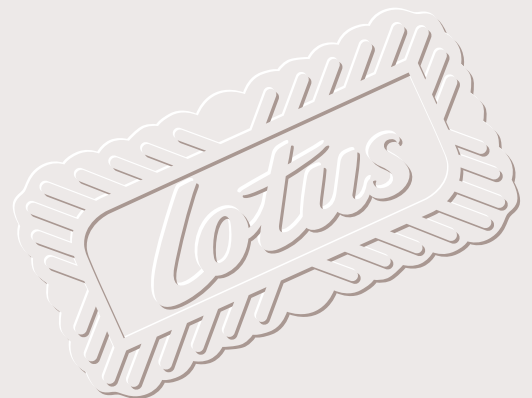




BEING GREAT IN LITTLE THINGS



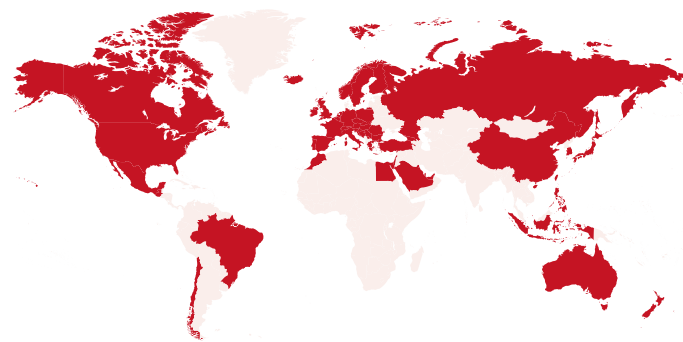
Annual review 2016





Tokyo
(Japan)





This is for the little moments.

At Lotus we are constantly amazed
how little things deliver instant
pleasure.

And those little things are at the
heart of our company. We believe
that true greatness consists of
being great in little things. We
want people all around the world
to enjoy these little moments.



MESSAGE FROM THE CHAIRMAN AND THE CEO

2016 was a very dynamic year for Lotus Bakeries, featuring strong growth in almost all countries supported by many new projects.

Investment in production

In view of the strong volume growth for Lotus Biscoff biscuits and spread, the focus lay on investing in extra production and packaging capacity in 2016. We installed a new production line in the existing second production hall. Furthermore we started building a third production hall on our site in Lembeke. And, as announced last year, in 2017 we will start building a Lotus Biscoff factory in the United States.

In view of the strong volume growth for Lotus Biscoff biscuits and spread, the focus lay on investing in extra production and packaging capacity in 2016.

In 2016, we also invested heavily in our waffle factory in Courcelles. The challenge was to make up for lost capacity following the fire which devastated our waffle factory in Meise. In just 16 months, alongside everyday operations, the team has impressively managed to bring two new waffle lines up and running - on schedule.

Quality first

In the midst of all this activity, we never forgot what we are all about: the best quality and the best taste. Any day of the week, busy or quiet, winter or summer, every Lotus product must reach our consumers with the same consistent top quality.

Continuing to build sustainably on success

The last few years have been successful. However, we have no intention of resting on our laurels and “getting complacent” - a major pitfall for a successful business. We want to keep on raising the bar day by day by taking an open and critical view of the world and dealing with challenges.

<

Jan Vander Stichele
Chairman
Jan Boone
CEO

We will continue to value and explore the existing success factors of our corporate culture. So we always keep sight of our business strategy, prioritise long-term thinking in each budgetary decision, promote innovation and renewal and embrace change. The “voice of the consumer” will continue to play a central role in every meeting and decision. Finally, a close focus on costs is and will continue to be required.

Passionate employees

The roots of our success lie in a combination of working hard, resolutely sticking to our strategy and above all having the right people on board. To stay successful, we need employees who identify with our shared ambition, who want to help realise our dream: to make Lotus Bakeries grow worldwide. In view of this, we remain dedicated to increasing our employees' opportunities for development to ensure the sustainable growth of Lotus Bakeries.

Lotus Biscoff worldwide

It is our mission and our dream to be present in all households all over the world with Lotus Biscoff and Lotus Biscoff spread. We aim to achieve this through dedicated marketing campaigns with which we can reach a large group of consumers. After all, Lotus Biscoff is for everyone. For each of our brands we will commit to big promotions, TV commercials, new packaging designs and product innovations.

Once again, in 2016 we came a step closer to our ultimate dream. The dream of having Lotus Biscoff on the shelves in every country, and above all making everyone all over the world happy with our unique Lotus Biscoff taste. In all countries where we have our own sales offices, Lotus Biscoff is available in more and more retail shops. We have moreover made great strides in the Middle East and moved into several new countries in Asia and Latin America. The enthusiasm and fantastic passion these new partners show for Lotus Biscoff is a huge source of inspiration.

It is our mission and our dream to be present in all households all over the world with Lotus Biscoff and Lotus Biscoff spread, and above all to make everyone all over the world happy with our unique Lotus Biscoff taste.

Natural Foods

Lotus Bakeries wants to offer delicious, high-quality snacks, in both the biscuits and pastries and the natural snacking category. Last year, the natural snacking segment - with the Näkd & Trek and BEAR & Urban Fruit brands - was brought under the new business unit 'Natural Foods'.

The home market for these products is the UK, where we can call upon highly passionate and

driven teams in London and Oxford. We intend to continue to grow our Natural Foods brands, in the British home market and internationally.

The launch of our Natural Foods brands in the Netherlands exceeded our expectations.

In 2016, we opened a sales office in Geldrop in the Netherlands with a motivated team who will launch Natural Foods in Europe. Last year's launch of Nākd and Trek in the Netherlands exceeded our expectations. Next year, alongside Nākd, we intend to roll out BEAR in the Netherlands and launch these brands in Belgium, Germany and France. Also next year, a team in the United States will be fully dedicated to launching BEAR and Nākd there. And finally, in markets where Lotus Bakeries does not have an own sales office, following the example of Lotus Biscoff, we have an International Distributors team for BEAR and Nākd.

Natural snacking is booming worldwide, but it will take time to launch these brands as we introduce consumers to a new type of snacking.

Building the future together

2016 was another amazing but busy year for Lotus Bakeries. We know that our employees have given their best to make this possible and that we were able to count on their passion, team spirit and dedication. This is highly appreciated by the company.

We will continue to drive growth, value long-term thinking and constantly invest in Lotus Bakeries. We did so in the past. We do so today. And we intend to carry on doing so in the future.



Jan Boone
CEO



Jan Vander Stichele
Chairman

2016 AT A GLANCE

January



Integration of Urban Fresh Foods within the Group Lotus Bakeries

Following the acquisition of Urban Fresh Foods in December 2015, a motivated team is ready to launch BEAR natural snacks in Europe and expand further in the United Kingdom.

March

Launch of Lotus Biscoff ice cream on a stick in Belgium

The newest member of our ice cream range is an instant hit: over a million were sold in 2016.



Retirement of Chairman of the Board of Directors, Matthieu Boone

After a career spanning over 46 years at Lotus Bakeries, Matthieu Boone retires. He served as Managing Director, CEO and Chairman of the Board.



May

New Chairman of Board of Directors

Jan Vander Stichele succeeds Matthieu Boone as Chairman of the Board.

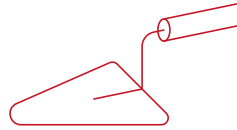
Appointment of new director

Sofie Boone is appointed non-executive director on the Board of Directors of Lotus Bakeries.



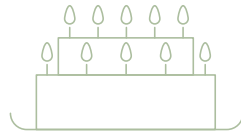
Product of the year

Peijenburg Zero wins the award for product of the year in the snack category in the Netherlands.



Laying of the first stone for Plant 3 in Lembeke

In Lembeke, the first stone is laid for a third production hall for Lotus Biscoff. Construction has been completed end of 2016, with a first production line being installed. The latter has gone into operation in March 2017.



June

Tenth anniversary

Koninklijke Peijnenburg celebrates its tenth anniversary as part of Lotus Bakeries Group.



Launch of Natural Foods in the United States

A new sales office Natural Foods is set up to prepare for the launch of Nākd and BEAR in the United States.

July



New line in Lembeke

A new line goes into service at the Lotus Biscoff factory in Lembeke for Lotus Biscoff.

August

'The Perfect Kick' campaign with Eden Hazard

The closing event is held of the international campaign 'The Perfect Kick' competition with Eden Hazard. From all over the world, the 50 winners, accompanied by a guest, travel to London to meet the football star during an unforgettable weekend.

Announcement of first Lotus Biscoff manufacturing facility outside Belgium

The first Lotus Biscoff manufacturing facility outside Belgium will be built in the United States (Mebane, North Carolina). Work will begin in mid-2017 and the first Biscoff cookies should roll off the production line in 2019.

September



Two new production lines become operational for waffles in Courcelles

We start up two new production lines at the waffle factory in Courcelles: one for Lotus Suzy and one for Lotus soft waffles. The investments are in line with the centralization of the waffle production at the Hainaut plant.

October



December

First Latin American partners' meeting

Lotus Bakeries' various commercial partners in Latin America sit around the table for the first time in Guatemala. The partners' meeting is designed to act as a forum for sharing best practices and experiences and expanding the distributors' knowledge of Lotus Bakeries.

SUBSTANTIAL INVESTMENT IN NEW OFFICES



July

Urban Fresh Foods

BEAR gets a bigger 'cave': the Urban Fresh Foods team moves into brand-new offices on London's South Bank .



August

Lotus Bakeries Korea

Following the acquisition of Lotus Korea in 2015, the team gets a brand-new office in the centre of Seoul .

Natural Balance Foods

The team relocates to bigger offices in Oxford.

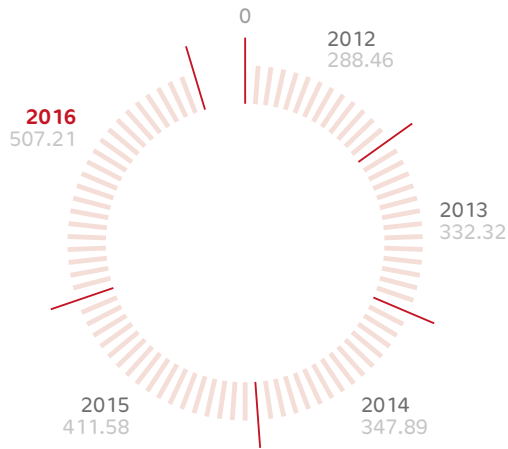


November

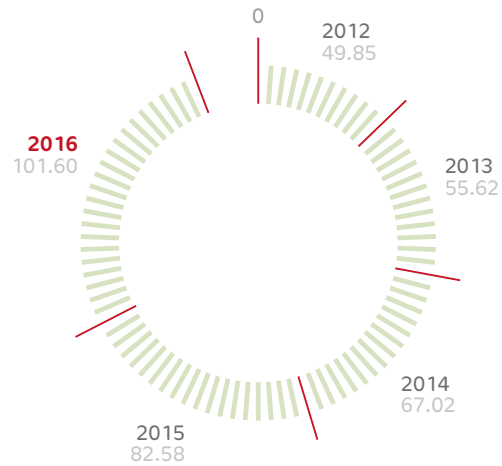
Lotus Bakeries France

The offices of our French team in Comines are fully refurbished with matching Lotus look and feel.

Turnover
(IN MILLIONS OF EUR)



REBITDA
(IN MILLIONS OF EUR)



Gross dividend 2016
EUR16.20 per share

Number of
employees 2016
1,464

CONSOLIDATED KEY FIGURES OF THE LOTUS BAKERIES GROUP

- (1) Depreciation and amounts written off consist of depreciation and amortization of tangible and intangible fixed assets, and amounts written off on inventories, orders in progress and trade receivables
- (2) Recurrent operating cash flow is defined as recurrent operating result + depreciation + provisions and amounts written off + non-cash costs valuation option- and warrantplan
- (3) EBIT is defined as recurrent operating result + non-recurrent operating result
- (4) Investments in tangible and intangible fixed assets
- (5) Net financial debt is defined as interest bearing financial debt - investments - cash and cash equivalents - treasury shares
- (6) Compared to the weighted average number of shares
- (7) For 2016: dividend will be proposed to the Ordinary General Shareholders' Meeting of 12 May 2017

IN MILLIONS OF EUR	2016	2015	2014	2013	2012
INCOME STATEMENT					
Turnover	507.21	411.58	347.89	332.32	288.46
Raw materials, consumables and goods for resale	(168.31)	(121.80)	(104.43)	(111.43)	(91.15)
Services and other goods	(133.10)	(117.96)	(96.48)	(87.26)	(78.39)
Employee benefit expense	(101.64)	(88.53)	(78.89)	(78.90)	(69.97)
Depreciation and amounts written off ⁽¹⁾	(16.70)	(17.01)	(16.66)	(14.16)	(12.84)
Other operating income and charges (net)	(3.51)	(1.52)	(1.99)	0.80	0.57
Recurrent operating result (REBIT)	83.95	64.76	49.43	41.37	36.68
Recurrent operating cash flow (REBITDA) ⁽²⁾	101.60	82.58	67.02	55.62	49.85
Non-recurrent operating result	4.51	(1.75)	(0.26)	(3.65)	(1.95)
Operating result (EBIT) ⁽³⁾	88.46	63.01	49.17	37.72	34.73
Financial result	(2.68)	(0.78)	0.02	(1.74)	(1.57)
Profit for the year before taxes	85.78	62.23	49.19	35.98	33.16
Taxes	(23.32)	(16.62)	(12.42)	(8.06)	(7.41)
NET RESULT	62.46	45.61	36.77	27.92	25.75
Net result: non-controlling interests	1.21	0.20	-	-	0.01
Net result: Group share	61.25	45.41	36.77	27.92	25.74
BALANCE SHEET					
Balance sheet total	548.00	571.22	336.99	334.10	270.62
Equity	248.46	217.53	200.63	171.38	145.21
Investments ⁽⁴⁾	37.50	16.07	16.55	33.16	40.54
Net financial debts ⁽⁵⁾	94.06	163.86	20.20	48.89	24.16
NUMBER OF PERSONS EMPLOYED					
	1,464	1,339	1,221	1,244	1,218
CONSOLIDATED KEY FIGURES PER SHARE in EUR ⁽⁶⁾					
Recurrent operating result (REBIT)	105.84	82.15	63.46	54.09	49.17
Recurrent operating cash flow (REBITDA) ⁽²⁾	128.09	104.76	86.03	72.72	66.82
Net result: share of the Group	77.22	57.61	47.21	36.50	34.50
Gross dividend ⁽⁷⁾	16.20	14.20	12.40	10.80	9.80
Net dividend	11.34	10.37	9.30	8.10	7.35
Weighted average number of shares	793,147	788,341	778,944	764,828	746,052
Total number of shares per 31 December	812,513	811,863	803,013	795,113	779,643

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RESPECT FOR TOMORROW'82



San Francisco
(California - United States)



STRATEGY

LOTUS BAKERIES

Lotus Bakeries is active worldwide in the snacking segment with the Lotus, Lotus Biscoff, Lotus Dinosaurus, Lotus Suzy, Peijnenburg, Snelle Jelle, Annas, Nâkd, Trek, BEAR and Urban Fruit brands. By maintaining a healthy balance between tradition and innovation, the Lotus brand indulges consumers with a unique range of high-quality, tasty products.

Lotus Bakeries is a dynamic, internationally oriented company with a clear long-term vision based on continuous investment in employees, marketing, R&D and production.

Building brands is central to Lotus Bakeries. Through our brands, we want to become market leaders in our traditional markets while continuing to pursue the internationalization of certain brands. Since every strong brand has a unique personality, specific DNA and its own consumers, brand ownership is kept separate for each brand. Parallel to this, we focus strongly on our unique capacity to stimulate growth through our extensive international network of sales offices and commercial partners, across all brands.

Lotus Bakeries' strategy is based on the following pillars:

1. An offer of delicious, high quality products to all consumers.
For this reason, the range has been expanded to include natural, unprocessed fruit and nut-based products for adults and children. All products in each of our categories must stand out by offering a superior taste experience.
2. A strong focus on the best performing products.
3. Clear and consistent communication with the consumer is key, and sufficient resources are allocated to this.
4. Targeted product innovations, primarily based on format innovations to constantly introduce our best performing products to new groups of consumers and achieve new consumption moments.
5. A clear focus on continuously improving the manufacturing efficiency. This is in order to continue to produce the best quality products at the most competitive cost.
6. Continuous commitment to Corporate Social Responsibility.
The Corporate Social Responsibility theme is implemented in the organization as 'Care for Today - Respect for Tomorrow'.

MISSION STATEMENT LOTUS BAKERIES

Lotus Bakeries wishes to base its sustainable growth and profitability on meeting the needs of the present generations, without compromising the opportunities of the next generations.

PROFILE LOTUS BAKERIES



Krefeld
(Germany)







1. BRANDS AND PRODUCTS

The global brand portfolio is of invaluable importance to the Lotus Bakeries Group. In both the category of biscuits and pastries as well as in the natural snacking category, we have strong brands which we intend to develop in the long term. We implement our marketing strategy by continuously investing in our brands in our home markets whilst also stimulating the international growth of certain brands such as Lotus Biscoff, Lotus Dinosaurus, Nâkd and BEAR. Every Lotus Bakeries brand has its own DNA and target group, and its own story.



Lotus

Ever since Jan Boone senior founded Lotus Bakeries in 1932, the Lotus brand has been inextricably linked with original caramelized biscuits: a thoroughly Belgian product whose typical taste is due to the caramelization during the baking process. Our caramelized biscuits only contain carefully selected ingredients and are free from artificial colourings and flavourings. The superior quality is reflected in the brand name. It refers to the lotus flower, the ultimate symbol of purity. With its iconic shape and jagged edge, our original caramelized biscuit is gradually conquering the world.

Lotus Bakeries also incorporates the unique flavour of Lotus Biscoff biscuits in spreads and ice cream. Our original caramelized biscuit spread is a perfectly spreadable sweet spread with the familiar, unique taste of Lotus original caramelized biscuits. There are two varieties: crunchy and smooth. As well as being delicious on bread, the spread is also a favourite ingredient for desserts. Lotus Biscoff ice cream is a soft-scoop ice cream

containing crunchy pieces of Lotus Biscoff biscuits and Lotus Biscoff spread. In 2016, Lotus Bakeries launched a new version of Lotus Biscoff ice cream on the market. The Lotus Biscoff ice cream on a stick is made up of a core of Lotus Biscoff ice cream covered in a layer of crunchy Lotus Biscoff spread with a final coating of cracking real Belgian chocolate.

Lotus also offers consumers in Belgium a wide range of cake specialties, including frangipane, madeleine, carré confiture and Zebra, and Breton butter specialties in France. Each of these local traditional cake specialties strongly contributes to Lotus' popularity in the markets in question.

In Belgium and France, both renowned for their waffle culture, Lotus offers an extensive range of waffles: Liège waffles, soft waffles, filled waffles and crunchy galettes.



Lotus Biscoff

Over the next years, Lotus Bakeries continues to focus fully on the sustainable internationalization of caramelized biscuits and spread. Outside our home markets of Belgium, the Netherlands and France, Lotus original caramelized biscuits are marketed under the brand name 'Lotus Biscoff', a contraction of 'Biscuit with coffee' and a reference to the complementarity of the two tastes. Research shows that whenever coffee and Lotus Biscoff biscuits are consumed together, the two flavours lift one another to a higher level. Our international strategy therefore consists in introducing new consumers to Lotus Biscoff during their regular coffee time.



Lotus Dinosaurus

These crunchy biscuits are made from a balanced combination of high quality ingredients. The brand inspires and motivates children and young people to discover the world, face challenges and let their imagination run wild. They can count on Lotus Dinosaurus for the energy they need.

Besides the three basic varieties – milk chocolate, dark chocolate and wholewheat – the range also includes 'Lotus Dinosaurus filled' with a light filling of Belgian milk or dark chocolate or vanilla.



Lotus Suzy

Lotus Bakeries markets waffles with pieces of pearl sugar as well as vanilla waffles under this brand, plain or covered with dark chocolate. The waffles stand out thanks to their high quality, taste and texture. There are several varieties: the classic format, the XL version and the mini-version.

The figurehead of Lotus Suzy is the young lady of the same name who promotes the waffles from her retro van, winning many hearts in the process. Through her presence at heartwarming occasions with family and friends, Suzy always makes a difference. The packaging of the waffles and the communication around the brand exude the same atmosphere.



Peijnenburg

When baker Harry Peijnenburg started selling his freshly baked gingerbread in Geldrop in the Netherlands in 1883, the Peijnenburg brand was born. The gingerbread was an instant hit and over the years the bakery grew into a proper factory.

Peijnenburg stands for moist gingerbread made from specially selected rye and spices, according to a traditional preparation and baking process. The typical product of the Low Countries is especially popular in the Netherlands. Koninklijke Peijnenburg, the company behind the gingerbread brand, has almost 60% of the gingerbread market there.

Peijnenburg offers gingerbread in a variety of flavours and different formats, including Peijnenburg Zero, a variety with no added sugar. The gingerbread contains only natural sweeteners, without affecting the taste, moistness or structure. The huge popularity of this variety in the Netherlands was demonstrated when Peijnenburg Zero won the award for product of the year in the snack category in 2016.



Snelle Jelle

In 2002, Dutch brand Snelle Jelle was born. This tasty wholemeal gingerbread snack is packed with carbohydrates and handy to eat on the go. Snelle Jelle focuses on a target group of sporty men and women looking for natural energy for their activities.

Snelle Jelle is a hit and is currently available in eight different flavours. There are also handy takeaway formats, including 'Snelle Jelle Tussendoor': small gingerbread bars with the same familiar taste. Following the success of Peijnenburg Zero, in 2016, the Snelle Jelle range was expanded to include several flavours of Snelle Jelle Zero, a tasty gingerbread with no added sugar.



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 a success story in its home markets of Sweden and Finland. The biscuits 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 flavours. Although Annas pepparkakor biscuits are available all year round, in Scandinavia they are especially popular at Christmas. Special Annas pepparkakor houses are also sold at that time of the year.

For the 2016 pepparkakor season, Lotus Bakeries launched a special edition on the Swedish market - Annas Ekologiska, an Annas variety made from organic ingredients that bears the EU organic label.



Nākd

With uncomplicated snacks and bars, Nākd's approach is 100% natural.

The raw, all-natural ingredients – fruit and nuts – are unprocessed (cold pressed), never baked and wheat, lactose and gluten free. Nākd bars contain no added sugars, syrups or other additives.

Nākd is available in more than 25 different flavours. Each variety has its own bright, appealing name and packaging. The ambition? To turn every natural snack into a feast.



Trek

Trek shares Nākd's natural philosophy, but these snacks are also packed with protein. The nutritionally balanced energy bars and flapjacks help keep blood sugar levels stable and supply long-lasting energy. This makes Trek ideal for anyone wanting a handy energy boost during or after playing sport.

The bars are made from different kinds of fruit and gluten-free cereals with extra protein crunchies. The gluten free cereals in the flapjacks give a healthy boost. The snacks are available in ten different flavours, including Peanut Power, Cocoa Coconut and Morning Berry.



BEAR

BEAR offers an extensive range of healthy snacks and breakfast cereals. The snacks are made from pure fruit (not concentrate) and vegetables. The philosophy behind the brand is as simple as it is ambitious: making families happier and healthier with products that children enjoy and their parents can trust.

The innovative range of healthy snacks from BEAR includes Yoyos (fruit rolls), Paws (fruit snacks for toddlers) and Claws (shapes made of one third vegetables and two thirds fruit). BEAR only uses gently baked, freshly picked seasonal fruits. The products are free from added sugars, concentrate, preservatives and stabilizers.

BEAR Yoyos make it easier for parents to get their children to eat more fruit. Every Yoyos pack contains a set of cards to collect, to make it even more fun. BEAR Paws are the first ready-to-eat snack for toddlers made from pure fruit. This snack contains a fun element too: matching the shape with the correct animal encourages shape recognition.



Urban Fruit

With its modern product range, Urban Fruit has been offering a healthy, natural and tasty alternative to traditional snacks since 2010. The products are gently baked, natural pure fruit snacks. Urban Fruit wants to offer a solution to busy young adults who like eating fruit but in a handy way, on the go.

As Urban Fruit stands for pure nature, there are no added sugars, sulphites or fats. The brand also offers appealing snacks made from more unusual fruits such as strawberries or raspberries. There are a total of eight varieties. They are offered in snack packs to eat on the go as well as larger packaging formats.





Tel Aviv
(Israel)



2. LOTUS BAKERIES 2016: WE ARE CONSTANTLY PUSHING OUR BOUNDARIES

Our dream of conquering the world with Lotus Biscoff is gradually coming true. Sales of our Lotus Biscoff biscuits are growing strongly in the US and UK and Lotus Biscoff spread is winning over the Middle East in particular. But we are spreading our wings just as wide with the natural snacking segment. So last year strengthening was the buzzword. For our sales offices and support departments - not forgetting production of course.

01. AROUND THE WORLD WITH LOTUS BISCOFF

Besides our 16 own sales offices in Europe, the United States and Asia, we work closely with distributors in more than 40 export markets. These are local partners with their own strong business networks. All of these commercial partnerships are brought together in the International Distributors area.

Linking up with the right distributor is key to success in certain export markets. So we do not take any risks when adding new partners to our network. When exploring new markets and selecting and guiding distributors, we follow a tried and tested step-by-step plan, using set checklists, closely aligned with our global sales strategy.

International Distributors is dedicated to the internationalisation of Lotus Biscoff, for both biscuits and spread. The most important markets we approached in this way in 2016 are Saudi Arabia, Israel, Kuwait, Japan, the United Arab Emirates, Italy, Bahrain, Lebanon and Australia.

“Lotus Biscoff spread is breaking through as an ingredient in the Middle East”

Bart Bauwens

General Manager International Distributors

“The rise of Lotus Biscoff in the Middle East is one of the key trends of last year for International Distributors. Bahrain and Qatar were the rising stars among the emerging markets of 2016. Not only did we strengthen our position in the foodservice and out-of-home channels with Lotus Biscoff biscuits, we also successfully launched our Lotus Biscoff spread in the Middle East. Unlike many other countries where consumers enjoy Lotus Biscoff spread on bread, our spread is breaking through as an ingredient in the Middle East. The fact that all of our products are halal obviously contributes to the success of our product in Middle East.

Last year, we also made great strides in understanding our export markets better, so we can offer our distributors more targeted guidance. And we put considerable effort into strengthening and improving our network itself.

For instance, a new partnership led to a breakthrough in Japan, especially in the convenience stores segment. In Brazil, we managed to consolidate our position in the out-of-home channel by joining forces with the largest coffee chain in the country. What better way to introduce the biscuit with coffee to this major Latin American market?”



02. READY FOR FUTURE VOLUMES

Thanks to several major new contracts, both from our own sales offices and via International Distributors, we experienced very strong volume growth for Lotus Biscoff biscuits and spread in 2016. This continues the momentum of 2015.

Even greater volumes

For decades, we achieved steady growth for Lotus Biscoff in markets such as the US and the UK, but in the last few years sales have shot up. “Since its launch in the 80s, Lotus Biscoff has really caught on in the US as the airline cookie”, says Jean-Paul Van Hoydonck, production manager Lembeke. “When we recently tied up with another major airline, this suddenly gave demand for portion packs of Lotus Biscoff biscuits a serious boost. In the UK, we also managed to add an extra supermarket chain to our distribution portfolio.”

Expansion in hall two

The result: the factory in Lembeke, where all Lotus Biscoff for the whole world are manufactured, was finding it harder and harder to keep up. Extra production and packaging capacity was urgently needed. First of all, we investigated whether further expansion was possible on the existing production floor. There was an opportunity in the second hall, where there was enough room for an extra production line. Over the summer, this line was installed to produce portion packs of Lotus Biscoff.



Lotus Biscoff production team Lembeke

Third production hall under construction

“Thanks to this extra line in the second hall and round-the-clock production, we were able to move up a gear, but our capacity problem was still not totally eliminated”, continues the production manager. “So, just before the summer, we laid the first stone for a third production hall, which can house extra production lines for Lotus Biscoff. At this stage a first production line will be installed and since March 2017, the first Lotus Biscoff biscuits are rolling off its conveyor belt.”

Other investments

Besides Lotus Biscoff biscuits, the plant in Lembeke also houses the production of Lotus Biscoff spread. And sales of this product also enjoyed a boost last year, led by the Middle East, where they love the taste of Lotus Biscoff. Jean-Paul Van Hoydonck: “We’ve considerably strengthened

the machinery we have available for producing Lotus Biscoff spread. We’ve also invested in our margarine production, which already supplies our other sites. Extra storage capacity has been provided for this in the chiller hall.”

New facilities

“Naturally, all of this additional production capacity goes hand in hand with extra staff to keep the entire production and logistics chain on track”, assures Jean-Paul Van Hoydonck. “So we’re also working on new changing rooms, toilet facilities and a canteen for a total of eighty staff. The staff facilities are in addition to the production hall and will be ready by June 2017.”



On 3 June 2015, a major fire destroyed our waffle factory in Meise. In the subsequent months, it was decided not to rebuild the factory, but to centralise waffle production at our waffle and galette factory in Courcelles. Plant manager Courcelles Yves Boisdhengien:

“Thanks to the new production lines we’ve been able to more than double our capacity in Courcelles”

“We studied a variety of scenarios for making up production capacity at Meise: rebuilding the factory from scratch in the same location, a new factory on a nearby industrial estate or moving production to Courcelles. After a thorough evaluation, the third option was given the green light.

To make up the production volume at Meise, we started building extra lines in the spring of 2016. This led to the doubling of capacity at Courcelles.

Besides new production lines, the existing infrastructure was also given an update. For example, the automatic dosing systems for ingredients were replaced on all existing workstations. An extra flour silo was also installed and the storage capacity was temporarily expanded by clever interventions with storage space. There are also plans on the table to build additional storage space, for both raw materials and finished products.

Finally, we have been able to welcome lots of new colleagues to help keep production on track.”

Waffles production team Courcelles

03.

NATURAL SNACKING SPREADS ITS WINGS

All over the world, natural snacking is on the rise. For this reason, in 2015, Lotus Bakeries decided to invest in two innovative British companies: Natural Balance Foods and Urban Fresh Foods. The first offers fresh date and cashew nut bars under the Nākd and Trek brands and the second brings fruit snacks to the market. This is under the BEAR brand for kids, while Urban Fruit is aimed at adults.

The activities in the natural snacking segment are housed in a brand-new Natural Foods business unit. Natural Balance Foods' and Urban Fresh Foods' offices in the UK are responsible for the local commercialisation

of the brands and also determine the brand strategy. In addition two new sales offices were set up in 2016: one sales team focuses on the European market, and the other prepares for the launch of the brands in the United States in 2017. In countries where Lotus Bakeries has its own sales office, they can of course call upon the teams and the extensive local network. As with Lotus Biscoff, we rely on local commercial partners for countries in which Lotus Bakeries does not have its own sales offices. In the first instance, the focus lies on the internationalisation of Nākd and BEAR.

Nākd conquers the Netherlands

For Nākd, 2016 was the year in which it was introduced into the Dutch market. Business Unit Manager Natural Foods Europe Leon Broer:

"Retail in the Netherlands has a product range strongly geared to healthy food and snacks and believed in this new product category from day one. Together with a retail partner, we managed a large-scale rollout of seven different varieties of Nākd in store. In addition to a prominent presence in a variety of strategic locations in store – including the snack aisle itself, the till and separate displays – we also used online and offline promotions to familiarise consumers with the category.





Team Natural Foods Europe

The launch of Nākd in a variety of out-of-home channels – petrol stations, vending machines in school cafeterias and catering companies – was an important step in this direction. The results were impressive: in just one year we achieved a nice turnover in the Netherlands.”

Internationalisation of BEAR out of the starting blocks

In 2016, BEAR Yoyos experienced a huge increase in turnover globally compared with the previous year. The lion’s share of sales took place in their home country, the UK. There, BEAR rose to the number one spot for natural fruit-based snacks for kids in just seven years. The promotion with collection cards boosted sales there, as did back-to-school and Halloween campaigns.

But BEAR moved up a gear in terms of internationalisation as well. Paul Hunter, managing director Urban Fresh Foods: “We recorded our first sales results in Belgium and the Netherlands and the International Distributors area was off the blocks with launches in amongst others



Management team Urban Fresh Foods

**“The further internationalisation
of BEAR will also remain
our top priority for the next
few years”**

Paul Hunter

Managing director Urban Fresh Foods

Sweden, Ireland, the Middle East and Iceland. In Iceland, for instance, over five rolls per child were sold. BEAR isn't yet on the shelves in the US, but the Natural Foods United States team is hard at work preparing for the launch.

The further internationalisation of BEAR will also remain our top priority for the next few years.”

MAPPING OUR INTERNATIONAL PRESENCE

CANADA

New commercial partner for Lotus Biscoff, Lotus Biscoff spread and Annas.



UNITED STATES

As of 2016, the US is our largest market for Lotus Biscoff.

UNITED STATES, CHARLOTTE (NORTH CAROLINA)

To prepare for the launch of Nākd and BEAR in the US, we set up a Natural Foods sales office.

UNITED STATES, MEBANE (NORTH CAROLINA)

Announcement of the location of the first Lotus Biscoff manufacturing facility outside Belgium.



UNITED KINGDOM

Urban Fresh Foods becomes the number one branded dried fruit snacking manufacturer. Nākd becomes the number four in the category cereal bars & healthy biscuits.



BRAZIL

Largest Brazilian coffee chain now serves each of its 750,000 coffees a month with a Lotus Biscoff.



BENELUX

Brand new Natural Foods Europe team starts out with the launch of Nâkd.

BELGIUM

Construction of a third production hall for Lotus Biscoff and commissioning of an extra production line for Lotus Biscoff in Lembeke.

Centralization of the waffle production at the plant in Courcelles.

THE NETHERLANDS

Launch of Snelle Jelle Zero.



SWEDEN

Special edition Annas Ekologiska, a variety with organic ingredients.

CHINA

Launch of Lotus Biscoff on a Chinese airline.



FRANCE

Household penetration for Lotus Biscoff in France reaches the 20% mark for the first time.

JAPAN

Lotus Biscoff takes its place on the shelves of the second largest chain of convenience stores.

BAHREIN - QATAR

Emerging market for Lotus Biscoff and Lotus Biscoff spread.



THAILAND - MALAYSIA

Start of cooperation with a new commercial partner for Lotus Biscoff.

AUSTRALIA

Lotus Biscoff conquers the shelves of one of the largest Australian retailers.





3. ORGANIZATION

1. Group structure and day-to-day management

The Executive Committee ("EXCO") defines 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 organizations ("areas") in the different business units, supported by the various corporate departments.

Executive Committee 2016

Composition of the EXCO since 1 January 2016:

- Jan Boone, CEO
- Isabelle Maes, CFO
- Ignace Heyman, COO
- William Du Pré, Corporate Director Quality, Procurement and R&D Management

Business Units

Business Unit Biscuits & Bakeries

- Belgium
- Netherlands
- France
- Sales Offices Europe
- United States
- Sales Offices Asia
- International Distributors

Business Unit Natural Foods

- Natural Balance Foods
- Urban Fresh Foods
- Sales Offices Europe
- Sales Offices United States

Business Unit Customer Brand Business

Corporate Departments

Corporate Controlling / Treasury / Tax
R&D / Corporate Quality & Food Law
Corporate Procurement
Global Brand & Customer Development
Corporate HR
ICT (IT/SAP)
Legal, IP & Corporate Communication

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William Du Pré - Corporate Director Quality, Procurement and R&D Management

Ignace Heyman - COO

Jan Boone - CEO

Isabelle Maes - 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 CFO of 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. Since May 2014, Isabelle has fulfilled the role of CFO at Lotus Bakeries Group.

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).

In September 2017, **Mike Cuvelier** will take over as the new CFO and the EXCO will be expanded with the role of CEO Natural Foods. This new role will be fulfilled by Isabelle Maes. 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 June 2013 onwards Mike was CFO of the Unilin Group, part of Mohawk Industries.

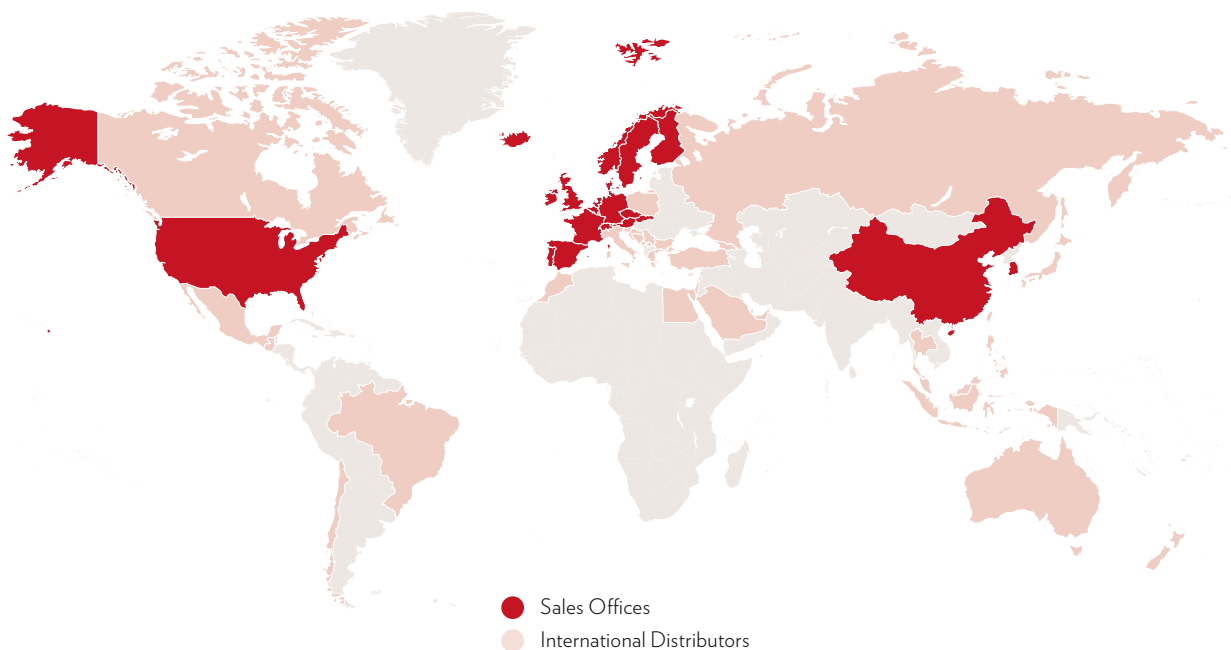
Together with the general managers from the various areas within the business units, the EXCO members form the Group Management Team ("GMT"). Each area implements the Lotus Bakeries strategy according to a clearly defined business model. The corporate departments advise and support the Lotus Bakeries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

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The former presbytery in Lembeke has been fully renovated and incorporated into a modern office complex accommodating Lotus Bakeries headquarters.

2. Sales structure

Lotus Bakeries has a total of sixteen Sales Offices in Belgium (3), France, the Netherlands, the UK (3), Spain, Germany, Sweden, Switzerland, the Czech Republic, the US, China and South Korea.



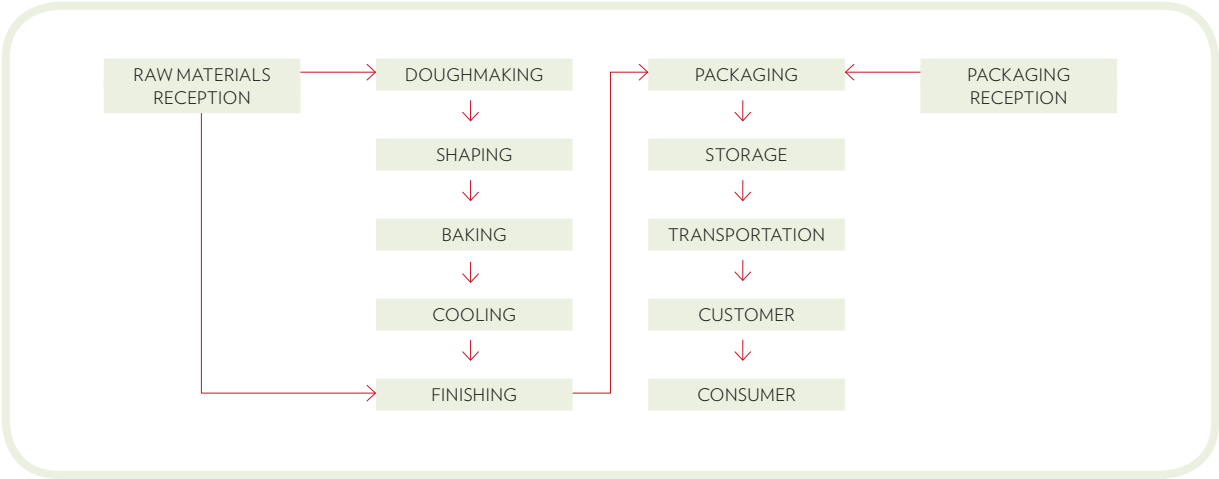
In about 40 other countries, we work closely with commercial partners. These partnerships are combined in a separate area: International Distributors. The main countries in this area are Japan, Israel, Saudi Arabia, Italy, Kuwait, Australia, United Arab Emirates, Bahrain and Lebanon.

The business unit 'Natural Foods' combines all of Lotus Bakeries' activities in the natural snacking segment. This business unit covers the Natural Balance Foods and Urban Fresh Foods teams as well as the new Natural Foods sales teams for Europe and the United States, which were established in 2016.

3. Production sites

Production for the traditional specialities takes place at various Lotus Bakeries 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 centralize production processes in specialized plants.

Lotus Bakeries has a total of ten production sites. They are spread across Belgium, France, the Netherlands and Sweden. We also have our own distribution centre in Lokeren (Belgium). Each production site focuses on a specific product or product category. Since September 2015, Lotus Bakeries has borne the CO₂-Neutral Label.



Belgium

Lembeke	Lotus Biscoff, Lotus Biscoff spread and Lotus Dinosaurus
Courcelles	Lotus Suzy waffles, soft waffles and galettes
Oostakker	Lotus cake specialties
Eeklo	Caramelized biscuits, caramelized biscuits spread
Lokeren	Distribution centre

France

Briec-de-L'Odét	Breton butter specialties
Comines	Lotus cake specialties and filled waffles

After the devastating fire in our factory in Meise (Belgium) on 3 June 2015, we invested in new production lines at our waffle factory in Courcelles (Belgium). The new production lines have been operational since the end of 2016.

In July 2016, an extra production line came into service at our factory in Lembeke (Belgium) for production of portion packs of Lotus Biscoff biscuits. By the second half of 2016, construction of the third production hall for Lotus Biscoff was well underway, in which extra production lines will be installed. A first production line has become operational in March 2017.

In September 2016, Lotus Bakeries announced the location for the construction of the first Lotus Biscoff manufacturing facility outside Belgium, in Mebane, North Carolina (USA). Work started in 2017 and the first Lotus Biscoff cookies should roll off the conveyor belt at the start of 2019.

The Netherlands

Enkhuizen	Enkhuizer biscuits and cake specialties
Geldrop	Peijnenburg gingerbread
Sintjohannesga	Peijnenburg gingerbread, Snelle Jelle gingerbread

Zweden

Tyresö	Annas pepparkakor biscuits
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4. Personnel

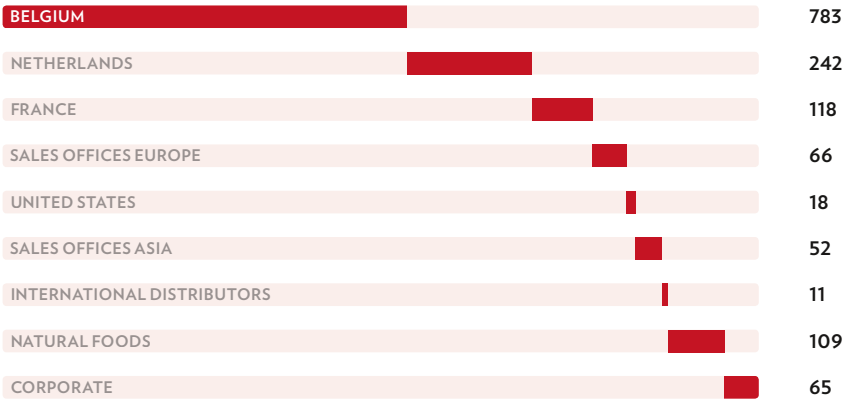
Evolution



The proportion of men and women



Number of employees per area



REPORT OF THE BOARD OF DIRECTORS



Guatemala City
(Guatemala)





1. ACTIVITIES IN 2016

1.1 Market situation and sales results in 2016

General evolution of turnover

2016 was a historic year for Lotus Bakeries Group in which our turnover exceeded half a billion EUR for the first time. Turnover increased by 23% to EUR 507 million. The organic growth is due almost entirely to continuing international growth of Lotus Biscoff and Lotus Biscoff spread plus the contribution of Natural Foods. It amounts to EUR 54 million or 11,6%⁽¹⁾.

As of this year, the United States is Lotus Bakeries' largest market for **Lotus Biscoff** (the word Biscoff is a contraction of 'Biscuit with Coffee'). Lotus Biscoff has been sold in the United States for almost 30 years. The biscuit has grown from the out-of-home channel, where it was mainly offered during domestic flights in the United States. For about a decade, Lotus Biscoff has been available in most supermarket chains, where the product has also experienced very strong growth. Lotus Biscoff has also managed to win over more and more people in the Middle East, Europe and Asia. Globally, around 6.2 billion Lotus Biscoff biscuits were consumed this year.

Lotus Biscoff spread has also grown very strongly in Europe and experienced exponential growth in the Middle East. Lotus Biscoff is a popular flavour in that region and Lotus Biscoff spread is used in many ways, including on bread, as a topping or in desserts.

In the **gingerbread** category, Peijnenburg's market share remains stable, thanks to the launch of Peijnenburg Zero, a no added sugar version that is on trend and very popular with consumers.

In the home markets, Lotus **waffles and pastries** remains a very important category which has experienced slight growth.

As of last year, Lotus Bakeries is also active in the **natural snacking** market with the four brands Năkd, Trek, BEAR and Urban Fruit. These Natural Foods brands have continued to grow strongly in 2016, making a significant contribution to Lotus Bakeries' organic growth.

Since nearly 20% of the turnover is generated in the United Kingdom, the weakening of the pound sterling in the second half of the year had a significant impact on Lotus Bakeries' turnover.

Evolution of turnover

(in millions of EUR)

2016	507.2
2015	411.6
2014	347.9
2013	332.3
2012	288.5

(1) Organic growth including exchange rate effects amounts to 8.8%.

1.2 Main projects and investments

In 2016, Lotus Bakeries mainly invested in the expansion of capacity. Investments totalled EUR 37.5 million. 2017 will also be a year of significant investment, both in additional capacity and in efficiency improvements.

Here is an overview of the main projects:

1.2.1 Expansion of Lotus Biscoff factory in Lembeke

An extra production line was installed in July 2016 capable of producing portion packs of Lotus Biscoff. The construction of the third production hall is well underway, with an extra production line already being installed, which is operational since March 2017.

1.2.2 New Lotus Biscoff factory in the United States

At the end of 2015, it was decided to build a Lotus Biscoff factory in the United States. An improved ecological footprint and shorter delivery times, meaning even fresher products for end-consumers, are the key factors underlying this strategic decision.

For the first time, Lotus Biscoff will be made on a different continent, a major and strategic step for Lotus Bakeries.

Following in-depth studies of various locations, it was decided to build the factory in Mebane, North Carolina (United States). According to the current schedule, construction is set to start in 2017 and will last just under two years.

1.2.3 Waffle production at Courcelles

On 3 June 2015, the waffle factory at Meise was totally destroyed by a major fire. By investing in two new production lines at Courcelles the entire waffle and galette production in Belgium could be housed in a single factory. The new lines have been operational since the end of 2016.

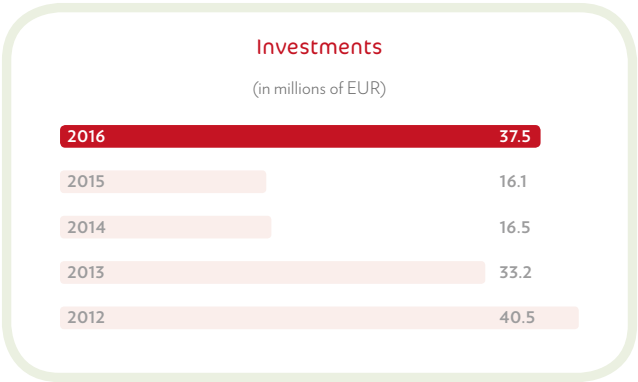
In October 2015, a social plan was agreed with the former employees of the factory at Meise.

Following constructive meetings with the insurance companies, an agreement was reached in October 2016 regarding the compensation for the loss suffered as a result of the fire.

1.2.4 Other investments

Besides investing in the expansion of capacity, we continue to invest in initiatives to increase the operational efficiency of the factories. For example, a new oven and a new line for Lotus Zebra have been installed in the cake factory at Oostakker. Further automation has also taken place in the gingerbread factory at Sintjohannesga (Netherlands).

Creating an optimal working environment for our employees is crucial. New offices have been opened for the Lotus teams in France and South Korea, as well as for the new Natural Foods colleagues in London, Oxford and Geldrop.



2. FINANCIAL INFORMATION

2.1 Profitability and evolution of costs

The recurrent operating result (EUR 83.9 million) and recurrent operating cash flow (EUR 101.6 million) increased by almost EUR 20 million compared to the previous year.

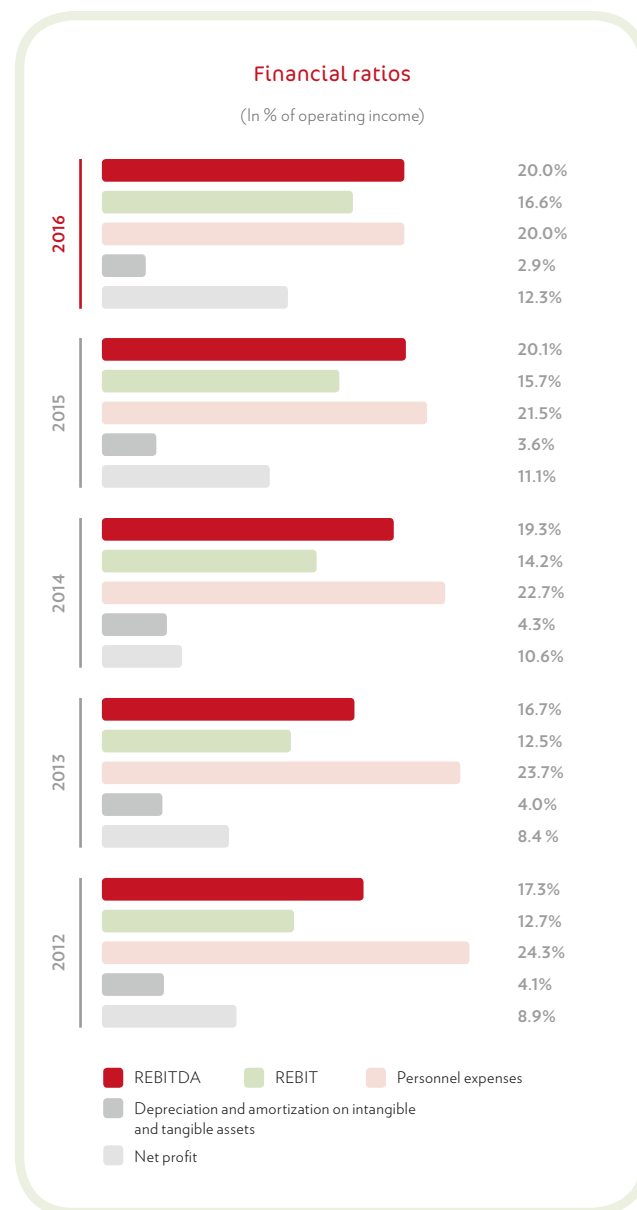
The increase in the operating result is due to strong growth in turnover for Lotus Biscoff, Lotus Biscoff spread and natural snacks. This has also led to more efficient use of the available production capacity.

A strong presence in the out-of-home segment, major emphasis on promotional activities at the point of sale and investment in media campaigns for our key products remain the three basic pillars of growth, on which the company continued to focus in 2016.

We are also convinced that people make the difference, and continue to build strong teams which pass on and implement Lotus Bakeries' strategy thoroughly and consistently.

The non-recurrent operating result amounts to EUR 4.5 million and mainly relates to the compensation received for the Meise waffle factory, which was destroyed by a major fire in June 2015. Most of the costs for this occurred in 2015. The non-recurrent result also encompasses restructuring costs and the amortization of the Wieger Ketellapper brand.

The financial result of EUR -2.7 million is largely made up of interest expenses.



The tax expense is EUR 23.3 million or 27.2% of the profit before tax. This is in line with the tax burden in 2015.

The net result increases by EUR 16.8 million (+36.9%) compared with 2015 to stand at EUR 62.5 million. The net result is increasing proportionately stronger than the recurrent operating result in view of the significant non-recurrent income.

The Lotus Bakeries policy of passing on changes in raw materials and packaging prices and other cost elements, in combination with production efficiencies, will be consistently continued.

2.2 Principal risks and uncertainties

The text below describes the business risks as assessed by the Executive Committee of Lotus Bakeries. The Lotus Bakeries Group's greatest market risks are fluctuations in raw material and packaging prices, and exchange rates.

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

Purchasing takes place predominantly in euros. On the sales side too, a very significant portion of the turnover is invoiced in euros. The main foreign currency transactions related to buying and selling are in USD, GBP, CHF, SEK, CNY and KRW. Lotus Bakeries Group seeks to net out as far as possible its purchases and sales in foreign currencies, 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 "translation risk". However, the Group does try to limit this exposure by financing the activities of Lotus Bakeries companies in their functional currency where possible.

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 kEUR 1,546. 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 1,709.

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)
USD	(597)	660
GBP	(520)	575
CNY	(192)	212
Other	(237)	262
Total	(1,546)	1,709

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.

As part of managing its interest rate risks, where necessary, the Group enters into interest rate agreements to convert a variable rate into a fixed rate. As of 31 December 2016, the majority of financial interest-bearing liabilities (kEUR 115,000) were hedged at a variable rate under such agreements.

A change in the Euribor rate by ten basis points in 2016 would have had an impact on interest expenses amounting to approximately kEUR 91.

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. The average number of days’ customer credit is relatively limited. 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 connection with the acquisition of Natural Balance Foods Ltd in 2015, put options were granted to third parties with respect to the remaining non-controlling interests, where these put options give holders the right to sell part or the whole of their investment in this subsidiary. A financial liability is shown on the consolidated balance sheet for this, which could potentially result in a larger cash outlay if the acquired entity performs better than forecast in the long-term business plan. Further details are given in note 21 in part 2 of the 2016 annual review.

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	2016	2015	2014	2013	2012
Days customer credit	37	45	41	40	38
Solvency ratio (%)	45.3	38.1	59.5	51.3	53.7
Net financial debts / Rebitda*	0.93	1.83	0.30	0.88	0.48
Net profitability of equity (%)	25.1	21.0	18.3	16.3	17.7

(*) REBITDA normalized 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.

The necessary product liability insurance has been subscribed within reasonable limits.

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 benefit pension plan 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 early retirement ('bridge') pensions (Belgium) and pension obligations resulting from legal requirements (France). 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 does not only employ 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. According to the calculation method of the IWT, Lotus Bakeries invests more than twice the average of the food sector into R&D.

The continuous flow of ideas into the innovation funnel is managed efficiently by R&D.

2.4.2 Sustainability

The 'Care for Today - Respect for Tomorrow' programme represents in a clear way how Lotus Bakeries is handling sustainability. This programme has been widely communicated to all employees and the Board of Directors. At the end of 2014, Lotus Bakeries began testing this programme with all its stakeholders in accordance with the Global Reporting Initiative (GRI), version GRI-G4. You can read the result about the progress so far in the chapter 'Care for Today - Respect for Tomorrow'

2.5 Significant facts after 31 December 2016

No significant events have occurred after 31 December 2016.

3. PROSPECTS FOR 2017

2016 was a historic year for Lotus Bakeries in which turnover for the first time exceeded half a billion EUR (EUR 507 million) and recurrent operating cash flow surpassed EUR 100 million (EUR 102 million). The 23% growth was due to very strong international growth of Lotus Biscoff and Lotus Biscoff spread, and the growth of natural snacking.

In 2016, the first steps were also taken towards further internationalization of natural snacks under the Nākd and BEAR brands. Nākd was successfully launched in the Netherlands. Investment was also made in a team ready to roll out BEAR, in addition to Nākd, in the Netherlands in 2017, and to introduce these brands to Belgium, Germany and the United States.

2016 was also a year of very heavy investment in expanding production capacity. In 2017 the Lotus Biscoff factory in Lembeke will be further expanding and construction works will be started for a Lotus Biscoff factory in the United States. Work is on schedule, so that the first Lotus Biscoff should roll off the production line at the beginning of 2019. As far as waffles are concerned, all production in Belgium is now centralized in one single factory.

The first half of the year saw unprecedentedly strong growth for Lotus Biscoff and Lotus Biscoff spread in the Middle East and the United States. Turnover also grew strongly in the United Kingdom, for both Lotus Biscoff and natural snacking. Lotus Bakeries also achieved strong organic growth in the second half of the year. However, the weaker pound sterling following the Brexit referendum result is having a significant impact on the consolidated turnover.

Following a year of record growth in absolute terms, the aim is to consolidate this turnover in 2017. A challenging ambition, bearing in mind the negative impact of the weaker pound sterling. This impact is expected to be greatest in the first half of 2017.

The Management and the Board of Directors of Lotus Bakeries are convinced that the current strategy is the right way to continue to grow in the long term, in a sustainable and profitable manner.

4. RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

Consolidated

The consolidated net profit for 2016 amounted to EUR 62.5 million as compared to EUR 45.6 million last year.

Statutory

The results for 2016 for the parent company Lotus Bakeries NV are as follows:

IN EUR	
Profit for the financial year	18,689,724.41
Transfer from untaxed reserves	-
Transfer to untaxed reserves	-
Profit for the year available for appropriation	18,689,724.41

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

IN EUR	
Allocation to legal reserves	286.00
Allocation to other reserves	5,248,053.81
Distribution of a gross dividend ⁽¹⁾	13,191,384.60
Distribution of emoluments to directors	250,000.00
TOTAL	18,689,724.41

(1) The dividends on the purchased Lotus Bakeries shares will be paid to Lotus Bakeries NV and, as a consequence, will not be suspended.

In line with legal requirements, the balance sheet presented for the approval of the shareholders has been drawn up based on this distribution.

If the Ordinary General Meeting of Shareholders of 12 May 2017 accepts the Board of Directors' proposal to distribute a gross dividend of EUR 16.20 per share, this gross dividend per share - after deducting a withholding tax of 30% - will be payable as from 22 May 2017 on surrender of coupon no. 29 at Degroof - Petercam, BNP Paribas Fortis, Belfius, ING Bank and KBC Bank.

Gross dividend

(in EUR)

2016	16.20
2015	14.20
2014	12.40
2013	10.80
2012	9.80

5. CORPORATE GOVERNANCE DECLARATION

Lotus Bakeries has adopted a Corporate Governance Charter under which we commit to apply the principles of the Corporate Governance Code of 12 March 2009 and to respect the associated legal norms and regulations. The charter outlines our corporate governance policy and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee. It can be consulted on our website (www.lotusbakeries.com).

Based on the relevant legislation or developments in corporate governance policy, we adapt the charter as necessary or advisable. In this annual review, we report actual changes to the Corporate Governance Charter. There are no deviations from the provisions of the Corporate Governance Code.

5.1 Share capital

5.1.1 Capital

As a result of the exercise of warrants the share capital of Lotus Bakeries NV was increased on 4 April 2016 by EUR 1,980.00 from EUR 3,572,923.65 to EUR 3,574,903.65. This was followed by another increase on 5 October 2016: by EUR 880.00. This brought the share capital to EUR 3,575,783.65.

5.1.2 Shares

Through the exercise of warrants and subsequent capital increases, new shares of Lotus Bakeries NV were issued: 450 on 4 April 2016 and 200 on 5 October 2016. As a result, the total number of shares of Lotus Bakeries increased from 811,863 to 812,313 and subsequently to 812,513.

As of 31 December 2016, there were 812,513 shares of Lotus Bakeries NV, in registered or dematerialised form.

5.1.3 Share options

In the context of the Lotus Bakeries share option scheme, 2,751 share options were issued in 2016. Per 31 December 2016 the total number of unexercised share options was 17,187.

YEAR OF ISSUE OF THE OPTIONS	NUMBER OF ALLOCATED OPTIONS ⁽¹⁾	NUMBER OF OPTIONS EXERCISED ⁽²⁾	TOTAL OF AVAILABLE OPTIONS
2007	11,950	11,350	600
2010	2,400	2,400	-
2011	1,300	1,300	-
2012	5,109	4,325	784
2013	4,058	-	4,058
2014	5,561	-	5,561
2015	3,473	-	3,473
2016	2,711	-	2,711

(1) Cumulative number allocated minus cumulative number lapsed.

(2) Cumulative number exercised.

5.1.4 Warrants

The key conditions of the warrant plan set out in 2007, the exercise conditions and the key consequences of the abolition of the pre-emptive right for shareholders are set out in note 24 of the financial appendix.

5.1.5 Purchase of treasury shares

The Extraordinary General Meeting of 9 May 2014 authorized the Board of Directors of Lotus Bakeries NV for 5 years (i) to acquire the shares or profit certificates of the company in an amount of up to 20 percent of the issued capital under the conditions stipulated by the Companies Code, with as compensation the average closing share price of the company over the last 30 calendar days prior to the date of purchase, reduced by 20 per cent as a minimum price and increased by 10 percent as a maximum price; this authorization also applying to the acquisition of shares and profit certificates of the company by one of its directly controlled subsidiaries under Article 627 of the Companies Code, and (ii) to dispose of any shares or profit certificates of the company, regardless of when and on what basis they were acquired, if this divestment either forms part of a stock option plan approved by the Board of Directors of the Company, subject to payment of the agreed option price, or takes place against compensation that is higher than the average closing share price of the company over the last 30 calendar days prior to the date of sale reduced by 20 percent and lower than this average increased by 20 percent.

In 2016 no treasury shares were purchased. The total number of purchased treasury shares in the portfolio at the end of the financial year is 17,630. They represent an accounting par value of EUR 77,572 or 2.17% of the issued capital.

All stock market transactions were executed in accordance with the various mandates granted by the Extraordinary General Meeting of Shareholders to the Board of Directors.

5.2 Shareholders and shareholders structure

The shareholding structure of Lotus Bakeries NV on 31 December 2016:

	NO. OF VOTING RIGHTS	% OF VOTING RIGHTS
Stichting Administratiekantoor van Aandelen Lotus Bakeries ⁽¹⁾	455,323	56.04%
Lotus Bakeries NV ⁽²⁾	17,630	2.17%
Total held by Stichting Administratiekantoor van Aandelen Lotus Bakeries	472,953	58.21%
Holding Biloba BVBA ⁽³⁾	27,000	3.32%
Christavest Comm.VA ⁽⁴⁾	20,298	2.50%
Publicly held	292,262	35.97%
Total	812,513	100.00%

(1) 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* and in the notification to Lotus Bakeries NV of the certification of Lotus Bakeries shares in July 2014.

(2) 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.

(3) Holding Biloba BVBA is not controlled. The interest of Holding Biloba BVBA in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 3 July 2014*.

(4) Christavest Comm.VA is 82.82% controlled by Holding Biloba BVBA, which in turn has no controlling shareholder. Mr. Stanislas Boone and Mrs. Christiane De Nie are the statutory business managers of Christavest Comm.VA. The interest of Christavest Comm.VA in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 3 July 2014*.

(*) Pursuant to article 6 of the Law of 2 May 2007 on disclosure of major holdings.

Communication according to article 74§7 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 as of 13 May 2016:

Chairman:

Vasticom BVBA, represented by its permanent representative Jan Vander Stichele

Managing director:

Mercur Consult BVBA, represented by its permanent representative Jan Boone

Non-executive directors:

- o PMF NV, represented by its permanent representative Johan Boone
 - o Anton Stevens
 - o Beneconsult BVBA, represented by its permanent representative Benedikte Boone
 - o Concellent NV, represented by its permanent representative Sofie Boone
-

Independent directors:

- o Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde
 - o Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich
 - o Dominique Leroy
 - o Sabine Sagaert BVBA, represented by its permanent representative Sabine Sagaert
-

Jan Vander Stichele Chairman of the Board of Directors

- Master's degree in Civil Engineering (KU Leuven) and Candidate degree in Applied 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 and between May 2011 and May 2016, managing director
 - Chairman of the Board of Directors at Team Industries and Fevia Vlaanderen/Flanders' Food
 - Member of the Committee of Directors at Voka
-

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 and director at Club Brugge

Johan Boone Non-executive director

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

Anton Stevens Non-executive director

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

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 BVBA, Holve NV and Harpis NV) and also director at Deceuninck NV
- Member of the Board of Directors at Lotus Bakeries since 2012

Sofie Boone Non-executive director

- Master's degree in Pharmaceutical Sciences (KU Leuven), post-graduate degree in Business Economics (Vlekho) and Business Management for pharmacists (Vlerick)
 - Between 1996 and 2001 deputy pharmacist and titular pharmacist at different pharmacies. Since 1999, also active as volunteer as departmental pharmacist at the Red Cross Tervuren
 - Since 2002, owner and titular pharmacist of pharmacy Boone in Tervuren
 - Member of the Board of Directors at Lotus Bakeries since 2016
-

Herman Van de Velde Independent director

- Master's degree in Applied Economics (KU Leuven) and post-graduate degree in Business Management (UFSIA)
 - Chairman of Van de Velde NV
 - Since 2005, member of the Board of Directors at Lotus Bakeries
 - Director at Top Form International (Hong Kong), the Arteveldehogeschool and Flanders Synergy
 - Commissioner at Brabantia in the Netherlands
 - Chairman of Ondernemersplatform Etion and Vlajo (Jonge Vlaamse Ondernemingen)
-

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 Ernst & Young. Currently he is a managing partner at Bencis Capital Partners
- Different mandates at a.o. Van de Velde
- Member of the Board of Directors at Lotus Bakeries since 2009

Dominique Leroy Independent director

- Master's degree in Commercial Engineering (Solvay Business School)
 - She has a 24-year career with Unilever, beginning in finance and followed by various sales and marketing functions. In 2007 she became Managing Director of Unilever BeLux and was also member of the Unilever Benelux Board
 - Since 2011, working at Proximus (former Belgacom), initially as Vice President Sales for the consumer division. As of 2012 Executive Vice President of the Consumer Business Unit and since January 2014, managing director of Proximus Group and president of the Executive Committee
 - President of the Board of Directors of BICS, Be-Mobile and the International Advisory Board of Solvay Brussels School of Economics & Management
 - Member of the Supervisory Board of Directors of Koninklijke Ahold Delhaize NV
 - Member of the Board of Directors at Lotus Bakeries since 2009
-

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 logistics and commercial positions in the Benelux at CBR cement companies. Thereafter she held various positions at AB InBev, most recently as Business Unit President Belux. Subsequently, she led the Dental Division at Arseus
- Since 2 years President, Global Managing Director Malt Business at Cargill
- Director at Miko and vzw Spullenhulp
- Member of the Board of Directors at Lotus Bakeries since 2011

Since May of the 2016 financial year, the Board of Directors has been composed of the above directors. For the composition of the Board of Directors in the first four months of 2016, please refer to the annual review of the 2015 financial year. With this composition, Lotus Bakeries meets the requirement that at least one third of directors be of a different gender than that of the other members. The aforementioned obligation is contained in Art. 518bis, §1 of the Companies Code.

The abovementioned independent directors fulfil the independence criteria of Article 526-ter of the Companies Code.

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.

5.3.1.2 Activities of the Board of Directors

The Board of Directors met six times in 2016. All directors were present at all meetings, except for Dominique Leroy and Sabine Sagaert BVBA, represented by its permanent representative Sabine Sagaert, both of whom were not present at one meeting of the Board of Directors. Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde did not attend two meetings of the Board of Directors.

The subjects dealt with at the meetings were:

- recent sales and financial results
- results at 30/06 and 31/12 and proposed press release
- results at 29/02 and 30/09
- investment budget and global budget
- clarification of the year action plans of the different countries
- appointment of the chairman of the Board of Directors
- insurance claim for Meise fire
- marketing strategy blueprint and implementation
- Natural Foods sales office in Benelux

- expansion of Lembeke factory
- review of prices of raw materials and packaging
- presentation Lotus Bakeries Germany
- product developments and innovations
- reports and recommendations from Committees
- evaluation of Board of Directors
- agenda for Annual General Shareholders meeting

An induction training programme is provided for new directors and for the Committees.

In the course of 2016, there were no incidences within the Board of Directors which led to the application of the conflict of interest procedure as set out in Article 523 of the Companies Code.

All transactions involving shares of Lotus Bakeries NV carried out in 2016 by persons considered as insiders and by persons with executive responsibility were undertaken in accordance with the internal rules of Lotus Bakeries for the prevention of market abuse.

5.3.2 Audit Committee

The Audit Committee consists of two independent directors and one non-executive director. The two independent directors are Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich (Chairman) and Dominique Leroy. Till May 2016, the non-executive director was Beukenlaan NV, represented by its permanent representative Matthieu Boone and since May 2016 Vasticom BVBA, represented by its permanent representative Jan Vander Stichele. All members have accounting and audit experience.

The Audit Committee met three times in 2016 and all members were present at all meetings, except Dominique Leroy, who did not attend one meeting. The Auditor participated in all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- non-audit services and independence requirements of the Statutory Auditor
- risk management
- discussion of report and internal controls / recommendations of the Statutory Auditor
- reappointment of the Statutory Auditor
- discussion of annual and interim results.

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 Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde (Chairman) and Benoit Graulich BVBA represented by its permanent representative Benoit Graulich. Till May 2016, the non-executive director was Beukenlaan NV, represented by its permanent representative Matthieu Boone and since May 2016 Vasticom BVBA, represented by its permanent representative Jan Vander Stichele. All members have both HR management and remuneration policy experience.

The Committee met twice in 2016, with all members present

The subjects examined were:

- remuneration Executive Committee
- remuneration policy and its application
- results of external salaries measurement
- changes in the composition and appointment of new members of the 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 optimize 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 Nominations 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

As of 1 January 2016, the Executive Committee consists out of the following members:

- Jan Boone, permanent representative of Mercuur Consult BVBA, CEO
- Isabelle Maes, permanent representative of Valseba BVBA, CFO
- Ignace Heyman, COO
- Willam Du Pré, Corporate Director Quality, Procurement and R&D Management.

In September 2017, Mike Cuvelier will take over as the new CFO and the EXCO will be expanded with the role of CEO Natural Foods. This new role will be fulfilled by Isabelle Maes.

The Executive Committee met twenty-seven times in 2016. All members were present at all meetings.

5.5 Remuneration report

5.5.1 Introduction

The purpose of the 2016 remuneration report is to provide transparent information about the specific remuneration policy adopted by Lotus Bakeries for directors and executive managers.

The remuneration report below will be submitted to the General Meeting of 12 May 2017 for approval. The works council has been informed in accordance with the provisions of the Act. The report has also been reviewed by the Auditor.

5.5.2 Procedure for defining remuneration policy and remuneration

5.5.2.1 Directors

The Remuneration and Nomination Committee set up by the Board of Directors makes specific recommendations to the Board of Directors with regard to remuneration policy and its application to executive and non-executive directors.

The current remuneration policy for directors was approved by the General Meeting of 13 May 2011, based on a proposal by the Board of Directors, on the advice of the Remuneration and Nomination Committee.

Directors' remuneration is benchmarked every two years against a relevant sample of other listed companies to enable Lotus Bakeries to attract directors with appropriate competences according to its ambitions.

5.5.2.2 Executive managers

For the purpose of determining who falls into the category of 'executive managers' according to the Act of 6 April 2010 to strengthen corporate governance, Lotus Bakeries considers the members of its Executive Committee as falling into this category. The Executive Committee is responsible for the management of the company.

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.

5.5.2.3 Senior managers

Remuneration policy for senior managers ('kaderleden') is set by the Executive Committee. This is then approved by the Remuneration and Nomination Committee.

5.5.3 Statement on remuneration policy applied in 2016

5.5.3.1 Non-executive and executive directors

Policy criteria

The non-executive directors receive a remuneration as indicated in the table on the opposite page, with no performance-based remuneration such as bonuses, stock-related long-term incentive schemes, fringe benefits or pension plan-related benefits.

Neither Lotus Bakeries nor its subsidiaries provide any personal loans, guarantees or the like to other members of the Board of Directors.

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.

Lotus Bakeries aims at a competitive remuneration, based on a comparison of directors' remuneration in companies that are comparable in terms of size, complexity and international activity.

Directors' remuneration is benchmarked every two years against a relevant selection of listed companies, to enable Lotus Bakeries to attract directors with appropriate competences according to its ambitions.

Remuneration

Members of the Board of Directors each receive EUR 20,000 a year. The Chairman receives EUR 40,000 a year. Each member of the Audit and Remuneration and Nomination Committee receives a fee of EUR 5,000 a year. No other compensation is provided to non-executive directors, such as performance bonuses in cash, shares or options. The table on the opposite page shows the remuneration awarded for 2016 to each member of the Board of Directors.

NAME	BORD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE	TOTAL REMUNERATION 2016
Vasticom BVBA, represented by its permanent representative Jan Vander Stichele	Chairman	Member	Member	50,000 EUR
Mercur Consult BVBA, represented by its permanent representative	Managing director	-	-	20,000 EUR
PMF NV, represented by its permanent representative Johan Boone	Non-executive	-	-	20,000 EUR
Anton Stevens	Non-executive	-	-	20,000 EUR
Beneconsult BVBA, represented by its permanent representative	Non-executive	-	-	20,000 EUR
Concellent NV, represented by its permanent representative Sofie Boone	Non-executive	-	-	20,000 EUR
Herman Van de Velde NV, represented by its permanent Herman Van de Velde	Independent director	-	Chairman	25,000 EUR
Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich	Independent director	Chairman	Member	30,000 EUR
Dominique Leroy	Independent director	Member	-	25,000 EUR
Sabine Sagaert BVBA, represented by its permanent representative Sabine Sagaert	Independent director	-	-	20,000 EUR

The Chairman of the Board of Directors shall be provided with the necessary material resources to perform his task properly.

The Chairman receives an additional compensation of EUR 100,000 for representing the company with respect to interest groups.

5.5.3.2 Executive managers

Policy criteria

The Remuneration and Nomination Committee makes specific recommendations to the Board of Directors on the remuneration of the members of the Executive Committee.

The level and structure of the remuneration of the Executive Committee must be such as to attract, retain and continually motivate qualified and skilled managers, taking into account the nature and scope of their individual responsibilities. To this end, a survey is carried out every two years of the remuneration of managers in Belgium in order to facilitate an external comparison of key functions.

In order to ensure an internal logic between remuneration levels, in defining the remuneration for executive managers for each function, account is taken of the way the function is fulfilled at Lotus Bakeries.

In addition to their fixed remuneration, there is a variable compensation. For executive managers, this depends on the results of Lotus Bakeries, based on well-defined criteria with a one year evaluation period and evaluation periods of two and three years.

The evaluation criteria used to determine the variable compensation in 2016 are the main performance indicators based on the objectives for 2016. The evaluation period for this is one year.

Already since the financial year 2011, a long-term incentive plan is in place for Executive Managers with objectives set over 2 and 3-year periods. The criteria used are the objectives of the strategic plan of the Lotus Bakeries Group.

There is an additional pension plan, on the basis of a predetermined contribution. The plan is placed with an insurance company.

There also exists a stock option plan with a fixed number of options for the members of the Executive Committee.

In principle shares which have been allotted or other forms of deferred compensation are not deemed to be acquired, and options may not be exercised during the first three and a half year after being allocated.

The Board of Directors does not plan any changes in the existing remuneration policy in the coming years.

Recovery provisions

The bonus plan for executive management provides that the bonus is earned only after approval of the consolidated figures by the Auditor and then by the Remuneration and Nomination Committee.

5.5.4 Evaluation criteria for the performance-based remuneration of executive managers

The objectives for 2016 were presented to the Remuneration and Nomination Committee. The evaluation criteria used to determine the variable compensation in 2016 are the main performance indicators based on the objectives for 2016. The evaluation period is one year. The bonus plan for executive management provides that the bonus is earned only after approval of the consolidated figures by the Auditor and then by the Remuneration and Nomination Committee.

In 2014, objectives for 2015 and 2016 were presented to the Remuneration and Nomination Committee for determining the long-term remuneration. The main performance indicators are taken from the strategic plan of the Lotus Bakeries Group. The evaluation periods are two and three years. In 2016, bonuses were paid as part of the long-term remuneration policy.

5.5.5 CEO's remuneration in 2016

The CEO is paid on a self-employed basis and via a number of directorships. The remunerations mentioned are expressed as cost for the company.

The cost of the fixed basic salary in 2016 amounts to EUR 739,994. The variable portion based on the 2016 targets amounts to EUR 414,092 and will be paid in 2017. The contributions to the pension scheme amount

to EUR 114,547. Other components of the remuneration amount to EUR 32,268. There is no recovery provision. Evaluation of the performance is based on the audited results.

5.5.6 Remuneration of executive managers in 2016 (excluding CEO)

In 2016, two members of the EXCO were paid on a self-employed basis and via directorships and one member through an employment contract. In the case of pay through an employment contract, the amounts given do not include social insurance contributions and in the case of pay on a self-employed basis, the full cost is given.

The remuneration for all executive managers together on a full year's basis, are the following for 2016.

The fixed annual salary in 2016 amounts to EUR 1,073,859. The variable portion based on the 2016 targets amounts to EUR 485,877 and will be paid in 2017. The contributions to the pension scheme amount to EUR 163,342. Other components of the remuneration amount to EUR 37,015. There is no recovery provision. Evaluation of the performance is based on the audited results.

5.5.7 Arrangements for the Executive Committee as a whole

The pension plan is based on defined contributions as a function of the annual base salary. The other compensation relates primarily to insured benefits such as guaranteed income and the cost of a company car. A share option plan also exists.

5.5.8 Share-based compensation

5.5.8.1 Allocations in 2016

In 2016, share options relating to the book year 2015 were granted to members of the former Executive Committee.

NAME	OF ALLOCATION	AOF OPTIONS	EXERCISE PRICE
Jan Boone	2016	366	1,702.49 EUR
Jan Vander Stichele	2016	366	1,702.49 EUR
Isabelle Maes	2016	183	1,702.49 EUR
John Van de Par	2016	183	1,702.49 EUR

5.5.8.2 Exercise of stock options and/or warrants in 2016

The members of the Executive Committee have exercised the following share options or warrants in 2016:

DATE	NAME	TRANSACTION	AMOUNT	PRICE	TOT. VALUE
02/06/2016	William Du Pré	Exerc. options	156	496,77 EUR	77,496 EUR
29/04/2016	Jan Vander Stichele	Exerc. options	500	496,77 EUR	248,385 EUR
08/04/2016	Jan Boone	Exerc. options	500	496,77 EUR	248,385 EUR

In 2016 there are no lapsed unexercised options relating to members of the Executive Committee.

5.5.9 Severance pay

No special severance arrangements have been agreed with members of the Executive Committee. 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 2016 no severance pay was paid to members of the Executive Committee.

5.6 Internal control and risk management

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

5.6.1 Control environment

The organization 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.

Second, there is a Lotus Bakeries Accounting Manual which establishes the accounting policies and procedures. There are also financial management reporting standards to ensure that the financial information can be interpreted unambiguously in the whole organization.

Thirdly, Lotus Bakeries has opted to implement the financial function in the same ERP package (SAP). This offers comprehensive capabilities for internal control and management and facilitates the internal audits carried out by the Corporate Finance department.

5.6.2 Risk management process

Lotus Bakeries implemented an ongoing process of risk management aimed at ensuring that this is organized 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. The Corporate Director Quality, Procurement and R&D is responsible for coordination.

The Executive Committee 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 process owner is appointed for each of these risks who puts in place a specific action plan to avert or mitigate the risks or be as well prepared as possible. The process owner is also responsible for following up the specified actions. This top-down approach was proposed and approved at the meeting of the Audit Committee on 2 December 2016. The results will be reported to the Audit Committee on an annual basis.

5.6.3 Control activities

Each month the results of each area within the business units are discussed and explained by the area manager. The Executive Committee also 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 on a daily basis.

Finally, various internal audits are organized by the corporate departments in their areas of expertise: Corporate Finance for proper compliance with accounting principles and standards or the investment procedure, Corporate Treasury for the authorisation of payments, the Corporate Quality department for quality standards in the production plants.

5.6.4 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 authorization management on a centralized 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.

5.6.5 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 from within the Lotus competencies are asked to constantly question and improve existing procedures and practices.

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).

5.7 Announcements according to article 34 of the Royal Decree of 14 November 2007 - protective constructions

1. The Board of Directors of Lotus Bakeries NV is authorized by the Extraordinary General Meeting of Shareholders of 8 May 2015, in the event of a public takeover bid on the shares of the company, and by application of the authorized capital, to increase the capital of the company under the conditions of Article 607 of the Companies Code. This authorisation was granted for a period of three years from 8 May 2015.
2. By resolution of the Extraordinary General Meeting of Shareholders of 8 May 2015 the Board of Directors is authorized, in accordance with the provisions of Article 620 of the Companies Code, to acquire shares in the company for the account of the same, whenever such acquisition is necessary to prevent the company from suffering serious and imminent disadvantage. This authorization is granted for a period of three years from 27 May 2015 and is renewable.

5.8 External audit

PwC Bedrijfsrevisoren BCVBA, represented by Mr. Peter Opsomer, 'bedrijfsrevisor', was reappointed as Auditor of Lotus Bakeries NV on 13 May 2016 by the Ordinary General Meeting for a term of three years. Its mandate expires immediately after the Ordinary General Meeting of 2019. The compensation received in 2016 for auditing and non-auditing services by PwC Bedrijfsrevisoren BCVBA and by people connected to PwC Bedrijfsrevisoren BCVBA, is described in note 38 of the financial supplement.

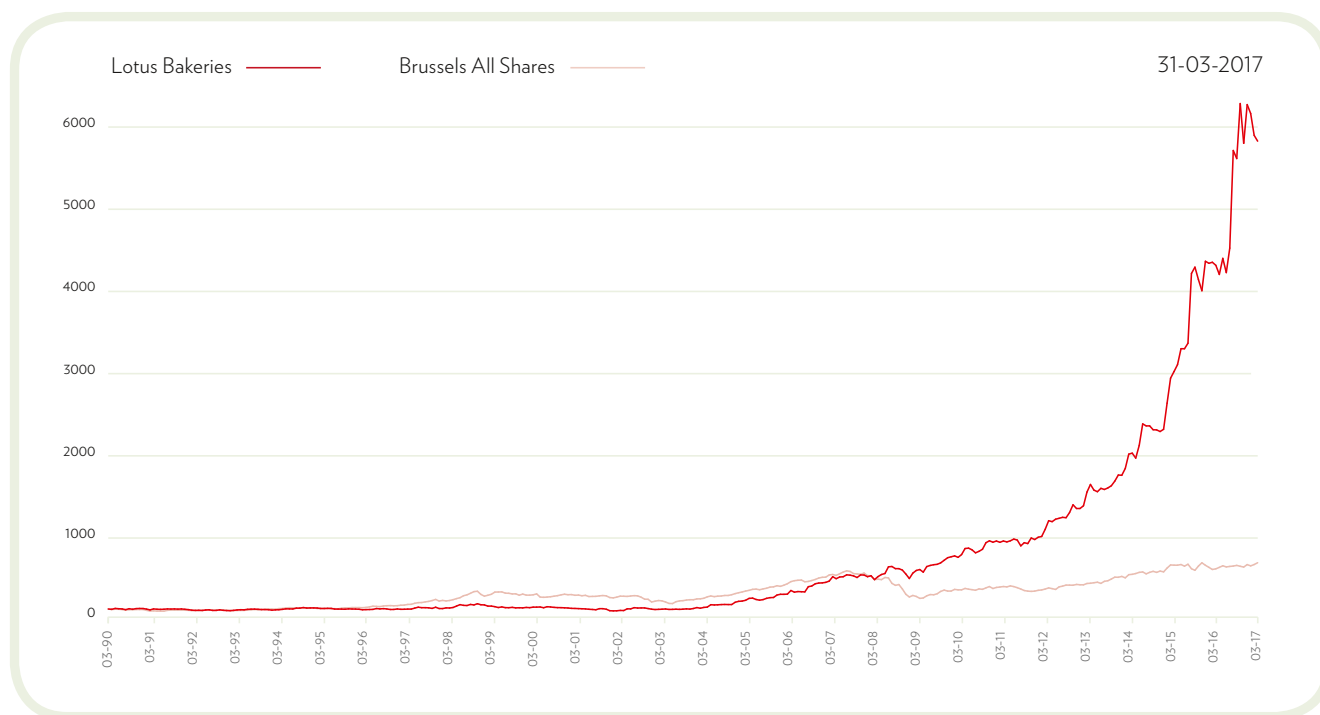
AUDIT FEE FOR THE GROUP AUDIT 2016	IN THOUSANDS OF EUR
Lotus Bakeries NV	75
Lotus Bakeries Group	339
Total	414



Riyadh
(Saudi Arabia)

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	31-03-2017	2016	2015	2014	2013	2012
Highest price till 31/12 (till 31/03 in 2017)	2,529.00	2,617.95	1,845.00	989.95	725.00	615.00
Lowest price till 31/12 (till 31/03 in 2017)	2,309.00	1,550.00	926.10	711.00	555.00	407.00
Price per 31/12 (per 31/03 in 2017)	2,321.70	2,500.00	1,750.00	933.00	713.63	555.00
Market capitalization per 31/12 in millions of EUR (per 31/03 in 2017 in millions of EUR)	1,886.41	2,031.28	1,420.76	749.21	567.42	432.70
Number of shares per 31/12 (per 31/03 in 2017)	812,513	812,513	811,863	803,013	795,113	779,643
Ratio price/earning (PER) (1) per 31/03 in 2017	30.80	33.17	31.29	20.37	20.32	16.81

(1) PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2017 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 2016, market capitalization of Lotus Bakeries amounted to EUR 2,031.28 million.

5. Evolution of the Lotus Bakeries share

The graph on page 74 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

Charts with the consolidated key figures per share and the stock market performance of the Lotus Bakeries share can be found on pages 13 and 74 of this annual review.

7. Corporate website

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

8. Financial calendar

Wednesday 12 April 2017

Annual review 2016 available on www.lotusbakeries.com

Friday 12 May 2017

Ordinary General Meeting of Shareholders at 4.30 p.m

Monday 22 May 2017

Payment of dividend for the 2016 financial year

Friday 18 August 2017

Announcement of the half-year results for 2017

Friday 9 February 2018

Announcement of the year results for 2017

Tuesday 15 May 2018

Ordinary General Meeting of Shareholders

9. Annual review

This annual review is also available on the internet site:
www.lotusbakeries.com

The first part of this annual review is also available in Dutch and in French.

The financial supplement (the second part) of the annual review is available in Dutch and in English.

In matters of any misinterpretation, the Dutch annual review will prevail.

FINANCIAL STATEMENTS

In this section of the 2016 annual review, 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 review 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 2016 shown, are based on the 2016 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 2015.

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 105 of the Belgian Companies 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 (Investor Relations) or can be obtained for free from the Corporate Secretary of Lotus Bakeries on simple request.

The Auditor has issued an unqualified audit 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	31-12-2016	31-12-2015
ASSETS		
NON CURRENT ASSETS	437,310	442,884
Property, plant and equipment	161,590	139,377
Goodwill	144,368	93,229
Intangible assets	126,006	107,901
Investment in other companies	37	96,244
Deferred tax assets	4,854	5,889
Other non current assets	455	244
CURRENT ASSETS	110,692	128,337
Inventories	32,175	35,659
Trade receivables	50,922	56,143
VAT receivables	4,235	4,868
Income tax receivables	1,061	938
Other amounts receivable	485	10,504
Cash and cash equivalents	19,932	18,547
Deferred charges and accrued income	1,882	1,678
TOTAL ASSETS	548,002	571,221

IN THOUSANDS OF EUR	31-12-2016	31-12-2015
EQUITY		
EQUITY AND LIABILITIES	248,464	217,525
Share Capital	15,527	15,367
Retained earnings	267,947	219,109
Treasury shares	(12,038)	(13,677)
Other reserves	(23,038)	(3,249)
Non-controlling interests	66	(25)
NON-CURRENT LIABILITIES	197,245	169,242
Interest-bearing loans and borrowings	118,500	97,000
Deferred tax liabilities	50,666	44,607
Net employee defined benefit liabilities	3,114	3,225
Provisions	1,986	726
Derivative financial instruments	3,419	869
Other non-current liabilities	19,560	22,815
CURRENT LIABILITIES	102,293	184,454
Interest-bearing loans and borrowings	7,533	99,086
Net employee defined benefit liabilities	89	32
Provisions	21	521
Trade payables	54,742	42,498
Employee benefit expenses and social security	18,418	18,336
VAT payables	225	1,017
Tax payables	15,097	10,861
Derivative financial instruments	4	7
Other current liabilities	2,133	9,070
Accrued charges and deferred income	4,031	3,026
TOTAL EQUITY AND LIABILITIES	548,002	571,221

CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	2016	2015
TURNOVER	507,208	411,576
Raw materials, consumables and goods for resale	(168,310)	(121,803)
Services and other goods	(133,095)	(117,959)
Employee benefit expense	(101,639)	(88,527)
Depreciation and amortization on intangible and tangible assets	(14,796)	(14,919)
Impairment on inventories, contracts in progress and trade debtors	(1,905)	(2,086)
Other operating charges	(6,411)	(3,566)
Other operating income	2,893	2,048
RECURRENT OPERATING RESULT (REBIT)⁽¹⁾	83,945	64,764
Non-recurrent operating result	4,507	(1,748)
OPERATING RESULT (EBIT)⁽²⁾	88,452	63,016
Interest income (cost)	(2,209)	(806)
Currency gains (loss)	(189)	336
Other financial income (cost)	(277)	(308)
PROFIT FOR THE YEAR BEFORE TAXES	85,777	62,238
Taxes	(23,322)	(16,623)
RESULT AFTER TAXES	62,455	45,615
NET RESULT	62,455	45,615
Attributable to:		
Non-controlling interests	1,210	202
Equity holders of Lotus Bakeries	61,245	45,413

IN THOUSANDS OF EUR	2016	2015
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to profit and loss	(22,747)	(5,125)
Currency translation differences	(21,064)	(4,551)
Gain/(Loss) on cash flow hedges, net of tax	(1,683)	(574)
Items that will not be reclassified to profit and loss	(36)	494
Remeasurement gains/(losses) on defined benefit plans	(36)	494
Other comprehensive income	(22,783)	(4,631)
Total comprehensive income	39,672	40,984
Attributable to:		
Non-controlling interests	(1,784)	(524)
Equity holders of Lotus Bakeries	41,456	41,508
EARNINGS PER SHARE (EUR)		
Weighted average number of shares	793,147	788,341
Basic earnings per share (EUR) - attributable to:		
Non-controlling interests	1.53	0.26
Equity holders of Lotus Bakeries	77.22	57.61
Weighted average number of shares after effect of dilution	806,206	803,247
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	1.50	0.25
Equity holders of Lotus Bakeries	75.97	56.54
Total number of shares ⁽³⁾	812,513	811,863
Earnings per share (EUR) - attributable to:		
Non-controlling interests	1.49	0.25
Equity holders of Lotus Bakeries	75.38	55.94

(1) REBIT is defined as the recurrent trading result, consisting of all the proceeds and costs relating to normal business

(2) EBIT is defined as recurrent operating result + non-recurrent operating result

(3) Total number of shares including treasury shares

ABRIDGED FIVE-YEAR FINANCIAL SUMMARY

Consolidated balance sheet

IN THOUSANDS OF EUR	31-12-2016	31-12-2015	31-12-2014	31-12-2013	31-12-2012
NON CURRENT ASSETS	437,310	442,884	263,881	262,729	214,154
Property, plant and equipment	161,590	139,377	137,569	136,489	109,064
Goodwill	144,368	93,229	46,135	46,517	25,960
Intangible assets	126,006	107,901	74,674	75,744	76,248
Investment in other companies	37	96,244	22	27	32
Deferred tax assets	4,854	5,889	5,275	3,859	2,691
Other non current assets	455	244	206	93	159
CURRENT ASSETS	110,692	128,337	73,108	71,375	56,461
Inventories	32,175	35,659	17,898	16,665	14,917
Trade receivables	50,922	56,143	38,804	36,036	29,751
Cash and cash equivalents	19,932	18,547	11,855	11,933	6,452
TOTAL ASSETS	548,002	571,221	336,989	334,104	270,615
EQUITY	248,464	217,525	200,629	171,375	145,206
NON-CURRENT LIABILITIES	197,245	169,242	39,506	43,984	34,041
Interest-bearing loans and borrowings	118,500	97,000	325	7,925	-
Deferred tax liabilities	50,666	44,607	34,905	32,687	30,323
Other non-current liabilities	19,560	22,815	57	5	5
CURRENT LIABILITIES	102,293	184,454	96,854	118,745	91,368
Interest-bearing loans and borrowings	7,533	99,086	41,144	62,337	41,675
Trade payables	54,742	42,498	33,309	34,249	30,886
Employee benefit expenses and social security	18,418	18,336	12,357	12,525	10,792
TOTAL EQUITY AND LIABILITIES	548,002	571,221	336,989	334,104	270,615

Consolidated income statement

IN THOUSANDS OF EUR	2016	2015	2014	2013	2012
TURNOVER	507,208	411,576	347,890	332,319	288,455
RECURRENT OPERATING RESULT (REBIT)	83,945	64,764	49,433	41,371	36,680
Non-recurrent operating result	4,507	(1,748)	(261)	(3,655)	(1,953)
OPERATING RESULT (EBIT)	88,452	63,016	49,172	37,716	34,727
Financial result	(2,675)	(778)	16	(1,740)	(1,569)
PROFIT FOR THE YEAR BEFORE TAXES	85,777	62,238	49,188	35,976	33,158
Taxes	(23,322)	(16,623)	(12,415)	(8,057)	(7,408)
RESULT AFTER TAXES	62,455	45,615	36,773	27,919	25,750
NET RESULT - attributable to:	62,455	45,615	36,773	27,919	25,750
Non-controlling interests	1,210	202	(2)	(1)	13
Equity holders of Lotus Bakeries	61,245	45,413	36,775	27,920	25,737

CORPORATE SOCIAL RESPONSIBILITY:



Future location

Lotus Biscoff factory


Mebane

(North Carolina - United States)

Care for Today
Respect for Tomorrow





A close-up photograph of a person's hands holding a single, rectangular, golden-brown Lotus Biscoff cookie. The person is wearing a white t-shirt with a colorful floral pattern. The background is slightly blurred, showing more of the floral pattern. A white text box with a green border is overlaid on the image, containing text about the history of the Lotus brand.

It was not by chance that founder Jan Boone named his company Lotus in 1932. It was a reference to the purity of the lotus flower. Right from the start, the recipe for Lotus Biscoff has consisted solely (and exclusively) of natural ingredients. We still respect his decision today.

Our objective is to make Lotus Bakeries products more and more sustainable. This ambition involves much more than the production process. People, environment and society - we treat them all with care and respect. So that we remain successful as a company - today and tomorrow. And consumers can continue to enjoy our products.

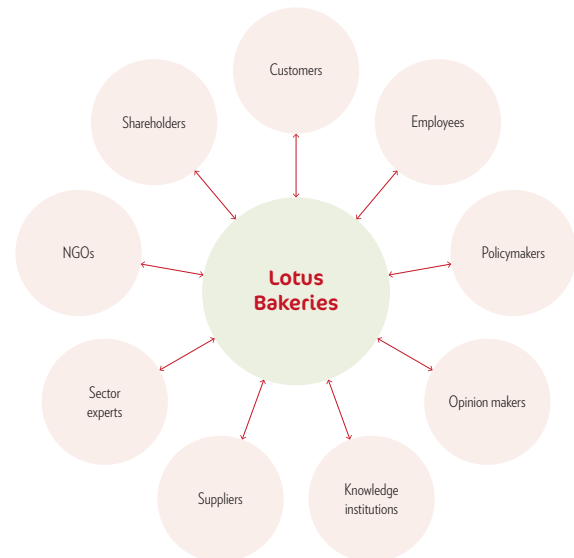
THE STARTING POINT: THE MATERIALITY MATRIX

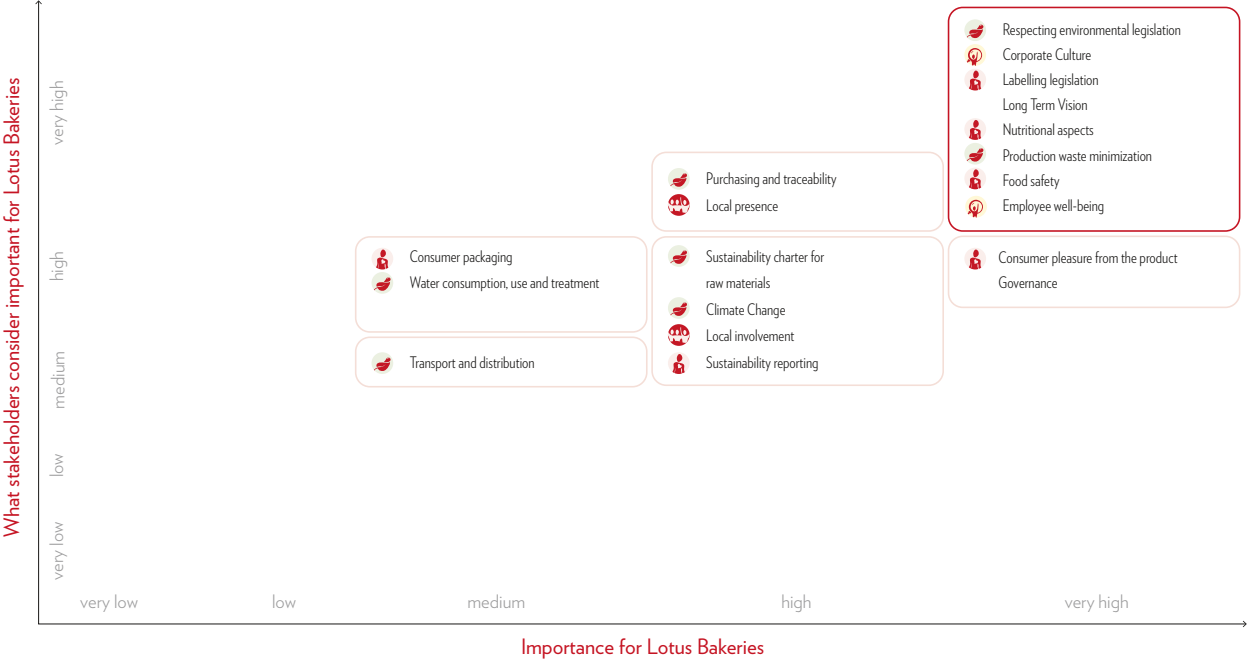
Lotus Bakeries' approach to Corporate Social Responsibility (CSR) is reflected in its sustainability programme 'Care for Today – Respect for Tomorrow'. In 2015, we began reporting on the rollout of this programme, in accordance with the Global Reporting Initiative (GRI G4 standard).

To ensure that the outside world was sufficiently represented in our Corporate Social Responsibility policy (CSR), we carried out a materiality analysis at the end of 2014. For this, we identified several issues that are important to our stakeholders as well as the company.

Using a questionnaire, we gauged the relevance and importance of these issues. This is based on the GRI G4 standards and the themes of our sustainability programme 'Care for Today – Respect for Tomorrow'. We also took inspiration from the latest trend analyses in CSR. Besides the stakeholders, we also submitted the questionnaire to the Executive Committee.

We plotted the stakeholders' answers on the y-axis theme by theme and the Executive Committee's answers on the x-axis. The result of the exercise is known as the 'materiality matrix'. As there have been no fundamental changes to the environment, concerns and interests of stakeholders since this survey, we were also able to use it as a basis for 2016.





The box at the top right of the materiality matrix contains the aspects viewed by both Lotus Bakeries and its stakeholders as most important. We have grouped them into four pillars of sustainability which form the basis for the 'Care for Today - Respect for Tomorrow' programme: employees, people, environment and society.



4 pillars of sustainability



Employees

Every employee deserves our respect. After all, it is thanks to the motivation and commitment of our employees that we make a difference.



People

Our aim is to ensure in a responsible way that consumers can enjoy products produced by us in a sustainable manner.



Environment

Because all of our ingredients come from nature, we like to give something back.



Society

Lotus Bakeries has a role to play in society. We are only too happy to assume our responsibilities, time and time again.

OUR SUSTAINABILITY PROGRAMME IN PRACTICE



01. THANKS TO OUR EMPLOYEES, WE MAKE A DIFFERENCE

Offering pleasant work in a challenging environment is our motto. Our employees' well-being and an inspirational corporate culture form the key objectives of our first pillar of sustainability.



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 a safe and pleasant working environment.

Open dialogue: we inform our employees of important decisions through regular departmental meetings and internal communication platforms. We also encourage managers to enter into a dialogue with their teams, putting transparency into practice.

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

Clear about our objectives

Only when we are all working towards the same goal can we realize our long-term objectives together and with even greater pleasure in our work. For this reason, we communicate about our long-term objectives via various internal channels. The various departments then determine their own priorities based on this general direction and devise an action plan to achieve this.

‘Safety first’ top of the agenda

Our employees’ well-being depends first and foremost on a safe working environment. An accident can happen any time, and a moment’s carelessness can have serious consequences on a production floor. That’s why ‘safety first’ is always top of the agenda at work meetings. Our employees and managers discuss safety situations on a daily basis and we are committed to bringing about improvements across the board.

These efforts have led to a fall in the number of occupational accidents compared with 2015. Some departments even recorded no accidents this year. However in our own production sites, a total of thirty occupational accidents occurred in 2016 and that is thirty too many. We therefore need to continue our efforts just as strongly to achieve our ultimate goal: ‘zero’ occupational accidents across all group sites.



Arbogignet for Lotus Bakeries Netherlands

The Dutch Working Conditions Act, known as the Arboret for short, contains rules for promoting the health, safety and well-being of employees and preventing occupational accidents. The Dutch Association for the Baking and Confectionary Industry (VBZ) has developed an “Arbogignet” or occupational health and safety label for the industry. In 2015, Lotus Bakeries Netherlands took part in the pilot project at the Enkhuizen plant. When accreditation became a reality, the high quality standards were also rolled out at the other Dutch plants. In the meantime, the plant in Geldrop has also achieved the label.

Plenty of growth within the organization

We are convinced that internal mobility is one of the keys to greater commitment and improved employability for our employees.

At Lotus Bakeries Netherlands, for instance, last year we managed to fill more than seven out of ten of our vacancies internally. Employees are given a new set of tasks or different responsibilities to enable them to develop to the full within the organization.

In South Africa, where the entire, largely handmade production process for fruit rolls – BEAR ‘Yoyos’ – takes place, the employees who launched production there have now risen to the level of team leader. They know the handmade process like the back of their hand and are now passing on their knowhow to the next generation.

Healthy and fit for the day

At Lotus Bakeries Netherlands, all employees were given the opportunity to take part in a health check in 2015. Based on a range of parameters, including cholesterol level and BMI, the potential health risks of their lifestyle were identified. Then a detailed action plan was devised. For example, employees and their partners could receive coaching to stop smoking. In addition, fried food is only on the menu in the canteens on the Dutch sites once a week and employees are encouraged to move as much as possible, after and during working hours.



René Groen, General Manager Netherlands: "Sitting is sometimes called the new smoking. So we launched a pilot project to counter sitting for long periods. We installed standing desks to encourage working standing up and several meeting rooms have been equipped for standing during meetings. Our boot camps in the office's car park also remain a big hit. Once a week, we work out together for an hour. It gives us a lift at the end of the working day and also boosts team spirit."



02. ENJOYING OUR SUSTAINABLE PRODUCTS RESPONSIBLY

Ensuring that people enjoy our products to the full but responsibly, now and in the future. We are committed to this day after day as part of our second pillar of sustainability. Ensuring the quality, origin, composition and safety of our products is vital.



Top quality right down the line

We work to achieve high-quality products and processes every day, accompanied by high levels of investment in research. At Lotus Bakeries, we put more than twice as much into research compared to the average European food company. Accordingly, our R&D department refines the composition of our products. In addition to their own expertise, they also rely on new insights into various ingredients from well-respected knowledge institutions and innovation platforms in the food industry. We learn a lot from one another too. In order to apply best practices in the other plants as soon as possible, we use a system of organized consultation. The constant striving for high-quality products and processes is audited both externally and internally (IFS, BRC, ACG, HACCP) and all of our employees are closely involved in this.

Less sugar and smaller portions

Offering both large and small packs means that consumers can deliberately opt to consume fewer calories. In this way we are responding to growing awareness of healthy eating. But we are also working on reducing sugar and salt content, the amount of saturated fat in our products and identifying natural flavourings.

This is paying off, as shown by the success of our 'Zero' concept, in which sugar is replaced by a natural substitute. Following Peijnenburg Zero, a version with no added sugar was also added to the Snelle Jelle range in 2016. We also launched the www.rogge.nl website on which we reveal the composition of our various varieties of gingerbread, including the number of calories per portion.

	100 g	1 Frangipane 32,5 g	%
Energie/Energiewaarde	1860 kJ/445 kcal	604 kJ/145 kcal	7 %
Vetten/Lipiden/grasstoffen/Fat	23,3 g	7,6 g	11 %
van welke aardig/containing saturated/unsaturated fatty acids	11,5 g	3,7 g	19 %
Koolhydraten/Carbohydrates/Kohlenhydrate	55,4 g	18,0 g	7 %
van welke aardig/containing sugars/starch	29,7 g	9,6 g	11 %
Voedingsvezels/Fibres alimentaires/Faserstoffe	0,7 g	0,2 g	
Eiwitten/Proteïnes/Eiweiß	4,6 g	1,5 g	3 %
Zout/Salt/Salz	0,57 g	0,18 g	3 %

*Referentie-inname van een gemiddelde volwassene (8400 kJ / 2000 kcal). / Apport de référence pour un adulte-type (8400 kJ / 2000 kcal). / Referenzenergie für einen durchschnittlichen Erwachsenen (8400 kJ / 2000 kcal).



The right snack for all times of the day

Breakfast, coffee break, on the go ... Every consumption moment needs the right snack. To fulfil customer requirements, we are constantly looking for new opportunities. We found these in 2015 in the natural snacks of Natural Balance Foods (Näkd and Trek) and Urban Fresh Foods (BEAR and Urban Fruit). Our Natural Foods business unit is not just experiencing growth in its home market, the UK. In 2016 we also convinced Dutch consumers in particular of these products. And we are well on the way to continued expansion in Europe and the US.

Isabelle Maes, CFO:

"Our strategy is to offer every consumer a versatile range of responsible snacks for every consumption moment. We're investing heavily in R&D to make our existing range healthier and healthier. Without impacting on taste or quality, because it still needs to be a treat. Eighteen months ago, we also began exploring the whole new natural snacking segment based on dried fruit and nuts. With Näkd, Trek and Urban Fruit, we target active twenty and thirty-year-olds, while BEAR is aimed at kids with its colourfully packaged fruit rolls.





03.

SYSTEMATICALLY REDUCING OUR IMPACT ON THE ENVIRONMENT

When it comes to respect for the environment, we leave nothing to chance. From purchasing to production and packaging: care for our living environment is key. As part of the third pillar of sustainability, we continuously monitor and improve the impact of all of our processes on nature.

Reducing and preventing waste

By systematically optimizing the production process, we keep our production waste as low as possible. Anything left over from production is processed into animal feed, but we also intend to reduce waste flows by more efficient use of ingredients.

We also help consumers waste less food by offering a choice of different packaging formats. And we are increasingly using portion packs. The idea behind this: throwing away food is much more damaging to the environment than using a few extra grams of plastic to package portions separately.



Deliberate choice of plastic

Through our packaging, we are responding to two major trends: less damage to the environment and longer shelf life. Since our plastic packaging keeps the product fresh during a longer period of time, we prefer that material. And despite its not so good reputation, the lion's share of our consumer packaging is made of plastic. Because if we take into account the overall impact on the environment, plastic packaging scores well. This is because the material guarantees a longer shelf life, protect the products better during transport and is much lighter than say cardboard, so we need much less of it.

FOST Plus tests purple bags in Belgium

We consider it our job to keep a close eye on trends and developments in the area of recycling and implement them where possible. There are currently lots of developments around the end of the lifecycle of packaging material. For example, Belgian waste management organization FOST Plus has launched a pilot project using purple bags. Unlike ordinary PMD bags, Lotus plastic packaging could be collected in them for recycling.

Reducing energy consumption and emissions

The 2015 climate summit in Paris highlighted once again that climate change is caused by human actions. Our aim is therefore to consume every year 2% less energy and gas per kilogramme produced. We are therefore delighted to report that, thanks to the efforts made on all our production sites, energy consumption per kilogramme produced has fallen by over 10% since 2012.

We have invested in new ovens which consume less gas and therefore create less emissions.

Our gas consumption is also offset via the WWF Gold Standard programme and our electricity is green. The result of all these efforts: since 2015, Lotus Bakeries' production has been CO₂ neutral.



Local production in our largest export market

When developing a new product or a different packaging format, we always take the whole logistics chain into account, such as optimal loading of pallets and trucks. In this way we minimize the impact of transport.

To supply our largest export market for Lotus Biscoff, we are going a step further. The first Lotus Biscoff manufacturing facility outside Belgium will be built in North Carolina in the USA. The aim is to organize all production for the US market locally. This will not only have a significant impact on our ecological footprint but it will also create new jobs in the region. The first Lotus Biscoff cookies will roll off the production line there in 2019.

Traceable right back to the origin

We aim to make the industry as a whole and our supply chain in particular more sustainable. When we negotiate with a supplier, this topic is on the table. What's more, our partners have already said on multiple occasions that Lotus Bakeries plays a leading role in shaping their own CSR policy.

Traceability is a key aspect of our supply chain policy. After all, once we know the origin of a product or ingredient, we can begin managing it. As far as possible, we use local ingredients and/or growing and harvesting conditions. Apart from less transport, this offers many other advantages as far as sustainability is concerned, including greater control over cultivation, land use and working conditions.

RSPO

Roundtable on Sustainable Palm Oil



- 100% of our eggs are free range.
- Our ingredients are locally sourced as far as possible.
- The chocolate processed in the Netherlands is 100% UTZ certified.
- We only use palm oil that is 100% RSPO segregated. We score a maximum of 9 out of 9 on the WWF 'Palmoil buyers scorecard'.



04. WE PLAY OUR PART IN SOCIETY

Lotus Bakeries is in the midst of society and we are fully aware of our social responsibility. Under the fourth pillar of sustainability, we enthusiastically take on this role. At local level, naturally, where we are present through our plants and sales organizations. But we also support social and development projects nationally and internationally.

Healthy lifestyle: catch them young

Anyone who learns about healthy eating and a healthy lifestyle as a child will reap the rewards in later life. Based on this reasoning, our plant at Geldrop in the Netherlands has teamed up with the JOGG organization, which promotes a healthy weight among young people. In partnership with JOGG, we offer healthy alternatives for breaktime by introducing Nākd and Peijnenburg Zero in school canteens.



WWF Gold

As already mentioned, our gas consumption is offset via a WWF Gold Standard programme. We have chosen a project in Uganda called 'Saving trees'. The project facilitates the dissemination of different cooking technology by using new cookstoves. This is having a significant impact, including: reducing deforestation, reducing CO₂ emissions and saving time and money for users.





Partner of Entrepreneurs for Entrepreneurs

When Entrepreneurs for Entrepreneurs was founded almost two decades ago, Lotus Bakeries was one of its partners right from the start. After all, the mission of helping entrepreneurs in developing countries was a perfect fit for our family values. Today we are still actively involved as a key member of this not-for-profit organization.

Tanzanian farmers get off to a flying start

As part of Entrepreneurs for Entrepreneurs, together with ngo Trias, we help young people in Tanzania who want to start their own business. Agriculture is the largest employer in the East African country, but due to limited access to land and means of production, this sector has less and less to offer young farmers.

So, in conjunction with two nationally recognized membership organizations, Trias provides training, support and finance for over 2,000 young farmers. The focus is on improving crops and increasing production, along with the commercial side of the business. We want to train them



up to become enthusiastic entrepreneurs so they can take their future in their own hands.

Boost for Bolivian quinoa growing

The ngo Louvain Coopération is rolling out a programme in Bolivia – the largest producer of quinoa in the world – for quinoa growing and processing. Thanks to the popularity of this superfood in Europe, crop prices have risen sharply. This means that the local people can no longer afford to consume this local grain on a regular basis themselves. Nevertheless, its high nutritional value could save many children from malnutrition.

Through Entrepreneurs for Entrepreneurs, we give Louvain Coopération's Bolivian quinoa project a boost. The ngo has also set up several small businesses to process the nutritious grain into biscuits and cereal bars. The snacks are then offered in school canteens so that quinoa reaches the local population once more.



INDEPENDENT LIMITED ASSURANCE REPORT ON CARE FOR TODAY – RESPECT FOR TOMORROW SECTION OF THE ANNUAL REPORT 2016 OF LOTUS BAKERIES AND ITS SUBSIDIARIES

This report has been prepared in accordance with the terms of our engagement contract dated 14 November 2016, whereby we have been engaged to issue an independent limited assurance report in connection with the Care for Today – Respect for Tomorrow section as of and for the year ended 31 December 2016 in the accompanying Annual Report 2016 of Lotus Bakeries and its subsidiaries (the “Report”).

Responsibility of Board of Directors

The Board of Directors of Lotus Bakeries (the “Company”) is responsible for the preparation of the selected indicators for the year 2016 marked in the GRI table with a tick mark (‘v’) in the Care for Today – Respect for Tomorrow section set forth in the Report of Lotus Bakeries and its subsidiaries and the declaration that its reporting meets the requirements of the Global Reporting Initiative (GRI) G4 (the “Subject Matter Information”), in accordance with the criteria disclosed in the Care for Today – Respect for Tomorrow section and with the recommendations of the GRI (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 Board of Directors includes the design implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information.

Auditor’s Responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information set forth in the Report based on the work we have performed.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 “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 nothing has come to our attention that causes us to believe that the Subject Matter Information is not fairly stated, in all material respects, based on the Criteria.

The objective of a limited-assurance engagement is to perform the procedures we consider necessary to provide us with sufficient appropriate evidence to support the expression of a conclusion in the negative form on the Subject Matter Information. The selection of such procedures depends on our professional judgment, including the assessment of the risks of management’s assertion being materially misstated.

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

*PwC Bedrijfsrevisoren cuba, burgerlijke vennootschap met handelsvorm - PwC Reviseurs d'Entreprises scrl, société civile à forme commerciale - Risk Assurance Services
Maatschappelijke zetel/Siège social: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
T: +32 (0)2 710 4211, F: +32 (0)2 710 4299, www.pwc.com
BTW/TVA BE 0429.501.944 / RPR Brussel - RPM Bruxelles / ING BE43 3101 3811 9501 - BIC BBRUBEBB / BELFIUS BE92 0689 0408 8123 - BIC GKCC BEBB*



for calculating and estimating the information and data presented in the Subject Matter Information;

- conducting interviews with responsible officers;
- inspecting internal and external documents.

We have evaluated the Subject Matter Information against the Criteria. The accuracy and completeness of the Subject Matter Information are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information. Our Limited Assurance Report should therefore be read in connection with the Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our audit firm applies International Standard on Quality Control (ISQC) n° 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.

Conclusion

Based on our work, as described in this Independent Limited Assurance Report, nothing has come to our attention that causes us to believe that the selected indicators for the year 2016 marked in the GRI table with a tick mark (‘v’) in the Care for Today – Respect for Tomorrow section for the year ended 31 December 2016 included in the Annual Report of the Company, and the Company’s assertion that the Report meets the requirements of GRI G4, are not fairly stated, in all material respects, in accordance with the Criteria.

Restriction on Use and Distribution of our Report

Our assurance report has been made in accordance with the terms of our engagement contract. 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 2016 and should not be used for any other purpose. We do not accept, or assume responsibility to anyone else, except to the Company for our work, for this report, or for the conclusions that we have reached.

Sint-Stevens-Woluwe, 7 April 2017

PwC Bedrijfsrevisoren bvba,
represented by

Marc Daelman
Registered auditor

Peter Opsomer
Registered auditor


GRI - G4 REPORTING

IN ACCORDANCE - OPTIE 'CORE'

STRATEGY AND ANALYSIS		WHERE IN AR 2016	*	**	***
G4-1	Statement from the CEO about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	p. 5-7; p. 84-86			
G4-2	Description of key impacts, risks, and opportunities	p. 51-53; p. 70-71; p. 84-86			✓
ORGANIZATIONAL PROFILE		WHERE IN AR 2016	*	**	***
G4-3	Name of the organization	frontpage			✓
G4-4	Primary brands, products, and services	p. 21-26; p. 29-37; p. 42-43			✓
G4-5	Location of the organization's headquarters	p. 40; p. 106			✓
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations	p. 39; p. 42-43			✓
G4-7	Nature of ownership and legal form	p. 59			✓
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	p. 29-37; p. 42-43			✓
G4-9	Scale of the organization, including number of employees, number of operations, net sales, total capitalization broken down in terms of debt and equity, quantity of products or services provided	p. 12-13; p. 42-43; p. 45; p. 78-81			✓
G4-10	Workforce	p. 45; p. 88-90		(note 1)	✓
G4-11	Percentage of total employees covered by CBA (collective bargaining agreements)	> 90%		(note 2)	✓
G4-12	Organization's supply chain	p. 43		(note 3)	✓
G4-13	Changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	p. 8-11; p. 29-37; p. 48-49			✓
G4-14	Precautionary approach or principle ^a approach taken to address potential environmental impacts	p. 68-72			
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	p. 82-105			
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		WHERE IN AR 2016	*	**	***
G4-17	All entities included in the organization's consolidated financial statements	p. 42-43; part 2			✓
G4-18	Process for defining the report content and the Aspect Boundaries, Explain how the organization has implemented the Reporting Principles for Defining Report Content	p. 84-86			✓
G4-19	Material Aspects identified in the process for defining report content	p. 84-86			✓
G4-20	Aspect Boundary within the organization	p. 84-86			✓
G4-21	Aspect Boundary outside the organization	p. 84-86			✓
G4-22	Restatements of information provided in previous reports	p. 5-7; p. 12-13; p. 48-54; p. 56			
G4-23	Changes from previous reporting periods in the Scope and Aspect Boundaries	p. 80-82			✓

GRI - G4 REPORTING

IN ACCORDANCE - OPTIE 'CORE'

STAKEHOLDER ENGAGEMENT		WHERE IN AR 2016	*	**	***
G4-24	List of stakeholder groups engaged by the organization	p. 85			✓
G4-25	Basis for identification and selection of stakeholders with whom to engage	p. 84-86			✓
G4-26	Approach to stakeholder engagement	p. 84-86			✓
G4-27	Key topics and concerns that have been raised through stakeholder engagement	p. 84-86			✓
REPORT PROFILE		WHERE IN AR 2016	*	**	***
G4-28	Reporting period	year 2016			✓
G4-29	Date of most recent previous report	year 2015, 13/04/2016			✓
G4-30	Reporting cycle	yearly			✓
G4-31	Contact point for questions regarding the report or its contents	p. 106			✓
G4-32	In accordance, GRI Content Index, External Assurance	p. 98-99; p. 100-105			✓
G4-33	Policy and current practice with regard to seeking external assurance for the report	p. 98-99			✓
GOVERNANCE		WHERE IN AR 2016	*	**	***
G4-34	Governance structure	p. 57-58			✓
G4-35	Delegating authority for economic, environmental and social topics to senior executives and other employees	p. 63-64			✓
G4-36	Executive-level position	p. 65			✓
G4-38	Composition of the highest governance body and its committees	p. 60-62			✓
G4-39	Chair of the highest governance body is also an executive officer	p. 60-62			✓
G4-42	Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	p. 59-60			✓
G4-51	Remuneration policies for the highest governance body and senior executives	p. 65-69			✓
G4-52	Process for determining remuneration	p. 65-66			✓
ETHICS AND INTEGRITY		WHERE IN AR 2016	*	**	***
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	p. 17; p. 88			✓

Legend

* how is it reported

-  fully
-  partially
-  not






** omissions - not applicable except as indicated










- (note 1) no details on employment- nor contract-type, by gender only global
- (note 2) in area NL, not all of the personnel is covered in the CBA, as this is also the case for the smaller SOF's
- (note 3) only high level approach

*** external validation

- ✓ external assurance by PwC (p. 98-99)

MATERIAL ASPECTS		DMA AND INDICATORS					
CATEGORY	ECONOMIC			where in AR	*	comment	***
Long Term Vision		DMA (°/°°)	(° : very high/°° : very high)	p. 84-86			✓
		G4-EC1	Coverage of the organization's results, financial performance, taxes paid, dividends paid, investments, salaries	p. 48-72			✓
Sourcing and traceability		DMA (°/°°)	(° : high/°° : very high)	p. 84-86			✓
CATEGORY	ENVIRON- MENTAL			where in AR	*	comment	***
Climate Change		DMA (°/°°)	(° : high/°° : high)	p. 84-86			✓
	Materials					Fost+, Eco-Emballages, Dutch covenant, ...	
	Energy						
		G4-EN3	Energy consumption within the organization	p. 93-95		is expressed in total	✓
		G4-EN6	Reduction of energy consumption	p. 94		is expressed in total	✓
	Emissions						
		G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	p. 94		external report ⁽¹⁾ , disclosed in total and relative to production as this is the most relevant information	✓
		G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	p. 94		external report ⁽¹⁾ , disclosed in total and relative to production as this is the most relevant information	✓
		G4-EN18	Greenhouse gas (ghg) emissions intensity			external report ⁽¹⁾	✓
		G4-EN19	Reduction of greenhouse gas (ghg) emissions	p. 94		external report ⁽¹⁾ , disclosed in total and relative to production as this is the most relevant information	✓
		G4-EN20	Emissions of ozone-depleting substances (ods)	p. 94		external report ⁽¹⁾ , disclosed in total and relative to production as this is the most relevant information	
	Effluents and Waste						
Environmental compliance		DMA (°/°°)	(° : very high/°° : very high)	p. 84-86			✓
		G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	0 euro			✓

MATERIAL ASPECTS		DMA AND INDICATORS					
CATEGORY	SOCIAL			where in AR	*	comment	***
SUB-CATEGORY: LABOR PRACTICES							
Employee well being		DMA (°/°°)	(° : very high/°° : very high)	p. 84-86			✓
	Occupational Health & Safety						
		G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	p. 89		100% on labor accidents (2), no fatalities and no breakdown given the limited numbers	✓
Company culture		DMA (°/°°)	(° : very high/°° : very high)	p. 84-86			✓
	Training & Education			p. 88-90		TOP-values	
		G4-LA9	Average hours of training per year and per gender, and by employee categorie			External training hours are registred in area Be, area Fr and Corporate (total: 33,301 hours)	✓
SUB-CATEGORY: HUMAN RIGHTS							
Sustainability charter suppliers raw materials		DMA (°/°°)	(° : high/°° : high)	p. 84-86			✓
	Freedom of association collective bargaining						
		G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	p. 94-95		100% for operations, for the 'others' we will start up analysis in 2016	
	Child Labor						
		G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	p. 95		we will start up analysis	
	Forced or Compulsory Labor						
		G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	p. 95		we will start up analysis	

MATERIAL ASPECTS		DMA AND INDICATORS					
CATEGORY	SOCIAL			where in AR	*	comment	***
SUB-CATEGORY: SOCIETY							
Community engagement		DMA (°/°°)	(° : high/°° : high)	p. 84-86			✓
	Local Communities						
		G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	p. 96		100% on community engagement nearby our plants, for the "others" we will start up analysis	✓
	Anti-corruption						
		G4-SO4	Communication and training on anti-corruption policies and procedures	p. 70-71		100 % as included in the general directives	✓
	Public Policy						
		G4-SO6	Total value of political contributions by country and recipient/beneficiary	0 euro			✓
	Compliance						
		G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	0 euro			✓
	Animal Welfare						
		FP11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type	p. 95		relevant animal welfare is limited to the bought eggs : 100% barn eggs	✓
SUB-CATEGORY: PRODUCT RESPONSIBILITY							
Food security & safety		DMA (°/°°)	(° : very high/°° : very high)	p. 84-86			✓
	Customer Health and Safety						
		G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	p. 54; p. 91-92			
		FP5	External Quality-certification (HACCP, BRC, IFS, ACG)	p. 91		verification PwC only BRC and IFS	✓
Nutritional aspects		DMA (°/°°)	(° : very high/°° : very high)	p. 84-86			✓
	Customer Health and Safety						
		FP6	Percentage of total sales volume of consumer products, by category, lowered in fat, trans fat, sodium, added sugars	p. 8; p. 23-26; p. 33-37; p. 54; p. 91-92			
		FP7	Percentage of total sales volume of consumer products, by category, containing increased nutritious ingredients (fiber, vitamins, minerals, phytochemicals or functional food additives)	p. 8; p. 23-26; p. 33-37; p. 54; p. 91-92			

MATERIAL ASPECTS		DMA AND INDICATORS					
CATEGORY	SOCIAL			where in AR	*	comment	***
SUB-CATEGORY: PRODUCT RESPONSIBILITY							
Labelling regulation	Product and Service Labeling	DMA (°/°°)	(° : very high/°° : very high)	p. 84-86			✓
		G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	p. 91			
Product's pleasure	Compliance	DMA (°/°°)	(° : very high/°° : high)	p. 84-86			✓
		G4-PR5	Results of surveys measuring consumers satisfaction	p. 54; p. 85-86; p. 91-92			
		G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	0 euro			✓

Legend

- * how is it reported
- fully
 - partially
 - not

DMA (°/°°) assessed by the stakeholders as (°) and by impact on the organisation (°°)

references

- (1) according to the “Bilan Carbone”-methodology
- (2) accident is counted as accident if = a leave from work of minimum 24 hours

- *** external validation
- ✓ external assurance by PwC (p. 98-99)

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

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

info@lotusbakeries.com

Concept and realisation
Focus Advertising and Lotus Bakeries
www.focus-advertising.be







www.lotusbakeries.com