2023 SHV

SHV Energy

Makro

Mammoet

ERIKS

Nutreco

Kiwa

NPM

ONE-Dyas

SHV
COURAGE TO CARE
for generations to come

for our people
for our planet
for our performance

2023 SHV

SHV Holdings N.V.

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Supervisory Board of Directors

Mrs A.M. Fentener van Vlissingen, Chairman
P.J. Kennedy, Deputy Chairman
A.D. Boer, Deputy Chairman
W. Dekker
J.M. Etlin
R.J. Frohn
K.K. Guha
Ph.C.O.E.A. von Hammerstein-Loxten
Ms P. Mars Wright
M.L. Mautner Markhof
Mrs M.J. Oudeman

Executive Board of Directors

J.P. Drost, CEO
E.M. Hoekstra (until January 1 2024)
R. Kandelman
F.F.J. de Ryck

Staff

Company Secretary
B. van Hunnik

Finance
J. Oskam

Human Resources
Mrs M. Groeneveld - Klunder

Key figures

23
Net Sales (€ bn)

380
Net Income (€ mln)

15
Total Assets (€ bn)

6,594
Shareholders Equity (€ mln)

6%
Return on Shareholders' Equity

44%
Solvency Ratio

75
Countries

52,850
Employees

INTEGRITY
Courage to stay true to our principles

TRUST
Courage to let people lead

CURIOSITY
Courage to shape the future

INCLUSIVITY
Courage to see the best in all people

PASSION
Courage to deliver the exceptional

Our purpose

Courage to care for generations to come

We are tens of thousands talented individuals from all around the world. We are a Family of Companies active in various industries operating across continents. Our purpose with five accompanying values is the glue that connects us. A defined purpose makes the difference between knowing how we should go about our work and understanding why we are all proud to do so. A long-term vision supported by our shareholders.

From the day we began in 1896, our story has always been about people. Together, we forge our own path rather than follow short-term trends. We see change as an opportunity, not a threat. And we dare to seek new horizons, because they lead to real progress.

Our story is about people with the confidence to believe in themselves and trust in each other. We are driven by a bold entrepreneurial spirit to show curiosity. Think creatively. And shape the future rather than simply adapting to it. We are passionate about making exceptional things happen.

Our story is about people with a genuine determination to lead the way. We are inclusive, see the best in each other, and work with integrity. Never afraid to make tough choices, we stay true to our principles.

Above all, our story is about people with the courage to care for what we do. How we do it. And the impact this has on others, on performance, and on the planet. Always looking ahead. Always moving forwards.

Our story will always be written by people with the **courage to care** about a better world for today. And a better tomorrow **for generations to come.**

A Family of Companies

SHV is a privately held family company with a strong position in a number of operational areas and selected investment activities.

Energy distribution

SHV Energy provides decentralised, low-carbon and clean energy solutions to 30 million business and residential customers around the world. With operations located in 25 countries across 4 continents, it is a leading global distributor of off-grid energy, such as LPG and LNG, and is active in sustainable fuels and renewable energy solutions. SHV Energy consists of a group of specialised energy companies, including such brands as Calor, Ipragaz, Liquigas, Primagaz and Supergasbras.

Heavy lifting and transport

Mammoet provides solutions to any heavy lifting or transport challenge. Mammoet helps the world to grow safely and efficiently, moving towards a sustainable future. With a unique global network, over two hundred years of experience and an unparalleled fleet of equipment, its mission is to help clients improve construction efficiency and optimise the uptime of plants and installations. Mammoet is by far the largest engineered heavy lifting and transport specialist in the world.

Cash-and-carry wholesale

Makro is a cash-and-carry wholesaler aiming to supply all the needs of food professionals and families that want to benefit from a great food assortment and prices. Makro offers a wide variety of products in food, perishable and non-food. Its ambition is to be the relevant partner for their customers and improving their buying experience by delivering services that boost their businesses. Makro operates in Colombia and Argentina, currently with 46 stores.

Industrial services

ERIKS is a specialised industrial service provider that offers a wide range of technical products, co-engineering and customisation solutions, as well as related services. They help customers in a variety of industrial segments to improve their products' performance and reduce their total cost of ownership. ERIKS has branches in 12 countries, with a strong position in Western Europe alongside a presence in Asia.

Animal nutrition and aquafeed

Nutreco is a global leader in animal nutrition (Trouw Nutrition) and aquafeed (Skretting), offering advanced nutritional solutions that are the origin of food for millions of consumers worldwide. Nutreco's solutions go beyond nutrition, they provide best-in-class advice and technology to help customers produce more food, in a sustainable way, to feed the growing global population. Every day, more than 11,000 dedicated employees in over 40 countries around the globe pursue their purpose of Feeding the Future, with sustainability at the forefront of everything that they do.

Private equity investments

NPM is an independent investment partner that helps medium-sized and large companies with a head office in the Benelux to achieve their ambitions. Its participations are characterised by having a strong competitive position and providing growth potential through a scalable business model across sectors or via buy & build. NPM aims to be a long-term investment partner and its portfolio currently consists of more than 20 portfolio companies.

Testing, Inspection and Certification

Kiwa is committed to a safer and more sustainable world by offering testing, inspection, certification, training, consultancy and data services. In doing so, Kiwa creates trust in the quality, safety, health and sustainability of its customers' products, services, processes, (management) systems and employees. It does so in a wide variety of market segments, ranging from built environment and renewable energy to drinking water, healthcare, food, feed & farming. Areas of expertise include management systems, safety, sustainability and lab testing, among many others. Kiwa has offices in more than 35 countries across Europe, Asia, the Americas and Oceania.

Oil & gas investments

ONE-Dyas is the largest privately owned exploration and production operating company in the Netherlands. It operates in the North Sea (Netherlands and United Kingdom) and has a compact organisation with the flexibility to respond quickly to opportunities and challenges. ONE-Dyas is owned for 49% by SHV.

SHV Governance

SHV has established a long track record of reliable performance, which in turn lays the foundations of growth for generations to come. This has been built on a strong, transparent organisational structure that supports swift, entrepreneurial decision making. At the same time, it ensures that appropriate checks and balances remain in place.

Effective interaction between decision makers

The Supervisory Board (SBD) is responsible for supervising management performance and advising the Executive Board of Directors (EBD). It frequently meets with the EBD to discuss strategy, results and people appointments at higher management level. Regular site visits also keep the SBD up to date with the Groups and their various businesses.

The EBD plays a pivotal role by defining strategy, capital allocation, people appointments at higher management level and safeguarding the SHV culture while Group management teams manage the individual businesses. The EBD and Group management teams are both responsible for measuring and monitoring strategic pillars using the Delivery & Development Agenda, which classifies key strategic aims into concrete topics and KPIs.

A strategy deep-dive is also performed every three to six years, a full strategic analysis assessing the five-year strategy of each Group. The strategy of the Groups is updated on an annual basis to reflect current market conditions, macro trends and forecasts, the competitive landscape, and customer preferences, all of which feed into two strategic agendas: the Delivery agenda focuses on plans ready to execute, while the Development agenda looks at issues that need to be addressed and strategic choices to be made. Financial progress is measured against the 15-month rolling forecast and quarterly performance reviews before being discussed at Parent-Group meetings (PGM) between the EBD and Group Management.

Internal Audit

The independent Internal Audit function supports stakeholders at both SHV and Group level to provide insights whether the activities are conducted in line with the SHV business principles. In addition to regular business processes, audits may also encompass large ad-hoc projects, fraud investigations and specific topics such as remuneration reviews and safety audits.

Internal Group Audit Committee

All Groups have an Internal Audit Committee, which consists of at least the CEO, CFO, SHV Internal Auditor and the Group Internal Auditor. These Committees meet four times per year, with their purpose and responsibilities defined in the Internal Audit Committee Charter.

External Audit

Annual financial statements are examined by an external certified public auditor, with KPMG having fulfilled the role since 2015. The external auditor attends all internal Group Audit Committee meetings, and any EBD meetings at which the annual financial statements, audit plan, Early Warning and Management Letter are to be approved or the year-end external audit report discussed.

Ethics & Compliance

Everyone at SHV shares a common responsibility to act with integrity in line with both the law, our policies, and our Purpose. As part of a culture that never has—and never will—tolerate unethical or unlawful behaviour, we are duty-bound to conduct business in an ethical and compliant manner.

A robust Ethics & Compliance framework incorporates a set of policies related to our main sources of risk: Third Party Due Diligence, Anti-Bribery and Corruption, Trade Sanctions and Export Controls, Competition Law, Privacy, and Whistle Blowing. The Ethics & Compliance department works closely with several functions across the business including management, HR, Legal, and Internal Audit.

The Groups are each responsible for implementing the policies within their own organisations, adapting them to their specific needs and continuously ensuring they remain up to date. Where relevant, they may also incorporate additional policies such as Anti-Money Laundering and Workplace Conduct.

Dedicated Ethics & Compliance departments within each Group provide insight into the expected levels of behaviour and support management in adequate implementation and revision of the E&C programme/policies and making sure that the relevant persons are trained accordingly. The departments also provide colleagues worldwide with all the right tools to deal with challenging circumstances and difficult dilemmas.

Speak Up, meanwhile, is a confidential, company-wide phone line and webservice that allows all employees and stakeholders to safely voice any concerns they may have about workplace practices.

This comprehensive set of measures helps to ensure that SHV continues to meet its strong commitment to a company-wide culture of integrity and trust.

Ethics & Compliance (E&C) Committee

The E&C Committee, operating both at SHV and Group level, assists and advises the SHV EBD and management of the Groups respectively in overseeing the effective design, implementation, and operation of the E&C compliance programme. The Committee meets on a quarterly basis at SHV level, and consists of the entire EBD, as well as the Director E&C/General Counsel, Human Resources, and Internal Audit.

Message from the SBD

SHV is facing challenges both external and internal. This is something that in its 128 year existence is part of its DNA. It does require focus and a balanced approach by the EBD and Boards of the Groups, together with its people. The SBD is in close contact with the EBD to reach over time the best outcome feasible. Next to challenges there are a lot of things going well in SHV, such as a strong balance sheet, improvement of the operational results, an improved free cash flow, more women in leading positions and a strong culture based on the purpose.

Geopolitical challenges such as Ukraine-Russia and Israel-Gaza conflicts, affect the lives of many. The economic landscape is turbulent, rising interest rates, inflation, supply chain shortages and, since Covid, labour scarcity everywhere. Also, there are internal Group specific (operational) challenges that were and, in some instances, continue to be addressed. The SBD reviewed and discussed these issues on several occasions.

The strategic decision, following an in-depth review with the EBD to focus (over time) on less Groups, will enable more focus, to unlock better opportunities for value creation and improve results. This resulted in the sale of ERIKS, a process that should be concluded in the first half of 2024. The intended divestment of Mammoet will take time. And SHV has this time.

Next to specific subjects such as Mammoet Russia and the divestment of ERIKS, the SBD has spent a significant amount of time and attention on the long-term strategic approach, the continuous improvement of overall operational performance, working capital management and cash generation. A consolidated strategic update formulated over a number of SBD meetings also took account of the market developments, risks and challenges, and strategic priorities per Group. We received and discussed regular updates on progress as well as on finalising the divestment of Makro Brazil. We are pleased that Makro Venezuela has found a new partner with the sale of the Makro brand and the transfer of operations to Redvital while still leveraging rental income.

During the year, the SBD gathered for five regular meetings with discussions on a series of deep dives and updates such as the strategic execution at Nutreco and the demanding circumstances in Ecuador. We looked at the overall strategy, the solar and renewables businesses, and the *Horizons* programme at SHV Energy and discussed the general strategy of NPM, encompassing their theme-based approach and how to support the internationalisation of portfolio companies, The successful exit of Mammoet from Russia with most assets repatriated to Europe was also followed closely.

In June, the SBD travelled for an on-site visit to SHV Energy subsidiary Calor GB located in Birmingham, England. The programme consisted of a briefing on the wider SHV Energy strategy and Horizons programme from the SHV Energy management board. The local management team then presented the current state and their vision for the future. The SBD also received updates on the company's progress in solar energy and sustainable fuels, namely SunSource Energy and Futuria respectively. A visit was made to the pilot plant for rDME, a potential sustainable substitute for LPG.

Financial updates were received in the form of monthly and quarterly reports. In terms of financing, the SBD looked at overall liquidity, headroom, and approved new bilateral loan agreements. Approval was also given for the transition from Dutch GAAP to the IFRS accounting framework, that will start in 2024.

With respect to the ESG strategy, the SBD received updates on the three focus areas of Safety, Diversity, Equity & Inclusion (DEI), and Sustainability – most notably regarding the progress of the recent Double Materiality Assessments (DMA) and Greenhouse Gas (GHG) reductions.

Other topics discussed were related to succession management, risk assessment and post investment reviews.

The turbulent times in 2023 have demanded a lot from all SHV colleagues as together they navigated the challenges to safeguard a stable, sustainable SHV for generations to come and we want to thank them for that. Also, we would like to express our thanks to the EBD, Jeroen, Ricardo, Floris and Eelco, whose efforts have been essential in steering the company through another year of uncertainty.

The composition of the SBD has remained unchanged. Mr Boer (Deputy Chairman) and Mrs Fentener van Vlissingen (Chairman) were re-appointed as members for another four years at the AGM of April 14, 2023.

After eight years as CEO of SHV, Jeroen Drost has decided he will step down after the Shareholders meeting in April 2024. We are grateful for his years as CEO, guiding SHV and its Groups into the next phase of its existence. He will be succeeded by Floris de Ryck who has been a member of the EBD for eight years and has prior experience at Makro and SHV Energy.

During the Shareholders meeting, we will propose to appoint Mr Bram Gräber, currently CEO of SHV Energy, as member of the SHV EBD. A CFO will become part of the EBD in time.

Eelco Hoekstra stepped down as a member of the EBD per January 1st, 2024, but will remain on as an advisor to the SBD and the EBD. We want to thank Eelco for his contribution during his time at SHV.

We must recognise that the challenges we faced during 2023 are far from over. The SBD remains committed to doing everything possible to support all to protect market positions and encourage growth. Under the leadership of the EBD and the management Boards of the different Groups, SHV will address the many challenges ahead.

Utrecht, 11 March 2024

On behalf of the Supervisory Board of Directors,

A.M. Fentener van Vlissingen
Chairman

Message from the EBD

2023 saw global circumstances remain as unpredictable as ever. The Russia/Ukraine conflict is reaching the end of its second year with no end in sight. The situation in Israel/Gaza has shaken the international geopolitical climate further still. And the degrading security situation in a number of South American countries over the last twelve months has exacerbated the general feeling of instability.

From a business perspective, the global economy has been characterised by a sustained period of high interest rates and high inflation – and this looks set to continue. Tight labour markets continue to play a part in restricting growth, while supply chains have still not recovered to normal levels.

Times of such uncertainty call for constant adjustment, fast adaptation, and strong decision-making. Even so, our purpose remains unchanged. We endeavour to display the courage to care for people, for the planet, and for our performance in every aspect of our business.

Care for our people

Caring for generations to come also means valuing the generation of today, an ethos that exerts a strong influence over the way we do business as people and as an organisation.

Diversity, Equity & Inclusion (DEI) remain high on the agenda as we continue to build a highly engaged workforce that represents the makeup of the societies in which we operate. As we will discuss in the following chapters, we launched a wide range of initiatives to ensure the topic remains front and centre of our thinking.

Safety also remained a non-negotiable priority throughout the entire organisation, although we still need to improve to reach the level at which we expect – and need - to operate. Over the year we have taken action to improve the scale and scope of our reporting and launch us on the journey to realising our ultimate ambition of *zero harm*.

It is with the deepest regret that we report four fatalities at SHV Energy during 2023, all relating to road and traffic safety. Our deepest sympathy goes out to the families of those involved.

Care for our planet

We understand our responsibility to the communities and to the world around us – and that is why we need to think beyond performance-based KPIs when it comes to measuring success.

As we will discuss later in this report, the organisation continued to focus on our three key ESG-related themes: DEI, Safety, and the reduction of greenhouse gas (GHG) emissions – the latter to meet key objectives including full compliance with the EU's Corporate Sustainability Reporting Directive (CSRD).

In 2023 we saw a vast array of initiatives aimed at reducing GHG emissions across individual Groups, and across the organisation as a whole. Particularly Scope 3 emissions remain the most significant challenge to SHV. Furthermore 2030 emission targets will be updated early 2024. These initiatives included Double Material Assessments (DMA), which have identified the key areas on which each Group can focus to minimise its impact on people and the environment.

Additional non-financial KPIs, next to the ones mentioned above, will be added under the CSRD legislation and will specifically provide transparency on additional environmental, social and governance topics within SHV and the extended value chain. Examples include KPIs on circular economy, consumers and end-users and business conduct. These KPIs will be included in the 2025 annual report which will be compliant with CSRD legislation.

Care for our performance

SHV aims to provide stable, long-term returns throughout economic cycles. We achieve this goal by allocating capital to the sectors we believe to be underpinned by strong, long-term macro trends. This strategy also results in the diversification of our business and reduces risk.

2023 has been a dynamic year, during which the organisation has acted upon a number of significant strategic decisions. Most notable among these is a planned reduction in the number of Groups within our Family of Companies, which will allow us to focus on SHV Energy, Nutreco, Kiwa, and NPM.

The sale of ERIKS is nearing completion and we are pleased to report that a Share Purchase Agreement has been signed. We expect to close the transaction in the first half of 2024, and intend to direct the proceeds into supporting growth at the remaining Groups.

Makro Brazil finalised the gradual divestment of stores in the São Paulo region. Associated to the reduction of its activities it also scaled down its head office to a minimum, with the aim to support the remaining administrative wind down which will still take a couple of years. Furthermore, the brand and its operations in Venezuela were sold to Redvital, with SHV retaining ownership of the premises to generate a predictable stream of rental income.

We continue to search for a suitable buyer for Mammoet. In the meantime, the business will be prepared for divestment, which we hope to take place within the next few years.

In line with our stated objectives announced immediately after the start of the Russia/Ukraine conflict, we put an immediate halt to new investments, projects and exports in and to Russia. Next to this we initiated the process to fully wind down our business activities in Russia. This was achieved by Nutreco in 2022 with the sale of its Russian company to local management, followed by Mammoet which sold Mammoet Russia and repatriated remaining equipment in 2023.

To optimise our focus on core activities even further, individual Groups divested a range of operations. SHV Energy sold its activities in China, and Kiwa its loss-making operations in Poland. Nutreco signed an agreement to divest part of its business in Indonesia. Mammoet continued to reduce its footprint in Asia and the Middle East, where it will now conduct projects on an in-and-out basis. The Groups also continue to make progress on a large number of initiatives designed to drive growth, control costs, and improve long-term performance.

SHV Energy launched the *Horizons* programme, which divides operating countries into three clusters based on their individual market characteristics. Tailored bottom-up initiatives aim to ensure that each individual country achieves its full potential over the coming years. The programme will also help to direct the focus on future investments, while at the same time ensuring existing activities are optimised and able to generate the required financing.

Nutreco retained its focus on adjusting business activities in response to new market realities. The company bolstered a range of programmes focused on successfully protecting margins, controlling production costs, reducing organisational complexities, and minimising overheads.

Kiwa has enjoyed a period of strong expansion that saw the acquisitions of Vinçotte and Intega. The Group will now focus on preparing a detailed long-term strategy to support the next wave of growth, with priorities including the strengthening and harmonising of financial systems and key support functions such as HR and IT.

Finally, NPM continued to successfully build on its theme-based approach to investments, as well as provide operational support to participations in the form of ESG and Corporate Financing expertise.

SHV-wide initiatives

SHV views Data & Analytics (D&A) as a strategic enabler to the way we conduct business in the digital age. Two years ago, we set out to become a better data-driven organisation with the creation of our joint venture Adaptfy, which has continued to support our Family of Companies in unlocking the power of data.

We launched the *Pulse* Programme to establish a robust data framework across the organisation. By breaking down silos, modernising infrastructure, and organising data, *Pulse* lays the foundations that will allow us to fully exploit the potential of data and AI. We will continue to explore the latest technologies, empowering our customers, employees, and partners to optimise decision-making, comply with our values, and meet our regulatory obligations.

Cyber-related criminal activity continues to become smarter, stealthier, more sophisticated – and is taking place at a larger scale than ever. As our reliance on digital technology grows, so too does the risk of cyberattack. Security is no longer a new concept. Protecting ourselves against such threats has become a routine part of everyday business. Yet despite our best efforts, we cannot guarantee 100% prevention. That is why we follow the principle of protect, detect, and respond.

Beyond taking proactive action to avoid incidents, we have also put in place measures that will allow us to quickly detect and respond to any incident and minimise any potential damage. We are also committed to continuously reinforcing all related strategies and operations. In 2023, for example, we increased employee awareness and enhanced our security operations centre to increase resilience against evolving threats.

During the second half of 2023, we began work on redefining the specific responsibilities of SHV Holdings and the Groups, as well as the current challenges we face and the solutions to them. The process will continue into 2024, increasing the effectiveness of our decision-making and maximising efficiency. Initiatives designed to leverage the scale of SHV in support of the Groups also continued, with an emphasis on IT Procurement: IT contracts and purchases have been harmonised to reduce the cost and increase the quality of relevant services.

Finally, we have taken the decision to move our accounting framework from Dutch Accounting Standards to International Financial Reporting Standards (IFRS), as this will better reflect the results of the Groups. This will make our financial figures easier to benchmark against those of similar global companies and ease access to broader sources of financing if needed. The first annual report under IFRS will be published in 2025 over 2024.


PRIMAGAZ

Financial summary

To assess the underlying performance of operational Groups, we consider *income from operations before exceptionals and amortisation (*IOBEA) to be a good metric. In this context, 2023 saw a significant growth of 18% compared to 2022, rising from € 745 million in 2022 to € 882 million in 2023. Over the last four years, the figure has increased significantly.

In 2023 SHV Energy, Mammoet, Kiwa, and ERIKS all delivered strong growth in IOBEA. Nutreco remained stable, but if corrected for the loss of the Russian business, the sale of the Spanish poultry activities in 2022 and the impact of Ecuador, remaining activities showed a rise in operational performance in 2023. Although market circumstances remain challenging, we are optimistic about the continued upward trend of this performance metric.

Aqua operations in Ecuador, by far Nutreco's largest business unit, did not contribute as significantly as expected. This was due to the worsening economic and political conditions in the country. In addition, the discovery of accounting irregularities also made an impact. We acknowledge the risks associated with fraud and irregularities and prioritise full compliance and transparency. A robust framework of internal controls and strong checks and balances at every level are supplemented by a broad set of Ethics and Compliance policies and guidelines. Please refer to the dedicated Risk Management section to understand the top 10 risks we face and the measures we have put in place to address them.

Focusing on non-operational Groups, NPM aims to grow participations to achieve their maximum potential before selling at the right time. This means that income can vary widely from year to year. In 2023, NPM realised a single partial exit (Kramp), resulting in a lower contribution to overall results compared to previous years. Following a record year in 2022, ONE-Dyas also saw a decline in earnings due to lower oil & gas prices and the associated impairments of oil & gas assets.

Moving on to exceptional items, different one-off events made a net positive impact amounting to € 73 million in 2023 (2022: € 56 million). This is composed of the net positive contribution of the sale and wind-down of Makro stores in Brazil and the revaluation of Venezuelan stores. Furthermore, the partial impairment of SHV Energy's US business, swings in pension deficits, claims & other disputes and restructuring costs contributed negatively, and were offset by the decrease of the special risk provision.

Amortisation costs increased due to goodwill from recent acquisitions in Kiwa and SHV Energy. Interest expenses also increased due to increasing cost of borrowing in 2023, associated to gains from the sale of SHV Energy's activities in China and no material book losses or write-offs. Tax costs, whilst remaining high, reduced slightly compared to 2022.

Resulting from these effects, Net income amounted to € 380 million in 2023, remaining at a similar level as 2022. We view this performance as satisfactory, yet emphasise the need to structurally increase it going forward, supported by the ongoing execution of performance improvement programmes across all Groups.

A continued emphasis on cash generation and preservation has achieved good progress, with SHV generating a positive free cash flow of € 175 million, the result of a slightly lower operational cash generation more than offset by significantly reduced investments. Overall SHV remains resilient, supported by a strong, conservatively financed balance sheet.

Looking ahead

Whilst the outlook remains uncertain, due to geo-political tensions and limited economic growth, positive signs can be noticed with the expectation of inflation and interest rates stabilising. This challenging business environment continues to resemble past years which have forced us to adapt continuously whilst still able to deliver increased operational performance of the Groups. In 2024 we will continue to further drive performance delivery through the execution of Groups' set strategies.

Special thanks

To conclude, we would like once again to acknowledge the response of our colleagues across the globe to the challenges we have faced over the last few years. Thanks to their determination to uphold our values, we continue to move forward from a position of strength. On behalf of the entire board of directors, our thanks go out to you all.

Particular mention goes to our colleagues at Mammoet and ERIKS for their patience during a prolonged divestment process. And to Paul Hesselink at Kiwa for two decades guiding Kiwa on their journey of growth as the company's CEO and Paul van Gelder, being the CEO of Mammoet for more than six years.

Last but not least, we want to thank Eelco Hoekstra, who stepped down from the EBD as of January 1, 2024, for his contribution to the EBD and SHV.

J.P. Drost
CEO

Courage to care for generations to come

Courage to care

Purpose & ESG

Courage to care for generations to come

Every Group, every business activity, and every colleague is guided by a single shared purpose: to care for people, the planet, and our performance. The courage to care about a better world - both for today and for generations to come - naturally aligns with our approach to Environmental, Social and Governance (ESG). ESG is a framework used to assess an organisation's material impacts on people and environment and the material effects of sustainability matters on the organisation's development, performance and position.

Over the course of the year, we have continued to focus on the three key elements of ESG that we defined back in 2018: DEI (Diversity, Equity & Inclusion), Safety, and GHG (Green House Gas) emissions - all of which will be discussed in more detail below.

We have also started the programme to becoming fully compliant with the EU's Corporate Sustainability Reporting Directive (CSRD) by 1 January 2025. This regulation is designed to modernise and strengthen rules concerning the reporting of social and environmental information. In response, we have started to plan, implement, and measure a wide range of ESG activities across the Groups.

A small ESG team at SHV Holdings level has been put in place to drive CSRD compliance, coordinate and facilitate Group common initiatives and be an advisor to the EBD. In addition, a core cross-Group sustainability team meets monthly, with a separate safety team holding quarterly meetings.

Double Material Assessments (DMAs)

As prescribed by the CSRD, all Groups have now conducted Double Material Assessments (DMA), identifying the most important areas of focus for ESG reporting. Double Materiality Assessment is a concept which provides criteria to determine whether an Environmental, Social or Governance topic is material and must be included in the annual reporting. Material topics are topics that represent an organisation's most significant impacts on the economy, environment, and people. Double materiality is the combination of impact materiality and financial materiality. Therefore, a topic meets the criteria of materiality if it is material from the impact perspective or from the financial perspective or from both two perspectives (double material).

Topic materiality from an impact perspective (inside-out view) means the company is connected to actual or potential significant impacts on people or the environment over the short, medium or long term. This includes impacts directly caused or contributed to by the undertaking and impacts which are otherwise directly linked to the undertaking's upstream and downstream value chain. The impact can be either positive or negative.

A topic is material from a financial perspective (outside-in view) if it triggers financial effects on the company, i.e. generates risks or opportunities that influence, or are likely to influence, the future cash flows and therefore the enterprise value of the undertaking in the short, medium or long term but are not captured by financial reporting.

In addition to the topics which we already track with data since 2018 (GHG, DEI and Occupational Health and Safety), new topics which are determined as material based on the DMA process, will be added during 2024. These topics will also be detailed to allow for disclosure and reporting in a comprehensive, transparent, and auditable manner starting in 2025.

Human Rights

The issue of human rights represents another essential CSRD-related topic, while also strongly resonating with our purpose of caring for people. Whilst a robust human rights review across all the Groups did not reveal any material concerns, the outcome will be incorporated in our business processes to ensure we continue to operate in a way that genuinely protects people from any violation of their basic rights and freedoms, wherever they work and whatever they do. This mindset applies not only to our own operations but must also influence our partners in the value chain. Our activities adhere to all OECD guidelines.

EU (European Union) Taxonomy work stream

We have also taken our first steps towards the investigation and implementation of EU Taxonomy reporting. A mandatory disclosure under CSRD legislation, this classification system is designed to drive transparency by highlighting the percentage of business operations able to be labelled as ‘green’. The measure is becoming increasingly important to a wide range of stakeholders from banks and investors to suppliers and customers, as well as for attracting new talent.

Planning for 2024

As we move into the new year, we will continue our work on GHG abatement curve development for Scopes 1, 2, and 3 to prepare our carbon strategy, which will be ready in 2024. We will also move ahead with translating the outcome of the DMAs into processes, structures, and IT systems. At the same time, we expect to obtain pre-assurance on the key focus areas by performing a test audit to identify any remaining gaps or issues. This will allow us to take any action required before 2025. We will reset our baseline from 2018 to 2022 and restate our 2030 targets for GHG emissions in line with the Paris Agreement. Finally, we plan to fully integrate ESG into all business processes and decision making, to ensure they take account of DMA-related topics and non-financial KPIs.

Care for our people

Care for our people

People have always been at the heart of SHV. People bring our values to life, shape our culture, and drive our growth. Caring for our people means that we trust them to make decisions, empower them to take the initiative, support their personal development, and reward their excellence.

Diversity, Equity & Inclusion

As part of our commitment to caring for people, we aim to create diverse and inclusive teams that help us to better reflect—and better understand—our customers and stakeholders, enhance our business performance, and work ever more innovatively. In 2023, we continued our efforts to develop a highly engaged workforce that represents the makeup of the societies in which we operate.

One of the key means of achieving this goal is by increasing the number of women holding senior management positions. To measure this within SHV we use the Korn Ferry Hay (KF Hay) job evaluation methodology, to determine the relative worth of different jobs in an organisation. By 2030, we aim to see this figure reach a minimum of 30% (KF Hay ≥21) compared to the current 18%. In 2022, females represented 17% of senior positions.

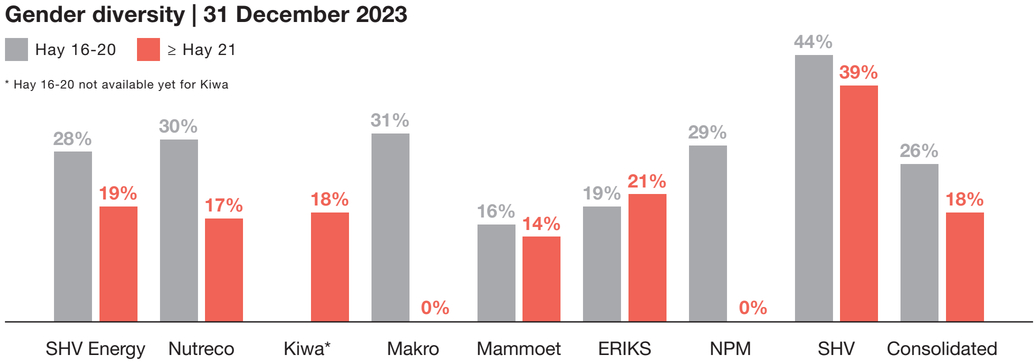
We also actively measure our progress against benchmarks such as the talent pipeline (KF Hay 16-20) and FTEs in general. As things stand, females make up 26% of KF Hay16-20. (This figure excludes Kiwa, currently in the process of introducing KF Hay grades.)

SHV also aims to see senior management teams include at least two different nationalities by 2030. In 2023, 85% of our teams already met this goal, compared to 74% in 2022.

Over the year, individual Groups have focused on specific areas of improvement such as shaping a balanced talent pipeline by using best practices in recruitment, development, and promotion.

2023 also saw a number of cross-Group DEI initiatives. We introduced the *Blue Card* to raise awareness of unconscious biases and non-inclusive behaviour. We continue to host *Taking the Stage* and the *Sharing the Stage* dialogues to support the empowerment and visibility of underrepresented communities across the organisation to become an ever more inclusive organisation. In addition, we are fine-tuning the *SHV Employer Value Proposition* to incorporate clear DEI messaging and looking at new ways to address and communicate the topic more prominently both internally and externally.

Gender diversity | 31 December 2023



We continue to adapt to the post-Covid world, supporting hybrid working while simultaneously retaining a shared sense of belonging.

Global Job Board

In 2023 we launched the new SHV Global Job Board, which aims to bring together all vacancies from across the SHV Family of Companies. This important milestone reinforces our commitment to equal access to opportunities, highlighting the many diverse roles available across SHV to both existing employees and external talent. Equal access is a fundamental part of empowering employees to take charge of their career, develop their potential, and perform at their best. In doing so, it not only strengthens the SHV employee value proposition but also SHV as a whole.

The board launched with vacancies from across SHV Energy, Nutreco, and Kiwa. NPM, Adaptfy, and SHV Holdings are set to follow in 2024. Adaptfy demonstrated their expertise by managing the technical part of the project, which has provided a great example of cross-functional and cross-group collaboration.

Fair pay

Fair and equitable rewards represent an essential part of our purpose to care for people. As such, the topic is also a central part of our ESG strategy. For SHV, this involves looking beyond gender and pay to ensure that policies and practices relating to salary, bonuses, and benefits are based on a common set of principles and guidelines across every Group, every position, and every level.

Every Group started to make deep dive analyses on fair pay in the different business units, mainly in the large countries, since this is a key principle in the SHV reward philosophy. Follow up actions were taken where appropriate in individual cases. However, first analyses did not show any structural and or intentional pay gaps which could not be explained by justifiable reasons such as the type of position and level of the position in the organisation, the seniority and performance of the individual employee.

In 2023 we laid the foundations for the cross Group Global Rewards Policy and Guidelines as well as the Fair Pay Framework. This will support our global organisation in further aligning the existing local practices and policies.

Comprising a standardised set of principles that Groups can adapt to suit their local market conditions, the policy, guidelines, and framework will support all entities in delivering the expected levels of parity, consistency, and transparency in pay. In doing so, it will formalise our underlying philosophy of - and shape our actions towards - fair pay for all.

With the European Pay Transparency Act 2026 legislation and CSRD both on the horizon, the Global Rewards Policy and Guidelines and Fair Pay Framework will underpin our commitment to treating all people equally.

Change management

In the ever-evolving landscape of the world caused by geopolitical challenges and other developments, change remains an inevitable constant in the countries where we operate as well as within SHV. Therefore, we embraced two global change management models to strengthen our change capabilities as a core competence across the entire Family of Companies. This ensures we adopt and embed desired changes in a practical and pragmatic way, delivering projects more quickly and realising sustainable long-term benefits.

The two models have been rolled out across the Groups, supported by the growing change management community launched at the end of 2022. This community has provided a rich source of cross-Group learnings, which are in turn helping to leverage best practices, complete projects more efficiently and more cost effectively, and make the most of diverse perspectives to achieve visible results.

People Development

As the pandemic eased, we could once again bring a focus to learning. In 2023, we revived the SHV leadership development offering, which has now been split into two categories: SHV Foundation (for all managers) and SHV Leadership Development (aimed at future senior management).

The SHV Foundation programme includes *Being Part of SHV,* to understand and appreciate what SHV stands for ; *Management Essentials,* focusing on the fundamentals of good management in line with the SHV Leadership profile; *Taking the Stage*, to support empowerment of female colleagues; and *Sharing the Stage,* a dialogue that focuses on understanding (unconscious) bias and promoting equality, inclusion, and diversity in the workplace.

SHV Leadership Development programmes include *LEAD* and *Now for Next*. Designed to provide current and future leaders with the opportunity to deepen their knowledge of ESG, digitalisation, and AI, these programmes also place an emphasis on strong leadership and self-reflection in a fast-changing world. We believe that people learn, grow, and thrive more effectively with like-minded peers. At the same time, we connect current senior management and experts with the leaders to come. In doing so, we are developing a cross-Group network of people and resources that seamlessly bridges the generations.

The individual Groups will also continue to supplement these development programmes with their own offerings, such as Nutreco's *SOAR* (Strengths, Opportunities, Aspirations, Results) and SHV Energy's *Energy Transition Mini MBA*. All are aimed at placing an emphasis on strong leadership behaviour in the light of a fast-changing world, with a particular focus on ESG.


WORKING SAFELY
FOR ME AND
FOR MY
LOVED ONES.
iPRAGAZ

Safety

Caring for people is an inherent part of the way we do business. Despite the continued and significant increase in focus on safety performance during the year the results are not where we want it or need it to be. The Total Recordable Case Frequency (TRCF) for 2023 ended at 1.21, at the same level as 2022. We recorded 759 incidents, 12% less than 2022 but also the working hours reduced due to business divestments. There were seven serious incidents during the year and we are also extremely sad to report four fatalities - all related to transport accidents in our Energy business.

This result clearly demonstrates the need to continue training and focus on safety matters as first priority in our own operations and that of our supply chain partners. Having improved the depth of our reporting during the year, we are now in the process of establishing an organisation-wide culture of safety that makes the subject our overriding priority. Our goal of *Zero Harm* means allowing so that every employee returns home safely every day. Senior management compensation is now linked to achieving TRCF improvement in order to reach benchmark TRCF of 0.4 for the whole of SHV in the medium-term future.

This unwavering commitment to a safe working environment for all will be grounded in a continued focus on our three core programmes:

Our *Life Saving Rules* (LSR) apply a consistent approach to incident prevention across the Groups, with each following a specific set of rules focusing on the relevant safety hazards.

Visible and Felt Leadership is designed to ensure that management takes responsibility for safety and makes it priority number one in everything we do and every decision we make - ahead of economic, customer, and all other considerations.

Operational Discipline and Process Safety is aimed at continually reviewing our operations, equipment, and processes to identify any potential risk and quickly take any action required.

Together, these three programmes will prove critical in delivering levels of safety over and above industry benchmarks.

A “*practice in place”* mindset also has an essential role to play, making sure that our people are aware of all programmes and initiatives; that they receive the appropriate training; and that they are capable of effectively implementing all relevant rules, practices, and procedures. To put it another way, *Practice in place* is about transforming words into actions.

In terms of specific actions, Life Saving Rules were the focus of our annual company-wide Safety Week with training and targeted workshops at all our sites. All Groups report safety performance monthly which are consolidated into a Group-wide overview, extensively reviewed, and discussed. This allows us to track progress closely and keep safety top of mind. Safety leads the agenda in all board and Group meetings. A dedicated cross-Group safety community meets once a quarter to exchange best practices and learnings and review progress.

At SHV Energy, the initial roll out of the CARE campaign, aimed at achieving the cultural and behavioural change aspects of Health and Safety, has been completed and now Business Units are implementing innovative ways of stimulating the CARE programme in colleagues' minds, reinforcing the knowledge of the Life Saving Rules (LSR) and encouraging the adoption of Health and Safety Habits. For example, local initiatives include the development of games (Habits jigsaw puzzle, H&S Jeopardy, LSR match), visual reminders and ownership of the CARE concepts (LSR clock, volunteer championing of a LSR or Habit) and family involvement (Personal Protective Equipment board with pictures of family members, Kids' CARE competition, and Kids' messages to their parents broadcasted in rest areas).

In 2023, Nutreco launched a safety-related investment programme focused on process risks such as dust explosions. Among other initiatives, this involves making significant modifications to bucket elevators and hammer mills. Following Mammoet and SHV Energy, Nutreco has also adopted EcoOnline, a specialist Environmental, Health, and Safety (EHS) software that records and tracks all aspects of safety and facilitates creation of a safer and healthier workplace. Kiwa started to implement Kiwa Impact, their in-house developed tool.

ERIKS and Kiwa both conducted equipment safety audits across their sites and are now in the process of implementing the ensuing recommendations.

As for the year ahead, we will continue to reinforce our *Life Saving Rules*, *Visible Felt Leadership*, and *Operational Discipline and Process Safety* programmes. We will also begin to gradually introduce the concept of a *Just Culture*. *Just Culture* means not only looking at the technical side of any safety related incident, but also at organisational accountability and responsibility aspects.

Start from the heart

We firmly believe that the positive, sustainable development of the societies in which we live and work is as much to our own benefit as it is for the communities around us. That is why SHV is heavily involved in the development of many aspects of our immediate environment, with a particular focus on education. For us, education represents a long-term commitment to people and ultimately, to society. With our business units uniquely positioned to understand the challenges and needs of local communities, our *Start from the Heart* initiative encourages them to set up and support projects tailored to local needs. By supporting a wide range of educational programmes, SHV is empowering people to support themselves.

The Lapwing Awards

In recognisition of all the great inititives taking place locally and to encourage the great work being achieved by *Start from the Heart* across the SHV Family of Companies a so called Lapwing Award is presented to the best three projects each year.

Examples of educational projects

SUPERGAS foundation is a non-profit charitable trust set up by SUPERGAS, SHV Energy's business unit in India. The foundation supports Agape AIDS Orphan Care, which looks after children orphaned by AIDS in Hyderabad, India. Established in 2013, Agape provides almost 250 children with a safe home, education, medical care, and love.

The Catfish Sustainability Project, funded by Nutreco and Skretting, is a social intervention project aimed at supporting small-scale catfish farmers, helping them to increase productivity, boost income, promote best practice for environmental sustainability, and facilitate an organised catfish farming structure.

Becas Sabor Caribe is a scholarship programme supported by Makro Colombia that offers young people from low-income rural areas the chance to build a better future for themselves through education. Lessons take place in mobile schools and focus is on cooking, accommodation services, and tourism.

The Skretting gets kids to school helps children of primary school age from low-income families in farming regions of Vietnam to get back into education. The scholarship aims to motivate children that have quit school too early to continue their studies, while helping parents to cover the costs. Before the children head back to school, Skretting Vietnam provides them with backpacks containing notebooks, raincoats, masks, and hats to ensure they are equipped with much-needed supplies for the new school year.

Rewrite is an online programme sponsored by Calor Ireland in partnership with Rewrite Education. Helping teenagers to understand their carbon footprint and explore climate solutions and innovations, the programme provides the tools and inspiration to make positive changes and reimagine a brighter, greener future.

Inspiring Girls Foundation has collaborated with Skretting Chile to host a series of talks by leading women in industry. So far, over eighty girls have gathered to hear about the experiences of nine female professionals from Skretting Chile, who shared stories from their personal and professional lives at three events around the country.

The IMC Weekend School Foundation provides additional educational support to Dutch children from the age of ten upwards, in the places this support is needed the most. In partnership with NPM, the school offers a place for children to develop their preferences, talents, and life skills.

Care for our planet

Care for our planet

Green House Gas Emissions

In our diverse and global business, greenhouse gas (GHG) emissions represent one of the most material environmental issues across SHV. We are, however, reaching the point where we now have the capability to report accurate, complete, and auditable GHG emission data. In doing so, we follow the Green House Gas Reporting Protocol, the world's most widely used accounting standard for measuring and managing greenhouse gas emissions.

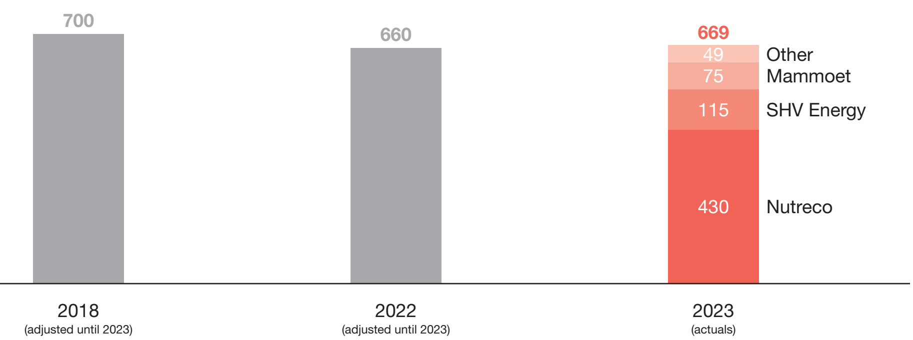
Scope 1, 2, and 3 are the three categories of greenhouse gas emissions that companies report on to measure their impact and progress towards net-zero.

Scope 1 are direct emissions from sources that are owned or controlled by the company, such as emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc. Scope 2 are indirect emissions from the consumption of purchased electricity, heat, or steam. Scope 3 are all other indirect emissions that occur in a company's value chain, including both upstream and downstream own operation. The boundaries between these scopes are not always clear-cut, and there can be some overlap between them.

In 2023, we adjusted the 2018 Scope 1 and 2 baseline, taking into account significant investments and divestments, while also improving the accuracy of the figures. Between our baseline year of 2018 and 2023, business growth has offset the improvements we achieved, meaning overall performance has remained almost level.

GHG emissions, scope 1 + 2

In $kTonsCO_2eq$



The reported numbers exclude the emissions from NPM participations and our emission share of ONE-Dyas because we do not have operational control over these entities, which is the criteria for reporting.

We are restating our 2030 targets to bring these in line with the Paris Agreement goals, which limit global warming to 1.5°C above pre-industrial levels. Starting in 2024, Senior Management compensation will be linked to emission reduction in line with the agreed goals.

The reduction of Scope 3 emissions remains the most challenging objective, with the vast majority attributed to Nutreco (driven by the sourcing of agricultural raw materials and changes in land use) and SHV Energy. For Nutreco 50% of the Scope 3 emissions are due to fossil energy consumption in the value chain for production and transportation. Thus, we need to step-up our efforts to influence supply chain partners to reduce their scope 1 and 2 emissions. For SHV Energy the largest Scope 3 contribution is from consumers burning fossil fuels. Reduction will come from the transition to renewable energy sources like solar and alternative molecules for which ambitious R&D programmes are in place.

SHV Energy has introduced a first groundbreaking electric LPG truck designed for shorter distances, while planning renewable alternatives to diesel for the rest of the fleet. The company's sustainable fuel subsidiary, Futuria, develops renewable alternatives to fossil-based propane and butane. Futuria is also actively exploring an entire portfolio of innovations such as green hydrogen, ammonia, and methanol for development in the medium- to long-term. Although exciting, these will involve significant investment to bring to market.

SunSource, an SHV Energy solar generating company in India, is a leading provider of solar-based energy and storage solutions to commercial and industrial (C&I) customers and manages the entire lifecycle of distributed solar projects. SunSource Energy announced that it will double its solar energy deployment target. The target will increase from 550 megawatts to one gigawatt by 2027.

The increased solar energy capacity will help to support a growing customer base across India that wishes to make the transition to cleaner, more sustainable power.

Nutreco started an ambitious investment plan to reduce their Scope 1 and 2 emissions in line with the Paris Agreement goals. This includes a large portfolio of energy efficiency and green energy investments at their global manufacturing sites. The Scope 3 emissions at Nutreco are much more difficult to reduce, because of the high dependency on cooperation across the value chain, especially the commodity suppliers.

Mammoet continued to pursue development plans for the electrification of its fleet, while an industry-first electric crane went into operation. The business is also fitting data collection instruments to mobile equipment, allowing energy consumption performance to be monitored in real-time and with a high degree of accuracy.

Kiwa activities itself do not generate a carbon footprint of any significance. As a CSRD-accredited auditor, however, the company enjoys access to a significant number of opportunities in the ESG space and has been heavily involved in testing solar, wind, and hydrogen installations - all of which represent a major growth opportunity.

ONE-Dyas continued efforts to minimise GHG emissions and establish itself as one of the industry's most environmentally responsible producers. With natural gas set to play an essential role in the energy mix over the medium-term, ONE-Dyas aims to reduce emissions to near-zero from operated oil & gas assets by 2030, and from its entire portfolio by 2035. Progress continues on the GEMS (N05-A) gas field development, the first Dutch offshore gas treatment platform to run entirely on wind energy. First gas is expected by the winter of 2024-2025.

Group-wide GHG reduction initiatives

We realise that we need to step-up the pace to reduce our emissions to achieve the 2030 goals. All Groups are compiling emission abatement plans to outline the scale and timeline of GHG reductions. Common 'quick wins' being implemented cross-Group include initiatives such as switching to electric vehicles, switching to green power purchase agreements (PPA's) and installing solar energy. PPA's will start to play a bigger role as the Groups seek to replace fossil fuels with renewable energy. As part of the energy transition, natural gas offers good alternatives versus wood, coal or fuel oil as energy carriers.

Many of the initiatives are supported by EM3 – an SHV Energy-owned consultancy firm that works to identify and implement reduction initiatives primarily aimed at Scopes 1 & 2.

Accelerating progress into 2025

Moving forward, there is a need to focus on tracking, tracing, and auditing data for full transparency. Yet understanding a highly fragmented and extremely diverse value chain such as ours involves a huge number of data points. Adaptfy, our global Data & Analytics organisation, has initiated the *Pulse* project to meet this challenge. The project is aimed at generating the correct data, then analysing it with help of AI technology to gain a deep insight into ESG drivers, ensure compliance, and inform sustainable business decisions.

Care for our performance

Care for performance

Beyond caring for our people and for our planet, SHV places a strong emphasis on delivering performance. By this, we mean the required level of financial returns on capital invested.

In this chapter, we will look at 2023 financial results as a whole and the key factors behind them. We will then detail Group-specific developments in the context of their respective market dynamics, strategies, and strategic execution.

As a global organisation, a reliable and consistent performance must be underpinned by a robust risk management framework. After outlining this framework, we will conclude with a review of historical trends as shown in a five-year overview.

Financial performance

SHV significantly improved operational performance in 2023, with income from operations before exceptional items and amortisation of operational Groups reaching € 882 million (2022: € 745 million). This increase was, however, more than offset by the performance of non-operational Groups. The results from private equity investments which reflect NPM's results, amounted to € 187 million and made a substantial contribution, yet were lower than 2022 (€ 247 million). Income from investments in affiliates, closely matching the contribution from ONE-Dyas, was significantly lower, amounting to € 89 million (2022: € 260 million), mainly due to lower oil & gas prices and related impairments.

Beyond these effects, Net income in 2023 was supported by exceptional income and expenses, which rose to € 73 million (2022: € 56 million). Amortisation costs continued to increase, totalling € 275 million (2022: € 249 million), due to the goodwill from recent acquisitions by Kiwa and SHV Energy. Interest expenses also rose due to the increased cost of borrowing. Other financial results for the year include a book gain resulting from the divestment of SHV Energy China (€ 22 million), which was offset by smaller effects. This reflects a positive contrast to 2022, which included substantial book losses from the sale of Nutreco Russia (-€ 53 million) and the write-off of the Lightyear investment (-€ 30 million). Tax costs remained high, albeit slightly lower than 2022, resulting in an effective tax rate of 42%. Net income landed at € 380 million, which remains in line with results of last year.

The continued focus on cash supported better cash generation, which resulted in a positive free cash flow of € 175 million. To date, the SHV balance sheet remains strong with a conservative leverage, supporting SHV's continued resilience.

P&L developments

Net sales

Reflecting global developments, net sales in 2023 was mainly impacted by the normalisation of LPG prices, naturally driving the net sales of SHV Energy to a lower level, as well as currency effects. Furthermore Nutreco experienced the full year impact of the divestment of both its Russian activities and its Spanish poultry business (Sada), whilst Makro Brazil divested its stores in the course of 2023. Both Mammoet and ERIKS' net sales decreased as well, respectively due to the sale of Mammoet Russia in 2023 and the divestment of ERIKS North-America in 2022. These effects were only partially offset with the (in)organic growth in net sales of Kiwa resulting from large acquisitions in 2022 and good performance of core activities. Overall, SHV's net sales adjusted for currency effects decreased by 6% to € 22.8 billion.

Operating performance

Reflecting continued improvements in underlying operational Group performance, income from operations before exceptional items and amortisation materially increased to € 882 million, a step up of € 137 million compared to 2022 (€ 745 million). This was driven by improvements across most Groups, reflecting the effective execution of various improvement programmes.

Mammoet yielded the largest improvement following a difficult 2022, during which its operational results were strongly affected by Russia. Further improvements in 2023 were mainly the result of strong volumes within both its international projects business as well as its rental markets.

SHV Energy successfully offset lower volumes due to relatively warm weather with improved margins. The Brazilian and Supply & Risk Management business units in particular delivered a strong performance, while Europe and US activities experienced soft volumes. This resulted in a year-on-year improvement in performance, extending SHV Energy's successful track record.

Conditions in South America remained challenging, nevertheless Makro improved performance supported by strong operational results in Colombia and Argentina, Makro's two remaining operational countries. In addition, a new income stream is being generated from the rental of stores in Venezuela, positively contributing to overall results. At the same time, Makro will continue to be impacted by the run-rate costs of the remaining part of the organisation in Brazil over the coming years, which is managing the winding down of all tax positions and claims.

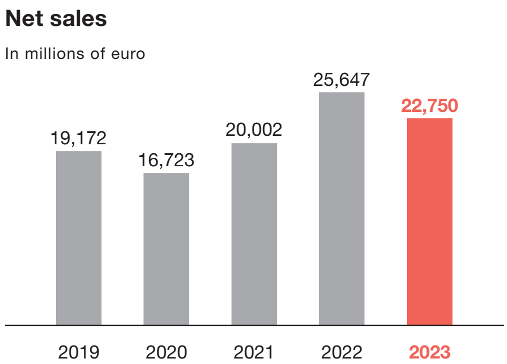
After multiple acquisitions, Kiwa delivered expected performance, mainly supported by the full year impact of the Vinçotte acquisition, as well as robust margin management. Importantly, its core activities also showed a step up in performance compared to 2022.

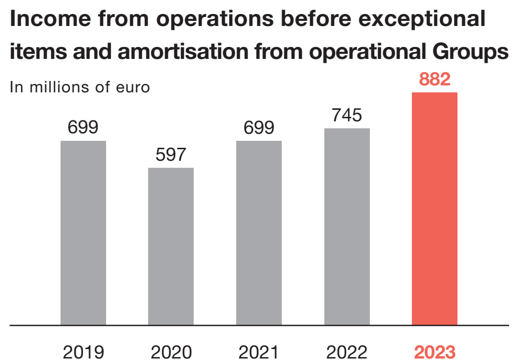
Nutreco successfully offset lower than expected volumes with increased margins and continued cost controls. An improvement in performance across all business units was, however, almost fully offset by the performance in Ecuador, which suffered from highly challenging market circumstances as well as the discovery of accounting irregularities.

Finally, ERIKS also delivered a clear increase in performance as a result of strong margin management in combination with strict cost controls.

Results non-operational Groups

Income from private equity investments, which reflects NPM's contribution, decreased to € 187 million in 2023 (2022: € 247 million) and is mainly the consequence of limited divestments in 2023, representing the sale of part of NPM's shares in Kramp. Income from investments in affiliates, which effectively relates to ONE-Dyas, significantly decreased from € 260 million in 2022 to € 89 million this year, due to lower oil & gas prices and associated impairments of oil & gas assets. Compared to 2022, operational income from NPM and ONE-Dyas decreased by € 231 million.





Net income

Exceptional results made a positive contribution, totaling € 73 million (2022: € 56 million). The sale of stores at Makro Brazil generated € 166 million, and a revaluation of Makro's stores in Venezuela contributed another € 72 million. 2023 impairments relate to SHV Energy's activities in the US (-€ 31 million), Makro Brazil (-€ 70 million), and Mammoet's strategically planned exits from different countries. In addition, pension provisions (-€ 26 million), restructuring costs (-€ 60 million), claims and other disputes (-€ 62 million) yielded negative exceptional results. A number of the exceptional expenses are offset by the decrease of the special risk provision totaling € 115 million.

Amortisation amounted to -€ 275 million in 2023, an increase compared to 2022 (-€ 249 million), as a consequence of the full year impact of the amortisation of goodwill associated with the acquisition of Vinçotte by Kiwa, as well as Vulcan and Petromax by SHV Energy in 2022.

While overall (net) debt levels are in line with 2022, interest expenses in 2023 (-€ 160 million) increased compared to 2022 (-€ 124 million). This is mainly due to a global increase in interest rates, leading to increased interest expenses on the Groups floating rate facilities and refinancing of fixed rate debt previously obtained at more favourable interest rates.

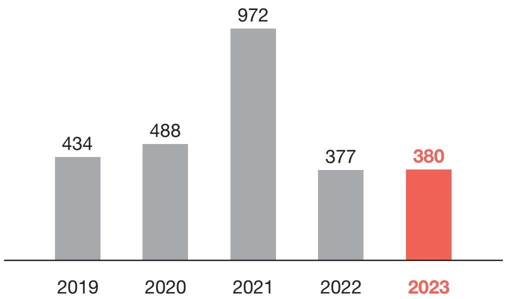
Other financial results are less negative compared to 2022, due to the positive impact of the sale of SHV Energy China (€ 22million), while there were no material book losses or write-offs.

The effective tax rate decreased slightly to 42.0% in 2023 (2022: 44.9%), and is considerably higher than the weighted average tax rate of 26.6%, mainly due to high taxes on income from investments in affiliates. This mostly concerned ONE-Dyas, which is subject to additional tax levies in the oil & gas industry. Furthermore, non-recognition of deferred tax assets related to jurisdictions in which SHV has suffered a tax loss in the current or a preceding period, for which no or insufficient taxable profit is expected in the foreseeable future.

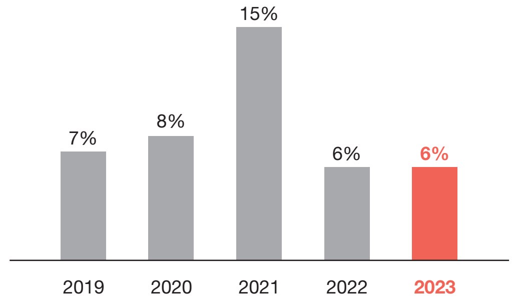
All in all, 2023 Net income amounted to € 380 million in 2023, which remains in line with 2022 restated Net income (€ 377 million).

Net income to SHV

In millions of euro



Income as % of Shareholders Equity



Comparable figures

The 2022 figures have been adjusted to enable comparability with 2023, as after adoption of the 2022 financial statements, the financial information related to Nutreco Ecuador, turned out to be incorrectly reflected.

As per 31 December 2022, accounting irregularities identified by management resulted in an overstatement of income and shareholders' equity amounting to € 17 million, which resulted from SHV's share in an understatement of cost of raw material and consumables (€ 28 million) with offsetting entries in inventories (€ 16 million), trade and other receivables (€ 2 million) and current liabilities (€ 10 million). As a consequence of the abovementioned overstatement of income, loans of € 52 million had to be reclassified from non-current liabilities to current liabilities as per 31 December 2022. The measurement of the put/call liability related to Nutreco Ecuador was incorrect, which had an impact on Net income for the year 2022 of € 7 million negative.

As a result the comparable Net income of 2022 has been restated from € 400 million to € 377 million.

Cash generation

Operational cash flow

Operational cash flow in 2023 amounted to € 985 million (2022: € 1,032 million) reflecting lower cash contributions from NPM and ONE-Dyas partly offset by improved working capital and lower margin call requirements at SHV Energy.

Investment cash flow

Investment cash flow was significantly lower than 2022 at -€ 810 million (2022: -€ 1,179 million). This reflected a fall in investment levels due to lower replacement capital expenditure and fewer acquisitions.

In 2023, a total of € 678 million (2022: € 759 million) was invested in tangible fixed assets mainly related to cylinders and tanks at SHV Energy, lifting and transport equipment at Mammoet, and the expansion of production capacity at Nutreco. As a result, replacement investments remain above current depreciation levels, which totalled€ 502 million in 2023.

Although more limited in 2023, NPM made the largest acquisitions, acquiring amongst other HQ Pack and Probo as new participations.

Cash inflows from disposals were mainly generated by the sale of SHV Energy's activities in China as well as the sale of stores by Makro in Brazil.

Free cash flow

SHV has increased its free cash flow, which amounted to € 175 million (2022: -€ 147 million), as a result of a slightly lower operational cash flow more than offset by a strongly reduced investment cash flow.

Balance Sheet

Group equity reached € 6.7 billion at the end of 2023 (2022: € 6.7 billion), and includes a negative foreign exchange effect of -€ 93 million. Total liquidity levels remained strong, totalling € 952 million, whilst net debt increased to € 2.0 billion (2022: € 1.9 billion). The return on shareholders' equity remained at 6%.

Tax

SHV is committed to achieving the highest standards of ethics and integrity. In line with this commitment, SHV believes its obligation as a responsible taxpayer is to pay the amount of taxes legally due in any territory, in accordance with the rules set by governments. We believe that taxes are vital to fund the public services and infrastructure that are critical to societies. SHV and its Groups contribute by paying direct and indirect taxes, and by collecting taxes from employees and customers on behalf of governments. That is also one of the reasons why SHV endorses the Tax Governance Code issued by the Confederation of Netherlands Industry and Employers (VNO-NCW). SHV's tax strategy is aligned with the tax principles of the Tax Governance Code.

SHV uses business structures that are aligned with business activities and that are only driven by commercial considerations. SHV only makes use of tax incentives where they are aligned with business activities and operational objectives, generally available to all market participants and specified by law. As such, tax always follows the business.

SHV pays tax on profits according to where value is created within the normal course of its business activities. SHV does not use aggressive tax planning strategies or tax havens to minimise its tax burden. The transfer pricing of intercompany transactions is done in accordance with the arm's length principle developed by the OECD and is applied consistently.

SHV maintains an open and constructive dialogue with tax authorities based on transparency and trust. SHV engages with them with honesty, integrity and respect.

The Tax Governance Code also requires companies to be open about their tax payments, so that people can understand how much is paid, where and why. SHV supports this as transparency can build trust. It is about putting the numbers into context, but also about demonstrating the commitment to comply with legislation and explaining a company's approach to tax. In 2023, SHV had to prioritise the implementation of new global minimum taxation rules (Pillar 2) and the transition to IFRS, and therefore is not yet able to provide more information on tax payments other than corporate income tax. However, SHV is currently performing a gap analysis to get a clear overview what is needed to comply with the transparency initiatives of the Tax Governance Code.

SHV and its Groups have over 600 legal entities in 75 countries. Each year, SHV files a so-called country-by-country report with the Dutch tax authorities containing data on the global allocation of income and taxes, and certain other measures of economic activity for all companies over which SHV has management control. The Dutch tax authorities exchange this information with other tax authorities around the world.

In addition, below is an overview of the total corporate income tax expenses and corporate income tax payments in 2023 to tax authorities in the 10 countries where SHV has the largest presence. Presence is defined by using a weighted average of Net Sales, Operational Fixed Assets and number of Employees per jurisdiction. These 10 countries represent more than half of SHV's Income before income taxes.

For each country, SHV reports the amount of net sales (before elimination of intercompany sales), the income before income taxes, the corporate income tax expense in the income statement as well as the amount of corporate income tax paid and received on a cash basis. The tax expense reported in the income statement is the amount of current and deferred tax expense incurred in this financial year based on accounting rules. The tax paid means the net amount of corporate income tax actually paid to or received from the tax authorities in this year.

In this table, tax expenses are presented as negative amounts (income as positive amounts) and tax payments are presented as negative amounts (refunds as positive amounts). The data shown in this table is derived from internal management information systems. The countries are sorted by Net Sales. Net sales in France are mainly generated by SHV Energy Supply & Risk Management, of which a significant part is intercompany sales.

#	Country	Net sales	Income before income taxes	Income tax expenses	Income tax paid
1	France	3,138.9	47.8	(13.3)	(19.5)
2	Brazil	1,894.5	93.8	(60.5)	(46.0)
3	Spain	1,782.4	1.9	(0.1)	(0.9)
4	Netherlands	1,762.8	169.1	(55.6)	(24.1)
5	Canada	1,502.2	8.9	(15.8)	(10.1)
6	United Kingdom	1,422.1	63.4	(15.3)	(4.5)
7	United States	1,260.5	(105.3)	(12.5)	(3.9)
8	Italy	857.7	38.5	(11.8)	(16.5)
9	Germany	857.5	33.6	(15.2)	(11.4)
10	Belgium	638.8	42.4	(8.3)	(9.0)
	Total top 10	**15,117.4**	**394.0**	**(208.4)**	**(145.8)**
	Other countries	11,051.4	289.5	(79.0)	(68.2)
	All Tax Jurisdictions - SHV	**26,168.8**	**683.6**	**(287.4)**	**(214.0)**

Note: net sales represent sales on a country level and are reported on a non-consolidated basis.

We refer to the tax paragraph in the financial statements of the report for the detailed explanation of the effective tax rate in 2023.


SHV ENERGY
PETROMAX LPG

Business review

SHV Energy

Market

The LPG business remained resilient in 2023 within a year of challenging global conditions – higher inflation, rising interest rates, FX volatility, and stretched labor markets. The divergent demand drivers for energy across regions also translated into varying LPG volumes, leading to increased volumes in Brazil, India, Ireland, and pressure in France and USA. Throughout the year, volatility remained present as the cost of gas stayed high. Besides the complex geopolitical environment and warmer weather, the energy transition remains one of the most important external drivers for SHV Energy. Whilst the EU continues to be the frontrunner for global climate action, policymakers seem to be taking a more balanced view between sustainability, energy security, and affordability. As such, customer behavior continues to evolve, as higher awareness of energy costs and a sense of urgency for the energy transition become more relevant, although regional differences remain substantial.

Strategy

SHV Energy’s strategy remains focused on ‘Advancing Energy Together’ in order to provide customers with cleaner and more affordable energy alternatives over time. Three pillars will drive the change: (1) focus on improving the performance and optimising the composition of the LPG portfolio; (2) expanding sustainable fuels with innovative molecules and biofuels to provide cleaner alternatives to customers, while leveraging existing infrastructure; and (3) growing the renewable business with solar and energy efficiency solutions, also facilitating the energy transition for SHV Energy’s customer base.

Execution

In 2023, SHV Energy calibrated its strategy in order to reach the full potential of its LPG portfolio. A more tailored approach was implemented, clustering countries into different operating models based on their specific market characteristics and potential. This led to over 700 initiatives mapped, prioritising cash generation, capex allocation, operational excellence, sustainable growth, amongst others. Furthermore, the current portfolio is continuously being reassessed, potentially leading to exits in certain markets or entries into new countries. In 2023, this translated into the successful sale of the operations in China and the full integration of Bangladesh’s Petromax. Additionally, investments in key infrastructure are enabling the business to perform more efficiently, including the Tuticorin terminal in India becoming fully operational and Karlshamn’s terminal in Sweden utilising the increased throughput.

Following SHV Energy’s long-term ambition to provide cleaner alternatives to customers, sustainable fuels gained momentum in 2023. To accelerate progress, a new business unit was created under the name of ‘Futuria Fuels’ as an umbrella for all non-fossil transition fuel initiatives. Dimeta, the joint venture with UGI, shows potential as the first-of-its-kind demo plant is in the final test stage to produce rDME, a clean-burning fuel produced from recycled carbon feedstock. In parallel, bioLPG continues to readily provide cleaner solutions in select countries, while alternative pathways are being pursued within an extensive R&D portfolio to increase availability of sustainable fuels in the coming years.

Over the course of the year, renewable solutions have also been strengthened by leveraging learnings to enable a solid platform for future growth. The remaining shares of SunSource, a solar generation company in India, were fully acquired and, with this, a new accelerated growth plan was presented with significant investments expected to achieve the next level of growth in solar solutions for industrial customers. Additionally, EM3, the energy efficiency company in Ireland, continues to grow as planned focusing on improved energy efficiency for businesses across Europe.

The changes that are being implemented also require new capabilities and enablers. As such, SHV Energy continues to promote an inclusive culture and is investing in developing core capabilities within the organisation to be better prepared to drive growth within the energy transition. Digital and data insights are now closer to the business, driving customer, operational, and commercial innovation & excellence – from filling plant automation and new ERP systems to zero-waste innovations. Additionally, to guarantee a safer working environment, health & safety standards are continuously being improved whilst cybersecurity readiness is a top priority for the organisation. Overall, SHV Energy remains well positioned to continue building upon this year's strong results and to deliver long-term value in the energy sector – for the people, planet, and to the business.

Makro

Market

Makro navigated highly challenging market conditions in Latin America characterised by declining growth forecasts, political instability, high inflation, and volatile exchange rates. Makro however, was able to navigate these circumstances well, both preserving operational performance were required whilst executing complex divestments.

Divestments

Makro Brazil successfully completed the divestment of its remaining operations in the country. Having sold the bulk of its operations in 2020, the remaining 24 stores in the state of São Paulo followed suit in 2023. The formal transition of these stores is expected to conclude in 2024, with Makro remaining a legal entity over the following years to complete the administrative wind down. Makro Venezuela, meanwhile, signed a long-term asset agreement with Redvital, a provider of medicines and medical supplies. As part of the deal, Redvital will take over the operation of existing stores as well as the Makro brand and merge it with its own retail channels.

Operating countries

In Argentina, Makro faced severe economic challenges. Rampant inflation, together with government-imposed pricing regulations, disrupted supply chain logistics and adversely impacted stock levels. Even so, the business has continued to improve operational performance and deliver a strong set of results driven by an increase in store traffic and higher average customer spend.

Makro Colombia also performed well in a testing socioeconomic landscape marked by rising inflation, falling consumer activity, and a highly competitive market. Nevertheless, the business preserved its market share and maintained strong operating margins thanks to the effective implementation of necessary retail improvements and rigorous cost control measures.

At the time of writing, Makro continues to operate a total of 46 stores across Argentina and Colombia. Whilst no noticeable improvements are expected regarding its respective markets Makro has demonstrated its ability to navigate these well to date and hence remains confident regarding future performance delivery.

Mammoet

Earlier this year SHV announced the intention to divest Mammoet. As mentioned earlier, the process was discontinued due to no matching buyer. Going forward, the intent to divest Mammoet remains and the focus will continue to be to execute Mammoet's strategy.

Market

Mammoet enjoyed a strong 2023 thanks to an uptick in global activity, underpinned by operational improvements, an optimised geographical footprint, and the successful exit from Russia.

The energy transition also represented a significant external driver, with Mammoet experiencing fast growth in renewables and other sources of green energy including wind, nuclear, and hydrogen. Mammoet continues to support the global energy transition by reducing its dependency on the oil & gas sector and increasing its share of renewable energy projects. Government stimulation packages are supporting growth in green projects, although a temporary slowdown is expected in the offshore wind sector as manufacturers experience supply chain difficulties.

In terms of the heavy lift industry, most players have had to manage the challenge of labour shortages in addition to the impact of rising steel prices on investments in equipment. This resulted in a general increase in fleet usage as the industry limited fleet expansions to preserve cash. Inflationary pressure remained constant over the year, although Mammoet was able to protect margins by passing on price increases to customers. Overall, there were no major shifts in the competitive landscape.

Strategy

Moving forward, the Group will continue to focus on the existing strategy that has been working well so far. A particular focus will be placed on reducing the asset base, improving asset utilisation, and increasing operating margins. At the same time, Mammoet will continue steering efforts towards increasing cash generation and reducing its costs base across the organisation whilst reducing organisational complexity.

Execution

Optimisation of the company's geographical footprint is making good progress with the winding down of positions in regions offering limited growth potential. The launch of Mammoet International Projects (MIP) has also proven very successful, bringing in a number of large projects while generating higher margins through a smaller asset base. Serving clients on an 'in-and-out' basis has also allowed projects to be executed more efficiently and cost-effectively.

The Sherpa programme, aimed at replacing Mammoet's current ERP infrastructure, remains on track. The programme is expected to reduce costs, increase asset utilisation rates, and improve project and personnel planning. The Group is also working to reduce its exposure to outstanding claims. The Amuriyah and New York Wheel cases are still ongoing and therefore had no financial impact on 2023 results.

Finally, as mentioned earlier in this annual report, the full exit from Russia was finally completed by the middle of the year. With most assets successfully repatriated to Europe, the financial impact in 2023 has been limited.

Thanks to a stable order book and a healthy project pipeline, the company remains confident of achieving its topline ambitions for the years to come.

ERIKS

Divestment

As mentioned earlier in this annual report SHV announced the intention to divest ERIKS. The process has progressed well to date resulting the signing of a share purchase agreement in November 2023 with an affiliate of Lone Star (a US based private equity firm) to acquire ERIKS. Regulatory filings are currently in progress and SHV expects the transaction to be finalised in the first half of 2024.

Until closing, SHV and ERIKS will continue business as usual, while in the meantime working on the pre-completion undertakings as agreed in the share purchase agreement.

Market

Focusing on 2023, the overall macroeconomic and market environment surrounding ERIKS remained unpredictable. A number of ERIKS markets have been subject to economic uncertainties, whilst inflation remained historically high putting pressure on ERIKS' trading profit performance and impacting operational costs. Furthermore, the labour market in most countries remained challenging, impacting direct personnel availability and putting pressure on personnel costs. Given these current market conditions, strict cost control was a top priority for ERIKS in 2023.

Execution

ERIKS' focus in 2023 remained unchained, centered around the execution of the *Fuel for Growth* programme. As such ERIKS focused on timely passing on price increases to customers, with the global implementation of best practices in 2023, resulting in increased trading margins. Furthermore, organisational efficiency, aiming at preventing inflation from corroding profitability for ERIKS, has been improved and efficiency increases have resulted in stable costs levels. Locally, the respective improvement plans of Germany and Belgium are being executed with the aim to realise a step up in performance. This has resulted in the full implementation of ERIKS's ERP landscape in Germany, whilst the execution of multiple initiatives to improve financial performance is still ongoing, in a challenging German market suffering from economic headwinds. Furthermore, the improvement plan for Belgium is ongoing, focused on right sizing the organisation to lower cost and increasing organisational agility.

Overall, following effective pricing initiatives, strict costs control and timely execution of the *Fuel for Growth* programme, ERIKS managed to improve its performance compared to 2022 and built a platform for further growth. ERIKS however, emphasises the difficult market circumstances encountered by Europe's industrial sector to which it is exposed, requiring a continued and active efforts to drive above initiatives to protect performance.

Nutreco

Market

During a challenging 2022, the Russia/Ukraine conflict drove commodity prices to record heights while also stretching supply chains. In 2023, markets started to normalise. Commodity prices fell, albeit while remaining relatively high. Volatility diminished. The pressure on supply chains and associated logistics also eased, allowing Nutreco to source key ingredients more predictably.

Significant challenges remained, however. High rates of inflation resulted in low or negative margins for Nutreco's customers. Skilled labour was still in short supply. And the recovery in demand was slower than expected across the industry as a whole.

Even so, the year did see a partial recovery in demand thanks to a variety of circumstances that differed across markets. In 2022, farmers had started reducing herd sizes in response to lower consumer demand. In 2023, turnaround in this trend was observed. Volumes in both Europe and North America remained limited, while growing in Asia. The overall market is still prone to a host of environmental factors such as disease, which continued to affect demand in 2023. African swine flu and avian flu were particularly pervasive. To sum up, 2023 represented yet another difficult year for the sector, with many of Nutreco's competitors posting lower performances compared to 2022.

Strategy

These market conditions provide strong justification for Nutreco's strategy. This is focused on targeted growth across selected regions and product groups; strengthening the organisational structure; and actively managing margins, cash, and costs.

Execution

To drive future growth, Nutreco continued to make investments aimed at increasing and improving production capacity in growth markets, as well as supporting innovation. The Group also laid the foundations for expanded production with the construction of new plants in Mexico and Ecuador. In addition, a new plant was acquired in Germany to support growth in the young animal feed sector. The focus on Asia as a growth region remains unchanged: strategy is currently being defined to determine relevant future investment requirements.

The company is also in the process of optimising its innovation pipeline to seamlessly connect sales, marketing, and R&D; shift the focus onto selected product groups; and ultimately increase returns. To reinforce its unique position in the market, Nutreco also successfully expanded its NutEx capabilities, with efforts primarily channelled into phytotechnology and biotechnology. NutEx aims to develop novel and proprietary ingredients to meet specific market requirements - and results to date look promising: the first products were launched in 2023, while several novel ingredients designed to upgrade key products will be introduced in 2024.

Building on the changes implemented in 2022, Nutreco continued to make progress on the reshaping of its organisational model. The objective is to increase agility and reduce costs by aligning roles and reducing complexity. The business also appointed a Chief Supply Chain Officer, who will take responsibility for aligning the supply chain with these goals. Sitting on the Management Board, the Chief Supply Chain Officer will focus on refining the company's global footprint to deliver high-quality products safely, cost-effectively, and on time.

Over the course of the year, Nutreco took robust action to actively protect margins across all markets. Predominantly focused on product and species-specific margins, these efforts have made a positive impact on performance.

Safety inventories were successfully reduced by a targeted set of initiatives under the company's Integrated Business Planning programme, boosting cash generation. Beyond supporting optimal inventories, this strategic programme also aims to increase the reliability of product planning and delivery to enhance the customer experience. As part of the Operational Excellence programme, meanwhile, the company identified operational improvements in the supply chain that helped to keep production costs under control. These programmes will both continue into 2024.

Looking ahead, macro-developments look set to support long-term growth in global animal nutrition and volumes are expected to continue their recovery in 2024. That said, the economic context remains uncertain. Nutreco will continue to take action to ensure cost competitiveness, increase agility, and prepare for renewed growth.

During the year an accounting irregularity was identified at Nutreco Ecuador. Adequate measures have been taken to prevent this from reoccurring. Please refer to the Care for Performance section for a more detailed clarification of the financial impact.

Kiwa

Market

The Testing, Inspection and Certification (TIC) market is assessed at approximately € 200 to € 250 billion and is experiencing healthy growth supported by increasing government regulations, industry-specific standards, increased outsourcing and ESG awareness. It remains fairly fragmented, with local players accounting for 60% of the outsourced market, which presents opportunities for selectively acquiring and integrating players in key segments.

As such, and depending on the end markets in which the TIC company is active, it remains relatively unaffected by economic cycles but impacted by major economic trends such as limited availability of qualified labour, digitalisation and ESG.

Although the attractiveness of the TIC market varies significantly across end markets and industry verticals, Kiwa currently operates in a number of attractive verticals: Agriculture and Food, Construction and Infrastructure and Renewable Energy to name the biggest ones.

Strategy

In the second half of 2023 and with a view to grow ambitiously, Kiwa validated its growth strategy, which includes several clearly defined strategic priorities in order to reach their performance ambition. Kiwa will be using the first few months of 2024 to further deep dive into these strategic themes and translate the revised strategy into action plans.

Execution

2023 signified a next step change in Kiwa's growth with an increase in revenues of 20% compared to 2022, further strengthening its position in the global TIC market. These achievements represent the execution of a successful inorganic growth strategy focused on expanding the service portfolio and geographical network in certain geographies and business sectors on a global scale.

Operational priorities for Kiwa were centered around the successful integration of acquired businesses and achieving good performance in the existing businesses. The integration of recent acquisitions Vinçotte and Intega into Kiwa have been successfully completed and both acquisitions can be considered positive as they have made a good contribution to the 2023 result. Furthermore, the actions taken as part of the ReFresh programme, aiming to right-size underperforming business units, are paying off with almost all regions improving in line with expectations.

To enable synergies, the new ERP platform (Flow!) continues to be rolled out across the organisation. This company-wide business transformation and harmonisation programme aims to further digitalise service delivery and support Kiwa professionals in their work. During the course of 2023, the programme was rolled out in the Netherlands, Sweden, UK and Germany, while further roll-out in Sweden, Belgium and USA are scheduled for 2024.

As part of the consolidation in the market and to further strengthen its position in certain geographies and business segments, several smaller acquisitions have been made in 2023 such as Metrex (Estonia), QCSE (Australia), BASEC (UK), APS and Brown Intertec (US) and GHMT (Germany). Shareholding was increased in Cobico (Poland), NIBE (The Netherlands) and ExTEL Energy (Taiwan).

In August 2023, SHV purchased the remaining shares of Kiwa and became the sole shareholder. Furthermore, a change of leadership took place as of 1 October, whereby Paul Hesselink stepped down as CEO and was succeeded by Luc Leroy.

Kiwa's outlook remains unaffected supported by said fundamentals. In 2024, Kiwa plans to establish a solid foundation for further growth, amongst others by investing in local and central functions and setting-up a regional structure in North America, while implementing the revised growth strategy throughout the company.

NPM

Market

The Dutch private equity market, whilst still healthy, is experiencing the effects of broader economic and financial market trends. The uncertain economic growth and inflation are affecting the performance of companies in general, whilst increasing interest rates make the financing of acquisitions more difficult. Both have resulted in pressure on deal multiples, as well as more concentrated competition around relatively attractive acquisition opportunities.

Strategy

NPM's strategy which remains unchanged, is focused on: (1) continue to strengthen NPM's unique proposition to the market with a flexible investment horizon, (2) growing its portfolio within specific investment themes, (3) strengthening its operational involvement to better support participations with specialistic experience (e.g. ESG) and executing necessary changes and (4) improving its ability to support the international expansion of the participations.

Execution

NPM's strategy is well embedded and has been executed further in 2023. Operational involvement further matured with the appointment of an ESG Director and Director Leveraged Finance in 2022 resulting in both areas receiving increased attention to date. Regarding leveraged finance, NPM successfully (re)financed multiple participations and acquisitions in 2023 and will focus future efforts on further harmonising sources of financing. Beyond these initiatives, multiple value creation plans were successfully rolled out within participations, better supporting focused execution.

Further internationalisation continued to be high on NPM's agenda, resulting amongst other in the continued firming up of its presence in Belgium, illustrated by a satisfactory number of concrete opportunities identified and deal processes initiated. The Belgian organisation has further matured and is fully integrated with NPM's office in Amsterdam to ensure efficiency. Indirectly, different successful international add-on's were acquired such as for example Ross Care in the UK, to strengthen Medux's positions further.

NPM's unique and differentiating profile remains more important than ever, with the ability to provide ample capital flexibly and with a long-term view on realising value. Beyond this dimension, NPM also continues to be an attractive employer and attract and retain the industry's top talent, with a specific focus on diversity.

NPM's investment themes, which are *Everything is Digital*, *Healthy Life & Learning*, *Feeding the World* and *Sustainable Future,* continue to drive NPM's investment focus. Supported by a growing community of dedicated advisors NPM continuously invests in deepening its expertise of said themes.

M&A

Reflecting the above focus on investment themes, internationalisation as well as its unique approach to the private equity sector, NPM successfully expanded its portfolio in 2023 with the acquisition of HQ Pack and Probo, whilst further strengthening its current participations with the addition of Ross Care to Medux, Biltz to Omdus and H&S to Oxbo. Beyond these investments NPM also divested part of its shares in Kramp.

Looking ahead to 2024 NPM expects market circumstances to remain largely unchanged, characterised by increased competition. Its pipeline of opportunities nevertheless remains healthy, supporting continued investments to both strengthen and grow its current portfolio.

ONE-Dyas

Market

ONE-Dyas remained focused on maximising opportunities within its strong portfolio of operated and non-operated assets in the United Kingdom, the Netherlands, and Germany. The company concluded the sale of its Kowe and Agali assets in Gabon during the year.

2023 has been a year of stabilisation in the energy market after an extremely turbulent 2022. The European gas market is, however, still subject to constraints due to the significant reduction of gas flowing from Russia into Europe, which is keeping prices above historic averages. The price of oil, meanwhile, has remained volatile.

High inflation and climbing interest rates increased costs, while the industry also felt the negative impact of UK and Dutch windfall taxes. ONE-Dyas was no exception.

The company met production targets, thanks to the overperformance of operated assets and stable production levels from non-operated assets.

Despite progress being made in the GEMS development, the schedule for all offshore activities has had to be adjusted to reflect changes necessitated by a preliminary injunction ruling in April 2023. This ruling related to the nitrogen issue impacting all building projects within 25 km of a protected *Natura2000* area in the Netherlands. As a consequence, offshore preparations —including pipeline laying and pre-drilling of wells—were postponed until 2024.

A court case, filed against the Ministry of Economic Affairs and Climate Policy (EZK) and the granting of a permit to the N05-A (GEMS) project, was held in September. An additional hearing has taken place at the end of January 2024, focusing exclusively on nitrogen emissions. Both EZK and ONE-Dyas are confident in a positive outcome.

In the meantime, preparations that have not been impacted by the preliminary injunction continue to ensure that first gas will become available to Dutch and German households and businesses by the end of 2024. In this respect, the N05-A platform is currently being constructed at the Schiedam shipyard, with support from both Mammoet and ERIKS.

Strategy

ONE-Dyas continues exploration activities in full alignment with the Dutch and UK governments' drive to expedite gas extraction in the North Sea. A drilling sequence of three wells in both UK and Dutch waters gave good ground for further research into two potential new developments.

Execution

2023 also saw the company taking a first step into the emerging Carbon Capture and Storage industry, conducting feasibility studies and exploring collaboration options for both its operated and non-operated assets. While the outlook for carbon storage in the North Sea is positive, the market is still in its early stages. 2024 will be marked by de-risking the business case and maturing the portfolio opportunities at hand. The company is also exploring green hydrogen production, with the future electrification of N05-A using offshore wind energy offering unique potential.

The essential role of North Sea natural oil & gas in the energy transition is being increasingly recognised. Government-level support is evident and even more so, both the UK and Dutch focus on accelerating production from the North Sea. The benefits of local exploration and production are obvious: significantly reducing emissions compared to importing oil & gas from abroad while also safeguarding a reliable and affordable energy supply, also supporting the local economies. ONE-Dyaswill continue to act with responsibility and make judicious decisions that add value for shareholders, employees, and other stakeholders.

Adaptfy

In the digital era of connected, always-on technologies, the demand for data and analytics (D&A) capabilities has increased exponentially. Companies understand these capabilities are essential not only for maintaining a competitive edge, but also simply for keeping up. As our integrated turnkey data and analytics solution, Adaptfy meets this demand within SHV, contributing to the ability of all Groups to stay ahead of their competitors.

2023 marked Adaptfy's third year of existence – and it was a year of significant transformation, signalling a strategic shift in direction as the company matures and grew to 120 professionals.

Adaptfy successfully completed 95 projects over the course of 2023, with another 19 still ongoing. Together, these projects are expected to deliver a cumulative positive impact for SHV Groups, contributing both to overall business results and organic growth.

Solutions most in demand are related to data infrastructure and maintenance, operational excellence, and commercial excellence. Notable achievements included the creation of a shared data platform for SHV Holdings. *Pulse* is aimed at breaking down silos, modernising infrastructure, and organising data to support a range of new programmes such as the fully integrated cross-Group job-board. Moving forward it will also support the monitoring of performance delivery of SHV Energy's business units. Adaptfy also continued to build use cases to support Nutreco's plans for the future, while also beginning work with Kiwa for the first time.

In addition to providing specialist services to the Groups, Adaptfy has been instrumental in building overall D&A know-how within SHV; developing proficiency across the SHV workforce; and equipping employees with essential digital skills. The new Adaptfy Digital Academy, meanwhile, lays the foundation for an extensive educational and training programme that will reinforce the digital and D&A skills of SHV colleagues.

In light of the myriad socio-economic uncertainties affecting global markets, Adaptfy represents an important asset for SHV. 2023 saw the company make a large contribution not only to the competitive positioning of our Family of Companies, but also to our long-term purpose of courage to care for the generations to come.

Risk management

SHV has developed a robust approach to risk assessment and mitigation over recent years. Key business risks are regularly updated at both SHV and Group level to stay relevant in the face of ever-changing operating environments. All related controls are also continuously optimised to ensure we effectively monitor and manage specific risks. The Groups are provided with clear guidance to ensure a consistent performance.

In this chapter, we outline our overall risk framework, the key risks we face, and how we manage them on a day-to-day basis.

All Groups and their respective business units conduct comprehensive risk assessments, using common rating and reporting criteria based on the *SHV Risk Assessment Approach*. This helps to build a clear overview of the key risks in terms of likelihood, impact, acceptance, and ability to mitigate. This in turn provides a basis for discussion at planning and strategy meetings, as well as a benchmark for the effectiveness of internal controls.

SHV Policies and Guidelines provide the Groups with clear direction on the standards expected from all colleagues. They not only support everyone in conducting business better, but also guide us on the journey to becoming an ever more self-evaluating and faster learning organisation.

The *Business Support Framework* (BSF) equips Groups with the key controls they need to monitor their performance in line with the *SHV Policies and Guidelines*. These controls are assessed throughout the year by the Groups themselves, as well as by independent Internal Control departments. Each Group is also required to supplement them with business-specific key controls, which are reevaluated against the latest key risks on an annual basis.

The *Delivery & Development Agenda* measures and monitors the execution of strategy, classifying key strategic elements into concrete topics. *Delivery Agenda* topics relate to execution-ready initiatives, whereas the *Development Agenda* focuses on areas that require further exploration before moving to the execution phase. This structured approach provides a solid framework for the analysis of current performance as well as ongoing business developments.

A number of other programmes also support the Groups in addressing key risks and strengthening second-line monitoring of processes and control activities. In addition to the *Ethics & Compliance* framework discussed earlier, these initiatives include the *SHV Information Security Programme* (SISP), *SHV Health & Safety Policy,* and *Minimum Global Standards for Project Management* to name just a few.

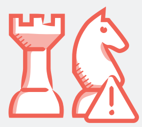
Risks

As part of the annual risk management cycle, the Executive Board of Directors (EBD) and the SHV Functional Directors conducted a company-wide risk assessment over the course of 2023. The assessment set out to identify key risk areas, validate the effectiveness of internal control measures, and identify any actions required to mitigate risk within SHV parameters.

The assessment confirmed the company's risk appetite as strategically open with a relatively cautious attitude to operations and finance. SHV remains steadfastly committed to safety, quality, and compliance. With respect to the latter, the Executive Board of Directors reiterated a zero-tolerance approach to areas such as fraud, bribery, and corruption.

The risk assessment was aligned with the Double-materiality Assessment, one of the building blocks of ESG reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD). By adopting an outside-in perspective, the assessment identified ten key risks currently faced by the organisation.

Key risks

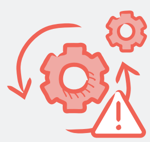


Strategic

1. Challenges in the macro-economic / geo-political environment
2. Lack of sufficient agility to ensure future resilience

Compliance, Reputational, HSE & Quality

3. Non-compliance with laws, regulations and societal demands
4. Occupational Safety
5. ESG expectations



Operational

6. Inability to attract & retain own workforce
7. Supply chain disruptions
8. Cyber-crime
9. Organisational misalignment

Financial

10. Ineffective capital allocation

Strategic risks

Risk	Description risk	How the risk is managed
Challenges in the macro-economic / geo-political environment	SHV operates in 75 countries with varying degrees of political, legal, and fiscal stability. This exposes us to a wide range of global and regional risks. Regional conflicts, unstable regimes and inflationary pressure (Russia > energy and agriculture, China > trade dynamics) may hamper our global objectives.	SHV and its Groups focus on the disciplined execution of strategic initiatives and the strengthening of market positions, together with an unwavering focus on controlling costs, managing working capital, and improving margins. With the increasing political unrest, macro-economic factors will continue to be felt over the coming years. SHV continuously monitors all developments and societal issues relevant to its interests. SHV and the Groups are committed to conducting business with integrity and operating in compliance with all applicable laws and regulations, guided by our Ethics & Compliance programme and SHV Tax Policies.
Lack of sufficient agility to ensure future resilience	A lack of the agility required to deal with unexpected crises and business risk exposures may negatively affect our business resilience. The lack of agility to drive digital transformation by leveraging technology and applying technological developments may also have an adverse impact on business resilience, effectiveness, and efficiency.	Agility remains a core element of the SHV Purpose, anchored in our People. We invest in comprehensive training and leadership development, enabling our workforce to build leadership qualities, adapt to change, and make decisions quickly. Together with the Groups, SHV cultivates an innovation-centric culture to drive organisational agility. The cross-Group Innovation Community collaborates across functions to scale up innovation across the entire SHV Family of Companies. Data remains pivotal to the value proposition and the performance of all business units, wielding a strong influence over investments, Sales and Operations Planning (S&OP), and working capital. To meet increased reporting requirements such as CSRD and Pillar 2, SHV and the Groups prioritise data-driven risk insights and process automation through initiatives such as Pulse - the SHV Data Strategy Programme led by Adaptfy, our integrated Data & Analytics (D&A) organisation. SHV Holdings and the Groups also collaborate on the Better Together programme. This aims to standardise IT services and lay the foundation for the digital initiatives that will help underpin business resilience, effectiveness, and efficiency.

Reputational & Compliance risks

	Risk description	How the risk is managed
ESG expectations	Failure to demonstrate the effectiveness of the ESG strategy and related roadmap may restrict the ability to meet societal demands as well as obtain long-term financing to achieve strategic initiatives.	Double materiality assessments (DMA), part of Corporate Sustainability Reporting Directive (CSRD), have defined the most relevant, ESG-related material topics for all Groups. Short- and longer-term targets have been set and action plans defined for each topic. Progress is monitored through a quarterly review of the action plans and related KPIs. This review forms part of the regular business review cycle and is integrated into existing processes across all functional areas.
Non-compliance with laws, regulations, and societal demands	SHV operations span a wide variety of cultural structures, complex rules, and strict regulations. Failure to comply with all relevant laws, regulations, and local perspectives on fair business practices may lead to fines, litigation, and reputational damage.	A comprehensive set of measures ensures that SHV and the Groups fulfil their commitment to conducting business with integrity and operating in compliance with all applicable laws and regulations. The *SHV Ethics & Compliance Programme* focuses on Third Party Due Diligence, Anti-Bribery & Corruption, Trade Sanctions & Export Controls, Competition Law, Privacy, and Whistle Blowing. The E&C departments at both SHV and the Groups monitor emerging E&C trends in order to quickly respond to changing rules and regulations. In collaboration with Internal Audit, Legal, and Risk Management, all Groups need to adequately implement the E&C programme and monitor performance against E&C key controls as defined in the Business Support Framework.

Operational risks

	Risk description	How the risk is managed
Unable to attract & retain own workforce	A lack of the right people in the right place to execute strategy, together with ineffective workforce planning, could hinder SHV strategic objectives In addition, an extremely competitive and tight job market in certain countries poses a risk to attracting and retaining talent.	Being seen as the employer of choice is playing an increasingly vital role in attracting and retaining the right workforce. SHV and the Groups undertake a number of initiatives to reinforce positive perceptions. This starts with a continuous learning approach to people development and leadership skills. Human-centred, futureproof programmes promote an inclusive culture: for example, the first round of the '*Management Essentials*' programme was completed in 2023, focusing on a growth mindset, trust, psychological safety, and developmental feedback. Together with Groups, we continue to focus on employee value proposition (EVP) exercises, high-quality onboarding, and other initiatives such as a new cross-Group job board accessible to all colleagues via SHV website.
Supply chain disruptions	Challenges in the supply chain due to disruptions and shortages in supply, inability to manage price increases, and ineffective forecasting could have a negative impact on our margins, product quality, and customer satisfaction.	Ongoing geopolitical uncertainties mean supply chains remain complex, increasing the need to secure supplies from different regions and sources. SHV and the Groups are working to enhance the accuracy of forecasting and improve data flows between Groups and SHV Holdings to generate better business insights more quickly. Actions to minimise the impact of supply chain disruptions on operational risks include integrated business planning, improved supplier management, centralised procurement, and joint buying.
Cyber crime	Cyberthreats and cybercrime are rapidly changing and continuously evolving. This increases the risk of disruptions in our operations, potentially harming our business and our client relationships. Increasing volumes of data also pose challenges to cyber resilience.	Beyond shielding the organisation from cyber threats, we are equally dedicated to detecting and quickly responding to any potential risks. Groups participate in cyber scenario simulations to practise and refine their responses to incidents. SHV Global IT and Group IT departments actively engage in the '*Better Together for Security*' programme, which addresses essential security topics and heightens our readiness to manage cyber threats. We are also taking proactive measures in response to the SHV-wide audit on ransomware readiness.

	Risk description	How the risk is managed
Occupational Safety	Lack of implementation / execution on safety programmes and systems may result in the inability to provide a safe work environment, support employee welfare, and prevent safety incidents.	Valuing the health and safety of all who work for and with SHV is a key part of our purpose. Our ultimate goal is Zero Harm: everybody should return home safely every day. All Groups develop, document, and annually update their safety programmes, which at the very minimum incorporate our three core initiatives: • Visible Felt Leadership • Life-Saving rules • Operational Discipline and Process Safety These initiatives are measured and monitored by senior management.
Organisational misalignment	In a decentralised organisation, inconsistent mandates across management and functional communities may result in a potential lack of process ownership and clearly assigned accountability.	SHV provides the Groups with consistent policies and control frameworks to bring clarity to the roles and responsibilities across the organisation - including the role of SHV. To remain a self-evaluating and fast learning organisation, Groups are also expected to implement a common approach by embracing the importance of process ownership and effective functional communities, which are the keys to staying in control.

Financial risks

Risk description	How the risk is managed
Failure to allocate capital to responsible / future-proof investments may have adverse effects on operating cash flow, overall financial position, the ability to attract capital, as well as on customers, suppliers, and employees.	SHV concentrates on both organic and inorganic business growth. Inorganic growth depends on identifying the right targets for the Groups and investing in sustainable, long term value propositions. ESG is becoming an ever more integral part of business performance. SHV works with the Groups to focus on how ESG should be reflected in strategy updates, delivery and development agendas, the rolling forecast, and investment proposals. Investment outcomes are also periodically assessed against the approved proposals, with learnings used to further improve the capital allocation process.

Five year overview

	2019	2020	2021	2022	2023
Results, in millions of euro					
Net sales	19,172	16,723	20,002	25,647	22,750
Income from operations before exceptional items and amortisation	681	550	633	664	792
Income from operations	305	602	525	471	590
Income	434	488	972	377	380
Amortisation, depreciation and impairments	680	663	671	860	764
Income taxes	100	138	273	327	287
Dividend	251	233	291	291	291
Cash flows, in millions of euro					
Changes in working capital	(88)	345	(323)	(88)	(10)
Operational cash flow	927	1,063	1,060	1,032	985
Investment cash flow	(628)	(701)	(1,292)	(1,179)	(810)
Free cash flow	299	362	(232)	(147)	175
Financing cash flow	(485)	(121)	161	330	(483)
Financial position, in millions of euro					
Shareholders' equity	6,381	6,331	6,467	6,611	6,594
Equity of the Group	6,489	6,412	6,550	6,695	6,683
Total assets	13,078	12,535	14,722	15,868	15,239
Ratio information					
Income as a percentage of shareholders' equity	7%	8%	15%	6%	6%
Equity of the Group as a percentage of total assets	50%	51%	44%	42%	44%
Current assets in relation to short-term liabilities	1.32	1.39	1.15	1.13	1.16
Employees, at December 31					
Nominal number	57,500	51,600	56,750	60,450	52,900
Amounts per share					
Income	59.68	67.13	134.55	51.77	52.14
Dividend	34.50	32.00	40.00	40.00	40.00

The figures for the years 2019-2022 have been restated.

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