

SIPEF Remuneration Policy

Adoption of the remuneration policy

The SIPEF remuneration policy was drawn up by the board of directors of 10 February 2021 on the proposal of the remuneration committee of the same day. It has been set down in accordance with article 3:6 §3 of the Code of Companies and Associations, as amended by the law of 28 April 2020¹, and the guidelines of the Belgian Corporate Governance Code 2020.

The purpose of the remuneration policy is to attract the right people with the requisite knowledge, experience, and qualifications to manage and lead an international agro-industrial group. Justifiable, attractive remuneration at competitive market conditions related to the company's performance is essential to motivate suitable people who are prepared to work for and remain dedicated to the Group. That is why the remuneration committee is committed, among other things, to setting the appropriate remuneration for the managers, based on comparative studies and with due consideration for the specific characteristics of achievements of the Group in the previous year.

As with other employees of the Company, the remuneration of the members of the executive committee is structured around fixed remuneration and variable remuneration. All variable remuneration, both that of the staff and that of executive management, is awarded on the basis of the annual consolidated recurring result and the individual performance of the persons in question.

Therefore, account is taken in SIPEF's remuneration policy of the main specific characteristics of the agro-industrial activities of the Group.

The tailor-made character of the policy ensures the interests of staff and the members of the executive committee are aligned with those of the Company and the Company's shareholders.

Care is taken to ensure that for every decision of the remuneration committee and the board of directors the rules regarding conflicts of interest are strictly complied with, where appropriate subject to the procedures laid down in the companies code. In all cases, a person with a direct or indirect proprietary interest in such a decision will have to leave the meeting and will not be able to take part in the decision making. Furthermore, the remuneration committee exclusively consists of non-executive directors, the majority of which are independent. This composition promotes the avoidance of any conflicts of interest at committee level.

The current remuneration policy applies to the directors, the managing director and the other members of the executive committee. It applies for no more than four financial years. If it is approved by the general meeting of 9 June 2021 it will be effective from 1 January 2021 up to and including 31 December 2024. The board of directors may temporarily deviate from this remuneration policy on the proposal of the remuneration committee provided that:

¹ Law of 28 April 2020 enacting into Belgian law Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

- the deviation is justified by exceptional circumstances in which such a deviation is necessary to serve the long-term interests and sustainability of the Company as a whole or to ensure its viability; and
- the deviation relates to the calculation, the scope of application or the composition of the variable remuneration.

[Description of the remuneration of the managers](#)

Board of directors

The amount of the remuneration of the directors is proposed by the remuneration committee and set by the board of directors, which presents it to the general meeting for approval.

The directors receive 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.

Specifically, the directors receive the following remuneration:

<u>(on an annual basis per person)</u>	<u>Member</u>	<u>Chairman</u>
Board of directors	EUR 29 000	EUR 60 000
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.

The remuneration committee compares the emoluments of the directors with those of similar operational listed companies on an annual basis and proposes changes if needed.

The non-executive directors do not receive any variable remuneration or options. Neither is part of their compensation paid out in the form of shares of the Company that must be held until the end of their term. This form of remuneration is imposed by the Code 2020 to ensure the non-executive directors act from the perspective of a long-term shareholder. However, the non-executive directors must pursue 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.

Lastly, the directors benefit from director liability insurance.

The general meeting is permitted to end the directorship of any director at any time with immediate effect without giving reasons and without compensation.

Executive committee

The amount of the remuneration of the members of the executive committee is proposed by the remuneration committee and set by the board of directors. Only that part of the

remuneration of the managing director that corresponds to the remuneration of a director must be approved by the general meeting.

All members of the executive committee receive, among other things, fixed remuneration and variable remuneration in cash that is not permitted to exceed two times the fixed remuneration.

Furthermore, SIPEF created option plans in 2011. However, the granting of options is a right of the Company and not an obligation.

Lastly, the members of the executive committee benefit from group insurance and hospitalisation insurance and receive fringe benefits.

The Company has not set any minimum number of shares that must be held by the members of the executive management as a consequence of exercising the options or a sale or other transaction. That is because they are always driven by a long-term vision that is inextricably bound up with the agro-industrial activities of the Group. These activities 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 term of 10 years.

a. Fixed remuneration

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

The amount of the fixed remuneration of the members of the executive committee, including the managing director, is pegged to the health index. The fixed remuneration is set on the basis of market practices and is subject to annual benchmarking. This is done by the Company itself, based on salary studies and remuneration data published in the annual reports of similar operational listed companies with a comparable market capitalisation. The market median is used as a benchmark for the remuneration of the members of the executive committee. This comparative study, which is normally conducted in November and December, primarily concerns the fixed remuneration of the members of the executive committee and examines the variable remuneration to a lesser degree.

b. Variable remuneration

The total variable remuneration in cash of the members of the executive committee and staff of the Group is proposed by the remuneration committee and set by the board of directors on an annual basis. This amount may be up to 2% of the recurring consolidated result before tax, part of the Group.

The board of 10 February 2021 decided to confirm for the next four years the aforementioned financial criterion, which has been used for many years to determine the variable remuneration.

The total variable remuneration is then split by the board, on the proposal of the remuneration committee, in a discretionary way, between the staff and the executive

committee and again between the managing director and the other members of the committee.

The amount that is paid out to each member of the executive committee, is set, again in a discretionary way, by the board of directors, on the proposal of the remuneration committee, on the basis of the work and performance of the member in question in the past year.

All analyses relate to performance over a period of one year. The general meeting of 8 June 2011 decided to base the variable remuneration of the members of the executive committee on performance criteria established in advance and objectively measurable over a period of one year. The variable remuneration can therefore be paid at once, in accordance with article 17.1 of the articles of association, rather than spread over three years as provided for by law.

The linking of the variable remuneration to performance in one financial year – rather than performance criteria over two or three financial years – is justified by the volatility of the results of the agro-industrial activities, particularly the palm oil market, whose achievement is linked to the price of agricultural raw materials. It is therefore logical that the remuneration of the members of the executive committee, just like the shareholder dividend, follows the volatility of the results of the Group. This calculation method has no impact on the long-term vision of the members of the executive committee. This vision is inextricably bound up with the activities of the Group, which can only be evaluated in the long-term.

Linking the performance criteria to financial targets of the Group aligns the interests of the members of the executive management with the Company's strategy and the interests of the shareholders and the stakeholders.

The members of the executive committee receive no long-term variable remuneration in cash other than the short-term variable remuneration in cash, which is limited to no more than two times the fixed remuneration in cash.

The board of directors may exceptionally award a special bonus to one or more members for specific accomplishments.

c. Profit-sharing plan

SIPEF has created option plans to increase the stake of executive management in the development of the Company and provide extra motivation. Share options have been offered to members of the executive committee every financial year since 2011. The share options offered in the SIPEF share option plan have the following characteristics:

- Type: options on SIPEF shares (one option gives the holder the right to one SIPEF share)
- Time of the offer: late November;
- Exercise price: price based on the average closing price of the share over the 30 days preceding the offer;
- Term of the plan: 10 years
- Vesting period: 3 years after the granting of the share options
- 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.

The option plans are proposed by the remuneration committee and set by the board of directors. They are just a small part of the total remuneration package of the managers in question.

d. Pension and other compensation

The members of the executive committee benefit from group insurance with fixed contributions. This comprises a supplementary pension, as well as disability and life insurance. In addition, the Company takes out hospitalisation insurance and assistance insurance with global coverage for every member, and provides a company car and meal vouchers.

e. Key clauses in the agreements binding the members of the executive committee

All members of the executive committee have a self-employed status and are bound to the Company by an open-ended service agreement. Besides the aforementioned aspects of the remuneration, the agreements of the members also contain non-compete and non-disclosure clauses.

They cannot claim any severance pay in the event of the ending of their provision of service or ending of their directorship by the Company for urgent reasons.

The managing director may unilaterally end his agreement subject to six months' notice. The notice term to be respected by the Company varies from 18 to 24 months, depending on when the agreement is ended. The notice term shall be extended by 12 months if the agreement is ended pursuant to a change of control in the Company by which more than half of the directors is replaced and if serious restrictions of the essential powers of the managing director are imposed unilaterally by the Company. The extraordinary general meeting of 27 December 2007 approved this clause in accordance with the companies code in force at that time.

The notice term for the other members of the executive committee in the event of ending by the Company is one month for each year in which they provide the service, with a minimum notice term of three months and a maximum notice term of 18 months. The notice term if the provision of service is ended by the member of the executive committee is 1.5 months for each commenced five years of service with a maximum of six months.

f. Claw back clause

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

[Changes to the remuneration policy](#)

The remuneration committee checks on an annual basis whether SIPEF's remuneration policy is up to date and appropriate or should be changed. If the remuneration committee deems it necessary, it proposes to the board of directors certain changes to the remuneration policy. The board presents these to the general meeting for approval.

The general meeting of shareholders must also express an opinion and vote on the remuneration policy at least every four years.

The text of the remuneration policy is published on the website of the Company together with the results of the vote, where it remains available to the shareholders for as long as this policy applies.

In the event of any change to the remuneration policy the Company always describes all important changes and the reasons for them in its remuneration report. It also shows how these changes take account of the positions and votes of the shareholders with regard to the remuneration policy and the remuneration report since the most recent vote on them.
