Remuneration Policy

Introduction

Sipef is a public limited liability company (*naamloze vennootschap*) under Belgian law, with registered office at Calesbergdreef 5, 2900 Schoten, registered with the Crossroads Bank for Enterprises (RLE Antwerp, division Antwerp) under number 0404.491.285 and listed on Euronext Brussels (ISIN BE0003898187) (the "**Company**").

This remuneration policy (the "**Remuneration Policy**") was established by the board of directors of the Company of 11 February 2025, on advice of the remuneration committee held on that same day. It has been drafted in accordance with article 7:89/1 of the Belgian Companies and Association Code (the "**CAC**") and the Belgian Corporate Governance Code 2020 (the "**CGC**").

The Remuneration Policy will be submitted to the Company's ordinary general shareholders' meeting of 11 June 2025.

If the board of directors, on the recommendation of the remuneration committee, wishes to make material amendments to this Remuneration Policy, the proposal will be submitted to the approval of the general shareholders' meeting. In any event, the Remuneration Policy will be submitted to the approval of the general shareholders' meeting every four years.

The board of directors, on the advice of the remuneration committee, may temporarily deviate from the Remuneration Policy, subject to the conditions set forth below. If deviations are granted, the board of directors will acknowledge and explain these deviations in the remuneration report of the financial year in question

Scope

The Remuneration Policy will apply from 1 January 2025 until 31 December 2028. In accordance with article 7:89/1 CAC, it applies to the Company's directors, persons entrusted with daily management (the managing director) and other persons responsible for managing the Company (the other members of the executive committee).

Purpose

The purpose of the Remuneration Policy is to attract profiles with the requisite knowledge, experience, and qualifications to manage and lead an international agro-industrial group and enable the board of directors and executive committee in fulfilling their roles in the pursuit of a balanced growth strategy of producing high-quality, sustainable and traceable agricultural products, with the aim to diversify into targeted markets and foster a harmonious balance among nature, people and growth, through effective, responsible and ethical leadership.

The Company is committed to the sustainable growth of its activities and aims to create long-term value for both shareholders and stakeholders. Its remuneration policy is designed not only to foster sustainability and long-term strategic thinking but also to encourage collective achievement of corporate objectives and reinforce engagement with shareholders and other stakeholders. By linking a portion of the executive committee's remuneration to these objectives and sustainability parameters, the Company seeks to contribute meaningfully to the execution of its balanced growth strategy and sustainable value creation.

Governance

1. Role of the Remuneration Committee

The remuneration committee advises the board of directors concerning the remuneration of the members of the board of directors and the executive committee. In particular, the remuneration committee shall:

- make recommendations to the board of directors regarding the remuneration policy for the directors and regarding proposals resulting from this policy for approval by the shareholders meeting;
- formulate proposals concerning the remuneration policy for the members of the executive committee (including, amongst others, the main contract terms (including severance conditions and pension schemes)) and criteria for determining the remuneration;
- make recommendations on the individual remuneration for directors and members of the executive committee (including variable remuneration and long-term incentive schemes such as share options and other financial instruments and severance payments), as well as on possible resolutions to be proposed to the shareholders' meeting in connection therewith;
- assess the performance of the members of the executive committee, with the exception of the performance of the managing director, in consultation with the latter;
- prepare the remuneration report which shall be integrated in the corporate governance statement by the board of directors;
- comment on the remuneration report at the ordinary general shareholders' meeting.

The remuneration committee meets whenever it deems it necessary to properly perform its duties, but at least two times a year.

2. Role of the Board of Directors

The board of directors establishes the remuneration policy for the non-executive directors, the managing director and other members of the executive committee on the proposal of the remuneration committee, which makes proposals on the basis of market practices. Subsequently, the board submits the remuneration policy to the general shareholders' meeting for approval in case of a material change of policy and at least every four years. Moreover, the board of directors ensures that the remuneration policy is consistent with the general remuneration context of the Company.

The board of directors determines the remuneration of the non-executive directors, the managing director and the other members of the executive committee on the proposal of the remuneration committee. It must, however, act in accordance with the remuneration policy approved by the general shareholders' meeting and may only deviate from this policy in exceptional circumstances and according to the procedure laid down in the approved remuneration policy. Subsequently, the board submits the remuneration of the directors to the general shareholders' meeting for approval. Only that part of the managing director's remuneration corresponding to remuneration of the director's mandate must be approved by the general shareholders' meeting.

As a rule, the board of directors meet six (6) times a year. In addition, the board meets whenever the interests of the Company demand it and when at least two directors request this.

3. Role of the General Shareholders' Meeting

The general shareholders' meeting shall approve the remuneration policy established by the board of directors on advice of the remuneration committee. Moreover, the remuneration of the members of the board of directors is submitted to the general meeting for approval.

If the board of directors, on the advice of the remuneration committee, wishes to make material amendments to the remuneration policy, the proposal will be submitted to the general shareholders' meeting approval. In any event, the remuneration policy is submitted to the general shareholders' meeting approval every four years.

4. Conflicts of Interest

As regards the elaboration and implementation of the remuneration policy, the members of the board of directors, executive committee and employees of the Company shall comply with the rules of conduct concerning conflicts of interest as set forth in the Company's corporate governance charter and applicable law.

In particular:

- at meetings in which the remuneration of an individual member of the remuneration committee is discussed, the member concerned may attend but not chair the meeting; and
- the managing director shall not participate in the deliberations or vote within the board of directors or remuneration committee regarding his or her own remuneration.

Remuneration Components

1. Board of Directors

The remuneration of non-executive directors consists exclusively of a fixed remuneration that is not related to the results of the Company. This fixed remuneration consists of a fixed amount for the performance of the director's mandate and, where applicable, an additional amount for the director's membership of a specific committee. Given their additional responsibilities, the chairman of the board of directors and chairman of the audit committee receive an increased fixed amount.

Outgoing and incoming directors are remunerated in accordance with the number of months they serve as director during the financial year.

The remuneration of the non-executive directors is reviewed and benchmarked annually by the remuneration committee against other relevant companies. Any changes proposed by the remuneration committee are submitted to the general shareholders' meeting for approval.

All members of the board of directors are covered by directors' and officers' liability insurance ("D&O Insurance") the premium of which is paid by the Company.

The directors are reimbursed for reasonable and justified travel expenses and costs that they are able to prove were incurred in the exercise of their duties.

Non-executive directors enjoy no other benefits. They do not receive any performance-related remuneration (e.g. bonuses or share options), nor any benefits in kind or benefits linked to pension plans.

Non-executive directors do not receive any portion of their remuneration in the form of shares in the Company. This deviation from Principle 7.6 of the CGC is justified by the fact that the directors must act in the interest of all stakeholders and not only the shareholders. Moreover, the Company's strategy and activities is driven entirely and exclusively by a long-term vision. It considers that its governance framework and practices already ensure directors act towards sustainable long-term value creation.

2. Managing Director – Executive Committee

The remuneration paid to the members of the executive committee, including the managing director, consists of four components: (1) a fixed remuneration, (2) a variable remuneration (short-term incentive scheme or STI), (3) share options (long-term incentive scheme or LTI), and (4) a group insurance scheme and other benefits.

The members of the executive committee, including the managing director, may also be directors or hold an office in the subsidiaries of the Company. Any remuneration received for the exercise of such mandate or office is reflected in the Company's remuneration report.

The Company has not set a minimum number of shares to be held by the members of the executive committee or the managing director. This deviation from Principle 7.9 of the CGC is justified by the fact that they are always driven by long-term vision that is inextricably bound up with the Company's agro-industrial activities. Such activities can only be evaluated in the long-term, as evidenced by the Company's strategy and business model. Moreover, 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 term of 10 years.

2.1. Fixed Remuneration

The fixed remuneration of the managing director consists of a fixed amount for the performance of his or her director's mandate (see above) and an additional fixed amount for the performance of his or her executive duties, in accordance with the principles of the fixed remuneration of the members of the executive committee.

The fixed remuneration of the members of the executive committee, which is indexed annually based on the health index, evolves towards the chosen market position. If the fixed remuneration has not yet reached the level of the chosen market position, the fixed remuneration will grow towards that point in so far as the individual concerned also evolves in terms of taking responsibility and the development of relevant competencies and skills. Any increases in the fixed remuneration are discussed each year by the remuneration committee and are submitted to the board of directors for approval.

2.2. Variable Remuneration (Short-Term Incentive Scheme or STI)

The STI is initially calculated in function of the consolidated recurring result before tax (group share) and is then linked to financial and non-financial criteria.

The total amount of the STI (for both members of the executive committee and staff) cannot exceed 2% of the consolidated recurring result before tax (group share). The STI for a member of the executive committee is capped at 2 times the fixed annual remuneration, on the understanding that the board of directors, on the recommendation of the remuneration committee, may, in exceptional circumstances, grant an additional variable remuneration (one-off bonus) to such member for specific accomplishments.

No variable remuneration will be paid if the consolidated recurring result before tax (group share) becomes negative.

(i) 80% of the total STI is solely linked to the financial objective 'consolidated recurring result before tax (group share)'. Although this STI is calculated in function of the consolidated recurring result before tax (group share) over one year and may therefore be perceived as a short-term performance measure, it is fully consistent with the Company's long-term growth strategy, which prioritizes sustainable value creation over short-term profit maximization. Basing the STI (in part) on annual financial results – rather than multi-year performance criteria – is justified by the significant volatility of the Company's agro-industrial activities, particularly within the palm oil sector, where results are highly dependent on fluctuating commodity prices. Given these market dynamics, it is both reasonable and appropriate that the remuneration of the members of the executive Committee is linked to the variability of the group's financial performance, much like shareholder dividends. By tying performance-based incentives to the group's financial results, the STI ensures that executive remuneration is aligned with the interests of the Company and its balanced growth strategy, as well as its shareholders and broader stakeholder base.

(ii) 20% of the total STI is dependent on non-financial parameters that are determined each year by the remuneration committee and submitted for approval to the board of directors. The proposed criteria (KPIs) fundamentally contribute to the Company's ESG policy. Each year, the remuneration committee sets the targets that are expected for the proposed KPIs.

The practical implementation, as well as any one-off bonuses or a justified deviation from policies, is determined by the board of directors on the recommendation of the remuneration committee.

2.3. Share Options (Long-Term Incentive Scheme or LTI)

The board of directors decides on the grant of share options to members of the executive committee based on the recommendation of the remuneration committee. Such share options have been granted since 2011. A share option plan is approved by the board of directors, which also serves as an incentive for persons who are not members of the executive committee. The purpose of such share option plan is to remunerate beneficiaries for their contribution to long-term value creation.

The members of the executive committee are taxed when the share options are awarded, in accordance with the applicable tax laws. The value of this remuneration component depends on the development of the Company's share price.

The most important characteristics of the share option plan are:

- share options are offered to beneficiaries free of charge;
- one option grants the holder the right to subscribe to one Company share, with the same rights as the other existing Company shares;
- the offer is generally made mid November;
- the exercise price is determined on the basis of the lower of (i) the closing price of the share preceding the date of the offer, and (ii) the average closing price of the share during 30 days preceding the date of the offer;
- the options may be exercised from the expiration of the third calendar year following the year in which the offer took place, up to the end of the eighth year following the date of the offer;
- the share options cannot be transferred, except in the event of death.

The number of share options to be granted is reviewed each year by the board of directors, on the recommendation of the remuneration committee.

2.4. Group Insurance Scheme and Other Benefits

The members of the executive committee, including the managing director, benefit from a ‘defined contribution’ group insurance scheme, comprising a supplementary pension, and disability and life insurance, as well as a hospitalisation insurance scheme, insurance for outpatient care and global assistance insurance.

Other benefits include use of a company car, as well as a laptop and mobile, and meal vouchers.

2.5. Relative Share of the Remuneration Components

The Company endeavours to achieve the following relative share of each component in the total remuneration of the members of the executive committee:

- Fixed remuneration: 45%
- Variable remuneration: 45%
- Share options: 5%
- Group insurance: 5%

The relative share of each component is ultimately dependent on the final amount of the variable remuneration as described in section 2.2 above.

The components are reviewed and benchmarked annually by the remuneration committee. This assessment is made on the basis of public data (e.g. remuneration data in annual reports of other comparable listed companies with a comparable market capitalisation) and/or salary studies. The adjustments proposed by the remuneration committee are subsequently submitted to the board of directors for approval.

Contractual Conditions

1. Board of Directors

All directors have self-employed status and are appointed by the general shareholders' meeting for a period of no more than 4 years, in accordance with the terms of the Company's corporate governance charter.

2. Managing Director – Executive Committee

All members of the executive committee, including the managing director, have self-employed status. Their agreements with the Company are of indefinite duration, with the exception that managing director's agreement hall automatically terminate upon reaching the age of 65. These agreements contain the usual provisions regarding remuneration (fixed and variable), noncompetition and confidentiality.

The agreements also stipulate the criteria for granting variable remuneration, and entitle the company to claw back variable remuneration that was granted on the basis of incorrect financial information.

The managing director may unilaterally terminate his or her agreement early subject to a notice period of six months. The Company may unilaterally terminate the agreement with the Managing Director early subject to a notice period varying from 18 to 24 months, depending on when the agreement is terminated. That notice period shall be extended with 12 months if the agreement is terminated pursuant to a change of control over the Company as a result of which more than half of the directors is replaced and if the Company unilaterally imposes serious restrictions on the essential powers of the managing director. The extraordinary general shareholders meeting of 27 December 2007 approved this clause in accordance with the provisions of the Companies Code in force at that time.

The members of the executive committee may unilaterally terminate their agreement early subject to a notice period of at least 1.5 months, with an additional 1.5 months for each additional five years the member has commenced serving the Company, and a maximum notice period of six months. The Company may unilaterally terminate the agreement of these members early subject to a notice period of at least three months, with an additional month for each additional year the member has served the Company, and a maximum notice period of 18 months.

When a member of the executive committee or a senior professional leaves the Company on good terms, regardless of whether the notice is given by the Company or the person concerned, the latter is entitled to a fixed amount equal to maximum his or her fixed remuneration (excluding any variable remuneration). Upon recommendation of the remuneration committee, the board of directors may decide that it is justified to deviate from this policy. The members of the executive committee are not entitled to severance pay in the event the Company terminates their agreement or, in the event of the managing director, director's mandate, for urgent reasons.

Staff Members

The principles used to determine the remuneration policy for the members of the executive committee are also applied to the other staff members, i.e. focus on long-term elements (group and hospitalisation insurance, and an identical benefits policy), positioning the total remuneration above the median in the market, and collective share of success (profit sharing bonus).

Deviations from the Remuneration Policy

The board of directors, on the advice of the remuneration committee, may temporarily deviate from the Remuneration Policy, provided that the deviation:

- is justified by exceptional circumstances that make such deviation is necessary to protect the Company's long-term interests and sustainability as a whole or to ensure its viability; and
- is granted in accordance with the procedure set out in the Remuneration Policy and relates exclusively to the components of the remuneration policy for which departures are permitted, including:
  - setting or adjusting the level, scope of application, composition or the calculation of the variable remuneration; or
  - adjusting long-term or short-term performance targets for one or more (new) members of the executive committee.

If deviations are granted, the board of directors will acknowledge and explain these deviations in the remuneration report of the financial year in question.

Review of the Remuneration Policy

If the board of directors, on the recommendation of the remuneration committee, wishes to make material amendments to this Remuneration Policy, the proposal will be submitted to the approval of the general shareholders' meeting. In any event, the Remuneration Policy will be submitted to the approval of the general shareholders' meeting every four years.

The remuneration policy for 2021-2024 was approved by the Company's ordinary shareholders' meeting held on 9 June 2021, with 95.8% of the votes, and remained in effect from 1 January 2024 until 31 December 2024.

In order to reflect and reinforce the Company's commitment to sustainable value creation, non-financial parameters (KPIs), fundamentally contributing to the Company's ESG policy, were integrated in the Remuneration Policy, which will be submitted for approval by the Company's ordinary general shareholders' meeting of 11 June 2024, and, subject to approval, will apply from 1 January 2025 until 31 December 2028

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