 383	32.5	40.3
Motobé	221	236	6 424	7 543	29.1	32.0
Lumen	291	197	12 676	2 511	43.6	12.7
Akoudié	130	62	2 171	0	16.7	0.0
TOTAL	**1 229**	**1 066**	**40 976**	**32 270**	**33.3**	**30.3**

At the start of 2023, the total planted area was 1 066 hectares. Plantations J. Eglin closed 2023 with a total planted area of 1 229 hectares. Another 120 hectares still needs to be planted on the Akoudié site to complete the business plan for SIPEF's latest acquisition. This remaining area will be prepared in 2024.

Looking ahead, it is important to consider factors that may pose a risk to SIPEF's operational outputs in the future, and the industry more generally. Panama disease, also known as Tropical Race 4 (TR4), is a fungus that has already ravaged plantations in South America. Its resistance to fungicides makes it difficult to control. In Africa, the disease was detected in Mozambique in 2013, although its spread has been contained. The global banana sector is, of course, seriously concerned about the disease, and the stakeholders in Côte d'Ivoire are aligned on preventive measures. Simultaneously, research institutes and production laboratories have redoubled their efforts to improve or change banana varieties with the aim of proposing a type that is tolerant, or even resistant, to the fungus.

During the last quarter of 2023, sales to SIPEF's regional West African markets were hampered due to high congestion at the port of Dakar, SIPEF's access gate to the Senegalese and Mauritanian markets. Consequently, parts of these planned exports were reallocated for the local market in Côte d'Ivoire, albeit at a lower price. By the last quarter of the year, Plantations J. Eglin had found an alternative route, by road, to reach its regional markets successfully.

Packing stations

PACKING STATIONS		EU		REGIONAL		LOCAL		TOTAL	
	CAPACITY (TONNES/DAY)	2023	2022	2023	2022	2023	2022	2023	2022
Azaguié	60	9 904	10 459	1 798	2 374	1 100	887	12 802	13 720
Agboville	40	6 926	8 077	1 078	1 306	815	788	8 819	10 171
Motobé	40	5 726	6 324	699	1 219	1 080	638	7 505	8 181
Lumen	60	10 783	2 111	1 893	400	719	131	13 395	2 642
Akoudié	40	1 994	0	178	0	409	0	2 581	0
TOTAL		35 332	26 971	5 644	5 299	4 122	2 444	45 098	34 714

A new packing station at the Akoudié site was successfully renovated and put into operation in September 2023. This station complements the six already established packing stations of Plantations J. Eglin: four of which are at SIPEF's historical sites, and two of which were also renovated and put into operation in 2022, to coincide with the fruit harvest of Lumen's two extension sites.

With seven operational packing stations, SIPEF's packaging and export potential is optimal and in the short term, Plantations J. Eglin will have the capacity to pack and export some 50 000 to 60 000 tonnes of bananas per year. All of SIPEF's packing stations operate with the same standards in terms of equipment and operations to meet all the quality specifications required by the market.

MARKETS SERVED: BANANAS

Global banana markets

Global export quantities of bananas saw modest growth in 2023, pointing to a recovery from the strong decline that had been experienced in 2022. Full year 2023 global export quantities reached approximately 19.2 million tonnes; a fractional 0.3% increase compared with 2022.[1] Most global banana exporting countries saw a decline in export volumes, with only a few seeing large increases. Nevertheless, demand remained firm in key global import markets, driven in part by the relative affordability of bananas compared with other fruits.[2] As reported by the Food and Agricultural Organization (FAO), several factors affected the trade in bananas in 2023:[3]

- Production shortages caused by adverse weather conditions in several key supplying countries;
- High costs of fertilisers in 2022 and early 2023, which hampered the productivity and quality of banana cultivation in the first half of the year;
- Losses and additional expenditure stemming from the spread of plant diseases, in particular the Banana Fusarium Wilt caused by TR4.

These challenges affected the ability of producers and exporters to supply bananas in adequate quantities to import markets, and to meet the quality standards required by several key regions.

In the EU and the United States of America (USA) particularly, the lower supply of bananas, combined with a firm demand, caused the price of bananas to increase substantially. In relative terms, however, bananas continued to benefit from their affordability compared with other fruits.

In 2023, net imports by the EU27, the largest importer of bananas globally, and the United Kingdom (UK) remained relatively stagnant, pointing to a full year of 5 794 000 tonnes.[4] The production of bananas for Europe represented 661 487 tonnes in 2023, an approximate 16% increase from 2022.[5]

(1) Food and Agriculture Organization of the United Nations ‘Banana Market Review Preliminary results 2023’, Table 1, p.9
Source: www.fao.org/3/cc9120en/cc9120en.pdf
(2) Ibid
(3) Ibid
(4) Food and Agriculture Organization of the United Nations ‘Banana Market Review Preliminary results 2023’, Table 2 p.10
Source: www.fao.org/3/cc9120en/cc9120en.pdf
(5) Food and Agriculture Organization of the United Nations ‘Banana Market Review Preliminary results 2023’, Figure 1 p.2
Source: www.fao.org/3/cc9120en/cc9120en.pdf

Market strategy for bananas

SIPEF's commercial strategy remains unchanged from previous years, focusing on continuing to supply the European market with niche, high-quality products, such as pre-packaged bananas and bananas transported in IFCO reusable plastic crates. This focus allows the Group to finalise annual contracts, secure sales prices and supply customers with the requested volumes.

In 2023, 86% of the volumes exported by Plantations J. Eglin were marketed in Europe and the UK. For these regions the Fairtrade label, for which 100% of SIPEF bananas are accredited, is of particular importance to customers. Having this label provides credibility to the markets regarding SIPEF's contributions to the well-being of its employees and neighbouring communities.

With 60% of volumes sold to the UK in 2023, this remains a favourite destination for SIPEF. Although the UK is not a member of the EU 27, the import rules remain identical to those practised within the EU: access for bananas coming from African, Caribbean and Pacific (ACP) regions, including from Côte d'Ivoire, remains import tax free, while bananas from dollar zone origins, such as Latin America, are subject to a customs tariff equivalent to EUR 75.00 per tonne.

SIPEF's customers in the EU continued to be supplied by reefer containers with several weekly departures from Abidjan to the ports on the Atlantic coast, all with transit times of +/- 14 days.

SIPEF's supply to the West African markets continued to be conducted by sea, with bananas packed in reefer containers, as well as by land using refrigerated trucks. Senegal, Mauritania and Mali are SIPEF's three key destinations in the region, which in 2023 represented some 14% of volumes exported. Looking ahead, these markets are becoming increasingly dynamic with a consistent increase in the purchasing power of local populations and the establishment of international standard distribution networks in the capitals and large cities of West African countries.

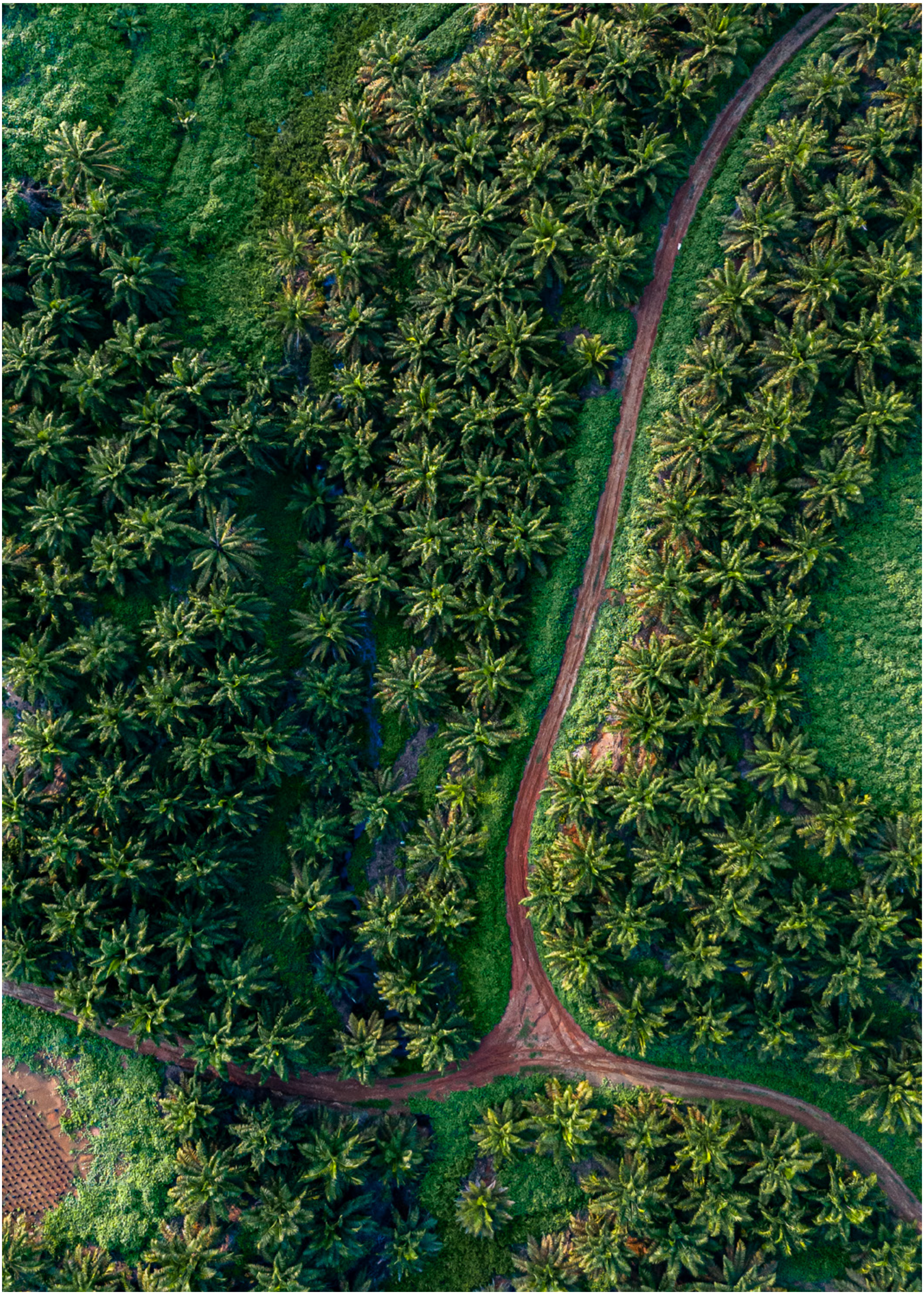
PHASING OUT OF RUBBER AND TEA

Since 2021, SIPEF has been in the process of phasing out its operations in natural rubber and tea.

Two of the three rubber plantations, that were also suitable for oil palm, are being converted into oil palm plantations. Besides the need for getting RSPO approval beforehand and applying all of the requirements of the RSPO New Planting Procedure (NPP), the conversion also includes the closure of the nurseries, the cessation of replanting efforts and the maintenance of the remaining areas. In line with this phase-out process, the production of rubber continued to decline to less than 1 000 tonnes in 2023. By the end of 2027, the switch to mature and cash-generating oil palm plantations should be completed.

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) has been continued to be managed by PT Tolan Tiga / SIPEF.

The total phasing out process will continue in 2024. In 2023, only 1% of SIPEF's 2023 revenues came from its residual production volumes of rubber and tea in Indonesia. As a result of the conditional sale to the Shamrock Group, the figures of the rubber and tea activities under MAS Palembang and Cibuni are since 2021 no longer incorporated in the consolidated accounts.



Sustainability at SIPEF

SIPEF's approach to sustainability reflects the Company's top-down commitment to fostering a positive impact on the environment, society, and local economies. At SIPEF, this entails the responsible management of plantations and operations, robust requirements for all new developments, dedication to respecting human rights, and generating employment and development opportunities in the rural or remote areas where it operates.

Under SIPEF's Balanced Growth Strategy, four levers frame the Group's sustainability approach, which drives its environmental, social and governance activities.

BUSINESS LEVERS

- Production efficiency
- Operational excellence
- High quality, sustainable, traceable, certified products
- Innovation and early adoption

SUSTAINABILITY LEVERS

- Environmental stewardship
- Respecting employees and communities
- Responsible supply chain management
- Good business conduct

Sustainability and business levers: complimentary and interconnected

SIPEF's sustainability levers complement and operate together with the four core business levers of its strategy to ensure that sustainability is embedded in SIPEF's strategic decision-making, business activities, employee engagement, and value chain relationships. A good example of this is the business lever on high quality, sustainable, traceable and certified products, which aligns SIPEF's operational, market and sustainability objectives.

MARKET POSITIONING

All of the attributes of this lever aim to strengthen SIPEF's market position, foster long-term customer relationships, and enhance its competitive edge in serving markets that demand high-quality, verified sustainable and traceable agricultural products.

CONTINUOUS IMPROVEMENT IN SUSTAINABLE OPERATIONS

Traceability and sustainability certification also remain fundamental for SIPEF in implementing its sustainability approach and strategy. They enforce good sustainability practices, foster continuous improvement, and provide a solid basis for transparency and accountability. The ongoing commitment to sustainable management is a transformative journey, and certification and traceability play key roles in steering this process.

An overview of SIPEF's approach to traceability and sustainability certification, and updates on progress in 2023, are provided in the chapter on SIPEF's operations on pages 26-73.

MATERIALITY

Assessing materiality has been instrumental in shaping the sustainability priorities and levers under SIPEF's Balanced Growth Strategy. The process supports SIPEF in identifying and prioritising the most relevant environmental, social and governance issues and targets, from which the Group's sustainability programmes and reporting activities continue to grow and develop.

SIPEF's evolving materiality journey

Since its first materiality assessment in 2017, SIPEF has continued to learn and evolve in its materiality journey. In 2021, the Group's materiality assessment focused on strengthening stakeholder engagement, consulting more than 40 internal and external stakeholders on a selection of environmental, social and governance topics via survey. Through this exercise, 22 material topics were identified, of which 12 were evaluated as 'priority' topics.

In 2022, the full list of material topics was reviewed, and the assessment process was further developed with the support of independent consultants. In addition to a desktop benchmarking analysis, physical workshops were held in Indonesia and Papua New Guinea with SIPEF's regional sustainability teams and other internal stakeholders. The methodology for the workshops was inspired by the materiality principles and guidance of the Global Reporting Initiative (GRI). The results were used to consolidate the 22 topics into 13 main topics, and provide local context to the impacts of SIPEF's palm operations.

Further details on the 2021 and 2022 assessments can be found in SIPEF's 2021 Sustainability Report, and 2022 Integrated Annual Report, accessible on the Company website.

→ www.sipef.com/hq/investors/annual-reports

SIPEF's material topics 2023

In 2023, the list of material topics remained highly relevant and largely unchanged. Only one adjustment was made to the importance level of 'Food Safety', which has been raised from low priority to medium priority. This adjustment aligns with the Group's strategic priority and ambition to adopt new technologies and be a first mover in producing premium quality crude palm oil, in order to meet the demands of specific premium customers and markets.

MATERIAL TOPICS 2023		LEVEL OF IMPORTANCE	RELEVANT LEVER(S)
1	Climate Change	PRIORITY - HIGH	- Environmental Stewardship
2	Community Rights and Development	PRIORITY - HIGH	- Respecting Employees and Communities
3	Health and Safety	PRIORITY - HIGH	- Respecting Employees and Communities
4	Human Rights and Labour Standards	PRIORITY - HIGH	- Respecting Employees and Communities
5	Supply Chain Management	PRIORITY - HIGH	- Responsible Supply Chain Management
6	Sustainable Land Use and Conservation	PRIORITY - HIGH	- Production Efficiency - Environmental Stewardship
7	Operational Efficiency	PRIORITY - HIGH	- Operational Excellence
8	Productivity and Quality	PRIORITY - HIGH	- Production Efficiency - High quality, sustainable, traceable and certified products
9	Anti-Bribery and Anti-Corruption	IMPORTANT – MEDIUM	- Good Business Conduct
10	Corporate Governance	IMPORTANT – MEDIUM	- Good Business Conduct
11	R&D and Innovation	IMPORTANT – MEDIUM	- Innovation and early adoption
12	Sustainability Standards and Certification	IMPORTANT – MEDIUM	- High quality, sustainable, traceable and certified products - Environmental Stewardship - Respecting Employees and Communities
13	Food Safety	IMPORTANT – MEDIUM	- High quality, sustainable, traceable and certified products - Innovation and early adoption

The topics have continued to steer SIPEF's sustainability workplan and activities during the reporting year. The Group's approach to managing the risks and impacts linked with each of these topics are described in the various chapters of this report.

Progress on double materiality

In 2023, SIPEF initiated preparations for its group-wide double materiality assessment, a vital step towards compliance with the EU's Corporate Sustainability Reporting Directive (CSRD). The assessment follows the requirements of the European Sustainability Reporting Standards (ESRS), and will help SIPEF to identify the sustainability matters that are material from both an impact and financial perspective.

Key activities include:
- a materiality workshop for SIPEF's banana operations in Côte d'Ivoire
- Group-level stakeholder and value chain mapping
- identification of the Group's impacts, risks and opportunities
- impact and financial materiality assessments
- validation of the results by the SIPEF executive committee and board of directors

The process took place over the course of Q4 2023 and Q1 2024. Through a close collaboration between the sustainability teams, the finance department, and an external consultant, SIPEF is carrying out its business risk assessment and double materiality assessment under one integrated process.

Plantations J. Eglin's materiality workshop in Côte d'Ivoire

In November 2023, SIPEF's banana producer, Plantations J. Eglin, conducted a two-day materiality workshop. The workshop marked the start of the SIPEF's first materiality assessment for its banana operations, focusing on mapping Plantations J. Eglin's main stakeholders, and its key impacts, risks and opportunities. Participants included the company's management team, sustainability team, heads of farms and other departments.

The outputs of the workshop are being incorporated into the group-wide double materiality assessment. The results will also provide added insights to the material issues currently being addressed by the sustainability programmes of Plantations J. Eglin.

PALM OIL AND BANANAS: CONNECTING SUSTAINABILITY RISKS, IMPACTS AND OPPORTUNITIES

Critical to the continued development of SIPEF's strategy and sustainability approach is the consideration of the sustainability impacts, risks and opportunities linked with the industries of its products. These are often interlinked and require an integrated approach to be effectively addressed.

In the following, a description has been provided on some of the key interrelated sustainability challenges and opportunities linked with the production of palm oil and bananas.

Bananas

Bananas are the world's favourite dessert fruit, a staple starch crop for millions, and an important source of income for producers across Asia, Africa and Latin America.

However, the industry faces challenges, including key environmental and social impacts associated with unsustainable production:

- **ENVIRONMENTAL**: overconsumption of water, pesticides use, plastic waste and contamination of soil and water
- **SOCIAL**: labour rights issues, unfair trading practices and land rights conflicts

Producing bananas sustainably can bring with it positive impacts for people and the environment:

- **ENHANCING LIVELIHOODS AND SOCIAL STABILITY:** The banana industry provides employment opportunities for local communities, often in regions where few alternatives exist. Fair labour practices, including decent wages and safe working conditions, can enhance livelihoods and contribute to social stability.
- **CONTRIBUTING TO GLOBAL FOOD SECURITY AND NUTRITION:** Bananas are a nutritious and affordable food source, contributing to food security and improved nutrition in both local and global markets. Encouraging sustainable production methods is important for both mitigating environmental impacts, while securing continued access to this essential food crop.

SIPEF recognises both the positive and negative impacts of oil palm and banana cultivation for SIPEF's business, the natural environment and society. This is why the Group invests consistently in resources and programmes through which to manage its palm and banana plantations and operations in an environmentally and socially responsible way.

Palm Oil

Found in half of all supermarket products, as well as in animal feed and biofuels, palm oil is one of the most consumed and widely used edible oils. As the global population grows, so does the demand for palm oil, and its market performance remains strong.

Unfortunately, palm oil has also been strongly associated with adverse effects on tropical forests, biodiversity, workers in the industry, as well as local communities.

As is the case with many other agricultural commodities, when not produced sustainably, some of the potential impacts of palm oil production include:

- **ENVIRONMENTAL**: greenhouse gas (GHG) emissions, deforestation, biodiversity decline, loss of endangered species, as well as soil and air pollution
- **SOCIAL**: labour rights issues, unsafe working conditions, displacement of local communities, food insecurity, and impacts on natural resources essential for community livelihoods

When produced sustainably, the palm oil industry can provide substantial added value from both sustainability and economic standpoints:

- **OFFERING HIGHER YIELDS PER HECTARE AT A LOWER COST:** Oil palm production requires much less land and chemical inputs relative to other vegetable oils. It could therefore play an essential role in addressing the challenge to meet the increasing demand for vegetable oils, without causing further loss of the world's natural forests. Enhancing yield potential through research and development (R&D) and innovative solutions could increase this production efficiency, and, indirectly contribute to conservation.
- **SUPPORTING ECONOMIC DEVELOPMENT:** The palm oil industry provides direct and indirect employment for more than 17 million workers. Additionally, more than seven million smallholders globally make a living from oil palm. When companies operate responsibly as employers and buyers, the positive social, economic and environmental impacts can contribute to sustainable development. This is especially true when adequate wages, housing, education, medical services and extension services are provided to workers and members of communities, and smallholders are supported.

SUSTAINABILITY POLICIES

Sustainability at SIPEF starts with responsible production, with a primary focus on own plantations and operations, but also in the production areas of suppliers. Guiding the Group's sustainability commitments are two main policies: the Responsible Plantations Policy (RPP) and the Responsible Purchasing Policy (RPuP).

In addition to the RPP and the RPuP, SIPEF upholds a number of ancillary Group-level and country-level policies, focused on specific issues, such as equal employment opportunities, freedom of association, child and forced labour, reproductive rights and occupational health and safety. SIPEF is in the process of reviewing these policies to improve alignment, and to update content to meet the latest expectations and requirements of SIPEF's stakeholders on best practice.

Read more on the progress of this review process in the good business conduct chapter on page 146.

Responsible Plantations Policy

Established in 2014, SIPEF's Responsible Plantations Policy (RPP) embodies the Group's core environmental and social commitments for sustainable production and processing. The policy is applicable to all SIPEF-managed plantations and smallholders supplying products to SIPEF mills and integrated kernel crushing plants.

KEY COMMITMENTS AND REQUIREMENTS:

- → 100% certification and traceability of products;
- → No deforestation, no new developments on peat, and no exploitation (NDPE);
- → Free, Prior and Informed Consent (FPIC) of land prior to any new development;
- → Continuous improvement, emphasising the prompt adoption of Best Management Practices (BMPs) for optimising land use, while minimising adverse impacts.

Responsible Purchasing Policy

Formalised in 2020, the SIPEF Responsible Purchasing Policy (RPuP) guides the Group's responsible sourcing from third-party suppliers. SIPEF's suppliers are exclusively smallholders that have signed a Memorandum of Understanding and whose production locations are known and mapped. The policy provides the framework for SIPEF to select, monitor and, if necessary, suspend or exclude smallholders in the Company's supply base.

KEY COMMITMENTS AND REQUIREMENTS:

- → Sourcing from RSPO-certified smallholders or those with potential for certification under the Group's RSPO Time Bound Plan;
- → Criteria for collaborating with smallholders linked with respecting human and labour rights, FPIC, no deforestation, no new developments on peat, and other environmental and social considerations.

All policies are accessible on SIPEF's website:
→ www.sipef.com/hq/sustainability/sipef-corporate-policies/

(1) new position as from August 2023

SUSTAINABILITY GOVERNANCE

SIPEF board of directors

Ultimate responsibility and governance of the sustainability strategy lie with the SIPEF board of directors, with two directors having strong backgrounds in sustainability:

- **YU-LENG KHOR:** a senior economist specialising in ESG and sustainable supply chains in Southeast Asia (appointed in June 2021).
- **GIULIA STELLARI:** has significant expertise in sustainable supply chains, agricultural technology, and climate-related risks and solutions (appointed in June 2023).

Performance is regularly reviewed by the entire board, based on sustainability rankings and ratings, certification progress, and internal risk assessments and reporting. A sustainability briefing paper is provided to the board at least twice a year, and the board discusses material ESG topics during its strategic board meeting once a year.

SIPEF executive committee

The SIPEF executive committee is responsible for overseeing the implementation and progress of the Group's sustainability strategy. Sustainability is led at the executive committee level by the chief operating officer Asia-Pacific (COO APAC), Petra Meekers, who has 18 years of experience in sustainability in the palm oil industry. The executive committee is further supported by the group director sustainability, who leads the global sustainability team.

SIPEF global sustainability team

The global sustainability team is focused on ensuring that SIPEF's sustainability strategy, policies and communications are consistent 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 managed by the group director sustainability and overseen by the COO APAC.

Regional sustainability teams

The three regional sustainability teams in Indonesia, Papua New Guinea and Côte d'Ivoire coordinate and implement SIPEF's sustainability strategy and policies at the operational level:

- **THE INDONESIAN TEAM** is led by the regional sustainability director, and comprises 19 experts, spread across four locations: the Medan Head Office, North Sumatra, Bengkulu and Musi Rawas (South Sumatra).
- **THE TEAM IN PAPUA NEW GUINEA** is managed by the sustainability head of department and has five experts focused on different areas of sustainability at Hargy Oil Palms Ltd (HOPL). The sustainability head of department is also a member of the HOPL executive committee.
- **THE TEAM IN CÔTE D'IVOIRE** is led by a sustainability manager, and is made up of two experts, and five sustainability assistants (one at each site).

The group director sustainability oversees the regional teams together with the respective regional executive committees and reports directly to the SIPEF executive committee.

STAKEHOLDERS, BENCHMARKS AND FRAMEWORKS

Continuous improvement in sustainability requires transparent reporting, as well as collaboration across various actors. Through active engagement and collective efforts, SIPEF can better foster the development and advocacy of responsible practices and sustainable standards within the agricultural sector.

Stakeholder engagement

SIPEF places great importance on understanding the needs, expectations and progress of its key stakeholders. These include: customers, peers, shareholders, banks, social and environmental NGOs, governments/regulators, researchers and experts, technical consultancies, local communities, and smallholders.

The Group engages directly with its customers and shareholders on a regular basis through meetings and questionnaires, and conducts benchmarking analyses to review industry peer performance. Robust programmes, processes and tools have been established to ensure adequate support is provided to smallholder suppliers, and to survey with local communities any issues and impacts related to the Group's activities. SIPEF also participates in a number of sustainability and multi-stakeholder initiatives relevant for its sectors.

Multi-stakeholder initiatives

ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)

SIPEF has been a member of RSPO since 2005, and holds a seat on the Board of Governors on behalf of the 'Rest-of-the-World' growers, which includes Papua New Guinea and the Solomon Islands. SIPEF is also co-chair member of the Jurisdictional Working Group (JWG), and an active member of the Standards Standing Committee (SSC), Compensation Task Force (CTF), Biodiversity and High Conservation Values Working Group (BHCVWG), and the No Deforestation Joint Steering Group (NDJSG).

→ www.rspo.org

BELGIAN ALLIANCE FOR SUSTAINABLE PALM OIL (BASP)

SIPEF is a founding member of BASP and a current member of the board. BASP focuses on promoting the use of certified sustainable palm oil in the European Union (EU), but primarily in the Belgian market.

→ www.duurzamepalmolie.be

TROPICAL FOREST ALLIANCE (TFA)

SIPEF is a member of the Tropical Forest Alliance.

→ www.tropicalforestalliance.org

Shaping conversations on CSRD and Jurisdictional Certification at RSPO RT2023

In November 2023, SIPEF attended the RSPO's Annual Roundtable Conference (RT2023) in Jakarta, where it played a pivotal role in two panel discussions, and shared insights on critical sustainability topics in the palm oil industry. One of the panels focused on the CSRD and the future of doing business in Europe. It delved into the responsible investment community's perception of CSRD and explored proactive approaches for the palm oil industry to tackle sustainability risks. The second panel focused on Jurisdictional Certification serving as a catalyst for the future of sustainable palm oil. Unique perspectives from key actors across the value chain were exchanged on the strategies and requirements needed to implement a Jurisdictional Approach successfully.

Benchmark scores in 2023

SIPEF communicates its sustainability progress through annual reporting, which it strives to align with leading sustainability reporting frameworks and criteria. In 2023, the Group continued to improve its scores and rankings from sustainability benchmarks and rating agencies that are the most pertinent to its business.

BENCHMARK SCORES IN 2023

SPOTT

Sustainability Policy Transparency Toolkit

11th
out of 100 palm oil companies

Ranked 11th out of 100 palm oil companies in 2023; score 88.9%, a score increase of 2.1% from 2022

Developed by the Zoological Society of London (ZSL), the Sustainability Policy Transparency Toolkit (SPOTT) scores palm oil, tropical forestry, and natural rubber companies annually against over 100 sector specific ESG indicators to benchmark their progress over time.

→ www.spott.org/palm-oil/

Forest 500

4th
out of 350 companies

Ranked 4th out of 350 companies in 2023; score 65.9%, a score increase of 10% from 2022

Forest 500 identifies and ranks the most influential companies and financial institutions in forest risk commodity supply chains.

→ forest500.org/rankings/companies

B
Forests 2023

C
Climate Change 2023

CDP

→ **FORESTS SUBMISSION SCORE IN 2023: B (MANAGEMENT)**
This score is aligned with the palm oil industry average performance in crop farming, and is higher than the European regional average.

→ **CLIMATE CHANGE SUBMISSION SCORE IN 2023: C (AWARENESS)**
The score is an improvement from SIPEF's 2022 score of D (Disclosure), and aligns with the average performance of the crop farming sector.

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.

→ www.cdp.net

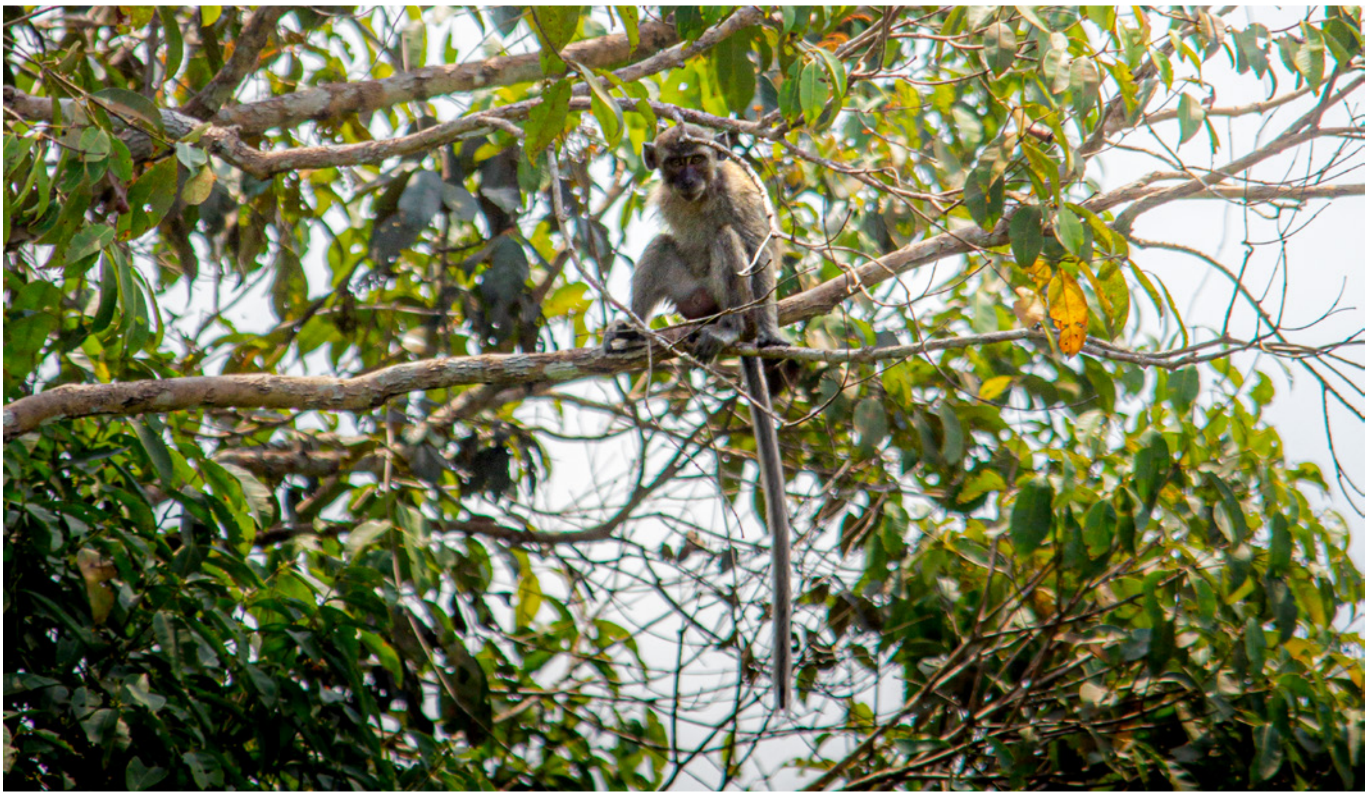
United Nations Sustainable Development Goals

Businesses, including SIPEF, play a vital role in achieving the Sustainable Development Goals (SDGs) through the production of sustainable agricultural commodities.

As an agricultural company invested in producing sustainable palm oil and bananas, and in providing employment and development opportunities for employees and surrounding communities, SIPEF continues to support the following SDGs:

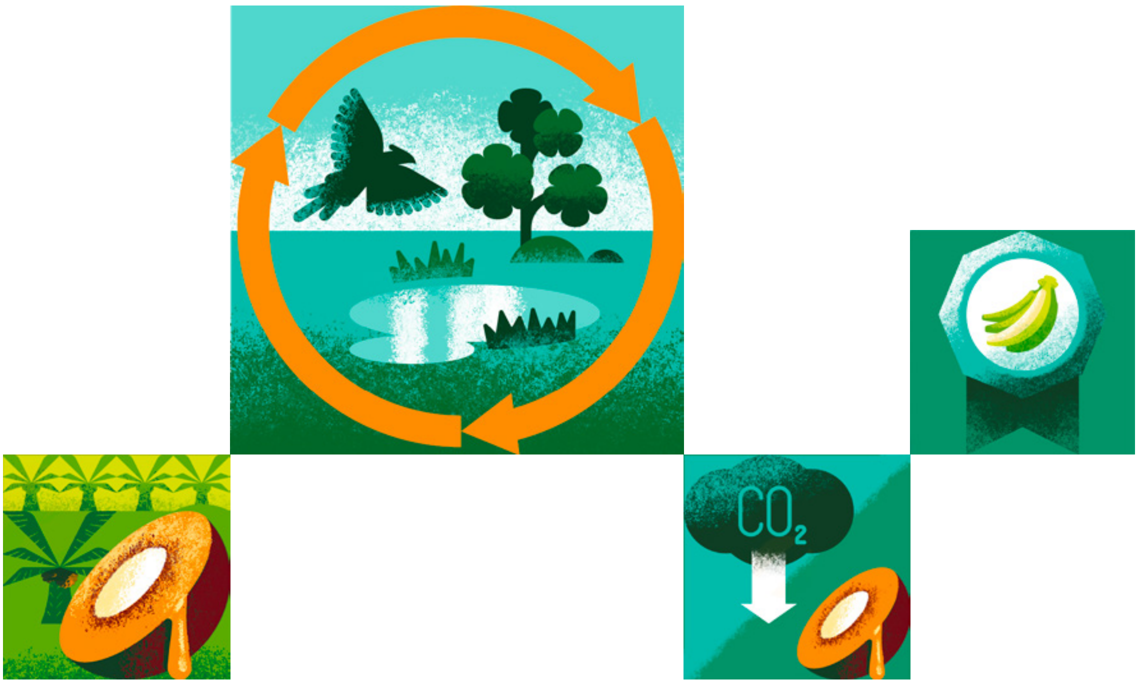
An overview of SIPEF's contributions to the SDGs at target level is available on SIPEF's website at:
→ www.sipef.com/hq/sustainability/sustainable-approach/

For additional information on the SDGs, visit:
→ https://sdgs.un.org/goals



Environmental stewardship

SIPEF's approach to environmental stewardship focuses on minimising and managing both direct and indirect impacts of its business activities on the natural environment, and on the climate. Sustainable land use and conservation are integral to this approach, as reflected in the Company's biodiversity and conservation initiatives, and in its group-wide commitment to 'no deforestation' and 'no new developments on peat', applicable to both its own operations and its smallholder suppliers. The Group is dedicated to reducing the environmental footprint of its 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 global agricultural sector is a significant contributor to climate change, with agriculture, forestry, and other land uses collectively representing about one-fifth (22%) of worldwide anthropogenic GHG emissions.[1] At the same time, the sector is also vulnerable to climate-related risks and impacts, including unpredictable weather patterns, more extreme weather events, heat stress, and increased incidence of pests and diseases.

SIPEF has enacted various policies, initiatives and measures that aim to effectively reduce the Group's carbon footprint, manage climate-related risks, and enhance the resilience of its production systems. Although reducing GHG emissions in agriculture poses challenges, the sector holds substantial potential for mitigation. In palm oil production, for instance, the adoption of innovation and good management practices in cultivation and processing—like methane capture from wastewater ponds, utilisation of methane to replace diesel emissions and optimised fertiliser use—represent key opportunities for emissions reduction.

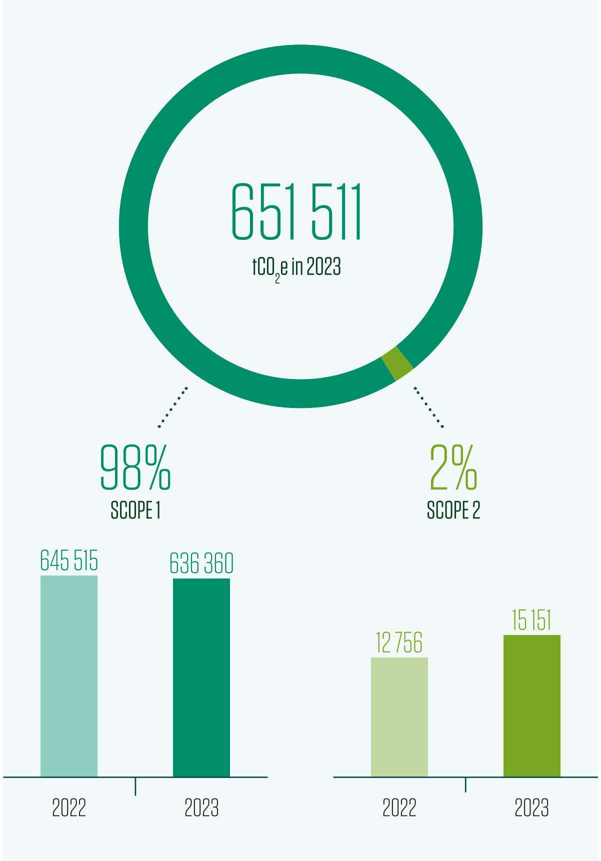
SIPEF's carbon footprint

SIPEF has been calculating its carbon footprint (Scope 1 and Scope 2) at Group level since 2019, using the ISO 14064-1:2018 standard. In 2022, these calculations were verified by a certification body for a sample of SIPEF's supply base in Indonesia, and in 2023, SIPEF has expanded the scope of verification of its carbon footprint calculation to include Scope 3 emissions. The first phase of verification has been completed, and the Group is on track to conclude the full verification in 2024.

The results presented in this section include the net annual GHG emissions for the Group's Scope 1 and Scope 2 activities for 2021-2023, which account for emissions from estates, mills, packing stations, and transport to Free on Board (FOB) point of sale for palm oil, rubber, tea, and bananas within SIPEF's operations in Indonesia, Papua New Guinea, and Côte d'Ivoire.

(1) OECD 'Agriculture and Climate Change', 'Meeting of Agriculture Ministers 2022' Background Note', 2022.
Source : www.oecd.org/agriculture/ministerial/documents/Agriculture%20and%20Climate%20Change.pdf

GHG EMISSIONS 2023 (SCOPE 1 AND SCOPE 2) (tCO_2e)



GHG EMISSIONS (tCO_2e)

	2022	2023
Scope 1	645 515	636 360
Scope 2	12 756	15 151
TOTAL	658 271	651 511

GHG emissions in 2023

The total net GHG emissions of SIPEF in 2023 were 651 511 tonnes of CO_2 equivalent (tCO_2e). The majority of the Groups' emissions (98%) fell into the category of Scope 1 and relate to emissions from owned or controlled assets. Around 2% fell under Scope 2, which account for indirect emissions, mainly coming from the consumption of purchased electricity.

Palm oil is the largest contributor to SIPEF's carbon footprint, accounting for around 98% of the Group net GHG emissions. This is due to the larger scale of the palm operations, this being SIPEF's primary business activity. Based on the GHG emissions sources and sinks, the highest sources of emissions in SIPEF's oil palm operations are related to land use change and palm oil mill effluent (POME).

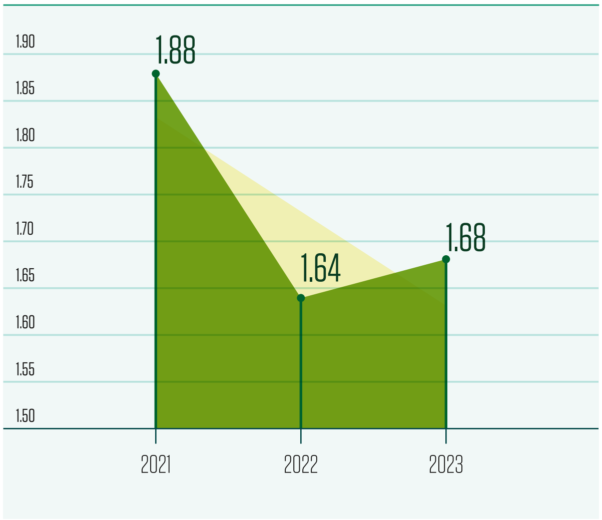
Conservation areas represent carbon sinks through sequestration by vegetative growth in HCV areas within SIPEF's concessions, which include riparian zones and High Carbon Stock (HCS) forests, as well as the conserved forests managed under SIPEF Biodiversity Indonesia (SBI). In addition, these conservation areas, there are also areas set aside for potential conversion to oil palm (i.e. rubber estates), which sequester carbon through vegetative growth, and contribute to net annual emissions.

In 2023, GHG net emissions decreased slightly by 1% compared to 2022, due to lower production in oil palm operations, which led to lower throughput, and thus a lower POME production. Other significant contributors included the conversion of non-high carbon stock vegetation in Indonesia, new sites at the banana operations becoming fully operational in Côte d'Ivoire, and a decrease in annualised GHG emissions from historical land use change. As a result, overall GHG emissions went down. In contrast, the emissions intensity increased by 3% in 2023 due to a lower CPO production being recorded.

By the close of 2023, SIPEF has already achieved a reduction of 10% in its net GHG emissions intensity (Scope 1 and Scope 2) relative to its 2021 baseline of 1.88 tonnes of CPO, mainly due to the lower POME emissions. There was a slight increase between 2022 and 2023, which was due to lower production levels and an increase in production area in 2023, as well as refinements in SIPEF's calculation methodology.

In 2024, SIPEF will revise its emissions target to reflect gross GHG emissions and to include Scope 3 emissions. The revision will ensure the target is in line with the requirements of the European Sustainability Reporting Standard (ESRS) E1 Climate Change, and take into consideration the accounting rules of the Land Sector and Removals Guidance, which is expected to be published by the GHG Protocol in 2024.

SIPEF NET GHG EMISSIONS INTENSITY (SCOPE 1 & 2) PER TONNE OF CRUDE PALM OIL PRODUCED



In 2022, the Group set its target to reduce its net GHG emission intensity (Scope 1 and 2) per tonne of crude palm oil (CPO) by 28%, against its 2021 baseline.

Calculation improvements in 2023

In 2023, the Group updated its GHG calculation methods to include scope improvements. To ensure consistency over time, this update has led to a restatement in the report of previously disclosed GHG emissions for 2021 and 2022. Key improvements include updated cultivated areas based on RSPO reviewed drainability assessments, an update of the methodology for calculating fuel usage prompted by an ISO 14064 audit in Indonesia, and the verification of the electricity consumption for Papua New Guinea.

In anticipation of reporting in line with the ESRS, significant efforts were made in 2023 to prepare for the climate-related disclosures required by ESRS E1 Climate Change. This included laying down the foundation at the operational level to begin calculating the Groups' Scope 3 GHG emissions.

SIPEF's Scope 3 emissions reporting will include indirect emissions from the Group's value chain, such as smallholder suppliers, offsite materials transport, employees' commutes, business travel and other third-party sources.

GHG emission reduction strategy

Agriculture faces a unique and difficult challenge when it comes to reducing GHG emissions. The majority of GHG emitted by the sector comes from methane, (accounting for 54%), followed by nitrous oxide (at 28%), and carbon dioxide (at 18%).[1] GHG emissions in the palm oil industry are caused primarily by land use change (especially changes in high carbon stock areas), mill processing (POME) and agricultural inputs (fuel and fertiliser).

The sustainable production of palm oil does not contribute to deforestation and conversion of high carbon stock areas, prohibits burning for land clearance and uses methane capture technology at mills. It therefore has a significant role to play in the mitigation of climate change.[2] For SIPEF, reducing GHG emissions is a priority for all its operations and business activities.

SIPEF'S TARGET IS TO REDUCE ITS GHG EMISSIONS INTENSITY PER TONNE OF CRUDE PALM OIL (CPO) BY 28% BY 2030 AGAINST ITS 2021 BASELINE[3]

SIPEF's GHG emissions (Scope 1 and Scope 2) reduction and removal priorities for oil palm operations:

REDUCTION

1. METHANE EMISSIONS REDUCTION THROUGH:
- All palm oil mills equipped with methane capture facilities

2. DECARBONISATION OF OPERATIONAL ENERGY USE THROUGH:
- Increased renewable energy sources
- R&D in alternative renewable energy options

3. SUSTAINABLE NITROGEN MANAGEMENT FOR SYNTHETIC FERTILISER EMISSIONS THROUGH:
- R&D on improved farming systems to reduce reliance on synthetic fertilisers through regenerative agriculture
- Nitrogen management technologies through precision agriculture

REMOVAL

CARBON DIOXIDE REMOVAL (CDR) THROUGH:
- R&D on soil carbon sequestration through regenerative agriculture
- Biochar for carbon removal
- Enhanced rock weathering

Effective implementation of commitments: No deforestation and no development on peatland, fire prevention and management

(1) Lorenzo Rosa and Paolo Gabrielli, 'Achieving net-zero emissions in agriculture: A review', Environmental Research Letters' Vol. 18, No. 6 , May 2023.
(2) Economics Climate Environment (EFECA), 'Carbon Emissions and Palm Oil Briefing Note', Jan 2022.
Source: www.efeca.com/wp-content/uploads/2022/01/Palm-Oil-and-Carbon-Emissions_final.pdf
(3) This baseline will be revised in 2024 in accordance with ESRS alignment.

Methane capture at palm oil mills

SIPEF prioritises reducing GHG emissions, notably through the installation of methane capture facilities. These facilities are designed to trap and flare methane gas to ensure it is not being released into the atmosphere. Where biogas generators have been constructed, the facilities are also able to convert the methane into electricity.

In Indonesia, one of the methane capture installations generated 4 469 560 kWh of electricity in 2023, which was primarily used for operational purposes and for powering the housing compounds for employees within SIPEF's plantations. Subject to feasibility, SIPEF also plans to supply any surplus energy generated to the national grids in Indonesia and Papua New Guinea. If this option is not viable, alternative uses for the surplus energy will be explored.

SIPEF is aiming to equip all its mills with methane biogas plants, progressively up until 2030. As of December 2023, five of SIPEF's mills have methane capture installations out of a total of nine existing mills. Four of these are in Indonesia, and one in Papua New Guinea.

Preparing for climate-related risks and opportunities

Throughout 2023, SIPEF initiated efforts in all three countries where it operates to identify climate-related physical and transition risks to its business. This involved collaborations with climate modelling experts and consultations with SIPEF's internal operational teams. These assessments will help predict possible future scenarios at a scale relevant to SIPEF's operations, and to identify any significant risks that may impact the Group, and that require further mitigation and/or adaptation actions.

SUSTAINABLE LAND USE

Natural forests store large amounts of carbon and host the majority of the world's terrestrial species. Operating in regions rich with tropical forests, SIPEF recognises its unique position and responsibility towards mitigating biodiversity loss and significantly reducing climate-related impacts, by decoupling deforestation and agricultural production. By doing so, SIPEF is helping to safeguard the important ecosystems in the landscapes where it operates.

Policy: No deforestation and no new developments on peat (NDP)

Since 2014, SIPEF has had a Group wide NDP commitment, upheld as part of its wider Responsible Plantations Policy (RPP).

The commitment includes:

- **Ensuring new oil palm developments do not take place in High Conservation Value (HCV) areas, High Carbon Stock (HCS) forests, peatland, or on fragile or marginal soils.** For SIPEF's banana operations, the requirements of the relevant certification standards, Rainforest Alliance, Fairtrade, and GlobalG.A.P., are followed.
- **Following the RSPO New Planting Procedure (NPP) prior to any new developments in its own oil palm operations.** Prior to any land development for new oil palm projects, an integrated HCV-HCSA assessments must have been completed, and consent obtained from affected communities through a robust Free, Prior, and Informed Consent (FPIC) process.
- **Monitoring and verifying areas under the Company's concessions, and areas managed under third-party suppliers, for any land use change and potential illegal deforestation activities.** SIPEF works with Earthqualizer Foundation, an independent non-profit organisation, for its deforestation and peat conversion monitoring.

Additionally, SIPEF follows the RSPO Remediation and Compensation Procedure (RaCP) for its own oil palm operations, which 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 any areas impacted by its operations, should deforestation or conversion be identified.

Monitoring of NDP commitment

SIPEF has had a system in place for monitoring compliance to its NDP commitment in its supply base since 2021. In 2022, SIPEF went a step further, and engaged a third-party to monitor its estates and suppliers in Indonesia and Papua New Guinea against its NDP commitment, with a focus on observing and verifying land use change in and around the Group's concessions.

The third-party monitoring system utilises historic and real-time satellite imagery analysis to detect changes in land cover. Reports on the results are provided on a quarterly basis and include any incidents that have been identified and confirmed to contravene the Group's NDP commitment.

As of 2023, more than 157 700 hectares of land within SIPEF's concessions (84%), and within the areas of its suppliers (16%) in Indonesia and Papua New Guinea, are being covered by the monitoring system. This includes the area being managed by the SIPEF Biodiversity Indonesia (SBI) programme.

Based on the monitoring results for 2023, it has been confirmed and verified by the external party that no instances of deforestation or peat conversion occurred within the Group's entire supply base, including its own estates and smallholders. However, out of three investigated alerts, there was one verified incident of tree cover loss in Indonesia of 6.6 hectares, which occurred outside of SIPEF's production area. The incident was caused by encroachment by local villagers within SIPEF's concession boundaries, but in an area that is currently not under the Group's management control.[1]

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 verification systems. 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 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.

(1) 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 boundaries.

THIRD-PARTY NDP MONITORING IN 2023

	WITHIN OWN CONCESSIONS			WITHIN SUPPLIER AREAS		
COUNTRY / PROVINCE	ALERTS	VERIFIED INCIDENTS OF TREE COVER LOSS	VERIFIED AREA OF TREE COVER LOSS (HA)	ALERTS	VERIFIED INCIDENTS OF TREE COVER LOSS	VERIFIED AREA OF TREE COVER LOSS (HA)
INDONESIA	3	1	6.6	0	0	0
North Sumatra	0	0	0	0	0	0
Bengkulu	2	0	0	0	0	0
South Sumatra	1	1	6.6	0	0	0
PAPUA NEW GUINEA	0	0	0	2	0	0
TOTAL	3	1	6.6	2	0	0

Historical assessment of NDP compliance

SIPEF had set a target to complete a historical assessment of compliance to its NDP commitment by 2023. Earthqualizer assessed SIPEF's historical liability against industry-wide NDP commitments between 31 December 2015 to 31 December 2023. All of SIPEF's own estates and smallholders were assessed, a footprint totaling over 145 000 hectares.

Based on this assessment a liability of 24 hectares of historical deforestation was identified in Papua New Guinea. Steps are being taken to remediate this area through the appropriate mechanisms.

Peatlands management

Peatlands are a type of wetland formed over thousands of years from partially decayed vegetation. They fall under the classification of organic soils, and in their natural state, they act as carbon sinks, host unique biodiversity, regulate water flows, and purify and store water.

As per its RPP, SIPEF has strictly prohibited any new development on peat, regardless of depth, across all of its own and its suppliers' operations. Best management practices are applied for historically developed areas on peatland, as defined by the RSPO and local regulations, where relevant.

Since 2018, SIPEF has been conducting drainability assessments according to the RSPO Principles and Criteria 2018. In 2023, after a three-year process, the drainability assessment for PT Dendymarker Indah Lestari (PT DIL) was finalised and approved by the RSPO.

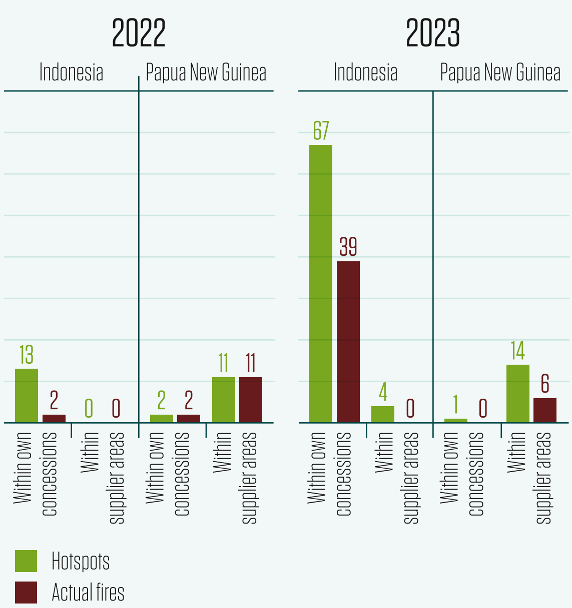
SIPEF'S MONITORING AND MANAGEMENT OF FIRES

ALERT RECEIVED
Fire hotspots are monitored by RSPO, through a monitoring service platform provided by NASA, and using concession and smallholder data submitted by SIPEF. Automated hotspot alerts based on satellite imagery are generated on a continuous basis. Any fire within 100 metres of a concession or smallholder is detected.

VERIFICATION OF MANAGEMENT CONTROL
Each alert is investigated by SIPEF, and reported based on the field investigation. 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.

Fire detection and prevention is of critical importance for SIPEF, to ensure the safety of employees, contractors and the communities surrounding its operations, as well as for the protection of its assets. The Group has well-established fire risk alert monitoring systems in Indonesia and Papua New Guinea, where the risks of fire are the highest.

Firefighting is also critical to SIPEF's management approach, and each estate has trained firefighters, dedicated resources, and vehicles fitted with water tanks and high-pressure water pumps.

Water management in peatlands is also very important to prevent the risk of hotspots for fires, and particular attention is paid to these areas for fire prevention.

Hotspot and fire monitoring in 2023

Due to unprecedented hot and dry weather conditions in Indonesia, the risk of fires was higher in 2023. SIPEF's fire monitoring system identified 67 hotspots during the course of the year, of which 39 alerts were verified to be actual fires within SIPEF's concession, with 160.5 hectares impacted by these incidents in Musi Rawas. Upon investigation it was found that the fires were started by local villagers in the areas that have not been purchased by SIPEF and hence are not under SIPEF's management control. Within SIPEF's supplier areas, four hotspots were alerted, but once investigated, none were verified to be actual fires.

In Papua New Guinea, there was one alert for a hotspot within SIPEF's own concessions, which turned out not to be an actual fire. Within SIPEF's supplier areas in Papua New Guinea, there were 14 hotspot alerts during the course of 2023, of which six were confirmed to be actual fires. Impacting an area of 2.2 hectares, these fires took place within land legally belonging to smallholders but not planted with palm. The areas are used by local communities for food cropping, a process which traditionally relies on fire. As these activities are outside HOPL's jurisdiction, no action could be taken directly. However, HOPL will continue to create general awareness on the impacts of fires to the smallholders and communities engaged during its smallholder training and visits.

CONSERVATION AND RESTORATION

In Papua New Guinea and Indonesia, forest areas are highly biodiverse, species rich, and sustain the livelihoods of millions of people, including indigenous and local communities. Protecting and preserving these habitats, and other natural ecosystems, is a key priority for SIPEF, as is respecting the rights of the communities living in and around these areas.

Identifying conservation area within SIPEF's concessions

As of 31 December 2023, SIPEF is managing a total of 15 577 hectares of conservation area across its concessions in Indonesia, Papua New Guinea, and Côte d'Ivoire. This includes HCV and HCS areas across the Group's concessions, but excludes the conservation area managed under SIPEF Biodiversity Indonesia (SBI). The total conservation areas in Papua New Guinea (5 625 hectares) and Indonesia (9 737 hectares) have increased due to the completion of HCV-HCSA re-assessments in 2023.

CONSERVATION AREAS BY COUNTRY (IN HECTARES)

COUNTRY	2022	2023
Indonesia	9 691.0	9 737.0
Papua New Guinea	3 623.7	5 624.5
Côte d'Ivoire	229.7	215.7
TOTAL	13 554.4	15 577.2

In Côte d'Ivoire, Plantations J. Eglin has continued to maintain its conservation areas, which include its reforestation sites located in Azaguié and Agboville. As of 31 December 2023, the total conservation area in Côte d'Ivoire was 216 hectares. There was a reduction of 14 hectares due to the finalisation of a conservation mapping in Akoudié, which led to updates to the conservation area boundaries. In addition, there was an encroachment by local communities at one of the reforestation sites in Azaguié. A grievance process is ongoing to find a solution together with affected stakeholders.

A total of 27 integrated HCV-HCSA assessments have been carried out, and have undergone the review processes of the relevant reviewer organisations (HCV Network or HCSA). In 2022, SIPEF had set a target to update all previous stand-alone assessments to integrated HCV-HCSA assessments by 2025. In 2023, the target was met earlier than expected, with all re-assessments, covering 24 estates in Indonesia and three estates in Papua New Guinea, having been completed.

The remaining eight estates in Indonesia have already carried out HCV assessments which cover all areas that would be designated as HCS areas. In addition, as no new developments are planned for these estates, re-assessments are not currently required.

Completion of integrated HCV-HCSA assessment in Papua New Guinea

In 2023, SIPEF completed an extensive integrated HCV-HCSA assessment and Social Impact Assessment (SIA) at its operations in Papua New Guinea, which covered all existing estates, smallholders, and surrounding areas. The assessment identified a total of 5 625 hectares of HCV-HCS area for conservation, as well as potential area for new development in and around existing smallholder estates. Through the SIA, extensive community engagement took place across 35 villages and 15 hamlets.

The recommendations that came out of the assessments will be integrated into existing management plans for new developments. These focus on generating smallholder and community value, addressing issues such as land scarcity and food security, and protecting sacred land sites.

Monitoring conservation area and biodiversity

SIPEF continues to improve its monitoring and management of the HCV areas and HCS forests within its concessions, which includes the establishment of dedicated ranger restoration teams on the ground to carry out the implementation of its HCV-HCS management plans. The Group is on track to meet its target to have ranger restoration teams in Indonesia, Papua New Guinea, and Côte d'Ivoire by 2026. SIPEF plans to recruit and appoint rangers at each estate, and to further invest in capacity building through the provision of relevant trainings on monitoring and management of HCV areas and HCS forests. The trainings will focus on conducting patrols of conservation areas, observing fauna and monitoring flora, rehabilitating and restoring biodiversity and native species, as well as carrying out engagement with employees and local communities. Engagement includes communications on SIPEF's biodiversity programmes and awareness raising on the importance of conservation, including the locations and benefits of the HCV areas and HCS forests. In addition, it includes actively involving employees and local villagers in conservation initiatives.

Biodiversity programmes and landscape initiatives

SIPEF actively contributes to development and discussion surrounding landscape level approaches in the context of sustainable palm oil production, through its involvement in the RSPO Jurisdictional Working Group (JWG).

In addition, SIPEF also finances and supports a few conservation and biodiversity projects(1) in Indonesia and Papua New Guinea.

SIPEF Biodiversity Indonesia (SBI)

The SBI project is a 12 672-hectare licensed area of forest that acts as a buffer to the *Kerinci Seblat* National Park. The project focuses on the protection and monitoring of biodiversity, reforestation of degraded areas, and engagement with local communities to protect the conservation area managed under the programme.

- **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 2023, an additional 39 hectares was reforested. Since the beginning of the SBI project, a total of 56 872 trees have been planted, and 224 hectares have been reforested. As of 31 December 2023, SBI has achieved 88% of its target to restore 256 hectares by the end of 2024.

- **Alternative incomes for farmers:** Agroforestry creates a sustainable and alternative livelihood for local communities. In 2023, the SBI programme exceeded its 2024 target of engaging with 369 farmers to promote regenerative agricultural practices, earlier than expected. The SBI team worked with 376 farmers from 17 farmer groups in its agroforestry programme, providing them with technical support and seedlings to develop agroforestry food gardens and tree crops. The aim of this support is to help these farmers generate an alternative source of income, and mitigate illegal development in the conservation area.

- **Science-based conservation:** SIPEF has continued its engagement with ZSL, a science-driven conservation charity, to improve its monitoring methodology, and is finalising the outputs from the monitoring activities carried out to-date, through regular meetings between both organisations. Trainings have been planned for 2024, which will focus on camera trap surveys, data analysis, and reporting together with ZSL and other local NGOs potentially interested in collaborating.

SBI is one of the few 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 (KLHK) of the Republic of Indonesia.

In December 2023, KLHK approved the 10-year management plan submitted by the SBI team, securing SBI's existing licence to manage and conserve the area for another decade.

(1) **Sea turtle conservation project in Indonesia:** As the new Memorandum of Understanding (MoU) is still in the process of being extended with the *Balai Konservasi Sumber Daya Alam-Bengkulu* (BKSDA), no progress could be reported for 2023.

Coastal area restoration

In both Papua New Guinea and Indonesia, SIPEF has projects focusing on the rehabilitation of coastal areas located within its operations. Rehabilitation initiatives, such as mangrove planting, will assist in creating buffer zones to protect these areas in the estates from further erosion. Restoration activities include tree planting, oil palm removal and weeding, as well as setting aside and protecting areas to naturally let them regenerate.

IN PAPUA NEW GUINEA	IN INDONESIA
Rehabilitation will be carried out based on an updated management plan, to be developed in accordance with the latest HCV-HCSA assessment completed by HOPL in 2023. This is to ensure alignment of the initiative with the final HCV-HCS maps generated by the assessment, which include the coastal rehabilitation area.	Ongoing active and passive coastal restoration are being carried in the Mukomuko Estate and Tanah Rekah Estate, including activities such as tree planting, oil palm removal, weeding and natural regeneration in the designated areas.

IMPLEMENTING BEST MANAGEMENT PRACTICES

SIPEF is dedicated to minimising the environmental impact of its operations through the implementation of Best Management Practices (BMPs). Wherever possible, the Group also engages in regenerative and circular practices, aimed at reusing by-products and waste from its production and processing activities.

Management of pesticides and chemicals

Integrated pest management (IPM) techniques are employed for both SIPEF's oil palm and banana operations. Pest management is critical for protecting crops and optimising yields, and IPM is an approach that encourages natural pest control mechanisms. In prioritising IPM, SIPEF aims to reduce its reliance on plant protection products, focusing on careful consideration of chemical and pesticide applications that minimise risks to people and ecosystems.

Pesticides use

SIPEF is committed to minimising the use of pesticides, while preserving soil health, and maintaining or increasing productivity per hectare. The Group prioritises the safety of employees engaged in pesticides application, ensuring they receive proper training and equipment, and undergo regular health assessments.

Pesticides are used as a last resort when other methods are not able to prevent outbreaks of pests and diseases above the economic threshold. All active ingredients in use are reviewed annually for safety and efficacy. There is no prophylactic use of pesticides and usage is minimised through best practices.

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)*.

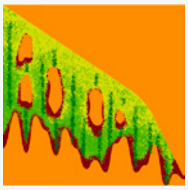
BIOLOGICAL CONTROL includes trapping and infecting male *Orcytes* with a virus and releasing them to curb populations of *Orcytes*.

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.

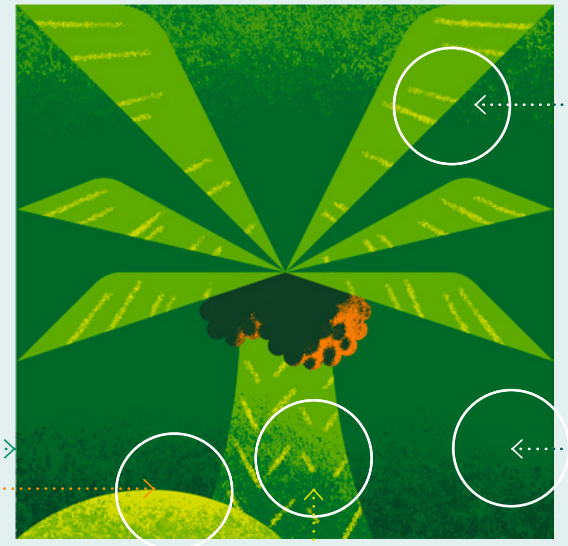
Preserving soil fertility and health

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.

OIL PALM



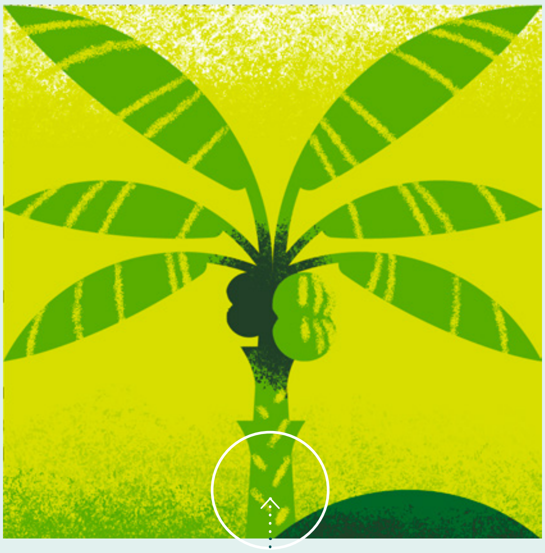
In terms of oil palm diseases, the biggest risk to older estates remains that of Basal Stem Rot (BSR) caused by the fungus *Ganoderma boninense*. Intensive land preparation techniques before and during replanting are undertaken, combined with the rapid establishment of the cover crop, *Mucuna bracteata* 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 **'Ganotolerant' 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 POME 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 reuses the by-products from its oil palm and banana field activities, its palm oil production activities, as well as from third-parties.

While the principal applications of these by-products are outlined below, there are also several other uses being explored, tested, and practised within the agricultural sector. Ongoing innovation, research and development will continue to tap into the wealth of value from what was previously considered waste.

OIL PALM AND BANANA PLANTATIONS	PALM OIL MILLS
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** is beneficial for mineral soils and can 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 → By-products from third-party cocoa farms and oil palm plantations, such as **cocoa husk** and **EFB**, are used as organic fertiliser in the banana fields.	**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. → **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.

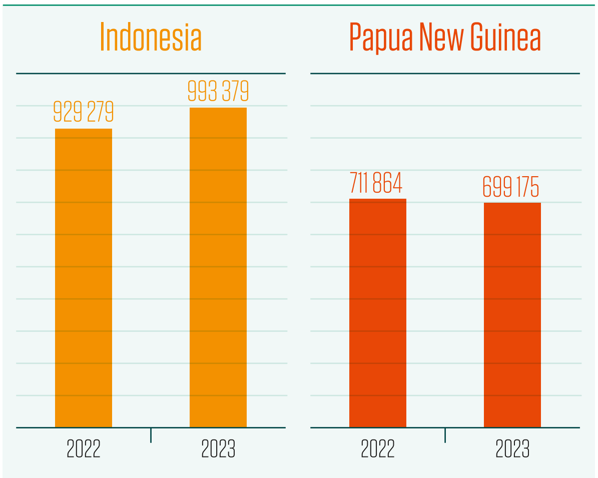
Mitigating water pollution and managing effluent

SIPEF follows all local regulations on effluent limits in its palm oil mills, as part of its commitment to mitigate water pollution impacts. In 2022, the Group defined targets for maintaining the biochemical oxygen demand (BOD), chemical oxygen demand (COD) and total suspended solids (TSS) below legal limits at point of release. Engineering controls and water treatment systems are being utilised to ensure the levels stay within the required limits. SIPEF also maintains riparian buffer zones of natural vegetation, which is important for absorbing runoff and protecting waterways.

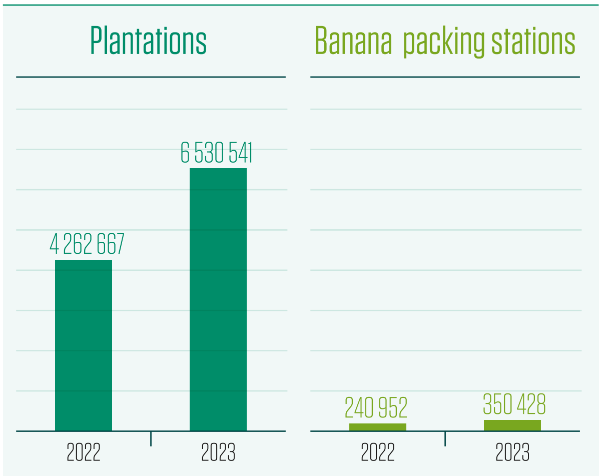
In 2023, HOPL's three palm oil mills in Papua New Guinea had incidents in which the legal limits for BOD and TSS were exceeded. These incidents were due to irregularities in the desilting programme. Mitigation actions have been taken to ensure standby machinery will be available for continuous desludging work and to closely monitor the desludging process during the heavy rainfall season.

BOD, COD and TSS data for 2023 are available in the Base Data section of this report, located in the Annex on page 280.

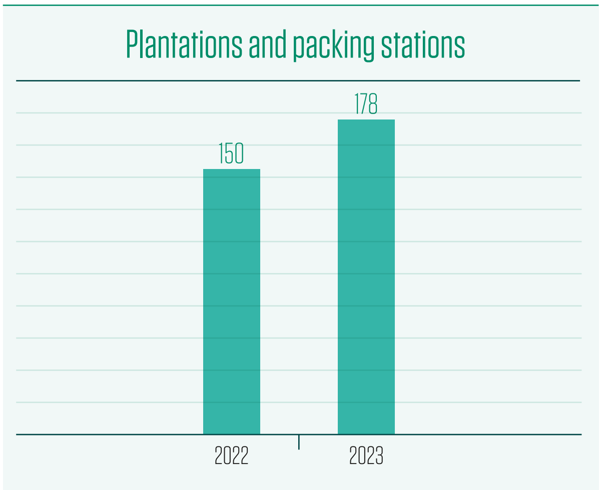
TOTAL WATER USAGE IN PALM OIL MILLS (M^3)



TOTAL WATER USAGE IN BANANA OPERATIONS (M^3)



WATER USAGE INTENSITY OF BANANA OPERATIONS (M^3/TONNE BANANAS EXPORTED)



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. The Group measures and aims to optimise water usage in all of its operations.

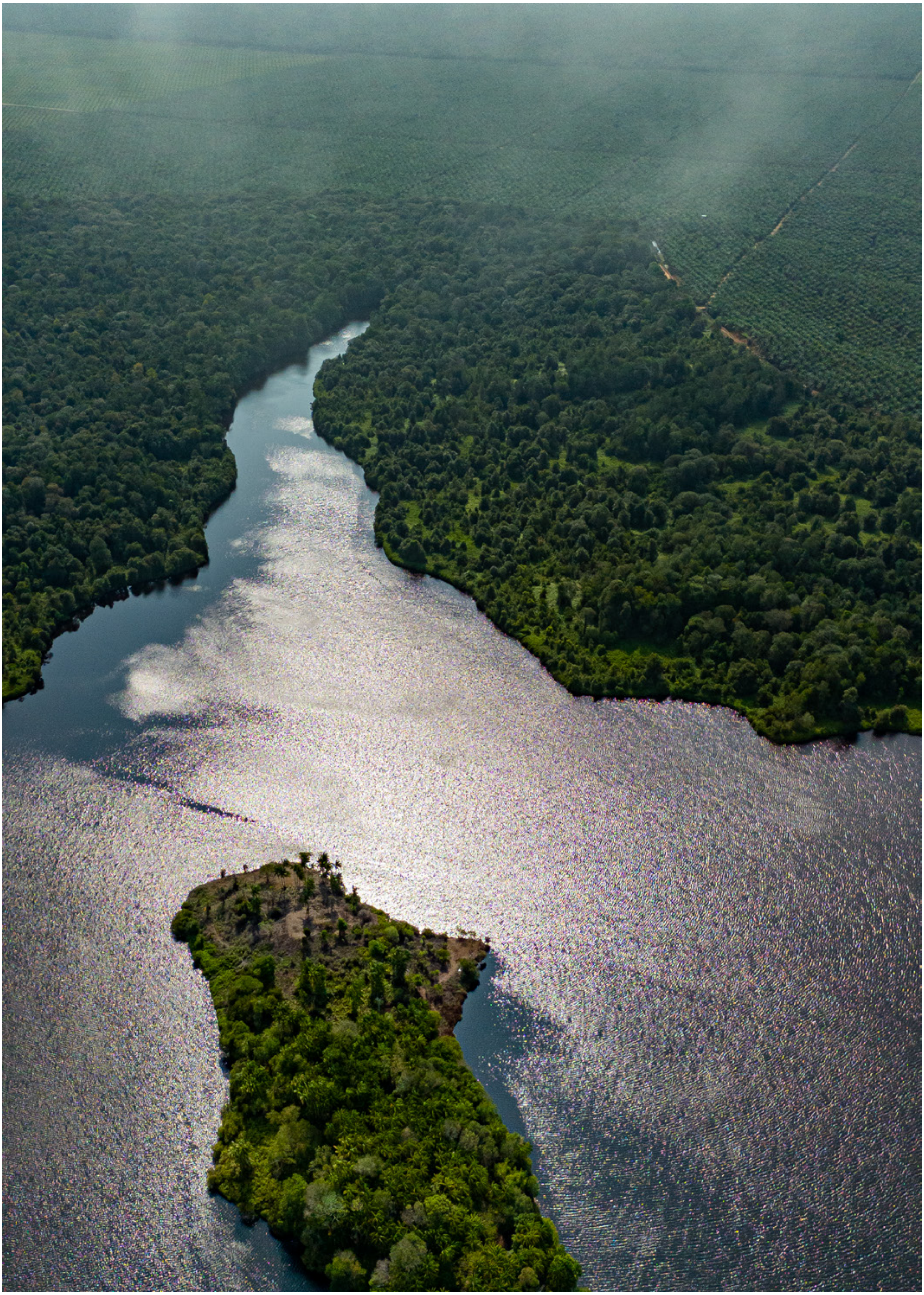
In 2023, total water usage at SIPEF's palm oil mills increased by 3%. A mill in Papua New Guinea exceeded the set target on water usage intensity due to major projects having commenced, including the installation and commissioning of boilers and sterilisers, which resulted in high water usage. In addition, more water was required to clean machinery of the mill more regularly, due to issues with volcanic ash from the eruption of Mt Ulawun in November 2023, which caused blockages in pipes and tanks.

Bananas remain the Group's most water-intensive product, primarily due to the use of irrigation. Sources of irrigation water used at the banana plantations in Côte d'Ivoire include rainwater, water discharged from packing stations stored in dams,(1) and rivers that run alongside the plantations.

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

In 2023, there was a 19% increase in water usage intensity due to the additional planted areas of Plantations J. Eglin's new sites and the two new packing stations in Lumen and Akoudié, which became fully operational during the reporting year.

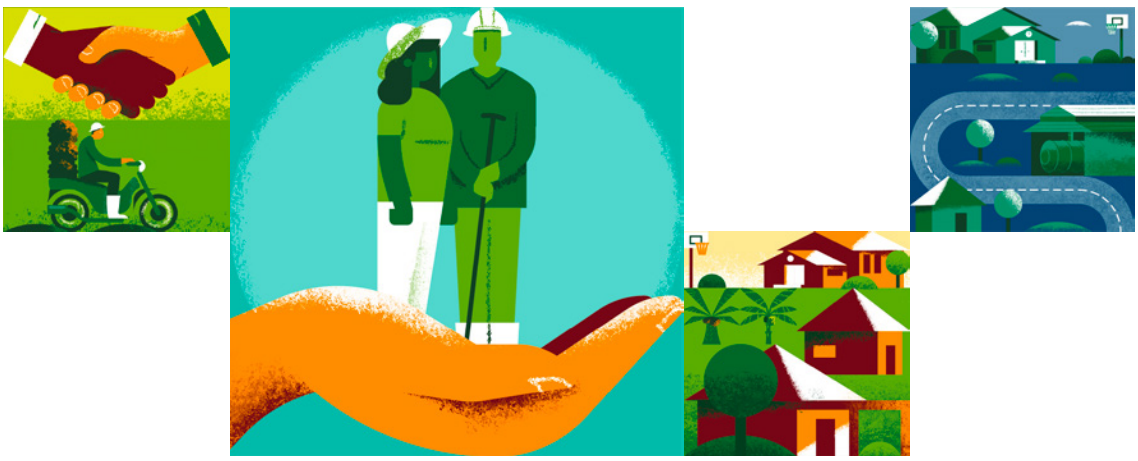
(1) Only applicable to one of the Azaguié sites (Azaguié 2) and the Agboville site.



Respecting employees and communities

Worldwide, millions of people make a living from the agricultural sector, which also produces the food to sustain the growing global population of eight billion. While the sector has driven significant socio-economic development, it has also been associated with human rights and land-related impacts, especially in the regions where tropical agricultural commodities are produced.

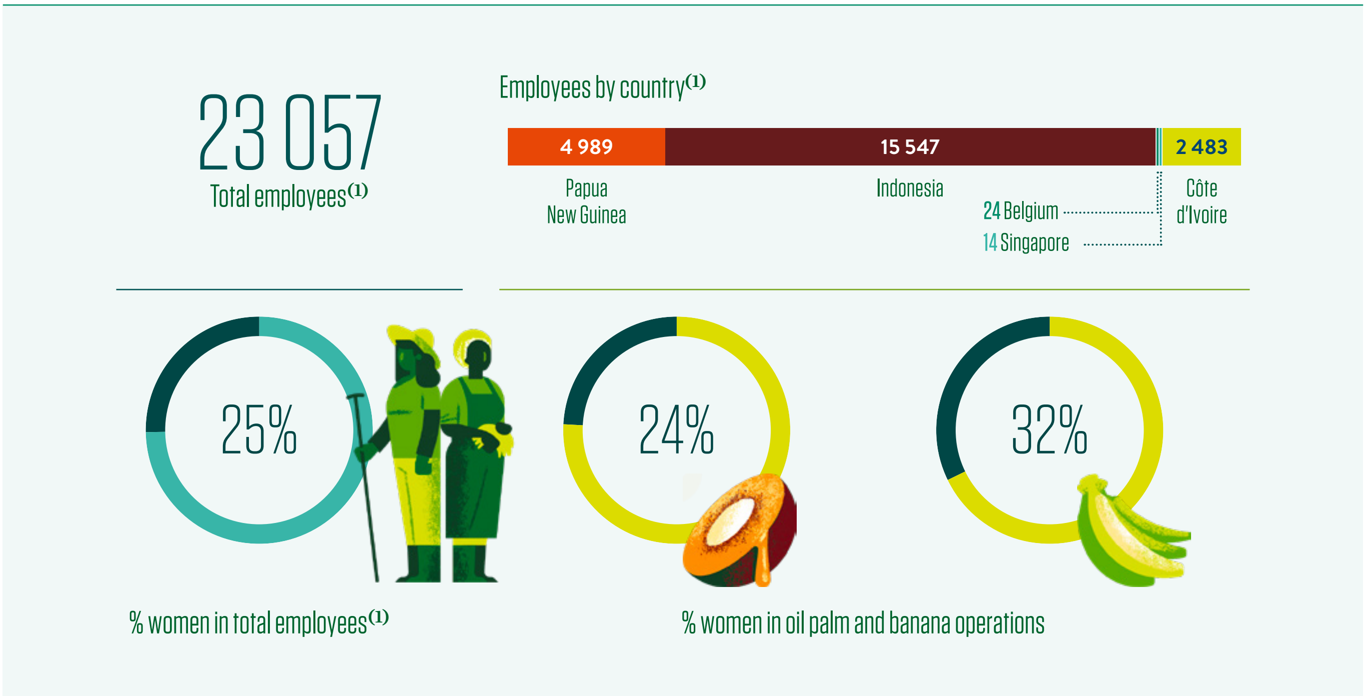
As an employer of thousands, SIPEF understands the profound impact it can have. The Group is committed to respecting human, labour and community rights in line with both local laws and international frameworks. Beyond compliance, this commitment extends to improving the lives of individuals in and around its operations in Indonesia, Papua New Guinea and Côte d'Ivoire. By providing jobs and access to healthcare, education and infrastructure, SIPEF underscores its support for the agricultural community and its contribution to sustainable development.



SIPEF'S WORKFORCE

In 2023, SIPEF's workforce consisted of 23 057 people, including permanent and temporary employees spread across Belgium, Luxembourg, Indonesia, Papua New Guinea, Côte d'Ivoire and Singapore. The majority of SIPEF's employees are located in Indonesia (67.4%), followed by Papua New Guinea (21.6%) and Côte d'Ivoire (10.7%), with the remaining 0.3% in Belgium, Luxembourg and Singapore. Based on the total breakdown of employees by gender, 25% of SIPEF's employees are women.

EMPLOYEES OVERVIEW



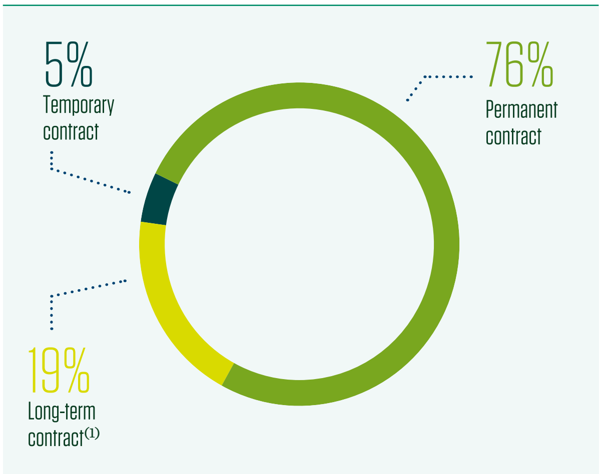
SIPEF hires 76% of its employees under contracts of indeterminate duration (permanent contracts), 19% under long-term contracts, and 5% under temporary contracts in its oil palm and banana operations.

Temporary contractors include seasonal workers in the plantations for activities which are short-term, and function as additional support during peak seasons.

In Indonesia, employees hired on long-term renewable contracts (i.e. *Perjanjian Kerja Waktu Tertentu* - PKWT) and temporary contractors collectively account for 36% of employees at PT Tolan Tiga Indonesia. All temporary contractors are covered for social security following Indonesian regulations, and employees with long-term contracts are in the process of being considered to join the workforce under contract for an indefinite period of time.

(1) This also includes employees in tea, rubber activities and horticulture.

EMPLOYEES BY CONTRACT TYPE



In Papua New Guinea and Côte d'Ivoire, temporary contracts make up only 1% and 5% of total contracts respectively. Temporary employees in both countries receive medical benefits while they are employed. In Côte d'Ivoire, all employees, including those on temporary contracts, are required to be covered by the National Social Security Fund ("Caisse Nationale de Prévoyance Sociale" —CNPS) and by national health insurance. The benefits of the CNPS fund cover family allowance, retirement, maternity / paternity, injuries, and disabilities related to work.

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

(1) Employees hired on long-term renewable contracts (PKWT) in Indonesia.

Employee wages

SIPEF meets all local regulations for minimum wages, and complies with the Roundtable on Sustainable Palm Oil (RSPO), Rainforest Alliance and Fairtrade standards on the requirements and calculations on Living Wage. Achieving the provision of a Living wage is fundamental to ensuring employees are able to sustain their livelihoods, afford basic needs and support their families.

These standards use the Living Wage definition of the Global Living Wage Coalition, as well as salary matrices to identify gaps in cases where an approved benchmark has not been calculated. Related implementation guidance supports the development of improvement plans to ensure that existing gaps are closed.

As part of its regular internal control processes, SIPEF conducts audits of third parties, such as local suppliers of contract labourers, to assess their compliance with local minimum wage and relevant legislation.

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:** www.fairtrade.net/issue/living-wage

RSPO revised Living Wage Strategy

Since 2018, the RSPO Principles and Criteria (P&C) have included requirements on Living Wage. In 2023, a revised Living Wage Strategy was adopted, which takes on a stepwise approach to:

1. **Develop a standardised prevailing wage calculation and wage data collection system;**
2. **Define a Living Wage benchmark for the oil palm sector and identify Living Wage Gaps, and;**
3. **Verify and close Living Wage gaps.**

The RSPO has decided to prioritise the initial phase, postponing the current activities related to Living Wage benchmarks. Subsequently, it will concentrate on researching Living Wage methodologies and benchmarks, commissioning and creating benchmarks for RSPO members, establishing Living Wage gap verification processes, and formulating strategies to address gaps. Meanwhile, the Living Wage calculation formulas issued by the RSPO will continue to be utilised for certification purposes.

SIPEF has continued to play an active role in these discussions through its participation in the RSPO Standards Standing Committee (SSC).

→ For more information:
https://rspo.org/a-living-wage-rspos-strategic-direction/

Progress towards achieving Living Wages in the banana sector

In 2023, Plantations J. Eglin's management, employees, their families and community members participated in two significant studies. The first, commissioned by Fairtrade and conducted by researchers of the Anker Institute, aims to make recommendations to adapt the Living Wage calculation methodology for banana cultivation workers in Côte d'Ivoire. The second, initiated by Banana Link, focuses on negotiating higher commercial market prices for bananas. Findings and recommendations of both studies will be made available in 2024, and are expected to make significant contributions to the livelihoods of banana producers worldwide.

Additionally, the Federation of Banana Workers of Côte d'Ivoire (FETBACI), which was formed in 2023, includes union organisations, where Plantations J. Eglin has employee representation among its members. Within the Federation, an inter-company committee was established with the aim of streamlining and benchmarking salary categories that consider both the needs and expectations of workers and producing companies. Consultations will extend into 2024, taking into account some key challenges like reconciling calculation differences between Rainforest Alliance and Fairtrade and incorporating company-provided premiums and services into Living Wage calculations.

Plantations J. Eglin has revised its working procedures to increase the performance of field employees and their remuneration. During the course of 2023, a number of critical strides were already made towards improving the wages of employees. These include:

→ a 40% increase in housing premiums;
→ a 12.5 % increase in rice premiums; and
→ an 11% base salary increase for all employees (action at national level).

HUMAN RIGHTS AND LABOUR STANDARDS

Employees are the driving force behind SIPEF's business, and the Group is dedicated to treating all employees fairly, safeguarding their rights and upholding labour standards. The Group adheres to all applicable local laws, as well as international frameworks such as the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the United Nations' Universal Declaration of Human Rights.

SIPEF's commitments to human rights are stipulated in its Code of Conduct, Human Rights Policy, Responsible Plantations Policy (RPP) and Responsible Purchasing Policy (RPuP). Specific policies are also in place to address child labour, forced or trafficked labour, freedom of association, occupational health and safety, equal employment opportunity and sexual harassment.

Read more about these policies in the good business conduct chapter on page 146.

No Exploitation

SIPEF does not tolerate any form of child labour, forced labour or human trafficking in its own operations, nor in the activities of its contractors and third-party suppliers. Disciplinary action will be taken, up to and including dismissal or legal action, where applicable and if charges are substantiated.

Monitoring and compliance at PT Tolan Tiga Indonesia

In Indonesia, the bipartisan cooperative body, *Lembaga kerjasama* (LKS) *bipartit* , conducts monthly screenings across SIPEF plantations on human rights risks, including child or forced labour. Any identified cases, including those reported to the HRD, or through SIPEF's grievance channels, are investigated and dealt with on a case-by-case basis. The LKS also functions as a dispute settlement platform for employees at SIPEF's operations in Indonesia.

Within its own operations, local human resource departments (HRD) are responsible for verifying that no employees, or temporary contractors, are under the age of 18. Compliance with all human rights and no exploitation-related policies is monitored through internal audit and risk mechanisms and processes. This is in addition to the annual audits being carried out on human rights requirements that form part of the certification standards with which SIPEF complies.

As an additional and critical safeguard, SIPEF has an effective grievance mechanism in place, through which employees can report any incidents of exploitation or human rights violations, should they occur. The Group is receptive to all grievances raised by stakeholders, internal and external, and handles complaints impartially.

More information on SIPEF's grievance mechanism is available in the good business conduct chapter on page 146.

Freedom of association and collective bargaining

SIPEF believes that social dialogue is important for creating a constructive working environment for its employees. The Group respects the right to freedom of association and collective bargaining. All workers and contractors across SIPEF's operations, permanent or temporary, have the right to join unions and organise themselves following the respective legislation of the country of operation. SIPEF engages with union representatives and promotes dialogue through regular and structured meetings and other engagement channels.

As of 31 December 2023, 51% of employees working in SIPEF's palm oil and banana operations are covered by collective bargaining agreements. At the level of each country of operation, this translates into 100% of employees in Côte d'Ivoire, 60% in Indonesia and 2% in Papua New Guinea. In Papua New Guinea, although a union is available for employees, the participation rate remains low due to the perceived limited advantages of joining.

Diversity and equal opportunity

SIPEF is a non-discriminatory employer, applying strict principles and norms across the Group to uphold and promote equal opportunities for all. The Group complies with all relevant equal employment laws and regulations of the countries where it operates, while also implementing internal programmes and meeting external framework requirements designed to minimise the risk of gender-related discrimination. These principles and requirements also extend to SIPEF's smallholder suppliers.

Women are an integral part of the agricultural sector worldwide. They perform a significant portion of the labour, yet are exposed to risks of discrimination, exploitation and unfair treatment. SIPEF acknowledges the specific challenges faced by women in the palm oil and banana industries, and therefore focuses many of its initiatives on creating safer and more supportive environments for women, inside and outside of the workplace.

Gender and social issues committees

Gender committees and equivalents have been established across the Group's operating units and the head offices in each country of operation. The committees meet on a regular basis to discuss and address, among other issues, challenges faced by women. These include topics such as equal employment opportunities, participation in decision-making, sexual harassment, reproductive rights, and women's health and safety.

Indonesia

The Gender Committee at PT Tolan Tiga Indonesia focuses on assessing and addressing gender-related issues, advising the board on relevant decision-making, and offering training to promote understanding of female employees' rights. Additionally, the Committee receives and responds to events related to gender issues in the company, including those linked with equal opportunity employment and reproductive rights, as well as sexual harassment within the workplace or company environment. The Committee is supported at each operating unit by a Gender Committee Contact Group, which functions as a liaison with the local workers' community in managing gender issues at the operating unit level.

Papua New Guinea

In Papua New Guinea, Social Issues Committees (formerly Gender Committees) work to identify and address issues of concern to employees and members of local communities. The committees include female representatives from each department, and are guided by a Terms of Reference and an annual workplan. Initiatives in 2023 included the organisation of an International Women's Day session on 8 March, where female employees at Hargy Oil Palm Ltd (HOPL) gathered to hold open discussions on the issues affecting them.

Côte d'Ivoire

In Côte d'Ivoire, Plantations J. Eglin expanded the focus of its existing anti-harassment committees to encompass a broader spectrum of gender-related issues. Renamed as Gender Committees, their remit now includes, amongst others, promoting equal opportunities for women, women's health and safety, and addressing harassment issues in the workplace. The committees also play a role in advancing women at the company, actively supporting female employees to apply to different and higher-level positions. In addition to these developments, two new Gender Committees were set up for the new plantation sites of Lumen and Akoudié.

During 2023, training on gender issues and grievance resolution was provided to staff in French and in local languages. Based on these engagements, a 2024 workplan was developed that includes addressing key issues through regular follow-up meetings, sensitisation programmes for all employees, and further training to women on using the available grievance mechanisms.

Career development and professional growth

At both the Group and country levels, SIPEF has established equal opportunity policies that prohibit any form of discrimination, whether related to ethnic or national origin, gender, gender identity, sexual orientation, religion, disability, age, union membership or political affiliations. These policies also apply to recruitment and professional growth processes across all levels, including for upper and middle management positions.

Various initiatives are carried out to help promote inclusivity in succession planning and support employees with career development, while addressing organisational needs. These include:

- → Internal training programmes
- → Sponsored apprenticeships
- → Tertiary education support
- → Facilitated adult literacy programmes
- → Upskilling initiatives

At HOPL's Navo site, an upskilling programme trained female employees to drive tractors and operate machinery, resulting in several women taking on these roles at SIPEF's plantations in Papua New Guinea.

Cadet programmes

In Indonesia and Papua New Guinea, the long-running cadet programme is designed to support the participation of college graduates in training programmes and fast-track them to middle-management roles at SIPEF's palm oil operations.

Although female participation has been comparatively low, SIPEF actively encourages women to apply, recognising the programme's potential for positive impact in an industry traditionally dominated by men. In 2023, women constituted 7% and 11% of the cadets in the programmes for Indonesia and Papua New Guinea, respectively.

Changing the dynamic with female leadership

Diversity in leadership is crucial for fostering a gender-inclusive work environment.

- → **In Indonesia,** PT Tolan Tiga Indonesia's sustainability department appointed its first female head of sustainability for its operations in Bengkulu.
- → **In Papua New Guinea,** a female employee was promoted to head of construction in 2023, joining three other female heads of department in the executive committee at HOPL.
- → **In Côte d'Ivoire,** three female banana plantation employees and three female packing station employees were promoted to supervisory positions.

Women in Leadership Award for West New Britain

In June 2023, Tracey Masing, the senior community engagement officer at HOPL, was presented with the ‘2021 Women in Leadership Award for West New Britain’, awarded by the Papua New Guinea Australia Alumni Association (PNG AAA). Presented by the Australian High Commissioner to Papua New Guinea, the award recognised her efforts to address the needs and challenges of youth and women within HOPL’s smallholder areas. Initially planned for 2022, the ceremony was postponed to 2023 due to Covid-19 restrictions.

Starting with a baseline survey in 2020, Tracey identified critical issues, including a lack of water tanks and sanitary facilities, and rising unemployment amongst younger generations in the smallholder areas surveyed. Working with the Navo Community Engagement team, capacity building and family farming training for women and youths was carried out. In cooperation with HOPL’s Business Development Section, financial literacy training was also conducted. Tracey later went on to successfully source funding from the PNG AAA Alumni Grant Scheme for sewing training for women in smallholder families and employee spouses, with the aim of providing them with new skills to increase their income opportunities.

Occupational health and safety

For SIPEF, ensuring the health and safety of its workforce is of the utmost importance. The Company acknowledges the potential hazards in its operations, which are labour-intensive and involve the use of machinery, vehicles and chemicals, including pesticides that can pose risks to health. SIPEF's Occupational Health and Safety (OHS) Policy sets the minimum requirements for all its operations, and must be followed by all employees and contractors. In Indonesia, Papua New Guinea and Côte d'Ivoire, detailed country-level policies complement these by prescribing procedures in accordance with local laws, regulations and best practices for palm oil and banana sectors. The RSPO, Rainforest Alliance, GlobalG.A.P. and Fairtrade standards, against which SIPEF's operations are audited each year, include a range of OHS requirements that must also be met.

Occupational health and safety committee

There is a dedicated committee responsible for OHS and environment at every operating unit in all countries of operation. Each committee consists of representatives from management, staff and other workers, who meet on a regular basis. The committees are commonly assisted by a trained safety officer, who is responsible for implementing the operating units' Safety Management Plan.

Training and prevention

SIPEF invests in regular training for all relevant employees, regardless of whether they are on permanent contracts or contracted via third parties. The content and frequency of such training depend on the risk assessment of each activity, for which the requirements will differ. Refresher training is regularly provided for the various functions in accordance with Health and Safety Management Plans, and communications are adapted to the local languages and contexts.

All necessary personal protective equipment (PPE) is provided, and medical examinations are offered at least annually, if not more regularly, for employees working with chemicals. Employees handling chemicals are also given special training, supervision and PPE. Pregnant and breastfeeding employees do not work with chemicals and are assigned to other suitable tasks.

Real or potential risks are regularly analysed and assessed, and any occupational accidents are reported and investigated to ensure that the necessary measures are undertaken to prevent them from being repeated.

Lost Time Injury Frequency Rate (LTIFR)

LOST TIME INJURY FREQUENCY RATE BY COUNTRY			
COUNTRY	LTIFR 2022	LTIFR 2023	TARGET 2025
Indonesia	3.53	4.34	2.07
Papua New Guinea	18.41	24.90	20.4
Côte d'Ivoire	11.97	6.13	10.97
TOTAL			

SIPEF records its Lost Time Injury Frequency Rate (LTIFR) across all its sites. The LTIFR refers to the number of lost time injuries occurring in a workplace per one million hours worked.

LTIFR target progress

SIPEF set a target in 2022, committing the Group to reducing the LTIFR across its operations by between 10% to 33% by 2025, against the 2021 baselines.

In 2023, the LTIFR went up slightly by 0.81 for the Group's operations in Indonesia.
This was due to the increase in the number of employees at the Musi Rawas site, where operations continue to develop, as well as infrastructural expansions to site clinics, which have led to more injuries being reported on and attended to on site. Another reason is enhanced record keeping by the OHS team, which is now engaging with the clinics on a regular basis.

As part of the planning and work to reduce the LTIFR in Indonesia, OHS managers gathered and assessed data to identify the top five incidents and accidents leading to injuries. These were: traffic accidents, bee / wasp stings, injuries caused by sharp objects, debris and loose fruits / palm spines falling into workers' eyes.

The OHS team is addressing these issues by reviewing safety equipment, conducting a Job Safety Analysis (JSA) with workers to identify where incidents might occur and assess risk awareness, and planning internal training based on the JSA findings. Initially focusing on the five primary LTIFR drivers, the team aims to extend this evaluative approach to all staff operations.

The LTIFR in Papua New Guinea increased by 6.49 in 2023.
Investigations revealed that inconsistencies in data collection and reporting processes across different sites has contributed to an overstated LTIFR for Papua New Guinea. The inconsistencies are primarily due to a lack of understanding and implementation of standardised definitions (e.g., 'lost time') and formulas for calculating working hours used by medical staff.

Training began during 2023 to align definitions across the 13 clinics and standardise record keeping by medical workers.

In Côte d'Ivoire, the LTIFR decreased by 5.84 during 2023 to 6.13.
This is significantly lower than the LTIFR 2025 target of 10.97. Its success can be attributed to an investment in and prioritisation of internal and external OHS training at Plantations J. Eglin, as well as the adjustments made to the PPE provided. For example, since 2022, caps have been used instead of goggles to protect employees in the plantations from eye contamination during leaf cutting, which was previously a significant contributor to the number of incidents for plantation workers.

A total of 48 training sessions took place during 2023, covering 100% of all employees and contractors. Safety measures were well observed and applied, and regular compliance checks were conducted by the OHS team.

Fatalities

SIPEF regrets to report a work-related fatality in Indonesia in 2023, which resulted from a traffic-related accident. An employee was driving on a public road in a truck transporting FFB, and had a head-on collision with a car coming in the opposite direction. The driver was taken to hospital, but sadly passed away a few days later in the intensive care unit (ICU). Following a thorough investigation, and as a part of a wider initiative to address the more prevalent issue of traffic-related accidents, PT Tolan Tiga Indonesia has implemented additional training programmes for drivers to prevent future incidents. This includes a Safety Defensive Driving training course, which is being conducted for all dump truck drivers across all three regional offices.

In Papua New Guinea there were no work-related fatalities in 2023. However, in response to a fatality that had occurred in 2022, when a worker had tragically fallen off the back of a tractor trailer, investments were made to adjust tractors by adding passenger seats for the safe transport of workers to and from the fields. Additionally, 24 training sessions on vehicle safety were conducted for 265 employees across operations in 2023.

In Côte d'Ivoire there were no work-related fatalities in 2023, or in 2022.

RESPECTING COMMUNITY RIGHTS

Worldwide, agriculture is a key driver of development in rural areas, contributing to job creation and poverty reduction. Yet, when not managed sustainably, it can also cause disruption and have impacts on the availability and accessibility of the land and resources on which local populations depend.

SIPEF is committed to respecting the rights of communities to land, resources, territories, livelihoods and food security. The Group engages in the necessary assessments and procedures to ensure its operations do not infringe on the legal and customary land and tenure rights of indigenous and local communities. A sustainable approach is also critical for ensuring that activities do not cause the degradation of natural resources and ecosystems on which communities depend.

Free, Prior and Informed Consent

Respecting community rights starts with ensuring that Free, Prior and Informed Consent (FPIC) is provided by communities that would be affected or potentially affected by operations, prior to any new developments taking place. As stipulated in SIPEF's RPP, all of its plantations and those of its suppliers must follow the FPIC principle, as defined by the RSPO and Rainforest Alliance standards.

Consent is secured through a continuous process that includes the complete involvement of the communities impacted. Communities retain the right to choose their legal representation and to say no to the development at all times during the process. Where a negative impact has been identified and proven, communities have the right to compensation.

FPIC does not conclude with the transfer of land ownership or rights. It represents a continual engagement and interaction with communities to ensure their voices are heard, and that their needs and feedback are considered and applied. The approach aims to reduce the negative social effects of operations, while enhancing potential positive impacts and benefits for local populations.

Community engagement

Fair and transparent dialogue and a participatory approach to community engagement are crucial for SIPEF in sustaining positive relations with the communities in and around its plantations. Social Impact Assessments (SIA) are undertaken as part of the Group's compliance with sustainability standards and certification programmes. For SIPEF's oil palm activities, SIAs are also conducted for new developments within the framework of the RSPO New Planting Procedure (NPP), and in parallel with integrated High Conservation Value and High Carbon Stock Approach (HCV-HCSA) assessments.

The SIAs perform a review of the actual or potential impacts on the rights and needs of communities, as well as the positive social impacts that may result from new development plans or existing operations. Community members are engaged in the process, as well as in the design of any mitigation or management plans.

Social Impact Assessments in 2023

Indonesia

A total of 14 SIAs were conducted in 2023, covering the full scope of SIPEF's operations in Indonesia. Surveys and interviews were carried out with nearby communities and villages to assess their perceptions on Company impacts, gather feedback, and identify and manage any potential issues. Key topics surveyed included the Company's effects on the local economies, employment opportunities, infrastructure benefits and the environment. The assessments not only offer a valuable opportunity for engagement and collaboration with local stakeholders, but they also lay the groundwork for SIPEF's Social Responsibility Management Plan for Indonesia.

Papua New Guinea

In 2023, Hargy Oil Palms Ltd (HOPL) completed a comprehensive SIA alongside its latest integrated HCV-HCSA assessment, which covered its three estates, smallholders and surrounding areas. As part of a broader FPIC process in line with the RSPO NPP, the SIA facilitated widespread community engagement across 35 villages and 15 hamlets. Customary landowners participated actively by providing insights into their present land usage and outlining future land use plans.

Côte d'Ivoire

Engagements with local community representatives are regularly carried out by Plantations J. Eglin. 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 November 2023, a study was initiated for the Lumen site, in agreement with the National Environment Agency of Côte d'Ivoire, which will lead to the development of an environmental and social management plan for the plantation. Plans are underway for the Akoudié site to follow suit in 2024.

Addressing land conflicts and community grievances

SIPEF has established an effective grievance mechanism, through which all stakeholders, including local and indigenous community members, can report any incidents of misconduct, labour rights or other violations. These can include, but are not limited to, land disputes and compensation for the loss of legal, customary or user rights. The process enables the expression of their concerns through chosen representative institutions, including local chiefs and committees formed within the communities.

For any conflict or dispute over land issues, the extent of the disputed area is mapped out in a participatory manner with affected parties, including neighbouring communities, where relevant. Evidence is also made available to show whether compensation was accepted following a documented process of FPIC.

SIPEF is open to all grievances, whether they are internal or external, and commits to resolving complaints transparently and with impartiality.

More information on SIPEF's grievance mechanism is available in the good business conduct chapter on page 146.

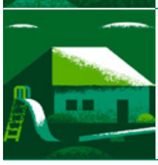
SUPPORTING LIVELIHOODS AND COMMUNITY DEVELOPMENT

SIPEF is committed to creating employment and development opportunities for both its employees and the communities residing in the areas where it operates. The Group continues to dedicate considerable resources towards services that improve the lives and well-being of its workforce and their families, and that support community development.

Employee housing, education and medical services

Many of SIPEF's employees reside in rural and remote areas surrounding the Company's oil palm and banana plantations, where basic social services and infrastructure might be limited or inaccessible.

EMPLOYEE HOUSING, CLINICS, SCHOOLS AND CHILDCARE FACILITIES AS OF DECEMBER 2023

	11 828 Housing units
	45 Clinics
	45 Schools
	42 Day care facilities

All 45 schools are accessible to community children, and all 45 clinics are accessible to community members.

SIPEF provides all employees with housing, clean water and medical care, and ensures access to education for their children. Much of the infrastructure established by SIPEF and many of the facilities set up and run by the Company are also accessible to local community members.

Other types of services and support can vary by operation location, such as the initiatives focused on food accessibility and affordability. Since 2017, the operations in Indonesia have also provided free childcare to support working families. This has the added important contribution of helping to create equal opportunities for women in the workplace.

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

Key updates linked with service provision in 2023

Indonesia

- In 2023, 113 new housing units were constructed for employees and their families in Indonesia.
- Three clinics were established at three estates, all accessible to anyone covered by the national health insurance programme in Indonesia (*Badan Penyelenggara Jaminan Sosial Kesehatan* —BPJS).

Papua New Guinea

- In Papua New Guinea, 350 employee housing units were built across HOPL's three estates.
- With the financial support of SIPEF, the construction of a new maternity ward was finalised at the Ulamona Health Centre. The completed ward, now under the management of the local health authorities, is expected to become operational in 2024.

Côte d'Ivoire

- Two new medical centres were constructed during 2023 in Akoudié and Azaguié. Both employees and community members have access to the facilities, which are expected to become operational by 2024.
- A number of projects were facilitated through the use of the Fairtrade fund in 2023, including the establishment of a daycare centre and a school canteen in Motobé, and the application of an 80% subsidy on all analysis services performed at the biomedical testing laboratory in Azaguié.

Evacuation and emergency support during the eruption of Mt Ulawun

On 20 November 2023, Mt Ulawun, a volcano on the border of the West New Britain and East New Britain provinces, erupted. Due to its close proximity to the volcano, HOPL has an emergency response plan in place. This plan was put into action to evacuate approximately 9 000 people, including employees and their dependents, to its three care centres. Additionally, HOPL provided support to communities and local residents, including transportation and supplies, facilitating the evacuation of another 5 000 people to government-run care centres.

Food security

SIPEF is aware that the areas occupied by its oil palm and banana plantations can have an impact on local food security. The Group is committed to ensuring both physical and economic access to food for its workforce, and works to mitigate its impact on food security through its employment practices and community engagement.

Affordable and accessible food for employees

SIPEF pays a 'Living Wage' to employees under permanent contract, which ensures that the costs of living and food security are factored into their salaries. In addition, initiatives are undertaken in each country of operation, focused on increasing access and affordability of food.

In Indonesia, employees and their families are supplied with up to 47 kg of rice per household every month, in addition to their salary. Residential compounds also offer garden areas close to employee housing for food gardening. SIPEF provides empty fruit bunches (EFB) from its mills, which serve as organic fertiliser for these gardens.

INITIATIVES PER COUNTRY

Indonesia: Successful mini markets have been set up by employee cooperatives at most of SIPEF's plantations in Indonesia.

Papua New Guinea: Local operators are engaged to set up stores at HOPL's estates. The annual operating contracts specify that prices must be comparable to local prices.

Côte d'Ivoire: Local stores are managed by cooperatives of women from employee families, and canteens are operated by individual women, often from local communities.

In Papua New Guinea, where store-bought foods are more expensive, employees are given access to larger areas for food gardening.

In Côte d'Ivoire, all employees are provided a fixed monthly subsidy for the purchase of rice. In 2023, these subsidies were increased by 12.5% from the previous year to accommodate the rising cost of food in the country. In December 2023, a decision was made to further increase the subsidy by 56% for 2024.

Across all locations, residential areas have established local stores or canteens, primarily owned by workers' unions or cooperatives, and run by employees and their family members. SIPEF supports these establishments by subsidising the transportation of goods or offering capital when necessary. The stores are subject to cost control measures to ensure prices are kept locally competitive.

Food security for local communities

SIPEF also engages with local communities to ensure that they continue to have access to land for producing food. In Papua New Guinea, for example, SIAs have included participatory mapping in which all areas important for providing food gardens have been identified and excluded from any future development plans. In Indonesia, the SIPEF Biodiversity Indonesia (SBI) team worked with 376 farmers from 17 farmer groups in its agroforestry programme in 2023. SBI provides these farmers with technical support and seedlings to develop agroforestry food gardens and tree crops for generating an alternative source of income.

Find out more about SBI and this initiative in the environmental stewardship chapter on page 90.

Local infrastructure and service provision

The availability of well-maintained infrastructure, including good road networks and bridges, is crucial to running SIPEF's operations, which rely heavily on the transport of people, materials and products. SIPEF therefore works with local authorities to maintain the public roads surrounding its areas of operation, which at the same time benefits other users, including local businesses and residents. The Groups' teams on the ground also regularly consult with stakeholders through SIAs to determine if there are additional infrastructure projects where SIPEF can provide financial support.

In 2023, SIPEF's subsidiary, HOPL, contributed to the road maintenance of the New Britain Highway in Papua New Guinea. Spanning 550 kilometres, this highway provides not only better access for HOPL's vehicles from its Navo and Bialla sites but also enables members of the public to travel long distances more safely and quickly.

In Indonesia, SIPEF is in the process of completing two significant bridge projects at its Agro Kati Lama and Batu Kuda estates, both of which are accessible to the public.

In Côte d'Ivoire, Plantations J. Eglin carried out repairs and improvements on the roads at its Motobé and Akoudié plantations. Before initiating these works, the company engaged with local chiefs and other community stakeholders to ensure consensus and alignment with community needs. As a result, the access roads to the communities near these sites were also upgraded to enhance accessibility.

Responsible supply chain management

Smallholders produce an estimated 25-30% of the world's palm oil supply,[1] playing a vital role in the capacity of the industry to meet global palm oil demand, which is expected to rise by 0.8 to 2.8% annually. At the same time, smallholders face a number of challenges, including limited access to resources, which together with other complex factors, can lead to lower yields. These challenges are compounded by the growing sustainability requirements of international markets, which more recently include the regulation in the EU on deforestation-free products.

SIPEF believes that achieving balanced growth in a responsible manner includes supporting its suppliers to become part of its sustainable supply chain, all of whom are oil palm smallholders in Indonesia and Papua New Guinea. Supporting smallholders to implement sustainable and best management practices not only has the potential to boost global productivity but also to safeguard the environment and improve their livelihoods.

(1) Source: www.solidaridadnetwork.org/publications/palm-oil-barometer-2022/

SMALLHOLDER PROGRAMMES

SIPEF has established a number of programmes that offer a range of support for oil palm smallholders. Through these programmes, the Group shares Best Management Practices (BMPs), offers seedlings of the same provenance as SIPEF's at cost price, supplies fertiliser and equipment, assists smallholders in obtaining and maintaining Roundtable on Sustainable Palm Oil (RSPO) certification, and provides agronomic and logistical support for crop transport.

SCHEME SMALLHOLDERS

INDONESIA

SMALLHOLDER COOPERATIVES[1] *(Koperasi)*

1 814 SMALLHOLDERS

Under this plasma programme, SIPEF is in full control of all aspects of the management and production of the crops.

VILLAGE SMALLHOLDERS *(Kebun Masyarakat Desa)*

283 SMALLHOLDERS

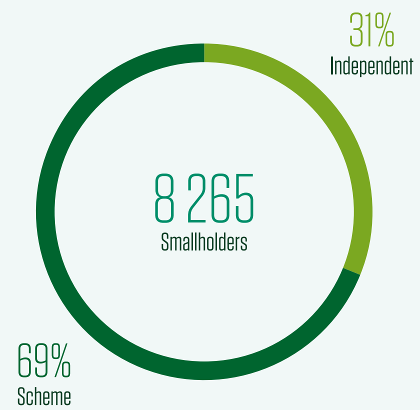
Under this plasma programme, SIPEF works with surrounding villages to develop small oil palm blocks, which are fully managed by the Company.

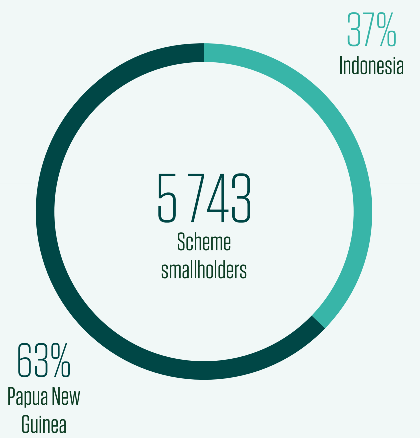
PAPUA NEW GUINEA

ASSOCIATED SMALLHOLDERS

3 646 SMALLHOLDERS

Smallholders own and manage their lands and production, but due to their geographic location, they are linked to SIPEF's supply chain. They sell to Hargy Oil Palms Ltd (HOPL) mills, which are in the vicinity of the smallholder operations. All HOPL associated smallholders in Papua New Guinea are RSPO certified.





INDEPENDENT SMALLHOLDERS

INDONESIA

INDEPENDENT SMALLHOLDERS

2 522 SMALLHOLDERS

These smallholders manage their own lands, and have the option to sell to SIPEF, depending on their commitment and progress towards RSPO certification. The vast majority of these smallholders are not physically linked to SIPEF's supply chain, as their certification and integration will take time. Many of these smallholders also receive support from SIPEF for certified seed supply.

(1) 'Smallholder cooperatives *(Koperasi)*' is the same programme that was formerly called 'company managed'.

Engaging with smallholders can have a positive impact on livelihoods, through increased yields, improved production quality, higher incomes and access to international markets. With sustainability as a key focus, it can also reduce the environmental impact of their production practices on natural ecosystems.

In 2023, SIPEF engaged with 8 265 smallholders, of which 5 743 (69%) are scheme smallholders and 2 522 (31%) are independent smallholders. All scheme smallholder production areas in Indonesia are developed in accordance with RSPO guidelines. They are either already RSPO certified or on track to becoming certified, depending on the status of their Cultivation Rights Title (*Hak Guna Usaha* – HGU).

SMALLHOLDERS IN SIPEF'S SUPPLY BASE

SIPEF's scheme smallholder supply base covers a planted area of 21 059 hectares, which accounts for 20% of the total planted area of SIPEF's own estates and its scheme smallholders.

These smallholders produced 252 378 tonnes of fresh fruit bunches (FFB) in 2023, contributing 17% of SIPEF's overall FFB production.

Key trends 2023

INDONESIA

SIPEF engages with 2 097 oil palm scheme smallholders in Indonesia.

- In 2023, the total planted area of these smallholders amounted to 6 253 hectares, representing 8% of the total planted area in PT Tolan Tiga Indonesia's supply base.(1)
- The total planted area managed by these smallholders increased by 21% when compared with 2022.
- Scheme smallholders contributed 4% of the total FFB produced by the supply base.
- The average yield per mature hectare of these smallholders increased by 3% in 2023.

PAPUA NEW GUINEA

SIPEF's operations in Papua New Guinea engage with 3 646 associated oil palm smallholders.

- These smallholders manage a production area of 14 807 hectares, representing 52% of HOPL's total oil palm planted area.
- The total planted area managed by these smallholders remained the same in 2023, as when compared with 2022.
- In 2023, the smallholders produced around 39% of the FFB processed in HOPL's three mills.
- In 2023, the average FFB yield per mature hectare of the smallholders decreased by 6%.

(1) Excluding independent smallholders

Indonesia

Smallholder cooperatives *(Koperasi)*

Under the 'smallholder cooperatives' programme (formerly the 'company managed' programme), PT Tolan Tiga 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 advanced monthly payment during the immature phase, which together with development costs is recovered as part of the purchase agreement. In 2023, the smallholder cooperatives programme consisted of 1 814 smallholder members.

Village smallholders *(Kebun Masyarakat Desa)*

SIPEF works with 283 village smallholders surrounding its Agro Muko operations. Through this programme, smallholders' oil palm blocks are developed and fully managed by the Company. PT Agro Muko pre-finances the development of the plots and later buys the production at market prices, with an agreed-upon deduction to pay off the low interest loan. The programme brings in significant revenue to the village cooperatives, which is often used for communal facilities and developments.

Annual contribution to capacity building and research

Both SIPEF and the associated smallholders working with HOPL invest in capacity building and research initiatives, focused on consistently increasing smallholder yields over time.

In 2023, these investments collectively amounted to a total of PGK 4 300 345.

SIPEF's investments are allocated towards HOPL's initiatives, which offer direct support to smallholders. The investments made by the smallholders are channelled into the Oil Palm Research Association (OPRA), the Oil Palm Industry Corporation (OPIC) and Bialla Oil Palm Growers Association (BOPGA), which provide them access to extension and research, and the development services offered by these organisations.

Papua New Guinea

Associated smallholders

In Papua New Guinea the smallholders supplying SIPEF are all 'associated smallholders'. These smallholders are essentially independent, as they own their own land and take full ownership of the choice of crop and management decisions. However, due to their geographic location, they can only sell to mills within their vicinity, and they have a standing arrangement with HOPL's mills. As such, they are classified as scheme smallholders.

HOPL is working closely with these 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.

HOPL

Hargy Oil Palms Ltd

DIRECT SUPPORT:

- Smallholder crop collection
- Road and bridge maintenance for crop collection
- Interest free loans for tools, fertiliser, seedlings
- Management, procurement and supply of fertiliser
- Management of pest control teams for project areas

Local planning committee

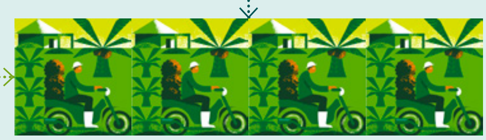
- **Hargy Oil Palms Ltd**
- Oil Palm Industry Corporation
- Bialla Oil Palm Growers Association
- Oil Palm Research Association
- East Nakanai Local Level Government

OPIC Oil Palm Industry Corporation

OPRA Oil Palm Research Association

OPIC AND OPRA SUPPORT:

- Research and development
- Agronomic services
- Training and education
- Community development projects



HOPL works with smallholders both directly and through the Local Planning Committee, which is made up of representatives from OPIC, BOPGA, OPRA, the East Nakanai Local Level Government (ENLLG), and HOPL.

For more information on OPRA and OPIC:
- png-data.sprep.org/group/15
- www.pngopra.org

Commitments towards responsible supply chain management

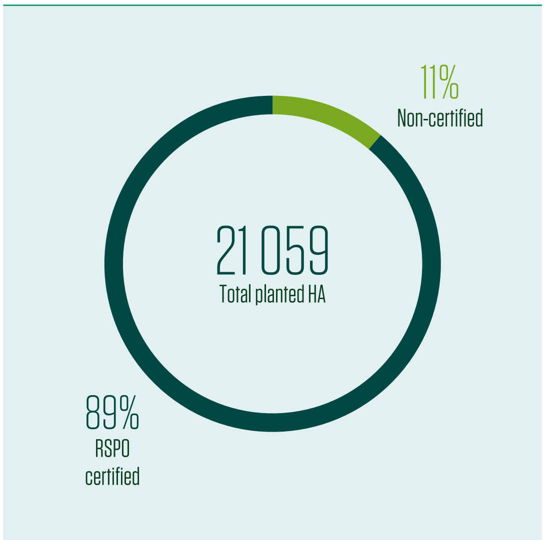
All of SIPEF's third-party suppliers, consisting exclusively of oil palm smallholders, are required to adhere to the Group's Responsible Purchasing Policy (RPuP), along with other relevant policies where applicable. The RPuP provides the basis for the criteria and procedures to select and monitor smallholders in SIPEF's supply base.

Smallholders planning to work with SIPEF undergo an initial screening based on legal and geographic criteria. This process ensures they can or have the potential to meet RSPO certification requirements and comply, at a minimum, with SIPEF's no deforestation, no new developments on peat, and no exploitation (NDPE) commitments, as stipulated in its Responsible Plantations Policy (RPP) and RPuP.

Towards a 100% RSPO certified supply base

SIPEF has set a timebound target to achieve 100% RSPO certification for the Company's supply base by 2026. As of 2023, 89% of the total scheme smallholder planted area within SIPEF's supply base is RSPO certified.

RSPO CERTIFICATION STATUS FOR SCHEME SMALLHOLDERS



IN PAPUA NEW GUINEA, all of the smallholders working with HOPL and supplying its three mills have maintained their RSPO certification since 2009.

IN INDONESIA, all scheme smallholders supplying SIPEF have been certified, except for 632 smallholders supplying the Group in Musi Rawas.

SIPEF 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 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 2023, 60 hectares of planted areas managed by the independent smallholders supplying 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.

Milestones reached for smallholder certification in 2023

In 2023, SIPEF achieved the following milestones from its time-bound plan for the certification of the smallholders in its supply base in Indonesia:

- **In July 2023, SIPEF reached its target of 100% RSPO certification for the smallholders within PT Dendymarker Indah Lestari (PT DIL), supplying the Group's mill at PT DIL.**

  The target was met much earlier than expected, with the original target having been set for 2025. The group of newly certified smallholders are represented by nine cooperatives with members from the surrounding villages. Together, these cooperatives form the Sei Rupit estate, which was included for the first time in the RSPO certificate of PT DIL's mill, alongside the Sei Mandang and Sei Liam estates.

- **Another important advancement is the certification of the smallholders' cooperative, *Koperasi Serba Usaha Suka Makmur*, in 2023.**

  Koperasi Serba Usaha Suka Makmur, a supplier of SIPEF's Umbul Mas Wisesa mill, this is the first independent smallholder cooperative working with and supported by SIPEF to become certified to the RSPO Independent Smallholder Standard.

These achievements add approximately 3 000 hectares to the certified area of SIPEF's supply base, moving the Group closer to its overarching goal of a fully certified supply chain by 2026.

Monitoring and compliance

Smallholders in SIPEF's supply base are monitored through a variety of methods, which include regular outreach, support and an established internal control system. For smallholders already certified, internal audits are carried out annually to ensure continued compliance with the RSPO Principles and Criteria (RSPO P&C), as well as with SIPEF policies. This is in addition to the audits conducted each year by a certification body to externally verify compliance with the RSPO P&C.

In Papua New Guinea, HOPL also provides its associated smallholders with regular training, and conducts block inspections. The block inspections evaluate the smallholder's implementation of BMPs and are conducted by extension officers who are part of HOPL's Smallholder Agricultural Advisory Services (SHAAS) team. Results of internal audits and inspections are communicated to growers by the SHAAS team, which also supports the smallholders in addressing any issues of non-compliance identified.

In Indonesia, training and outreach activities are provided to scheme smallholders and independent smallholders. The objective of the outreach activities is to raise awareness of the Group's policies and graduate growers into the scope of the certified supply base, once they are ready for RSPO certification.

Managing breaches

Non-compliances are evaluated on a case-by-case basis to understand their origins and subsequently determine the appropriate actions to be taken. When a breach of policies or regulations is found, the crop is segregated from the certified supply chain.

SIPEF prioritises maintaining engagement and providing the opportunity for smallholders to take remedial action. This is important to drive improvement, which SIPEF has found to be much more effective than immediate exclusion. SIPEF's grievance mechanism is available for smallholders, should they need to raise any concerns or have any complaints.

Good business conduct

SIPEF's approach to good business conduct is founded on full respect for laws and regulations, and upholding the highest regard for ethical principles and standards.

For SIPEF, good business conduct means prioritising efforts to mitigate and manage any operational, financial, reputational and legal risks associated with instances of poor practice.

SIPEF's commitment to good business conduct is upheld through:

- Fostering a culture of ethical conduct amongst management, staff and contractors;
- Implementing systems and processes to ensure the practice of ethical conduct;
- Having robust policies, procedures and measures in place to address any risks, including those associated with bribery or corruption.

OVERVIEW OF POLICIES

Corporate Governance

Good business conduct starts with good corporate governance. SIPEF upholds strong corporate governance by applying, amongst others, the principles of the 2020 Belgian Corporate Governance Code (the Code). The principles of the Code are reflected in SIPEF's Corporate Governance Charter, its Remuneration policy and the Group Code of Conduct, which set out norms and expectations for responsible and ethical management, and governance best practices.

→ Read more in SIPEF's Corporate Governance Statement on page 154.

Country-level Policies

Where applicable, Group-level policies are adapted to **country-level policies**, encompassing and reflecting the local contexts, laws and regulations in the countries where SIPEF operates. These include those that govern social, environmental, labour and human rights aspects.

Code of Conduct

SIPEF's Group **Code of Conduct** has, since 2020, formalised the minimum set of norms and standards that must be observed and complied with by all its executives, employees, consultants and contractors. It states that SIPEF is committed to complying with all relevant national and international laws, as well as providing transparency for all its stakeholders on how it conducts its business. The Code of Conduct also clarifies SIPEF's positioning on zero tolerance towards bribery and corruption, whistleblowing, handling of grievances, and the prohibition of executives and staff using Group facilities or working hours to conduct personal business.

→ The Group Code of Conduct can be downloaded from SIPEF's website at: www.sipef.com/hq/investors/shareholders-information/corporate-governance

Responsible Plantations and Responsible Purchasing Policies

SIPEF also has two main sustainability policies, applicable to its own operations and its smallholder suppliers. Under its commitments towards responsible cultivation and production, the Company prioritises the strict implementation of its Responsible Plantations Policy **(RPP)** and Responsible Purchasing Policy **(RPuP)**.

→ Read more about how these policies are applied, implemented and monitored in the Sustainability chapters of this report (pages 90-153).

Other Group-level Policies

Other Group-level policies set out the norms and expectations around workplace behaviour and specific issues, covering topics such as equal employment opportunities, freedom of association, child and forced labour, reproductive rights and occupational health and safety, as well as topics such as privacy and the correct handling of data under the General Data Protection Regulation (GDPR 2016/679).

→ SIPEF's Group-level policies are accessible on the Company's website at: www.sipef.com/hq/sustainability/sipef-corporate-policies

THIRD-PARTY VERIFICATION

Good business conduct at SIPEF also means achieving credible third-party certification for its sustainability and responsible management practices. For the Group, external verification pushes SIPEF to go further and helps it maintain transparency and credibility amongst its value chain partners and customers.

The Group prides itself on being one of the first companies to achieve RSPO certification, initially acquired in 2009 for its operations in Papua New Guinea, including all smallholders supplying these mills. By 2017, all SIPEF mills in Papua New Guinea and Indonesia had been RSPO certified.

Since then, SIPEF and its subsidiaries have worked to achieve and maintain certification in accordance with the RSPO, but also various other standards. The Company also strives to go beyond the principles and criteria set out by RSPO, as well as the requirements of the other certifications, such as Fairtrade, Rainforest Alliance and ISO Standards.

SUSTAINABILITY CERTIFICATIONS (NUMBER OF CERTIFICATES)	PRODUCT	2023	2022	2021	2020	2019	2018
RSPO: Roundtable on Sustainable Palm Oil	Palm oil	8	8	8	8	8	8
ISCC: International Sustainability and Carbon Certification	Palm oil	4	4	4	4	4	5
ISPO: Indonesian Sustainable Palm Oil	Palm oil	8	8	8	6	6	5
ISO 14001:2015	Palm oil	1	1	1	1	1	1
ISO 9001:2015	Palm oil	1	1	1	1	1	1
GLOBALG.A.P.	Bananas	2[(1)]	1	1	1	1	1
Rainforest Alliance	Bananas	3[(1)]	2	5	5	5	5
Fairtrade	Bananas	2[(1)]	2[(1)]	2[(1)]	2[(1)]	2[(1)]	-
Sedex	Bananas	1	1	1	1	1	1
TOTAL		**30**	**28**	**31**	**29**	**29**	**27**

Further details on SIPEF's certification progress in 2023 can be found on pages 40-41.

(1) Figures for Fairtrade, GlobalG.A.P., and Rainforest Alliance include Chain of Custody certificates. Chain of Custody certifications for GlobalG.A.P. and Rainforest Alliance standards have been achieved for the SIPEF Head Office in Belgium for the first time in 2023. Fairtrade Chain of Custody certification has been in place since 2019.

GOOD BUSINESS CONDUCT FOCUS AREAS 2023

Grievance Mechanism Review

The SIPEF group Grievance Policy outlines SIPEF's commitment to:

- Handling any reported concerns or grievances confidentially and transparently
- Addressing grievances in accordance with the laws and regulations of the countries where it operates
- Protecting grievants from any form of reprisal

SIPEF believes that all stakeholders, internal and external, should be confident that their grievances will be heard and handled impartially. Employees, non-employees, management, and any other stakeholders that engage with SIPEF, its subsidiaries, or operations, can submit their grievances or concerns about suspected misconduct.

A thorough review was conducted during the course of 2023 to understand how SIPEF's grievance mechanism and the linked country-level channels could be improved. This work began with gap analyses of grievance reporting and handling procedures at both group and country levels.

The key finding of the review was that a more streamlined global policy was needed to set the same minimum standards and raise the bar for more robust and transparent procedures for effective implementation across the Group. Based on the results, the Group-level grievance policy is being revised and updated to ensure best practice. Country-level policies and procedures will subsequently be aligned with the Group-level policy.

The new policy and revised procedures are being piloted, after which they will be amended, and then reviewed by the SIPEF executive committee and board of directors for approval. Once approved, support will be provided to the respective country teams on the communication, socialisation and implementation of the new policy in each country in 2024.

Current Group-level grievance process

A central email address (grievances@sipef.com) and a dedicated form on the SIPEF website are accessible to all stakeholders to report any concern or grievance online at the Company's website.

→ www.sipef.com/hq/sustainability/report-a-grievance

Grievances received from NGOs, or grievances considered to be significant, are communicated on the Grievances Dashboard of the SIPEF company website. Information published includes the status of each case, as well as whether and how cases have been resolved.

The Grievances dashboard includes the most significant grievances received by SIPEF since 2013, including all complaints managed through the RSPO Complaints Mechanism. Some grievances can go through multiple phases and involve various stakeholders. When requested, a grievance will remain confidential to respect the rights of the various parties involved and ensure an appeasement process.

SIPEF's Grievance Dashboard can be accessed at the Company's website.

→ www.sipef.com/hq/sustainability/grievances-dashboard-active-andor-progressing

Anti-Corruption and Anti-Bribery

SIPEF understands that the legal, financial, reputational and operational consequences of anti-competitive behaviour, bribery, extortion and other forms of corruption are grave and can have devastating impacts for the Group. Financial penalties; negative media coverage; irreparable damage to company reputation and trust amongst stakeholders; negative impact on stock prices; and the temporary or permanent halting of operations, are all possible consequences if any risks of bribery and corruption are not identified and managed. SIPEF therefore prioritises creating and maintaining a transparent and fair business environment and works to ensure all management, employees and non-employees uphold ethical business practices, free from any forms of bribery and corruption.

In 2023, SIPEF took on an ESG legal counsel who is leading the review of the Group's policies on anti-corruption and anti-bribery, their enforcement mechanisms and risk mitigation measures. The analysis revealed that a stronger Group-level anti-corruption and anti-bribery (ACAB) policy was needed to clarify and streamline definitions and standards across the Group, in line with SIPEF's values and good business conduct practices. Subsidiary-level ACAB policies and their enforcement mechanisms would be required to meet such standards, as well as incorporate all relevant legal requirements of the respective countries of operation.

The next step is to finalise the updated policies for approval by the SIPEF executive committee and the board. Thereafter, in-country visits will be carried out to support both the launch and internal implementation of the updated policies in Indonesia, Papua New Guinea and Côte d'Ivoire, during the course of 2024. Training in the new processes and procedures to identify, manage, mitigate and eradicate potential incidents of bribery and corruption will be done by the appropriate teams in each country, with implementation and roll out being supported by global teams.

POLICY MANAGEMENT AND INTERNAL CONTROL MECHANISMS

Policy management

The successful enforcement of company policy goes hand in hand with good policy management. It encompasses the evaluation and enhancement of procedures and processes to ensure the efficient implementation and remediation of policies throughout SIPEF's operations. It also involves identifying and aligning any gaps across the Group. This is being done by collaborating with local teams to strengthen internal and external control mechanisms through enhanced communication, training initiatives, and continuous monitoring and evaluation efforts.

In 2023, SIPEF's ESG legal counsel coordinated, amongst others, the review of some of the Group's key policies to ensure they remain up to date, and maintain their compliance with pertinent rules and regulations. Across 2023 and 2024, this work has been focused on reviewing, updating and improving SIPEF's Group Grievance policy as well as its Anti-Corruption and Anti-Bribery policies. Other areas include preparing and aligning SIPEF for compliance with the good business conduct and transparency requirements set out in the European Sustainability Reporting Standards (ESRS) under the EU Corporate Sustainability Reporting Directive (CSRD).

Employee outreach and training

Outreach and training activities on Group-level and applicable country-level policies are conducted for employees, contractors and management across SIPEF's operations. The purpose is to ensure that all those engaged with SIPEF's activities understand both the importance and purpose of the requirements set out in the various policies, and the possible ramifications for breaching these, both for the Company and for themselves as individuals. Training and communication materials on critical topics, such as occupational health and safety, working conditions and human rights, are translated into local languages, and adapted to be easily assimilated by the respective audiences.

Internal sanctions, up to dismissal, are issued if necessary. Where required, cases of non-compliance are reported to the relevant authorities. If requested to do so, the Company co-operates fully in cases of prosecution.

Internal Audit Departments

Local Internal Audit Departments (IAD) at PT Tolan Tiga Indonesia and at Hargy Oil Palms Ltd in Papua New Guinea report to their respective local audit committees four times per year. The committees assess internal audit reports for any inconsistencies, and, in the process, are able to flag and address any potential risks. Additionally, SIPEF's activities in Côte d'Ivoire will be subject to the same monitoring procedure as soon as the internal audit department is set up for Plantations J. Eglin.

Anti-corruption and anti-bribery policy reviews are targeted for completion in 2024. Next steps are focused on ensuring that employees at every level of the business understand the relevance and importance of these policies. The IAD in each country will play a pivotal role here, helping coordinate anti-corruption and anti-bribery training for employees, as well as the implementation of procedures and processes for continuous monitoring.

Annual risk assessment

As part of the annual risk assessment exercise conducted by the SIPEF board of directors, all business risks are identified and classified on the basis of their potential importance and the likelihood they will eventuate. These include some of the key environmental, social and governance risks that could have direct or indirect impacts on SIPEF's business conduct in line with policies and regulations.

Starting in 2023, work has begun to align and integrate the Groups' risk assessment processes with its sustainability materiality assessment, which will follow the Double Materiality requirements of the European Sustainability Reporting Standards (ESRS). Moving forward, this new process will enable SIPEF to conduct a more comprehensive risk assessment that includes a more detailed scope with which to detect, understand and address, both business and sustainability risks and impacts.

Read more about the annual risk assessment process in the corporate governance statement on page 179.

Management approvals

SIPEF Group-level policies are regularly reviewed by the SIPEF executive committee and the board of directors to ensure they align with the Group's Standards, the latest legislative requirements of the countries where SIPEF operates, as well as to ensure they uphold the highest industry specific requirements and best practices. Approving any changes to existing policies, or any new policies, is the ultimate responsibility of the board of directors.

Corporate governance statement

1. GENERAL

The 'Corporate governance statement' comprises factual information with regard to the good governance of the SIPEF holdings for the 2023 financial year and the subsequent period until the board meeting of 16 April 2024.

The Company has a strong corporate governance structure focused on responsible business, proper management, and the implementation of ever-evolving sustainability commitments

The Group's good governance guidelines are summarised, among other things, in the Corporate Governance Charter, the Remuneration Policy and the Code of Conduct, that includes the ethics policy, to promote and support responsible and ethical behaviour. Collectively, these policies set out the Group's commitment to ethical business conduct and corporate governance best practices.

BASIC ELEMENTS OF SIPEF'S CORPORATE GOVERNANCE

Corporate Governance Charter	The Corporate Governance Charter (Charter) defines the structure, powers and operations of the Company's governing bodies, and the obligations of the members of the board of directors and of the Company's various committees. It also contains the rules of conduct applicable to the Company's executives and staff when they carry out transactions involving SIPEF financial instruments. The Charter was approved for the first time by the board of directors in 2005 and is regularly updated in line with the evolution of the applicable regulations and good corporate governance practices. It was last amended on 13 February 2024. This amendment concerned mainly a change in the shareholding of SIPEF. The amended version of the Charter can be consulted on the website (www.sipef.com).
Remuneration Policy	The Remuneration Policy outlines the various components of the remuneration of the directors, the managing director, and the other members of the executive committee. It contains the criteria and methods for calculating this remuneration. It aims to (i) attract, reward and retain the necessary talent; (ii) achieve the Company's strategic objectives; and (iii) promote sustainable value creation.
Code of Conduct	The Code of Conduct sets out the principles of conduct regarding responsible and ethical behaviour for all staff, including consultants and contractors of SIPEF. It states that SIPEF is committed to transparency, combating bribery and corruption, compliance with all relevant international and national laws, and the prohibition of using Group facilities or working hours for personal business. SIPEF has also implemented the Code of Conduct in all countries where it operates.

Moreover, SIPEF applies the principles of the Belgian Corporate Governance Code 2020 (the 'Code'), which it uses as a reference code for the application of the 'comply or explain' principle.

→ www.corporategovernancecommittee.be

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.

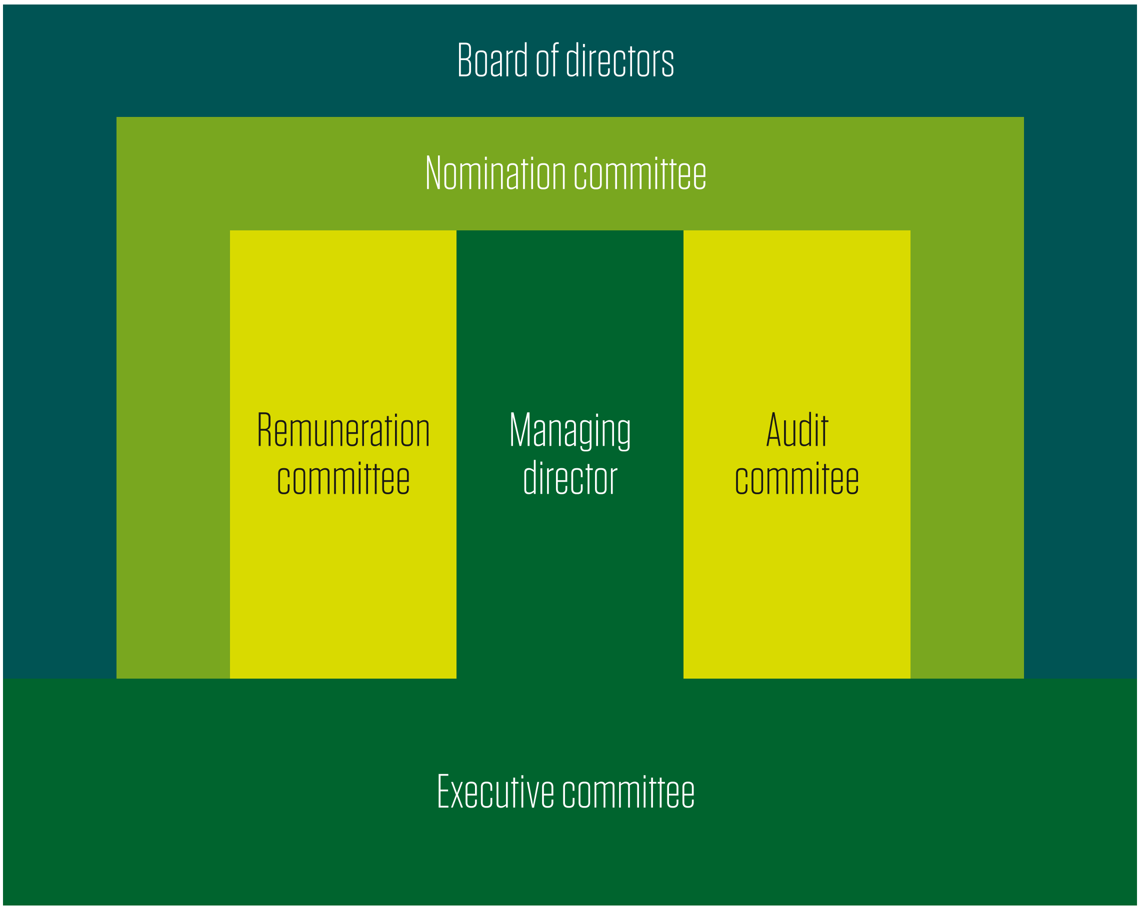
4. **THE BOARD HAS NOT SET UP A NOMINATION COMMITTEE.** The full board of directors serves as a nomination committee and only 30% of its members are independent directors, rather than the majority as required by the Code (Article 4.19 Code).

   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.

2. CORPORATE GOVERNANCE STRUCTURE ON 31 DECEMBER 2023

A strong corporate governance policy is made possible by a clear governance structure, which defines the role of the highest management bodies. This strong corporate governance policy is also the result of SIPEF's stable shareholder structure, characterised by the presence of two reference shareholders, Ackermans & van Haaren (AvH) and the Bracht Group (See p. 191 Shareholder structure).

Despite this shareholder structure, no single director or group of directors exercises a dominant influence over the board's operation.



		TERM OF OFFICE	EXECUTIVE / INDEPENDENT MEMBER	MEETINGS OF THE BOARD OF DIRECTORS ATTENDANCE	AUDIT COMMITTEE MEMBERS	AUDIT COMMITTEE ATTENDANCE	REMUNERATION COMMITTEE MEMBERS	REMUNERATION COMMITTEE ATTENDANCE	NOMINATION COMMITTEE MEMBERS	NOMINATION COMMITTEE ATTENDANCE	EXECUTIVE COMMITTEE MEMBERS
NUMBER OF MEETINGS IN 2023				6	4		2		3		
Baron Luc Bertrand	chairman	2023-2025		6/6					chairman	3/3	
François Van Hoydonck	managing director	2023-2027	executive	6/6					member	3/3	chairman
Tom Bamelis	director	2022-2026		6/6	chairman	4/4			member	3/3	
Priscilla Bracht	director	2022-2026		6/6					member	3/3	
Alexandre Delen	director	2022-2026		6/6					member	3/3	
Antoine Friling	director	2023-2027		6/6	member	[3] 2/2	chairman	2/2	member	3/3	
Gaëtan Hannecart	director	2020-2024		5/6					member	3/3	
Yu-Leng Khor	director	2021-2025	independent	6/6			member	2/2	member	3/3	
Sophie Lammerant-Velge (until 14 June 2023)	director	2019-2023		[1] 3/3	member	[1] 2/2	member	[1] 1/2	member	[1] 1/1	
Giulia Stellari (from 14 June 2023)	director	2023-2027	independent	[2] 3/3			member	[2] 1/2	member	[2] 2/2	
Nicholas Thompson	director	2023-2027	independent	6/6	member	4/4			member	3/3	
Charles De Wulf	manager estates department										member
Thomas Hildenbrand	manager fruit department										member
Robbert Kessels	chief commercial officer										member
Petra Meekers	chief operating officer APAC										member
Johan Nelis (until 31 December 2023, included)	chief financial officer										member

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

(1) Attendance calculated up to and including the day of the ordinary general meeting of 14 June 2023 and based on the meetings during her directorship.
(2) Attendance calculated from the ordinary general meeting of 14 June 2023 and based on the meetings during her directorship.
(3) Attendance calculated from his appointment as member of the audit committee (15/06/2023) and based on the meetings from then on.

1. Board of directors

1.1 Composition on 31 December 2023

Luc Bertrand
chairman

François Van Hoydonck
managing director

Tom Bamelis

Priscilla Bracht

Alexandre Delen

Antoine Friling

Gaëtan Hannecart

Yu-Leng Khor

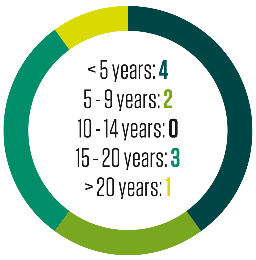
Giulia Stellari

Nicholas Thompson

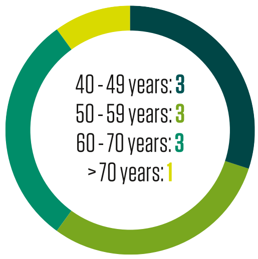
The curricula vitae of the directors are available on the Company website.

→ www.sipef.com/hq/about-sipef/board-management/

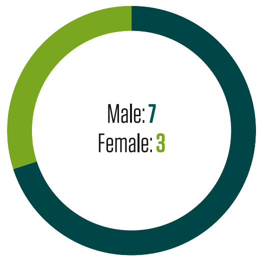
Term of office



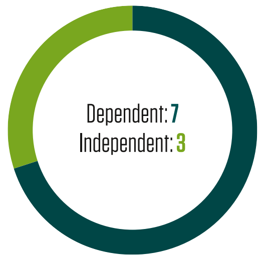
Age profile(1)



Gender diversity



Independent directors(2)



Yu-Leng Khor
Giulia Stellari
Nicholas Thompson

(1) The age limit is set at 70 years.
(2) These directors fulfil all independence criteria stated in Article 7:87§1 of the Company Code and in Principle 3 of the Code.

1.2 Diversity policy

POLICY	APPLICATION
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: 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.	The background and professional experience of the members are very diversified within the board. They extend over the agricultural, biochemical, financial, manufacturing, marketing and IT sectors. Sustainability being a key aspect of all activities of the SIPEF group, the Company ensures that the necessary expertise in this area is also present in the board. On 31 December 2023, four nationalities were represented by the members of the board: Belgian, British, Italian 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. In 2023, Sophie Lammerant-Velge's mandate was not renewed, and Giulia Stellari was appointed as the new female director. This way, three of the ten directors have continuously been women, number which will be increased to four in 2024 if shareholders reappoint Petra Meekers as a director in June 2024. SIPEF aspires to have a sufficient number of independent directors on the board of directors. At the end of 2023, three of the ten directors were independent.

1.3 Changes to the composition of the board of directors

Ending and renewal of a directorship in 2024

The directorship of Gaëtan Hannecart expires at the end of the ordinary general meeting of 12 June 2024. He has applied for a new mandate of four years.

Appointment of a new director

It will be proposed to the general meeting of 12 June 2024 to appoint Petra Meekers as a new director for a period of four years. Her mandate will therefore expire at the end of the general meeting in June 2028 which will decide on the accounts for the 2027 financial year.

1.4 Directorships at listed companies on 31 December 2023

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

The following directors have directorships at listed companies other than SIPEF on 31 December 2023:

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 in 2023

The boards of directors of February and August 2023 established the annual and semi-annual financial statements and dealt with the respective press releases. The meeting in September 2023 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:

- future strategy of SIPEF, including the phasing out of horticulture;
- short-term budgets and long-term business plans for the Group;
- risk analysis, internal audit and internal control within the Group;
- remuneration of directors and executive committee members;
- delegation of powers;
- succession planning within the Group;
- Environmental Sustainability and Governance (ESG);
- integrated annual report 2022, including the remuneration report;
- ordinary and extraordinary general meetings of 14 June 2023;
- 2023 management option plan;
- various corporate governance topics;
- implementation of the new Enterprise Resource Planning (ERP) software in the SIPEF group.

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.

2. Executive committee

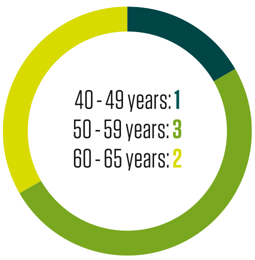
2.1 Composition on 31 December 2023

The picture above shows the composition of the executive committee on 1 January 2024 including Bart Cambré, who has taken up the position of CFO from then on. The curricula vitae of the members of the executive committee are available on the Company website.

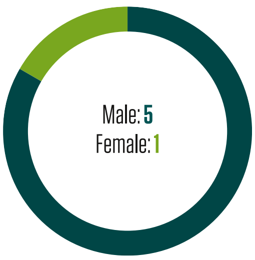
→ www.sipef.com/hq/about-sipef/board-management/

Term of office(1)

Age profile(2)



Gender diversity



(1) The executive committee was established in 2014.
(2) The age limit is set at 65 years.

2.2 Members of the executive committee

The members of the executive management 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.

In autumn 2023, the board of directors noted the resignation of Johan Nelis as chief financial officer (CFO) and member of the executive committee as from 1 January 2024. The board appointed Bart Cambré as the Group's new CFO and member of SIPEF's executive committee with effect from 1 January 2024. Charles De Wulf will also leave the executive committee on 1 April 2024 to take over responsibility for the banana business in Côte d'Ivoire as General Manager of Plantations J. Eglin. Furthermore, the managing director, François Van Hoydonck, will retire on 1 September 2024 and will no longer be part of the executive committee from that day. On that date, he will be succeeded as chairman of the executive committee and managing director of the Company by Petra Meekers.

The Company has no intention of making any further changes to the composition of this committee in 2024.

2.3 Diversity

POLICY	APPLICATION
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 diverse ways of thinking and acting. No form of discrimination is tolerated.	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. There are three different nationalities in the committee: French, Dutch and Belgian. SIPEF is completely open to the integration of women at all levels of the Company. Women hold key positions both in Belgium and abroad. This was recently reaffirmed by the appointment of Petra Meekers as member (06/2021) and chair (09/2024) of the executive committee.

2.4 Meetings in 2023

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. 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 made are implemented. So, each year, the committee prepares the statutory and consolidated accounts, as well as the quarterly figures of the Group. It also designs the press releases to be published. It establishes the short-term budgets and long-term business plans that are 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 follows the operational and financial developments of the Group and makes related presentations for the board of directors. It formulates proposals concerning the future strategy.

Specifically, in 2023, the committee considered, among other things:

- proposals on innovation and value chain opportunities for the SIPEF group;
- installation of the new Enterprise Resource Planning (ERP) software;
- double materiality analysis;
- calculation and evaluation of the Group's greenhouse gas emissions (GHG);
- various draft texts, including those of the half-year report and of the first and second integrated annual report, including the remuneration report;
- new national, international, and European legislative initiatives on sustainability and their impact on the Group.

2.5 Assessment

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

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 opinions on the interaction between the board of directors and the executive committee annually, in the absence of the managing director. Their opinion on 11 August 2023 was that the relationship of the board with the executive committee is reliable and open, giving the directors a reliable and transparent view of the day-to-day operations of the Group.

3. Committees of the board of directors

3.1 Audit committee

COMPOSITION ON 31 DECEMBER 2023

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.

Tom Bamelis

Antoine Friling

Nicholas Thompson

MEETINGS IN 2023

In February and August 2023, 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:

- various accounting topics and processing;
- financial covenant on the long-term loan and its evolution;
- existing risks and their classification;
- corporate tax strategy;
- reports of the internal audit committees of the various subsidiaries;
- justification for not organising an internal audit at Headquarters in Belgium;
- evaluation of the auditor's relationship with management and the finance department.

The auditor attended all the meetings of the committee in 2023.

The meetings of the audit committee were also attended by the managing director and the CFO. Moreover, a representative of the reference shareholder, AvH, 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/or the CFO held meetings with the local internal audit managers in Indonesia and Papua New Guinea, in the course of the financial year 2023.

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 ON 31 DECEMBER 2023

The committee has the required expertise in remuneration policy.

Antoine Friling

Yu-Leng Khor

Giulia Stellari

MEETINGS IN 2023

In 2023, the remuneration committee considered the following issues:

- benchmarking of the compensation of the Group's expatriates, managers and directors;
- setting of the fixed remuneration of managers and directors;
- determination of the Group's bonus pool;
- individual assessment of management and proposal of variable remuneration payable in 2023;
- remuneration policy and draft of remuneration report;
- updating succession planning;
- draft of the share option plan 2023 for the Group's managers.

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

Moreover, a representative of each of the reference shareholders, AvH and the Bracht Group, was present at the 2023 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 ON 31 DECEMBER 2023

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

MEETINGS IN 2023

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

- interaction between the board of directors and the executive committee, in the absence of the managing director;
- appointment of committee members;
- appointment of a new independent director:
- renewal of the mandate of directors.

3.4 Assessment of the committees of the board of directors

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

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

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

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

3. 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 European Union (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 Company website.

→ www.sipef.com

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 2023. 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 2023, all members of the executive committee, with the exception of Petra Meekers, benefited from a variable remuneration calculated on the basis of the 2022 recurring consolidated result and the management's performances of that year. These were characterised by some significant developments and operations which are set out under the section 'Significant events in 2022' (See Company Report 2022 pages 4-6). The highlights of 2023 will determine the variable remuneration of the executive management in respect of the 2023 financial year to be paid in 2024.

In 2023, there were no major changes to the composition of the board of directors with an impact on the remuneration of the members of the board of directors. The directors' emoluments were increased starting from 1 January 2022. However, in 2023, the remuneration of directors and members of the audit committee and remuneration committee, as well as their respective chairmen, remained unchanged as they were generally in line with the benchmark average.

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 2023, 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

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

	BOARD OF DIRECTORS		AUDIT COMMITTEE		REMUNERATION COMMITTEE		TOTAL	
IN KEUR	2022	2023	2022	2023	2022	2023	2022	2023
Baron Luc Bertrand	90.00	90.00	0.00	0.00	0.00	0.00	90.00	90.00
François Van Hoydonck	35.00	35.00	0.00	0.00	0.00	0.00	35.00	35.00
Tom Bamelis	35.00	35.00	9.75	9.75	0.00	0.00	44.75	44.75
Priscilla Bracht	35.00	35.00	0.00	0.00	0.00	0.00	35.00	35.00
Alexandre Delen (from 8 June 2022)	17.50	35.00	0.00	0.00	0.00	0.00	17.50	35.00
Baron Jacques Delen (until 8 June 2022)	17.50	0.00	0.00	0.00	0.00	0.00	17.50	0.00
Antoine Friling	35.00	35.00	0.00	3.75	5.20	5.20	40.20	43.95
Gaëtan Hannecart	35.00	35.00	0.00	0.00	0.00	0.00	35.00	35.00
Yu-Leng Khor	35.00	35.00	0.00	0.00	4.00	4.00	39.00	39.00
Sophie Lammerant-Velge (until 14 June 2023)	35.00	17.50	7.50	3.75	4.00	2.00	46.50	23.25
Giulia Stellari (from 14 June 2023)	0.00	17.50	0.00	0.00	0.00	2.00	0.00	19.50
Nicholas Thompson	35.00	35.00	7.50	7.50	0.00	0.00	42.50	42.50
TOTAL	**405.00**	**405.00**	**24.75**	**24.75**	**13.20**	**13.20**	**442.95**	**442.95**

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 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 2023.

2023

IN KEUR	FVH	CDW	TH	RK	PM	JN	TOTAL	%
Board remuneration	35	0	0	0	0	0	35	0.6%
Fixed remuneration	537	308	300	354	689	401	2 589	47.0%
Variable remuneration	815	320	330	403	0	494	2 362	42.9%
Pension contributions	251	46	43	0	11	46	397	7.2%
Other	20	9	12	24	56	7	128	2.3%
SUBTOTAL	**1 658**	**683**	**685**	**781**	**756**	**948**	**5 511**	**100.0%**
Market value vested share option (begin exercise period)[1]	50	17	17	17	0	17	118	
TOTAL REMUNERATION	**1 708**	**700**	**702**	**798**	**756**	**965**	**5 629**	
Subtotal	100%	100%	100%	100%	100%	100%	100%	
Fixed	51%	53%	52%	48%	100%	48%	57%	
Variable	49%	47%	48%	52%	0%	52%	43%	

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)[1]	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%	

(1) For more details on the respective option plans (respectively, SOP 2020 and SOP 2019) see page 174 and 175.

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.

Until 1 October 2023, Petra Meekers was operating from Singapore. Therefore, for the first nine months of 2023, Petra Meekers' fixed remuneration included a fixed amount per month which, in addition to the usual fixed remuneration, also covered expenses such as pension, company car and accommodation costs. During this period, she also enjoyed disability, life and health insurance and received an allowance for her children's study costs (See item 'Other'). As from 1 October 2023, she resides in Belgium and her fixed remuneration is established and structured in line with that of the other executive committee members.

B. VARIABLE REMUNERATION

The total amount of the variable remuneration paid to both the staff and the members of the executive committee from the SIPEF Headquarters 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 was not entitled to variable remuneration during the first two years of her employment at SIPEF. As she has been a member of the executive committee since 9 June 2021, she is therefore entitled to variable remuneration in 2023, pro rata temporis.

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 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, the performance of which is linked to the price of agricultural raw materials.

It is therefore logical that the remuneration of the staff and management, like the shareholder dividend, changes with the volatility of the Group.

The Company strictly applies this reasoning every year. This means that if the Group incurs a loss in a given year, no variable remuneration or dividend is paid the following year to the members of the executive committee and the shareholders respectively. This was the case in 2020, when no variable remuneration and dividend were paid due to the loss in 2019.

Setting the variable remuneration on the basis of performance in one financial year does not undermine the long-term vision of the executive management. This vision is inextricably bound up with the agro-industrial activities of the SIPEF group, which can only be evaluated in the long term, as evidenced by the strategy of SIPEF.

Furthermore, the board of directors did not award any special bonuses to any members for specific accomplishments in 2023.

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 2023.

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, considered to be 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 option plan

Share options have been offered to members of the executive committee every financial year since 2011. The share options offered in the SIPEF Share Option Plan 2023 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**: mid-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.

OPTIONS GRANTED TO THE MEMBERS OF THE EXECUTIVE COMMITTEE IN 2023.

On 15 November 2023, 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
Petra Meekers	2 000
Johan Nelis	2 000
TOTAL	**16 000**

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

The options granted in 2023 have the following characteristics:

- **Exercise price:** EUR 52.70
- **Expiry date:** 14 November 2033
- **Exercise period:** At any time from 1 January 2027 up to and including 14 November 2033

BREAKDOWN OF THE SIPEF STOCK OPTION PLAN (SOP)								VESTED			NOT VESTED
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Offer	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	15/11/23
Vesting	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	15/11/26
Exercise period begin:	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	01/01/27
Exercise period end:(1)	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	14/11/33
Exercise price (in EUR)	55.50	54.71	49.15	53.09	62.87	51.58	45.61	44.59	58.31	57.70	52.70
Market price begin exercise period (in EUR)	60.49	62.80	48.80	54.80	43.20	56.90	58.90	53.00			

(1) latest exercise date

FLUCTUATIONS IN THE FINANCIAL YEAR 2023

FRANÇOIS VAN HOYDONCK								VESTED		NOT VESTED		
SOP	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	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 2023	6 000	6 000	6 000	6 000	6 000	6 000	6 000	6 000	0	0	0	48 000
Exercised in 2023	-1 942	0	0	0	0	0	0	0	0	0	0	-1 942
Expired in 2023	-4 058	0	0	0	0	0	0	0	0	0	0	-4 058
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)							273 660	267 540				
Vested at market price (in EUR)							353 400	318 000				
Latent capital gain at vesting date (in EUR)							79 740	50 460				

CHARLES DE WULF								VESTED		NOT VESTED		
SOP	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	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 2023	0	2 000	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	14 000
Exercised in 2023	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2023	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)							91 220	89 180				
Vested at market price (in EUR)							117 800	106 000				
Latent capital gain at vesting date (in EUR)							26 580	16 820				

THOMAS HILDENBRAND								VESTED		NOT VESTED		
SOP	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	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 2023	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	16 000
Exercised in 2023	-2 000	0	0	0	0	0	0	0	0	0	0	-2 000
Expired in 2023	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)							91 220	89 180				
Vested at market price (in EUR)							117 800	106 000				
Latent capital gain at vesting date (in EUR)							26 580	16 820				

ROBBERT KESSELS								VESTED	NOT VESTED			
SOP	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	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 2023	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	16 000
Exercised in 2023	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2023	-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)							91 220	89 180				
Vested at market price (in EUR)							117 800	106 000				
Latent capital gain at vesting date (in EUR)							26 580	16 820				

PETRA MEEKERS								VESTED	NOT VESTED			
SOP	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Offered not yet vested	0	0	0	0	0	0	0	0	0	0	2 000	2 000
Vested before the end of 2023	0	0	0	0	0	0	0	0	0	0	0	0
Exercised in 2023	0	0	0	0	0	0	0	0	0	0	0	0
Expired in 2023	0	0	0	0	0	0	0	0	0	0	0	0
Total share options at the end of the year	0	0	0	0	0	0	0	0	0	0	2 000	2 000
Vested at exercise price (in EUR)							0	0				
Vested at market price (in EUR)							0	0				
Latent capital gain at vesting date (in EUR)							0	0				

JOHAN NELIS								VESTED	NOT VESTED			
SOP	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	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 2023	2 000	2 000	2 000	2 000	2 000	2 000	2 000	2 000	0	0	0	16 000
Exercised in 2023	-2 000	0	0	0	0	0	0	0	0	0	0	-2 000
Expired in 2023	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)							91 220	89 180				
Vested at market price (in EUR)							117 800	106 000				
Latent capital gain at vesting date (in EUR)							26 580	16 820				

In 2023, three members of the executive committee together exercised 5 942 options of the 12 000 options from the 2013 stock option plan that were granted to the members of the executive committee. From the remaining 8 000 options of that plan, which were granted to general managers of subsidiaries, 2 500 options were exercised by the beneficiaries before 20 November 2023, the expiry date.

A total of 11 558 options from the 2013 option plan were not exercised. More specifically, 7 558 options expired in 2023, including 6 058 options of executive committee members, and 4 000 options had already lapsed in the years before 2023 on the departure of general managers of subsidiaries.

In 2023, 2 000 options from the 2014 option plan were also exercised by managers of subsidiaries.

6. Deviations from the remuneration policy in 2023

In 2023, 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 3.B. These deviations were linked to the stay of Petra Meekers in Singapore, where she was 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 5 years; ratio between highest and lowest remuneration of SIPEF

A) YEARLY CHANGE IN REMUNERATION (IN PERCENTAGE)

	2019	2020	VARIANCE	2021	VARIANCE	2022	VARIANCE	2023	VARIANCE
Total board remuneration(1) (in KEUR)	359	359	**0%**	359	**0%**	443	**23%**	443	**0%**
Total fixed remuneration excom(2) (in KEUR)	1 943	1 967	**1%**	2 424	**23%**	2 901	**20%**	3 154	**9%**
Total variable remuneration excom(3) (in KEUR)	416	0	**N/A**	272	**N/A**	1 463	**438%**	2 362	**61%**

B) YEARLY CHANGE IN THE PERFORMANCE OF THE COMPANY

	2019	2020	VARIANCE	2021	VARIANCE	2022	VARIANCE	2023	VARIANCE
CPO market price (in USD/tonne CIF Rotterdam)	566	715	**26%**	1 195	**67%**	1 345	**13%**	964	**-28%**
Produced CPO volumes (in tonnes)	312 514	329 284	**5%**	384 187	**17%**	403 927	**5%**	391 215	**-3%**
Result, share of the Group (recurring) (in KUSD)	-8 004	14 122	**N/A**	82 746	**486%**	108 157	**31%**	72 735	**-33%**

C) YEARLY CHANGE IN THE AVERAGE REMUNERATION OF THE EMPLOYEES

	2019	2020	VARIANCE	2021	VARIANCE	2022	VARIANCE	2023	VARIANCE
Average fixed remuneration employees SIPEF HQ(4) (in KEUR/month)	4 491	4 832	**8%**	5 165	**7%**	4 913	**-5%**	5 452	**11%**
Average variable remuneration employees SIPEF HQ(5) (in KEUR/year)	7 618	0	**N/A**	4 955	**N/A**	23 613	**377%**	38 213	**62%**

D) RATIO HIGHEST/LOWEST REMUNERATION (FTE)

	2019	2020	2021	2022	2023
Ratio total fixed remuneration highest member excom and lowest employee HQ(6)	9.3	9.2	9.1	15.6	15.1

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

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 2021 financial year. The Remuneration Report for the 2022 financial year, was welcomed by the ordinary general meeting of June 14, 2023. The current Remuneration Report for the 2023 financial year will be submitted for approval at the annual general meeting on 12 June 2024.

4. EXTERNAL AND INTERNAL AUDIT

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's mandate expires at the end of the ordinary general meeting of 12 June 2024. It will be proposed to this meeting that the mandate of EY Bedrijfsrevisoren BV be renewed for a new period of three years, and the remuneration be fixed at USD 120 196, excluding indexation and VAT. If the meeting approves this renewal, EY will be represented for the performance of this mandate by Christoph Oris.

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 2023 financial year regarding the statutory audit of the accounts and consolidated financial statements of SIPEF amounts to USD 129 736.

The remuneration for non-audit services in 2023 came to KUSD 0.

The total cost of external control of the SIPEF group paid to the EY network amounted to KUSD 597. The fees paid for advice from the same statutory auditor and related companies came to KUSD 0. All details regarding the fees paid to Deloitte can be found in Note 33, of the financial statements.

2. Internal audit

An internal audit department has been set up at the operating units in Indonesia and at Hargy Oil Palms Ltd (HOPL) in Papua New Guinea, reporting at least four times per year to the local audit committee that assesses the internal audit reports. Recently, a similar department was also launched in Côte d'Ivoire.

Furthermore, in 2023, SIPEF's board of directors confirmed its decision not to set up a separate internal audit department for the Head Office in Belgium and the SIPEF Singapore subsidiary. However, as every year, one of the group controllers at the Head Office did conduct an internal audit of SIPEF's operations and reported to the SIPEF audit committee. The board of directors decided to have the same SIPEF group controller carry out an internal audit for the Singapore subsidiary as well from 2024.

5. REPORT IN CONNECTION WITH INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS.

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

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

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

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

The SIPEF board of directors has also drawn up the necessary policies, including a 'Responsible Plantations Policy' and a 'Responsible Purchase 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, in the day-to-day management of its activities SIPEF pursues 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 page 148).

The internal control exercised by SIPEF monitors compliance with all prescribed 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 SIPEF's strategic plan, which sets out the Group's strategic, operational, financial, sustainability, fiscal and legal objectives. To ensure the appropriate management of internal or external risks that could impact the achievement of these objectives, each year, the board identifies and classifies these risks based on the audit committee's annual risk assessment. During this assessment, a list of real and potential risks is discussed and classified on the basis of each risk's likelihood (possibility) and severity (impact), and all risks are assigned a risk score. The approach to address each risk is also determined.

Required actions are followed up by SIPEF's management to ensure the appropriate mitigation, management and monitoring procedures are being carried out by the relevant departments in the Group.

Based on the 2023 risk analysis, only the 12 following principal risks that are certain, virtually certain or likely to occur in the SIPEF group, and that could have a significant or moderate negative impact on the financial situation, the operating results or the liquidity of the Group leading to impairments of assets, are disclosed hereunder:

	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 input prices related to raw materials		AVERAGE	
7	Risk of not finding sufficient staff in remote areas		AVERAGE	
8	Risk of wage rises		AVERAGE	
9	Risk related to climate		AVERAGE	
10	Risk of 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

As the Group is preparing to report in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD), SIPEF is working towards the integration of its risk and materiality assessment processes. The aim is to develop a cohesive risk and impact assessment approach that is aligned with the principle of double materiality and compliant with the European Sustainability Reporting Standards (ESRS). The new process will enable SIPEF to conduct its 2024 assessment with a double materiality lens, which will include a more detailed scope of business and sustainability risks and impacts.

SPECIFIC RISKS

In the following section, 6 of the aforementioned 12 principal risks are described in further detail. These risks were selected based on their relevance to the Group's activities in the 2023 financial year.

Full descriptions of the other principal risks can be accessed on the Company website.

→ www.sipef.com/hq/investors/risks-and-uncertainties/

RISK CONNECTED WITH THE SPREAD OF ACTIVITIES OVER A LIMITED NUMBER OF COUNTRIES AND WITH LIMITED PRODUCT DIVERSIFICATION

DESCRIPTION	RISK-MITIGATING MEASURES
SIPEF mainly produces oil palm products in Indonesia and Papua New Guinea, and bananas in Côte d'Ivoire.	SIPEF's ambition is to remain a long-term investor in the agricultural industries of the countries where it operates, having built up many years of experience in Indonesia, Papua New Guinea and Côte d'Ivoire. Through its strategic focus, and as a renowned producer of sustainable agricultural products, the Group has been able to concentrate efforts on increasing its presence and production in these countries. With its experience, SIPEF is well-prepared to navigate any country-related risks that might arise. The Group will continue to closely monitor all relevant political, social, environmental, economic and legislative developments and initiatives, in order to be able to respond as quickly and effectively as possible.
SIPEF's business activities are centred heavily around the cultivation of oil palms and processing of palm oil products in Indonesia and Papua New Guinea. Palm oil is by far the Group's largest business activity, accounting for approximately 91.3% of total turnover. Consequently, if any problems arise that obstruct the cultivation or production of these products, there could be significant negative impacts on the financial results and situation of the Group.	SIPEF believes that it is better to concentrate on a few high-yielding crops with good long-term prospects, than invest in multiple lower-yielding crops with uncertain prospects. As such, the Group decided in recent years to focus exclusively on the production of oil palm products (SIPEF's primary business) and bananas, a relatively stable crop in terms of yield and price. As the most productive and efficient vegetable oil, SIPEF believes the demand for palm oil will only continue to rise alongside the growing demands of an increasing global population. With the exception of Europe, palm oil is capturing an ever-larger share of food and biofuel markets worldwide. This is in large part due to its efficient industrial processing and low-cost price compared with other vegetable oils. Moreover, palm oil yield per hectare is five to ten times higher than the yields of any other vegetable oil. This yield will only continue to improve as efficiency is enhanced, and the area available for agricultural land becomes scarcer. The above-mentioned factors and trends considered, SIPEF believes that the long-term expectations for palm oil remain very favourable.

RISK OF NATURAL DISASTERS (PLANTATIONS – MILLS)

DESCRIPTION	RISK-MITIGATING MEASURES
SIPEF's palm operations are located in Indonesia and Papua New Guinea, regions that are prone to natural disasters. More specifically, the Group's operations are located in Sumatra (Indonesia) and West Britain (Papua New Guinea), where there is an increased risk of volcanic eruptions, earthquakes, tsunamis, flooding, landslides, mudflows and wildfires. As an agribusiness focused on tropical agriculture, all of SIPEF's plantations are also more vulnerable to disease and pest outbreaks. In the event of any of these disasters, SIPEF faces the risk of moderate to significant financial impacts. Natural disasters can disrupt business activities, cause the loss of harvests, damage assets and compromise the safety of employees and local communities.	Warning systems and evacuation plans for earthquakes, volcanic eruptions, tsunamis, flooding and wildfires are of paramount importance. SIPEF has established the appropriate systems and procedures at all operations that are at risk of these events. As part of its evacuation procedures for volcanic eruptions in Papua New Guinea, HOPL evacuates its employees to care centres and camps, set up at safe locations. Where possible, the company also provides support to communities and government-run care centres in the form of logistics and supplies. For all its oil palm operations, SIPEF has well established fire monitoring and management systems in place. These include fire towers, the use of a satellite monitoring and alert system, and trained firefighters and trucks fitted with high-pressure water pumps. To address risks of pest or disease, SIPEF employs strict measures and practices at its plantations, focused on the prevention and management of outbreaks. These include integrated pest management (IPM) practices and various methods of natural or biological pest control. Through SIPEF's investment in Verdant Bioscience Pte Ltd, the Group is also testing commercial varieties of candidate oil palms that could produce higher yields, have a higher tolerance to pests and diseases and would be able to withstand drier conditions.

RISK OF RISING INPUT PRICES RELATED TO RAW MATERIALS	
DESCRIPTION	**RISK-MITIGATING MEASURES**
The main agricultural raw material inputs of the Group, including fertiliser, fuel and other energy sources, are susceptible to price fluctuations. This can have a significant impact on the Group's costs, and subsequently an impact on the Group's operating results.	Throughout the year, the Group focuses on controlling its operating costs. This includes minimising the costs of agricultural raw material inputs as much as possible. Annual leaf samples and periodic soil samples are taken and analysed for nutrient levels. This ensures that only the required amounts of fertilisers are applied. Where possible, SIPEF will also prioritise the use of organic fertilisers. Empty fruit bunches (EFB) from SIPEF's palm oil mills (POM) are returned to the field or mixed with Palm Oil Mill Effluent (POME) to create compost, where a composting facility is available. At SIPEF's banana operations, empty fruit bunches and cocoa husks are used as fertiliser for the banana plants. This practice has the added benefits of reducing soil exposure, improving soil health, and decreasing dependence on mineral fertilisers. Finally, SIPEF has installed facilities at five of its POM to capture methane emissions from POME. The captured methane is either flared or harnessed to generate electricity at mills that have also been fitted with a biogas plant. The electricity is used to power the mills, the houses of employees, or the surrounding communities. When feasible, it is also sold to the national grid. The Group plans to build methane capture facilities for all its POM, and where possible, biogas plants for electricity generation or conversion into bio-compressed natural gas (bio-CNG).

CLIMATE RISK

DESCRIPTION	RISK-MITIGATING MEASURES
SIPEF's production volumes, turnover and margins can be significantly impacted by shifting climatic conditions, including changes in precipitation, temperature, sunshine and humidity. Unfavourable weather patterns can disrupt agricultural activities and have a negative impact on production and yields. Extreme weather events, like floods, droughts and severe storms, could result in significant damage to property, protracted interruptions to the operations, personal injury, and other damage to the assets and activities of the Group. The potential physical consequences of a changing climate are uncertain and may differ depending on the region and the product.	SIPEF prepares as well as it can for any weather phenomena, in order to mitigate impacts. In particular, the Group focuses on changes in precipitation, which can result in flooding or droughts. Certain landscapes and soils can be particularly susceptible to the impacts of changes in rainfall. The Group engages in best management and water regulation practices in these areas to minimise the risk of waterlogging and flooding if there is heavy rain, and of fire if there is drought. This includes maintaining high water tables and conducting drainage assessments in historically developed peat areas at SIPEF's estates. SIPEF has also invested in fire prevention, risk monitoring and firefighting, particularly at operational locations that are at a higher risk of drought and fires. The Group reports and makes great efforts to control fires that occur within the concession areas it manages. Moreover, it monitors areas outside plantation boundaries, and engages with stakeholders to prevent the starting of fires, and to stop them when they occur. Focus is also placed on maintaining and restoring riparian and buffer zones around natural rivers, and within or on adjacent coastline. These zones help to maintain good vegetation, keep moisture levels high, control erosion and provide some protection to coastal areas from storm surges. Through the work of VBS, trials are also being conducted to enhance crop resistance and resilience in varying environmental conditions, e.g. rainfall amount and distribution, soil fertility, microbial diversity and moisture holding capacity. At SIPEF's banana operations, almost 40% of irrigation water is stored in dams during the rainy season, so it can be used responsibly during the drier season.

FUTURE CLIMATE CHANGE RISK	
DESCRIPTION	**RISK-MITIGATING MEASURES**
Climate change is linked with a range of medium and long-term risks for the agricultural sector, and for industry and society at large. As average temperatures rise, acute hazards, such as heat waves and floods and chronic hazards, such as drought and sea level rise, have been predicted to increase in frequency and severity. Although companies and communities are working to adapt to or mitigate the effects of climate change, the pace and extent of adaptation will need to increase to manage the full scale of future physical climate risks. Climate change will shift and disrupt natural ecosystems, but also impact businesses, livelihoods, economies and global food security. Adaptation will entail increased costs, and choices will need to be made on how to build resilience. To address these challenges, policy and decision makers will need to establish the appropriate frameworks and processes, including putting into place new regulations and mechanisms (e.g. carbon tax). Moreover, financial institutions could further align investment and credit policies with climate change risk and deny access to financial resources to companies that do not sufficiently integrate adaptation and mitigation in their strategies.	In the last few years, SIPEF has been working to expand the scope of its sustainability strategy, in order to address the issues and risks of climate change from both mitigation and adaptation perspectives. As a first key step, SIPEF calculated its carbon footprint (Scope 1 and Scope 2) at Group-level using the ISO 14064 - 1:2018 standard. Following the verification of this calculation in 2022, the Group set a target to reduce its GHG emission intensity per tonne of CPO against its established baseline. The Company has since been working to develop its GHG reduction and climate transition plan. One of the key initiatives of the plan involves the expansion of methane capture facilities to cover all of SIPEF's existing and new POM and the search for additional use of gas. SIPEF has also continued with other existing initiatives and practices, focused on reusing land and raw materials, and mitigating emissions, wherever possible. These include: → a composting plant that utilises POM by-products; → generation of electricity from renewable sources at SIPEF's mills (steam turbines and biogas generators); and → biodiversity, conservation and restoration programmes in Indonesia, Papua New Guinea and Côte d'Ivoire. As a next step, SIPEF is undertaking a climate risk assessment in 2024-2025. The assessment will help solidify the Group's reduction and transition plans and identify key focus areas for its climate change adaptation initiatives.

RISK CONNECTED WITH THE CONCERN FOR SUSTAINABILITY IN EUROPE AND INCREASED RSPO RESTRICTIONS	
DESCRIPTION	**RISK-MITIGATING MEASURES**
SIPEF's reputation in sustainable palm oil production is very reliant on RSPO certification. Given the growing consumer concern for sustainability, the requirements under the RSPO standard are likely to become more stringent in the coming years. In addition, it is expected that the EU and the various other authorities in the countries where SIPEF operates, will continue to impose tougher requirements on companies. SIPEF is committed to sustainability and to maintaining its RSPO certification. However, it is uncertain whether the Group and its suppliers will always be able to comply with new requirements. Inability to meet requirements could result in certification loss or suspension, or, in the case of regulatory requirements, fines or disruption to operational activities. In all scenarios, there could be adverse impacts on the reputation and financial situation of the Group.	SIPEF is working to achieve 100% RSPO certification for its oil palm operations by 2026. At present, all of its palm oil mills and 76% of its own planted area are RSPO certified. Any remaining uncertified areas are new developments awaiting the issuance of the permanent Indonesian cultivation licence (*Hak Guna Usaha* - HGU) but are otherwise compliant with the requirements of the RSPO Standards, including the RSPO New Planting Procedure. Integrated High Conservation Value and High Carbon Stock Approach (HCV-HCSA) assessments and Social Impact Assessments (SIA) have been completed for these areas, and they are ready to be certified once the HGU has been obtained. SIPEF has a Responsible Plantations Policy that sets out its no deforestation, no new developments on peat and no exploitation (NDPE) commitments for all of its operations. The Company also closely follows the requirements, trends and policies of its customers, regulators and other stakeholders, to ensure their rules and expectations regarding sustainability 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 through multi-stakeholder platforms like the RSPO. 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, SIPEF 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.

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 HOPL in Papua New Guinea, are responsible for the constant supervision of the effectiveness and compliance of the existing internal control in their respective activities. They propose the appropriate adjustments based on their findings. A local audit committee discusses the internal audit department reports at least quarterly. A summary of the most important recent findings is submitted annually to each audit committee of SIPEF. The activities in Côte d'Ivoire will be subject to the same monitoring procedure as soon as the internal audit department is set up there.

At SIPEF Headquarters, where no separate internal audit department exists, one of SIPEF's group controllers conducts an internal audit of the Company's operations and reports annually to the SIPEF audit committee. In the future, the subsidiary in Singapore will also be subject to an annual internal audit by a group controller of SIPEF.

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 CFO 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 International Financial Reporting Standards (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, in 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 verifies the individual financial statements and the technical consolidation at the end of June (limited assurance) and the end of December (full assurance). The audit of the subsidiaries is done based on the audit scope as decided by the external auditor and presented to the audit committee of the SIPEF group. The consolidated IFRS financial statements are then submitted to the audit committee for review. 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 separate consolidation software with data input from SIPEF's subsidiaries. Appropriate care is also given to anti-virus and security applications, uninterrupted backups and steps to ensure the continuity of the service.

6. RULES OF CONDUCT CONCERNING CONFLICTS OF INTEREST

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

In 2023, 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 14 February 2023 and 14 November 2023. 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 FROM THE MINUTES OF 14 FEBRUARY 2023

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

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

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

The Directors take notice of the evaluation and the variable remuneration proposed by the Remuneration Committee for François Van Hoydonck for the year 2022.. They confirm the recommendation issued by the Remuneration Committee.
François Van Hoydonck enters the meeting room. ..."

EXCERPT FROM THE MINUTES OF 14 NOVEMBER 2023

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

As the next items concern his individual remuneration, François Van Hoydonck, Managing Director, states that there is a conflict of interest on his part, as referred to in Article 7:96 of the Belgian Company Code. François, together with Petra Meekers, COO APAC, who is also concerned by this item leave the meeting.

- *It is proposed that the yearly option scheme, started in 2011, would be continued in 2023.*

  The options would have the same characteristics as those granted last year, being an annual stock option plan on existing SIPEF shares and in line with Belgian tax legislation. The Committee proposes to grant a total number of 20 000 share options to the Managing Director, the extended Executive Committee and the two Managers in charge of the operations of SIPEF in Indonesia and PNG. One option giving the beneficiary the right to buy one SIPEF share, 20 000 options correspond to an amount of approximately KEUR 1 054 (on the basis of a share price of EUR 52.7 per share); 6 000 *options (KEUR 316.2) would be offered to the Managing Director; 2 000 options (KEUR 105.4) to each of the members of the Executive Committee and the two General Managers of the operations in Indonesia and PNG. As the yearly option scheme issued in 2013 will expire on 19 November 2023, it is unlikely that the remaining 7 558 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 2023 a total of 180 000 treasury shares will be needed to cover all options, including the 2023 plan.

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

François Van Hoydonck and Petra Meekers enter the meeting again."

There were no other conflicts of interest in 2023.

7. POLICY CONCERNING FINANCIAL TRANSACTIONS

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

8. SHAREHOLDER STRUCTURE

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

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

On 8 December 2023, SIPEF received a notification regarding the threshold crossing of 40% of the voting rights of SIPEF by AvH. This movement in SIPEF's shareholding resulted from several purchases of SIPEF shares on the stock exchange by AvH between the previous notification of 23 August 2022 and the threshold crossing date of 4 December 2023. Following these transactions, AvH together with the Bracht Group held 52.33% of SIPEF's voting rights, of which 38.33% and 12.32% are held directly by AvH and the Bracht Group, 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 4 December 2023, no other shareholder held more than 5% of the votes of SIPEF.

9. 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.

10. 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'. It includes definitions and criteria for the classification of economic activities that meet the six environmental objectives.

As a non-financial parent undertaking, SIPEF has assessed the Taxonomy eligibility of its economic activities for the reporting period 2023. 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 six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems), in accordance with the Taxonomy Regulation and 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 the activities of the Group as an agro-industrial group based on all Taxonomy-eligible economic activities listed in the Climate Delegated Act and the Environmental Delegated Act. 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 and bananas, and the production of palm oil, palm kernels and palm kernel oil 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's core activities are not currently covered by the Climate Delegated Act, and are 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 the chapter on environmental stewardship on page 90 of this report. The complete taxonomy tables are available in Annex 2 (page 272), which is an integral part of the integrated annual 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	443 886	0%	100%
Capital expenditure (Capex)	106 985	0%	100%
Operating expenditure (Opex)	47 871	0%	100%

Nuclear and fossil gas-related activities

SIPEF has evaluated its operations across the Group and declares that it does not engage in any nuclear or fossil gas-related activities. Please see SIPF's statements on nuclear energy-related activities and fossil-gas related activities in the template 1 as introduced by the Complementary Delegated Act below. Since SIPEF is not performing activities related to nuclear energy and fossil gas, it does not include templates 2-5 of the Complementary Delegated Act.

NUCLEAR ENERGY-RELATED ACTIVITIES	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

FOSSIL GAS-RELATED ACTIVITIES	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

SIPEF on the stock market

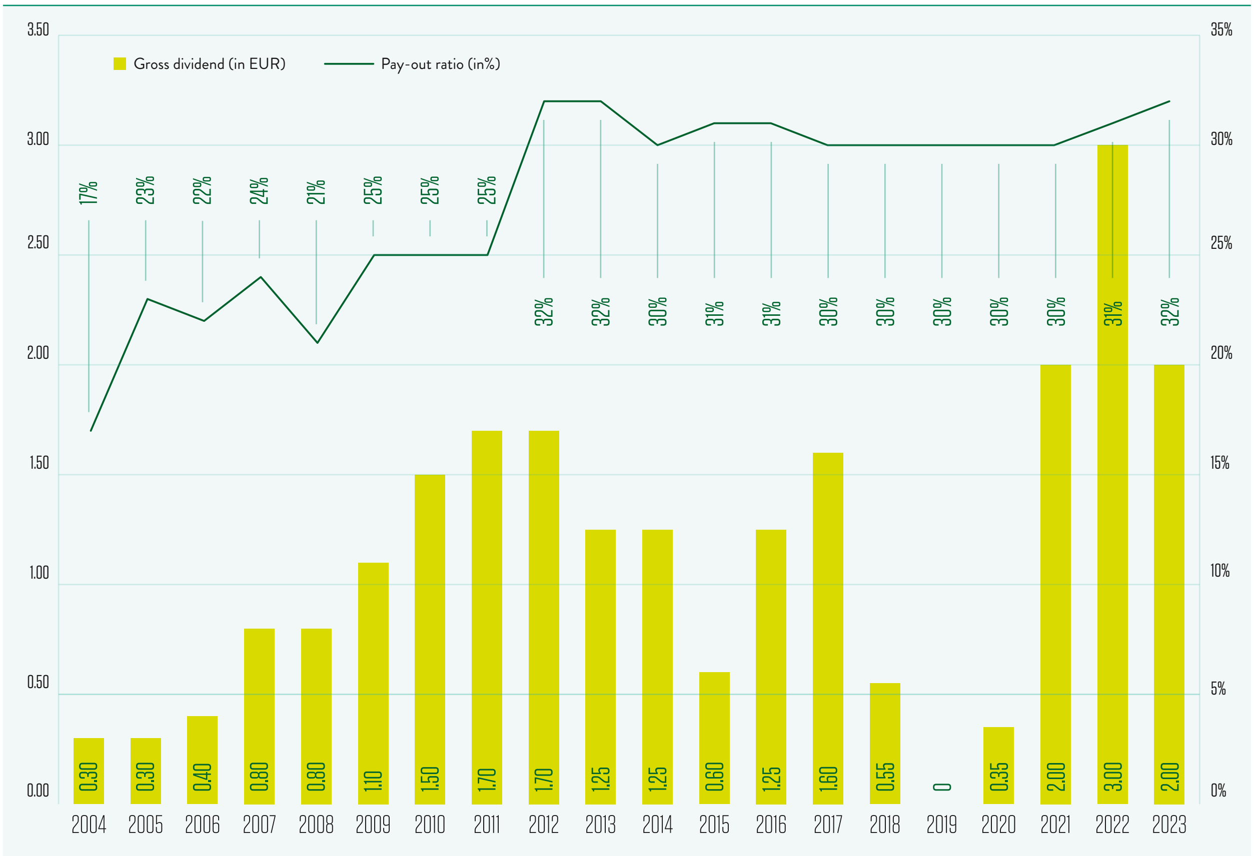
Stock market listing

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)	2023	2022	2021	2020	2019
Highest stock price of the year	62.30	70.80	60.80	56.70	54.80
Lowest stock price of the year	51.30	52.70	43.85	38.00	35.25
Closing stock price per 31/12	53.00	58.90	56.90	43.20	54.80
Market capitalization per 31/12 (KEUR)	560 704	623 122	601 964	457 027	579 747
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	2 151	5 441	5 277	5 956	5 081
Average turnover per trading day (KEUR)	122	338	263	274	229

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
KBC Securities	Michiel Declercq

FINANCIAL CALENDAR

FINANCIAL CALENDAR	
18 April 2024	Quarterly information Q1
12 June 2024	Ordinary general meeting
14 August 2024	Half-yearly financial report
17 October 2024	Quarterly information Q3
February 2025	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.

Financial statements

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for fiscal year 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements (chapter 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 “Highlights of 2023”– Section “Sustainability”
- Chapter “SIPEF’s operations”
- Chapter “Sustainability at SIPEF”
- Chapter “Environmental stewardship”
- Chapter “Respecting employees and communities”
- Chapter “Responsible supply chain management”
- Chapter “Good business conduct”
- Chapter “Corporate governance statement – Section 10 “Compliance to EU Taxonomy”
- Annex 1 to 3

The Integrated Annual Report 2023 has been prepared taking into account the world's most widely used sustainability standards and the standards of the "Global Reporting Initiative" (GRI).

Balance sheet

The total assets of the SIPEF group have increased to KUSD 1 080. The Group's net financial position has turned negative, due to the straight loans for financing the increasing capital expenditures of KUSD 106 985 versus KUSD 79 294 in 2022, mainly related to the continued expansion in South Sumatra. The major movements in the balance sheet over the course of 2023 should be seen as a consequence of the positive results and strategy of the group, resulting in expanding assets, supported primarily by an increase in equity.

The increase in 'biological assets – bearer plants' and 'other property plant & equipment' by KUSD 55 029 during 2023 was mainly due to investments in intangible and tangible fixed assets (KUSD 106 985) exceeding depreciation (KUSD 52 724).

The 'receivables over one year' increased by KUSD 5 942 as a result of the granting of loans to smallholders in South Sumatra to finance their new plantings.

Net current assets, net of cash, increased by KUSD 16 683 in total, without a major impact on the overall structure of the balance sheet and can be broken down as follows:

IN KUSD	31/12/2023	31/12/2022
Inventories	47 179	48 936
Biological assets	11 122	10 936
Trade receivables	29 876	44 643
Other receivables	49 490	47 728
Current tax receivables	6 925	1 100
Derivatives	780	1 639
Other current assets	1 953	2 197
Trade payables	-25 243	-29 863
Advances received	-3 411	-5 698
Other payables	-15 832	-14 437
Income taxes	-10 605	-33 440
Other current liabilities	-16 870	-15 063
NET CURRENT ASSETS, NET OF CASH	75 362	58 679

The increase can be broken down into the following movements:

→ Inventories have decreased by KUSD 1 757. The number of tonnes of Crude Palm Oil (CPO) stock at the end of December 2023 was 6.9% lower compared to December 2022. Further, the CPO stock was valued at a lower cost as a consequence of the lower world market prices. This has resulted in a total KUSD 2 257 decrease in stock value of finished goods compared to the year-end of 2022.

- The methodology used to measure the fair value of the biological assets did not change compared to 2022. The total of the biological assets has remained stable however, the biological assets of palm oil have decreased by KUSD 1 785 following lower palm oil prices and lower productions, particularly in Hargy Oil Palms Ltd which has been affected by the volcanic eruption. On the other hand, the biological assets of bananas have increased by KUSD 1 971 following the expansion in Lumen and Akoudié.

- Trade receivables have decreased by KUSD 14 767 following lower sales due to the decrease in production and selling price. Also, the accounts receivable at year-end 2022 was higher than usual, while the outstanding trade receivables at end 2023 were more in line with historical averages.

- The net tax payable (current tax receivable and income taxes) has decreased by KUSD 28 660 due to the high tax prepayments in 2023 which are based on last years' exceptional high results which will only be recovered in 2024/2025. Taxes paid during 2023 (KUSD 56 216) were considerably higher than the current income tax charge of this year (KUSD 33 171).

- The 'advances received' decreased by KUSD 2 287 mainly related to the sale of PT Melania for which costs are paid during the year and which are subsequently deducted from the advance already received.

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.

The net financial position decreased by KUSD 31 540, mainly due to the straight loans, and amounted to KUSD -31 418 at the end of 2023. The long-term loan, at low hedged interest rates, only has 1 year remaining for a total amount of KUSD 18 000. This loan is being replaced by short term loans at prevailing interest rates.

IN KUSD	31/12/2023	31/12/2022
Other investments and deposits	1	10 208
Cash and cash equivalents	11 549	34 148
Financial liabilities > 1 year	0	-18 000
Leasing liabilities > 1 year	-1 974	-2 320
Current portion of amounts payable > 1 year	-18 000	-18 000
Financial liabilities	-22 319	-5 323
Leasing liabilities < 1 year	-675	- 590
NET FINANCIAL POSITION	-31 418	122

Result

Total sales decreased by 15.8% versus 2022 to KUSD 443 886.

Palm oil sales dropped by 32.4%. The decline in volumes sold was mainly due to the significantly lower world market price for crude palm oil ("Crude Palm Oil" - CPO). In addition, the total tonnes of CPO produced decreased by 3.2%.

Sales in the banana and horticulture segment expressed in euro, the functional currency, increased by 47.4%, mainly due to higher unit selling price (+17.9%) and a rise in volumes product and sold (+27.0%) due to the maturing of the new expansions in Lumen and Akoudié.

The total cost of sales declined by KUSD 13 798 in 2023 in comparison with last year. The main reason for this decrease were:

- Operating costs for the own plantations and mills decreased by KUSD 13 855 or 8.9%. This was mainly due to lower fertiliser costs and harvesting costs as a consequence of the smaller production volumes and the devaluation of the IDR against the USD which is beneficial for the estate operating costs. These decreases are offset by the further maturing of the South Sumatra plantations, resulting in an increase of total estate operating costs for the South Sumatra plantations by KUSD 5 417.

- Third-party purchases of Fresh Fruit Bunches (FFB) from Hargy Oil Palms Ltd decreased by KUSD 18 701 or 37.8%, largely due to lower purchase prices of FFB, of which the price is related to CPO, and lower production volumes.

- Finally, there was a negative impact on the total cost of sales 2023 of KUSD 1 916 following the lower closing stock as of 31 December 2023, due to smaller quantities and an overall lower market price of CPO and PKO.

The 'changes in the fair value of biological assets' concerned the effects of valuing the hanging fruits at their fair value (IAS41R).

Gross profit decreased from KUSD 221 031 at the end of 2022 to KUSD 149 673 at the end of 2023, a decrease of 32.3%.

Palm segment's gross profit dropped by KUSD 71 616 to KUSD 149 632, mainly due to lower net ex-mill gate CPO prices. The average realised net ex-mill gate CPO price of USD 830 per tonne was 16.7% lower than that of USD 996 per tonne last year.

The gross profit of the banana and horticulture activities rose from KUSD 2 294 to KUSD 4 357, as a consequence of an increase in selling prices and a rise in volumes produced resulting from the expansion of planted areas.

The average ex-mill gate unit cost for mature oil palm plantations increased slightly (+1.4%) in 2023 compared with 2022, mainly due to decreased productions compared to last year, where it should be noted that last year was marked by record productions, especially in Hargy Oil Palms Ltd.

The average ex-mill gate cost for the mature banana plantations over the same period, expressed in euro, the functional currency, increased by 11.8%. This sharp increase was due to higher input costs and the start-up costs in the Lumen and Akoudié expansion zones.

'General and administrative expenses' increased in comparison with last year, mainly as a result of the further deployment of the Singapore branch office to centralise the internal IT services of the Group, the size increase in Plantations J. Eglin and general inflation. The increase is partially offset by a decrease in the provision for variable remuneration for staff and management.

The other operating income/expenses have increased by KUSD 3 804, relating primarily to a reversal on the historical impairment on our subsidiary PT Citra Sawit Mandiri for a total of MUSD 2.8. The historical impairment was recorded due to delays in obtaining the 'Hak Guna Usaha' ('HGU', i.e. the long-term licence to operate). This HGU has been obtained in the second half of 2023, after which the full impairment could be reversed.

The 'operating result' amounted to KUSD 107 978 compared with KUSD 178 312 last year.

'Financial income' of KUSD 1 809 includes interests from receivables on smallholders in South Sumatra (KUSD 1 295) and interest received on deposits (KUSD 514).

'Financial costs' were mainly related to interests on short-term financing and a discounting on smallholder receivables (KUSD 402).

The positive 'exchange differences' (KUSD 1 108) mainly concerned the hedging of the expected dividend payable in euro, the devaluation of the PGK against the USD and the exchange impact on the revaluation of loans to smallholders and pension provision in Indonesia denominated in IDR.

The 'result before tax' amounts to KUSD 108 817 for 2023, compared with KUSD 172 557 at the end of 2022.

The effective tax rate amounted to 28.6%. This is higher than the theoretical tax rate of 26.0%. The 'tax expense' (KUSD 31 128) includes the impairment of deferred tax assets for fiscal losses (KUSD 2 558), the usual disallowed expenses of about KUSD 502 and non-deductible interest charges due to the thin cap law in Indonesia (KUSD 433). In addition, due to the volcanic eruption in Papua New Guinea, it was decided to temporarily cancel the scheduled dividend from Hargy Oil Palms Ltd to the Belgian parent company, by consequence there is no withholding tax on the dividend like there was in 2022.

The 'share of profit and loss of associated companies and joint ventures' (KUSD -1 335) included the limited negative contribution of the research activities centralised at PT Timbang Deli Indonesia and Verdant Bioscience Pte Ltd.

The 'result for the period' 2023 was KUSD 76 354, a decline by 32.1% against last year.

Net profit, share of the Group, amounted to KUSD 72 735 (USD 6.99 per share) against KUSD 108 157 (USD 10.40 per share) last year.

Cash flow

Following the reduction in operating profit, 'cash flow from operating activities before change in net working capital' decreased from KUSD 216 712 as of 31 December 2022, to KUSD 162 768 at 31 December this year.

The variation of the working capital of KUSD 16 080 mainly relates to the decrease in trade receivables and trade payables, and a decreased variable remuneration provision.

In January 2023, the withholding tax on the dividend relating to 2022 from Hargy Oil Palms Ltd of KUSD 7 500 was paid. Furthermore, tax prepayments in Indonesia and Papua New Guinea, under local prevailing rules, are based on last year's (exceptionally) high results. These are the main reasons why the taxes paid (KUSD -56 216) are significantly higher than the taxes to be paid (KUSD 33 170).

The 'acquisitions intangible and tangible assets' (KUSD -106 986) related to the usual replacement investments in the existing operations and in the new developments in South Sumatra (KUSD -40 114). In addition, to the further expansion of the planted areas and the associated infrastructure such as houses and roads, investments are being made in South Sumatra in particular in the construction of the Agro Muara Rupit mill (KUSD -13 630 up to December 2023) with a processing capacity, in the first phase, of 45 tonnes of FFB per hour.

Additional loans (KUSD -7 799) were also made during the year to surrounding smallholders in South Sumatra and Bengkulu.

The 'proceeds from sales of property, plant and equipment' (KUSD 889) relates mostly to the sale of seedlings of own nurseries to smallholders in the Musi Rawas area and other tangible fixed assets. The 'proceeds from sale of financial assets' (KUSD –2 924) relates to the expenses made during the year to fulfil the requirement for the sale of PT Melania.

'Free cash flow' for the year 2023 amounted to KUSD 5 813, compared with KUSD 79 511 for the same period last year.

The 'cash flow from financing activities' (KUSD -38 619) mainly include buy-back and sale transactions on treasury shares (net KUSD -93), partial repayments of long-term financing (KUSD -18 000 for the long-term loans and KUSD -528 for the leasing debt), an increase of short-term financing (KUSD +17 671), last year record dividend payment to SIPEF shareholders (KUSD -33 765) and dividend payments to minority shareholders (KUSD -2 796).

CONSOLIDATED BALANCE SHEET

IN KUSD	NOTE	2023	2022
Non-current assets		**907 847**	**847 168**
Intangible assets	8	138	226
Goodwill	8	104 782	104 782
Biological assets - bearer plants	9	326 656	316 714
Other property, plant & equipment	10	425 018	379 931
Investment property		0	0
Investments in associates and joint ventures	24	1 697	3 032
Financial assets		112	98
Other financial assets		112	98
Receivables > 1 year		34 229	28 287
Other receivables	11	34 229	28 287
Deferred tax assets	23	15 214	14 097
Current assets		**172 395**	**215 055**
Inventories	12	47 179	48 936
Biological assets	13	11 122	10 936
Trade and other receivables		79 366	92 371
Trade receivables	26	29 876	44 643
Other receivables	14	49 490	47 728
Current tax receivables	23	6 925	1 100
Investments		1	10 208
Other investments and deposits	19	1	10 208
Derivatives	26	780	1 639
Cash and cash equivalents	19	11 549	34 148
Other current assets		1 953	2 197
Assets held for sale	30	13 520	13 520
TOTAL ASSETS		1 080 242	1 062 223

IN KUSD	NOTE	2023	2022
Total equity		**888 819**	**850 144**
Shareholders' equity	15	853 777	817 803
Issued capital		44 734	44 734
Share premium		107 970	107 970
Treasury shares (-)		- 11 681	-11 588
Reserves		723 733	687 933
Translation differences		- 10 978	-11 246
Non-controlling interests	16	35 042	32 341
Non-current liabilities		**78 466**	**89 665**
Provisions > 1 year		524	767
Provisions	17	524	767
Deferred tax liabilities	23	52 454	48 131
Trade and other liabilities > 1 year	26	0	0
Financial liabilities > 1 year (incl. derivatives)	19	0	18 000
Leasing liabilities > 1 year	27	1 974	2 320
Pension liabilities	18	23 515	20 448
Advances received > 1 year		0	0
Current liabilities		**112 957**	**122 414**
Trade and other liabilities < 1 year		55 093	83 438
Trade payables	26	25 243	29 863
Advances received	26	3 411	5 698
Other payables	14	15 832	14 437
Income taxes	23	10 605	33 440
Financial liabilities < 1 year		40 994	23 913
Current portion of amounts payable after one year	19	18 000	18 000
Financial liabilities	19	22 319	5 323
Leasing liabilities < 1 year	27	675	590
Derivatives	26	0	0
Other current liabilities		16 870	15 063
Liabilities associated with assets held for sale		0	0
TOTAL EQUITY AND LIABILITIES		1 080 242	1 062 223

CONSOLIDATED INCOME STATEMENT

IN KUSD	NOTE	2023	2022
Revenue	7	443 886	527 460
Cost of sales	7	-294 400	-308 198
Changes in fair value of biological assets	7	186	1 769
Gross profit		**149 673**	**221 031**
General and administrative expenses	7	-46 204	-43 424
Other operating income/(expenses)	20	4 509	705
Operating result		**107 978**	**178 312**
Financial income		1 809	1 300
Financial expenses		-2 079	-3 803
Exchange differences		1 108	-3 251
Financial result	21	**839**	**-5 754**
Profit before tax		**108 817**	**172 557**
Tax expense	23	-31 128	-59 536
Profit after tax		**77 689**	**113 021**
Share of profit/loss of an associate and joint venture	24	-1 335	- 566
Result from continuing operations		**76 354**	**112 455**
Result from discontinued operations		0	0
Profit for the period		**76 354**	**112 455**
Attributable to:			
- Non-controlling interests	16	3 619	4 298
- Equity holders of the parent		72 735	108 157

EARNINGS PER SHARE (IN USD)	NOTE	2023	2022
FROM CONTINUING AND DISCONTINUED OPERATIONS			
Weighted average shares outstanding	30	10 403 105	10 401 938
Basic operating result per share	30	10.38	17.14
Basic earnings per share	30	6.99	10.40
Diluted earnings per share	30	6.98	10.36
Cash flow from operating activities after tax	30	11.79	15.89

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

IN KUSD	NOTE	2023	2022
Profit for the period		**76 354**	**112 455**
Other comprehensive income:			
Items that may be reclassified to profit and loss in subsequent periods			
- Exchange differences on translating foreign operations	15	268	- 580
- Cash flow hedges - fair value result for the period	26	- 855	2 147
- Income tax effect (cash flow hedges)	26	214	- 537
Items that will not be reclassified to profit and loss in subsequent periods			
- Remeasurement gain/(loss) on Defined Benefit Plans	18	- 512	- 126
- Income tax effect		113	28
Total other comprehensive income for the year		**- 773**	**932**
Other comprehensive income attributable to:			
- Non-controlling interests		- 14	- 7
- Equity holders of the parent		- 759	939
Total comprehensive income for the year		**75 581**	**113 387**
Total comprehensive income attributable to:			
- Non-controlling interests		3 606	4 291
- Equity holders of the parent		71 975	109 096

CONSOLIDATED CASH FLOW STATEMENT

IN KUSD	NOTE	2023	2022
OPERATING ACTIVITIES			
Profit before tax		**108 817**	**172 557**
Adjusted for:			
Depreciation	8,9,10	52 724	47 939
Movement in provisions	17	2 300	-2 326
Stock options		163	140
Changes in fair value of biological assets		- 186	-1 769
Other non-cash results		-2 963	947
Hedge reserves and financial derivatives	26	3	-1 558
Financial income/(expenses)		270	620
Result on disposal of property, plant and equipment		1 641	162
Cash flow from operating activities before change in net working capital	25	162 768	216 712
Change in net working capital	25	16 080	-6 455
Cash flow from operating activities after change in net working capital		178 848	210 257
Income taxes paid	23	-56 216	-44 964
Cash flow from operating activities		**122 632**	**165 293**
INVESTING ACTIVITIES			
Acquisition intangible assets	8	- 9	0
Acquisition biological assets	9	-32 556	-29 429
Acquisition property, plant & equipment	10	-74 421	-49 864
Financing plasma advances	11	-7 799	-4 504
Proceeds from sale of property, plant & equipment		889	1 517
Proceeds from sale of financial assets	11,29	-2 924	-3 502
Cash flow from investing activities		-116 819	-85 782
Free cash flow		**5 813**	**79 511**
FINANCING ACTIVITIES			
Equity transactions with non-controlling parties(1)		- 415	-5 500
Acquisition of treasury shares	22	- 701	- 176
Sale of treasury shares	22	608	109
Repayment in long-term financial borrowings	19	-18 528	-18 642
Increase in long-term financial borrowings	19	182	755
Repayment short-term financial borrowings	19	- 590	-7 154
Increase short-term financial borrowings	19	17 671	106
Last year's dividend paid during this book year		-33 765	-22 280
Dividends paid by subsidiaries to minorities	16	-2 796	-1 720
Interest received - paid		- 285	- 631
Cash flow from financing activities		**-38 619**	**-55 133**
Net increase in investments, cash and cash equivalents	19	**-32 806**	**24 378**
Investments and cash and cash equivalents (opening balance)	19	44 356	19 977
Effect of exchange rate fluctuations on cash and cash equivalents	19	0	0
Investments and cash and cash equivalents (closing balance)	19	11 550	44 356
Of which:	19		
Other investments and deposits	19	1	10 208
Cash and cash equivalents	19	11 549	34 148

(1) Reclassification in prior year figures from investing activities to financing activities related to the purchase of the 5% shares in PT Agro Muko.

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, 2023	44 734	107 970	-11 588	-5 124	693 057	-11 246	817 803	32 342	850 144
Result for the period					72 735		72 735	3 619	76 354
Other comprehensive income				- 386	- 642	268	- 759	- 14	- 773
Total comprehensive income	**0**	**0**	**0**	**- 386**	**72 093**	**268**	**71 975**	**3 606**	**75 581**
Last year's dividend paid					-33 765		-33 765	-2 796	-36 560
Equity transactions with non-controlling parties					-2 305		-2 305	1 890	- 415
Other (note 22)			- 93		163		70		70
DECEMBER 31, 2023	44 734	107 970	-11 681	-5 510	729 243	-10 978	853 777	35 042	888 819
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	**0**	**0**	**0**	**- 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			- 67		140		73		73
DECEMBER 31, 2022	44 734	107 970	-11 588	-5 124	693 057	-11 246	817 803	32 342	850 144

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 2023 comprise SIPEF and its subsidiaries (together referred to as 'SIPEF group' or 'the Group'). Comparative figures are for the financial year 2022.
The consolidated financial statements have been established by the board of directors on 13 February 2024. The events after the reporting period were updated and approved for issue by the directors on April 16, 2024. These financial statements will be presented to the shareholders at the general meeting of June 12, 2024. A list of the directors and the statutory auditor, as well as a description of the principal activities of the Group, are included in the chapters "Corporate governance statement" and "SIPEF's operations" 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 2023.

The following standards or interpretations are applicable for the annual period beginning on 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules
- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information

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:

- Amendments to IAS 1: non-current liabilities with covenants and classification of liabilities as current or non-current (deferred), effective January 1, 2024
- Amendments to IAS 7 / IFRS 7: Disclosures Suppliers Finance Arrangements, effective January 1, 2024
- Amendments to IFRS 16 leases: lease liability in a sale and leaseback, effective January 1, 2024
- Amendments to IAS 21: Lack of Exchangeability, effective January 1, 2025

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.

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.

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

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, 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 and 'construction in progress' are 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 includes 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 tonnes 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 an impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. If the 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, and;
- 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 FVOCI. Investments in equity instruments at FVOCI 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 12 month 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.

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.

At the time of harvest, agricultural produces are measured at fair value less costs to sell and transferred to inventories. Costs incurred in growing the agricultural produces, including any applicable harvest costs, are recognised as part of cost of sales.

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 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 NV, 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	95.00
PT Citra Sawit Mandiri	Medan / Indonesia	95.00	95.00
PT Toton Usaha Mandiri	Medan / Indonesia	95.00	95.00
PT Agro Rawas Ulu	Medan / Indonesia	100.00	95.00
PT Agro Kati Lama	Medan / Indonesia	100.00	95.00
PT Agro Muara Rupit	Medan / Indonesia	100.00	100.00
Hargy Oil Palms Ltd	Bialla / Papua N.G.	100.00	100.00
Plantations J. Eglin SA	Azaguié / Côte d'Ivoire	100.00	100.00
Jabelmalux SA	Luxembourg / G.D. Luxemburg	100.00	100.00
Sipef Singapore Pte Ltd	Singapore / Republic of Singapore	100.00	100.00
PT Agro Muko	Medan / Indonesia	100.00	95.05
PT Dendymarker Indah Lestari	Medan / Indonesia	100.00	95.05
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

The Group consists of Sipef NV and a total of 21 investees. Of these 21 investees, 17 are fully consolidated and 3 are accounted for under the equity method, while the other investee does not meet the criteria of significance.

In accordance with the concept of materiality, companies which are insignificant, have not been included in the consolidation scope. They are measured at cost and tested for impairment on an annual basis, which is considered a good proxy of their fair value.

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 and therefore not included in note 24 ‘investments in associates and joint ventures’.

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 *euro* (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	
	2023	2022	2023	2022
EUR	0.9060	0.9393	0.9237	0.9533

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 Côte d'Ivoire.
- 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 difference with IFRS consolidation is:

- Instead of revenue the gross margin per segment is used as the starting point.

In KUSD	2023	2022
Gross margin per product		
Palm	149 632	221 248
Rubber	-5 861	-4 105
Tea	139	195
Bananas and horticulture	4 357	2 294
Corporate	1 405	1 397
Total gross margin	**149 673**	**221 031**
General and administrative expenses	-46 204	-43 424
Other operating income/(expenses)	4 509	705
Financial income/(expenses)	- 270	-2 503
Exchange differences	1 108	-3 251
Result before tax	**108 817**	**172 557**
Tax expense	-31 128	-59 536
Effective tax rate	-28.6%	-34.5%
Result after tax	**77 689**	**113 021**
Share of results of associated companies	-1 335	- 566
Result for the period	**76 354**	**112 455**

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

2023 – KUSD	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
Palm	405 380	-253 962	-1 785	149 632	100.0
Rubber	1 487	-7 348	0	-5 861	-3.9
Tea	3 060	-2 921	0	139	0.1
Bananas and horticulture	32 555	-30 169	1 971	4 357	2.9
Corporate	1 405	0	0	1 405	0.9
Total	**443 886**	**-294 400**	**186**	**149 673**	**100.0**

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**

The Group's total 'revenue' amounted to KUSD 443 886 as per 31 December 2023 and dropped by KUSD 83 574 or 15.8% against 31 December 2022.

The palm segment's revenue in particular dropped (KUSD -90 357), mainly as a result of the greatly reduced unit selling price (-16.8%). In addition, the total tonnes of produced CPO have decreased by 3.2%.

The 2023 ex-mill gate unit selling price was USD 739 per tonne for Indonesia (2022: USD 840 per tonne), USD 988 per tonne for Papua New Guinea (2022: USD 1 222 per tonne) and USD 830 per tonne for the Group (2022: USD 996 per tonne).

Banana segment revenue expressed in euro, the functional currency, rose by 47.4% mainly due to an increase in the average unit selling price (+17.9%) and a rise in volumes produced and sold (+27.0%) due to the maturing of the new expansions in Lumen and Akoudié.

The total 'cost of sales' declined by KUSD 13 798 in 2023 in comparison with last year. The main reason for this decrease were:

- Operating costs for the own plantations and mills decreased by KUSD 13 855 or 8.9%. This was mainly due to lower fertiliser costs and harvesting costs as a consequence of the smaller production volumes and the devaluation of the IDR against the USD which is beneficial for the estate operating costs. These decreases are offset by the further maturing of the South Sumatra plantations, resulting in an increase of total estate operating costs for the South Sumatra plantations by KUSD 5 417.
- Third-party purchases of Fresh Fruit Bunches (FFB) from Hargy Oil Palms Ltd decreased by KUSD 18 701 or 37.8%, largely due to lower purchase prices of FFB, of which the price is related to CPO, and lower production volumes.
- Finally, there was a negative impact on the total cost of sales 2023 of KUSD 1 916 following the lower closing stock as of 31 December 2023, due to smaller quantities and an overall lower market price of CPO and PKO.

The 'changes in the fair value of biological assets' concerned the effects of valuing the hanging fruits at their fair value (IAS41R).

Gross profit decreased from KUSD 221 031 at the end of 2022 to KUSD 149 673 at the end of 2023, a decrease of 32.3%.

Palm segment's gross profit dropped by KUSD 71 616 to KUSD 149 632, mainly due to lower net ex-mill gate CPO prices. The average realised net ex-mill gate CPO price of USD 830 per tonne was 16.7% lower than that of USD 996 per tonne last year.

The gross profit of the banana and horticulture activities rose from KUSD 2 294 to KUSD 4 357, as a consequence of an increase in selling prices and a rise in volumes produced resulting from the expansion of the new planted areas.

Gross profit by geographical region

2023 – KUSD	Revenue	Cost of sales	Other income	Changes in the fair value	Gross profit	% of total
Indonesia	225 360	-153 088	779	- 728	72 322	48.3
Papua New Guinea	184 567	-111 143	0	-1 056	72 367	48.4
Côte d'Ivoire	32 555	-30 169	0	1 971	4 357	2.9
Europe	626	0	0	0	626	0.4
Total	**443 107**	**-294 400**	**779**	**186**	**149 673**	**100.0**

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
Côte d'Ivoire	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**

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;
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	2023	2022
Estate charges	178 489	171 824
Processing charges	34 456	34 363
FFB/CPO/latex purchases	42 651	75 145
Stock movement finished products	2 535	-1 771
Changes in fair value	186	1 769
Sales charges	35 895	25 098
Cost of sales	**294 214**	**306 429**
General and administrative expenses	46 204	43 424
Total cost of sales and general and administrative expenses	**340 417**	**349 853**

Estate charges have increased compared to last year due to:
- higher fertilizer cost in the first half of 2023;
- higher local transporting costs in Hargy Oil Palms Ltd;
- the additional mature hectares in the Musi Rawas region, whereby estate charges are now increasing annually;
- the additional mature hectares in Plantations J. Eglin SA;
- a general increase in costs due to inflation.

The processing charges remained in line with last year despite the decrease in processed FFB.

Purchases of FFB/CPO/Latex decreased by KUSD 32 494, mainly due to the decrease in purchases of FFB from third parties at Hargy Oil Palms Ltd (-8.6%), which decreased by KUSD 18 701 or 37.8%, largely due to lower 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.

Sales charges have increased due to the higher transportation and freight prices on the world market in 2023 compared to 2022.

Total depreciation amounts to KUSD 52 724. Most of the depreciation was included in the estate and processing charges (KUSD 48 092). In addition, a total of KUSD 4 349 of depreciation charges is recorded in the 'General and administrative expenses' and KUSD 284 in 'other operating income/(expenses)'.

'General and administrative expenses' increased in comparison with last year, mainly as a result of the further deployment of Sipef Singapore Pte Ltd to centralise the internal IT services of the Group, the size increase in Plantations J. Eglin SA and general inflation. The increase is partially offset by a decrease in the provision for variable remuneration for staff and management.

Revenue by location of the debtors

In KUSD	2023	2022
Indonesia	228 348	246 604
Switzerland	152 279	91 059
United Kingdom	14 613	7 494
The Netherlands	12 884	133 570
Belgium	12 653	12 112
France	9 646	10 250
Côte d'Ivoire	4 875	3 538
Ireland	2 990	2 004
Spain	2 230	69
Afghanistan	985	992
United Arab. Emirates	697	494
China	513	1 388
Pakistan	393	693
Singapore	336	1 512
Germany	216	4 018
Malaysia	126	10 970
Other	101	99
United States	0	593
Total	**443 886**	**527 460**

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

In KUSD	2023 Indonesia	PNG	Côte d'Ivoire	Europe	Singapore	Total
Intangible assets	0	0	0	138	0	138
Goodwill	104 782	0	0	0	0	104 782
Biological assets	246 770	79 182	705	0	0	326 656
Other property, plant & equipment	292 988	119 050	11 572	594	813	425 018
Investments in associates and joint ventures	-1 426	0	0	0	3 123	1 697
Other financial assets	46	0	51	15	0	112
Receivables > 1 year	34 229	0	0	0	0	34 229
Deferred tax assets	12 691	0	910	1 613	0	15 214
Total non-current assets	**690 081**	**198 232**	**13 238**	**2 360**	**3 937**	**907 847**
% of total	76.01%	21.84%	1.46%	0.26%	0.43%	100.00%

In KUSD	2022 Indonesia	PNG	Côte d'Ivoire	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	- 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%

The assets of Indonesia relate almost entirely to the palm segment. The assets of PNG relate 100% to the palm segment. The assets of Côte d'Ivoire 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

In KUSD	2023 Goodwill	2023 Intangible assets	2022 Goodwill	2022 Intangible assets
Gross carrying amount at January 1	**104 782**	**767**	**104 782**	**767**
Acquisitions	0	9	0	0
Sales and disposals	0	- 39	0	0
Transfers	0	0	0	0
Translation differences	0	0	0	0
Gross carrying amount at December 31	**104 782**	**737**	**104 782**	**767**
Accumulated amortization and impairment losses at January 1	**0**	**- 541**	**0**	**- 419**
Depreciations	0	- 97	0	- 122
Sales and disposals	0	39	0	0
Transfers	0	0	0	0
Remeasurement	0	0	0	0
Accumulated amortization and impairment losses at December 31	**0**	**- 599**	**0**	**- 541**
Net carrying amount January 1	**104 782**	**226**	**104 782**	**348**
Net carrying amount December 31	**104 782**	**138**	**104 782**	**226**

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 2023. This consists of the following items:

Assets (in KUSD)*	2023
Biological assets – bearer plants	325 952
Other fixed assets	413 445
Goodwill	104 782
Current assets – current liabilities	16 299
Total	**860 478**

** 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 2033) 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 820/tonne) 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 as well as the impact of the eruption of ‘Mount Ulawun’ in November 2023.

The average palm oil price used in the goodwill impairment amounts to USD 820/tonne, whereas the spot price per 31 December 2023 amounted to USD 940/tonne.

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 10.31% 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 770/tonne CIF Rotterdam
Scenario 2 (base case)	USD 820/tonne CIF Rotterdam
Scenario 3	USD 870/tonne CIF Rotterdam

WACC	
Scenario 1	9.31%
Scenario 2 (base case)	10.31%
Scenario 3	11.31%

Summary assumptions of 2023:

PO / WACC	9.31%	10.31%	11.31%
USD 770/tonne CIF Rotterdam	Scenario 1	Scenario 4	Scenario 7
USD 820/tonne CIF Rotterdam	Scenario 2	Scenario 5 (base case)	Scenario 8
USD 870/tonne CIF Rotterdam	Scenario 3	Scenario 6	Scenario 9

Summary assumptions of 2022:

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

The decrease of the WACC compared to previous year is primarily due to a decrease in country risk premiums (CRP).

For the sensitivity analysis, the price is increased and decreased by USD 50/tonne. The WACC is 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 2023

WACC/PO price (in KUSD)	9.31%	10.31%	11.31%
USD 770/tonne CIF Rotterdam	765 876	663 372	582 922
USD 820/tonne CIF Rotterdam	1 016 097	882 175	777 073
USD 870/tonne CIF Rotterdam	1 214 783	1 055 965	931 322
Value of underlying assets*	860 478	860 478	860 478

** 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)	9.31%	10.31%	11.31%
USD 770/tonne CIF Rotterdam	- 94 602	- 197 106	- 277 555
USD 820/tonne CIF Rotterdam	155 619	21 697	- 83 405
USD 870/tonne CIF Rotterdam	354 305	195 488	70 845

Green = base scenario

We also calculate the breakeven palm oil price based on the various WACCs.

Breakeven price	9.31%	10.31%	11.31%
USD/tonne	789 $/tonne	815 $/tonne	852 $/tonne

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.

Eruption of ‘Mount Ulawun’ volcano

Volcano ‘Mount Ulawun’ erupted near Hargy Oil Palms Ltd in Papua New Guinea on November 20, 2023. No injuries or deaths were reported, but surrounding communities were evacuated and one palm oil extraction mill was temporarily closed. The main damage was caused by the ash rain that destroyed the palm fronds of the mature trees in the affected area to a greater or lesser extent. This has limited the production potential of these palms in the coming period. For 2024, Hargy Oil Palms’ budgeted own volumes of palm products would fall by a maximum of 20%, or by about 18 500 tonnes of palm oil and 1 500 tonnes of palm kernel oil. Based on the same 20% decrease for fruits purchased from third parties and at current selling prices, the total financial impact on 2024 profit, after tax, would be a decrease of maximum USD 14.7 million. By analogy with the previous volcanic eruption, the negative impact on production would be fully absorbed after 2.5 to 3 years. However, SIPEF hopes to shorten this period thanks to its accumulated experience.

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	2023	2022
Gross carrying amount at January 1	**439 851**	**416 487**
Change in consolidation scope	0	0
Acquisitions	32 556	29 429
Sales and disposals	- 9 897	- 6 145
Transfers	- 1 923	161
Translation differences	70	- 82
Gross carrying amount at December 31	**460 656**	**439 851**
Accumulated depreciation and impairment losses at January 1	**- 123 136**	**- 109 116**
Change in consolidation scope	0	0
Depreciation	- 21 382	- 19 228
Sales and disposals	10 566	5 140
Transfers	0	0
Translation differences	- 48	68
Accumulated depreciation and impairment losses at December 31	**- 134 000**	**- 123 136**
Net carrying amount January 1	**316 715**	**307 371**
Net carrying amount December 31	**326 656**	**316 715**

10. OTHER PROPERTY, PLANT AND EQUIPMENT

	2023							
In KUSD	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	**220 362**	**199 873**	**74 240**	**36 070**	**4 373**	**7 735**	**139 143**	**681 795**
Acquisitions	11 656	13 102	14 785	4 092	334	16 954	13 497	74 421
Sales and disposals	- 1 270	- 7 311	- 6 538	- 2 490	0	- 3 002	0	- 20 610
Transfers	5 050	1 417	525	447	0	- 5 509	- 7	1 923
Other	376	19	212	230	0	0	2 047	2 884
Translation differences	585	144	91	48	0	73	8	948
Gross carrying amount at December 31	**236 759**	**207 245**	**83 316**	**38 396**	**4 707**	**16 250**	**154 689**	**741 362**
Accumulated depreciation and impairment losses at January 1	**- 88 987**	**- 126 587**	**- 57 384**	**- 24 479**	**- 1 588**	**0**	**- 2 841**	**- 301 866**
Depreciation	- 10 136	- 11 758	- 6 053	- 2 720	- 571	0	- 7	- 31 245
Sales and disposals	1 030	7 432	6 484	2 464	0	0	0	17 411
Transfers	0	0	0	0	0	0	0	0
Other	- 19	- 10	- 46	- 7	0	0	0	- 83
Translation differences	- 366	- 93	- 60	- 35	0	0	- 7	- 562
Accumulated depreciation and impairment losses at December 31	**- 98 479**	**- 131 016**	**- 57 059**	**- 24 778**	**- 2 158**	**0**	**- 2 855**	**- 316 345**
Net carrying amount January 1	**131 374**	**73 287**	**16 856**	**11 591**	**2 785**	**7 735**	**136 302**	**379 930**
Net carrying amount December 31	**138 280**	**76 229**	**26 258**	**13 618**	**2 549**	**16 250**	**151 834**	**425 018**

The total of the investments in tangible assets (KUSD 74 421) relates to the usual replacement investments in the existing operations and in the new developments in South Sumatra (KUSD 40 114). In addition, to the further expansion of the planted areas and the associated infrastructure such as houses and roads, investments are being made in South Sumatra in particular in the construction of the Agro Muara Rupit mill (KUSD 13 630 up to December 2023) with a processing capacity, in the first phase, of 45 tonnes of FFB per hour. The remaining 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.

	2022							
In KUSD	**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	**200 834**	**187 855**	**72 622**	**34 867**	**3 551**	**12 794**	**131 411**	**643 933**
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**
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**

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	2 171	Concession	2047	Oil palm
PT Agro Muko	1 515	Concession	2022*	Oil palm
PT Agro Muko	2 100	Concession	2047	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	2049	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
Plantations J. Eglin SA	817	Provisional concession	n/a	Bananas and horticulture
Total	**86 598**			
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 and 2023 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 7 289 hectares of surveyed area (of which 4 095 hectares planted) on subleased land, with renewal dates between 2036 and 2046.

11. RECEIVABLES > 1 YEAR

In KUSD	2023	2022
Receivables > 1 year – smallholder receivables	34 229	28 287

The ‘receivables over one year’ consists out of loans to smallholders in South Sumatra to finance the development of their new plantings. When the smallholders plantations start to mature, the smallholders are obliged to sell their harvests to the Group and a portion of the resulting proceeds will be used to repay the loans.

The smallholder receivables will be gradually repaid from the moment the smallholders become a going concern plantation whereby proceeds of the FFB sales will be partly used to repay the loan.

Smallholder receivables are divided into interest bearing and non-interest bearing. The non-interest-bearing smallholder receivables are discounted upon recognition. The total discounting cost up to December 31, 2023, amounts to KUSD 2 240 with a cost of KUSD 402 for 2023. The total unwinding of the discount amounts to a gain of KUSD 45 for 2023.

The Group has calculated the expected credit loss in accordance with IFRS 9 and has done an impairment test on the outstanding smallholders’ receivables which showed no basis for impairment based on the long-term repayment plans.

The repayment of the smallholders’ loans will be determined largely by the plasma fruit production and world palm oil prices over the next years and is also dependent 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 3 074 – included in the current other receivables - and a long-term smallholder receivable of KUSD 34 229.

12. INVENTORIES

Analysis of inventories:

In KUSD	2023	2022
Raw materials and supplies	24 681	24 181
Finished goods	22 498	24 755
Total	**47 179**	**48 936**

The remaining stock of raw materials and supplies has increased slightly with KUSD 500 in comparison to prior year. This is mainly related to timing of fertilizer purchases.

The decrease in finished goods is mainly due to the lower CPO prices at year-end compared to prior year (940 USD/tonne in 2023 compared to 1 070 USD/tonne 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 quantity of CPO stock was in line with last year.

13. BIOLOGICAL ASSETS

The total biological assets at the end of the year are presented below:

In KUSD	2023	2022
Biological assets - palm oil	4 679	6 464
Biological assets - bananas	6 443	4 472
Total	**11 122**	**10 936**

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 harvest of 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 margin from processing is excluded from the calculation of biological assets. The fair value of the biological assets calculated at the closing value on the 31st of December 2023 is based on level 2 data input.

At 31 December 2023, the total biological assets of palm oil amounted to KUSD 4 679 compared to KUSD 6 464 at 31 December 2022.

Impact of the estimated quantity of available oil	-10%	Carrying amount	+10%
Carrying value of the biological assets - palm oil	4 211	4 679	5 147
Gross Impact income statement (before tax)	- 468		468

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 decrease compared to prior year is mainly related to the impact of the volcanic eruption on the productions in Hargy Oil Palms Ltd. in November 2023.

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 2023 amounted to KUSD 6 443 (2022: KUSD 4 472) 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	5 799	6 443	7 088
Gross Impact income statement (before tax)	- 644		644

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 increased with KUSD 1 762 from KUSD 47 728 in 2022 to KUSD 49 490 in 2023. The other receivables mainly consist of VAT receivables in the various entities, but also include a current account with Verdant Bioscience PTE Ltd (KUSD 10 054 in 2023 and KUSD 9 073 in 2022), a current account with PT Melania as it is classified as ‘asset held for sale’ and the smallholder receivables in Hargy Oil Palms Ltd.

The increase in ‘other receivables’ is explained by an increase in the outstanding loan to Verdant Bioscience Pte Ltd (VBS) with KUSD 981, some significant VAT settlements in our Indonesian subsidiaries (KUSD 510), a decrease of KUSD 2 456 in the current account towards PT Melania and an increase in the GST receivable (VAT receivable) in Hargy Oil Palms Ltd (KUSD 1 457).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 15 832 in 2023 and KUSD 14 437 in 2022) mainly concern social obligations (salaries to be paid, provisions for holiday pay and bonus) and other non-trade related payables. The increase, in comparison to prior year, is primarily due to the expenses related to the implementation of the new ERP project and partly offset by the decrease in variable numeration due to the lower results in 2023 compared to 2022.

15. SHAREHOLDERS' EQUITY

Capital stock and share premium

The issued capital of the company as at December 31, 2023, amounts to KUSD 44 734, represented by 10 579 328 fully paid ordinary shares without nominal value.

	2023	2022	Difference
Number of shares	10 579 328	10 579 328	0

In KUSD	2023	2022	Difference
Capital	44 734	44 734	0
Share premium	107 970	107 970	0
Total	**152 704**	**152 704**	**0**

	2023	2022	2023	2022
	KUSD	KUSD	KEUR	KEUR
Treasury shares - opening balance	**11 588**	**11 521**	**9 549**	**9 490**
Acquisition/sale treasury shares	93	67	92	59
Treasury shares - ending balance	**11 681**	**11 588**	**9 641**	**9 549**

Since the start of the share buy-back program on 22 September 2011, SIPEF has a total of 180 000 own shares for an amount of KEUR 9 641, corresponding to 1.7014% 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 14, 2023, 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*	4 234 956	04/12/2023	10 579 328	40.030
Cabra NV**	1 001 032	04/12/2023	10 579 328	9.462
Cabra P**	100 000	04/12/2023	10 579 328	0.945
Cabra T**	100 000	04/12/2023	10 579 328	0.945
Cabra V**	100 000	04/12/2023	10 579 328	0.945
Theodora Bracht**	2 000	04/12/2023	10 579 328	0.019
Priscilla Bracht**	0	04/12/2023	10 579 328	0.000
Victoria Bracht**	0	04/12/2023	10 579 328	0.000
Total votes acting in concert	**5 537 988**			**52.346**

** Including 180 000 own shares*
*** Group Bracht*
**** Latest transparency declaration*

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 268).

In KUSD	2023	2022
Opening balance at January 1	**-11 246**	**-10 666**
Movement, full consolidation	268	- 580
Ending balance at December 31	**-10 978**	**-11 246**

Dividends

On February 13, 2024, a dividend of maximum KEUR 21 159 (EUR 2.00 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, 2023.

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

The table below presents the non-controlling interests per company, as well as their share of the equity and the profit of the year.

	2023			2022		
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	22 834	824	5.00	21 823	1 106
PT Eastern Sumatra Indonesia	9.75	7 507	696	9.75	6 813	709
PT Kerasaan Indonesia	45.85	4 553	1 344	45.85	6 197	2 029
PT Bandar Sumatra Indonesia	9.75	868	- 148	9.75	1 018	- 121
PT Melania Indonesia	2.75	235	0	2.75	235	0
PT Mukomuko Agro Sejahtera	14.26	- 524	- 75	14.26	- 447	- 104
PT Umbul Mas Wisesa	5.00	94	158	5.10	- 68	469
PT Citra Sawit Mandiri	5.00	- 66	112	5.10	- 182	18
PT Toton Usaha Mandiri	5.00	279	40	5.10	244	86
PT Agro Rawas Ulu	0,00	0	0	5.00	- 330	- 136
PT Agro Kati Lama	0,00	0	0	5.00	- 974	- 277
PT Agro Muara Rupit	0,00	- 1	0	5.10	- 564	- 300
PT Agro Muko	4.95	1 996	738	5.00	1 344	1 170
PT Dendymarker Indah Lestari	4.95	-2 733	- 68	5.00	-2 710	- 351
Jabelmalux SA	0.00	- 1	0	0.11	- 58	0
Total		**35 042**	**3 619**		**32 341**	**4 298**

The non-controlling interest's share of the property, plant and equipment (including biological assets - bearer plants) amounts to KUSD 23 347 in 2023 (2022: KUSD 29 787). In 2023, SIPEF did a capital restructuring within the Group. The SIPEF group purchased the remaining shares from the minority shareholders in PT Agro Rawas Ulu, PT Agro Kati Lama and PT Agro Muara Rupit. The total consideration paid amounted to KUSD 415.

Furthermore, a capital increase in Jabelmalux SA was done in 2023 impacting the controlling interest percentages in the subsidiaries PT Umbul Mas Wisesa, PT Citra Sawit Mandiri, PT Toton Usaha Mandiri and PT Agro Muara Rupit.

The movements of the year can be summarized as follows:

In KUSD	2023	2022
At the end of the preceding period	**32 341**	**38 854**
Profit for the period attributable to non-controlling interests	3 619	4 298
Remeasurement gain/(loss) on Defined Benefit Plans	- 14	- 7
Distributed dividends	-2 796	-1 720
Equity transactions with non-controlling parties	1 890	-9 083
Other	0	0
At the end of the period	**35 042**	**32 341**

The distributed dividends to non-controlling interests consist of:

In KUSD	2023	2022
PT Kerasaan Indonesia	2 795	1 720
Jabelmalux SA	1	0
Total	**2 796**	**1 720**

The dividend from PT Kerasaan and Jabelmalux SA has been declared and paid in 2023.

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	2023	2022
Provision	524	767

The provisions are entirely related to a VAT dispute in Indonesia. During 2023, there have been a number of court cases which were settled mainly in SIPEF's 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 10 194. 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 2022 and 2023:

In KUSD	2022	Pension cost	Payment	Exchange	Translation difference	2023
Indonesia	19 802	3 740	-1 450	379	0	22 471
Côte d'Ivoire	646	427	- 53	0	24	1 044
Total	**20 448**	**4 167**	**-1 503**	**379**	**24**	**23 515**

The following assumptions are used in the pension calculation of Indonesia:

	2023	2022
Discount rate	7.00%	7.25%
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	2023	2022
Opening	19 801	21 498
Service cost	2 056	-116
Interest cost	1 445	1 366
Benefits paid	-1 450	-1 064
Actuarial gains and losses	239	126
Exchange differences	379	-2 009
Closing	**22 471**	**19 801**

Actuarial gains and losses consist of the following components:

In KUSD	2023	2022
Experience adjustments	-752	-345
Changes in assumptions used	991	471
Total actuarial gains and losses	**239**	**126**

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	2023	2022
Service cost	2 056	- 116
Interest cost	1 445	1 366
Pension cost	**3 501**	**1 250**
Actuarial gains and losses recorded in Other Comprehensive Income	239	126
Total pension cost	**3 741**	**1 375**

These costs are included under the headings cost of sales and general and administrative expenses of the income statement.

Estimated benefit payments cumulates to KUSD 1 442 in 2024.

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	20 464	22 471	24 768
Gross impact on the comprehensive income	2 006		-2 297

Impact of the change in future salary increase

In KUSD	+1%	Carrying amount	-1%
Pension liability of the Indonesian subsidiaries	24 885	22 471	20 333
Gross impact on the comprehensive income	-2 415		2 138

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 2 152 by the end of December 2023 (2022: KUSD 1 966) compared to the total minimum guaranteed reserves of KUSD 1 827 at 31 December 2023 (2022: KUSD 1 648).

Contributions paid regarding the defined contribution plans amount to KUSD 493 (2022: KUSD 463). SIPEF is not responsible for the minimum guaranteed return on the contributions paid for the members of the executive committee (KUSD 429).

19. NET FINANCIAL ASSETS/(LIABILITIES)

Net financial assets/(liabilities) (non-GAAP measure) can be analysed as follows:

In KUSD	2023	2022
Short-term obligations - credit institutions	-22 319	-5 323
Financial liabilities > 1 year (incl. derivatives)	0	-18 000
Current portion of amounts payable after one year	-18 000	-18 000
Other investments and deposits	1	10 208
Cash and cash equivalents	11 549	34 148
Lease liability	-2 649	-2 910
Net financial assets/(liabilities)	**-31 418**	**122**

Analysis of net financial assets/(liabilities) 2023 per currency:

In KUSD	EUR	USD	Others	Total
Short-term financial obligations	-5 519	-34 800	0	-40 319
Other investments and deposits	0	1	0	1
Cash and cash equivalents	1 103	9 226	1 220	11 549
Financial liabilities > 1 year	0	0	0	0
Lease liability	- 306	-2 343	0	-2 649
Total 2023	**-4 721**	**-27 917**	**1 220**	**-31 418**
Total 2022	**-4 559**	**3 957**	**724**	**122**

The short-term financial obligations relate to the commercial papers for a total amount of KUSD 5 519. This financial obligation has been completely hedged at an average rate of EUR 1 = USD 1.1018. Further, the short-term financial obligations are related to a straight loan of KUSD 16 800.

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 USD 85.5 million loan of which USD 67.5 million has already been repaid between 2019 - 2023. The remaining KUSD 18 000 will be repaid during fiscal year 2024. 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 (IRS).

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. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. The financial covenant ratio will remain at 2.50 on 30 June 2024 and 31 December 2024. 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 2024.

Covenant ratio	2023	2022
Operating result	107 978	178 312
Exceptional items	-2 801	0
Recurring operating result	**105 177**	**178 312**
Depreciation and result on sale FA	54 364	48 101
REBITDA	**159 541**	**226 413**
(-) minorities recurring	-3 619	-4 298
REBITDA group share	**155 922**	**222 115**
Net Senior Leverage	**0.20**	**0.00**

Reconciliation of the net financial assets/(liabilities) and cash flow:

In KUSD	2023	2022
Net financial position at the beginning of the period	**122**	**-49 192**
Decrease in long-term borrowings	18 528	18 642
Increase in long-term borrowings	- 182	- 755
Decrease in short-term financial obligations	590	7 154
Increase in short-term financial obligations	-17 671	- 106
Net movement in cash and cash equivalents	-32 806	24 379
Net financial assets/(liabilities) at the end of the period	**-31 418**	**122**

Reconciliation of the total financial liabilities:

In KUSD	2023	2022
Financial liabilities at the beginning of the period	**44 233**	**69 168**
Decrease in long-term financial obligations	-18 528	-18 642
Increase in long-term financial obligations	182	755
Decrease in short-term financial obligations	- 590	-7 154
Increase in short-term financial obligations	17 671	106
Financial liabilities at the end of the period	**42 968**	**44 233**

20. OTHER OPERATING INCOME/(EXPENSES)

The other operating income/(expenses) can be detailed as follows:

	2023			2022		
In KUSD	Equity holders of the parent	Non-controlling interests	Total	Equity holders of the parent	Non-controlling interests	Total
VAT claim Indonesia	485	26	510	548	30	578
VAT claim Belgium	0	0	0	274	0	274
Accelerated depreciation oil palms PT Dendymarker	0	0	0	- 385	- 20	- 405
Reversal impairment PT Citra Sawit Mandiri	2 661	140	2 801	0	0	0
Impairment PT Umbul Mas Wisesa biopellet project	-1 140	- 60	-1 200	0	0	0
Rental income tank storage capacity	588	31	619	270	14	284
Other income/(charges)	1 689	89	1 778	18	- 44	- 26
Other operating income/(expenses)	**4 284**	**225**	**4 509**	**725**	**- 20**	**705**

The other income/charges mainly consist out of:

- the movement in the provision for the Indonesian VAT claim (KUSD +510) mainly in favour of SIPEF;
- the reversal on the historical impairment (KUSD +2 801) in PT Citra Sawit Mandiri as the HGU has been obtained;
- the impairment of the ‘bio pellet project’ next to the mill of PT Umbul Mas Wisesa (KUSD -1 200);
- the tank rental income generated by rentals of tank storage capacity (KUSD +619);
- 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 expenses concern the interests on long term and short-term borrowings as well as bank charges, the discounting of the long-term smallholders receivables and other financial expenses.

In KUSD	2023	2022
Interests received	1 809	1 300
Discounting of receivables > 1 year	- 402	-1 883
Financial expenses	-1 677	-1 920
Exchange result	1 112	-4 809
Financial result derivatives	- 3	1 558
Financial result	**839**	**-5 754**

22. SHARE BASED PAYMENT

Grant date	Opening balance	Number of options granted	Number of options exercised	Number of options expired	Ending Balance
2013	16 000		-8 442	-7 558	0
2014	18 000		-2 000		16 000
2015	18 000				18 000
2016	18 000				18 000
2017	18 000				18 000
2018	20 000				20 000
2019	20 000			-2 000	18 000
2020	18 000				18 000
2021	18 000			-2 000	16 000
2022	20 000			-2 000	18 000
2023	0	20 000			20 000
Balance	**184 000**	**20 000**	**-10 442**	**-13 558**	**180 000**

	2023		2022	
	Number of share options	Weighted average exercise price (in EUR)	Number of share options	Weighted average exercise price (in EUR)
January 1	184 000	53.2	178 000	51.5
Granted during the year	20 000	52.7	20 000	57.7
Forfeitures of rights and expiries during the year	-13 558	54.8	-12 000	59.1
Exercised during the year	-10 442	55.3	-2 000	59.1
December 31	**180 000**	**52.9**	**184 000**	**53.2**
Exercisable at December 31	**126 000**		**128 000**	

	Options outstanding			Options Exercisable	
Range of exercise prices (EUR)	Number of outstanding	Weighted average remaining life (years)	Weighted average contractual price	Number exercisable	Weighted average exercise price
44.59 - 45,61	36 000	6.5	45.1	36 000	45.1
49.15 – 53.09	76 000	5.2	51.4	56 000	51.3
54.71 – 57.70	34 000	5.3	56.3	16 000	54.7
58.31 - 62.87	34 000	5.9	60.7	18 000	62.9
	180 000			**126 000**	

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 2014 - 2023 (valued at the fair value at the moment of granting), amounts to KUSD 1 463 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	57.7	2.5%	29.7	1.4%	5.0	12.7
2014	47.7	2.5%	24.8	0.2%	5.0	5.3
2015	52.8	2.5%	22.3	0.1%	5.0	8.0
2016	60.5	3.0%	19.4	-0.4%	5.0	8.4
2017	62.8	3.0%	18.9	-0.1%	5.0	5.6
2018	48.8	3.0%	18.6	-0.1%	5.0	3.5
2019	54.8	3.0%	19.6	-0.3%	5.0	8.1
2020	43.2	3.0%	23.4	-0.7%	5.0	4.6
2021	56.9	3.0%	24.1	-0.3%	5.0	6.7
2022	58.9	3.0%	25.9	2.8%	5.0	11.7
2023	53.0	3.0%	26.0	2.3%	5.0	9.8

In 2023, 20 000 new stock options were granted with an exercise price of EUR 52.7 per share. The fair value when granted was fixed at KUSD 216 and is recorded in the profit and loss accounts over the vesting period of 3 years (2024-2026). The total cost of the stock options included in the income statement is KUSD 163 in 2023 (2022: KUSD 140). To cover the outstanding option liability, SIPEF has a total of 180 000 treasury shares in portfolio.

	Number of shares	Average purchase/selling price (in EUR)	Total purchase/selling price (in KEUR)	Total purchase/selling price (in KUSD)
Opening balance 31/12/2022	178 933	53.4	9 549	11 588
Acquisition of treasury shares	11 509	56.6	651	701
Disposal of treasury shares	-10 442	53.4	- 559	- 608
Ending balance 31/12/2023	**180 000**	**53.4**	**9 641**	**11 681**

The extraordinary general meeting of shareholders on June 14, 2023, 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	2023	2022
Profit before tax	**108 817**	**172 557**
Tax at the applicable local rates	-28 251	-45 989
Average applicable tax rate	-25.9%	-26.7%
Withholding tax on the dividend of Hargy Oil Palms Ltd	0	-7 500
Non-taxable result reversal historical impairment PT Citra Sawit Mandiri	616	0
Permanent differences	- 935	-3 796
Losses of the year for which no DTA is recognised	0	- 128
Profits of the year for which no DTA is recognised	571	0
Impairment losses recognised on DTA recognised in previous years	-3 566	-2 003
Reversal of impairment losses on DTA recognised in previous years	437	105
Corrections prior year	0	- 225
Tax expense	**-31 128**	**-59 536**
Average effective tax rate	-28.6%	-34.5%

The non-taxable result in PT Citra Sawit Mandiri relates to the reversal of the historical impairment recorded in PT Citra Sawit Mandiri. The permanent differences consist mainly of disallowed expenses for tax purposes and have decreased due to lower permanently rejected interest cost expenses in the SIPEF group due to the thin capitalisation regulation in Indonesia. The withholding tax on the dividend of Hargy Oil Palms Ltd in prior year related to a 15% withholding tax payable on a dividend of USD 50 million paid by Hargy Oil Palms Ltd to SIPEF NV.

We received from the Indonesian tax authorities the formal approval, which 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	2023	2022
Deferred tax assets	15 214	14 097
Deferred tax liabilities	-52 454	-48 131
Net deferred taxes	**-37 240**	**-34 034**

The movements in net deferred taxes (assets - liabilities) are:

In KUSD	2023	2022
Opening balance	**-34 034**	**-33 400**
Variation (- expense) / (+ income) through income statement	2 043	- 109
Tax impact of IAS 19 through comprehensive income	124	28
Tax impact hedge accounting via OCI	214	- 537
Impact accelerated fiscal depreciations Hargy Oil Palms Ltd	-5 614	0
Change in consolidation scope	0	0
Other	27	- 16
Closing balance	**-37 240**	**-34 034**

Deferred taxes in the income statement are the result of:

In KUSD	2023	2022
Addition/(utilization) of tax losses brought forward	-1 091	149
Origin/(reversal) of temporary differences - IAS 41 revaluation	521	236
Origin/(reversal) of temporary differences - fixed assets	2 685	- 466
Origin/(reversal) of temporary differences - pension provision	463	- 401
Origin/(reversal) of temporary differences - other	- 536	373
Total	**2 042**	**- 109**

Total deferred tax assets are not entirely recognized in the balance sheet. The breakdown of total recognized and unrecognized deferred taxes is as follows:

	2023		
In KUSD	Total	Not recorded	Recorded
Biological assets	- 902	0	- 902
Property, plant and equipment, including bearer plants	-47 854	0	-47 854
Inventories	-5 777	0	-5 777
Pension provision	4 944	0	4 944
Tax losses	15 975	6 683	9 292
Others	3 057	0	3 057
Total	**-30 557**	**6 683**	**-37 240**

The majority of the unrecognized deferred tax assets at the end of 2023 are located at the companies of the South Sumatra group (KUSD 5 675) and the Tolan Tiga group rubber activities (KUSD 1 008). 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:

	2023		
In KUSD	Total	Not recorded	Recorded
1 year	9 321	5 432	3 889
2 years	21 771	18 909	2 862
3 years	13 505	4 424	9 081
4 years	9 349	807	8 542
5 years	9 211	807	8 404
Unlimited	8 220	0	8 220
Total	**71 376**	**30 378**	**40 998**

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 2021 and partly on the results of 2022 which were both higher than the results of 2023. Therefore, the prepayments of taxes of KUSD 56 216 were higher the taxes to be paid of KUSD 33 171.

In KUSD	2023	2022
Taxes to receive	6 925	1 100
Taxes to pay	-10 605	-33 440
Net taxes to receive/ (to pay)	**-3 681**	**-32 340**

In KUSD	2023	2022
Net taxes to receive/ (to pay) at the beginning of the period	**-32 340**	**-17 877**
Transfer	5 614	0
Taxes to pay	-33 171	-59 427
Paid taxes	56 216	44 964
Net taxes to receive/ (to pay) at the end of the period	**-3 681**	**-32 340**

Taxes paid as presented in the consolidated cash flow statement are detailed as follows:

In KUSD	2023	2022
Tax expense	-31 128	-59 536
Deferred tax	-2 043	109
Current taxes	**-33 171**	**-59 427**
Variation prepaid taxes	-5 825	369
Variation payable taxes	-17 221	14 094
Paid taxes	**-56 216**	**-44 964**

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:

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 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 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	2023	2022
Verdant Bioscience Pte Ltd	3 123	3 801
PT Timbang Deli Indonesia	-1 426	- 769
Total	**1 697**	**3 032**

The total section "Share of profit/loss of an associate and joint venture" can be summarized as follows:

In KUSD	2023	2022
Verdant Bioscience Pte Ltd	- 678	- 546
PT Timbang Deli Indonesia	- 657	- 20
Total result	**-1 335**	**- 566**

Below we present the condensed statements of financial position of the associated companies. These are prepared in accordance with IFRS and are before intercompany eliminations and excluding goodwill.

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
In KUSD	**2023**	**2022**	**2023**	**2022**
Biological assets	0	0	3 249	3 546
Other non-current assets	23 835	23 886	5 650	6 275
Current assets	14 527	13 723	987	892
Cash and cash equivalents	108	248	255	206
Total assets	**38 470**	**37 856**	**10 141**	**10 919**
Non-current liabilities	- 14	- 14	1 371	1 341
Long term financial debts	0	0	0	0
Current liabilities	24 105	21 707	14 957	13 945
Short term financial debts	0	0	0	0
Equity	14 379	16 162	-6 187	-4 367
Total equity and liabilities	**38 470**	**37 856**	**10 141**	**10 919**

The associates had no contingent liabilities or capital commitments as at 31 December 2023 and 2022.

Below we present the condensed income statements of the associated companies. These are prepared in accordance with IFRS and are before intercompany eliminations and excluding goodwill.

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
In KUSD	**2023**	**2022**	**2023**	**2022**
Inclusion in the consolidation:	38.00%	38.00%	36.10%	36.10%
Revenue	0	0	5 315	5 905
Depreciation	50	48	813	841
Interest income	203	200	3	5
Interest charges	0	0	- 203	- 200
Total comprehensive income	-1 784	-1 436	-1 820	- 56
Share in the consolidation	**- 678**	**- 546**	**- 657**	**- 20**
Total share of the group	- 678	- 546	- 657	- 20
Total share minorities	0	0	0	0
Total	**- 678**	**- 546**	**- 657**	**- 20**

Reconciliation of the associated companies

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	**2023**	**2022**	**2023**	**2022**
Equity without goodwill	14 379	16 161	-6 187	-4 367
Share of the group	5 464	6 141	-2 233	-1 576
Goodwill	0	0	807	807
Equity elimination PT Timbang Deli	-2 340	-2 340	0	0
Total	**3 123**	**3 801**	**-1 426**	**- 769**

Dividends received from associated companies

During the year no dividends were received from associated companies.

There are no restrictions on the transfers of funds to the Group.

25. CHANGE IN NET WORKING CAPITAL

Cash flow from operating activities decreased from KUSD 216 712 in 2022 to KUSD 162 768 in 2023, in line with the decrease in operating profit.

The variation of the working capital of KUSD 16 080 mainly relates to the decrease in trade receivables and trade payables, and a decreased variable renumeration provision.

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, environmental changes, agricultural activity, 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 bananas. A change of the palm oil price of USD 10 CIF per tonne has an impact of about KUSD 3 091 (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, Côte d’Ivoire 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	20 819	22 900	25 445
Gross impact income statement	2 082		-2 544

The pension liability in Indonesia consists of KUSD 22 900 from fully consolidated subsidiaries and of KUSD 430 from equity consolidated companies (PT Timbang Deli).

The long-term receivables on the Indonesian smallholders 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%
Smallholder receivables	35 949	39 544	43 937
Gross impact income statement	-3 595		4 394

On February 13, 2024, the board of directors has proposed the payment of a dividend of maximum KEUR 21 159 (EUR 2.00 gross per ordinary share). In line with the Group's liquidity and currency policy, the exchange risk was covered in 4 forward exchange contracts for the sale of KUSD 21 141 for KEUR 19 200 (average exchange rate of 1.1011) 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	19 266	21 192	23 547
Gross Impact income statement	-1 927		2 355

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 2023, the Group's net financial assets/(liabilities) amounted to KUSD -31 418 (2022: KUSD 122), of which KUSD 40 994 short-term financial liabilities (2022: KUSD 23 913), KUSD 0 long term financial liabilities (2022 KUSD: 18 000) and KUSD 11 745 net short-term cash and cash equivalents (2022: KUSD 44 356).

The 'financial liabilities > 1 year' (incl. derivatives) amount to KUSD 1 974 (2022: KUSD 20 320).

Considering that only the 'short-term obligations - credit institutions' (KUSD 5 519, 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.

Environmental risk

The Group manages key environmental-related risks that are linked with land use and conservation through its group-wide commitment to 'no deforestation' and 'no new development in peat areas' (NDP). The scope of this commitment includes SIPEF's smallholder suppliers. SIPEF is using a third-party monitoring platform to ensure effective implementation of this NDP policy. In addition, climate-related risks are being assessed in consultation with experts, with a focus on climate change mitigation (GHG emissions), climate physical risk and climate transition risk, as part of its work to develop and finalise the Group's climate change mitigation and adaptation strategy.

The production volumes, the turnover and margins realised by SIPEF are influenced by climatic conditions such as rainfall, sunshine, temperature and humidity. The potential physical impact of climate change is uncertain and may vary by region and product. SIPEF monitors water tables to design systems to deal with water retention, maintains buffer zones and invests in fire prevention / monitoring. With the growing concern over sustainability, tighter rules may be imposed on companies. SIPEF's palm oil plantations adhere to the RSPO standards and comply with the RSPO principles and criteria. If SIPEF is unable to continue to meet stricter requirements, it may lose its certification, or this may be suspended.

Agricultural activity risk

The primary financial risk associated with the Group's agricultural activity occurs due to the length of time between expending cash on capital expenditures, the purchase or planting and maintenance of the core products and on harvesting and producing the products, and ultimately receiving cash from the sale of the core products to third parties. The Group's strategy to manage this financial risk is to actively review and manage its working capital requirement. In addition, the Group maintains credit facilities at a level sufficient to fund its working capital during the period between cash expenditure and cash inflow. At 31 December 2023, the Group has unused credit facilities in the form of short-term loans of KUSD 101 755.

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	2023	2022
Receivables from the sale of palm oil	26 617	42 891
Receivables from the sale of bananas and plants	3 259	1 752
Total	**29 876**	**44 643**

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 client 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	2023	2022
Not yet due	2 115	852
Due < 30 days	736	823
Due between 30 and 60 days	391	49
Due between 60 and 90 days	0	0
Due > 90 days	16	28
Total	**3 259**	**1 752**

During 2023 and 2022, 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:

2023- 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)	0	0	0	0	0	0	0
Leasing liabilities > 1 year	1 974	-3 389	- 57	- 695	- 601	- 443	-1 593
Advances received > 1 year	0	0	0	0	0	0	0
Trade & other liabilities < 1 year							
Trade payables	25 243	-25 243	-25 243	0	0	0	0
Advances received	3 411	-3 411	-3 411	0	0	0	0
Financial liabilities < 1 year							
Current portion of amounts payable > 1 year	18 000	-18 327	-18 327	0	0	0	0
Financial liabilities	22 319	-22 519	-22 519	0	0	0	0
Leasing liabilities < 1 year	675	- 718	- 718				
Derivatives	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Total liabilities	**71 623**	**-73 607**	**-70 275**	**- 695**	**- 601**	**- 443**	**-1 593**

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 > 1 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**

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 142 074 (2022: KUSD 159 292). In 2023, 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	2023	2022
Interest rate swaps	495	1 350
Forward exchange transactions	285	289
Fair value (+ = asset; - = liability)	**780**	**1 639**

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 interest rate swap (IRS) has a notional amount of KUSD 18 000. The carrying amount is recorded on the derivatives (assets) for an amount of KUSD 855, the deferred tax assets for an amount of KUSD -214 and the other comprehensive income in the equity for an amount of KUSD 642.

The notional amount from the forward exchange transactions amounts to KUSD 20 636. 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 at 31 December 2023 were also incorporated in level 2.

Financial instruments per category

The following table presents the financial instruments per category as per end 2023 and end 2022:

2023 - In KUSD	Carrying amount	IFRS 9 category	Fair value	Fair value hierarchy
Financial assets				
Other investments	112	AC	112	Level 2
Receivables > 1 year				
Other receivables	34 229	AC	34 229	Level 2
Total non-current financial assets	**34 341**		**34 341**	
Trade and other receivables				
Trade receivables	29 876	AC	29 876	Level 2
Other receivables	49 490	AC	49 490	Level 2
Investments				
Other investments and deposits	1	AC	1	Level 2
Cash and cash equivalents	11 549	AC	11 549	Level 2
Derivatives	285	FVPL	285	Level 2
Derivatives	495	Hedge accounting	0	Level 2
Total current financial assets	**91 696**		**91 201**	
Trade and other obligations > 1 year	0	AC	0	Level 2
Financial obligations > 1 year (incl. derivatives)		AC	0	Level 2
Leasing liabilities > 1 year	1 974	AC	1 974	Level 2
Advances received > 1 year		AC	0	Level 2
Total non-current financial liabilities	**1 974**		**1 974**	
Trade & other obligations < 1 year				
Trade payables	25 243	AC	25 243	Level 2
Other payables	15 832	AC	15 832	Level 2
Advances received	3 411	AC	3 411	Level 2
Financial obligations < 1 year				
Current portion of amounts payable > 1 year	18 000	AC	18 000	Level 2
Financial obligations	22 319	AC	22 319	Level 2
Leasing liabilities < 1 year	675	AC	675	Level 2
Derivatives	0	FVPL	0	Level 2
Derivatives	0	Hedge accounting	0	Level 2
Total current financial liabilities	**85 481**		**85 481**	

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	FVPL	289	Level 2
Derivatives	1 350	Hedge accounting	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 > 1 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	FVPL	0	Level 2
Derivatives	0	Hedge accounting	0	Level 2
Total current financial liabilities	**73 911**		**73 911**	

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	2023	2022
Current lease liabilities	675	590
Non-current lease liabilities	1 974	2 320
Total lease liability as at 31 December	**2 649**	**2 910**

The movement during the year of the lease liability can be summarised as follows:

In KUSD	2023	2022
Lease commitments disclosed as at 1 January	**2 910**	**2 691**
Acquisitions	337	822
Financial expense/(income)	220	219
Lease repayments	- 792	- 804
Exchange result	- 27	- 17
Lease liability recognised as at 31 December	**2 649**	**2 910**

The lease commitments are included in the increase in long term (KUSD 182) and short term (KUSD 155) financial borrowings in the cash flow. The lease repayments are included in the decrease in long term (KUSD 630) and short term (KUSD -162) financial borrowings in the cash flow.

The right-of-use assets can be classified as follows:

Movement (in KUSD)	2023	2022
Total right-of-use assets as at 1 January	**2 785**	**2 587**
Acquisition	334	822
Depreciation	-571	- 624
Total right-of-use assets as at 31 December	**2 549**	**2 785**

	Land rights	Office rent	Car rent	Total
Total right-of-use assets as at 31 December 2022	833	1 693	259	**2 785**
Total right-of-use assets as at 31 December 2023	822	1 428	299	**2 549**

The total depreciation of the right-of-use assets until 31 December 2023 amounts to KUSD 571 and the financial expenses to KUSD 220. Of the depreciation, KUSD 11 was recorded in the cost of sales of the palm segment of Papua New Guinea and KUSD 560 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 no guarantees have been issued to a third party for the account of subsidiaries.

Significant litigation

Nil.

Forward sales

The commitments for the delivery of goods (palm products, 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	2023	2022
Directors' fees	480	465
Fixed fees	2 803	2 429
Variable fees	2 557	1 534
Post-employment benefits	429	406
Other	139	171
Market value vested stock option (on vesting date)	127	195
Total	**6 535**	**5 200**

The amounts are paid in EUR. The amount paid in 2023 amounts to KEUR 6 036 (2022: KEUR 4 957). The increase of KEUR 1 079 is mainly a consequence of the higher variable fee paid in 2023 compared to 2022.

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 220 (2022 KUSD 194) and KUSD 89 (2022 KUSD 81) 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	
	2023	2022	2023	2022
Total sales during the financial year	0	0	0	0
Total purchases during the financial year	0	0	2 117	2 510
Total receivables as per 31 December	10 056	9 028	12	9
Total payables as per 31 December	300	300	128	193

30. Business combinations, acquisitions and divestures

In 2023, the SIPEF group purchased the remaining shares from the minority shareholders of PT Agro Rawas Ulu, PT Agro Kati Lama and PT Agro Muara Rupit. The total consideration paid amounted to KUSD 415.

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 2022, a total of KUSD 3 502 has already been paid relating to the costs associated with the SPA. During 2023, an additional amount of KUSD 2 924 has been paid. This brings the total paid amount to KUSD 8 348 at 31 December 2023. 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 2023, 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 first half of 2024. 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	2023	2022
Basic earnings per share		
Basic earnings per share - calculation (USD)	6.99	10.40
Basic earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	72 735	108 157
Denominator: the weighted average number of ordinary shares outstanding	10 403 105	10 401 938
The weighted average number of ordinary shares outstanding is calculated as follows:		
Number of ordinary shares outstanding at January 1	10 400 395	10 401 328
Effect of shares issued / share buyback programs	2 710	610
Effect of the capital increase	0	0
The weighted average number of ordinary shares outstanding at December 31	10 403 105	10 401 938
Diluted earnings per share		
Diluted earnings per share - calculation (USD)	6.98	10.36
The diluted earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	72 735	108 157
Denominator: the weighted average number of dilutive ordinary shares outstanding	10 417 254	10 443 064
The weighted average number of dilutive ordinary shares outstanding is calculated as follows:		
The weighted average number of ordinary shares outstanding at December 31	10 403 105	10 401 938
Effect of stock options on issue	14 149	41 126
The weighted average number of dilutive ordinary shares outstanding at December 31	10 417 254	10 443 064

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.

33. SERVICES PROVIDED BY THE AUDITOR AND RELATED FEES

The statutory auditor of the SIPEF group is Ernst & Young 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 130 in 2023 (2022: KUSD 115). For the Group, EY has provided services for KUSD 597 in 2023 (2022: KUSD 568), of which KUSD 0 (2022: 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 Côte d'Ivoire
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	v
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 2023

In the context of the statutory audit of the Consolidated Financial Statements of SIPEF NV (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on the consolidated balance sheet as at 31 December 2023, 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 2023 and the disclosures including material accounting policy information (all elements together the "Consolidated Financial Statements") Financial Statements of the Integrated Annual Report 2023, 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 3 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 2023, the consolidated income statement, the statement of consolidated comprehensive income and the consolidated cash flow statement of the year and the disclosures ,including material accounting policy information, which show a consolidated balance sheet total of USD 1.080.242 thousand and of which the consolidated income statement shows a profit for the year of USD 76.354 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 2023, 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 USD 104.782 thousand as at 31 December 2023, 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 assessed the suitability and mathematical accuracy of the cash flow model used by management in determining the recoverable amount of the CGUs evaluated;
- 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 crude palm oil (CPO);
- With the help of our internal valuation specialists, we evaluated management’s key assumptions, such as long term growth rate and WACC, used in the impairment calculations;
- We assessed the sensitivity analysis prepared by management in respect of the effects of changes in the assumptions on the value in use;
- We independently performed sensitivity analyses around the key assumptions used in the discounted cash flow model
- We assessed the robustness of the budgeting process by management by comparing the historical accuracy of management forecasts, 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. This note explains that reasonable changes in key assumptions 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 USD 15.214 thousand as at 31 December 2023 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 forecasted taxable results 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 forecasted taxable results 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 USD 23 353 thousand of which 55% is still retained in the balance sheet as assets held for sale per 31 December 2023 or USD 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 199 in the Integrated Annual Report 2023) 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/stori).

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 2023 included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/stori) 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, 29 April 2024

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Oris Christoph

Christoph Oris *
Partner
*Acting on behalf of a BV/SRL

Wim Van Gasse *
Partner
*Acting on behalf of a BV/SRL

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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 2023 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 2023 amounts to KUSD 412 045 compared to KUSD 433 578 in previous year.

The 'financial assets – receivables from affiliated companies' increased with KUSD 38 970, and at the same time the 'amounts receivable within one year' decreased by KUSD 30 748. The 'receivables from affiliated companies' have increased mainly due to the capital increases in the subsidiaries PT Agro Rawas Ulu, PT Agro Kati Lama and Jabelmalux SA. The amounts receivable within one year have decreased by KUSD 30 748 because of the repayments by the subsidiaries of SIPEF. It must be noted that the trade receivables at year end 2022 were higher than usual, while the outstanding trade receivables at end 2023 were more in line with historical average.

On the liabilities side, the decrease in amounts payable after more than one year is related to the repayment of the long-term financial loan. The net financial debt payable within one year increased with KUSD 16 996 because the long-term financial debt were replaced by short-term financial debts. The other amounts payable within one year decreased mainly due to a lower dividend payable (KUSD -9 478) per year-end.

The equity of SIPEF before profit appropriation amounts to KUSD 299 929, which corresponds to USD 28.35 per share.

The individual results of SIPEF are large determined by dividends and financial income from interests received on intragroup current accounts. 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 2023 amounts to KUSD 10 806 compared to a profit of KUSD 50 737 in the previous year.

On February 13, 2024, a dividend of maximum KEUR 21 159 (EUR 2.00 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 1.40 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 13, 2024 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 21 159. If the annual general meeting approves this dividend proposal, the dividend will be payable from July 3, 2024.

Taking into account the number of treasury shares held on the date of establishment of the annual report (180 000 shares), the board of directors proposes to allocate the result (in KUSD) as follows:

- Profit carried forward from previous year: KUSD 120 623
- Profit of the year: KUSD 10 806
- Total available for appropriation: KUSD 131 429
- Addition to the legal reserve: KUSD 0
- Addition to the other reserves: KUSD 0
- Dividend: KUSD -22 957
- Result to be carried forward: KUSD 108 472

Condensed balance sheet

(after appropriation)

In KUSD	2023	2022
Assets		
Fixed assets	**341 590**	**302 696**
Formation expenses	0	0
Intangible assets	138	226
Tangible assets	257	244
Financial assets	341 196	302 226
Current assets	**70 454**	**130 882**
Amounts receivable after more than one year	0	0
Stocks and contracts in progress	1 233	780
Amounts receivable within one year	55 284	86 033
Investments	11 153	36 873
Cash at bank and in hand	2 167	6 429
Other current assets	618	767
Total assets	**412 045**	**433 578**
Liabilities		
Equity	**276 973**	**289 123**
Capital	44 734	44 734
Share premium account	107 970	107 970
Reserves	15 796	15 796
Profit/ (loss) carried forward	108 472	120 623
Provisions and deferred taxation	**0**	**0**
Provisions for liabilities and charges	0	0
Creditors	**135 072**	**144 455**
Amounts payable after more than one year	0	18 000
Amounts payable within one year	133 609	126 455
Accrued charges and deferred income	1 463	0
Total liabilities	**412 045**	**433 578**

Condensed income statement

In KUSD	2023	2022
Operating income	234 096	295 643
Operating charges	- 229 832	- 292 425
Operating result	**4 264**	**3 218**
Financial income	11 463	53 260
Financial expenses	- 2 294	- 4 050
Financial result	**9 169**	**49 210**
Result for the period before taxes	**13 433**	**52 428**
Income taxes	- 2 628	- 1 691
Result for the period	**10 806**	**50 737**

Appropriation account

In KUSD	2023	2022
Profit/ (loss) to be appropriated	131 429	153 840
Profit / (loss) for the period available for appropriation	10 806	50 737
Profit / (loss) brought forward	120 623	103 121
Appropriation account	**131 429**	**153 840**
Transfers to legal reserve	0	0
Transfers to other reserves	0	0
Result to be carried forward	108 472	120 623
Dividends	22 957	33 217
Remuneration to directors	0	0

Annex 1 – Sustainability targets and achievements

SIPEF's sustainability targets aligned with material topics identified.

- New Target set
- On Track
- Achieved
- Not Achieved
- Cancelled

NO.	MATERIAL TOPICS	COMMITMENTS	TARGETS	TARGET YEAR	STATUS IN 2023
1	Corporate Governance	Business ethics and transparency of grievance mechanism.	Update Grievance dashboard as required.	Ongoing	**On Track** For more information see: SIPEF's Grievance Dashboard. → www.sipef.com/hq/sustainability/grievances-dashboard-active-andor-progressing/
2	Productivity and Quality	Enhancing productivity, quality, and circularity.	Continue with Best Management Practices (BMPs) in existing operations.	Ongoing	**On Track** SIPEF continues to implement BMPs. For more info see: chapter on environmental stewardship.
			Support research linked with maximising yields, new regenerative and nature positive agricultural techniques and methods.	Ongoing	**On Track** SIPEF continues to invest in advancing research opportunities. For more info see: chapter SIPEF's operations.

NO.	MATERIAL TOPICS	COMMITMENTS	TARGETS	TARGET YEAR	STATUS IN 2023
3	Sustainability Standards and Certification	Achieve RSPO certification for SIPEF's own estates.	100% RSPO certification for SIPEF's own estates.	2026	**On Track** Achieved 76% RSPO certified planted areas for own estates.
4	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	**Achieved** Completed the pilot for CPO washing facility at the Mukomuko Palm Oil Mill in Q4 2023. The result is currently undergoing testing.
			Establish control programme on Mineral Oil Aromatic Hydrocarbons (MOAH) contamination.	Compliance with EU regulation	**Achieved** Established control programme on Mineral Oil Hydrocarbons (MOAH and MOSH) contamination. Since January 2024, all of SIPEF's palm oil mills in Indonesia and Papua New Guinea, as well as all kernel crushing plants in Papua New Guinea have transitioned from mineral oil lubricants to food-grade lubricants (H1) in operations that are in direct contact with the products during processing.
			Establish control programme on Mineral Oil Saturated Hydrocarbons (MOSH) contamination.		
5	R&D and Innovation	Utilise empty fruit bunches (EFB) for conversion into biopellets.	100% conversion of EFB into biopellets for Umbul Mas Wisesa operations.	Cancelled	**Cancelled** The project has been cancelled.

NO.	MATERIAL TOPICS	COMMITMENTS	TARGETS	TARGET YEAR	STATUS IN 2023
6	Health and Safety	No work-related fatalities.	Zero incidence of work-related fatalities.	Ongoing	● **Not Achieved** One work-related fatality in 2023. For more info see: chapter Respecting Employees and Communities.
7	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) · Côte d'Ivoire: 33% (Target: 10.97)	2025	● **On Track** LTIFR in 2023: · Papua New Guinea: 24.90 · Indonesia: 4.34 · Côte d'Ivoire: 6.13 For more info see: chapter on respecting employees and communities.
8	Human Rights and Labour Standards	Annual monitoring of Human Rights compliance.	One annual external assessment per business unit.	Annual	● **On Track** Social Impact Assessments were carried out in 2023: 14 in Indonesia, 1 in Papua New Guinea. An environmental and social management plan was launched in Côte d'Ivoire.
9	Climate Change	Reduce carbon footprint of SIPEF group.	Reduce GHG emission intensity (Scope 1 and 2) per tonne of CPO by 28% against 2021 baseline.	2030	● **On Track** 10% reduction in 2023 against 2021 net GHG emissions intensity.
10	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 EQ to monitor all of its estates and suppliers against NDP commitment in Indonesia and Papua New Guinea.

NO.	MATERIAL TOPICS	COMMITMENTS	TARGETS	TARGET YEAR	STATUS IN 2023
11	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	● **Achieved** SIPEF has completed its historical assessment of compliance to NDP commitment with the cut-off date of 31 December 2015 for all SIPEF's oil palm operations in Indonesia and Papua New Guinea with support from EQ. SIPEF will update its commitment on NDP with the cut-off date of the assessment 31 December 2015, that is aligned with most of the oil palm companies' commitments.
12	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.(1)	Ongoing	● **Achieved** External monitoring partner validated that no instances of deforestation or peat conversion occurred within the Group's entire supply base. The tree cover loss of 6.6 hectares reported in 2023 was due to encroachment by local villagers, not clearing by SIPEF.
13	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** External monitoring partner validated that no instances of deforestation or peat conversion occurred within the Group's entire supply base.

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

NO.	MATERIAL TOPICS	COMMITMENTS	TARGETS	TARGET YEAR	STATUS IN 2023
14	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	**Achieved** As of 31 December 2023, HCV-HCSA assessments completed covered all the key estates in Indonesia and Papua New Guinea. · Indonesia: 24 estates · Papua New Guinea: 3 estates The remaining eight estates in Indonesia have carried out HCV assessments which already cover all areas that would be designated as HCS areas. In addition, as no new developments planned for these estates, no further re-assessment will be required.
15	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 · Côte d'Ivoire	2026	**On Track** Progress on establishment of teams as summarised below: · Indonesia: In Bengkulu, a ranger is designated in each estate. · Papua New Guinea: An officer is designated in each estate and will be trained to monitor/ manage HCV/HCS areas. · Côte d'Ivoire: Sustainability assistant of the site designated to monitor conservation area identified.

NO.	MATERIAL TOPICS	COMMITMENTS	TARGETS	TARGET YEAR	STATUS IN 2023
16	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 224 hectares as of 2023.
			Engage with 369 farmers on regenerative agricultural methods within SBI.	2024	**Achieved** Engaged 376 farmers as of 2023 and have achieved target ahead of target timeline.
			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 methodology.
			Continual monitoring using the revised design and protocol.	Ongoing	
17	Sustainable Land Use and Conservation	Protect coastal shorelines and prevent flooding.	Restore 14 hectares of coastal areas.	2024	**On Track** Indonesia: Ongoing active and passive coastal restoration are being carried out in Muko Muko Estate and Tanah Rekah Estate including activities such as tree planting, oil palm removal, weeding and natural regeneration. Papua New Guinea: Rehabilitation will be carried out based on the updated management plan to be developed according to the latest HCV-HCSA assessment completed.
18	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** No incidents in Papua New Guinea, but 39 hotspots were verified in Indonesia, which impacted 160.5 hectares, started by external actors.

NO.	MATERIAL TOPICS	COMMITMENTS	TARGETS	TARGET YEAR	STATUS IN 2023
19	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 six verified cases in Papua New Guinea that impacted 2.2 hectares, linked to burning by the local communities for gardening.
20	Operational Efficiency	Adherence to local regulations on effluent limits in palm oil mills.	Biochemical 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 2023.
21	Operational Efficiency	Improve water use management at SIPEF's palm oil mills.	Water usage intensity per tonne of FFB, by palm oil mill (POM): 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 2023.
22	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	● **Achieved** Sei Rupit estate, the group of newly certified smallholders was certified in July 2023. With that latest addition to the RSPO certified supply base, 100% of smallholders supplying PT Dendymarker Indah Lestari, much earlier than expected.

NO.	MATERIAL TOPICS	COMMITMENTS	TARGETS	TARGET YEAR	STATUS IN 2023
23	Supply Chain Management	Achieve RSPO certification for all smallholders supplying to SIPEF in Musi Rawas.	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.
24	Supply Chain Management	Establish small-holder groups for relevant oper-ational units in Indonesia accord-ing 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.
25	Community Rights and Development	Contributing to community development programmes.	Continue contribution for com-munity development programmes such as health, education, child-care, and other initiatives.	Ongoing	**On Track** SIPEF continues to contribute to community development. For more info see: chapter on respecting emplyees and communities.

Annex 2 – EU Taxonomy 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 accounting 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 denominator 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 consolidated 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 2023). 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 Pte Ltd and PT Timbang Deli, which are included in the consolidation as equity consolidated companies and are not included in 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 contain 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 the 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, these costs include 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 property, plant and equipment.

As the SIPEF group has not identified Taxonomy-eligible economic activities, the Group does not record Capex/Opex-related assets or processes that are associated with Taxonomy-eligible economic activities in the numerator of the Capex KPI and the Opex. These tables are an integral part of the Integrated Annual Report.

Turnover

FINANCIAL YEAR	2023			SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES[1]	CODES[2]	TURNOVER[3]	PROPORTION OF TURNOVER, YEAR N[4]	CLIMATE CHANGE MITIGATION[5]	CLIMATE CHANGE ADAPTATION[6]	WATER[7]	POLLUTION[8]	CIRCULAR ECONOMY[9]	BIODIVERSITY[10]
		USD	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
N/A		0	0%	N/A	N/A	N/A	N/A	N/A	N/A
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%	0%	0%	0%	0%	0%	0%
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%
Of which Transitional		0	0%	0%	-	-	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
N/A		0	0%	N/A	N/A	N/A	N/A	N/A	N/A
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		0	0%	0%	0%	0%	0%	0%	0%
A. TURNOVER OF TAXONOMY ELIGIBLE ACTIVITIES (A.1+A.2)		0	0%	0%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		**443 886 088**	**100%**						
B. TURNOVER OF TAXONOMY-NON-ELIGIBLE ACTIVITIES		443 886 088	100%						
TOTAL (A+B)		443 886 088	100%						

PROPORTION OF TURNOVER/TOTAL TURNOVER PER OBJECTIVE	TAXONOMY-ALIGNED PER OBJECTIVE	TAXONOMY-ELIGIBLE PER OBJECTIVE
Climate Change Mitigation	0%	0%
Climate Change Adaptation	0%	0%
Water and Marine Resources	0%	0%
Circular Economy	0%	0%
Pollution Prevention and Control	0%	0%
Biodiversity and Ecosystems	0%	0%

DNSH CRITERIA (DOES NOT SIGNIFICANTLY HARM)									
CLIMATE CHANGE MITIGATION[11]	CLIMATE CHANGE ADAPTATION[12]	WATER[13]	POLLUTION[14]	CIRCULAR ECONOMY[15]	BIODIVERSITY[16]	MINIMUM SAFEGUARD[17]	PROPORTION OF TAXONOMY-ALIGNED (A.1.) OR ELIGIBLE (A.2.) TURNOVER, YEAR N-1[18]	CATEGORY ENABLING ACTIVITY[19]	CATEGORY TRANSITIONAL ACTIVITY[20]
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	-	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	-	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	-	T
-	-	-	-	-	-	-	0%	-	-
-	-	-	-	-	-	-	0%	-	-
-	-	-	-	-	-	-	0%	-	-

Capital Expenditure (Capex)

FINANCIAL YEAR	2023			SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES[1]	CODES[2]	CAPEX[3]	PROPORTION OF CAPEX, YEAR N[4]	CLIMATE CHANGE MITIGATION[5]	CLIMATE CHANGE ADAPTATION[6]	WATER[7]	POLLUTION[8]	CIRCULAR ECONOMY[9]	BIODIVERSITY[10]
		USD	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
N/A		0	0%	N/A	N/A	N/A	N/A	N/A	N/A
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%	0%	0%	0%	0%	0%	0%
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%
Of which Transitional		0	0%	0%	-	-	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
N/A		0	0%	N/A	N/A	N/A	N/A	N/A	N/A
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		0	0%	0%	0%	0%	0%	0%	0%
A. CAPEX OF TAXONOMY ELIGIBLE ACTIVITIES (A.1+A.2)		0	0%	0%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Capex of Taxonomy-non-eligible activities		**106 985 373**	**100%**						
B. CAPEX OF TAXONOMY-NON-ELIGIBLE ACTIVITIES		106 985 373	100%						
TOTAL (A+B)		**106 985 373**	**100%**						

PROPORTION OF CAPEX/TOTAL CAPEX PER OBJECTIVE	TAXONOMY-ALIGNED PER OBJECTIVE	TAXONOMY-ELIGIBLE PER OBJECTIVE
Climate Change Mitigation	0%	0%
Climate Change Adaptation	0%	0%
Water and Marine Resources	0%	0%
Circular Economy	0%	0%
Pollution Prevention and Control	0%	0%
Biodiversity and Ecosystems	0%	0%

DNSH CRITERIA (DOES NOT SIGNIFICANTLY HARM)									
CLIMATE CHANGE MITIGATION(11)	CLIMATE CHANGE ADAPTATION(12)	WATER(13)	POLLUTION(14)	CIRCULAR ECONOMY(15)	BIODIVERSITY(16)	MINIMUM SAFEGUARD(17)	PROPORTION OF TAXONOMY-ALIGNED (A.1.) OR ELIGIBLE (A.2.) CAPEX, YEAR N-1(18)	CATEGORY ENABLING ACTIVITY(19)	CATEGORY TRANSITIONAL ACTIVITY(20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	-	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	-	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	-	T
-	-	-	-	-	-	-	0%	-	-
-	-	-	-	-	-	-	0%	-	-
-	-	-	-	-	-	-	0%	-	-

Operating Expenditure (Opex)

FINANCIAL YEAR	2023			SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES[1]	CODES[2]	OPEX[3]	PROPORTION OF OPEX, YEAR N[4]	CLIMATE CHANGE MITIGATION[5]	CLIMATE CHANGE ADAPTATION[6]	WATER[7]	POLLUTION[8]	CIRCULAR ECONOMY[9]	BIODIVERSITY[10]
		USD	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
N/A		0	0%	N/A	N/A	N/A	N/A	N/A	N/A
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%	0%	0%	0%	0%	0%	0%
Of which Enabling		0	0%	0%	0%	0%	0%	0%	0%
Of which Transitional		0	0%	0%	-	-	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
N/A		0	0%	N/A	N/A	N/A	N/A	N/A	N/A
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		0	0%	0%	0%	0%	0%	0%	0%
A. OPEX OF TAXONOMY ELIGIBLE ACTIVITIES (A.1+A.2)		0	0%	0%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Opex of Taxonomy-non-eligible activities		**47 870 837**	**100%**						
B. OPEX OF TAXONOMY-NON-ELIGIBLE ACTIVITIES		47 870 837	100%						
TOTAL (A+B)		**47 870 837**	**100%**						

PROPORTION OF OPEX/TOTAL OPEX PER OBJECTIVE	TAXONOMY-ALIGNED PER OBJECTIVE	TAXONOMY-ELIGIBLE PER OBJECTIVE
Climate Change Mitigation	0%	0%
Climate Change Adaptation	0%	0%
Water and Marine Resources	0%	0%
Circular Economy	0%	0%
Pollution Prevention and Control	0%	0%
Biodiversity and Ecosystems	0%	0%

DNSH CRITERIA (DOES NOT SIGNIFICANTLY HARM)									
CLIMATE CHANGE MITIGATION[11]	CLIMATE CHANGE ADAPTATION[12]	WATER[13]	POLLUTION[14]	CIRCULAR ECONOMY[15]	BIODIVERSITY[16]	MINIMUM SAFEGUARD[17]	PROPORTION OF TAXONOMY-ALIGNED (A.1.) OR ELIGIBLE (A.2.) OPEX, YEAR N-1[18]	CATEGORY ENABLING ACTIVITY[19]	CATEGORY TRANSITIONAL ACTIVITY[20]
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	-	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	-	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	-
N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	-	T
-	-	-	-	-	-	-	0%	-	-
-	-	-	-	-	-	-	0%	-	-
-	-	-	-	-	-	-	0%	-	-

Annex 3 – Base Data

ABOUT SIPEF

Group production (in tonnes - excluding PT Melania)

FRESH FRUIT BUNCHES PRODUCED	YTD 2023	YTD 2022	% CHANGE
OWN			
Indonesia	**1 049 691**	**1 040 074**	**0.92%**
Tolan Tiga group	282 821	303 925	-6.94%
Umbul Mas Wisesa group	186 328	220 439	-15.47%
Agro Muko group	362 376	361 096	0.35%
South Sumatra group	218 165	154 613	41.10%
Papua New Guinea	**367 340**	**403 419**	**-8.94%**
Hargy Oil Palms Ltd	367 340	403 419	-8.94%
TOTAL OWN	**1 417 031**	**1 443 493**	**-1.83%**
OUTGROWERS			
Indonesia	**60 848**	**54 033**	**12.61%**
Tolan Tiga group	10 304	11 217	-8.14%
Umbul Mas Wisesa group	812	1 131	-28.22%
Agro Muko group	17 356	17 662	-1.73%
South Sumatra group	32 377	24 023	34.77%
Papua New Guinea	**232 414**	**254 356**	**-8.63%**
Hargy Oil Palms Ltd	232 414	254 356	-8.63%
TOTAL OUTGROWERS	**293 262**	**308 389**	**-4.91%**
TOTAL FRESH FRUIT BUNCHES PRODUCED	**1 710 292**	**1 751 883**	**-2.37%**

FRESH FRUIT BUNCHES SOLD	YTD 2023	YTD 2022	% CHANGE
Indonesia	**42 588**	**66 250**	**-35.72%**
Tolan Tiga group	2 631	4 608	-42.90%
Umbul Mas Wisesa group	34 467	40 433	-14.76%
Agro Muko group	5 490	4 924	11.50%
South Sumatra group	0	16 286	-100.00%
TOTAL FRESH FRUIT BUNCHES SOLD	**42 588**	**66 250**	**-35.72%**

FRESH FRUIT BUNCHES PROCESSED	YTD 2023	YTD 2022	% CHANGE
Indonesia	**1 067 951**	**1 027 857**	**3.90%**
Tolan Tiga group	290 494	310 534	-6.45%
Umbul Mas Wisesa group	152 673	181 137	-15.71%
Agro Muko group	374 242	373 834	0.11%
South Sumatra group	250 542	162 351	54.32%
Papua New Guinea	**599 754**	**657 776**	**-8.82%**
Hargy Oil Palms Ltd	599 754	657 776	-8.82%
TOTAL FRESH FRUIT BUNCHES PROCESSED	**1 667 705**	**1 685 632**	**-1.06%**

OIL EXTRACTION RATE	YTD 2023	YTD 2022	% CHANGE
Indonesia	**22.9%**	**23.1%**	**-0.85%**
Tolan Tiga group	22.7%	22.7%	-0.21%
Umbul Mas Wisesa group	22.9%	23.4%	-2.15%
Agro Muko group	23.0%	23.2%	-0.61%
South Sumatra group	22.9%	23.2%	-1.34%
Papua New Guinea	**24.5%**	**25.3%**	**-3.41%**
Hargy Oil Palms Ltd	24.5%	25.3%	-3.41%
TOTAL OIL EXTRACTION RATE	**23.5%**	**24.0%**	**-2.11%**

PALM OIL	YTD 2023	YTD 2022	% CHANGE
OWN			
Indonesia	**231 569**	**226 611**	**2.19%**
Tolan Tiga group	64 044	68 975	-7.15%
Umbul Mas Wisesa group	34 832	42 272	-17.60%
Agro Muko group	82 490	83 075	-0.70%
South Sumatra group	50 202	32 289	55.48%
Papua New Guinea	**90 060**	**102 479**	**-12.12%**
Hargy Oil Palms Ltd	90 060	102 479	-12.12%
TOTAL OWN	**321 629**	**329 090**	**-2.27%**
OUTGROWERS			
Indonesia	**12 883**	**10 675**	**20.68%**
Tolan Tiga group	1 773	1 532	15.76%
Umbul Mas Wisesa group	152	148	2.81%
Agro Muko group	3 695	3 542	4.32%
South Sumatra group	7 263	5 453	33.18%
Papua New Guinea	**56 703**	**64 162**	**-11.63%**
Hargy Oil Palms Ltd	56 703	64 162	-11.63%
TOTAL OUTGROWERS	**69 586**	**74 837**	**-7.02%**
TOTAL PALM OIL	**391 215**	**403 927**	**-3.15%**

PALM KERNELS	YTD 2023	YTD 2022	% CHANGE
OWN			
Indonesia	**46 579**	**44 278**	**5.20%**
Tolan Tiga group	15 912	16 686	-4.64%
Umbul Mas Wisesa group	6 388	7 432	-14.04%
Agro Muko group	15 792	15 202	3.89%
South Sumatra group	8 487	4 959	71.13%
TOTAL OWN	**46 579**	**44 278**	**5.20%**
OUTGROWERS			
Indonesia	**2 353**	**1 877**	**25.34%**
Tolan Tiga group	385	312	23.10%
Umbul Mas Wisesa group	28	25	9.86%
Agro Muko group	755	748	0.94%
South Sumatra group	1 186	792	49.76%
TOTAL OUTGROWERS	**2 353**	**1 877**	**25.34%**
TOTAL PALM KERNELS	**48 932**	**46 156**	**6.02%**

PALM KERNEL OIL	YTD 2023	YTD 2022	% CHANGE
Papua New Guinea	**12 412**	**13 361**	**-7.10%**
Hargy Oil Palms Ltd - Own	7 690	8 185	-6.05%
Hargy Oil Palms Ltd - Outgrowers	4 722	5 176	-8.77%
TOTAL PALM KERNEL OIL	**12 412**	**13 361**	**-7.10%**

RUBBER	YTD 2023	YTD 2022	% CHANGE
OWN			
Indonesia	**827**	**1 368**	**-39.55%**
Tolan Tiga group	151	387	-60.98%
Agro Muko	676	981	-31.09%
TOTAL OWN	**827**	**1 368**	**-39.55%**
OUTGROWERS			
Indonesia	**141**	**555**	**-74.59%**
Tolan Tiga group	141	555	-74.59%
TOTAL OUTGROWERS	**141**	**555**	**-74.59%**
TOTAL RUBBER	**968**	**1 923**	**-49.66%**

BANANAS	YTD 2023	YTD 2022	% CHANGE
Côte d'Ivoire	**26 129**	**29 759**	**-12.20%**
Azaguié	11 702	12 832	-8.81%
Agboville	8 003	9 384	-14.72%
Motobé	6 424	7 543	-14.83%
Lumen	12 676	2 511	404.80%
Akoudié	2 171	0	-
TOTAL BANANAS	**40 976**	**32 270**	**26.98%**

Planted Area (in hectares)

Total planted area of consolidated companies excluding PT Timbang Deli and PT Melania.

	2023			2022		
	MATURE	IMMATURE	PLANTED	MATURE	IMMATURE	PLANTED
OIL PALMS	67 222	14 949	82 171	64 953	13 401	78 354
Indonesia	**54 917**	**13 705**	**68 621**	**52 886**	**11 880**	**64 766**
Tolan Tiga group	**11 455**	**2 496**	**13 950**	**11 524**	**1 244**	**12 768**
PT Tolan Tiga	6 960	1 075	8 035	7 029	640	7 669
PT Eastern Sumatra	2 500	593	3 093	2 500	357	2 857
PT Kerasaan	1 994	327	2 322	1 994	247	2 242
PT Bandar Sumatra	0	500	500	0	0	0
Umbul Mas Wisesa group	**9 924**	**0**	**9 924**	**9 924**	**0**	**9 924**
PT Umbul Mas Wisesa	7 043	0	7 043	7 043	0	7 043
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	**17 484**	**4 066**	**21 549**	**18 512**	**2 607**	**21 119**
PT Agro Muko	14 995	3 474	18 469	15 796	2 001	17 798
PT Mukomuko Agro Sejahtera	2 489	592	3 081	2 716	606	3 322
South Sumatra group	**16 054**	**7 143**	**23 197**	**12 926**	**8 028**	**20 954**
PT Agro Kati Lama	4 022	779	4 801	3 775	633	4 407
PT Agro Muara Rupit	4 980	3 371	8 352	4 021	2 585	6 606
PT Agro Rawas Ulu	2 405	205	2 610	2 173	426	2 599
PT Dendymarker Indah Lestari	4 646	2 788	7 434	2 957	4 384	7 341
Papua New Guinea	**12 305**	**1 244**	**13 550**	**12 067**	**1 521**	**13 588**
Hargy Oil Palms Ltd	12 305	1 244	13 550	12 067	1 521	13 588
RUBBER	1 901	0	1 901	1 954	0	1 954
Indonesia	**1 901**	**0**	**1 901**	**1 954**	**0**	**1 954**
Tolan Tiga group	**649**	**0**	**649**	**696**	**0**	**696**
PT Bandar Sumatra	649	0	649	696	0	696
Agro Muko group	**1 251**	**0**	**1 251**	**1 258**	**0**	**1 258**
PT Agro Muko	1 251	0	1 251	1 258	0	1 258
BANANAS	1 229	0	1 229	906	160	1 066
Côte d'Ivoire	**1 229**	**0**	**1 229**	**906**	**160**	**1 066**
Plantations J. Eglin SA	1 229	0	1 229	906	160	1 066
PINEAPPLE FLOWERS	29	0	29	23	8	31
Côte d'Ivoire	**29**	**0**	**29**	**23**	**8**	**31**
Plantations J. Eglin SA	29	0	29	23	8	31
TOTAL	**70 381**	**14 949**	**85 329**	**67 836**	**13 568**	**81 404**

Planted Area (in hectares)[1]

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	82 171	94.54%	77 685
Indonesia	**68 621**	**93.46%**	**64 135**
Tolan Tiga group	**13 950**	**83.74%**	**11 682**
PT Tolan Tiga	8 035	95.00%	7 633
PT Eastern Sumatra	3 093	90.25%	2 792
PT Kerasaan	2 322	54.15%	1 257
PT Bandar Sumatra	500	90.25%	451
Umbul Mas Wisesa group	**9 924**	**95.00%**	**9 428**
PT Umbul Mas Wisesa	7 043	95.00%	6 691
PT Toton Usaha Mandiri	1 135	95.00%	1 078
PT Citra Sawit Mandiri	1 746	95.00%	1 659
Agro Muko group	**21 549**	**93.72%**	**20 196**
PT Agro Muko	18 469	95.05%	17 554
PT Mukomuko Agro Sejahtera	3 081	85.74%	2 641
South Sumatra group	**23 197**	**98.41%**	**22 829**
PT Agro Kati Lama	4 801	100.00%	4 801
PT Agro Muara Rupit	8 352	100.00%	8 351
PT Agro Rawas Ulu	2 610	100.00%	2 610
PT Dendymarker Indah Lestari	7 434	95.05%	7 066
Papua New Guinea	**13 550**	**100.00%**	**13 550**
Hargy Oil Palms Ltd	13 550	100.00%	13 550
RUBBER	1 901	93.41%	1 775
Indonesia	**1 901**	**93.41%**	**1 775**
Tolan Tiga group	**649**	**90.25%**	**586**
PT Bandar Sumatra	649	90.25%	586
Agro Muko group	**1 251**	**95.05%**	**1 189**
PT Agro Muko	1 251	95.05%	1 189
BANANAS	1 229	100.00%	1 229
Côte d'Ivoire	**1 229**	**100.00%**	**1 229**
Plantations J. Eglin SA	1 229	100.00%	1 229
PINEAPPLE FLOWERS	29	100.00%	29
Côte d'Ivoire	**29**	**100.00%**	**29**
Plantations J. Eglin SA	29	100.00%	29
TOTAL	**85 329**	**94.60%**	**80 718**

(1) 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
2023	1 277	0	2 342	2 078	369	6 066
2022	647	0	1 052	2 056	875	4 632
2021	597	0	1 066	2 924	673	5 259
2020	0	0	114	3 167	63	3 344
2019	278	0	1 519	3 110	335	5 242
2018	303	0	1 067	2 430	547	4 346
2017	397	45	971	2 614	596	4 624
2016	328	185	397	2 553	219	3 682
2015	679	69	1 071	1 269	741	3 828
2014	709	0	1 014	740	1 386	3 849
2013	434	0	1 240	255	947	2 877
2012	745	202	1 503	0	1 628	4 079
2011	754	755	26	0	811	2 346
2010	625	1 525	357	0	619	3 126
2009	103	1 658	536	0	294	2 590
2008	397	1 954	223	0	239	2 813
2007	319	2 139	330	0	1 557	4 346
2006	619	365	900	0	896	2 780
2005	551	1 004	516	0	188	2 258
2004	116	0	730	0	158	1 004
2003	725	0	120	0	130	975
2002	233	0	63	0	278	575
2001	296	0	549	0	0	845
2000	302	0	725	0	0	1 027
1999	370	0	1 469	0	0	1 839
1998	400	0	767	0	0	1 166
Before 1998	1 747	24	883	0	0	2 654
	13 950	**9 924**	**21 549**	**23 197**	**13 550**	**82 171**
AVERAGE AGE	12.99	14.59	11.08	4.09	10.17	**9.71**

Evolution of key data over 5 years

		2023	2022	2021	2020	2019
ACTIVITIES						
Total own production of consolidated companies (in tonnes)	palm oil	321 629	329 090	316 740	271 472	264 641
	rubber	968	1 923	3 182	5 300	5 495
	bananas	40 976	32 270	32 200	31 158	32 849
Average market price (USD/tonne)	palm oil (1)	964	1 345	1 195	715	566
	rubber (2)	1 577	1 810	2 071	1 728	1 640
	bananas (3)	830	762	616	628	662
Own FFB production (in tonnes/ha)	Indonesia (excl. DM)	19.11	19.67	19.86	18.74	19.52
	Papua New Guinea	29.85	33.43	28.51	21.16	20.79
Palm oil extraction rate (in %)	Indonesia (excl. DM)	22.89%	23.09%	22.99%	22.79%	23.23%
	Papua New Guinea	24.47%	25.33%	25.58%	24.64%	23.35%
STOCK EXCHANGE SHARE PRICE (IN EUR)						
Maximum		62.30	70.80	60.80	56.70	54.80
Minimum		51.30	52.70	43.85	38.00	35.25
Closing 31/12		53.00	58.90	56.90	43.20	54.80
Stock Exchange capitalisation at 31/12 (in KEUR)		560 704	623 122	601 964	457 027	579 747
RESULTS (IN KUSD)						
Turnover		443 886	527 460	416 053	274 027	248 310
Gross profit		149 673	221 031	169 218	62 357	37 162
Operating result		107 978	178 312	139 416	30 778	4 940
Share of the group in the result		72 735	108 157	93 749	14 122	-8 004
Cash flow from operating activities after taxes		122 632	165 295	160 311	73 262	33 988
Free cash flow		5 813	79 511	112 270	21 299	-27 751
BALANCE SHEET (IN KUSD)						
Operating fixed assets (4)		751 674	696 645	667 267	670 637	665 413
Shareholders' equity		853 777	817 803	727 329	638 688	628 686
Net financial assets (+)/obligations (-)		-31 418	122	-49 192	-151 165	-164 623
Investments in intangible and operating fixed assets (4)		106 985	79 294	68 692	51 763	66 546
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		180 000	178 933	178 000	160 000	160 000
Equity		82.10	78.63	69.93	61.30	60.34
Basic earnings per share (5)		6.99	10.40	9.00	1.36	-0.77
Cash flow from operating activities after taxes (5)		11.79	15.89	15.39	7.03	3.26
Free cash flow (2)		0.56	7.64	10.78	2.04	-2.66

(1) Oilworld price data
(2) World bank commodity price data
(3) CIRAD price data (in EUR)
(4) Operating fixed assets = biological assets - bearer plants, other property, plant & equipment and investment property
(5) Denominator 2023 = weighted average number of shares issued (10 403 105 shares)

SUSTAINABILITY APPROACH

RSPO certified planted area of oil palm operations[1]

OIL PALM OPERATIONS (HECTARES)	2023	2022
SIPEF GROUP		
RSPO certified planted area - own plantations	65 522	61 622
RSPO certified planted area - scheme smallholders	18 639	15 909
TOTAL RSPO CERTIFIED PLANTED AREA	**81 161**	**77 531**
INDONESIA		
RSPO certified planted area - own plantations	48 972	48 034
RSPO certified planted area - scheme smallholders	3 832	1 102
RSPO CERTIFIED PLANTED AREA	**52 804**	**49 136**
PAPUA NEW GUINEA		
RSPO certified planted area - own plantations	13 550	13 588
RSPO certified planted area - scheme smallholders	14 807	14 807
RSPO CERTIFIED PLANTED AREA	**28 356**	**28 395**

(1) The table is updated to focus on RSPO certified planted areas for own plantations and scheme smallholders.

RSPO certified FFB production volumes of oil palm operations

OIL PALM OPERATIONS (TONNES)	2023	2022
SIPEF GROUP		
RSPO certified FFB - own plantations	1 219 857	1 273 922
RSPO certified FFB - scheme smallholders[2]	252 378	272 007
RSPO certified FFB - independent smallholders[2]	679	643
TOTAL RSPO CERTIFIED FFB	**1 472 914**	**1 546 572**
INDONESIA		
RSPO certified FFB - own plantations	852 517	870 503
RSPO certified FFB - scheme smallholders[2]	19 964	17 651
RSPO certified FFB - independent smallholders[2]	679	643
RSPO CERTIFIED FFB	**873 160**	**888 797**
PAPUA NEW GUINEA		
RSPO certified FFB - own plantations	367 340	403 419
RSPO certified FFB - scheme smallholders	232 414	254 356
RSPO CERTIFIED FFB	**599 754**	**657 775**

(2) Smallholders categorised by scheme and independent smallholders. Exclude PT Timbang Deli.

RSPO and ISPO certification progress of palm oil mills and kernel crushing plants

PALM OIL OPERATIONS (NUMBER OF MILLS AND KERNEL CRUSHING PLANTS)	2023	2022
INDONESIA		
RSPO certified mills - Identity Preserved	5	5
RSPO certified mills - Mass Balance	1	1
ISPO certified mills	6	6
PAPUA NEW GUINEA		
RSPO certified mills - Identity Preserved	3	3
RSPO certified kernel crushing plants	2	2

RSPO certified CPO and PK volumes

PALM OIL OPERATIONS (TONNES)	2023	2022
RSPO CERTIFIED CPO PRODUCTION		
Indonesia	201 534	206 959
Papua New Guinea	146 763	166 641
TOTAL RSPO CERTIFIED CPO PRODUCTION	**348 297**	**373 600**
RSPO CERTIFIED PK PRODUCTION		
Indonesia	41 708	41 700
Papua New Guinea	31 230	33 916
TOTAL RSPO CERTIFIED PK PRODUCTION	**72 938**	**75 616**

Sustainability standards and certification

STANDARDS & CERTIFICATIONS (NUMBER OF CERTIFICATES)	PRODUCT	2023	2022	2021	2020	2019	2018
RSPO: Roundtable on Sustainable Palm Oil	Palm oil	8	8	8	8	8	8
ISCC: International Sustainability and Carbon Certification	Palm oil	4	4	4	4	4	5
ISPO: Indonesian Sustainable Palm Oil	Palm oil	8	8	8	6	6	5
ISO 14001:2015	Palm oil	1	1	1	1	1	1
ISO 9001:2015	Palm oil	1	1	1	1	1	1
GLOBALG.A.P.	Bananas	2(1)	1	1	1	1	1
Rainforest Alliance	Bananas	3(1)	2	5	5	5	5
Fairtrade	Bananas	2(1)	2(1)	2(1)	2(1)	2(1)	-
Sedex	Bananas	1	1	1	1	1	1
TOTAL		**30**	**28**	**31**	**29**	**29**	**27**

(1) Figures for Fairtrade, GlobalG.A.P., and Rainforest Alliance include Chain of Custody certificates. Chain of Custody certifications for GlobalG.A.P. and Rainforest Alliance standards have been achieved for the SIPEF Head Office in Belgium for the first time in 2023. Fairtrade Chain of Custody certification has been in place since 2019.

ENVIRONMENTAL STEWARDSHIP

SIPEF net GHG emissions per year (Scope 1 and Scope 2)

GHG EMISSIONS (tCO_2e)	2023	2022	2021
Scope 1	636 360	645 515	719 810
Scope 2	15 151	12 756	8 953
TOTAL NET GHG EMISSIONS PER YEAR	**651 511**	**658 271[1]**	**728 762[1]**

(1) Net GHG emission of the financial year 2022 and the financial year 2021 are restated to reflect the improvement of scope of GHG calculations. The rest of the net GHG emissions and intensity in this section are restated in line with this improvement. More information available in the Environmental Stewardship section of this report.

SIPEF net GHG emissions per crop (Scope 1 and Scope 2)

GHG EMISSIONS (tCO_2e)	2023	2022	2021
Oil palm	656 553	662 667	721 640
Rubber[2]	-19 040	-14 809	-7 400
Tea	8 536	8 680	8 889
Bananas	5 461	1 733	5 633
TOTAL NET GHG EMISSIONS PER CROP	**651 511**	**658 271**	**728 762**

(2) The trend of the emissions from rubber operations is due to SIPEF's phasing out from rubber and is in the process of converting rubber plantations to oil palm plantations. The unharvested rubber stands are sequestering carbon.

SIPEF GHG emissions intensity per tonne of CPO (Scope 1 and Scope 2)

GHG EMISSIONS (tCO_2e/TONNE CPO)	2023	2022	2021
Crude palm oil	1.68	1.64	1.88
INTENSITY	**1.68**	**1.64**	**1.88**

Energy generated from renewable sources

RENEWABLE ENERGY GENERATED (kWh)	2023		2022	
PALM OIL MILLS	BIOGAS FACILITIES	STEAM TURBINES	BIOGAS FACILITIES	STEAM TURBINES
Indonesia	4 469 560	15 966 122	4 600 051	19 330 979
Papua New Guinea	N/A	12 954 378	N/A	12 944 742
TOTAL RENEWABLE ENERGY GENERATED	**4 469 560**	**28 920 500**	**4 600 051**	**32 275 721**

Tree cover loss monitoring by country/province

TREE COVER LOSS MONITORING	2023 WITHIN OWN CONCESSIONS			2023 WITHIN SUPPLIER AREAS		
BY COUNTRY/PROVINCE	EQ ALERTS	VERIFIED INCIDENTS	VERIFIED AREA (IN HECTARES)	EQ ALERTS	VERIFIED INCIDENTS	VERIFIED AREA (IN HECTARES)
Indonesia	**3**	**1**	**6.6**	**0**	**0**	**0**
North Sumatra	0	0	0	0	0	0
Bengkulu	2	0	0	0	0	0
South Sumatra	1	1	6.6	0	0	0
Papua New Guinea	**0**	**0**	**0**	**2**	**0**	**0**
Papua New Guinea	0	0	0	2	0	0
TOTAL	**3**	**1**	**6.6**	**2**	**0**	**0**

TREE COVER LOSS MONITORING	2022 WITHIN OWN CONCESSIONS			2022 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**

Hotspots and fire monitoring by country/province

HOTSPOT AND FIRE MONITORING	2023					
	WITHIN OWN CONCESSIONS			WITHIN SUPPLIER AREAS		
BY COUNTRY/PROVINCE	HOTSPOTS	ACTUAL FIRES	AREAS IMPACTED (IN HECTARES)	HOTSPOTS	ACTUAL FIRES	AREAS IMPACTED (IN HECTARES)
Indonesia	**67**	**39**	**160.5**	**4**	**0**	**0**
North Sumatra	0	0	0	0	0	0
Bengkulu	4	0	0	4	0	0
South Sumatra	63	39	160.5	0	0	0
Papua New Guinea	**1**	**0**	**0**	**14**	**6**	**2.2**
Papua New Guinea	1	0	0	14	6	2.2
TOTAL	**68**	**39**	**160.5**	**18**	**6**	**2.2**

HOTSPOT AND FIRE MONITORING	2022					
	WITHIN OWN CONCESSIONS			WITHIN SUPPLIER AREAS		
BY COUNTRY/PROVINCE	HOTSPOTS	ACTUAL FIRES	AREAS IMPACTED (IN HECTARES)	HOTSPOTS	ACTUAL FIRES	AREAS IMPACTED (IN HECTARES)
Indonesia	**13**	**2**	**2.0**	**0**	**0**	**0**
North Sumatra	2	0	0	0	0	0
Bengkulu	3	0	0	0	0	0
South Sumatra	8	2	2.0	0	0	0
Papua New Guinea	**2**	**2**	**0.5**	**11**	**11**	**5.3**
Papua New Guinea	2	2	0.5	11	11	5.3
TOTAL	**15**	**4**	**2.5**	**11**	**11**	**5.3**

SIPEF Biodiversity Indonesia (SBI) programme

SBI BIODIVERSITY MONITORING (AS AT 31 DECEMBER)	UNIT	2023	2022
Agroforestry growers engaged	number of individuals	376	339
Trees planted	number of trees	56 872	48 330
Degraded area restored	hectares	224	185

Reforestation programme in Côte d'Ivoire

REFORESTATION	2023		2022	
	AREA PLANTED (IN HECTARES)	TREES PLANTED (NUMBER OF TREES)	AREA PLANTED (IN HECTARES)	TREES PLANTED (NUMBER OF TREES)
Agboville	**86.0**	**95 546**	**86.0**	**95 546**
Gmélina	65.0	72 215	65.0	72 215
Teak	21.0	23 331	21.0	23 331
Azaguié	**38.2**	**42 389**	**42.2**	**46 833**
Gmélina	38.2	42 389	42.2	46 833
TOTAL	**124.2**	**137 935**	**128.2**	**142 379**

Water usage in palm operations and banana operations

WATER USAGE (IN CUBIC METRES)	2023	2022
PALM OIL MILLS		
Indonesia	993 379	929 279
Papua New Guinea	699 175	711 864
TOTAL	**1 692 554**	**1 641 143**
BANANA OPERATIONS		
Plantations	6 530 541	4 262 667
Banana packing stations	350 428	240 952
TOTAL	**6 880 969**	**4 503 619**

Palm oil mill water usage intensity

PALM OIL MILLS (CUBIC METRES/TONNE FFB PROCESSED)	TARGET	2023	2022
Indonesia			
Bukit Maradja	≤ 1.0	0.89	0.91
Bunga Tanjung	≤ 1.0	0.50	0.63
Dendymarker Indah Lestari	≤ 1.0	0.99	0.99
Mukomuko	≤ 1.0	0.84	0.89
Perlabian	≤ 1.2	0.92	0.74
Umbul Mas Wisesa	≤ 1.5	1.35	1.31
Papua New Guinea			
Barema	≤ 1.5	0.94	0.96
Hargy	≤ 1.0	0.90	0.96
Navo	≤ 1.0	1.56	1.27

Banana operations water usage intensity

BANANA OPERATIONS (CUBIC METRES/TONNE BANANAS EXPORTED)	2023	2022
Plantations and packing stations	178.12	149.98

Legal limits of POME discharge and application: BOD, COD, TSS for palm oil mills

						2023			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	BOD EXCEEDED LIMIT	COD EXCEEDED LIMIT	TSS EXCEEDED LIMIT
INDONESIA											
Bunga Tanjung	Discharge into water body	100	350	250	mg/l	0	0	0	0	0	0
Mukomuko	Discharge into water body	100	350	250	mg/l	0	0	0	0	0	0
Dendymarker Indah Lestari	Discharge into water body	100	350	250	mg/l	0	0	0	0	0	0
Umbul Mas Wisesa	Discharge into water body	100	350	250	mg/l	0	0	0	0	0	0
Bukit Maradja	Land application and use for compost	5 000	N/A	N/A	mg/l	0	N/A	N/A	0	N/A	N/A
Perlabian	Land application	5 000	N/A	N/A	mg/l	0	N/A	N/A	0	N/A	N/A
PAPUA NEW GUINEA											
Hargy	Discharge into water body	100	N/A	500	mg/l	1	N/A	3	5	N/A	5
Barema	Land application	4 000	N/A	1 000	mg/l	0	N/A	0	0	N/A	4
Navo	Land application	4 000	N/A	1 000	mg/l	0	N/A	1	0	N/A	0

RESPECTING EMPLOYEES AND COMMUNITIES

Employees by gender[1] at Group level

EMPLOYEES BY GENDER (NUMBER OF EMPLOYEES)	2023	2022
Male	17 212	16 612
Female	5 846	5 545
TOTAL EMPLOYEES BY GENDER	**23 057**	**22 157**

(1) This also includes the total employees in tea, rubber activities and horticulture.

Employees by country

EMPLOYEES BY COUNTRY (NUMBER OF EMPLOYEES)	2023	2022
Belgium	24	23
Indonesia	15 547	15 403
Papua New Guinea	4 989	4 706
Côte d'Ivoire	2 483	2 015
Singapore	14	10
TOTAL EMPLOYEES BY COUNTRY	**23 057**	**22 157**

Employees by gender, by crop

EMPLOYEES BY GENDER, BY CROP (NUMBER OF EMPLOYEES)	2023		2022	
	FEMALE	MALE	FEMALE	MALE
Oil palm	4 360	14 048	4 384	13 522
Bananas	776	1 674	591	1 385
TOTAL EMPLOYEES	**5 136**	**15 722**	**4 975**	**14 907**

Employees by employment contract, by crop

EMPLOYMENT TYPE BY CROP (NUMBER OF EMPLOYEES)	2023			2022		
	PERMANENT	LONG TERM CONTRACT[2]	TEMPORARY	PERMANENT	LONG TERM CONTRACT[2]	TEMPORARY
Oil palm	13 575	3 993	839	13 595	2 923	1 388
Bananas	2 332	0	118	1 912	0	64
TOTAL EMPLOYEES	**15 907**	**3 993**	**957**	**15 507**	**2 923**	**1 452**

(2) 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 by country

CADET PROGRAMME (NUMBER OF CADETS)	2023		2022	
	FEMALE	MALE	FEMALE	MALE
Indonesia	2	27	8	38
Papua New Guinea	1	8	1	9
TOTAL CADETS	**3**	**35**	**9**	**47**

Employees covered by Collective Bargaining Agreements (CBAs) in oil palm and banana operations

COVERAGE OF CBAs (NUMBER OF EMPLOYEES)	2023	2022
Oil palm	8 169	8 319
Bananas	2 450	1 976
TOTAL EMPLOYEES	**10 619**	**10 295**

Houses provided to employees

HOUSES PROVIDED BY SIPEF (NUMBER OF UNITS)	2023	2022
Indonesia	8 346	8 233
Papua New Guinea	2 716	2 366
Côte d'Ivoire	766	766
TOTAL NUMBER OF HOUSES	**11 828**	**11 365**

Schools established by SIPEF

SCHOOLS ESTABLISHED (NUMBER OF SCHOOLS)	2023	2022
Indonesia	38	38
Papua New Guinea	3	3
Côte d'Ivoire	4	4
TOTAL NUMBER OF SHOOLS	**45**	**45**

Clinics provided by SIPEF

CLINICS PROVIDED (NUMBER OF CLINICS)	2023	2022
Indonesia	25	22
Papua New Guinea	13	13
Côte d'Ivoire	7	5
TOTAL NUMBER OF CLINICS	**45**	**40**

Day care facilities provided by SIPEF

DAY CARE FACILITIES PROVIDED (NUMBER OF FACILITIES)	2023	2022
Day care facilities	42	40
TOTAL NUMBER OF DAY CARE FACILITIES	**42**	**40**

Schools accessible to community children

SCHOOLS ESTABLISHED BY SIPEF (NUMBER OF SCHOOLS)	2023	2022
Facilities accessible to employee children	45	45
Facilities accessible to community children	45	45

Clinics accessible to community

CLINICS PROVIDED BY SIPEF (NUMBER OF CLINICS)	2023	2022
Facilities accessible to employees	45	40
Facilities accessible to community	45	27

Lost Time Injury Frequency Rate (LTIFR) by country

LTIFR (RATE PER 1 000 000 HOURS WORKED)	2023	2022
Indonesia	4.34	3.53
Papua New Guinea	24.90	18.41
Côte d'Ivoire	6.13	11.97

Work-related fatalities

WORK-RELATED FATALITIES (NUMBER OF CASES)	2023	2022
Indonesia	1	1
Papua New Guinea	0	1
Côte d'Ivoire	0	0

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Oil palm smallholder programmes by country

SIPEF scheme smallholders programme[1]

SMALLHOLDER PROGRAMMES	2023				2022			
	NUMBER OF SMALL-HOLDERS	NUMBER OF RSPO CERTIFIED SMALL-HOLDERS	PLANTED AREA (IN HECTARES)	RSPO CERTIFIED PLANTED AREA (IN TONNES)	NUMBER OF SMALL-HOLDERS	NUMBER OF RSPO CERTIFIED SMALL-HOLDERS	PLANTED AREA (IN HECTARES)	RSPO CERTIFIED PLANTED AREA (IN TONNES)
SIPEF GROUP								
Scheme smallholders	5 743	5 111	21 059	18 639	5 741	4 165	19 973	15 909
TOTAL GROUP	**5 743**	**5 111**	**21 059**	**18 639**	**5 741**	**4 165**	**19 973**	**15 909**
INDONESIA								
Smallholder cooperative (*Koperasi*)	1 814	1 182	5 666	3 245	1 805	231	4 594[2]	493.7
Village smallholders (*Kebun Masyarakat Desa*)	283	283	587	587	291	289	572	608.7
TOTAL INDONESIA	**2 097**	**1 465**	**6 253**	**3 832**	**2 096**	**520**	**5 166**	**1 102**
PAPUA NEW GUINEA								
Associated smallholders	3 646	3 646	14 807	14 807	3 645	3 645	14 807	14 807
TOTAL PAPUA NEW GUINEA	**3 646**	**3 646**	**14 807**	**14 807**	**3 645**	**3 645**	**14 807**	**14 807**

(1) Table updated to focus on scheme smallholders separately and RSPO planted areas.
(2) Total planted area for scheme smallholders in Indonesia is updated as some unplanted areas were included in the previous reporting.

SIPEF independent smallholders programme[3]

SMALLHOLDER PROGRAMMES	2023			2022		
	NUMBER OF SMALL-HOLDERS	NUMBER OF RSPO CERTI-FIED SMALL-HOLDERS	RSPO CERTIFIED PLANTED AREA (IN TONNES)	NUMBER OF SMALL-HOLDERS	NUMBER OF RSPO CERTI-FIED SMALL-HOLDERS	RSPO CERTIFIED PLANTED AREA (IN TONNES)
INDONESIA						
Independent smallholders	2 522	30	60	2 622	30	60
TOTAL INDONESIA	**2 522**	**30**	**60**	**2 622**	**30**	**60**

(3) Table updated to focus on independent smallholders separately and RSPO planted areas.

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 2023 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 14 June 2023 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 24 July 2023, the date of publication in the Appendices to the "Belgisch Staatsblad", up to and including 23 July 2028.

The extraordinary general meeting of 14 June 2023 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 14 June 2023 up to and including 13 June 2026.

At 31 December 2023 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 14 June 2023 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 24 July 2023, the date of publication in the Appendices to the Belgisch Staatsblad, up to and including 23 July 2028.

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 24 July 2023, the date of publication in the Appendices to the Belgisch Staatsblad, up to and including 23 July 2026.

The purchase and sale of own shares in 2023 are described in Note 22 of this integrated annual report.

At 31 December 2023, SIPEF owns 180 000 treasury shares (1.70% 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 where shareholders can access all information on the Company.

→ www.sipef.com

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

Biochemical oxygen demand (BOD) -- The amount of oxygen needed by bacteria and microorganisms in an anaerobic environment to decompose organic matter.

Chemical oxygen demand (COD) -- The amount of oxygen that can be consumed by reactions in a given volume of a solution, that measures oxidisable contaminants in surface water and wastewater.

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.

Code of conduct -- The SIPEF Code of Conduct contains the defined set of rules, principles, values and expectations for employees, set out by SIPEF for the Group to achieve responsible behaviour and integrity.

Collective Bargaining Agreements (CBA) -- Collective Bargaining Agreements are legal contracts that regulate the terms and conditions of employees at work.

Corporate governance -- The organisation and processes of the managing bodies that define the strategy and monitor its implementation.

CPKO -- Crude Palm Kernel Oil is an edible plant oil derived from the kernel 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.

CSRD -- The Corporate Sustainability Reporting Directive is a European Union legislation that amends the existing Non-Financial Reporting Directive (NFRD), modernising and strengthening the requirements regarding the social and environmental information that companies falling within its scope must report on an annual basis.

Double Materiality -- Double materiality is a concept that emphasises the importance of reporting both the financial impacts of environmental, social and governance issues on a company and the company's impacts on society and the environment, ensuring a comprehensive view of a company's sustainability performance. Double materiality is required under the CSRD, as an assessment through which companies determine which material impacts, risks and opportunitites must be included in their non-financial reporting.

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

ESG -- Environment, Social and Governance.

ESRS -- The European Sustainability Reporting Standards (ESRS) set out the official sustainability reporting requirements that EU companies falling in scope of the CSRD must follow.

EUDR -- The European Union Deforestation Regulation (EUDR) is an EU regulation on deforestation free products.

EU Taxonomy -- EU Taxonomy is the regulation that determines which investments can be classified as 'green' and which contribute to the realisation of the EU Green Deal. The classification is based on technical screening criteria (TSC) and minimum criteria for the avoidance of significant harm ('DNSH' or 'Do No Significant Harm').

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 -- Free on Board is the selling price indicating that the seller pays for the transportation of the goods to the port of shipment 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 temperatures.

GHG -- Greenhouse gases are gases present in and/or emitted into the Earth's atmosphere, including among others, carbon dioxide and methane, that contribute to the greenhouse effect and can lead to changes in temperature.

GHG emissions - scope 1 -- All direct emissions from sources that are owned or controlled by the Company (e.g. combustion of fuel and natural gas).

GHG emissions - scope 2 -- All indirect emissions from the production of electricity that is purchased by the Company. Scope 2 emissions physically occur in the installation where the electricity is generated.

GHG emissions - scope 3 -- All indirect emissions from activities of a company occurring in its value chain, such as emissions from the production of sourced products (upstream) or from products, services or projects sold by the Company (downstream).

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 Network (HCVN, formally HCV Resource Network) was established, and the scope was widened from 'HCV Forest' to 'HCV Area'. It is now a keystone principle of sustainability standards for palm oil, soy, sugar, biofuels and carbon, as well as being widely used for landscape mapping, conservation and natural resource planning and advocacy.

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, which 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.

MOAH -- Mineral Oil Aromatic Hydrocarbons.

MOSH -- Mineral Oil Saturated Hydrocarbons.

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.

PKWT -- *Perjanjian Kerja Waktu Tertentu* (Bahasa Indonesia: Provision of Work, Time Certain; labour agreement) refers to long-term renewable contracts.

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.

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.

Reporting -- Relates to financial and non-financial reporting, with emphasis on material aspects.

Risk management -- Risk management is the structured handling of risks (by audit & control, procedures, manuals, committees, etc.).

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.

RSPO NPP -- The RSPO 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.

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.

Total suspended solids (TSS) -- The dry weight of suspended particles in a sample of water that can be trapped by a filter.

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

AC -- Amortised Cost (AC) is one of the three classification categories for financial assets under IFRS 9.

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.

Capital expenditure -- Cash paid for the acquisition of tangible and intangible assets presented in cash flows from investing activities, and cash paid on the lease liabilities (excluding interests paid), presented in cash flows from financing activities.

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].

FVOCI -- Fair Value through Other Comprehensive Income (FVOCI) is one of the three classification categories for financial assets under IFRS 9.

FVPL -- Fair Value through Profit or Loss (FVPL) is one of the three classification categories for financial assets under IFRS 9.

GAAP -- The Generally Accepted Accounting Principles (GAAP) are a set of accounting rules, standards, and procedures issued and frequently revised by the Financial Accounting Standards Board (FASB).

IAS -- International Accounting Standards.

IFRS -- International Financial Reporting Standards are a set of accounting rules adopted by the European Union for the financial statements of public companies that are intended to make them consistent, transparent, and easily comparable around the world. The IFRS are issued by the London-based Accounting Standards Board (IASB) and address record keeping, account reporting, and other aspects of financial reporting. Since 2005, all publicly listed companies within the European Union need to comply with these standards in their external financial reporting.

Investments -- Investments is the amount paid for the acquisition of 'intangible assets' and 'property, plant and equipment'. Reference is made to the consolidated cash flow from investing activities.

IRS -- Interest Rate Swap.

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

KUSD -- Rounded off of financial figures to the nearest thousand in United States dollar.

Level 1 -- 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 -- 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 -- Level 3 inputs are unobservable inputs for the asset or liability.

Materiality -- Organisations are faced with a wide range of topics on which they could report. The relevant topics are those that may reasonably be considered important for reflecting the organisation's economic, environmental, and social impacts, or influencing the decisions of stakeholders, and therefore potentially merit inclusion in an annual report. Materiality is the threshold at which topics become sufficiently important that they should be reported.

Net financial position/debt -- Cash and cash equivalents + other investments and deposits - interest bearing financial debts at more than one year - interest bearing financial debts within the maximum of one year -. It is a key measure of the strength of the Group's financial position and is widely used by credit rating agencies.

OCI -- Other Comprehensive Income. Revenues, expenses, gains, and losses that are excluded from net income on the income statement.

Segment -- A segment is an aggregation of operating activity lines to report on. More information about the different SIPEF segments and their nature can be found in the financial statements of this Integrated Annual Report.

SPA -- Sale and Purchase Agreement.

Subsidiaries -- Fully consolidated entities under SIPEF control.

USD -- The United States dollar is the legal tender currency of the United States, and also serves as a global reserve currency in international trade and financial markets.

WACC -- Weighted Average Cost of Capital.

Financial performance measures

EBIT -- Earnings Before Interest and Taxes. Operating results + profit/loss from equity companies.

EBITDA -- Earnings Before Interest and Taxes, Depreciation, and Amortisation. EBIT + depreciation and additional impairments/increases on assets.

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

REBITDA -- Recurring Earnings Before Interest, Taxes, Depreciation, and Amortisation. EBITDA – exceptional items.

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

Responsible persons

Responsibility for the financial information

François Van Hoydonck
managing director

Bart Cambré
chief financial officer

Statutory Auditor

EY Bedrijfsrevisoren BV

Represented by
Christoph Oris and Wim Van Gasse,
Borsbeeksebrug 26
2600 Antwerpen (Berchem)
Belgium

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 2023 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 2023 and their effects on the financial position, as well as a description of the main risks and uncertainties for the SIPEF group.

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

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Printed in Belgium by: Inni Group

FSC www.fsc.org MIX Papier van verantwoorde herkomst FSC® C010426

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