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## Reduction of the Indonesian export levy on palm products

On 25 June 2021, an adjusted matrix for export levies on palm products was published by the Indonesian government, which will be applicable as of 2 July 2021. This results in a reduction of the export levy. Indeed, the fund that finances the current biodiesel programme was able to rebuild its reserves, thanks to the increase in export levies since 10 December 2020. Moreover, the need for subsidisation has been reduced due to the higher crude oil prices.

For SIPEF, the levies have a significant impact on the "ex-mill gate" net sales prices, for both export and local sales of palm products in Indonesia. Namely, local pricing also takes into account the applicable export levy and tax.

Thus, from 2 July 2021, the following export levies and taxes for Crude Palm Oil (CPO) will be applicable based on a CPO reference price unilaterally set by the Indonesian government using international and local market prices:

*Export levy (in USD):*

<i>CPO reference price</i>	<i>New export levy</i>
<751	55
751-800	75
801-850	95

851-900	115
901-950	135
951-1.000	155
>1.000	175

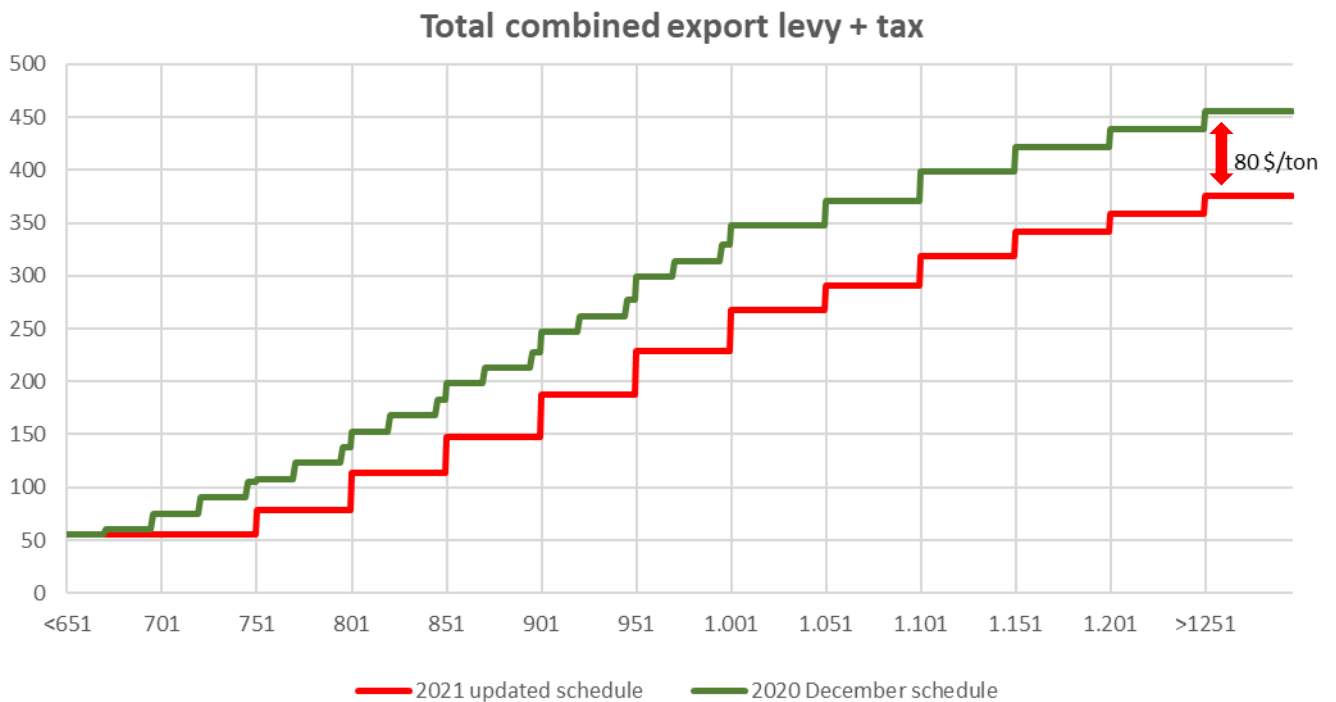
In concrete terms, the new structure assumes a rise in the export levy of USD 20/tonne for every increase of USD 50/tonne in the CPO reference price. This should be compared to the previous structure which foresaw a rise in the export levy of USD 15/tonne for every increase of USD 25/tonne in the CPO reference price.

Export tax (in USD):

The export tax matrix has not been updated in recent years. As a reminder, the applicable tax levels are shown below:

CPO reference price	Export tax
<750	0
751-800	3
801-850	18
851-900	33
901-950	52
951-1 000	74
1 001-1 050	93
1 051-1 100	116
1 101-1 150	144
1 151-1 200	166
1 201-1 250	183
>1 250	200

The chart below compares the **total** combined export levy and tax under the scheme that was applicable between 10 December 2020 and 1 July 2021 and the export levy and tax that will apply as from 2 July 2021.



Concretely this means that for July 2021, based on a reference price of USD 1 094/tonne, for sales of palm oil from Indonesia a combined export levy and tax of USD 291/tonne (= USD 175/tonne + USD 116/tonne) will be charged or **a reduction of USD 80/tonne** compared to the previous system.

The combined export levy and tax for the month of June still amounted to USD 438/tonne (based on a reference price of USD 1 224/tonne).

Therefore, recent developments will have a positive impact on the future profit potential and on the cash generation of the SIPEF group.

As it is currently unclear to what extent the pricing of CPO and other palm products will adapt to these new developments in the coming months, it is impossible to quantify the impact, but the levies will affect the own production of approximately 230 000 tonnes of CPO and 48 000 tonnes of palm kernels on an annual basis.

*Translation: This press release is available in Dutch and English. The Dutch version is the original; the English 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.*

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*SIPEF* is a Belgian agro-industry group listed on Euronext Brussels and specialising in the – as sustainable certified - production of tropical agricultural commodities, primarily crude palm oil and palm products. These labour-intensive activities are consolidated in Indonesia, Papua New Guinea and Ivory Coast and are characterised by broad stakeholder involvement, which sustainably supports the long-term investments.