





Gingerbread factory, the Netherlands



Our mission is to create  
small moments of joy and happiness.  
We do that by offering a versatile range  
of branded snacks with superior  
taste experience. To every consumer.  
For every occasion. In every country.







# MESSAGE FROM THE CEO AND THE CHAIRMAN

2020 will go down in history as the year of COVID-19. The pandemic has had an impact on both private and business life. It has been a tough and eventful year – mentally, socially and economically. Lotus Bakeries has not remained unaffected by the crisis. In particular, sales via the out-of-home channel – including cafés and restaurants, airlines, hotels, schools and hospitals – were substantially curtailed. All products for which on-the-go is a significant consumption moment were also affected by the closure of offices and schools and the restriction of travel out of the home.

## **Despite all this, Lotus Bakeries is now stronger than ever**

First of all, our thanks go to all of our colleagues for their endless efforts, dedication and flexibility so that Lotus Bakeries has managed to grow in all countries where its products are sold. Our gratitude also goes to our consumers, who have shown trust in our products, and may sometimes even have found comfort in them. During the lockdowns, more than ever, consumers turned to home baking, using our Lotus Biscoff® products. Our permanent dialogue with retailers also helped drive exponential growth in sales via both traditional retail and e-commerce. This growth more than made up for the loss in other segments.

## **Biscoff® as a strong growth driver**

Lotus Bakeries continues to reap the rewards of its strategy based on three major pillars. In 2020, the globalisation of Lotus Biscoff®, the Group's first and largest strategic pillar, resulted in an acceleration of the international expansion of the brand, for cookies, spread and ice cream. Thus, Biscoff® was once again the mainstay and growth driver in 2020. Our decision to use a single brand name going forward worldwide – including in our home markets of Belgium, France and the Netherlands – symbolises the ambition to forge ahead with globalisation and make Biscoff® a global brand.

Thanks to the launch of several interesting innovations, more and more consumers are discovering the unique taste of Biscoff®. April saw the introduction of the Biscoff® Sandwich Cookie, for which we invested in a brand-new state-of-the-art production line in Lembeke. Following the overwhelming

&lt;

Jan Boone  
CEO

Jan Vander Stichele  
Chairman

success of this cookie in the first four countries, it is being internationalised further in 2021. In September, we launched Lotus chocolate with Biscoff® in Belgium. We can cautiously call our first steps in this brand-new category a success. Lotus Biscoff® chocolate may well win over international consumers in future too. Finally, Lotus Biscoff® ice cream, which was introduced to international retail in 2019, also proved popular with consumers in 2020.

### **Investing in our healthy snacks**

In 2020, Lotus Bakeries also invested further in its second strategic pillar, Natural Foods. Besides products based on pure indulgence, Lotus Bakeries also wants to offer a range of natural snacks. While, ten years ago, the health snacking category appealed to a niche audience, we are now seeing eating habits change. Consumers still love a guilty pleasure, but like to alternate that with responsible snacks. Lotus Bakeries has both in its range. In the future, we intend to invest further in our Natural Foods activities, including via TV and online advertising in markets where there is already sufficient distribution in place. Also in 2020, we decided to set up a brand-new International Natural Foods Headquarters in Switzerland. A strong, dynamic team will from now on organise international sales of Näkd, TREK, Kiddylicious and BEAR from there.

### **Respect for our local heroes**

We also strengthened our third strategic pillar, focused on local heroes, through innovation and investment. In the Netherlands, Peijnenburg focused strongly on the launch of the new packaging design, supported by a media campaign starring Dutch singer Frans Bauer. In 2020, Suzy launched a new TV commercial to support the waffles in Belgium. Annas continued to record exceptional growth in the home markets of Sweden and Finland, thanks partly to the successful launch of Annas Pepparkakor ice cream.

### **Looking forward**

Lotus Bakeries is a dynamic company that wants to grow and innovate, and that takes sustainable decisions with a long-term perspective. In the coming periods, we will give force to our sustainability ambitions by expanding and strengthening initiatives in various areas. With this in mind, we will take further steps towards using only recyclable packaging by 2025.

In the coming year, we will invest further in an international rollout for Lotus Biscoff® and our strong brands within Natural Foods. Various investments in our factories are also planned, to keep pace with ongoing international demand. This includes a second BEAR production hall in South Africa, where we will also pack the BEAR products ourselves. In Mebane USA, we are also adding a second production hall, which will shortly have room for three new Lotus Biscoff® production lines. In addition, capacity for Lotus Biscoff® is also being increased by a new dough area in Lembeke. Finally, a new waffle line is being added at the Courcelles factory. Every single one of these investments is needed to meet strongly rising consumer demand in the coming years.

It is clear that we are positive about the future. Unfortunately, 2021 will still feel the impact of COVID-19, with – currently – many unknown variables. But we have confidence in our product, our brands, our people, our consumers and our partners.



Jan Boone  
CEO



Jan Vander Stichele  
Chairman





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# INDEX



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# WORD OF THANKS FROM THE CEO

**“We did more than survive. We made the business even stronger. And we can be proud of that.”**

Who better to round off the eventful year of 2020 than our own CEO? We spoke with him about how he has experienced recent months. What did he miss most? What surprised him? But above all: what is he grateful for? The final word goes to Jan Boone.

“When the coronavirus crisis had just begun, I spoke to our staff via a video”, starts Jan. “In it I promised we’d throw a big party when the crisis was over. I got lots of reactions to that statement. Admittedly, it’s taking longer than expected for us to get out of the impasse. But we’ll keep our word. There’s not a precise date yet, but as soon as it’s possible, we’ll definitely organise something for us to get together again.”

Because that’s exactly what he missed the most in 2020: personal contact. “Like the other members of the EXCO team, I still went into the office in 2020. That was essential for our business to function properly. At the start, we mainly functioned as a crisis team. Then it was all hands on deck to steer our way through a year full of uncertainties. I think we took lots of very good decisions together. But I missed having my colleagues around me. I missed travelling to our sites and sales offices around the world. I hope we can see one another again soon.”

So much for the less pleasant side of 2020. Otherwise, Jan is very positive about the past year. “We achieved remarkably good results across the whole business. And I want to thank every single one of our colleagues enormously for that. Because the challenges they faced weren’t small. During the first lockdown and under the subsequent COVID-19 measures, lots of people worked from home. And though it might seem easy

to combine work with running a home, it’s definitely not. In fact, it’s much more challenging mentally. I believe it’s easier to go into the office and come home to your family. When I see how everyone coped with that, I think it’s fantastic. It shows a lot of dedication to Lotus.”

Jan is also grateful to the teams on the twelve production sites, who have shown since the start of the crisis how committed they are to Lotus Bakeries, the brands, retailers and consumers. “Thanks to our teams on all of our sites, we kept on delivering every day. I think it’s amazing that we managed to do so in such a difficult year. It shows we’re one big family. In a crisis you discover who your true friends are, and we’ve certainly proved that at Lotus Bakeries.”

He was also astonished by many reactions to the name change for Lotus Biscoff® in the home markets of Belgium, France and the Netherlands. “Especially in Flanders there were lots of reactions, both positive and negative, and both from consumers and from the press. Some people think it’s a shame the ‘speculoos’ or ‘original caramelised cookies’ name will be less prominent (although it’ll still be on the packaging), others say they’re particularly proud of the excellent results we achieve as a Belgian company. One thing is certain: the many reactions show that we’re a fantastic brand with which people feel really engaged.”



> Jan Boone, CEO

And – partly thanks to the home baking trend – that brand managed to grow further in a year like 2020. A remarkable achievement. “At Lotus Bakeries we did more than survive last year”, Jan emphasises. “We made our business even stronger. And we can be proud of that. So I hope we all started the New Year full of energy. Because – and I’m speaking to all of our colleagues here – we need you. But we’re there for you too. Let’s make 2021 a fantastic year.”

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Thanks to our teams on all of our sites, we kept on delivering every day. I think it’s amazing that we managed to do so in such a difficult year. It shows we’re one big family. In a crisis you discover who your true friends are, and we’ve certainly proved that at Lotus Bakeries.



# 2020

## AT A GLANCE



### Introduction of Nākd Chocolish

Nākd launches a new range of bars, dipped and drizzled in an amazing vegan alternative to chocolate.

## February



### Peijnenburg launches new media campaign

New TV campaign for Peijnenburg starring Dutch singer Frans Bauer.

## January



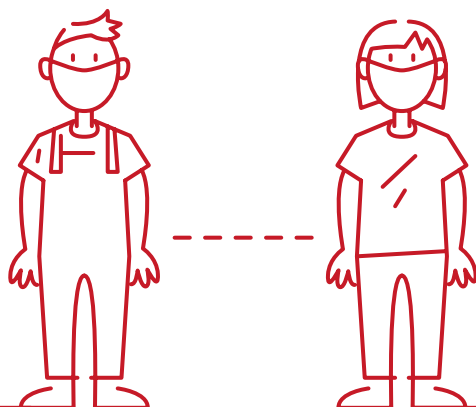
### International partnerships for Lotus Biscoff®

In partnership with several major brands, Lotus Bakeries launches products such as KitKat mini moments with Lotus Biscoff® and Danio crunchy: Lotus Biscoff®.



### Lotus Bakeries formulates ambitious sustainability strategy

Lotus Bakeries commits to make the packaging of all of its brands recyclable by 2025.



## March

### Lotus Bakeries takes measures following the outbreak of COVID-19

Lotus Bakeries takes the necessary measures to guarantee the safety of Lotus Bakeries staff and ensure business continuity.



### Launch of Lotus Biscoff® Sandwich Cookie

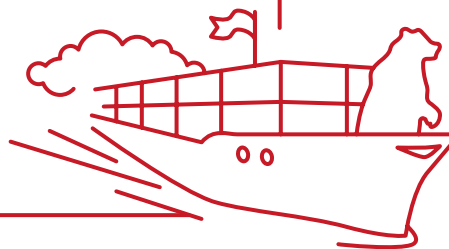
Lotus Bakeries introduces the Lotus Biscoff® Sandwich Cookie in three different flavours: original Biscoff® cream, vanilla and milk chocolate.



### Lotus Bakeries acquires the majority of the remaining stake of Natural Balance Foods' founders

In May, Lotus Bakeries comes to an agreement with Natural Balance Foods founders Jamie and Greg Combs to acquire almost all of their remaining shares.

May



## April

### In-house packaging for BEAR in the US

With the start-up of the BEAR packaging line at the Lotus Bakeries factory in Mebane, North Carolina, USA, BEAR fruit rolls are shipped straight from our South African factory to the US for delivery to American consumers.

June

### Very good half-year results for Lotus Bakeries

Despite the COVID-19 pandemic, Lotus Bakeries recorded growth of 8.4% in the first half of 2020.



### New packaging design for BEAR

BEAR fruit rolls get a new packaging design.

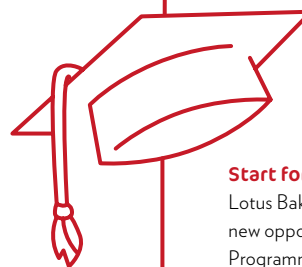
July



### Launch of Biscoff® Chocolate in Belgium

Lotus Bakeries launches a new specially developed range of Lotus Biscoff® chocolate and highlights the Foundation for Education on the inside of the packaging.

September



### Start for Young Graduates

Lotus Bakeries gives young talent new opportunities via its Young Graduate Programme. The first intake started on 1 September 2020.

August



### FF2032 invests in Love Brands Inc.

Lotus Bakeries' investment fund FF2032 takes a minority stake in Love Brands Inc., an American company that markets a delicious crunchy corn snack under the LOVE Corn brand.



# Biscoff

## Announcement of introduction of Biscoff® name in home markets of BE, NL and FR

Aiming to become one of the biggest brands in the world, Lotus Bakeries will, as of 2021, introduce the Biscoff® brand – already used internationally as a sub-brand for its original caramelised cookie products – in Belgium, the Netherlands and France too.

## October



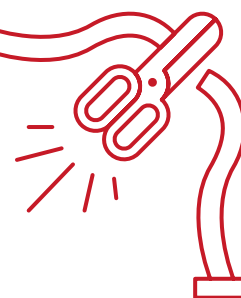
## New production line for Lotus Biscoff® Sandwich Cookie

The new production line for the Lotus Biscoff® Sandwich Cookie starts up at the factory at Lembeke, Belgium.

## November

### Establishment of Natural Foods International HQ

To support the further growth of Natural Foods, an international headquarters is established in Switzerland.



## December

### FF2032 invests in US cookie brand Partake

Lotus Bakeries' investment fund FF2032 takes a minority stake in US cookie brand Partake, that markets gluten-free and allergy-friendly cookies.



### Lotus Bakeries achieves a turnover of 663.3 million euros

Lotus Bakeries achieves a turnover of 663.3 million euros in 2020, an increase of 8.3%.



## KEY FIGURES 2020

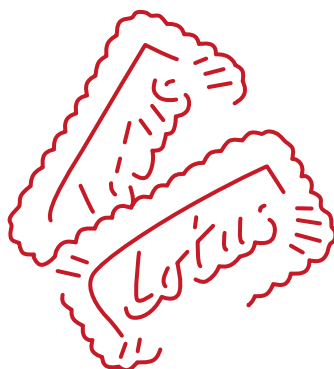
### TURNOVER

in millions of EUR

**663.3**

↑ 8.3%

612.7 in 2019



Net result  
in millions of EUR

**82.5**

↑ 8.9%

75.8 in 2019

Rebit  
in millions of EUR

**111.1**

↑ 8.0%

102.9 in 2019

Gross dividend  
in euro

**35.5**

↑ 10.9%

32.0 in 2019

Net financial debts  
in millions of EUR

**110.5**

129.7 in 2019



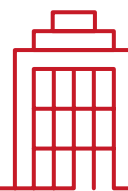
**2,155**

Number of persons employed  
2,056 in 2019



**12**

Production facilities  
in 6 countries



**21**

Sales offices  
in 15 countries



**50+**

Countries  
with commercial partners

**CO<sub>2</sub> neutral label**  
obtained by our owned sites

**100%**

**↑0%**

100% in 2019

**Recyclability<sup>1</sup>**  
of the packaging of all brands

**96.8%**

**↑3.1%**

93.9% in 2019

**Code of Conduct**  
signed by current employees

**99%**

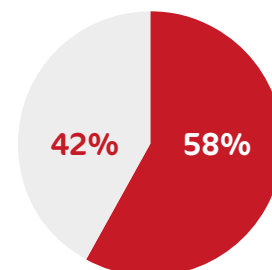
**Supplier Code of Conduct**  
signed by key suppliers<sup>2</sup>

**62%**

**Palm Oil Policy**  
signed by our palm oil suppliers

**96%**

**Gender diversity**  
Leadership team<sup>3</sup> F/M



**Board of Directors**  
30% F / 70% M

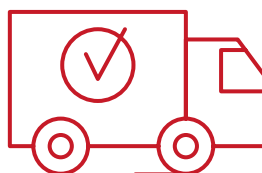
**Management**  
40% F / 60% M

**All employees**  
52% F / 48% M



**100%**

**External**  
quality certification



<sup>1</sup> The recyclability rate is the average technical recyclability of all packaging from Lotus Bakeries' branded business. This includes consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is calculated per packaging component based on state-of-the-art design guidelines for recyclability (Ceflex, Recyclass). Average technical recyclability is a weight average, based on the packaging weight of each packaging component brought to market during the period in question. <sup>2</sup> Key suppliers are all of our suppliers of end products (external production), raw materials, packaging and machinery, with whom Lotus Bakeries has entered into a framework contract. <sup>3</sup> The group comprising the Executive Committee, the General Managers and the Corporate Directors.



BEAR factory, South Africa



CHAPTER 1

# OUR STRATEGY





## OUR STRATEGY

Lotus Bakeries aims to offer every consumer a versatile range of responsible and tasty snacks for every consumption moment. The cookies, ice cream, spread, chocolate, waffles, cakes, gingerbread and natural snacks our company offers, create a moment of pure enjoyment for consumers. Lotus Bakeries wants to be an established part of consumers' daily lives, in as many countries as possible.

In order to climb to the top among global brands and achieve sustainable growth, Lotus Bakeries has a clear strategy in mind. Building brands is central to this. Lotus Bakeries is active worldwide in the snacking segment with the Lotus, Biscoff®, Nâkd, TREK, BEAR, Kiddylicious, Dinosaurus, Peijnenburg and Annas brands. To give each of these brands, each of which has its own DNA and its own target group, sufficient focus and attention, the strategy is shaped by three pillars.

## MISSION

Our mission is to create small moments of joy and happiness. We do that by offering a versatile range of branded snacks with superior taste experience. To every consumer. For every occasion. In every country.



### SUPERIOR

Each of our products offers a unique taste experience. We never compromise on taste!



### BRANDED

We focus on developing brands, globally and locally. Our products are recognisable due to strong brand ownership.



### OMNIPRESENT

We strive to offer every consumer worldwide a snack for every occasion.



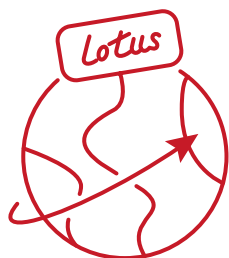
### JOYFUL

With our brands, we aim to bring a (small) moment of pleasure and happiness to the lives of our consumers.



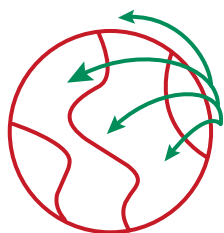
### SUSTAINABLE

We focus on sustainable growth and are committed to maximising opportunities for future generations.



### LOTUS BISCOFF

Globalisation of Lotus Biscoff® products with Lotus Biscoff® – ultimately – at the top of global brands



### NATURAL FOODS

Investment in a strong healthy snacking business, both in our home market, the UK, and internationally, from the Natural Foods International HQ in Switzerland



### LOCAL HEROES

Development of strong market positions in our home markets by continuous investments in our broad range

## VISION

Realise sustainable profitable growth by offering a versatile range of branded snacks for every consumption occasion, while maximising opportunities for generations to come via our programme

## CARE FOR TODAY – RESPECT FOR TOMORROW

>> Read more on page 60







# LOTUS BISCOFF®

## STRATEGY

The globalisation of Lotus Biscoff® is the first pillar of Lotus Bakeries' strategy. This pillar focuses on the globalisation of Lotus' original caramelised cookie taste, marketed under the Lotus Biscoff® brand. Lotus Biscoff® has a highly unique but accessible flavour, with a subtle caramel touch. Lotus Bakeries believes in the universal character of its Lotus Biscoff® cookie, and consequently its Lotus Biscoff® spread, Lotus Biscoff® ice cream and recently also its own range of chocolate with crunchy Biscoff® pieces and Lotus Biscoff® spread. Biscoff® enjoys success across national borders and cultural differences – a quite exceptional situation in the food sector. Lotus Biscoff® is now enjoyed in more than sixty countries. In 2020, Lotus Bakeries achieved strong growth with Lotus Biscoff® in the following promising newer markets: Australia, Indonesia, Malaysia, Morocco, Egypt, Turkey and Canada. This success supports the ambition of globalisation. The geographical expansion of Lotus Biscoff® is the primary growth area, with plenty of further potential for growth, particularly in big consumer markets such as the US, the UK, China, Japan and also Italy and Germany.

To support the further internationalisation of Lotus Biscoff®, Lotus Bakeries operates in fifteen countries with its own sales offices and its own sales teams. Cooperation also takes place with local commercial partners in some fifty countries. The main sales potential lies in supermarkets, where we highlight our products via displays and promotions. We also try to introduce Lotus Biscoff® to consumers via the out-of-home channels (restaurants, hotels, airlines, etc.). The more households are familiar with our products, the better. Once a substantial percentage of households within a particular region consume our products, we can start advertising on TV and online to continue to grow steadily.

## BRANDS AND PRODUCTS



### Lotus Biscoff® cookie

Lotus Biscoff® is a surprisingly crunchy cookie loved around the world for its unique, caramelised taste. A great match for a cup of coffee, a tasty treat or kitchen ingredient. It starts from the right combination of carefully selected natural ingredients. But the true magic happens in the oven, during the well-mastered caramelisation process. In fact, it's all a matter of craftsmanship.

Through the years, Lotus Biscoff®'s popularity spreads far beyond borders. The name Lotus Biscoff® itself is a combination of 'biscuit' and 'coffee', a reference to the complementarity of the two tastes. Lotus Biscoff® and coffee are the perfect match.



### Lotus Biscoff® spread

Our Lotus Biscoff® spread is a spreadable, sweet spread with the familiar, unique taste of Lotus original caramelised cookies. There are two varieties: crunchy and smooth. Both varieties offer an original, delicious alternative to traditional spreads. Because this product is also enjoyed as a snack, we launched Lotus Biscoff® & Go, a combination of our delicious Lotus Biscoff® spread and mini-breadsticks in a handy pack to eat on the go.

In 2019, we also launched Lotus Topping in the out-of-home channel, a liquid version of Lotus Biscoff® spread in a handy squeeze bottle. Perfect for topping your crepes, waffles, ice cream and more!



### Lotus Biscoff® ice cream

The combination of Lotus Biscoff® and delicious velvety ice cream is enough to make anyone melt. With many formats, Lotus Biscoff® ice cream makes an ideal snack for any occasion.

## INNOVATIONS

### Lotus Biscoff® Sandwich cookie

Lotus Biscoff® Sandwich cookie is made of two crunchy original caramelised cookies with a deliciously creamy milk chocolate, vanilla or Biscoff® filling. This cookie was launched in April 2020 in four countries: Belgium, France, the UK and the US. In the second half of the year, several more countries were added. And the internationalisation continues in 2021! In view of this, we have invested in a new Biscoff® Sandwich cookie production line in Lembeke, to keep pace with market demand.

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The secret of the Biscoff® Sandwich cookie?

A deliciously creamy filling that's the perfect match for the crunchy, intensely caramelised Biscoff® cookie.

Jonas Vandamme, R&D Project Engineering

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TOP teamwork - the ambitious start date was met despite COVID-19. Very proud of the team!

Jeroen Osten, Project Manager Engineering



### Fun Facts

Voted 'best product of the year' in the Bakery category by consumers in the Netherlands.

We reach a younger target audience with our Biscoff® Sandwich Cookies



## Lotus Biscoff® chocolate

Also in 2020, a specially developed new range of Lotus Biscoff® chocolate was introduced to the Belgian market. The range consists of two delicious varieties: milk chocolate with crunchy Biscoff® pieces and milk chocolate with smooth Biscoff® spread filling. Both are available in bar form and as Minis. We're sure you'll agree they taste sensational.



With its crunchiness & unique taste, Biscoff® adds an amazing extra dimension to chocolate: a match made in heaven!

Pauline Helsen, Brand Manager

Our customers' hearts melted immediately at the idea of Belgian chocolate filled with Belgian Biscoff® cookie pieces.

David De Prest, National Account Manager

For a true chocolate lover like me, the new Biscoff® chocolate was a real revelation! It's a fantastic chocolate with an amazing caramelised cookie flavour. The perfect combination!

Cristel Van Hurck, Marketing Coordinator

### Fun Facts

By buying Lotus Biscoff® chocolate you support the Lotus Foundation for Education

Since its launch, Lotus Biscoff® chocolate has represented 21% of growth in the chocolate category in Belgium<sup>1</sup>.

Only launched in September, Lotus chocolate is already the number 3 brand in Belgium (by value) in the filled bar category<sup>1</sup>.

<sup>1</sup> Nielsen data up to w52 2020





**LOTUS BAKERIES  
FOUNDATION FOR  
EDUCATION**

**Lotus Bakeries Foundation For Education.**  
Goed onderwijs is de sleutel om mensen uit  
een vicieuze cirkel van armoede te halen. En  
daar draagt Lotus Bakeries graag toe bij.

**Lotus Bakeries Foundation For Education.**  
Un enseignement de qualité est la clé pour aider  
les personnes à sortir du cercle vicieux de la  
pauvreté. Chez Lotus Bakeries, nous sommes  
heureux de contribuer à cet engagement.

## The Kusasa Project



**Eén van de projecten die we steunen,  
is de Kusasa-school in Zuid-Afrika.**

Deze unieke school creëert toekomstperspectief voor  
kinderen uit de regio, door hen onderwijs aan  
te bieden op hoog niveau. Kinderen krijgen er in kleine  
groepjes les van gepassioneerde en gekwalificeerde  
leraren. Zo is er voor elk kind genoeg aandacht.  
Ook het lesmateriaal is er van de beste kwaliteit.

Op die manier krijgen kansarme kinderen in de  
Kusasa-school alle kansen om een goede start te maken  
in het leven. Jan Boone, CEO Lotus Bakeries, is één van  
de bezoekers van dit hartverwarmende project dat  
kinderen opnieuw laat dromen. En daar jweleuze  
voor ons product draag ook jij hier nu toe bij.

**L'école de Kusasa en Afrique du Sud est l'un des  
projets que nous soutenons avec fierté.**

Cette école unique en son genre crée des perspectives  
d'avenir pour les enfants défavorisés de la région en leur  
offrant un enseignement de grande qualité. Les  
enfants sont donc élevés dans un environnement  
favorable. Ils reçoivent des leçons de la part de  
enseignants passionnés et qualifiés. Chaque  
enfant jouit alors de toute l'attention nécessaire. Et ce, avec  
un matériel pédagogique lui aussi de très grande qualité.

Ainsi, les enfants défavorisés de l'école Kusasa ont toutes  
les chances de prendre un bon départ dans la vie. Jan Boone,  
CEO de Lotus Bakeries, est l'un des forces motrices de ce  
projet recordant qui redonne du rêve aux enfants. Et en  
choisissant notre produit, vous aussi vous y contribuez.



Meer informatie / Plus d'information :  
[www.lotusbakeries.com/foundation](http://www.lotusbakeries.com/foundation)

Jan Boone



## BISCOFF®: THE STRONG GROWTH DRIVER IN 2020

**“Smart strategic decisions and the home baking trend during lockdown laid the foundation for this strong growth.”**

Ignace Heyman, COO

We partly have Lotus Biscoff® to thank for Lotus Bakeries' very good results in this challenging year. The brand was a real growth driver for the whole company in 2020. This is partly due to a substantial rise in consumer demand, the move into new product categories, and innovation in the cookie category.

In all countries where Lotus Biscoff® is on the market, the brand did very well in 2020. “We were truly amazed at that”, starts off COO Ignace Heyman. “We had already achieved excellent structural growth in past years. So, for us to grow even more strongly in the context of a global pandemic is a remarkable achievement. The lockdowns, the closure of the hospitality sector, the drop in the number of flights: they all had their impact on the out-of-home channel, which is an essential sales channel for our caramelised cookies. But we managed to make up for this loss and forge ahead of this with retail sales.”

### Home baking during lockdown

Ignace attributes Lotus Biscoff®'s strong growth partly to the strong rise in consumer demand in all countries where the cookie is sold. “We're delighted to see this trend in all markets, even in countries where Lotus Biscoff® has only just been introduced, such as Australia and Indonesia.”

According to Global Brand Director Kathleen Buyst, this is partly down to the home baking trend during lockdowns. “Consumers were looking for a new way to pass the time, and baking was the ideal activity. Many of them

seized upon our products – cookies and spread – to make cheesecake or muffins, for example. They shared their fantastic creations enthusiastically via social media with the hashtag #lotusbiscoff, so that Lotus Biscoff® reached even more people. What's nice is that, through channels like TikTok, a younger generation is now getting to know our product too.”

### Introduction into other categories

Kathleen and Ignace also put the good results down to Lotus Bakeries' strategy of introducing the unique taste of the cookies into other global product categories such as ice cream and spread. “In this way we create cross trials and increase the total reach of our brand”, says Ignace. “Lotus Biscoff® spread is now registering strong growth globally. There's also Lotus Biscoff® ice cream, which – following the successful launch in Belgium – we internationalised further in 2020. In countries like the USA, the UK and Switzerland, our efforts delivered good shelf impact. That gives us plenty of confidence that we're on the right track. Along the same lines, we took our first steps in the chocolate category in Belgium last year.”

### Innovation in cookies

Finally, there are the innovations Lotus Bakeries has made to the existing range. Lotus Biscoff® Sandwich Cookie was a new addition to the cookie category in 2020. “For the first time, with this round cookie, we’re breaking away from the iconic shape of the Biscoff® cookie”, says Kathleen. It was launched at a difficult time – in the middle of lockdown – but the introduction was still a boost. “We were so confident in this cookie that, before even one box was sold, we decided to invest in an extra production line in Lembeke.”

While awaiting the new production line, the Lotus Biscoff® Sandwich Cookie was already launched in Belgium, France, the United Kingdom and the United States. “Sales are going fantastically in every market, and are on top of sales of the familiar Biscoff® cookies. That means that we’re reaching different consumers too”, concludes Ignace.



> Ignace Heyman, COO



> Kathleen Buyst, Global Brand Director Biscoff®

“Since the end of 2020, we’ve also begun rolling it out in more countries. We’re very confident that this product will continue to grow in 2021, internationally as well. The addition of two smaller pack formats containing one and five cookies – encouraging consumers to try the product – is sure to help us with this.”

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We were so confident in this cookie that, before even one box was sold, we decided to invest in an extra production line in Lembeke.

Ignace Heyman, COO



## LAUNCH OF LOTUS BISCOFF® CHOCOLATE ANOTHER BOOST

**“It’s fantastic that we can already expand the range in response to customer demand!”**

Hendrik Van Steendam, Marketing Director Belgium

When Lotus Bakeries launched the new Lotus Biscoff® chocolate – with pieces of caramelised cookie or Biscoff® cream filling – in September, this was also the first step in a brand-new category: chocolate. Just six months later, the launch is already a hit. Retailers and consumers are reacting so positively that new varieties will already be added to the range in 2021.

The launch of the Biscoff® cookie goes back to 1932, but since then the original caramelised cookie with its unique taste has also found its way into other categories in which indulgence is key. There is Lotus Biscoff® spread of course, and later Lotus Bakeries also brought Lotus Biscoff® ice cream to the market in Belgium. “This launch was incredibly successful, even without extensive support”, starts off Hendrik Van Steendam, Marketing Director Belgium. “So, we explored other categories into which we could introduce the Biscoff® taste. After all, our goal is to make Lotus Biscoff® a global brand. One way we do this is by introducing the unique taste of the product to other categories. After the cookie category, the chocolate category is the second biggest indulgence category in the market. Not just in Belgium but globally.”

### Pieces and spread

So the decision was soon made: Lotus Bakeries moved into the chocolate category in Belgium. With milk chocolate with Biscoff® pieces on the one

hand and a version with a creamy Biscoff® spread filling on the other. Both products are available in bar form and as minis. That was a deliberate decision too: “The biggest segment in the chocolate category is bars, followed by minis (or individually packaged portions). Lots of products on the chocolate shelf combine chocolate with another ingredient, either in the form of pieces, or in the form of a filling. At Lotus Bakeries we’re lucky enough to have both in our range. For greater recognition of our new product, we also carried forward the distinctive Biscoff® design into the chocolate. As a result, both the bar and the mini-version fully match the Lotus Biscoff® branding. What’s nice is that by buying this product, consumers also support Lotus Bakeries’ Foundation for Education, one of which projects being the Kusasa school in South Africa. This unique school offers disadvantaged children in the region a future by giving them a high standard of education”.



> Hendrik Van Steendam, Marketingdirector België

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What's nice is that by buying this product, consumers also support Lotus Bakeries' Foundation for Education.

Hendrik Van Steendam, Marketing Director Belgium

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The feedback on the new product is really good, both from retailers and from consumers, as well as from our own staff.

Hendrik Van Steendam, Marketing Director Belgium

### Extra varieties in response to retail demand

When Lotus Bakeries went to pitch the new product to retailers, they were so enthusiastic that by the time of the launch almost full distribution was already achieved for the four varieties. "Retailers themselves say that they've rarely experienced such a launch in the chocolate category", says Hendrik enthusiastically. "They're even already asking for more varieties. So we're already getting ready to expand the range in April 2021. We think it's fantastic that we're doing this in response to demand from our customers."

### Future plans

It should therefore come as no surprise that Lotus Bakeries is already considering the next steps. "The feedback on the new product is really good, both from retailers and from consumers, as well as from our own staff. Colleagues in other countries often ask me if we want to cross the border with Lotus Biscoff® chocolate too. Our CEO Jan Boone introduced all of our staff to the product worldwide: every single one of them was sent a box as a thank-you for their flexibility and efforts during the difficult months of the coronavirus crisis. This led to many great posts on social media, so that our own employees became our best ambassadors. Whenever we create a new Biscoff® product, we always choose products that we can roll out globally after launching them in Belgium. However, for now, we want to see how sales are going at home first, and are examining how we want to continue to support the brand. Crossing the border to countries where Lotus Biscoff® is already an established brand is of course one possibility", concludes Hendrik.



**NakkaD.**  
PEANUT DELIGHT  
gluten  
wheat  
dairy  
FREE

**NakkaD.**  
PEANUT PROTEIN  
gluten  
wheat  
dairy  
FREE

**NakkaD.**  
PEANUT BUTTER  
gluten  
wheat  
dairy  
FREE

**NakkaD.**  
PEANUT CARAMEL  
gluten  
wheat  
dairy  
FREE

**NakkaD.**  
PEANUT CHOCOLATE  
gluten  
wheat  
dairy  
FREE

**NakkaD.**  
PEANUT CARAMEL  
gluten  
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**NakkaD.**  
PEANUT CARAMEL  
gluten  
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**NakkaD.**  
PEANUT CARAMEL  
gluten  
wheat  
dairy  
FREE



# NATURAL FOODS

## STRATEGY

The internationalisation of our Natural Foods brands Nākd, BEAR, TREK and Kiddylicious forms the second pillar of our strategy. Since 2015, Lotus Bakeries has invested in the natural and healthy snacking category with a focus on the strong brands of Nākd, BEAR, TREK and Kiddylicious. In May 2020, Lotus Bakeries acquired almost all of the remaining shares in British company Natural Balance Foods from the founders. As a result, Lotus Bakeries now has full control of the entire Natural Foods portfolio.

Our aim is to create constant growth in the home market for these brands, the United Kingdom. We do so firstly through the activation of our own hero products, both at the point of sale and through targeted marketing activities online and on TV. Secondly, we make use of an ambitious innovation programme by which we strive to bring innovative products to the market in and outside the existing categories.

The geographical expansion of our Natural Foods brands outside the United Kingdom is another major growth area. In 2016, we took our first steps towards further internationalisation, focusing on Lotus Bakeries' home markets of Belgium, the Netherlands and France, plus the

United States specifically for BEAR. In 2020, Lotus Bakeries decided to accelerate this growth by centralising all international activities, brands and Global Accounts at Natural Foods International headquarters. Organisationally, the whole international Natural Foods team has been brought together. This allows an abundance of synergies to be achieved. On the one hand, in terms of strategy, development and protection of the international brands. On the other hand, regarding the optimisation of the supply chain and sales strategies for Natural Foods products.

The Nākd, BEAR, TREK and Kiddylicious brands bring healthy snacks to market that will often be disruptive in existing categories. That is the reason for the strong focus on communication to consumers about the advantages of these healthy and tasty snacks. This takes place on the packaging, at the point of sale and via video campaigns on TV and social media.

## BRANDS & PRODUCTS



### Nākd

Nākd bars are made with just fruit and nuts. Containing only 100% natural ingredients with no added sugar, syrups or mysterious additives, Nākd bars are the perfect mid-morning snack or afternoon pick-me-up. Appealing to health-conscious consumers who don't want to compromise on taste, Nākd's yummy treats are vegan and gluten, wheat and dairy free.

Available in a wide variety of mind blowing flavours including Blueberry Muffin, Peanut Delight and Salted Caramel, Nākd bars are the tastiest way to genuinely enjoy healthy snacking.

At the start of 2020, Nākd bars with a chocolish topping were added to the range. Chocolish tastes of chocolate, has the smooth texture of chocolate, but only contains fruit, nuts and cocoa. The topping is 100% natural and contains no added sugar.

**TREK**

TREK is the ideal snack for people with an active lifestyle. TREK bars supply everyone with nutritious, long-lasting energy. This is because we select 100% plant-based ingredients, with no refined or artificial sugars, for TREK bars contain 9g of plant-based protein. Looking for a great, delicious energy boost? TREK is the perfect solution.



## BEAR

BEAR offers an extensive range of tasty and healthy snacks for kids. The philosophy is simple: to offer healthy snacks that children enjoy and their parents can trust. BEAR's healthy and innovative range comprises 100% fruit snacks. It is available in a variety of appealing formats, including rolls (BEAR Fruit Rolls) and fruit shapes (BEAR Fruit Minis and BEAR Paws). BEAR only uses gently baked, freshly picked seasonal fruits to ensure that as much as possible of the fruity goodness such as fibre, minerals & vitamins is kept in the end product. The products are free from added sugars, concentrate, preservatives and stabilisers.

All BEAR products are not only tasty, they make it fun for children to eat more fruit too. Each BEAR Fruit Rolls packet contains a free card to collect, so the enjoyment continues after eating a fruit roll. In 2021, BEAR launches a new card campaign to keep loyal BEAR fans entertained. Grrr...



## Kiddylicious

The Kiddylicious brand brings to market delicious, nutritious food for little ones. It is sold in every major UK supermarket and being introduced to more and more markets internationally.

Kiddylicious brings a very extensive range of responsible snacks to market designed to offer a healthy and safe alternative to existing snacks, especially for little ones. Most products have no added sugar or salt and the majority of the range is free from dairy, lactose, gluten and allergens. With a variety of tastes and textures in suitably sized portions, the Kiddylicious range encourages a positive attitude to food and helps toddlers' motor development.

Thanks to its diverse and innovative portfolio, Kiddylicious is the second biggest brand in the baby snacking category in the UK<sup>1</sup>.

<sup>1</sup> Source IRI EPOS data (week ending 26/12/20)



## INNOVATIONS

### Nākd Chocolish

Nākd Drizzled Chocolish bars have a soft fruit and nut centre, dipped and drizzled in rich, smooth Nākd Chocolish – Nākd’s amazing healthy new answer to chocolate! The bars are made of 100% natural ingredients, contain no added sugar and are wheat, gluten and lactose free. The bars are available in four flavours: Double Chocolish, Peanut Chocolish, Raspberry Chocolish and Toffee Chocolish.



The illustrations on the packaging reflect the amazing chocolate sensation inside. Of course, to help us design them, we had to try lots of bars...a great job!

Denise Fishburn, Head of Design

It was an exciting project from beginning to end, in which we combined our experience with fruit and nut bars with the innovative alternative to chocolate as a topping. We learnt a lot along the way and came up with lots of ideas for the future.

Liane Kynaston, Technical Manager

### Fun Facts

**The chocolate alternative used as a topping on Chocolish products is vegan and contains only fruit sugars. It contains 50% less sugar per 100g than popular alternatives on the UK market.**



## TREK power bars

TREK power bars are the latest addition to the TREK range. They are made from 100% natural ingredients and covered in a great natural alternative to chocolate. The bars are available in two flavours: Peanut Butter Crunch and Millionaire Shortbread.



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In spite of all the challenges, we developed a product that tastes great and consumers really love. An achievement that shows teamwork and dedication!

Miroslava Butalova, NPD Manager

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What a success and a brilliant addition to the TREK range: a vegan bar with multiple layers, each containing plant-based proteins and covered with an alternative to chocolate.

Liane Kynaston, Technical Manager

### Fun Facts

**The bars are available from UK retailers including Tesco & Sainsbury's!**

**The bars are high in fibre, so they are really satisfying.**

## TREK flapjacks

TREK's flapjack range was recently expanded to include three new flavours. The delicious vegan toppings with which we deliver a delicious energy boost are 'Salted Caramel', 'White Choc & Raspberry' and 'Smooth Lemon'.

The new flavours add a fresh, fruity touch to the range that carries through to the packaging – a real eye-catcher on the shelf!

Claire Viner, Manager Packaging



### Fun Facts

The 'White Choc & Raspberry' bar is topped with an all-natural, vegan layer with the gorgeous sensation of white chocolate.

Unlike other products in the category, TREK flapjacks are gluten free.

## Kiddylicious: Rice Crispy Sticks, Melty Buttons & Juicy Fruit Bars

In 2020, Kiddylicious launched Rice Crispy Sticks, made of puffed rice, puffed quinoa and crushed sunflower seeds. These tasty snacks contain no added salt and are both gluten and nut free. Melty Buttons and Juicy Fruit Bars were also launched in 2020, introducing vegetable and fruit flavours respectively to little ones. The ideal snack at home or on the go!

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It was really great to work on the Rice Crispy Sticks packaging that brings out the fun, tasty and healthy nature of the product.

Kevin Taggart, Studio Manager Marketing

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Melty Buttons have been one of the favourites in the 9+ months age segment right from the launch. And they're well on the way to becoming one of our most popular snacks.

Rob Fife, Category & Insights



### Fun Facts

Kiddylicious introduced 10 tasty new snacks to the range in 2020.

## NEW HEADQUARTERS IN SWITZERLAND FOR NATURAL FOODS INTERNATIONAL DIVISION

**“It’s the ideal time to take the internationalisation  
of the Natural Foods brands up a gear.”**

Isabelle Maes, CEO Natural Foods

At the end of 2020, Lotus Bakeries centralised all international activities of the Natural Foods division at a single headquarters in Baar, Switzerland. This decision was taken in order to accelerate the international growth of this range of healthy snacks, which, alongside Lotus Biscoff®, forms the major second pillar for the Lotus Bakeries Group.



> Isabelle Maes, CEO Natural Foods

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We're investing in recruiting new people in Switzerland too, but are also offering staff from Belgium and our other sites the chance to take up an international opportunity as an expat in the fine country of Switzerland.

Isabelle Maes, CEO Natural Foods

Internationalisation is a key strategy of Lotus Bakeries for sustainable future growth. This is also the case for the Natural Foods range, as CEO Natural Foods Isabelle Maes explains. "After the acquisition in 2015, we focused at first on growth in their country of origin, the United Kingdom. At the same time, we also began taking careful steps towards internationalisation. Every one of the brands in this range – Nākd, TREK, BEAR and Kiddylicious – has the potential to break through internationally. "Now is the ideal time to take this up a gear. The healthy snacking category has become mainstream in many countries in and outside Europe."

Bringing together all of the activities involved in the internationalisation of Natural Foods at a single headquarters in Baar, Switzerland, shows that Lotus Bakeries is now fully committed to the internationalisation of the range. Through this, it intends to make the most of synergies and grow faster. All strategic decisions concerning international business will now therefore be taken in Switzerland. "We chose Baar because we already had a sales office for the Swiss market there, as well as a corporate procurement department. The town is also close to Zurich, a major international hub from which we can easily fly to any destination, including outside Europe."

Lotus Bakeries is building brand-new offices in Baar, to be completed in October 2021 and with room for around 30 staff. "By this, we're making a statement that we really believe in the international success of our Natural Foods. We're investing in recruiting new people in Switzerland too, but are also offering staff from Belgium and our other sites the chance to take up an international opportunity as an expat in the fine country of

Switzerland. This has been welcomed with enthusiasm. Alongside this, we're also underlining our belief in Natural Foods with extra investments in various countries. Depending on the penetration and distribution in these markets, this can involve for example TV commercials, online campaigns or choosing motivated, loyal ambassadors who shine the spotlight on our brand on a regular basis."

In view of this, the goals that Isabelle Maes has set for the Natural Foods range are not small. "We want to make Natural Foods the second strategic international growth area for the Lotus Bakeries Group. Of course, at present, we're still much smaller than Biscoff®, but why not? The potential exists and so does the demand, and the target audience is big: for Nākd and TREK, for example, it's all people with an active lifestyle, with no age limit. We therefore all truly believe we can realise our ambitious goal."

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We want to make Natural Foods  
the second strategic international growth  
area for the Lotus Bakeries Group.

Isabelle Maes, CEO Natural Foods





# LOCAL HEROES

## STRATEGY

Focus on our 'hero' products or 'local heroes' forms the third pillar of Lotus Bakeries' strategy. We are present in Belgium, the Netherlands and France with a wide range of local 'hero' products: cookies, waffles, cakes and gingerbread. We want to develop these already strong market positions by investing continuously in this wide range. In this way, Lotus Bakeries strengthens its position as market leader in the relevant subsegments. Belief in 'hero' products is great. It is no coincidence that, when making acquisitions, Lotus Bakeries has always focused on companies with a strong brand, exceptional products and a strong market position in the home market of the company concerned. We are firmly convinced that, by paying attention to these local 'hero' brands in their home market, we can further strengthen the success of these products.

## BRANDS & PRODUCTS



### Lotus cakes

The Lotus cake range comprises a wide range of cake specialties, including the hero concepts Frangipane, Madeleine, Tartélice and Zebra. They are all fabulous quality products to enjoy at home or on the go.

In 2020, each of these 'heroes' was given new packaging, for greater transparency in the design. In addition, the range was expanded once more: following the launch of Madeleine Chocolat and Zebra Framboise in 2019, the introduction of Tartélice Myrtille this year gave the range a boost.



## Dinosaurus

Lotus Dinosaurus cookies are not just deliciously crunchy. They're perfectly balanced. Every cookie is bursting with tasty natural ingredients that provide children and young people with the energy they need to discover the world, try new things and let their imagination run wild. With its cool look, Dinosaurus inspires them to take on new adventures.

The basic version of the beloved Dinosaurus cookies comes in three flavours — milk chocolate, dark chocolate and whole wheat. They are available in a mini-version too. The range also includes Lotus Dinosaurus filled, a crunchy round cookie with a light filling of Belgian milk or dark chocolate.





### Lotus waffles

In Belgium and France, Lotus Bakeries continues to offer an extensive range of waffles. In Belgium, the waffles are marketed under the brand name Lotus Suzy, with as its figurehead the young lady of the same name who promotes the waffles from her retro van, winning many hearts in the process. Suzy is the brand name of the divine Liège Waffles, Vanilla Waffles, and since 2020 also Soft Waffles from Lotus.

In any case, the members of the Lotus waffle family have one thing in common: they all stand out thanks to their high quality, taste and texture.

In 2020, Suzy launched a new TV commercial in Belgium. After moving home and the open-air cinema, Suzy is now opening her own hip Suzy pop-up shop!





## Peijnenburg

As a brand, Peijnenburg stands for simple enjoyment every day.

Peijnenburg gingerbread has been baked at Geldrop in the Netherlands since 1883. Over the years, the bakery grew into a fully-fledged factory. In 1983, one hundred years of craftsmanship were crowned with the title 'Koninklijke' or Royal. With its unique flavour, traditional baking and preparation process using well-loved, nutritious ingredients, Peijnenburg is a popular choice for enjoying a special moment at breakfast time.

In 2020, Peijnenburg launched a new media campaign 'van Happen word je Happie' (Eating Peijnenburg makes you happy) starring Dutch singer Frans Bauer.



## Snelle Jelle

Snelle Jelle stands for energy, adventure and challenges. The brand has marketed delicious gingerbread since 2002. This tasty rye gingerbread snack that's handy to eat on the go is packed full of energy. A spicy gingerbread with a unique twist that inspires young and old to keep going.

The brand houses a range of filling bars, packed with energy, also available in several flavours. There are also bars in handy formats for snacking on the go and a no added sugar version, Snelle Jelle Zero.

In 2020, the whole range was given a new look, highlighting Snelle Jelle's sporty, dynamic character. Energy gets a new look!



## Annas

The Annas brand dates from 1929, the year in which Anna and Emma Karlsson opened their bakery near Stockholm (Sweden). There they baked the typical Swedish speciality of pepparkakor biscuits: thin, crunchy biscuits flavoured with ginger and cinnamon. Annas is the most popular brand of pepparkakor cookies in its home markets of Sweden and Finland. The cookies can also be found on the shelves in some twenty other countries, including the US, Canada and a number of Asian markets.

There are now four different traditional flavours, as well as limited editions and an Annas variety with organic ingredients bearing the EU Organic Logo. Annas also markets special Annas Pepparkakor houses, which are traditionally

assembled and decorated by the whole family. Although Annas Pepparkakor cookies are available all year round, in Scandinavia they are especially popular during the Christmas period.

In 2019, Annas Pepparkakor ice cream was added to the range. Annas ice cream is a combination of deliciously smooth ice cream and crunchy pieces of Annas Pepparkakor ginger thins. For the 2020 pepparkakor season in Scandinavia, Annas also reintroduced three favourites from the past: Annas Polka, Liquorice and Toffee. These flavours combine the classic character of the ginger cookies with amazing flavours.

## INNOVATIONS

### Snelle Jelle redesign

In 2020, the whole Snelle Jelle range was given a new look. Taking the powerful brand personality and its positioning as “(too) powerful gingerbread” as our basis, we tackled the logo and design. The result: a powerful, bold style, full of energy, that guarantees recognisability. Snelle Jelle has now become even more Snelle Jelle.

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A (too) powerful change to our brand image while retaining our recognisability for consumers.

It jumps out at you from the shelves!

Bart Hendriks, Brand Manager Snelle Jelle

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Retaining the existing branding elements and colour and flavour navigation in the new design means that our consumers can still easily find their favourite bar.

Jeroen Harks, Marketing Director



### Fun Facts

Top sportspeople also love our (too) powerful gingerbread!

## Honey waffle

Since April 2020, there's a new filled waffle on the shelves: the Lotus Honey Waffle. With a honey centre, this soft waffle is the latest addition to the well-known 'Coeur fondant' range, comprising soft waffles with a vanilla and brown sugar filling.

Our new filled honey waffle is unique in the French market: while other brands use a crispy waffle, ours is deliciously soft.

Catherine Sabatier, Brand Manager



### Fun Facts

The honey used for the filling of the honey waffle is the same honey we use to produce our Peijnenburg gingerbread.

The new honey waffle is attracting new customers: 75% of consumers who buy the honey waffle have never bought another variety of the filled waffle before.



## Tartélice Myrtille

Since its launch in 2009, the Lotus fruit-filled cake range has grown into a successful range of products under the Tartélice name. Tartélice are delicious little cakes made of soft sponge with a fresh fruit filling of apples or raspberries and there is also a version with a smooth chocolate filling. In October 2019, Tartélice Myrtille was added to the range. Blueberries aren't just trendy, they're super delicious too! This version therefore makes a delightful addition to the range.

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It's a real pleasure to smell the delicious aroma of blueberries throughout the factory!

Ludovic Valente, Operations Director France

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The subtle flavour of blueberry jam in a deliciously soft cake is simply yummy

Tania Ceuppens, Brand Manager Pastry



### Fun Facts

Tartélice is currently the 3<sup>rd</sup> largest sub-range within cakes.

There's 16% blueberry filling in a Tartélice cake.







CHAPTER 2

**OUR SUSTAINABILITY  
PROGRAMME:  
CARE FOR TODAY –  
RESPECT FOR  
TOMORROW**

## OUR SUSTAINABILITY AMBITION

Lotus Bakeries wants to grow by offering a varied range of branded snacks for all times of the day. This growth must be profitable and sustainable, while maximising chances for future generations. That is our vision.

"Through our 'Care for Today, Respect for Tomorrow' sustainability strategy and the expansion and strengthening of integrated action plans, we will strengthen our ambitions in the coming periods. Consequently, our sustainability ambition forms an integral part of our vision and corporate strategy.

Our sustainability strategy is based on three pillars, within which we have formulated specific ambitions:

### Our environment

We are committed to the environment and to help fight global warming. In everything we do, we aim to reduce our ecological footprint. One way in which we express this commitment is through our promise to only use recyclable packaging for all of our brands by 2025. Secondly, we already produce in a CO<sub>2</sub>-neutral way in our 12 factories, and involve our employees in our drive to cut emissions.

### Our employees

We follow a recruitment policy designed to attract a diversified and talented group of people who, just like us, have TOP values at heart. We are committed to long-term employment and offer our employees a pleasant, challenging, inspiring and safe working environment. Through

training, development and constant challenge, we make sure that employees feel good at Lotus Bakeries, and flourish, so that know-how acquired stays in the company sustainably.

### Our community

We stand up to our social responsibility too. Through the implementation of our Code of Conduct and the Supplier Code of Conduct, we guarantee ethical business practices across the whole organisation. With our Foundation for Education, we help build a future for generations to come through carefully selected educational and learning projects.

We underlined our sustainability ambition recently by signing the UN Global Compact. In signing up to this, Lotus Bakeries demonstrates its long term commitment. It will report on the progress of its efforts around sustainability."

Jan Boone  
CEO





# OUR SUSTAINABILITY STRATEGY

Lotus Bakeries' sustainability strategy is based on three pillars: our environment, our employees and our community<sup>1</sup>. Within each pillar, specific targets and priorities are set to help realise our sustainability objectives.

## Ambitions

We are committed to the environment and to help fight global warming. In everything we do, we aim to reduce our ecological footprint.

We follow a recruitment policy designed to attract a diversified and talented group of people who, just like us, have the TOP values at heart. We are committed to long-term employment and offer our employees a pleasant, challenging and safe working environment.

We stand up to our social responsibility. We guarantee ethical business practices throughout the organisation. With our Foundation for Education, we support educational projects and help build a future for generations to come.



Environment



Employees



Community

<sup>1</sup> Previously, within Lotus Bakeries, a distinction was made between 'people' on the one hand and 'society' on the other, but in view of the significant overlap between our objectives and priorities for both, we decided to combine these two pillars in 2020.

## Governance and reporting

Lotus Bakeries' 'Care for today, Respect for Tomorrow' sustainability strategy is the responsibility of the Executive Committee (EXCO).

The EXCO reports regularly to the Board of Directors about the various priorities and actions. Matters discussed within the Board of Directors during 2020 include: sustainable packaging strategy, Young Graduate Programme, Dealing Code, bicycle leasing scheme, Code of Conduct and Supplier Code of Conduct.

## Top 20 sustainability priorities

A materiality study helps identify which topics are important, both for the company and for stakeholders. It is important to involve stakeholders and give them a say in our sustainability ambition and our sustainability programme. Lotus Bakeries performs a full review of the sustainability priorities periodically to ensure that all developments in and outside the company are reflected. The starting-point is a questionnaire based on the one hand on the pillars and existing priorities of our sustainability programme and on the other hand inspired by developments and priorities in the broader area of sustainability. These questions are put to a relevant group of stakeholders and the EXCO.

Accordingly, these top 20 sustainability priorities were defined based on the materiality study. The relevance and importance of these aspects is confirmed periodically and updated where necessary. The latest update took place in 2019.

### Top 20 sustainability priorities



#### Environment

- Procurement and traceability
- Energy consumption
- Waste reduction
- Climate change
- Water consumption and treatment



#### Employees

- Corporate culture
- Diversity
- Employee wellbeing



#### Community

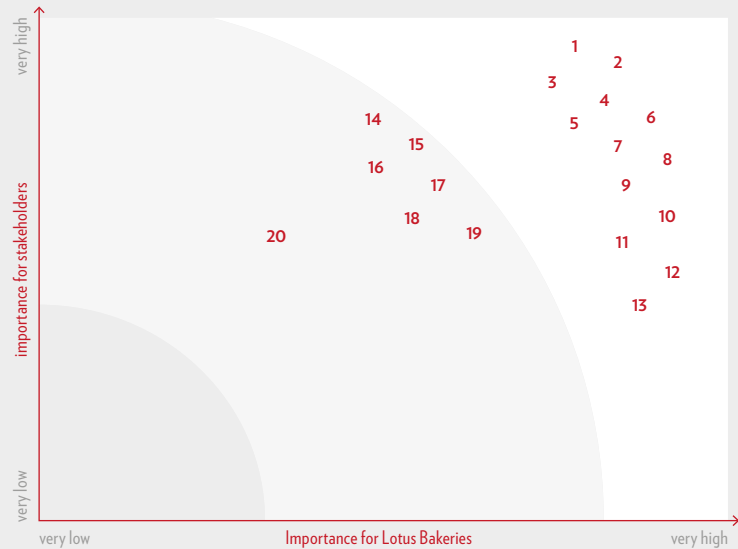
- Food safety
- Financially sound company
- Long-term strategy
- Taste experience
- Balanced portfolio of products
- Nutritional aspects
- Consumer packaging
- Corporate governance
- Education for all
- Sustainability reporting
- Code of Conduct
- Local involvement

Signing of the United Nations Global Compact

In March 2021, Lotus Bakeries signed the United Nations Global Compact. The UN Global Compact is a global sustainability initiative for companies brought into being by the United Nations. By doing so, Lotus Bakeries commits to comply with the Ten Principles<sup>1</sup> of the United Nations in the areas of human rights, labour, environment and anti-corruption and to incorporate them into its strategy, culture and day-to-day activities. Furthermore, Lotus Bakeries commits to take part in projects promoting the broader development goals of the United Nations, in particular the 17 Sustainable Development Goals or SDGs. Our participation in the UN Global Compact also means that we renew our commitment on a yearly basis and report on the progress of our efforts to implement the Ten Principles.

<sup>1</sup> Businesses should support and respect the protection of internationally proclaimed human rights; Businesses should make sure that they are not complicit in human rights abuses; Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; The elimination of all forms of forced and compulsory labour; The effective abolition of child labour; The elimination of discrimination in respect of employment and occupation; Support for a precautionary approach to environmental challenges; Initiatives to promote greater environmental responsibility; Encouragement of the development and diffusion of environmentally friendly technologies; Businesses should work against corruption in all its forms, including extortion and bribery.

Our Materiality matrix



- |                                   |                                     |
|-----------------------------------|-------------------------------------|
| 1  Food safety                    | 11  Diversity                       |
| 2  Financially sound company      | 12  Education for all               |
| 3  Long-term strategy             | 13  Employee wellbeing              |
| 4  Procurement and traceability   | 14  Energy consumption              |
| 5  Taste experience               | 15  Waste reduction                 |
| 6  Balanced portfolio of products | 16  Climate change                  |
| 7  Nutritional aspects            | 17  Sustainability reporting        |
| 8  Consumer packaging             | 18  Code of Conduct                 |
| 9  Corporate governance           | 19  Local involvement               |
| 10  Corporate culture             | 20  Water consumption and treatment |




## United Nations Sustainable Development Goals

Lotus Bakeries uses the United Nations Sustainable Development Goals (SDGs) as a framework and guide for determining its sustainability strategy, priorities and action plans. The SDGs were set in 2015 by the United Nations General Assembly and comprise 17 goals intended to be achieved by 2030.

As a company, our contribution is focused on those goals where we as Lotus Bakeries can make the greatest and most direct impact. The SDGs that are directly supported by the priorities we have set ourselves within our sustainability strategy are reproduced in our discussion of the three pillars below.

## OUR SUSTAINABILITY IN ACTION

In 2020, Lotus Bakeries formulated specific ambitions within each of its three pillars of sustainability. In the report which follows, it wants to communicate its targets and priorities and provide transparency around what was actually achieved within the Group in 2020. In this way, we show that our ambitions are not mere words. But are translated into concrete actions.

This Care for Today, Respect for Tomorrow chapter has been validated by PwC Bedrijfsrevisoren BV. This validation took place in accordance with the International Standard on Assurance Engagements (ISAE) 3000, a model that has been developed for providing assurance for non-financial data. The assured indicators are marked throughout the text by .





**The assurance report can be found**  
on page 99 of this annual report





## ENVIRONMENT

SDG 12 13 14 15 17

<b>status</b> In total, 96.8% of the packaging of all Lotus Bakeries brands is recyclable.	<b>Recyclability</b>  <b>96.8%</b>	<b>target</b> By 2025, 100% of the packaging of all Lotus Bakeries brands to be recyclable <sup>1</sup> .
<b>status</b> 100% of our owned sites have earned the CO <sub>2</sub> -neutral label.	<b>CO<sub>2</sub>-neutrality</b>  <b>100%</b>	<b>target</b> All of our owned production sites to earn the CO <sub>2</sub> -neutral label.

Priorities	Unit	2020	2019	2018
% of packaging of all Lotus Bakeries brands that is recyclable	%	96.8	93.9	91.1 <sup>2</sup>
% of our owned sites that have earned the CO <sub>2</sub> -neutral label ☑	%	100	100	100
Waste	Unit	2020	2019	2018
Kg waste per tonne produced <sup>4</sup> ☑	Kg/tonne	54 <sup>3</sup>	45	47
Energy consumption	Unit	2020	2019	2018
Energy consumption per tonne	kWh/tonne	944	923	933
CO <sub>2</sub> equivalent emissions	Unit	2020	2019	2018
Output of scope 1 & 2 CO <sub>2</sub> equivalent emissions per tonne produced on our owned sites, excluding own transport ☑	kgCO <sub>2</sub> e/tonne	129	126	128
Output of scope 1 & 2 CO <sub>2</sub> equivalent emissions per tonne produced on our owned sites ☑	kgCO <sub>2</sub> e/tonne	135	133	135

<sup>1</sup> The recyclability rate is the average technical recyclability of packaging from all Lotus Bakeries brands at the end of 2020. This includes consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is calculated per packaging component based on state-of-the-art design guidelines for recyclability (Ceflex, Recyclass). Average technical recyclability is a weight average, based on the packaging weight of each packaging component. <sup>2</sup> The recyclability % for 2018 is determined for the Biscoff® brand.

<sup>3</sup> In 2020, the amount of waste per tonne produced was negatively impacted by the start-up of the new factory in United States. The waste rates will be further reduced.

<sup>4</sup> This concerns residue, production waste, fat, paper, cardboard in our owned sites.

## OUR ENVIRONMENT: AMBITIONS & ACHIEVEMENTS 2020

We are committed to the environment and to help fight global warming. In everything we do, we aim to reduce our ecological footprint.

### All packaging recyclable by 2025

**Our commitment:** Lotus Bakeries commits to design all packaging for all of its brands to be recyclable by 2025.

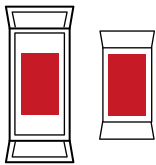
The target for our packaging is clear. On the one hand, packaging is the ideal medium for ensuring clear and accurate communication to consumers. On the other, the packaging protects the product. While travelling to the retailer, from the store shelf to the consumer's cupboard, to the moment of consumption. To guarantee the taste experience and product quality, we must package our product. In doing so, we create a barrier to external influences.

But quality packaging also means that Lotus Bakeries products have a longer shelf-life and so helps prevent food waste. An equally concerning topic as packaging waste. It is estimated that 1/3 of food products produced globally – around 1 billion tonnes – are lost due to food waste. Mainly at the point of sale and at the consumer. Consequently, our products cannot be transported to retailers and consumers without packaging.

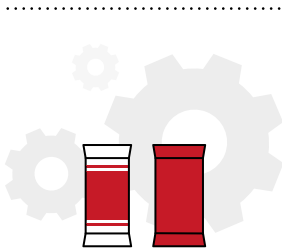
At the same time, Lotus Bakeries recognises the problems associated with the use of packaging, such as ocean pollution, carbon emissions, and the use of non-renewable resources. Lotus Bakeries shares these concerns and wants to take responsibility for making the switch from the current linear economy, where packaging is produced, used and thrown away, to a circular economy, in which materials are kept within the loop. To this end, Lotus Bakeries has formulated a **packaging strategy** focused on reducing packaging, innovative design and investing in circularity.

### Reduce what we use

The ideal packaging contains as little packaging material as possible, without compromising on taste and freshness. For this reason, we continually invest in optimising our packaging, with the aim of using as little packaging material as possible. In this, we focus on guaranteeing a superior taste experience for consumers and minimising food waste. It is a careful balance between using as little material as possible for the environment and enough material to protect our products fully.



Reduce what we use



Design for tomorrow



Aim for circularity

**Design for tomorrow**

The recyclability of packaging starts with its design. We continuously explore sustainable and innovative packaging materials to increase the recyclability of our products and facilitate recycling processes. We use objective eco-design guidelines to make our packaging recyclable, including CEFLEX and RecyClass. In this way, we further our aim to make all packaging for our brands recyclable by 2025.

**Aim for circularity**

As we design for recyclability, we believe it is also vital to move towards a circular economy and are committed to invest in closing the loop. It is our intention to further investigate how responsible sourcing, recycled content, consumer awareness, sorting guidance, innovative solutions, etc. can contribute to achieving this goal.

We prefer to use recycled content due to the better carbon footprint, without losing sight of the requirements for quality and functionality. Accordingly, we aim for the maximum technically achievable and have already reached an average of 77% recycled content across all cardboard packing for our brands. In addition, 77% of the cardboard packaging for our brands is currently certified with a guarantee that the products come from sustainably managed forests.

## EXPLAINED BY: ELS VAN PARYS

Program Manager Strategic Projects

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## SUSTAINABLE PACKAGING MADE A REALITY IN 2020



> Els Van Parys, Program Manager Strategic Projects

**“Along with R&D and our suppliers,  
we’re permanently looking for ways  
to make packaging more sustainable.”**

Sustainable packaging: this is an absolute top priority for Lotus Bakeries. A team has therefore been set up, led by Corporate Director Els Van Parys, to focus entirely on this. The team reports directly to the COO, a member of the EXCO. This ensures that these topics also feed through to the Board of Directors and that the matter receives the appropriate attention. In 2020, several more important steps were taken towards increased sustainability.

“We’re working full-time with our team on the sustainability of our packaging”, begins Els Van Parys, Program Manager Strategic Projects. “Working closely with our colleagues from procurement, R&D and the plants.” The role of the sustainable packaging team is to refine Lotus Bakeries’ packaging strategy, and to roll it out within the organisation through multidisciplinary projects. Els and her colleague Laetitia Vlaminck also seek out new packaging solutions, materials and technologies, as well as trends in waste management and legislation.

**Aiming for 100% recyclable**

“We design packaging that can be recycled as much as possible”, Els continues. “One of our priorities last year was to remove disruptive components from our packaging. These are components that make it impossible to recycle packaging.”

The main step taken in this area in 2020 was the switch to packaging film without a PVDC coating<sup>1</sup> for all individually packaged and twin Biscoff® packs. “PVDC gets burned during the recycling process and makes the plastic unusable. So, we stopped using it. Without compromising on quality, we also replaced the multi-material packaging from mini-Dinosaurus (which can’t be recycled because it combines different plastics) with recyclable mono-material packaging.” The same is set to happen to mini-Biscoff® in 2021, and the packaging of Lotus Chocolate with Biscoff® was fully recyclable from launch.

Many of our brands are already packed in recyclable packaging. Currently, 96.8% of the packaging of the brands marketed by Lotus Bakeries is technically recyclable.



<sup>1</sup> PVDC (Polyvinylidene chloride) is a component that is burned during the recycling process, making the recycle far inferior.



### Using less packaging

As this mono-material packaging also needs less plastic, this means some 2.7 tonnes less plastic on the market each year for mini-Dinosaur alone. “This also reduces the amount of packaging we use”, says Els. “Compared to other brands, the ratio of the weight of our packaging to the product is also very good. But we can still make further improvements if we look at it again with a fresh eye. In 2020, we reduced the thickness of the shrink foil around trays for spread by 10%. That means 2.3 tonnes less plastic per year.”

### Towards a circular economy

It is even better to use only recycled or renewable materials according to the principle of the circular economy. “At Lotus Bakeries we look at sustainability as a whole”, Els explains. “Not just how far a material can be recycled, but also the CO<sub>2</sub> footprint of the processing and production of the packaging, for example. We only replace plastic with paper or cardboard if that decision is good for the environment as a whole.”

In 2020 this happened to several products in the cake and waffle assortments, where the plastic trays were replaced by cardboard ones. This resulted in a further reduction in plastic of 13.5 tonnes annually. Even the ice cream tubs – previously made from polystyrene – are now made of cardboard.”

### Keeping an eye on trends

Finally, the sustainable packaging team also keeps a close eye on trends and developments in the market. “For instance, there’s a trend to switch to paper films as a packaging material. However, we’re yet to find a paper for our products with the same barrier properties as the light film we use now”, says Els. “So we have no guarantee that our product will stay tasty and fresh as long. Paper films also tend to be a bit heavier, and overall the footprint doesn’t match up to that of plastic film. But, along with R&D and our suppliers, we keep looking for a solution. By the way, the same applies to metallised film: this is recyclable, but isn’t well sorted in sorting plants due to the reflection.”

**18.5 tonnes**

Reduction in plastic in 2020



### CO<sub>2</sub> neutral production

Lotus Bakeries' production is CO<sub>2</sub>-neutral. This has been the case since 2015 and remained the case in 2020. We are working to reduce emissions and switch to green electricity where possible.

With the expansion of the factory in South Africa, we invested further in renewable energy in 2020 by installing solar panels. As a result, the factory can now generate up to 75% of the entire energy consumption via solar panels, compared with a maximum of 30% before.

Setting-up the Lotus Biscoff® manufacturing facility in North Carolina, USA in 2019 was a key step towards this. Producing locally in the largest Lotus Biscoff® market means that a thousand fewer containers cross the ocean each year than before. Our production lines there are also already

equipped with modern energy recovery technologies. In addition, our ingredients and packaging materials are sourced locally where possible.

We went a step further in 2020. Whereas so far all BEAR fruit rolls have been shipped from South Africa to the United Kingdom for packaging and further global distribution, this process was optimised in 2020. The installation of a BEAR packaging line in the United States means that the BEAR fruit rolls are now shipped direct from South Africa to the US for further distribution to American consumers. A packaging line in South Africa helps guarantee a shorter and more eco-friendly transport route to other markets.

Our employees are involved in reducing emissions on a daily basis. This includes promoting the use of modern means of communication and critically assessing the need to travel in all cases. However, we also believe that direct contact between employees is very important, particularly in an increasingly international context. Attention is paid to a greener car fleet as well. In Belgium, for example, the use of electric cars by employees is promoted via the autolease policy and electric charging stations are provided to further encourage and facilitate their use. A bicycle leasing scheme has also been introduced for our employees in Belgium. So far, more than 252 enthusiastic employees have opted to purchase a bicycle via this scheme and to regularly commute by bicycle. This is not only good for the employees' health, but also has a positive effect on CO<sub>2</sub> emissions.

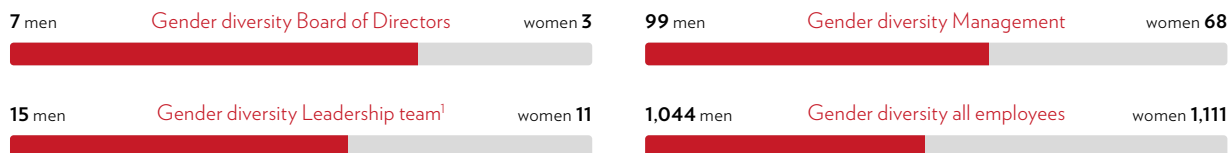
The remaining output of CO<sub>2</sub> emissions is offset via the wind park project in Anantapur, India, where sustainable energy is generated by 50 wind turbines. Through our support, we make a positive contribution to the local community.

### **Together we reduce the plastic waste mountain**

Our employees are involved in reducing waste and emissions too. For instance, Lotus has introduced more water coolers and dispensers in the workplace and employees are encouraged to use their own drinking bottles or glasses. The water bottles are also made from 100% recyclable materials and can be reused up to 60 times. This is a major contribution to reducing the plastic waste mountain.



## EMPLOYEES

SDG 3 5 8


Gender diversity	Unit	2020	2019	2018
Board of Directors	%	70 M   30 F	70 M   30 F	70 M   30 F
Leadership team	%	58 M   42 F	60 M   40 F	68 M   32 F
Management	%	60 M   40 F	60 M   40 F	60 M   40 F
All employees	%	48 M   52 F	47 M   53 F	48 M   52 F
Geographic distribution	Unit <sup>2</sup>	2020	2019	2018
Belgium	#	1,073	1,063	978
South Africa	#	314	289	-
Netherlands	#	258	233	229
United Kingdom	#	152	154	148
France	#	140	140	123
United States	#	97	71	29
China	#	29	24	16
Sweden	#	22	21	22
South Korea	#	21	21	21
Other (AT, CH, CZ, DE, ES, IT)	#	49	40	38
Safety in the workplace	Unit	2020	2019	2018
Total occupational accidents involving absence from work ✓	#	62	45	47
Total occupational accidents per 100 FTE	#	2.8	2.5	3.0

<sup>1</sup> The group of the Executive Committee, the General Managers and the Corporate Directors.

<sup>2</sup> Employees as at 31/12/2020

## OUR EMPLOYEES: AMBITIONS & ACHIEVEMENTS 2020

We follow a recruitment policy designed to attract a diversified and talented group of people who, just like us, have the TOP values at heart. We are committed to long-term employment and offer our employees a pleasant, challenging, inspiring and safe and safe working environment.

### Our corporate values are TOP

**Team spirit:** each link in the process is equally important, from marketing to production and packaging. It is essential to work as a well-oiled team. We work together every day to make Lotus Bakeries a success, in an inspiring working environment.

**Open dialogue:** a listening, open attitude, proactive communication and respectful feedback are priorities in dealings with and between employees. This is put into practice via regular departmental meetings, use of internal communication platforms and promotion of two-way communication between employees.

**Passion:** our employees' dedication and commitment are evident on a daily basis in the workplace. In their justified pride in our products and our company. Investing in our employees benefits the whole company.

### Recruitment policy

A key challenge for Lotus Bakeries is to attract competent employees who reflect the TOP values. When selecting new employees, the competencies of the applicant and the TOP corporate values are paramount. During the selection process, the applicants meet several Lotus Bakeries employees and undergo an external assessment adapted to the role for which they are applying. This way, the candidates get a better idea of the corporate values and culture.

### Diversity policy

Via its recruitment policy, Lotus Bakeries moreover creates a broad platform for attracting a diverse and talented group of people. Attention for diversity is key to this strategy, via which we aim to select candidates with the best set of skills and competencies for the role in question. At the same time, the existing knowledge and experience within existing teams is taken into account, as well as the desired competencies, knowledge and/or experience of the candidate.



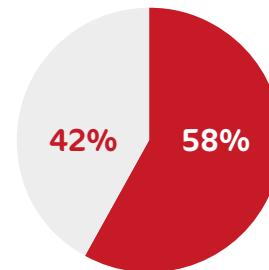
This way, we employ a diverse group of employees with a balanced gender diversity. For example, there's a nice balance of 48% men and 52% women within the Lotus Bakeries Group. When looking at management (60% men, 40% women), the Leadership team (58% men, 42% women) and the Board of Directors (70% men, 30% women), the gender diversity within the Group continues to be guaranteed.



**Read more about our Diversity policy**  
on page 144 of this annual report

## Gender diversity

Leadership team F/M



### Young Graduate Programme

On 1 September 2020 the first young graduates started on the Lotus Bakeries 'Young Graduate Programme', an intensive two-year programme specifically for Master's or MBA graduates. For two years, these young graduates are immersed in one of our departments, and are also given the opportunity to participate in a cross-departmental strategic project.

### Onboarding

Once on board, Lotus Bakeries aims for thorough onboarding, in which new Lotus employees are immersed in our company, our products, our brands and our culture. Special induction days are organised for new employees. In the case of acquisitions too, we ensure that employees are rapidly integrated into the Lotus Bakeries Group.

### Training & development

Once fully integrated, it is a question of retaining these engaged and motivated TOP talents in the company so that the know-how these employees have acquired is not lost. Focus areas here include the continuing learning and development of our employees, offering training opportunities and constant challenge.

What I find most amazing as a Young Graduate at Lotus Bakeries is the palpable ambition to grow and the rate at which the Lotus Bakeries Group continues to grow worldwide.

Elisa Vandekerckhove, Young Graduate Marketing

## EXPLAINED BY: STÉPHANIE DE LANGE

Group HR Director

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## FIVE YOUNG TALENTS JOIN LOTUS BAKERIES UNDER THE YOUNG GRADUATE PROGRAMME



> Stéphanie De Lange, Group HR Director

**“By this programme, we ensure a permanent  
inflow of promising young blood.”**

Last year, Lotus Bakeries launched its first Young Graduate Programme: a two-year programme in which a handful of promising young talents get to know a discipline within the organisation inside out and are then fast-tracked to a leadership role.

The programme forms part of Lotus Bakeries' talent strategy and aims to provide the organisation with a permanent inflow of promising young blood fresh from their studies. Group HR Director Stéphanie De Lange explains: "Lotus Bakeries is growing in all markets, and we're constantly looking for new talent. But today's job market is competitive, and certain profiles are really scarce. With the Young Graduate Programme we want to attract the best talents early in their careers and bring them into our organisation. And then fast-track them within Lotus Bakeries."

These are young people with a university background, often with an MBA and international experience thanks to an exchange programme or an extra Master's or internship abroad on top. "What's unique about our programme is that these young talents are immediately immersed in a specific functional discipline. They don't rotate through all departments of the business, but choose marketing, sales, operations, R&D or finance, for example. We're convinced that this creates greater added value, both for the person involved – who usually knows in advance what direction he or she wants to take – and for the company."

### **A breath of fresh air for the organisation**

During the programme, the high potentials get to know the chosen discipline, without fulfilling a permanent role there. "This means that they bring a breath of fresh air to our teams. Part of their job is operational, and alongside this they work on optimisation projects to help the department in question progress. Since these young people always bring new insights and new trends as well as reinforcements, our teams welcome them with open arms. At the same time, we want them to get a transversal view of the organisation. For this reason, once they've been with us for six months, as a group they take part in a cross-functional project around a strategic topic and will prepare a concrete action plan for this. After two years, the young graduates move on to a different position in the organisation."

### **First intake a resounding success**

Although the programme was only organised for the first time in 2020, it was an immediate success. During campus recruitment at the top universities and business schools, Lotus Bakeries found that demand was high: many candidates applied. It is noteworthy that selection took place during the first lockdown period and was largely online. "The candidates told us that lots of other companies were either cancelling their programmes due to the pandemic, or had stopped communicating about it", says Stéphanie. "We deliberately chose to go ahead, which the candidates really appreciated. Once the restrictions were eased for the first time in June, ten final candidates attended a speed-dating event with all members of our EXCO, after which five of them were awarded a permanent contract. They all started on 1 September."

### **Second recruitment on the starting blocks**

Meanwhile, the selection of the second intake has already started. "We're now in the middle of campus recruitment activities. The nice thing is that our current young graduates are now enthusing potential candidates about our organisation and our programme. They're really keen and very proud to be working for us. This makes them the best advert for our programme", Stéphanie adds.

### Safe working environment

Any accident is one too many. Lotus Bakeries will therefore continue to make every effort to significantly reduce the risk of occupational accidents.

In all countries in which Lotus Bakeries operates, there are strict laws about safety at work which are enforced by the government. Lotus Bakeries pays close attention to this workplace safety legislation. There is a range of procedures in place, geared to the specific risks at each production site.

The starting-point is always risk analyses within our production sites. Here, the specific risks are analysed based on the machinery, the environment around the machinery and the people who operate the machinery. Such risk analysis is compulsory and is followed up by Lotus Bakeries.

### Some real examples

New machinery is designed according to the latest safety standards and always undergoes an extensive Site Acceptance Test by our own safety officers. Machinery is modified where necessary to meet our high safety standards.

Safety procedures are then designed to make operation in the production environment as safe as possible. These procedures are translated into work instructions for each workstation. Appropriate work clothing also contributes to a safe working situation.

Other factors include a continuous focus on training, awareness and prevention:

- Workplace safety is an integral part of the onboarding programmes for new employees starting in the factory.
- An SOS (Safety Observation Stop) procedure is in place on all production sites, via which employees can report unsafe situations.

**Various actions illustrate this policy**

Thanks to various safety programmes, Lotus Bakeries was accident-free this year at the factories in Tyresö (Sweden) and Eeklo (Belgium). Despite this, the total number of occupational accidents increased this year. Partly due to the increased need for flexibility as a result of the COVID-19 pandemic, in particular to adapt workstations and adjust working methods in view of social distancing.

### Pleasant working environment

Lotus Bakeries aims to offer a pleasant working environment with a variety of facilities such as desks that encourage working standing up, showers so that employees can easily cycle to work, sufficient expanses of glass to create light and airy offices.

In view of the constantly growing group of employees, Lotus Bakeries continues to invest in new pleasant workplaces. For instance, in 2020 it decided to expand its headquarters and build a brand-new, modern, contemporary 'House of Biscoff®'. As well as offices, there will be meeting rooms, a boardroom and a Lotus coffee shop there.

A great deal of attention is paid to health and fitness on all sites. The initiatives organised vary from site to site. Some examples: possibility to join a bicycle leasing scheme, fitness opportunities, weekly healthy lunches, boot camps, etc.

In Belgium, you have the awareness-raising campaign VAM (VeiligheidsActieMoment/Safety Action Moment) and the prevention programme ZAP (Zien en Aanspreken-Preventie/See and Say-Prevention) in which, through training sessions, people are taught how to approach someone about safety.

In South Africa, a health & safety questionnaire is completed every quarter, following which existing risk analyses are reviewed and existing procedures updated.

In the Netherlands, the production units at Geldrop and Enkhuizen have the Arbovignet occupational health and safety label.




In the US, a monthly safety walk is organised by an external partner.





## COMMUNITY



<b>status</b> 99% of current employees have signed the Code of Conduct.	<b>Code of Conduct</b>  <b>99%</b>	<b>target</b> Every employee of Lotus Bakeries to commit to the 6 principles of our Code of Conduct.
<b>status</b> 62% of key suppliers have signed the Code of Conduct.	<b>Supplier Code of Conduct</b>  <b>62%</b>	<b>target</b> Every key supplier <sup>1</sup> of Lotus Bakeries to commit to the Supplier Code of Conduct.
<b>status</b> 96% of our palm oil suppliers have signed Lotus Bakeries' Palm Oil Policy.	<b>Palm Oil Policy</b>  <b>96%</b>	<b>target</b> All of our palm oil suppliers to sign Lotus Bakeries' Palm Oil Policy.

Priorities	Unit	2020	2019	2018
% of current employees who have signed the Code of Conduct	%	99	-	-
% of key suppliers which have signed the Code of Conduct	%	62	-	-
% of our palm oil suppliers which have signed Lotus Bakeries' Palm Oil Policy	%	96	-	-
<b>RSPO certification</b>	<b>Unit</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
% of our production sites which process palm oil that has achieved the RSPO certificate ✓	%	100	100	100
<b>External quality certificates</b>	<b>Unit</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Lotus Bakeries production sites where our products are produced with external quality certification (BRC, IFS) ✓	%	100	100	100

<sup>1</sup> Key suppliers are all of our suppliers of end products (external production), raw materials, packaging and machinery, with whom Lotus Bakeries has entered into a framework contract.

## OUR COMMUNITY: AMBITIONS & ACHIEVEMENTS 2020

We stand up to our social responsibility. We guarantee ethical business practices throughout the organisation. With our Foundation for Education, we support educational projects and help build a future for generations to come.

### Ethical business practices in our own organisation

At the start of 2020, the corporate directors of legal & compliance, HR, quality, procurement and R&D looked into Lotus Bakeries' rules of conduct. The Code of Conduct which was drawn up following this was discussed with EXCO and deliberated upon in-depth by the Board of Directors on 2 April 2020.

### The Code of Conduct

Lotus Bakeries is committed to act with integrity, honesty, fairness and in full compliance with applicable laws, rules and regulations at all times. It has developed a code of conduct which sets out six key principles which must be respected by all employees of Lotus Bakeries at all times:

1

### Transparency

Lotus Bakeries aims for accurate and clear communication with its customers, suppliers, consumers and business partners and promotes open communications with all of its stakeholders. Lotus Bakeries also refrains from non-compliant, dishonest, deceptive or misleading market practices.

### A case example 2020

In 2020, Lotus Bakeries signed the Belgian Pledge 3.0, by which it extends its commitment to responsible advertising to children. The Belgian Pledge – which follows the principles of the EU Pledge – is a self-regulatory initiative by which participating food companies, retailers, restaurant chains and caterers make clear commitments regarding advertising to children under 12. Lotus Bakeries had already signed up to the Belgian Pledge 2.0, but in the revised version it commits to follow the same guidelines on social media channels and when communicating via influencers.

2

### Respect for others

Lotus Bakeries aims to create a safe working environment and sets great store by integrity & respect for others. Respect for human rights and labour regulations, including freedom of association of employees and combating child labour, are key policies. All personal data is always treated with respect and processed in accordance with the relevant regulations.

### A case example 2020

Lotus Bakeries complies with GDPR, which took effect on 25 May 2018. In 2020, it updated its GDPR handbook slightly based on experiences from the last two years. For instance, the respective responsibilities of the central Data Protection Office and the local Data Protection Officers were clarified. While the GDPR handbook was initially designed around those departments that deal with personal data most (HR, Marketing, IT & Reception), it has now been revised and fully implemented in all other departments. Meanwhile, 77% of our office staff have been trained and the GDPR rules for the business have been added to the onboarding packs.

3

### Fair & compliant trade

Lotus Bakeries ensures fair competition, respect for export laws and regulations and prevention of insider dealing.

### Some case examples 2020

- On 2 April 2020, the Board of Directors endorsed and approved a revised Dealing Code setting out clear guidelines to prevent insider dealing. This Dealing Code was communicated to all employees via internal communication channels. The members of the Board of Directors, the EXCO and all other persons identified as “persons with critical information access” have also signed the Dealing Code.



**The full Dealing Code is available on our website via**  
[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

- In September 2020 all of our sales departments received training on the impact of competition law on price negotiations with customers. This was to clarify the possibilities and limitations regarding negotiations for 2021.

4

**Anti-corruption**

Lotus Bakeries has a **zero tolerance** approach to bribery and corruption and has in place a clear procedure concerning conflicts of interest and accurate records, reporting and accounting.

5

**Information security**

Lotus Bakeries is committed to protect its own confidential information and the confidential information of third parties.

**A case example 2020**

On 7 February 2020, the Corporate ICT Director set out Lotus Bakeries' policy regarding cyber security and protection against cyber attacks for the Board of Directors. The policy is based on broad and robust procedures designed to offer us maximum protection.

6

**Respect for the environment & responsible sourcing**

Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint. Real examples of actions taken in 2020 include the 2020 environmental achievements on page 67 and the implementation of the Supplier Code of Conduct on page 88 of this annual report.



> Sofie De Letter, ICT director



The full Code is available in 10 languages on our website  
[www.lotusbakeries.com](http://www.lotusbakeries.com)

## Responsibilities

Each Lotus Bakeries employee has a responsibility to follow the principles set out in this Code.

Responsibility for the implementation of the Code of Conduct lies with the Compliance Officer, assisted by the HR department.

## Whistleblowing

All employees of Lotus Bakeries are encouraged to report concerns around the Code of Conduct to the Compliance Officer. Lotus Bakeries also prohibits retaliation against any person who reports issues in good faith and commits to investigate any such reported issues. Lotus Bakeries will take corrective action if warranted by the situation. Failure to comply with the Code may result in disciplinary or legal action.

In 2020, 24 enquiries were received by the Compliance department via the reporting line set out in the Code of Conduct. The enquiries related in particular to training around GDPR and Competition. No concerns or irregularities were reported.

## Reporting

The Compliance Officer will report to the Board of Directors where necessary on an annual basis on the enforcement of the Code. The report will cover any breaches or concerns expressed, which will also be formulated into action points to avoid a repetition.

The Code of Conduct was discussed in depth on 2 April 2020. Due to the lack of reports, there was no reason for further discussion by the Board of Directors in 2020.

## Implementation

In 2020, Lotus Bakeries implemented its revised Code of Conduct as follows:

- The Code of Conduct has been translated into the official languages of those countries in which Lotus Bakeries has a sales office or factory. The document is available in 10 languages.
- The Code of Conduct is included in the onboarding pack for new employees on all of our sites and explained verbally during the onboarding programme.
- Existing employees of Lotus Bakeries were asked to sign the Code of Conduct and all received a brief explanation of the six principles contained in it. By the end of 2020, 99% of current employees had signed the Code of Conduct.

## Responsible sourcing & ethical business practices for our suppliers

The principles of the Lotus Bakeries Code of Conduct also apply to our suppliers of packaging, raw materials, equipment and end products.

The principles to which these suppliers have to commit can be summarised as follows:

### 1. Legal and ethical business practices

- Respect for human rights
- Child labour is unacceptable
- Treating people with dignity, honesty, fairness and respect
- Refraining from any form of discrimination, harassment, verbal or physical abuse
- Implementation of thorough health and safety procedures
- Compliance with employment laws and workplace regulations

### 2. Fair and ethical business practices

- Compliance with the relevant competition laws
- Use of fair and transparent pricing mechanisms and other contractual provisions towards suppliers
- A zero-tolerance approach towards bribery and corruption
- Safeguarding of Lotus Bakeries' confidential information
- No counterfeiting, smuggling, or other related crimes

### 3. Respect for the environment

- Obtaining and documenting all necessary environmental permits, licenses and registrations.

- Putting in place an environmental management system, including:
  - Processes aimed at reducing waste, diminishing energy consumption, minimising emissions and preventing pollution
  - Conservation of biodiversity, including endangered flora and fauna (no deforestation) and attention to soil conservation
  - Respect for water resources and assurance of proper (waste)water management
  - No use of illegal products and minimisation of the use of pesticides and other legal chemicals

### 4. Traceability

The supplier keeps adequate records on direct suppliers

We expect these suppliers to implement the Supplier Code of Conduct and inform their employees, agents and subcontractors in a thorough and transparent manner.

Moreover, Lotus Bakeries selects its suppliers carefully based on their responsible sourcing standards according to NDPE: No-Deforestation, No-Peat, No-Exploitation.

#### Case example regarding palm oil 2020

Lotus Bakeries is a member of the 'Roundtable for Sustainable Palm Oil' (RSPO) and is committed to ensuring that the palm oil it sources is RSPO certified. In view of this, it formulated and implemented a 'Sustainable Palm Oil Policy' in 2020. All key suppliers of palm oil and palm oil-based products such as margarines have now signed Lotus Bakeries' Palm Oil Policy.



The full text of the 'Sustainable Palm Oil Policy' is available on our website [www.lotusbakeries.com](http://www.lotusbakeries.com)



### Responsibilities

The procurement department is responsible for the implementation of the Supplier Code of Conduct, supported where necessary by Legal & Compliance or Quality.

### Whistleblowing

Suppliers are asked to express any concerns to their contact person at Lotus Bakeries.

### Monitoring

The Supplier Code of Conduct contains an obligation for the supplier to provide documentation based on which Lotus Bakeries can verify compliance with the Code of Conduct.

Lotus Bakeries already conducts audits of its suppliers, focused primarily on quality and food safety. It is examining how it can monitor the correct enforcement by the suppliers of other principles from the Rules of Conduct and integrate them into existing audits, where possible.

Lotus Bakeries expects suppliers to take any requisite mitigating actions as a consequence of any gaps identified.

### Implementation

The Supplier Code of Conduct was implemented as follows in 2020:

- The Supplier Code of Conduct is provided in the language of the contract and available in 10 languages.
- Existing suppliers of packaging, raw materials, equipment and end products with which Lotus Bakeries has a framework contract are asked to sign the Code of Conduct individually. In 2020, 62% of key suppliers have signed the Code of Conduct.
- For new suppliers of packaging, raw materials, equipment and end products, the Supplier Code of Conduct is added to the contract.
- All of our procurement terms and conditions contain a reference to the Supplier Code of Conduct, which is available on our website.

## EXPLAINED BY: BRECHTJE HAAN

Corporate Legal, IP & Communication Director

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## EVALUATION PROCESS GOVERNANCE MODEL AND CODE OF CONDUCT



> Brechtje Haan, Corporate Legal, IP & Communication Director

**“Responsible, ethical and sustainable  
behaviour comes first.”**

When the Belgian Corporate Governance Committee, established by the FSMA, VBO-FEB and Euronext Brussels, launched the new Belgian Corporate Governance Code (2020 Code for short) during 2020, containing revised corporate governance regulations for listed companies, this was the ideal opportunity for Lotus Bakeries to review its governance model and Code of Conduct. A brief explanation from Corporate Legal, IP & Communication Director Brechtje Haan.

“The new 2020 Code focuses on corporate governance and sustainable value creation”, begins Brechtje. “In a regulatory context, in recent years, we’ve heard increasing calls for responsible conduct from a long-term perspective, at all levels of businesses and organisations. We decided to discuss both our governance structure (and the associated charter) and our Code of Conduct in depth and critically evaluate them.”

### **Strong governance framework in place**

At the meeting of the Board of Directors in April, the board members reviewed the current way of working, and discussed what could be retained and what needed to be updated in view of the new 2020 Code. “This exercise confirmed that certain aspects of our structure are working really well”, says Brechtje. “One example is our decision to opt for a one-tier governance model. We have a strong governance framework with a board of directors (on which four independent directors sit), an audit committee and a remuneration and nomination committee. The board of directors has full executive powers and delegates the day-to-day management to the CEO. All members agreed that this approach is working well, so we’re going to keep to it.”

### **Long-term commitment**

At the same time, several criteria were revised. For instance, the remuneration policy was updated so that directors are now remunerated partly in cash and partly in shares, while this was previously in cash alone. Members of the EXCO are also required to hold a package of shares by 2022. “By this kind of provisions, we underline the importance of long-term commitment for people at the top of our organisation”, says Brechtje. “Another change is that, in our corporate governance charter, we now refer explicitly to our Code of Conduct revised in 2020 – ‘Let’s do it our way’. The 2020 Code refers more to responsible and ethical conduct than its predecessor from 2009 and the Board of Directors wanted to emphasise the importance of these themes in our revised charter.”

### **Six principles of conduct**

The Code of Conduct itself was also reviewed. “First of all, a working group made up of corporate directors of legal & compliance, HR, quality, procurement and R&D set out the six key principles that our employees must respect at all times. These six principles also formed the basis for the rules of conduct for our suppliers.” Following validation by the EXCO and the Board of Directors, the Code of Conduct was translated into all official languages of the countries in which Lotus Bakeries is based.

“Then, we launched a campaign to familiarise our employees with the revised rules of conduct and the six principles”, continues Brechtje. “Almost everyone in the organisation has now signed the Code of Conduct, and it’s been added to the onboarding programmes. We ask all key suppliers with whom we have a framework agreement to sign the Code of Conduct as well.

Finally, by adding the Supplier Code of Conduct to our template contracts and our terms and conditions, we ensure that it is fully integrated into our collaboration model with suppliers. From the questions we receive in Compliance via our hotline, we notice that the new code is starting to have an impact in and outside the company. And that can only be positive”, concludes Brechtje.

## Quality management system

Lotus Bakeries' quality policy forms an integral part of its strategy aimed at building strong, reliable brands. After all, the strength of our brands relies heavily on the quality of our products.

## Responsibility

The Corporate Quality Assurance department is responsible for monitoring the quality of our products, led by the Corporate QA Director, who is ultimately responsible for ensuring that the conditions of Lotus Bakeries' quality management system are met at all production sites and offices. The Area QA Managers have the same responsibilities for their areas.

## Product safety and quality

Lotus Bakeries' quality management system covers the whole value chain. From procurement of raw materials and packaging to production, labelling and delivery of the end products to the customer. External production is also captured within the quality management system.

## Quality control for suppliers

Our suppliers are selected according to predefined criteria, including the availability of a well-functioning quality and food safety management system, incorporating a tracing system so that Lotus knows at all times where our raw materials come from. For ingredients and packaging materials that are critical in terms of product safety such as flour, eggs, fats, margarines, chocolate and printed packaging with direct product contact, Lotus Bakeries has also produced specifications containing product safety requirements which must be met.

The products delivered by our suppliers are also subjected to an inbound check. In addition, the accompanying analysis report provided by the supplier is assessed and checked via regular counter analyses by our own specialist internal laboratories.

The check on our suppliers is supplemented by supplier visits and audits, which are carried out every year based on performance measurements, and on new suppliers. Although these audits still took place in 2020, due to the exceptional COVID-19 circumstances, several visits were postponed. Those visits and audits that were unable to take place will be rescheduled for 2021.

The only way to guarantee that we continue to work with the best suppliers at all times is through such thorough performance measurement.

## Quality assurance for our products and production processes

First and foremost, our end products, both the product and the packaging, must comply with the relevant food legislation. Labelling of products and processing of ingredients and packaging materials according to the requirements specified in the countries in which they are sold are monitored by Corporate Quality Assurance. In 2020, a project was launched for an updated database to manage all of this information in an efficient manner, and apply it in product specifications and customer information.

Production processes have also been devised for all of our production sites so as to guarantee the quality and safety of our products. For instance, detailed HACCP plans (risk studies relating to product safety) have been worked out. These are updated at least once a year or on each thorough overhaul of the process or machinery. A food defence plan, aimed at preventing deliberate contamination, is also in place at each site.

Every employee receives the necessary training regarding these processes. Verification takes place via internal and external audits. In 2020, 52 internal audits took place. Every production site was audited at least three times, except our site in Sweden, which was audited only once, in view of the COVID-19 restrictions on travel and access. The other audits were postponed to the first quarter of 2021. Our external production partners are monitored in a similar way by our Corporate Quality Assurance department. Here, 11 physical audits and visits took place, of both existing and new suppliers. In addition to this, there were five virtual quality inspections.

End products are then critically assessed via self-assessment by the production department at our production sites. The quality of our end products is also assured by analyses in our internal laboratories.

External certification forms a significant support for the continuous improvement of both processes and products. Every Lotus Bakeries production site is BRC or IFS certified.

The quality management system is analysed annually based on a range of criteria, in response to which corrective and preventive measures are taken.

### **Quality processes for our customers**

Product complaints are received, recorded and dealt with in a systematic manner and, since 2020 for all sales offices in the Group, recorded in ZENDESK, a central database. The number and seriousness of complaints is monitored very thoroughly and reported to senior management on a monthly basis. In case of serious complaints, there is a specific product withdrawal and recall procedure as well as a highly-trained crisis management team at each of our sites and sales offices. This procedure is tested annually and learning points are identified and updated. In 2020, no serious complaints were received and no recall or recall campaign was necessary.

### Nutritional policy

In this respect, Lotus Bakeries has defined a clear nutritional policy, focused on five concrete goals.

### Superior taste experience

Lotus Bakeries wants to offer its consumers tasty and high-quality snacks for all times of day. Key to this is a **superior taste experience**, whether in the range of cookies and cakes or of natural snacks. To achieve this, we only use high-quality ingredients and monitor production and supply chain processes from start to finish. Ensuring the quality, origin, composition and safety of our products is vital. Our R&D department plays a key role in developing products with a focus on continuously improving quality and taste.

### Diversified offering

Lotus Bakeries strives to serve every consumer at every moment with a high-quality range of snacks, offering a portfolio of products with varying nutritional compositions.

### A case example of our diversified offering in 2020

In 2020, Kiddylicious introduced to the market three innovations that offer a healthier alternative to existing family favourites. Juicy Fruit Bars, Melty Buttons and Rice Crispy Sticks are delicious individually packaged snacks that not only guarantee controlled portions, but are also a step ahead of similar products. For instance, Rice Crispy Sticks are very low in sugar, fat and calories compared to alternative family favourites.





Through the acquisition of such brands as Nākd, TREK, BEAR and Urban Fruit, a new focus area of snacks based on fruit and nuts was tapped into. On the other hand, the takeover of Kiddylicious has extended our range to include snacks and meals for little ones. These Natural Foods brands offer consumers the choice of opting for a healthier alternative to existing snacks in the food category.

### No artificial flavours or colours

In order to only offer healthy and high-quality products to consumers, we aim to use no artificial flavours or colours in our products. Ever since the establishment of Lotus Bakeries in 1932, we consider it important to use pure, natural ingredients.

### Different portion sizes

It is our goal to offer consumers responsible snacks. Via our range of natural snacks, but also through a number of top products in both large and small packs. Products offered in small sizes always contain less than 150 Kcal per portion.

### Clear information & responsible marketing

We want to support consumers in their nutritional choices. That's why we consider it important for them to be given accurate product information, including nutritional values.

In addition, Lotus Bakeries adopts a clear position with regard to responsible advertising to children.

### Case examples of clear communication 2020

- In 2020, Lotus Bakeries Belgium signed the Belgian Pledge 3.0, by which it extends its commitment to responsible advertising to children compared with its existing commitment under the Belgian Pledge 2.0.



#### More information on the Belgian Pledge

see page 84 of this annual report

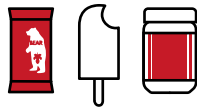
- The packaging of BEAR fruit rolls has been totally redesigned to provide clearer and more transparent information for consumers. The product name has changed from BEAR YoYos to Bear fruit rolls, so that consumers are better informed about the product thanks to the clearer description. The health claims were also clarified and restricted to

- no added sugar
- 100% natural
- high in fibre
- no added syrup

Finally, plenty of attention was paid to a consumer campaign in which consumers are informed about the nature of the product: pure fruit.



Superior  
taste experience



Diversified  
offering



No artificial flavours  
or colours



Different  
portion sizes



Clear information  
& responsible marketing



## LOTUS BAKERIES FOUNDATION FOR EDUCATION

**Mission:** Lotus Bakeries aims to make a substantial contribution to carefully selected educational projects focusing on providing quality education to disadvantaged children and young people.

At Lotus Bakeries, we help ensure the wellbeing of others by offering support for education. The reason is simple: education is the key to breaking the vicious circle of poverty.

Anyone who has access to quality education can learn a profession and thus also gain access to the labour market, earn an income and support a family, share knowledge and develop further.



It is no coincidence that education is a universal human right, to which every child has a right. Education offers a future. Education helps the child grow into an independent and self-sufficient person. A person who can make a contribution to the economy. Education is therefore the key to success for the child and society.

Our principles are clear:

- We want to give disadvantaged children and young people in various regions access to high quality education.
- We do this by supporting projects focussing on primary and secondary education, as well as technical skills and extracurricular cultural or sports activities.
- We select a few projects to which we can make a substantial contribution.

The four main development projects within Lotus Bakeries Foundation for Education are currently:

### Kusasa school

The Kusasa school is an educational project in South Africa's Western Cape Province of which Lotus Bakeries has been the main sponsor since 2018. Every year, around 130 children can receive a good basic education and are supported in their further development. As a result, they can look forward to a better future, which is also good for society in the region.

### Lotus Bakeries child sponsorships

This project was set up together with Cunina at the school in Reichenau, Underberg, South Africa. In 2017, employees of Lotus Bakeries Corporate were given the opportunity to become sponsors. All sponsored children are offered education from the first year of primary education to the final year of secondary education. This means a long-term commitment of 12 years for about 135 children.

### TAJO

Through its support for the Ghent Talent Workshop for young people ('TAJO'), Lotus Bakeries is offering socially vulnerable young people in the Ghent region (Belgium) new opportunities and stimulating their motivation to study.

### City Pirates

Via City Pirates, a social football project in Antwerp (Belgium), where football is used to give young people a chance in life and to learn skills, we want to give deprived young people from Antwerp a chance to obtain training, a qualification and a job.



**Read more about each of these and our other social and development projects on the corporate website:**

[www.lotusbakeries.com](http://www.lotusbakeries.com)

> A summary of Lotus Bakeries' sustainability policy including its specific targets and priorities.

## Ambitions

We are committed to the environment and to help fight global warming. In everything we do, we aim to reduce our ecological footprint.

We follow a recruitment policy designed to attract a diversified and talented group of people who, just like us, have the TOP values at heart. We are committed to long-term employment and offer our employees a pleasant, challenging and safe working environment.

We stand up to our social responsibility. We guarantee ethical business practices throughout the organisation. With our Foundation for Education, we support educational projects and help build a future for generations to come.



**Environment**



**Employees**



**Community**

- All of the packaging of all Lotus Bakeries brands to be recyclable by 2025
- All Lotus Bakeries owned sites to be CO<sub>2</sub>-neutral

- Recruitment of ambitious TOP candidates with respect for diversity
- Creating a great place to work, a safe, challenging and pleasant working environment

- Ethical business practices through the Lotus Bakeries Code of Conduct
- Responsible sourcing through the Supplier Code of Conduct
- Our palm oil suppliers to commit to our policy

## Priorities




## INDEPENDENT LIMITED ASSURANCE REPORT

on the Care for Today — Respect for Tomorrow section of the  
annual report 2020 of Lotus Bakeries and its subsidiaries

This report has been prepared in accordance with the terms of our contract dated 8 February 2021 (the “Agreement”), whereby we have been engaged to issue an independent limited assurance report in connection with selected sustainability indicators in the Care for Today – Respect for Tomorrow section as of and for the year ended 31 December 2020 in the Annual Report 2020 of Lotus Bakeries and its subsidiaries (the “Report”).

### The Directors’ Responsibility

The Directors of Lotus Bakeries NV (“the Company”) are responsible for the preparation and presentation of the selected sustainability indicators, for the year ended 31 December 2020, marked with a  in the Care for Today – Respect for Tomorrow section of the Report (the “Subject Matter Information”), in accordance with the criteria disclosed in the Care for Today – Respect for Tomorrow section (the “Criteria”).

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance

of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

### Our Independence and Quality Control

We have complied with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's Responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement contract.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information does not comply, in all material respects, with the Criteria.

In a limited-assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable-assurance engagement. The procedures selected depend on the auditor's judg-


ment, including the assessment of the risks of material misstatement of the Subject Matter Information in respect of the Criteria. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2020 presented in the Report;
- conducting interviews with responsible officers including site visits;
- inspecting internal and external documents.

The scope of our work is limited to assurance over the selected sustainability indicators, for the year ended 31 December 2020, marked with a ☑ in the Care for Today – Respect for Tomorrow section of the Report. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.



## Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected sustainability indicators, for the year ended 31 December 2020, marked with a  in the Care for Today – Respect for Tomorrow section of the Report, do not comply, in all material respects, with the Criteria.

## Restriction on Use and Distribution of our Report

Our report is intended solely for the use of the Company, in connection with their Report as of and for the year ended 31 December 2020 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Sint-Stevens-Woluwe, 15 April 2021  
PwC BV/Reviseurs d'Entreprises SRL  
represented by  
Lien Winne,  
Registered auditor



CHAPTER 3

# OUR ORGANISATION



Jan Boone – CEO



Isabelle Maes – CEO Natural Foods



Mike Cuvelier – CFO



Ignace Heyman – COO

William Du Pré – Corporate Director  
Quality, Procurement and R&DJohn Van de Par – General Manager  
BelgiumHan van Welie – General Manager  
NetherlandsJean-Philippe Kloutz – General  
Manager FranceEls De Smet – General Manager Sales  
Offices Europe

Michelle Singer – General Manager US

Ronald Drieduite – General Manager  
SOF AsiaBart Bauwens – General Manager ID  
Biscoff®Leon Broer – General Manager ID  
Natural Foods

Paul Hunter – Managing Director UFF



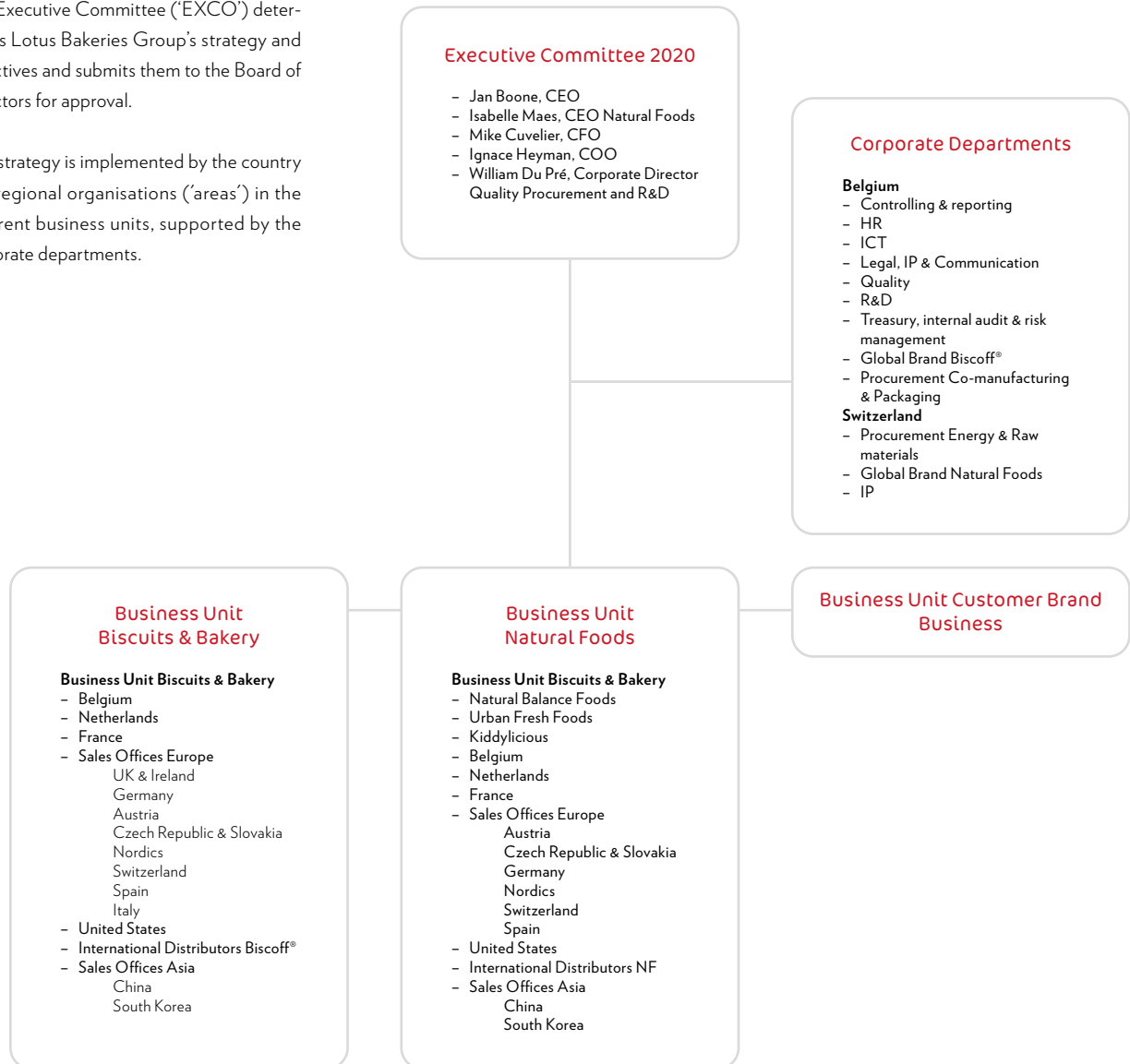
Gareth Dunne – Managing Director NBF

Twan Thorn – Managing Director  
Kiddylicious

## Group structure and day-to-day management

The Executive Committee ('EXCO') determines Lotus Bakeries Group's strategy and objectives and submits them to the Board of Directors for approval.

This strategy is implemented by the country and regional organisations ('areas') in the different business units, supported by the corporate departments.







From left to right: Ignace Heyman (COO), Isabelle Maes (CEO Natural Foods), Jan Boone (CEO), William Du Pré (Corporate Director Quality, Procurement and R&D), Mike Cuvelier (CFO)



**Jan Boone** has been CEO of Lotus Bakeries Group since 2011 and leads the members of the EXCO on a day-to-day basis. He began his career in the audit department of PwC. From 2000-2005, he was responsible for corporate controlling, reporting and M&A at pharmaceutical company Omega Pharma. He sat on the Executive Committee and Board of Directors there. Jan joined Lotus Bakeries as General Manager and Director in May 2005.

**Isabelle Maes** is CEO Natural Foods within the Lotus Bakeries Group. She began her career as an auditor for PwC. In May 2001, she moved to the Barry Callebaut chocolate company. Having fulfilled various roles and been involved in various projects in Finance and SAP, she was appointed Finance Officer of Barry Callebaut Belgium in 2006. Between 2014 and 2017, Isabelle fulfilled the role of CFO at Lotus Bakeries Group. So as to be able to dedicate herself fully to the internationalisation and growth of the natural snacking segment, she has fulfilled the role of CEO Natural Foods since September 2017. Since 2019, Isabelle has been part of the Board of Directors at Van de Velde and fulfills the role of Chairman of the audit committee there.

**Mike Cuvelier** has been CFO of Lotus Bakeries Group since September 2017. Mike began his career in 1996 as an auditor for PwC. Between 2000 and 2013 he fulfilled various controlling roles at Bekaert in the US, Asia and finally Vice President Control Global Business Platforms in Belgium. From 2013 to 2017, Mike was CFO of the Unilin Group, part of Mohawk Industries.

**Ignace Heyman** is COO of Lotus Bakeries Group. He pursued a career in marketing in both Belgium and France, firstly at Procter & Gamble, PAB Benelux (Panzani-Amora-Blédina) and then at Reckitt Benckiser. In 2008, Ignace joined Lotus Bakeries as Marketing Director Belgium, before going on to become Corporate Director Marketing in 2011. From mid-2012 to the end of 2015 he was General Manager France.

**William Du Pré** is Corporate Director Quality, Procurement and R&D, in charge of these corporate departments. William's career with Lotus Bakeries began in 1982. Over the years, he has occupied a variety of sales roles. He has been General Manager Belgium for almost ten years (2007-2015).

Together with the general managers from the various areas within the business units, the EXCO members form the Group Management Team ('GMT'). Each area implements the Lotus Bakeries strategy according to a clearly defined business model. The corporate departments advise and support the Group across all business units and areas and report directly to the EXCO.

## Sales structure

Lotus Bakeries has a total of twenty-one Sales Offices in Belgium, France, the Netherlands, the United Kingdom, Spain, Germany, Italy, Sweden, Switzerland, the Czech Republic, Austria, the United States, Hong Kong, China and South Korea.

In approximately fifty other countries, we work closely with commercial partners. These partnerships are combined into the areas: International Distributors Biscoff® and International Distributors Natural Foods.

## Production sites

Lotus Bakeries has a total of twelve production sites. They are spread across Belgium, France, the Netherlands, Sweden, the US and South Africa. We also have our own distribution centre in Lokeren (Belgium).

With the exception of Nākd, TREK and Kiddylicious, all products are produced at our own production sites. To guarantee the typical characteristics of our extensive product range, we deploy various production technologies. Mastering, managing and developing these technologies represent a permanent challenge for Lotus Bakeries Group. We therefore try to limit the number of products and technologies for each production site and to centralise production processes in specialised plants.

## Investments and expansions

Construction of the Lotus Biscoff® manufacturing facility in Mebane, North Carolina (United States), was completed in spring 2019, with the first commercial production of US-made Lotus Biscoff® cookies in August 2019. Due partly to BEAR's success and rapid growth in the US, a packaging line for BEAR is also operational at the factory in Mebane since April 2020. BEAR fruit rolls are shipped straight from our South African factory to the US for delivery to American consumers.

In October 2020, a new Biscoff® Sandwich cookie production line, capable of producing the extra volumes for the launch of this product in more countries, went into operation at the factory in Lembeke (Belgium).

We are expanding Lotus Bakeries' Headquarters in Lembeke with a new office complex. The demolition work began in January 2021. We plan to move into the new complex in spring 2022.

In connection with the establishment of international Natural Foods headquarters in Baar (Switzerland), the new Natural Foods teams and the existing sales and corporate procurement teams are relocating to a new office complex. According to the project schedule, they should move into the offices from October 2021.

Personnel

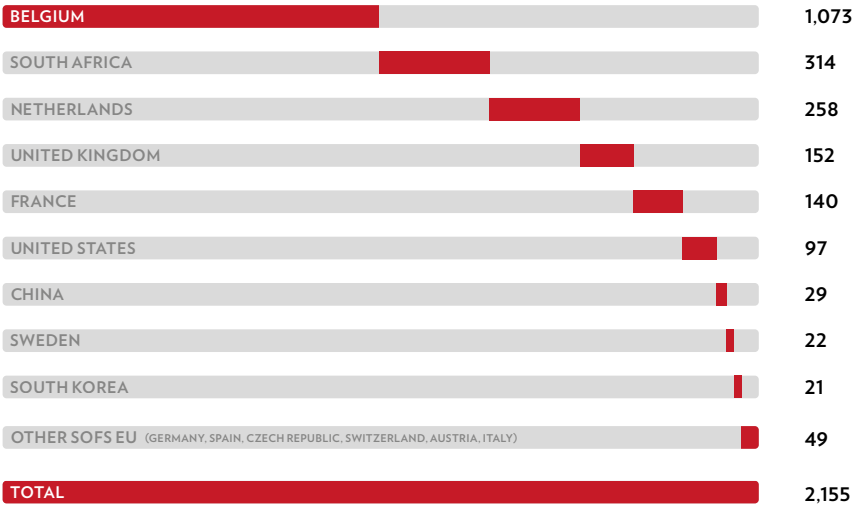
Evolution



The proportion of men and women



Number of employees per country





Elena Bayod – R&amp;D Manager

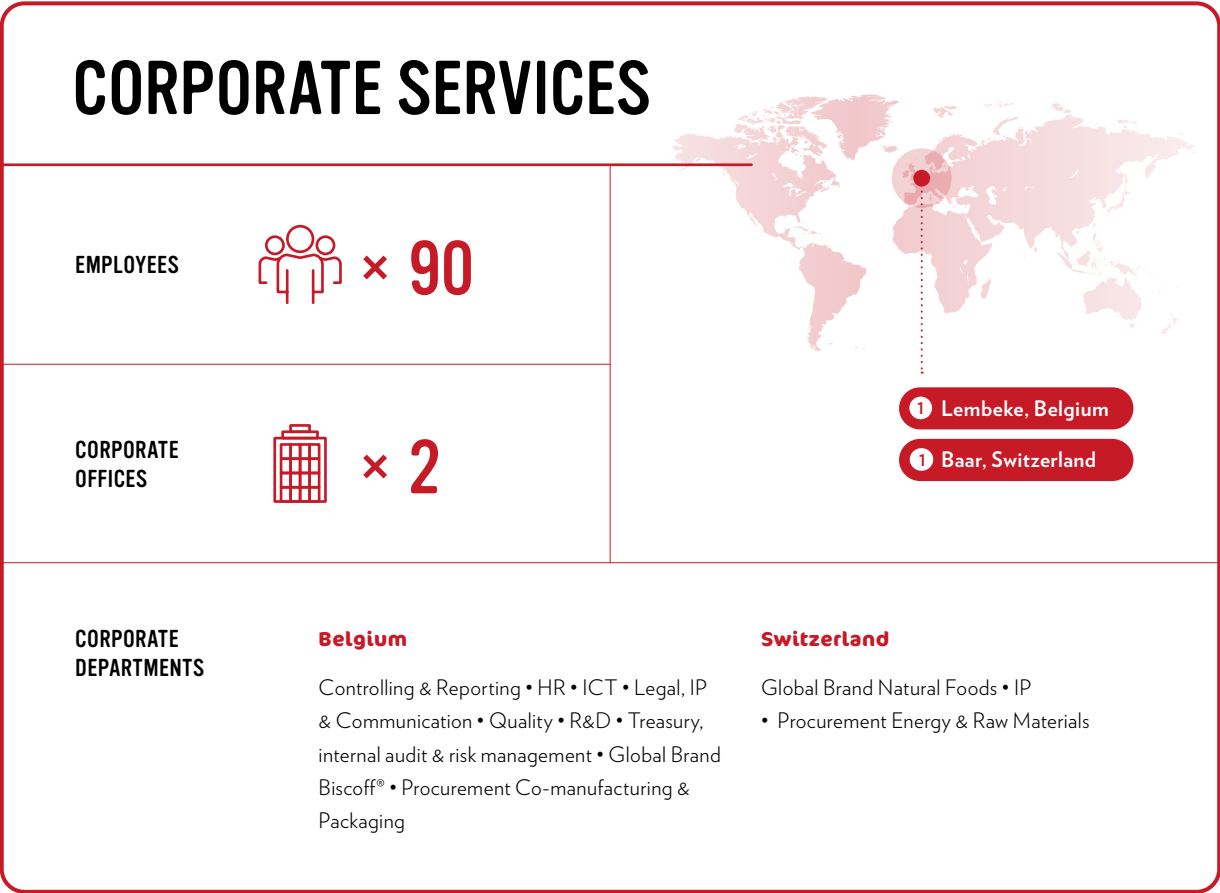
Kathleen Buyst – Global Brand  
Director Biscoff®Roel de Jong – Corporate Procurement  
DirectorStéphanie De Lange – Group HR  
Director

Sofie De Letter – ICT Director

Saskia De Paepe – Finance & Supply  
Chain Director Natural FoodsPascal Deckers – Global e-Commerce &  
Category Development Director Biscoff®Sabien Dejonckheere – Global Brand  
Director BU Natural FoodsBrechtje Haan – Corporate Legal, IP &  
Communication Director

Els Rutsaert – Corporate QA Director

Annelies Santens – Director Treasury,  
Internal Audit and Risk ManagementEls Van Parys – Program Manager  
Strategic ProjectsWouter Verstringe – FF 2032  
Investment Fund Director



# BELGIUM



< John Van de Par, General Manager Belgium

EMPLOYEES

 × 958

SALES  
OFFICES

 × 1

BUSINESS  
UNITS

**Biscuits & Bakery**

Lotus Biscoff® (caramelised cookies, spread, ice cream, chocolate) • Lotus Dinosaurus • Lotus Suzy waffles • Lotus cake specialities (i.a. Frangipane, Madeleine)

**Natural Foods**

BEAR • Nākd • TREK

PLANTS

 × 4

**Lembeke:** Lotus Biscoff®, Lotus Biscoff® spread and Lotus Dinosaurus • **Courcelles:** Lotus waffles • **Oostakker:** Lotus cake specialities • **Eeklo:** caramelised cookies, caramelised cookies spread



NETHERLANDS		
		 <p>&lt; Han van Welie, General Manager Netherlands</p>
EMPLOYEES	 × 258	SALES OFFICES  × 1
BUSINESS UNITS	<div><b>Biscuits &amp; Bakery</b> Lotus Biscoff® (caramelised cookies, spread, ice cream) • Lotus cake specialities • Enkhuizer biscuits and cake specialities • Peijnenburg gingerbread • Snelle Jelle gingerbread</div> <div><b>Natural Foods</b> BEAR • Näkd • TREK</div>	
PLANTS	 × 3	<b>Enkhuizen:</b> Enkhuizer biscuits and cake specialities • <b>Geldrop:</b> Peijnenburg gingerbread • <b>Sintjohannesga:</b> Peijnenburg gingerbread, Snelle Jelle gingerbread

# FRANCE



1 Comines, France

< Jean-Philippe Kloutz, General Manager France

EMPLOYEES

 × 140

SALES  
OFFICES

 × 1

BUSINESS  
UNITS

## Biscuits & Bakery

Lotus Biscoff® (caramelised cookies, spread, ice cream) • Lotus Dinosaur  
• Lotus cake specialities and waffles  
• Breton butter specialities

## Natural Foods

BEAR • Nākd • TREK

PLANTS

 × 2

**Comines:** Lotus cake specialities and filled waffles  
• **Briec-de-L'Odét:** Breton butter specialities

# SALES OFFICES EUROPE



< Els De Smet, General Manager Sales Offices Europe

EMPLOYEES

 × 82

SALES  
OFFICES

 × 8

United Kingdom & Ireland • Spain • Germany  
• Switzerland • Czech Republic • Austria • Nordics • Italy

BUSINESS  
UNITS

**Biscuits & Bakery**

Lotus Biscoff® (caramelised cookies, spread,  
ice cream) • Annas Pepparkakor

**Natural Foods**

BEAR • Näkd • TREK

PLANTS

 × 1

Tyresö: Annas Pepparkakor

# UNITED STATES



1 San Francisco, US

1 Mebane, US

< Michelle Singer, General Manager US

EMPLOYEES



SALES  
OFFICES



BUSINESS  
UNITS

**Biscuits & Bakery**

Lotus Biscoff® (caramelised cookies, spread,  
ice cream) • Annas Pepparkakor

PLANTS



**Mebane:** Lotus Biscoff® cookies, packaging line BEAR

# SALES OFFICES ASIA



< Ronald Drieduite, General Manager SOF Asia

EMPLOYEES



× 50

SALES OFFICES



× 2

BUSINESS UNITS

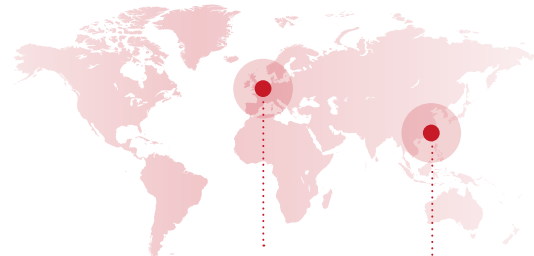
**Biscuits & Bakery**

Lotus Biscoff® (caramelised cookies, spread, ice cream)

**Natural Foods**

Kiddylicious

# INTERNATIONAL DISTRIBUTORS BISCOFF®



1 Lembeke, Belgium

1 Hong Kong, China

< Bart Bauwens, General Manager ID Biscoff®

EMPLOYEES

 × 13

SALES  
OFFICES

 × 2

BUSINESS  
UNITS

## Biscuits & Bakery

Lotus Biscoff® (caramelised cookies, spread, ice cream)


DISTRIBUTION  
COUNTRIES


The most important countries within this area are:

- Saudi Arabia
- Israel
- United Arab Emirates
- Japan
- Australia



# INTERNATIONAL DISTRIBUTORS







**1** Baar, Switzerland

< Leon Broer, General Manager ID Natural Foods

EMPLOYEES

 × 13

SALES OFFICES

 × 1

BUSINESS UNITS

Natural Foods

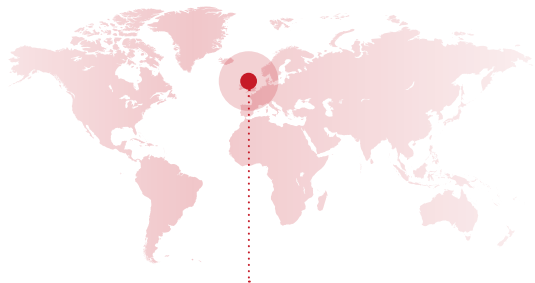
BEAR • Näkd • TREK • Kiddylicious

DISTRIBUTION COUNTRIES

The most important countries within this area are:

- Australia
- Ireland
- Iceland
- Norway
- Canada

# URBAN FRESH FOODS



1 London, UK

< Paul Hunter, Managing Director UFF

EMPLOYEES

× 43


SALES  
OFFICES


× 1

BUSINESS  
UNITS

**Natural Foods**  
BEAR


# NATURAL BALANCE FOODS






< Gareth Dunne, Managing Director NBF

EMPLOYEES



× 63

SALES OFFICES



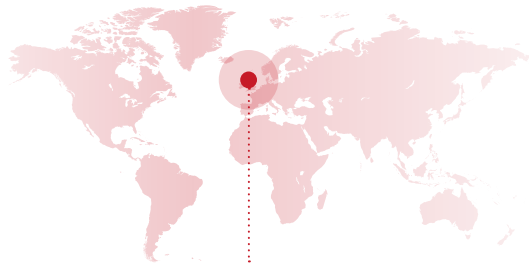
× 1

BUSINESS UNITS

**Natural Foods**

Näkd • TREK

# KIDDYLICIOUS



1 Amersham, UK

< Twan Thorn, Managing Director Kiddylicious

EMPLOYEES

 × 34

SALES  
OFFICES

 × 1

BUSINESS  
UNITS

**Natural Foods**  
Kiddylicious

Our worldwide presence



Biscoff® factory, Belgium





CHAPTER 4

# REPORT OF THE BOARD OF DIRECTORS

# 1. ACTIVITIES IN 2020

## 1.1 Market situation and sales results in 2020

### General evolution of turnover

In 2020, Lotus Bakeries Group's consolidated turnover increased by more than EUR 50 million to EUR 663.3 million, representing 8.3% growth. Without negative exchange rate effects, turnover growth in 2020 would have been 9%. The growth in the first half of the year therefore continued in the second half. In the final quarter, there was also increased demand for stockbuilding among customers in the United Kingdom. This was due to the uncertain outcome of the Brexit negotiations and possible problems at the border.

This solid growth is mainly due to double-digit growth for Lotus Biscoff®, the Group's first and largest strategic pillar. The international expansion of Lotus Biscoff®, Lotus Biscoff® Spread and Lotus Biscoff® Ice Cream accelerated once more this year with substantial increases in the level of penetration in many countries.

The growth of Biscoff® was also supported by two successful innovations. In the first half of 2020, Biscoff® Sandwich Cookie went on sale. Following an initial launch in four countries, Biscoff® Sandwich Cookie is now being rolled out globally. To that end, the new, state-of-the-art Biscoff® Sandwich Cookie production line in Lembeke recently came on line - one of the key investments in 2020. In the second half of the year, Lotus Bakeries made its debut in the chocolate category. As of September, Lotus Biscoff® Chocolate is available in Belgian supermarkets and has proved an instant hit with consumers.

Biscoff® experienced strong global growth in all countries and continents in 2020. Growth was realised both in Lotus Bakeries' traditional major markets and in several promising newer markets for the Group, namely Australia, Indonesia, Malaysia, United Arab Emirates, Morocco, Egypt, Turkey and Canada.

Biscoff® saw slightly slower growth in countries with more significant share of sales in the out-of-home channel. They were obviously hit by the negative impact of the pandemic and the introduction of lockdowns. The out-of-home channel comprises all sales, direct or indirect, to cafés and cafeterias, airlines, hotels, restaurants, cruise ships, cinemas, events, theme parks, schools, hospitals, etc.

Lotus Bakeries' second strategic pillar is natural snacking within Natural Foods. After a very strong first quarter, sales of Natural Foods brands Nākd, TREK and BEAR fell sharply with the introduction of lockdowns. All products for which on-the-go is a significant consumption moment were affected by the closure of offices and schools and the restriction of travel to work, to visit family or out of the home. From July, the Natural Foods brands recovered significantly and systematically to 2019 levels. Kiddylicious achieved good growth in 2020, due partly to internationalisation and the success in the UK of its innovations, Juicy Fruit Bars, Mely Buttons & Rice Crispy Sticks. The BEAR brand also experienced an increase in turnover in 2020, driven by strong growth in the US and a strong third quarter in the UK.

The third pillar of the Lotus Bakeries strategy is the focus on 'local heroes' in the home markets of Belgium, the Netherlands, France and Sweden.

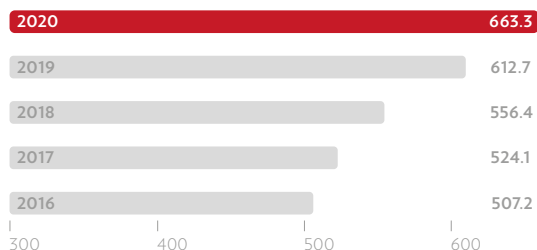
Within this pillar of local specialities, Annas Pepparkakor achieved remarkable growth of more than 20% this year. This makes Annas the undisputed market leader in Sweden in the pepparkakor category, a cookie that is traditionally consumed over the Christmas period. The exceptional growth this year is the result of strong sales of the biscuit range, aided by the successful launch of the new Annas Pepparkakor ice cream.

In Belgium, Lotus grew its already high market share and general level of household penetration even further. Besides Biscoff®, the 'hero' products in the waffle and cake ranges also recorded solid growth. Waffles were supported by a new media campaign for Suzy in the second half of the year. There were also product innovations with Tartélice Myrtille and Lotus honey waffle.

In the Netherlands, during the first few months of 2020, Peijnenburg focused strongly on the introduction of the new packaging design and the launch of the new media campaign starring Dutch singer Frans Bauer, with the baseline 'Van Happen word je Happie' (Eating Peijnenburg makes you happy). With the outbreak of the pandemic, the campaign was temporarily paused, but since November Peijnenburg is back on TV. The campaigns to revive growth in the gingerbread category and for the Peijnenburg brand are starting to bear fruit. As a result, Peijnenburg recorded slight growth again in 2020. Also in the Netherlands, the on-the-go gingerbread brand Snelle Jelle experienced the negative impact of the lockdowns.

In France, waffles continued to grow unabated in 2020, supported partly by the Liège milk chocolate waffle, which was launched in the second half of 2019.

### Evolution of turnover in millions of EUR



## 1.2 Main projects and investments

### Major investments in capacity in Belgium and the US

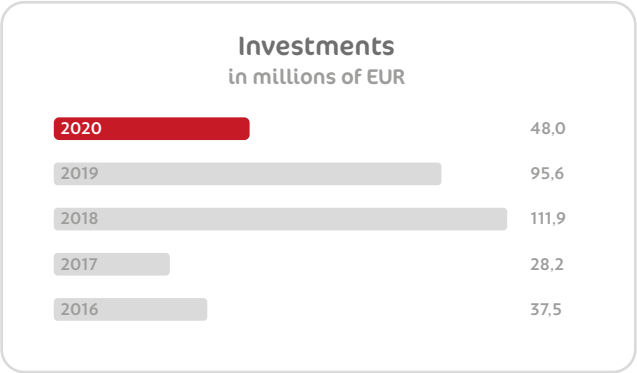
Biscoff® has seen significant growth over the last few years across all concepts; cookies, spread and more recently ice cream too. The new Biscoff® Sandwich Cookie was added in 2020 and has now been launched internationally. All Biscoff® concepts need Biscoff® cookies as their basis. The latter are therefore not just packaged as a consumer product, but are also crumbled for processing in spread, ice cream or chocolate.

In 2018 – 2019, Lotus Bakeries invested in a new Biscoff® factory in the US. This freed up capacity at the factory in Lembeke. By the time the two lines started up in 2019, local demand in the US had already caught up with the invested capacity. In addition, more cookies were already produced in Lembeke in 2020 than in 2018, the last year before the start-up of the factory in the US.

Biscoff®'s significant growth in recent years combined with the ambitions and plans for the future necessitate a further capacity expansion for Biscoff®. Lotus Bakeries has therefore decided to continue to invest on both continents. In the coming years, new Biscoff® lines will start up both in Belgium and in the US. These expansions will once again create extra jobs in Belgium and the United States. On both continents, it will be a challenge to fill these vacancies. The investments in the US are also important for improving our ecological footprint and reducing sea transport between continents.

Waffles have also experienced significant growth in the last few years in the home countries of France and Belgium. As a result, the waffle capacity at the factory in Courcelles (Belgium) has gradually been fully taken up and it has been decided to expand the factory for waffles as well. A new manufacturing hall will be built at Courcelles, and a new waffle line will be operational in 2022.

This total investment programme for the capacity expansions for both Biscoff® and Lotus waffles is estimated at more than EUR 150 million and will be spent over the next three years.



## 2. FINANCIAL INFORMATION

### 2.1 Profitability and evolution of costs

In 2020, Lotus Bakeries achieved a recurrent operating result (REBIT) of EUR 111.1 million and a recurrent operating cash flow (REBITDA) of EUR 135.7 million. Both profitability parameters rose, by EUR 8.2 million and EUR 12.1 million respectively.

The turnover and volume growth bring about a positive sales and operating margin contribution. While the Group still invested strongly in media support for Biscoff® in Belgium, France, the UK and Spain, for Nākd in the UK and Belgium, for Peijnenburg in the Netherlands and for waffles and cakes in France and Belgium during the first quarter, the campaigns were suspended temporarily on the announcement of the first lockdowns. During the second half of the year, certain media campaigns were relaunched and new commercials were developed for 2021.

Year on year, depreciation charges increased by EUR 3.7 million, mainly due to the factory in the US. The Lotus Biscoff® factory in the US has been operational since August last year and will scale up further in 2021. The BEAR factory in South Africa officially became part of the Group in the second half of 2019. In 2020, this factory made a positive contribution to results thanks to growing volumes and a strong operating performance.

The non-recurrent operating result amounts to EUR -4.6 million and is primarily made up of COVID-19-related costs in order to guarantee continuity and safety in the factories. In addition, further expenses were incurred in the first half of the year in the US to support the Biscoff® factory and for the installation and start-up of the BEAR packaging line.

The financial result of EUR -3 million consists primarily of interest expenses and foreign exchange results on balance sheet positions held

in foreign currencies. Interest expenses fell year on year due to the refinancing of long-term debt at the end of 2019.

The tax expense decreased to EUR 21 million or 20.3% of the profit before taxes. The release from deferred taxes on the foreign exchange result arising on the repayment of an intercompany debt had a positive impact to reduce the tax expense. The tax expense also includes a negative impact on deferred taxes as a result of the rollback of the corporate tax income rate reduction proposed in 2021 in the Netherlands. These deferred tax effects are purely accounting transactions and of a non-cash nature.

In addition to the effects mentioned above, the completion of a Mutual Agreement Procedure also had a more limited positive effect on tax expense. This led to the realised exemption from double taxation that arose on reaching an agreement with the tax authorities in Belgium, the Netherlands and France several years ago. This agreement concerns remuneration for purchasing activities which have been centralised in Switzerland for more than ten years. In this agreement, a consensus was also reached as to the remuneration method to be used. This remuneration method had already been in place since 2018.

The recurrent net profit rose by more than 11% to EUR 86.2 million or 13% of turnover. The net profit increased by 9% to EUR 82.5 million.

## 2.2 Principal risks and uncertainties

### 2.2.1 Raw material and packaging costs

The risk of negative consequences of fluctuations in raw material prices on the results is limited by the signing of forward contracts with a fixed price for the most important volatile raw materials. For other raw materials and for packaging, yearly agreements are made when possible.

### 2.2.2 Currency risk

Sales and purchasing take place predominantly in euros. The main foreign currency transactions are in USD, GBP, CHF, SEK, CNY, ZAR and KRW. Lotus Bakeries Group seeks to hedge its purchases and sales in foreign currencies naturally as far as possible, with net foreign exchange risks hedged if necessary by forward and/or option contracts if there is a material unhedged net risk for the Group.

Lotus Bakeries' consolidated financial statements are presented in euros. The operating results and financial position of each Lotus Bakeries company whose functional currency is not the euro have to be converted into euros at the applicable exchange rate for inclusion in the Group's consolidated financial statements. Lotus Bakeries does not hedge against this "conversion risk".

A 5% lower average rate for Lotus Bakeries' key foreign currencies would have had a negative impact on the net profit amounting to a total of 1,785 kEUR. A 5% higher average rate for Lotus Bakeries' key foreign currencies would have had a positive impact on the net profit amounting to a total of kEUR 1,973.

#### CURRENCY RISK

	EFFECT ON THE NET RESULT OF THE LOWER AVERAGE RATE OF 5% (AMOUNT IN KEUR)	EFFECT ON THE NET RESULT OF THE HIGHER AVERAGE RATE OF 5% (AMOUNT IN KEUR)
GBP	(1,176)	1,300
USD	(611)	675
CNY	(136)	150
Other	138	(152)
Total	(1,785)	1,973

### 2.2.3 Interest rate risk

The interest rate risk is the risk associated with interest-bearing financial instruments and relates to the risk of the fair value or related interest cash flows of the underlying financial instrument fluctuating due to future changes in market interest rates.

Lotus Bakeries Group's objectives with regard to interest rate risks are to reduce fluctuations in income, limit interest expenses in the long term and protect future cash flows against the impact of significant negative interest rate fluctuations.

### 2.2.4 Credit risk

The Lotus Bakeries Group opts to conclude contracts as far as possible with creditworthy parties or to limit the credit risk by means of securities.

The Lotus Bakeries Group has a diversified international customer portfolio, consisting mainly of large retail, cash-and-carry and food service customers in various countries. For export outside Western and Northern Europe, the United States, South Korea and China, the Lotus Bakeries Group works on a documentary credit basis or uses credit insurance. Within the Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

For financial operations, credit and hedging, the Lotus Bakeries Group works only with established financial institutions.

### 2.2.5 Liquidity risk

Lotus Bakeries uses an international cash pooling structure for daily cash pooling where possible. Lotus Bakeries also closely monitors the amount of short-term funds and the ratio of short-term funds to its total debts, as well as the availability of committed lines of credit in relation to the level of outstanding short-term debt.

In view of the significant cash flow from operations compared with the net financial debt position, and the available committed lines of credit, the liquidity risk for the Lotus Bakeries Group is low.

### 2.2.6 Balance sheet structure

Lotus Bakeries aims for a capital structure (the balance between debt and capital) which will give it the required financial flexibility to implement its growth strategy.

Lotus Bakeries strives to keep the proportion of net financial debt (defined as interest-bearing financial debt - monetary investments - liquid assets - treasury shares) and the recurrent company cash flow (REBITDA) at what is considered to be a normal healthy level in the financial market.

FINANCIAL RATIOS	2020	2019	2018	2017	2016
Days customer credit	48	47	45	42	37
Solvency ratio (%)	51.4	49.5	48.8	49.1	45.3
Net financial debts / REBITDA <sup>1</sup>	0.87	1.10	0.87	0.55	0.93
Net profitability of equity (%)	19.0	18.8	19.6	22.0	25.1

<sup>1</sup> REBITDA normalised for the impact of acquisitions



### 2.2.7 Product liability risks

The production, packing and sale of food products give rise to product liability risks.

Lotus Bakeries applies the highest product safety standards to the entire production and distribution process, from the purchase of raw materials through to the distribution of the final product, supported and guaranteed by structured procedures and systematic internal quality audits. External audits take place at regular intervals.

 **Read on about Lotus Bakeries' quality management system**  
on page 92 of this annual report

The necessary product liability insurance has been taken out within reasonable limits in line with the market.

### 2.2.8 Pension scheme risks

The form of and benefits under pension schemes existing within the Lotus Bakeries Group depend on the conditions and customs in the countries involved. Pension benefits can be provided under defined contribution schemes or defined benefit schemes.

A major portion of these pension schemes are defined contribution schemes, including in Belgium, France, Sweden and the United States. These are funded by employer and employee contributions and charged to the income statement of the year in question. Under this type of scheme, there is no legal or constructive obligation to pay further contributions irrespective of the capacity of the funds to pay future pension contributions.

Because of the Belgian legislation applicable to second pillar pension plans (so-called 'Vandenbroucke Law'), basically all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans because of the minimum guaranteed return, although it is normally insured by an external insurance company that collects and manages the contributions. This 'Vandenbroucke Law', which came into force in 2004, stipulates that, in the context of a defined contribution plan, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions. As from 1 January

2016, these percentages were replaced by a single percentage which changes in line with market rates, subject to a minimum of 1.75% and a maximum of 3.75%, which reduces the risk for the employer.

In the Netherlands a defined contribution scheme has been concluded with BPF. Because employers pay a fixed contribution, the scheme falls under the defined contribution scheme.

Defined benefit pension schemes exist in the Dutch and German subsidiaries. In certain companies provisions also exist for pension obligations resulting from legal requirements. These are also treated as defined benefit schemes. For these defined benefit schemes the necessary provisions are set up based on the actuarial present value of the future obligations to the employees concerned.

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Changes in bond yields: a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Salary risk: the majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a salary increase of plan members higher than expected will lead to higher liabilities.
- Longevity risk: pension plans provide benefits to the participants throughout their remaining lives. An increase in life expectancy will therefore result in an increase in the pension plan obligations.

## 2.3 Financial instruments

The Lotus Bakeries Group uses financial instruments to hedge the risk of adverse exchange and interest rate fluctuations. No derivatives are used for trading purposes. Derivatives are initially measured at cost and thereafter at fair value.

## 2.4 Research and development, innovation and sustainability

### 2.4.1 Innovation and product development

The quality of all Lotus Bakeries products is an absolute priority and all employees are intensely involved in the continuous drive for high quality products and processes, which are audited internally as well as externally.

The R&D department hopes to contribute to better products with new insights into processes and the interactions between various ingredients. In this, Lotus Bakeries not only employs its own expertise but also calls on the expertise of well-known university knowledge centres, and of existing innovation platforms set up by the food industry.

Our efforts in terms of innovation also translate into an extensive, innovative product range, where quality and superior taste are paramount. 2020 saw innovation in our first strategic pillar, Lotus Biscoff®, with the introduction of the Lotus Biscoff® Sandwich Cookie and – on the Belgian market – Lotus Biscoff® chocolate. In the natural snacking segment, Lotus Bakeries launched Nākd Drizzled Chocolish bars with a delicious chocolish topping and many innovations were also added to the Kiddylicious range, such as Rice Crispy Sticks, made from puffed rice, puffed quinoa and crushed sunflower seeds. Among our Local Heroes, several new products also saw the light for the first time in 2020, including Tartélice Myrtille and the Lotus Honey Waffle.

 **Read more about these innovations** on p. 29 (Lotus Biscoff®), p. 42 (Natural Foods) and p. 56 (Local Heroes)

### 2.4.2 Sustainability and responsibility

The 'Care for Today – Respect for Tomorrow' sustainability ambition represents in a clear way how Lotus Bakeries is handling sustainability and responsibility. This action plan has been widely communicated to all employees and the Board of Directors. Lotus Bakeries opts to report on its priorities, targets and achievements based on the Sustainable Development Goals (SDG reporting) proposed by the United Nations.

 **Read more about our sustainability strategy 'Care for Today – Respect for Tomorrow'** on page 60

## 2.5 Significant events after 31 December 2020

No significant facts have occurred after 31 December 2020 with a material impact on the 2020 financial statements.

### 3. PROSPECTS FOR 2021

After a particularly strong start in the first quarter of 2020, Lotus Bakeries was hit hard by the outbreak of COVID-19 and the global lockdowns. The most direct and negative impact of COVID-19 on Lotus Bakeries' turnover was on products which find their way to consumers via the out-of-home channel. This channel represents around 10% of group turnover. Those brands and products specifically designed for an on-the-go consumption moment also experienced falling demand. These on-the-go products have not yet managed to return to pre-COVID-19 levels, with periodic and geographically varying measures and lockdowns.

All 12 of the Group's production sites remained operational during the lockdown and throughout the year. Lotus Bakeries managed to organise production so as to balance the safety and availability of employees with the regulatory requirements and market demand. At no time did the company rely on furlough schemes, for example.

The company invested heavily in Natural Foods. In May, Lotus Bakeries acquired almost all of the remaining shares in Natural Balance Foods from the founders. As a result, Lotus Bakeries now has full control over the entire Natural Foods portfolio with the BEAR, Nākd, TREK and Kiddylicious brands. Lotus Bakeries now wants to accelerate the international growth of these brands beyond the UK by centralising all international activities, brands and Global Accounts at Natural Foods International headquarters.

FF2032 also went 'fast forward' in 2020 with two new investments, Love Corn and Partake Foods.

CEO Jan Boone looks back on what turned out to be a totally unpredictable 2020:

"In the year that will always be associated with the COVID-19 pandemic, Lotus Bakeries achieved turnover growth of 50 million euros or more than 8%. That makes me proud and happy! This wouldn't have been possible without the dedication and flexibility of our more than 2,000 colleagues. Our Lotus family has shown flexibility, commitment and resilience and together we have achieved a great result.

The final Brexit deal is very good news for us. It means that import duties on our products are avoided. The technical preparations we had made in terms of customs and logistics also paid off and there was no interruption in supply to our customers, either for our products coming from the UK or those going to the UK. The stockbuilding at the end of 2020 in the UK appears to be a prelude to sales in the first weeks of 2021.

However, 2021 is starting as 2020 ended, with a world still in the grip of the pandemic. The out-of-home channel and on-the-go products remain hard hit and we'll certainly have to allow for this in the first half of the year. But in 2020 we once again laid firm foundations to face the longer-term future positively. We launched some excellent, successful innovations, we laid the organisational and strategic basis for the continuing internationalisation of Natural Foods, we started major capacity investments and were very active with our FF2032 fund. In short, we've come out of this crisis stronger and our healthy cash flow development means that we can continue to invest in the future."

## 4. RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

### Consolidated

The consolidated net profit for 2020 amounted to EUR 82.5 million as compared to 75.8 million EUR in 2019.

### Statutory

The 2020 results for the parent company Lotus Bakeries NV are as follows:

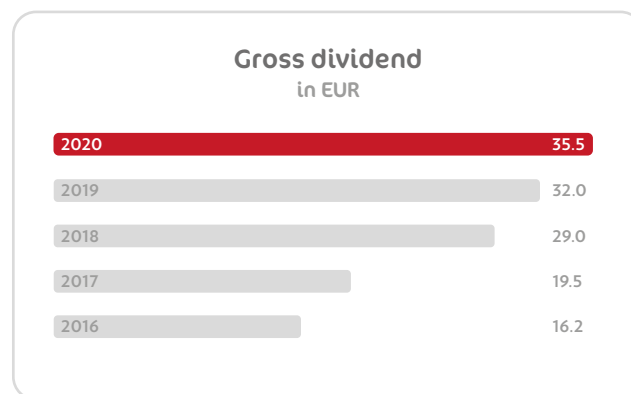
IN EUR	
Profit for the financial year	117,029,840.18
<b>Profit for the year available for appropriation</b>	<b>117,029,840.18</b>

The Board of Directors proposes to appropriate the profit as follows:

IN EUR	
Allocation to legal reserves	0
Allocation / (Transfer) to other reserves	87,811,378.68
Distribution of a gross dividend <sup>1</sup>	28,968,461.5
Distribution of emoluments to directors	250,000.00
<b>TOTAAL</b>	<b>117,029,840.18</b>

<sup>1</sup> The dividends on the purchased Lotus Bakeries shares will be paid to Lotus Bakeries NV and, as a consequence, will not be suspended.

The Board of Directors will propose to the Ordinary Shareholders Meeting of 18 May 2021 to pay a gross dividend of EUR 35.5 per share for 2020 compared with EUR 32 per share in 2019. This maintains the dividend policy in recent years, whereby one third of the recurrent net profit is paid out.



## 5. CORPORATE GOVERNANCE DECLARATION

Both the new Belgian Companies and Associations Code (CAC) and the Corporate Governance Code 2020 came into force on 1 January 2020. Lotus Bakeries adopts the Corporate Governance Code as a reference code, in accordance with Article 3:6(2) of the CAC and the Royal Decree of 12 May 2019 laying down the corporate governance code to be complied with by listed companies.

In view of this, Lotus Bakeries has reviewed and revised its articles of association and its Corporate Governance Charter. The adapted articles of association and Corporate Governance Charter were discussed by the Board of Directors and approved on 2 April 2020 and the articles of association were subsequently adopted at the Extraordinary General Meeting held on 8 May 2020.

### Revised governance principles

The revised Corporate Governance Charter outlines our corporate governance policy and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee.

In the course of the review in 2020, the items adapted included the following:

- The Board of Directors opted to introduce double voting rights in accordance with Article 7:53 of the Belgian Companies and Associations Code. The strengthening of the control rights for loyal shareholders, whose shares have been held continuously for at least two years and are registered, fits seamlessly with Lotus Bakeries' sustainability vision and underlines its focus on long-term investments.

- The Board of Directors decided to follow the new Articles 7.6 (partial remuneration of non-executive board members in shares) and 7.9 (minimum threshold of shares to be held by executives) of the Corporate Governance Code so as to align the interests of its members and members of the executive management more closely with the company's sustainability strategy.

In this annual report, we report factual applications of the Corporate Governance Charter.



**More information about our Corporate Governance Charter can be found on our website:**

[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

Deviations from Articles 7.3 and 7.12 of the Corporate Governance Code are set out. So far, no remuneration policy has been approved in 2020 as stipulated by Article 7.3 of the Corporate Governance Code and Article 7:89(1) CAC. This is on the agenda for the Ordinary General Meeting to be held on 18 May 2021. With respect to Article 7.12, which is conditional on statutory enforceability, it is pointed out that the Board of Directors has thus far adopted no provisions which would enable Lotus Bakeries to claw back the variable remuneration paid to the CEO or the members of the executive management. Reference is also made to the remuneration report.

## Governance structure

The Board of Directors chose to consolidate its current single-tier governance model as referred to in Article 7:85 et seq of the CAC, since the functioning of the Board is highly effective and transparent. Furthermore, the powers relating to day-to-day management versus supervision/control are clearly defined, the Board is kept thoroughly informed at all times by the CEO and the EXCO and all necessary decisions are approved and/or ratified.

## 5.1 Share capital and shares

### 5.1.1 Capital

The share capital of Lotus Bakeries NV amounts to EUR 3,591,183.65.

### 5.1.2 Notices with respect to Art. 34 of the Royal Decree of 14 November 2007 - anti-takeover measures

The Board of Directors of Lotus Bakeries NV was authorised by the Extraordinary General Meeting of 8 May 2020 to increase issued capital one or more times up to a maximum amount of four million seven hundred and eighty-eight thousand two hundred and forty-four euros and eighty-seven cents (EUR 4,788,244.87). This authorisation, which is granted only for a period of five years starting on the date of the publication of the resolution of the Extraordinary General Meeting of 8 May 2020 in the Supplements to the Belgian Official Journal.

Within the limits of authorised capital, the Board of Directors of Lotus Bakeries NV was furthermore authorised by the Extraordinary General Meeting of 8 May 2020, within a period of three years commencing

with the Extraordinary General Meeting of Shareholders of 8 May 2020, following notification from the Financial Services and Markets Authority of a public takeover bid for the company's stock, to increase the company's capital subject to fulfilment of the legal requirements.

### 5.1.3 Shares

Since the beginning of January 2002, Lotus Bakeries shares have been listed on the continuous trading market of Euronext (Brussels). Previously, the shares were listed on the spot market.

As of 31 December 2020, there were 816,013 shares of Lotus Bakeries NV, in registered or dematerialised form.

### 5.1.4 Share options

In the context of the Lotus Bakeries share option scheme, 962 new share options were issued in 2020. As at 31 December 2020 the total number of unexercised share options was 5,267.

YEAR OF ISSUE OF THE OPTIONS	NUMBER OF ALLOCATED OPTIONS <sup>1</sup>	NUMBER OF OPTIONS EXERCISED <sup>2</sup>	TOTAL OF AVAILABLE OPTIONS
2015	3,302	(3,302)	-
2016	2,334	(1,993)	341
2017	1,626	-	1,626
2018	1,139	-	1,139
2019	1,199	-	1,199
2020	962	-	962

<sup>1</sup> Number allotted minus cumulative number lapsed.

<sup>2</sup> Cumulative number exercised.



### 5.1.5 Purchase of treasury shares

The Extraordinary General Meeting of 8 May 2020 authorised the Board of Directors of Lotus Bakeries NV as follows regarding the buying and selling of treasury shares:

- For a period of five years, within legal limits, whether via the stock exchange or otherwise, whether directly or indirectly, whether by purchase or exchange, whether by contribution or any other form of acquisition, to acquire shares, profit-sharing certificates or certificates related thereto, with as compensation the average closing share price of the company over the last thirty calendar days prior to the date of purchase, reduced by twenty percent as a minimum price and increased by ten percent as a maximum price. This authorisation applies also to the acquisition of shares of the company, carried out, directly or indirectly, by direct subsidiaries of the company within the meaning of Article 7:221 of the Companies and Associations Code.
- To dispose of shares, profit-sharing certificates or other certificates acquired by the company, whether via the stock exchange or otherwise, through sale, exchange, contribution, conversion of bonds or any other form of transfer (whether or not for consideration), to offer them to the staff, to offer them to one or more specified persons other than staff, or to otherwise exercise control over them, always in accordance with the legal provisions, or to cancel these shares or profit-sharing certificates, without requiring further approval or other intervention of the General Meeting of Shareholders and without any time restrictions.

- To acquire, whether via the stock exchange or otherwise, whether directly or indirectly, the company's stock, when such acquisition is necessary to prevent the company from suffering serious imminent damage. This authorisation is granted for a period of three years.

No treasury shares were purchased during 2020. The total number of purchased treasury shares in the portfolio at the end of the financial year is 5,542 shares. They represent an accounting par value of EUR 24,384.8 or 0.68% of the issued capital.

## 5.2 Shareholders and shareholders structure

The shareholding structure of Lotus Bakeries NV on 31 December 2020:

	NO. OF SHARES	NO. OF VOTING RIGHTS	% OF VOTING RIGHTS
Stichting Administratiekantoor van Aandelen Lotus Bakeries <sup>1</sup>	455,417	910,834	70.92%
Lotus Bakeries NV <sup>2</sup>	5,542	5,542	-
Publicly held	355,054	366,969	28.65%
<b>Total</b>	<b>816,013</b>	<b>1,284,345</b>	<b>100.00%</b>

<sup>1</sup> Stichting Administratiekantoor van Aandelen Lotus Bakeries is not controlled. The interest of Stichting Administratiekantoor van Aandelen Lotus Bakeries in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 5 April 2013<sup>\*</sup> and in the notifications to Lotus Bakeries NV of the certification of Lotus Bakeries shares in July 2014 and in April 2018.

<sup>2</sup> The voting rights attached to the shares held by Lotus Bakeries NV have been suspended. The dividends have not been suspended and will be distributed to Lotus Bakeries NV.

<sup>\*</sup> Pursuant to article 6 of the Law of 2 May 2007 on disclosure of major holdings.

### Communication according to Article 14, para. 1, of the Law of 2 May 2007 on disclosure of major holdings

Lotus Bakeries NV received no transparency notifications in 2020.

### Communication according to article 74~~57~~ of the Law of 1 April 2007 on public takeover bids

Lotus Bakeries NV is not aware of any updates to any communication according to Article 74 of the Law of 1 April 2007.

## 5.3 Board of Directors and Committees of the Board of Directors

### 5.3.1 Board of Directors

#### 5.3.1.1 Composition

The composition of the Board of Directors:

##### Chairman

Vasticom BV, represented by its permanent representative Jan Vander Stichele

*Current term of office ends: 2021 General Meeting*

##### Managing director:

Mercuur Consult BV, represented by its permanent representative Jan Boone

*Current term of office ends: 2021 General Meeting*

##### Non-executive directors:

- Beneconsult BV, represented by its permanent representative Benedikte Boone  
*Current term of office ends: 2024 General Meeting*
- PMF NV, represented by its permanent representative Johan Boone  
*Current term of office ends: 2021 General Meeting*
- Concellent NV, represented by its permanent representative Sofie Boone  
*Current term of office ends: 2024 General Meeting*
- Anton Stevens  
*Current term of office ends: 2021 General Meeting*

##### Independent directors:

- Peter Bossaert  
*Current term of office ends: 2021 General Meeting*
- Benoit Graulich BV, represented by its permanent representative Benoit Graulich  
*Current term of office ends: 2021 General Meeting*
- Lema NV, represented by its permanent representative Michel Moortgat  
*Current term of office ends: 2022 General Meeting*
- Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert  
*Current term of office ends: 2023 General Meeting*

##### Secretary:

Brechtje Haan

**Benedikte Boone** Non-executive director

- Master's degree in Applied Economics (KU Leuven)
  - She has held positions at Creyf's Interim and Avasco Industries
  - Director in various family companies (Bene Invest BV, Holve NV and Harpis NV) and also director at Deceuninck NV
  - Member of the Board of Directors at Lotus Bakeries since 2012
- 

**Jan Boone** CEO / Managing director

- Master's degree in Applied Economics (KU Leuven); Master in Audit (UMH)
  - Started his career in the Audit department of PwC
  - Between 2000 and 2005 Head of Corporate Controlling, member of the Executive Committee and Board of Directors at Omega Pharma
  - Since 2005, active at Lotus Bakeries as managing director and since 2011 as CEO
  - Since 2005, member of the Board of Directors at Lotus Bakeries and managing director since 2011
  - Member of the Board of Directors of Omega Pharma, director at Club Brugge and FF2032
  - President of the Board of Directors of Animal Care, a listed company in the veterinary sector
- 

**Johan Boone** Non-executive director

- Master's degree in dentistry (KU Leuven)
- Dentist
- Member of the Board of Directors at Lotus Bakeries since 1996

**Sofie Boone** Non-executive director

- Master's degree in Pharmaceutical Sciences (KU Leuven), postgraduate degree in Business Economics (Vlekhoe) and Business Management for pharmacists (Vlerick Business School)
  - 1996 – 2001: deputy pharmacist and titular pharmacist
  - Since 2002, owner and titular pharmacist of Boone pharmacy in Tervuren
  - Since 1999, active as volunteer departmental pharmacist at the Red Cross Tervuren
  - Member of the Board of Directors at Lotus Bakeries since 2016
- 

**Peter Bossaert** Independent director

- Commercial engineer (University of Antwerp)
  - 1989 - 1997: various marketing and sales roles at Unilever and Campina
  - Between 1989 and 2018 active at Medialaan, from 2012 as CEO
  - Since 2018 CEO at KBVB
  - Member of the Board of Directors at Lotus Bakeries since 2017
- 

**Benoit Graulich** Independent director

- Master's degrees in Law, Business and Finance (KU Leuven)
- Began his professional career at PwC and then at Paribas Bank/Artesia Bank. In 2000 he became a partner at EY.
- Currently he is a managing partner at Bencis Capital Partners
- Various directorships at Confinimmo and FF2032, among other companies
- Member of the Board of Directors at Lotus Bakeries since 2009

**Michel Moortgat** Independent director

- Master's degree in Business and Finance (Ihech Brussels) and MBA (Vlerick Business School)
  - Since 1991, active at Duvel Moortgat and since 1998 as CEO
  - Member of the Board of Directors at Lotus Bakeries since 2018
- 

**Sabine Sagaert** Independent director

- Master's degree in Commercial Engineering (KU Leuven), Master in Economic Legislation (UCL) and MBA (KU Leuven), Graduate degree in Taxation (Fiscale Hogeschool Brussel)
  - Held various positions in the Benelux at CBR cement companies and at AB InBev, amongst others as Business Unit President Belux. Subsequently, she led the Dental Division at Arseus
  - Since 2011, employed by Cargill as General Manager Malt business Europe. As of 2015, Global Managing Director Malt Business and since June 2018, Managing director Oils and Seeds Emea
  - Member of the Board of Directors at Lotus Bakeries since 2011
  - Since 1 October 2020, Managing Director Bakery Products at Vandemoortele
- 

**Anton Stevens**

- Master's degree in Law (UGent) and in Notarial law (UGent)
- Member of the Board of Directors at Lotus Bakeries since 2002

**Jan Vander Stichele** Chairman of the Board of Directors

- Master of Science in Electromechanical Engineering (KU Leuven) and a Bachelors's degree in Business Economics (KU Leuven)
- Was technical director of the Verlipack Group
- Since the end of 1996 active in the Lotus Bakeries Group as General Manager Lotus Bakeries France, thereafter as General Manager Operations and between 2011 and 2016 as Executive Director
- Since 2005, member of the Board of Directors at Lotus Bakeries
- Member of the Board of Directors at TVH Parts Holding, Ardo, BIG and OLV Hospital Aalst
- Chairman of the Board of Directors at Team Industries, FEVIA and Flanders'FOOD

### 5.3.1.2 Activities of the Board of Directors

The Board of Directors met six times in 2020. Apart from the first meeting on 7 February, all board meetings were held virtually, due to the COVID-19 measures.

Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert, and Peter Bossaert were absent from one meeting of the Board of Directors.

#### Within the Board of Directors, the following matters were discussed in detail:

- Coronavirus policy:
  - Production
  - Offices
  - Contingency plan
- Investment budget and global budget
- Financial results
- Sales results
- Results at 31/12 and 30/06 and proposed press release
- Establishment of Natural Foods International Headquarters
- Initiatives within Lotus Bakeries' sustainability strategy Care for Today – Respect for Tomorrow policy, including:
  - Cyber attack prevention policy
  - Sustainable packaging
  - Young Graduate Programme
  - Code of Conduct
  - Supplier Code of Conduct
  - Dealing Code
- Corporate Governance
- General Meeting:
  - Agenda
  - Holding behind closed doors
  - Approval of reports on powers of attorney in accordance with the articles of association
  - Dividend proposal
- Media investments
- Capex investments
- Integration of Natural Balance Foods
- Investments of FF2032 NV
  - Love Corn
  - Partake Foods
- Product developments and innovations
- Rebranding projects
- Reports and recommendations from Committees

In the course of 2020, there were no incidences within the Board of Directors which led to the application of the conflict of interest procedure as set out in Articles 7:96 and 7:97 of the Companies and Associations Code.

### 5.3.2 Audit Committee

The Audit Committee consists of two independent directors and one non-executive director. The two independent directors are Lema NV, represented by its permanent representative Michel Moortgat (Chairman) and Benoit Graulich BV, represented by its permanent representative Benoit Graulich. The non-executive director is Vasticom BV, represented by its permanent representative Jan Vander Stichele. All members have accounting and audit experience.

The Audit Committee met three times in 2020 and all members were present at all meetings. The Auditor participated in all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- Risk management
- Discussion of report and internal controls / recommendations of the Statutory Auditor
- Discussion of annual and interim results
- Audit plan 2020
- Establishment of Natural Foods International HQ

### 5.3.3 Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of two independent directors and one non-executive director. The independent directors are Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert (Chairman) and Benoit Graulich BV, represented by its permanent representative Benoit Graulich. The non-executive director is Vasticom BV, represented by its permanent representative Jan Vander Stichele. All members have both HR management and remuneration policy experience.

The Committee met twice in 2020, with all members present.

The subjects examined were:

- Remuneration policy and its application
- Impact of the new Companies and Associations Code and the Corporate Governance Code 2020
- Remuneration of members of the Board of Directors
- Remuneration of CEO and Executive Committee

### 5.3.4 Evaluation of the Board of Directors and its Committees

The operation of the Board of Directors and of the Committees is evaluated every three years. The evaluation of the effectiveness of the Board of Directors is undertaken by the Board itself under the leadership of its Chairman. This evaluation covers the size of the Board, the general functioning of the Board of Directors, the way meetings are prepared, the contribution of each individual director to the work of the Board, the presence and involvement of each individual director at meetings and decision-making, the composition of the Board of Directors and the interaction with the Executive Committee.

This assessment makes it possible to constantly optimise the management of Lotus Bakeries. Where appropriate, based on this review, and eventually in consultation with external experts, the Remuneration and Nomination Committee presents a report on the strengths and weaknesses of the Board of Directors and, where necessary, a proposal for the appointment of a new director or the non-prolongation of a directorship. The non-executive directors evaluate annually the interaction of the Board of Directors and the Executive Committee and when appropriate, submit proposals for improving cooperation. The CEO and the Remuneration and Nomination Committee also together evaluate annually the operation and performance of the Executive Committee. The CEO is not present at his own evaluation.



## 5.4 Executive Committee

Composition of the Executive Committee:

- Jan Boone, permanent representative of Mercur Consult BV, CEO
- Isabelle Maes, permanent representative of Valseba BV, CEO Natural Foods
- Mike Cuvelier, permanent representative of Cumaco BV, CFO
- Ignace Heyman, COO
- William Du Pré, Corporate Director Quality, Procurement and R&D

The members of the Executive Committee are appointed by the Remuneration and Nomination Committee.

The Executive Committee held 13 official meetings in 2020. All members were present at all meetings.

## 5.5 Diversity policy

Lotus Bakeries ensures the presence on the Board of Directors, the Committees and the Executive Committee of critical members with specialist knowledge of the various areas relevant to Lotus Bakeries. Certain diversity criteria are imposed by law and are naturally adopted by Lotus Bakeries. Moreover, skills, competencies and diversity are paramount in the selection of members of the Committees, the Executive Committee, and in the selection of candidates for the Board of Directors proposed to the General Meeting.

First and foremost, Lotus Bakeries fulfils the diversity criteria regarding the number of independent directors and the number of directors of a different gender. In this respect, Lotus Bakeries declares that the composition of its Board complies with the requirement for at least one third of directors to be of a different gender than that of the other members. The aforementioned obligation is contained in Article 7:86 of the Companies and Associations Code. It also wishes to point out in this connection that the abovementioned independent directors fulfil the independence criteria of Article 7:87 of the Companies and Associations Code and the Corporate Governance Code 2020. Besides these diversity criteria

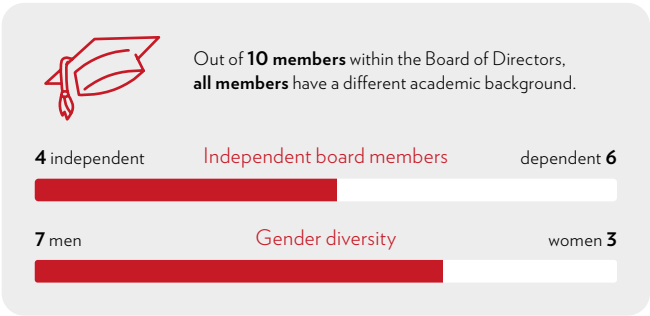
enshrined in law, Lotus Bakeries also aims for diversity in knowledge and experience and, when selecting candidates, performs a thorough assessment based on competencies which would additionally benefit the company in view of the existing competencies among the members of the Board of Directors.

In defining the appointment procedure and selection criteria for candidates for the Board, the following principles are always applied:

- The candidate must be expert in a field pertaining to the company's activities;
- The competencies, knowledge and/or experience which the candidate possesses must complement the competencies already present in the Board;
- In the interests of diversity on the Board, the Board shall consider different nominations, taking into account diversity in terms of gender, age and background, for example;
- Each candidate must have sufficient availability to fulfil his/her obligations properly, while non-executive directors must hold no more than five directorships in listed companies.

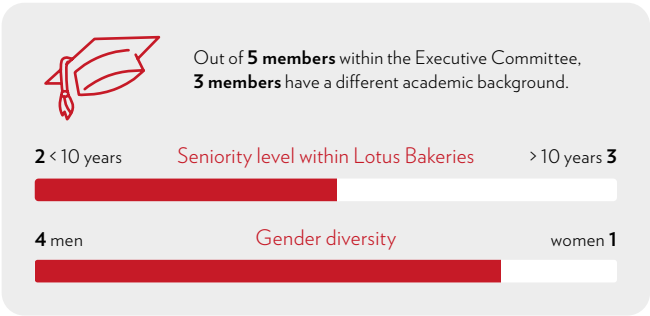
The results of this policy are illustrated in the CVs described above. This means Lotus Bakeries has a balanced Board of Directors in which the majority shareholder, the independent directors and the executive board are sufficiently represented.


A few diversity parameters within the Board of Directors:



Moreover, the Remuneration and Nomination Committee selects the members of the Executive Committee on the basis of knowledge, competencies, experience, background and skills, and aims for diversity in these areas so as to have all knowledge in house to manage Lotus Bakeries with a team specialising in all relevant areas. Within the Executive Committee, there is currently a good balance between members with a financial background and members with a marketing and/or sales background. A good proportion of members with a long history in the company and members with a fresh view of matters is also ensured.

A few diversity parameters within EXCO:



 For further information about the diversity policy and diversity ratios within Lotus Bakeries, we refer to page 76 of this annual report

## 5.6 Remuneration report

### 5.6.1 Introduction

The purpose of the 2020 remuneration report is to provide transparent information about the specific remuneration policy adopted by Lotus Bakeries for directors and executive managers. It will be submitted to the Ordinary General Meeting of 18 May 2021 for approval. The 2019 remuneration policy was adopted by 99.96% of the votes at the Ordinary General Meeting of 8 May 2020.

The works council has also been informed in accordance with the provisions of the Act. The report has also been reviewed by the Auditor.

On the advice of the Remuneration and Nomination Committee, the Board of Directors proposes a remuneration policy to shareholders. Although a remuneration policy for members of the Board of Directors has already been approved at the Ordinary General Meeting of 8 May 2020, no remuneration policy has yet been adopted, as required by Article 7:89(1) CAC. This is on the agenda for the Ordinary General Meeting to be held on 18 May 2021. The 2021 remuneration report will then set out how the remuneration complies with the remuneration policy established and how it contributes to the company's long-term performance.

### 5.6.2 Statement on remuneration policy applied in 2020

#### 5.6.2.1 Non-executive and executive directors

The remuneration policy for directors of the company approved at the Ordinary General Meeting of 8 May 2020 comprises a fixed remuneration, paid partly in cash and partly in shares in the Company and set based on the responsibilities of and time spent by the director and the latter's specific role as Chairman or chairman or member of a Committee.

Specifically:

- Each director, except the Chairman, receives an annual remuneration of (i) EUR 20,000 and (ii) 4 shares in the company;
- The Chairman of the Board of Directors receives an annual remuneration of (i) EUR 40,000 and (ii) 10 shares in the company. The Chairman receives additional remuneration of EUR 100,000 for representing the company with respect to interest groups.
- The members of the Audit Committee and the Remuneration and Nomination Committee receive an annual remuneration of EUR 5,000 per mandate.

The non-executive directors must keep the shares they receive by way of remuneration for at least one year after leaving the Board and for at least three years after the awarding of these shares. The non-executive directors receive no performance-based remuneration such as bonuses, stock-related long-term incentive schemes, fringe benefits, pension plan-related benefits or share options.

Besides the fee, all reasonable expenses of members of the Board of Directors incurred with the consent of the Chairman of the Board of Directors are reimbursed.

The provisions concerning the remuneration of non-executive directors apply equally to executive directors in their capacity as directors.

Directors' remuneration is benchmarked every two years against a relevant sample of other listed companies. This enables Lotus Bakeries to attract directors with appropriate competencies in order to realise its ambitions.

An adjustment was made compared to 2019, so that all members of the Board of Directors now also receive shares as remuneration for their directorship.

## Overview of remuneration:

NAME & FUNCTION DIRECTOR	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		EXTRA- ORDINARY EXPENSES <sup>1</sup>	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		Base salary	Allowances	Other benefits	Pension costs	1 year variable	Multiple years variable			
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Nomination and Remuneration Committee)	2020	50,000						100,000	150,000	100% / 0%
	2019	50,000						100,000	150,000	100% / 0%
PMF NV, represented by Johan Boone, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Anton Stevens, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Consellent NV, represented by Sofie Boone, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Peter Bossaert, non-executive (member BoD)	2020	20,000							20,000	100% / 0%
	2019	20,000							20,000	100% / 0%
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Remuneration and Nomination Committee)	2020	30,000							30,000	100% / 0%
	2019	30,000							30,000	100% / 0%
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	2020	25,000							25,000	100% / 0%
	2019	25,000							25,000	100% / 0%
Sabine Sagaert BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	2020	25,000							25,000	100% / 0%
	2019	25,000							25,000	100% / 0%

<sup>1</sup> Remuneration for representing the company with respect to interest groups

## Overview of remuneration in stock:

NAME & FUNCTION DIRECTOR	MAIN CONDITIONS OF STOCK GRANT PLANS				
	Details of the plan	Performance period	Grant date	Vesting date	End of retention period
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Nomination and Remuneration Committee)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
PMF NV, represented by Johan Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
Anton Stevens, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
Consellent NV, represented by Sofie Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
Peter Bossaert, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Nomination and Remuneration Committee)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	Fixed annual remuneration adopted at AGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
Sabine Sagaert BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	Fixed annual remuneration adopted at OGM of 8 May 2020	01/01/2020 until 31/12/2020	8 May 2020	26 June 2020	At least one year after end of directorship and three years after awarding
					<b>Total</b>

<sup>1</sup> Only those shares are shown, which the directors hold by virtue of their mandate.



### 5.6.2.2 Executive managers

Furthermore, the Remuneration and Nomination Committee makes specific recommendations to the Board of Directors on the remuneration of members of the executive management. In addition to the fixed remuneration, there is a variable compensation for members of the executive management, which depends on the results of the Lotus Bakeries Group.

The variable remuneration is based on well-defined criteria with a one-year evaluation period but also evaluation periods of two and three years. The evaluation criteria used to determine the variable remuneration in 2020 are the key performance indicators based on the objectives for 2020. The criteria used for the long-term incentive plan are the objectives of the strategic plan of the Lotus Bakeries Group. The bonus plan for executive managers provides that the bonus is earned only after approval of the consolidated figures by the Auditor and then by the Remuneration and Nomination Committee.

There is an additional pension plan, on the basis of a predetermined contribution. The pension plan is based on defined contributions as a function of the annual base salary.

There also exists a stock option plan with a fixed number of options for the members of the executive management. Allocated options are not normally deemed to be acquired finally and cannot be exercised during the first three years after being allocated. In the event of early departure, options that are not yet exercisable shall no longer be able to be exercised.

Furthermore, the Board decided that members of the executive management will each have to own at least EUR 250,000 worth of shares in the company by the end of 2022, which must be kept so long as they remain a member of the executive management.

If a member of the executive management is also an executive director, his or her remuneration also includes the compensation he or she receives in the latter capacity.

The remuneration policy for members of the Executive Committee is set every two years based on a proposal by the Remuneration and Nomination Committee. Individual remuneration is reviewed annually. For this Lotus Bakeries uses the services of an international HR consultancy firm, that assesses the functions and presents the corresponding salary package as commonly awarded in the relevant market. The consultant reports directly to the Remuneration and Nomination Committee and provides verbal explanations.



## Overview of remuneration:

NAME & FUNCTION MEMBER EXECUTIVE MANAGEMENT	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		EXTRAORDINARY EXPENSES	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		Base salary	Allowances	Other benefits <sup>1</sup>	Pension costs	1-year variable	Multiple years variable			
Mercur Consult BV, represented by Jan Boone (CEO)	2020	866,379	-	43,064	139,007	456,741	456,741	-	1,961,932	53% / 47%
	2019	829,202	-	43,064	132,745	437,142	472,114	-	1,914,267	53% / 47%
Other members executive management	2020	1,698,276	-	87,839	270,693	704,556	704,556	-	3,465,920	59% / 41%
	2019	1,587,327	-	87,839	251,635	658,115	710,764	-	3,295,680	58% / 42%

<sup>1</sup> The other benefits relate primarily to insured benefits.



INFORMATION ABOUT THE REPORTED FINANCIAL YEAR

Opening balance sheet	During the year		Closing balance		
Options granted but not acquired at the start of the year	Options granted	Options acquired	Options subject to performance	Options granted but not acquired	Options subject to a retention period
366	0	366		0	
255	0	0		255	
255	0	0		255	
255	0	0		255	
200	0	0		200	
183	0	183		0	
128	0	0		128	
128	0	0		128	
128	0	0		128	
100	0	0		100	
128	0	0		128	
128	0	0		128	
100	0	0		100	
100	0	100		0	
128	0	0		128	
128	0	0		128	
100	0	0		100	
75	0	75		0	
128	0	0		128	
128	0	0		128	
128	0	0		128	
100	0	0		100	
100	0	0		100	
3,497	0	724	0	2,773	0

### Severance pay

Members of the Executive Committee compensated on a self-employed basis and via directorships are entitled to severance pay equal to 12 months' fixed and variable remuneration. The other member of the Executive Committee is bound by a salaried employee contract. In 2020 no severance pay was paid to members of the Executive Committee.

### 5.6.2.3 Senior managers

Remuneration policy for senior managers ('kaderleden') is set by the Executive Committee. This is then approved by the Remuneration and Nomination Committee. The services of an international HR consultancy are also called upon in this regard. They propose the job weighting and the corresponding salary package as commonly awarded in the relevant market.

### 5.6.3 Changes in the remuneration and the company's performance over the last five years

As follows, a table is shown comparing changes in remuneration and performance during the last five reported financial years

The ratio between the highest remuneration of members of management and the lowest compensation (in full-time equivalents) of employees of Lotus Bakeries NV, as stipulated by Article 3:6(3) CAC, cannot be reported since Lotus Bakeries NV has no employees. In the interests of the intended transparency, this ratio is reported for Lotus Bakeries Corporate NV. This ratio is 16.25.

IN THOUSANDS OF EUR	2015	2016	2017	2018	2019	2020
<b>Remuneration of non-executive directors</b>						
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Remuneration and Nomination Committee)	20	150	150	150	150	150
	/	750%	100%	100%	100%	100%
PMF NV, represented by Johan Boone, non-executive (member BoD)	20	20	20	20	20	20
	/	100%	100%	100%	100%	100%
Anton Stevens, non-executive (member BoD)	20	20	20	20	20	20
	/	100%	100%	100%	100%	100%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	20	20	20	20	20	20
	/	100%	100%	100%	100%	100%
Consellent NV, represented by Sofie Boone, non-executive (member BoD)	/	20	20	20	20	20
	/	/	100%	100%	100%	100%
Peter Bossaert, non-executive (member BoD)	/	/	20	20	20	20
	/	/	/	100%	100%	100%
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Remuneration and Nomination Committee)	30	30	30	30	30	30
	/	100%	100%	100%	100%	100%
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	/	/	/	25	25	25
	/	/	/	/	100%	100%
Sabine Sagaert BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	20	20	25	25	25	25
	/	100%	100%	100%	100%	100%

IN THOUSANDS OF EUR	2015	2016	2017	2018	2019	2020
<b>Remuneration of executive director</b>						
Mercur Consult BV, represented by Jan Boone, executive CEO	20	20	20	20	20	20
	/	100%	100%	100%	100%	100%
<b>Remuneration CEO</b>						
Jan Boone, CEO	1,208	1,301	1,265	1,458	1,914	1,962
Evolution (%)	/	108%	97%	115%	131%	102.5%
<b>Remuneration of other members of the executive management</b>						
Total remuneration	2,039	1,760	1,714	2,358	3,296	3,466
Number of members executive management	4	4	4	5	5	5
Evolution (%)	/	86%	97%	138%	140%	105%
<b>Performance of Lotus Bakeries</b>						
Market capitalization (on 31 dec)	1,420,760	2,031,280	1,724,110	1,753,830	2,113,470	3,002,928
Evolution market capitalization (%)	/	143%	85%	102%	121%	142%
Turnover	411,576	507,208	524,055	556,435	612,737	663,289
Evolution turnover (%)	/	123%	103%	106%	110%	108%
Rebit	64,764	83,945	89,349	95,030	102,891	111,114
Evolution Rebit (%)	/	130%	106%	106%	108%	108%
Rebitda	82,583	101,596	104,333	110,346	123,580	135,683
Evolution Rebitda (%)	/	123%	103%	106%	112%	110%
Net result	45,615	62,455	64,633	67,872	75,769	82,545
Evolution net result (%)	/	137%	103%	105%	112%	109%
<b>Remuneration other employees</b>						
Total remuneration	88,527	101,639	105,580	111,977	123,493	137,116
Number of employees (FTE) <sup>1</sup>	1,285	1,464	1,495	1,555	1,821	2,214
Evolution (%)	/	115%	104%	106%	110%	111%

<sup>1</sup> Full-time employee calculated as 12-month average

## 5.7 Internal governance policies & procedures

When the Belgian Corporate Governance Committee launched the new Belgian Corporate Governance Code (2020 Code for short) during 2020, containing revised corporate governance regulations for listed companies, Lotus Bakeries revised its current internal Governance policies and procedures. The Board of Directors approved the following documents on 2 April 2020:

### 5.7.1 Corporate Governance Charter

The corporate governance charter is designed to give a detailed and transparent picture of Lotus Bakeries' policy regarding corporate governance and is updated based on developments in such policy and changes in the relevant regulations.



**More information about our Corporate Governance Charter**

[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

### 5.7.2 Dealing Code

The main purpose of the Dealing Code is to prevent the misuse or appearance of misuse of information which directors or employees of Lotus Bakeries may possess about Lotus Bakeries and which is not generally available to investors. Particular attention is paid to those shares, share options or other rewards received under Lotus Bakeries' incentive plans, to those who buy or sell Lotus Bakeries shares, and to those who use Lotus Bakeries shares as collateral for a loan.



**More information about our Dealing Code**

[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

### 5.7.3 Code of Conduct

Lotus Bakeries is committed to act with integrity, honesty, fairness and in full compliance with applicable laws, rules and regulations at all times. It has developed a code of conduct which sets out six key principles that must be respected by all Lotus Bakeries employees at all times.



**More information about our Code of Conduct**

[www.lotusbakeries.com/governance-practices-and-policies](http://www.lotusbakeries.com/governance-practices-and-policies)

The Board of Directors also approved a Remuneration Policy on 24 March 2021.

### 5.7.4 Remuneration Policy

The approved remuneration policy complies with the Second Shareholder Rights Directive, Directive (EU) 2017/828, Article 7:89(1) of the Companies and Associations Code and the Corporate Governance Code 2020. This remuneration policy will be submitted to the Ordinary General Meeting of 18 May 2021 for approval, before being published on the website.

## 5.8 Internal controls and risk management

In running its business, Lotus Bakeries seeks to implement a sustainable policy regarding internal control and risk management.

### 5.8.1 Control environment

The organisation of the finance function is based on three pillars. First, the responsibilities of the various financial departments in the Lotus Bakeries Group are set out in general corporate guidelines ('General Directives') at Group level so that each employee clearly knows his or her role and responsibility. These are set out for all operational finance-related fields such as accounting and consolidation, management reporting, costing, planning, budgeting and forecasting processes, the central master data management, the treasury function, approval of investments, insurance and the internal control environment.

Secondly, the accounting principles and procedures for Lotus Bakeries are standardised within the framework of the International Financial Reporting Standards. These principles form the basis for all financial reporting and are also the basis for our consolidated reporting. At least once a year, training is organised for all relevant financial staff. There are also standards and definitions for management reporting, so that the financial information is interpreted in a uniform way throughout the organisation.

Thirdly, we have opted to implement a single standardised ERP package (SAP). Implementation of integration into the SAP platform is also a priority in case of full acquisitions. This offers extensive possibilities in terms of internal controls and management and facilitates internal audits.

### 5.8.2 Risk management process

Lotus Bakeries implemented an ongoing process of risk management aimed at ensuring that this is organised so that risks are identified, assessed, controlled and monitored in such a way that they can be kept at an acceptable level. The risk management process fits very closely with the implementation of the strategic, operational and financial objectives of the company. The entire risk management process is based on the

COSO Internal Control Framework. The Executive Committee has total responsibility for the risk management process for Lotus Bakeries and also reports on this periodically to the Audit Committee.

The EXCO has defined special risks which are considered to be the most important at group level. These risks, which are defined very specifically, are tackled with the highest priority. A risk owner is appointed for each of these risks. This person puts in place a specific action plan to avert or mitigate the risks or be as well prepared as possible. The risk owner is also responsible for following up the specified actions. The results are reported to the Audit Committee on an annual basis.

### 5.8.3 Control activities

Each month, the results of each area are discussed within the business units and explained by the area manager. The Executive Committee discusses the results on a monthly basis at its meeting. The Corporate Finance department directs the whole process. For this, Lotus Bakeries has developed various KPIs for the sales operations, for the financial reporting of each area and for the consolidated results. There are also KPIs relating to personnel and for factory operations, purchasing and logistics. These KPIs and reports exist for each area separately and are aggregated for the Lotus Bakeries Group.

The Corporate Treasury department monitors the cash position closely.

Finally, the internal audit departments carry out internal audits, working closely with the corporate departments.



#### 5.8.4 Information and communication

Lotus Bakeries has chosen to manage all key business processes through a single ERP package (SAP). This not only offers extensive functionality with regard to internal reporting and communication, but also the ability to manage and audit access rights and authorisation management on a centralised basis.

As mentioned above, the results of each area within the business units are reported in writing on a monthly basis and discussed and explained verbally by the area manager. The Executive Committee also discusses the results on a monthly basis at its meeting. The Corporate Finance department directs the information and communication process. For both internal and external information reporting and communication there exists an annual financial calendar in which all reporting dates are set out and which is communicated to all parties involved.

For the provision of information Lotus Bakeries has developed various KPIs for its sales operations, for the financial reporting, as well as KPIs relating to personnel, factory operations, purchasing and logistics. These reports are available on an individual basis, but also aggregated at area or group level.

#### 5.8.5 Control

Lotus Bakeries evaluates every internal audit and takes appropriate steps to avoid any deficiencies in the future by means of concrete action points.

Employees are asked to constantly question and improve existing procedures and practices based on the Lotus competencies.

First and foremost both the Audit Committee and the Auditor play an important role in internal control and risk management. Any remarks by the Auditor are discussed in the Audit Committee and monitored for improvement.

Finally, the shareholders have a right to ask questions during the General Meeting, and the company falls under the supervision of the Financial Services and Markets Authority (FSMA).

## 5.9 External audit

PwC Bedrijfsrevisoren BV, represented by Mrs. Lien Winne, 'bedrijfsrevisor', was appointed as Auditor of Lotus Bakeries NV on 10 May 2019 by the Ordinary General Meeting for a term of three years. Its mandate expires immediately after the Ordinary General Meeting of 2022. The compensation received in 2020 for auditing and non-auditing services by PwC Bedrijfsrevisoren and by people connected to PwC Bedrijfsrevisoren, is described in note 38 of the financial supplement.

AUDIT FEE FOR THE GROUP AUDIT 2020	IN THOUSANDS OF EUR
Lotus Bakeries NV	86
Lotus Bakeries Group	373
Total	458

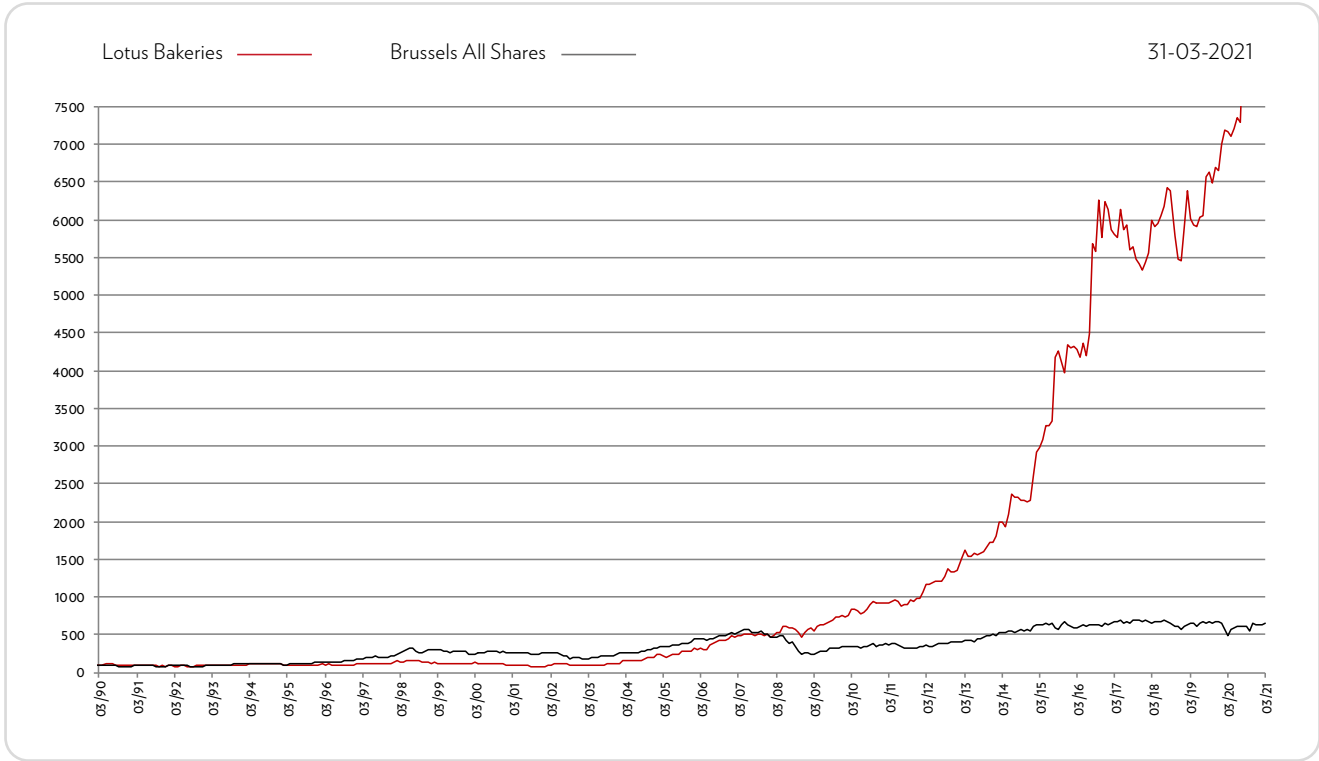
Distribution centre, Belgium



CHAPTER 5

# STOCK MARKET AND SHAREHOLDERS' INFORMATION

# EVOLUTION OF THE LOTUS BAKERIES SHARE IN COMPARISON TO THE BASR-INDEX



Both share evolutions are with reinvested net dividend.

## STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR

	31-03-2021	2020	2019	2018	2017	2016
Highest price till 31/12 (till 31/03 in 2021)	4,550.00	3,770.00	2,680.00	2,690.00	2,529.00	2,617.90
Lowest price till 31/12 (till 31/03 in 2021)	3,630.00	2,500.00	2,080.00	2,010.00	2,025.00	1,550.00
Price per 31/12 (per 31/03 in 2021)	4,510.00	3,680.00	2,590.00	2,150.00	2,116.90	2,500.00
Market capitalisation per 31/12 in millions of EUR (per 31/03 in 2021 in millions of EUR)	3,680.22	3,002.93	2,113.47	1,753.83	1,724.11	2,031.28
Number of shares per 31/12 (per 31/03 in 2021)	816,013.00	816,013	816,013	815,733	814,433	812,513
Ratio price/earnings (PER) <sup>1</sup> per 31/12 (per 31/03 in 2021)	44.56	36.36	28.21	26.21	27.13	33.17

<sup>1</sup> PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2021 respectively) divided by net result, per share at the end of the year.

### 1. Stock market listing

The Lotus Bakeries shares have been listed since the beginning of January 2002 on the continuous market of Euronext (Brussels). Previously, the shares were listed on the spot market with double fixing. The share code is LOTB (ISIN code 0003604155).

### 2. Financial service

Financial servicing for the Lotus Bakeries share is provided by Degroof - Petercam, BNP Paribas Fortis, Belfius, ING Bank and KBC Bank. The main paying agent is BNP Paribas Fortis.

### 3. Liquidity and visibility of the share

Lotus Bakeries has appointed the stock market company Degroof - Petercam as 'liquidity provider'. The liquidity and market activation agreement that was agreed with Degroof - Petercam lies within the context of the care taken by Lotus Bakeries to ensure a sufficiently active market in the share so that in normal circumstances adequate liquidity can be maintained.

### 4. Market capitalization

On 31 December 2020, market capitalization of Lotus Bakeries amounted to EUR 3,002.93 million.

### 5. Evolution of the Lotus Bakeries share

The graph on the previous page shows the evolution of the share price with reinvested net dividend as from 31 December 1988 of the Lotus Bakeries share in comparison to the BASR (Brussels All Share Return) index. The BASR-index reflects the price of the total Belgian market.

### 6. Stock data on the Lotus Bakeries share

The stock market performance data of the Lotus Bakeries share can be found on page 162 of this annual report. For the earnings per share, we refer to note 30 on page 47 in the financial supplement.

### 7. Corporate website

A substantial portion of the corporate website is reserved for investor relations. The website ([www.lotusbakeries.com](http://www.lotusbakeries.com)) thus plays an increasingly important role in the Lotus Bakeries Group's financial communication.

### 8. Financial calendar

#### Wednesday 16 April 2021

Annual Report 2020 available on [www.lotusbakeries.com](http://www.lotusbakeries.com)

#### Tuesday 18 May 2021

Ordinary General Meeting of Shareholders at 4.30 PM

#### Tuesday 25 May 2021

Payment of dividend for the 2020 financial year

#### Monday 16 August 2021

Announcement of the half-year results for 2021

### 9. Annual report

This annual report is also available on the corporate website of Lotus Bakeries: [www.lotusbakeries.com](http://www.lotusbakeries.com) The first part of this annual report, as well as the financial supplement (the second part) is also available in Dutch and in English. In matters of any misinterpretation, the Dutch annual report will prevail.



Pastry factory, France





CHAPTER 6

# FINANCIAL STATEMENTS

In this section of the 2020 annual report, only the consolidated balance sheet, the consolidated income statement and the abridged five-year financial summary for the Lotus Bakeries Group are presented. The financial supplement to this annual report contains the entire consolidated annual account, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2020 shown, are based on the 2020 consolidated annual account, which has been prepared in accordance with IFRS rules as adopted for use within the European Union with comparative IFRS figures for 2019.

The statutory financial statements that have been condensed are presented in the financial supplement and are prepared in accordance with Belgian accounting standards (BGAAP).

Only the consolidated annual financial statements present a faithful picture of the assets, financial position and results of the Lotus Bakeries Group.

In light of the fact that the statutory annual financial statements give only a limited picture of the financial situation of the Group, the Board of Directors considers it appropriate to only present an abridged version of the statutory annual financial statements of Lotus Bakeries NV, in accordance with Article 3:17 of the Belgian Companies and Associations Code.

The full statutory annual financial statements, together with the statutory annual report of the Board of Directors and the statutory audit report of the Auditor, will be submitted to the National Bank of Belgium within the legally prescribed term. These documents are available on the website [www.lotusbakeries.com](http://www.lotusbakeries.com) (Investor Relations) or can be obtained for free from the Corporate Secretary of Lotus Bakeries on simple request.

The Auditor has issued an opinion without reservation with respect to the consolidated and the statutory annual financial statements of Lotus Bakeries NV.

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## CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>	<b>622,840</b>	<b>641,122</b>
Property, plant and equipment	258,182	263,793
Goodwill	216,485	229,365
Intangible assets	139,966	142,709
Investment in other companies	4,403	2,243
Deferred tax assets	3,351	2,505
Other non-current assets	453	507
<b>CURRENT ASSETS</b>	<b>221,387</b>	<b>171,507</b>
Inventories	46,827	44,461
Trade receivables	82,856	79,072
VAT receivables	5,930	5,280
Income tax receivables	3,142	1,075
Other amounts receivable	256	172
Cash and cash equivalents	81,261	40,093
Deferred charges and accrued income	1,115	1,354
<b>TOTAL ASSETS</b>	<b>844,227</b>	<b>812,629</b>

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
<b>EQUITY</b>		
<b>EQUITY AND LIABILITIES</b>	<b>433,744</b>	<b>402,477</b>
Share Capital	16,388	16,388
Retained earnings	476,724	422,724
Treasury shares	(11,474)	(15,866)
Other reserves	(47,961)	(20,848)
Non-controlling interests	67	79
<b>NON-CURRENT LIABILITIES</b>	<b>261,841</b>	<b>239,584</b>
Interest-bearing liabilities	198,156	158,010
Deferred tax liabilities	57,195	50,737
Pension liabilities	3,748	3,712
Provisions	282	285
Derivative financial instruments	717	2,340
Other non-current liabilities	1,743	24,500
<b>CURRENT LIABILITIES</b>	<b>148,642</b>	<b>170,568</b>
Interest-bearing liabilities	12,552	36,579
Pension liabilities	317	325
Provisions	21	21
Trade payables	87,370	88,716
Employee benefit expenses and social security	26,508	24,146
VAT payables	145	254
Tax payables	12,701	11,630
Other current liabilities	4,624	5,240
Accrued charges and deferred income	4,404	3,657
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>844,227</b>	<b>812,629</b>

# CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	2020	2019
<b>TURNOVER</b>	<b>663,289</b>	<b>612,737</b>
Raw materials, consumables and goods for resale	(216,376)	(197,799)
Services and other goods	(176,804)	(168,966)
Employee benefit expense	(137,116)	(123,493)
Depreciation and amortisation on intangible and tangible assets	(21,001)	(17,754)
Impairment on inventories, contracts in progress and trade debtors	(2,710)	(2,135)
Other operating charges	(5,919)	(3,254)
Other operating income	7,751	3,555
<b>RECURRENT OPERATING RESULT (REBIT)<sup>1</sup></b>	<b>111,114</b>	<b>102,891</b>
Non-recurrent operating result	(4,593)	(2,292)
<b>OPERATING RESULT (EBIT)<sup>2</sup></b>	<b>106,521</b>	<b>100,599</b>
Financial result	(3,004)	(2,514)
Interest income (cost)	(2,726)	(4,460)
Currency gains (loss)	51	2,232
Other financial income (cost)	(329)	(285)
<b>PROFIT FOR THE YEAR BEFORE TAXES</b>	<b>103,517</b>	<b>98,086</b>
Taxes	(20,972)	(22,317)
<b>RESULT AFTER TAXES</b>	<b>82,545</b>	<b>75,769</b>
<b>NET RESULT</b>	<b>82,545</b>	<b>75,769</b>
Attributable to:		
Non-controlling interests	(48)	857
Equity holders of Lotus Bakeries	82,593	74,912

<sup>1</sup> REBIT is defined as the recurrent trading result, consisting of all the proceeds and costs relating to normal business.

<sup>2</sup> EBIT is defined as recurrent operating result + non-recurrent operating result.

IN THOUSANDS OF EUR	2020	2019
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that may be subsequently reclassified to profit and loss</b>	<b>(27,191)</b>	<b>7,417</b>
Currency translation differences	(27,299)	7,929
Gain/(Loss) on cash flow hedges, net of tax	108	(512)
<b>Items that will not be reclassified to profit and loss</b>	<b>22</b>	<b>(124)</b>
Remeasurement gains/(losses) on defined benefit plans	22	(124)
<b>Other comprehensive income</b>	<b>(27,169)</b>	<b>7,293</b>
<b>Total comprehensive income</b>	<b>55,376</b>	<b>83,062</b>
Attributable to:		
Non-controlling interests	(104)	1,842
Equity holders of Lotus Bakeries	55,480	81,220
<b>EARNINGS PER SHARE (EUR)</b>		
Weighted average number of shares	809,664	807,476
<b>Basic earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	102.01	92.77
Weighted average number of shares after effect of dilution	811,184	809,848
<b>Diluted earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	101.82	92.50
Total number of shares <sup>1</sup>	816,013	816,013
<b>Earnings per share (EUR) - attributable to:</b>		
Non-controlling interests	(0.06)	1.05
Equity holders of Lotus Bakeries	101.22	91.80

<sup>1</sup> Total number of shares including treasury shares, per 31 December.

## FIVE YEAR FINANCIAL SUMMARY

### Consolidated balance sheet

IN THOUSANDS OF EUR	31-12-2020	31-12-2019	31-12-2018	31-12-2017	31-12-2016
<b>NON CURRENT ASSETS</b>	<b>622,840</b>	<b>641,122</b>	<b>545,647</b>	<b>447,693</b>	<b>437,310</b>
Property, plant and equipment	258,182	263,793	219,897	174,426	161,590
Goodwill	216,485	229,365	177,639	141,001	144,368
Intangible assets	139,966	142,709	138,887	123,924	126,006
Participating interests	-	-	2,488	-	-
Investment in other companies	4,403	2,243	12	12	37
Deferred tax assets	3,351	2,505	3,936	4,310	4,854
Other non-current assets	453	507	2,828	4,020	455
<b>CURRENT ASSETS</b>	<b>221,387</b>	<b>171,507</b>	<b>165,925</b>	<b>149,801</b>	<b>110,692</b>
Inventories	46,827	44,461	39,066	33,653	32,175
Trade receivables	82,856	79,072	71,097	60,104	50,922
Cash and cash equivalents	81,261	40,093	45,597	48,129	19,932
<b>TOTAL ASSETS</b>	<b>844,227</b>	<b>812,629</b>	<b>711,572</b>	<b>597,494</b>	<b>548,002</b>
<b>EQUITY</b>	<b>433,744</b>	<b>402,477</b>	<b>346,927</b>	<b>293,213</b>	<b>248,464</b>
<b>Non-current liabilities</b>	<b>261,841</b>	<b>239,584</b>	<b>198,042</b>	<b>193,923</b>	<b>197,245</b>
Interest-bearing liabilities	198,156	158,010	116,500	117,500	118,500
Deferred tax liabilities	57,195	50,737	52,725	49,206	50,666
Other non-current liabilities	1,743	24,500	22,602	20,987	19,560
<b>Current liabilities</b>	<b>148,642</b>	<b>170,568</b>	<b>166,603</b>	<b>110,358</b>	<b>102,293</b>
Interest-bearing liabilities	12,552	36,579	36,655	1,750	7,533
Trade payables	87,370	88,716	8,794	68,542	54,742
Employee benefit expenses and social security	26,508	24,146	21,330	18,383	18,418
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>844,227</b>	<b>812,629</b>	<b>711,572</b>	<b>597,494</b>	<b>548,002</b>

## Consolidated income statement

IN THOUSANDS OF EUR	2020	2019	2018	2017	2016
<b>TURNOVER</b>	<b>663,289</b>	<b>612,737</b>	<b>556,435</b>	<b>524,055</b>	<b>507,208</b>
<b>RECURRENT OPERATING RESULT (REBIT)</b>	<b>111,114</b>	<b>102,891</b>	<b>95,030</b>	<b>89,349</b>	<b>83,945</b>
Non-recurrent operating result	(4,593)	(2,292)	(3,005)	(91)	4,507
<b>OPERATING RESULT (EBIT)</b>	<b>106,521</b>	<b>100,599</b>	<b>92,025</b>	<b>89,258</b>	<b>88,452</b>
Financial result	(3,004)	(2,514)	(3,324)	(2,228)	(2,675)
<b>PROFIT FOR THE YEAR BEFORE TAXES</b>	<b>103,517</b>	<b>98,086</b>	<b>88,701</b>	<b>87,030</b>	<b>85,777</b>
Taxes	(20,972)	(22,317)	(20,829)	(22,397)	(23,322)
<b>RESULT AFTER TAXES</b>	<b>82,545</b>	<b>75,769</b>	<b>67,872</b>	<b>64,633</b>	<b>62,455</b>
<b>NET RESULT - attributable to:</b>	<b>82,545</b>	<b>75,769</b>	<b>67,872</b>	<b>64,633</b>	<b>62,455</b>
Non-controlling interests	(48)	857	964	1,094	1,210
Equity holders of Lotus Bakeries	82,593	74,912	66,908	63,539	61,245



**REGISTERED OFFICE**

Lotus Bakeries NV

Gentstraat 1

B-9971 Lembeke

T + 32 9 376 26 11

F + 32 9 376 26 26

[www.lotusbakeries.com](http://www.lotusbakeries.com)

Register of legal persons of Ghent,

Enterprise number 0401.030.860

**CONTACT**

For further information about the data of the annual review or more information about the

Lotus Bakeries Group, please contact:

Lotus Bakeries NV

Corporate Secretary

Gentstraat 1

B-9971 Lembeke

T + 32 9 376 26 11

F + 32 9 376 26 26

[corporate@lotusbakeries.com](mailto:corporate@lotusbakeries.com)

**Concept and realisation**

Focus Advertising and Lotus Bakeries

[www.focus-advertising.be](http://www.focus-advertising.be)

**Illustration cover**

Flore Deman

[www.floredeman.com](http://www.floredeman.com)



Waffle factory, Belgium





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