

6.4 SIPEF

SIPEF is a listed agro-industrial group active in the tropical agricultural production of sustainable, certified products, mainly crude palm oil in Southeast Asia and, to a lesser extent, bananas in Ivory Coast. SIPEF has been growing for several decades now in a sustainable way by embracing technological change and innovation, and by focusing on a transparent and sustainable value chain.

The group is committed to making a positive contribution to the environment and to society by managing its plantations in an ecologically and socially responsible manner, and by creating major employment and development opportunities.

The materiality matrix was updated in 2022 to align with evolving standards and with its own strategy, with additional focus on internal stakeholder involvement to obtain views from the local teams. A selection of ESG topics is explained below. Topics have also been clustered in comparison to 2021. No topics were identified that are ESG material to the AvH group (see 7.1 Focus on material topics).

- Sustainable production

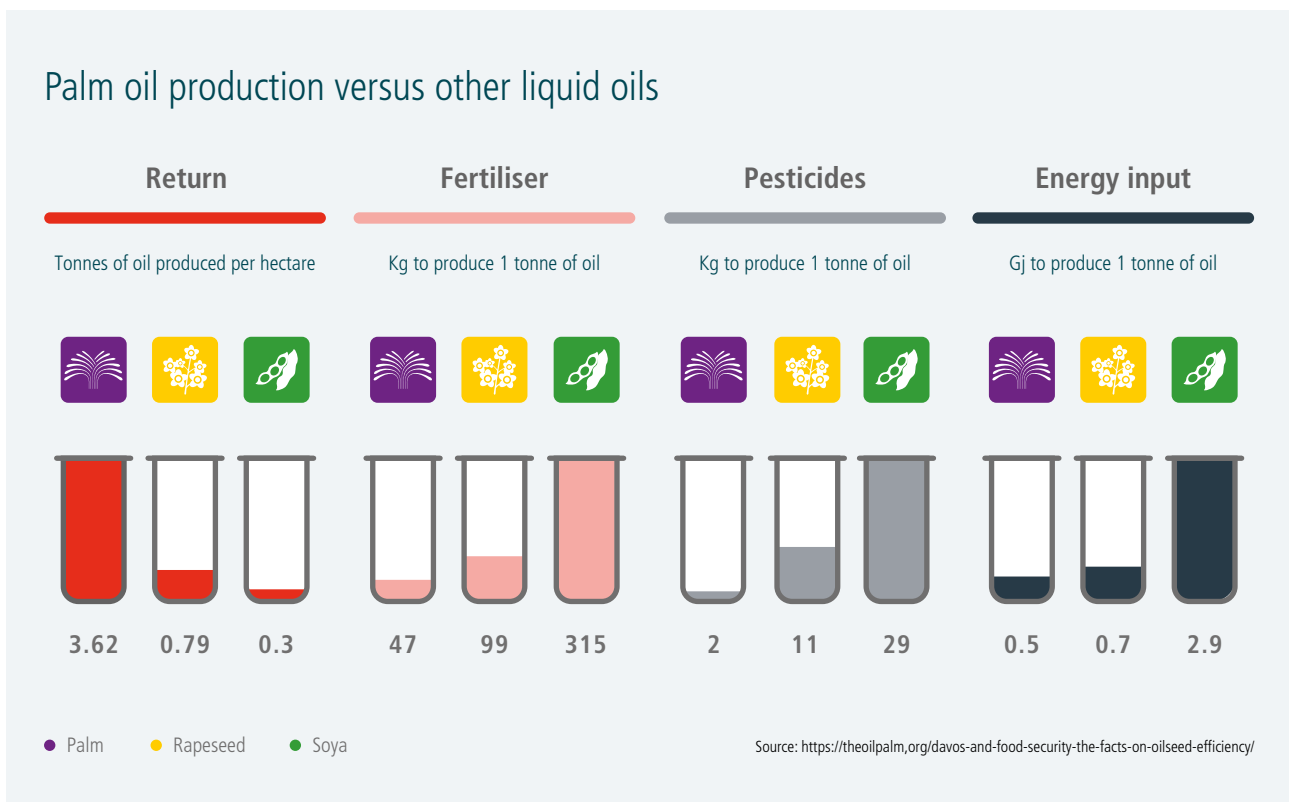
SIPEF is a leader in traceability: all its products can be traced back to the place where they were produced, regardless of whether that is a plantation that is operated by SIPEF or the plot of a smallholder. SIPEF adheres to the sustainability standards of the Roundtable on Sustainable Palm Oil (RSPO) and all its mills are RSPO certified. Additionally, SIPEF is working to obtain a definitive land certificate in South Sumatra. SIPEF's banana production meets the Rainforest Alliance Sustainable Agriculture Standard, the Global Good Agricultural Practice (GLOBAL G.A.P.) and Fair Trade standards.

SIPEF is convinced that palm oil is and will remain an essential part of the solution to meet the fast-growing demand for vegetable oils. Compared to other oil crops, palm oil can yield 2 to 8 times as much oil per hectare, which means that far less land is needed. Sustainable palm oil production therefore leads to lower ecological and economic costs.

ESG topics material to AvH	Other ESG topics material for SIPEF
No topics material to AvH	Climate change (explained here)
	Supply chain management (explained here)
	Sustainable land use and conservation (explained here)
	Rights and development of communities
	Health and safety
	Human rights and fair labour practices
	Operational efficiency
	Productivity and quality

In 2022, SIPEF fine-tuned its Responsible Plantations Policy (RPP) and Responsible Purchasing Policy (RPuP). The main updates include the extension of innovation projects, greater involvement of stakeholders, and clarification of its commitments (e.g. regarding climate change, water management, combating pollution, cooperation with smallholders).

SIPEF's commitment to sustainability is reflected in the ratings that are awarded by leading not-for-profit benchmarking programmes to assess companies for their sustainability commitment and transparency. In 2022, SIPEF was ranked twelfth out of 350 companies by Forest 500, which identifies and ranks the most influential companies and financial institutions active in tropical agriculture. In 2022, SIPEF was ranked eleventh out of 100 palm oil companies by the Sustainability Policy Transparency Toolkit (SPOTT), developed by the Zoological Society of London (ZSL).



• Climate change

SIPEF’s greenhouse gas emissions (scope 1 and scope 2), quantified using the ISO 14064 standards, were subject to an external audit in 2022. Emphasis was on the accuracy of the calculation method used. The audit confirms that the calculations are according to the ISO 14064 standards.

In this way, SIPEF has established a solid baseline for its emissions, which can be used to set future reduction targets and to keep track of its progress. It will also help SIPEF to set its decarbonisation priorities and to allocate the appropriate resources.

As a crucial next step, a strategy to reduce greenhouse gas emissions is in development, which will set short, medium and long term goals. The strategy will build on the various existing measures that SIPEF has implemented in recent years, including the capture of methane gas produced by the waste from palm oil production, the development of initiatives to convert waste into cost-effective industrial biomass, and maintaining the biodiversity and nature conservation projects.

The inventory of the scope 3 emissions remains a major challenge. This means that the emissions related to the activities of smallholders in the supply chain and the emissions of service providers (e.g. transporters of material inputs) have to be mapped out. SIPEF will work together with the relevant stakeholders to find ways to create greater transparency in this respect.

• Supply chain management - smallholders

The 3,600 smallholders working with Hargy Oil Palms Ltd. (HOPL) form an integral part of SIPEF’s certified supply base in Papua New Guinea. The smallholders of HOPL were certified together with HOPL in 2008. At the time, a programme was set up to train them in the RSPO standards. Since then, the local farmers have continued their efforts together with HOPL. Nowadays, ensuring smallholder compliance with those standards continues to be equally as important as the certification of SIPEF’s own plantations. The smallholders were successfully recertified after the RSPO audit in August 2022.

Training is essential to the success of the programme for local farmers. More than 200 training sessions were held in 2022. Once or twice a year, SIPEF organises field days for smallholders, with emphasis on RSPO-related requirements, best agronomic practices, financial literacy, and saving.

SIPEF | Quality control of fresh fruit bunches





François Van Hoydonck
CEO SIPEF

“SIPEF wants to realise its strategy in a responsible and sustainable manner, in which economic success and social value creation go hand in hand: ‘doing well by doing good?’”

• Sustainable land use and conservation

PT SIPEF Biodiversity Indonesia (SBI) manages and protects a forest area of 12,672 hectares in Mukomuko in the Indonesian province of Bengkulu. It is one of 16 projects in Indonesia for which a concession for restoration of the ecosystem has been granted for a period of 60 years. The area acts as a buffer for the Kerinci Seblat national park, where an extremely rich range of megafauna continues to be identified through monitoring.

SBI also helps to develop alternative incomes for farmers who have historically used parts of the conversation area to maintain their livelihood. The initiative makes use of agroforestry methods that are compatible with the conservation objectives of the programme.

More information about sustainability will be available as of Q2 2023 in the integrated annual report of SIPEF and on the website www.sipef.com/hq/investors/annual-reports/. The Responsible Plantations Policy is available on www.sipef.com/hq/sustainability/policies/responsible-plantations-policy/.