



ANNUAL REPORT 2021



**OUR MISSION IS TO CREATE SMALL MOMENTS
OF JOY AND HAPPINESS. WE DO THAT BY OFFERING
A VERSATILE RANGE OF BRANDED SNACKS
WITH SUPERIOR TASTE EXPERIENCE.
TO EVERY CONSUMER. FOR EVERY OCCASION.
IN EVERY COUNTRY.**



Jan Boone - CEO and Jan Vander Stichele - Chairman

MESSAGE FROM THE CEO AND THE CHAIRMAN

2021 has been another year full of challenges, mainly linked to the ongoing pandemic we have experienced since 2020. Once again this year, the virus has led to more sickness absence and shutdown of production for many businesses. Many businesses' creativity and ability to innovate have come under pressure. Along with other factors including climate change, dwindling oil supplies and speculation on commodities, COVID-19 has led to sharp rises in the price of raw materials. At the same time, e-commerce has flourished as never before, and concern for health and well-being has grown around the world.

Challenging times for certain, and turbulent too. But Lotus Bakeries has come out ahead. As a Group, we have not only achieved double-digit growth, but strengthened our already firm foundations. By responding even better to the needs of our business and consumers, and the trends we see emerging in the market. We have been able to take decisions that allow us to grow – even in difficult times – and prepare for the future.

PRODUCTION FIRST

To sell a great-tasting product, we first have to produce, package and take it to the customer. For this, we need our people. Once again in 2021, our employees kept everything running. Several factories even achieved new production records. In addition, Lotus Bakeries has taken a number of initiatives to continue to meet global demand – now and in the future. This means that we can bring more and above all fresher products to consumers.

Thus, we have worked hard and invested to expand the production capacity for Lotus® Biscoff®, both in Belgium and in the US. In the second half of 2022, the plants in Lembeke and Mebane will be capable of producing considerably more of Lotus® Biscoff®.

We are also proud to have started up our own packaging line for BEAR in Wolseley, South Africa, at the beginning of 2021. The fruit rolls produced there are now packaged locally too, and shipped directly to the international markets from there.

INCREASED FOCUS ON E-COMMERCE

E-commerce is extremely important for our international brands. In countries where our household penetration remains low, it enables us to reach large numbers of consumers easily. In countries where we are already firmly established, we continue to invest strongly in e-commerce to consolidate our market position. To keep all this on track, Lotus Bakeries established a strategic, dynamic and international e-commerce team in 2021. This team will drive a digital acceleration in several of our key markets and create a repeatable e-commerce model for the Lotus Bakeries Group as a whole.

INTERNATIONALISATION AND GROWTH FOR NATURAL FOODS

Since 2015, we have also been active in the healthy snacking segment with Lotus™ Natural Foods. A decision that fits seamlessly with the greater attention today's consumers pay to health, wellbeing, balance and conscious choices. Once again, we saw the Natural Foods brands grow strongly in 2021. This reinforces our conviction that there is great international potential for brands such as BEAR, Näkd, TREK and Kiddylicious. Lotus™ Natural Foods is therefore the second major international strategic pillar of our company.

To boost this strategic pillar, we have set up an international Lotus™ Natural Foods HQ in Baar, Switzerland. Lotus™ Natural Foods' entire international team is now based there. We have also brought together the Näkd, TREK and BEAR organisations in their home market, the UK, at offices in St Albans, near London. Thanks to aspects such as shared back and office services, this creates considerable synergies.

Thanks to our corporate venture fund FF2032, we have also taken some great new minority stakes in promising businesses producing healthy alternatives to existing snacks, food and beverages. For instance, we were proud to be part of the story of Oot, a Dutch company that produces organic and gluten-free granola that is low in sugar, as well as The Good Crisp Company from the US. They offer natural, gluten free, clean-label, GMO-free and allergy-friendly chips.

ROBUST PROCUREMENT POLICY

Then there was the explosive rise in the price of raw materials. Fortunately, we were able to build on our long-term procurement policy for key raw materials, our professional procurement division and the long-term vision embedded in our DNA and strategy. This meant that Lotus Bakeries was well prepared to continue to ensure supply and limit the cost impact. However, the consequences of this price explosion will be felt for some time, inevitably leading to a consumer price adjustment from spring 2022.

PRIDE

We would like to emphasise that we are proud that Lotus Bakeries can flourish in turbulent times. Proud that we spot and seize opportunities, and take decisions that stand us in good stead to face the future, even in difficult times. We are also delighted to report that the family shareholders who form the Stichting Administratiekantoor van Aandelen Lotus Bakeries (STAK), have reaffirmed their confidence in the company's future. Through the private placement of shares in 2021, these family members have proclaimed their belief in our growth strategy and our capacity for further sustainable development, both locally and globally. It was a conscious decision to reinforce the family ties with a majority stake in the long term.



Jan Boone
CEO



Jan Vander Stichele
Chairman





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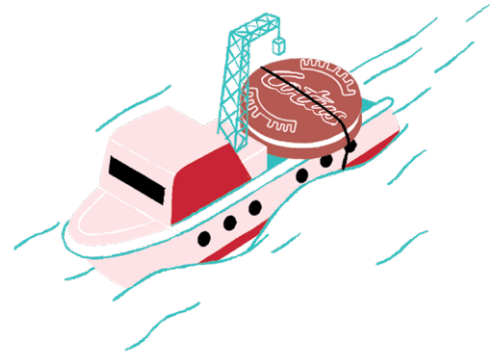
HIGHLIGHTS 2021

NEW PACKAGING LINE FOR BEAR IN SOUTH AFRICA

The BEAR factory in South Africa expands with a new packaging line so as to be able to supply international markets directly from South Africa.

LOTUS® BISCOFF® SANDWICH COOKIE CONQUERS THE WORLD

Following a successful launch in several pilot countries in 2020, the Lotus® Biscoff® sandwich cookie is rolled out internationally in 2021.



JANUARY



FEBRUARY

LOTUS® BISCOFF® WHITE CHOCOLATE ICE CREAM STICK

Building on the success of the original milk chocolate Lotus® Biscoff® ice cream stick in international markets, a white chocolate version joins the Lotus® Biscoff® ice cream range.

LOTUS BAKERIES ACQUIRES FULL CONTROL OF LOTUS BAKERIES ITALIA

Lotus Bakeries acquires all of the shares of Lotus Bakeries Italia and will consolidate its position in the Italian market with its own team operating out of a new office in Milan.

BEAR LAUNCHES A NEW COMMERCIAL

The successful 'Twirling Strawberry' campaign increased BEAR's brand awareness and clarified the 'pure fruit' concept, boosting sales in Europe.

MARCH

INTRODUCTION OF INTERNATIONAL LOTUS® BISCOFF® BRAND IN HOME MARKETS

In pursuit of its ambition to make Lotus® Biscoff® a global brand, Lotus Bakeries also introduces its international original caramelised cookie brand 'Lotus® Biscoff®' in Belgium, the Netherlands and France.

INTRODUCTION OF BEAR ICE LOLLIES

BEAR launches ice lollies with a refreshing strawberry or mango flavour in its home market, the UK.



APRIL



KIDDYLICIOUS NO. 1 IN THE BABY SNACKING CATEGORY FOR THE FIRST TIME

Kiddylicious becomes the market leader in the baby snacking category in the UK for the first time.

SANDRA BEKKARI BECOMES AMBASSADOR FOR NÄKD

The launch of a new TV spot for Näkd, in which Belgian cookbook author Sandra Bekkari promotes the fruit and nut bars, puts the brand on the map in various European countries.

MAY

JUNE

FF2032 INVESTS IN ONLINE DIRECT-TO-CONSUMER BRAND OOT

Lotus Bakeries' investment fund acquires a minority stake in Dutch direct-to-consumer brand Oot, which offers a broad range of freshly baked, gluten-free and organic granolas that are low in sugar.

STRONG GROWTH FOR LOTUS™ NATURAL FOODS INTERNATIONAL

After a difficult year in 2020 due to covid, the international Lotus™ Natural Foods business grew by 20% in the first half of the year due to continuous internationalisation.

NEW OFFICE FOR UFF AND NBF IN ST ALBANS, UK

In their home market (UK), the teams for the BEAR, Nākd and TREK are brought together in one office in St Albans: the brands retain their individuality and strategic independence while facilitating the creation of synergies for supporting activities.

JULY



AUGUST

EXPANSION OF LOTUS® BISCOFF® PRODUCTION CAPACITY

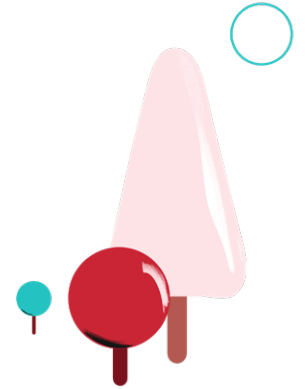
In Lembeke (BE), a new Lotus® Biscoff® production line is put into operation and construction work begins on a new dough room and an additional Lotus® Biscoff® Sandwich cookie production line for Lotus Biscoff®. Meanwhile, in Mebane (US), work starts on adding production lines to keep up with Lotus Biscoff®'s major success globally.

LOTUS BAKERIES STRENGTHENS ITS STOCK MARKET POSITION BY INCREASING FREE FLOAT TO 50%

Lotus Bakeries' family shareholders initiated the private placement of shares to increase the free float to 50%.

SECOND INTAKE OF YOUNG GRADUATES

Following last year's success, a new group of highly driven Young Graduates starts in various departments.



NEW OFFICES IN BAAR, SWITZERLAND

The Swiss sales department, the procurement department and the new international Lotus™ Natural Foods team move into brand-new offices in Baar.

SEPTEMBER

OCTOBER

SUCCESSFUL PILOT PROJECT: CHOCOLATE WITH LOTUS® BISCOFF®

The success of the pilot project for Lotus® Biscoff® chocolate in Belgium is a fact. The first step is taken across the border to the Netherlands and several new varieties are added to the range in Belgium.



LOTUS BAKERIES PRESENT AT THE WORLD EXPO IN DUBAI

From 1 October to 31 March, Lotus Bakeries can be found in the Belgian Pavilion at Expo 2020 in Dubai. Lotus®

Biscoff® cookies are given out at the entrance, served with coffee and sold in our own shop in the pavilion.

NEW 'HAPPIE PLACE' COMMERCIAL FOR KONINKLIJKE PEIJNENBURG WITH MARC-MARIE HUIJBREGTS

Koninklijke Peijnenburg continues its 'Happie Place' campaign with Dutch comedian Marc-Marie Huijbregts. Snacking on Peijnenburg brings everyone a moment of happiness – a moment for yourself.



NOVEMBER

FF2032 INVESTS IN US BETTER-FOR- YOU CANISTER CHIPS BRAND 'THE GOOD CRISP COMPANY'

The company offers a range of natural, gluten-free, clean-label, non-GMO and allergen friendly chips that are entirely free of artificial flavourings, colorants and taste enhancers. It is the fifth company to join the FF2032 investment portfolio.

DECEMBER

KEY FIGURES 2021

TURNOVER: **750.3 €M** (2020: 663.3 €M)

+ 13.1%

REBIT: **123.8 €M** (2020: 111.1 €M)

+ 11.4%

NET RESULT **90.7 €M** (2020: 82.5 €M)

+ 9.9%

NET FINANCIAL
DEBT **81.8 €M** (2020: 110.5 €M)

GROSS DIVIDEND **40.0 €** (2020: 35.5 €)

+ 12.7%

2,398

Number of persons employed
(2,155 in 2020)

12

Production facilities
in 6 countries

21

Sales offices

50+

Countries with commercial
partners

100%

External quality
certification

90%

Lotus Bakeries' Palm Oil Policy
signed by the palm oil suppliers

99.8%

Code of Conduct
signed by the current employees

90.1%

Code of Conduct
signed by the key suppliers*

*Key suppliers are all of our suppliers of end products (external production), raw materials, packaging and machinery, with whom Lotus Bakeries has entered into a written contract.

**97.1% OF ALL LOTUS
BAKERIES PACKAGING
IS RECYCLABLE¹**

96.8% IN 2020

+ 0.3%

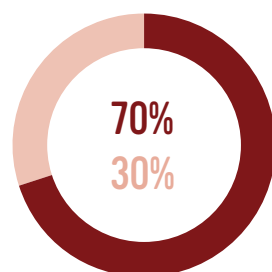
**100% OF OUR OWN
SITES HAVE EARNED
THE CO₂-NEUTRAL
LABEL**

100% IN 2020

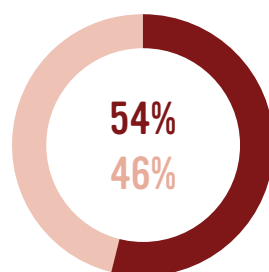
¹ The recyclability rate is the average technical recyclability of the packaging of all Lotus Bakeries brands at the end of 2021. It takes into account consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is determined per packaging component on the basis of state-of-the-art design guidelines for recyclability (Ceflex, Recyclclass). The average technical recyclability is a weight average, based on the packaging weight of each packaging component.

GENDER DIVERSITY

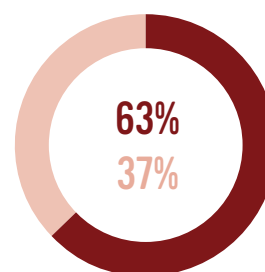
Board of Directors



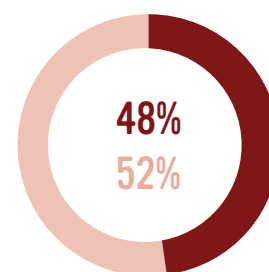
Leadership team*



Management



All employees



Men
Women

*The group comprising the Executive Committee, the General Managers and the Corporate Directors.

01

OUR STRATEGY









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OUR STRATEGY

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

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



MISSION

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



SUPERIOR

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



BRANDED

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



OMNIPRESENT

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



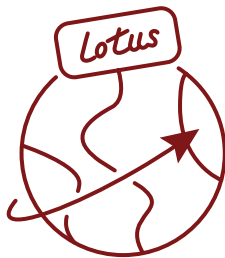
JOYFUL

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



SUSTAINABLE

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



LOTUS® BISCOFF®

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



LOTUS™ NATURAL FOODS

Investment in a strong healthy snacking business, both in our home market, the UK, and internationally.



LOTUS® LOCAL HEROES

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

VISION

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

**CARE FOR TODAY -
RESPECT FOR TOMORROW**

> Read more on page 78

STRATEGY IN ACTION

William Du Pré, Corporate Director Quality, Procurement and R&D explains the long-term strategy of the procurement division, and Jules Hendrickx and Anouk Draps from the central e-commerce acceleration team describe the acceleration of Lotus Bakeries' e-commerce policy. These practical examples show how our strategy is put into action, to achieve sustainable growth. A long-term vision is always paramount here.

SPEAKING

Lotus Bakeries ensures quality ingredients in times of shortages and rising prices of raw materials

William Du Pré

CORPORATE DIRECTOR QUALITY,
PROCUREMENT AND R&D

Prices of raw materials are soaring globally, and that has its impact on Lotus Bakeries. By maintaining close partnerships with key suppliers, so far, Lotus Bakeries has managed to avoid supply issues and all of its plants have remained operational.

COVID-19, climate change, dwindling oil supplies, speculation on commodities...: over the past two years, they have all seriously unbalanced the relationship between supply and demand. In 2021, this led to sharp rises in raw material prices, also impacting Lotus Bakeries. "Stock shortages due to the lockdowns and absenteeism at producers, global problems with container transport - for instance, the ship stuck in the Suez Canal - climate change and its impact on harvests, booming energy prices...: never before has there been so much to deal with at the same time", begins William Du Pré, Corporate Director Quality, Procurement and R&D. "Meanwhile, consumers started changing their habits by working from home. More time was left to have breakfast and do home baking, which increased demand for our products. Once more in 2021, we grew more strongly than forecast. Asian countries also increasingly discovered the US and Western lifestyle, and

imported more milk, sugar and chocolate than ever. Last year, the balance between supply and demand went awry.”

LONG-TERM SOURCING

This is all leading to record rises in raw material prices. “At Lotus Bakeries, we always take a long-term view. For this reason, a key aspect of our procurement policy is to keep a close eye on emerging trends in the market. We receive input on this from suppliers and other sources so as to track commodity prices (e.g. grain) on a daily basis. Based on this, we hedge against rising prices by fixing purchase volumes with suppliers over a longish period. We also reach agreements with our suppliers regarding conversion costs (e.g. from grain to flour). All of this helps make our cost structure more predictable.



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

NO COMPROMISE ON QUALITY

Of course, price is not the only factor in Lotus Bakeries' procurement policy. Some principles are definitely more crucial. “Quality is our number one priority”, says William. “We don't compromise on this, even when prices are high. Availability is also key: stopping production because raw materials are too expensive is definitely not an option. For key raw materials, we don't put all our eggs in one basket: we work with several suppliers, with whom we form partnerships and aim for long-term cooperation.” and, where possible, we try to buy locally. That means that we buy the raw materials for our plant in the US locally, where available, and the same applies in Europe.

CONTINUING TREND

Nevertheless, raw material prices continue to rise with no sign of a reversal. “We can aim for stability by taking a proactive approach to cope with short-term peaks. However, an adverse effect is unavoidable if trends continue long term”, William explains. “Thanks to our partnerships with our key suppliers, all of our plants remained operational in 2021. Together, we rode out shortages and cost rises. But, for now, it's difficult to look too far ahead. We can't predict the future, and don't know how the balance between supply and demand will play out after the pandemic. There's no reversal on the horizon and in the face of such exponential price rises, Lotus Bakeries was forced to make fair but adequate adjustments to its selling prices.”

Acceleration in e-commerce for Lotus Bakeries

Jules Hendrickx

Global E-commerce Development Manager
Lotus® Biscoff®

Anouck Draps

Global E-commerce Development Manager
Lotus™ Natural Foods

E-commerce has grown into a major sales channel in the last few years – including for Lotus Bakeries. For both Lotus® Biscoff® and Lotus™ Natural Foods, it not only helps drive revenue growth, but also means that we reach more and different consumers. In 2021, nearly 10% of Lotus Bakeries' Group revenue came from online sales, and this channel saw double-digit growth.

“For Lotus Bakeries, it was a clear and conscious choice to focus more on e-commerce. Of all of the sales channels in the market, e-commerce is growing fastest, and has gained momentum due to the pandemic”, begins Jules Hendrickx, Global E-commerce Development Manager Lotus® Biscoff®. “First, there are the traditional retailers with an online channel. Then there are the pure online retailers, where we distinguish between online marketplaces with a wide offering like Amazon and online grocery stores like Picnic and Ocado. We focus mainly on these three key channels. We’re seeing the biggest growth in online marketplaces. At the same time, we keep a close eye on other concepts such as quick commerce, where your groceries are delivered within ten minutes if you live in a city. We also carry out tests to help us better understand how we can work with this channel in future.”

“E-commerce increases our visibility at a faster rate, allows us to reach more consumers and makes it easier to include us in offline retail.”

– Jules Hendrickx

NEW OPPORTUNITIES FOR GROWTH

Lotus Bakeries finds that focusing on e-commerce brings new possibilities and opportunities for growth. “In markets where we’re not a well-known brand yet and our penetration is below 5%, e-commerce allows us to be included in the range immediately and to invest in visibility from the start, so as to increase our penetration faster”, continues Jules. “This online presence also helps us generate more awareness and first contact with consumers and be included in physical stores, also called offline retail. In more mature markets with a higher penetration rate, we’re seeing some consumers switch from offline to online, while we also welcome new consumers who only shop online. We’re investing in visibility and presence there, to retain existing consumers and reach new ones.”

Selling via e-commerce is essential for the Lotus™ Natural Foods brands as well. Anouck Draps, Global E-commerce Development Manager Lotus™ Natural Foods, continues: “Our Lotus™ Natural Foods range is made up of lesser known brands that tend to operate in more niche categories than Lotus® Biscoff®: kids’ fruit snacks, raw bars, snacks for toddlers and so on. You can reach these target groups with much greater precision online. That makes this sales channel extra relevant for these brands. Besides, the online world is increasingly becoming the place where shoppers discover new brands and products.”

ALMOST 10% OF GROUP TURNOVER

In 2021, Lotus Bakeries achieved double-digit growth in e-commerce sales across the entire range. “If we compare the figures with the period before the pandemic, we see a huge acceleration”, says Jules. “In some online channels, sales have even tripled compared to two years ago. And this growth continued in 2021: last year, our e-commerce sales accounted for almost 10% of total Group turnover. In 2020 this was just 7%. For comparison: online food shopping sales have a total share of 6% globally. So, we’re very happy with the figures we’re achieving.”

For Lotus™ Natural Foods, that figure is even higher, according to Anouck: “More than a quarter of Lotus™ Natural Foods’ turnover comes from e-commerce. It makes sense: those brands are an excellent fit for online selling since the target group is active young adults, who have grown up with online sales and are mainly looking for convenience or ease. Lotus™ Natural Foods’ home market is the UK and its second largest market the US, two countries that have embraced e-commerce to a greater extent and for a longer time. Compared with Lotus® Biscoff®, Lotus™ Natural Foods are also young brands that have grown along with e-commerce.”



Jules Hendrickx - Global E-commerce Development Manager Lotus® Biscoff®
and **Anouck Draps** - Global E-commerce Development Manager Lotus™ Natural Foods

DYNAMIC SHELF

Barely two years after starting out, Lotus Bakeries' e-commerce organisation is now powering ahead. The Central E-commerce Acceleration Team, a separate organisation for Amazon with three global hubs, brings the total number of employees fully dedicated to this area to 15. "The online world is completely different, because the shelf looks different every day", adds Anouck. "That makes it highly relevant to dedicate a separate team to this. With traditional retail, the shelf is relatively stable and you negotiate for shelf space annually. But, online, the shelf is constantly changing and dynamic. It's rare to negotiate with a physical buyer, the shelf tends to be put together via algorithms - like a robot. This means that we must invest non-stop so as to have sufficient visibility. That requires a totally different approach and set of expertise. Besides, we're convinced that traditional retailers will end up copying e-commerce actors like Amazon. Another reason why we believe it's important for us to learn the tricks of the trade, so that we're ready when the offline retailers change tack."

"Online, we can reach the niche target groups for Lotus™ Natural Foods with much greater precision, making this channel extra relevant."

– Anouck Draps



LOTUS® BISCOFF®

STRATEGY

The globalisation of Lotus® Biscoff® is the first pillar of Lotus Bakeries' strategy. Lotus® Biscoff® has a highly unique but accessible flavour, with a subtle caramel touch. Lotus Bakeries believes in the universal character of its Lotus® Biscoff® cookie, and consequently its Lotus® Biscoff® spread, Lotus® Biscoff® ice cream and its own range of chocolate with Lotus® Biscoff® pieces and cream filling. The Lotus® Biscoff® taste is appreciated across national borders and cultural differences, a quite exceptional situation in the food sector. Lotus® Biscoff® is now enjoyed in more than sixty countries. In 2021, Lotus Bakeries achieved strong growth with Lotus® Biscoff® in the following promising large consumer markets: the United States, the United Kingdom, China, Korea, Germany, Spain, Italy, Canada and Australia. This success supports the ambition of globalisation. The geographical expansion of Lotus® Biscoff® is the primary growth area, with plenty of further potential.

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



LOTUS® BISCOFF® COOKIE

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

Through the years, Lotus® Biscoff®'s popularity has spread far beyond borders.



LOTUS® BISCOFF® SANDWICH COOKIE

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



LOTUS® BISCOFF® SPREAD

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

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



LOTUS® BISCOFF® ICE CREAM

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



LOTUS® BISCOFF® CHOCOLATE

Lotus® Biscoff® chocolate enjoyed a highly successful launch in the Belgian market in 2020.

In 2021, we expanded the range. In addition to milk chocolate with crunchy Lotus® Biscoff® pieces and milk chocolate with crunchy Lotus® Biscoff® cream filling, we offer dark and white chocolate versions, with crunchy Lotus® Biscoff® pieces.

We're sure you'll agree they taste sensational.

INNOVATIONS 2021

MORE LOTUS® BISCOFF® CHOCOLATE VARIETIES

Following a successful launch of Lotus® Biscoff® Chocolate in two varieties, i.e. milk chocolate with crunchy Lotus® Biscoff® pieces and milk chocolate with crunchy Lotus® Biscoff® cream filling, we added white and dark chocolate versions.



“Lotus® Biscoff® Chocolate was so popular in 2021 that we achieved an impressive third place* for popularity in the filled chocolate bar category.”

– Siebald Dewachtere, Global Brand Manager

FUN FACTS

Milk chocolate with Lotus® Biscoff® filling is our most popular variety!

Almost 10%** of households in Belgium tried our Lotus® Biscoff® chocolate in 2021.

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

*Nielsen Data 2021

**Nielsen, Open Market, YTD w48 2021

LOTUS® BISCOFF® WHITE CHOCOLATE ICE CREAM STICK

The combination of Lotus® Biscoff® and white chocolate proved so successful that we introduced a delicious ice cream stick with that exact combination to the market. The unique taste is triply delicious, with Lotus® Biscoff® velvety dairy ice cream paired with Lotus® Biscoff® pieces and a layer of Lotus® Biscoff® spread, all enrobed in white chocolate sprinkled with Lotus® Biscoff® pieces.



FUN FACT

Lotus® Biscoff® White Chocolate ice cream sticks are now just as popular as the original ice cream stick in some markets.

Lotus® Biscoff® sets out the ambition to become the 3rd largest cookie brand in the world

Jan Boone

CEO

Never before has Lotus Bakeries expressed its ambition for Lotus® Biscoff® so clearly: it wants to expand the brand to become the third largest cookie brand in the world. To achieve this, it intends to invest heavily in extra production capacity, continue to focus on the recently launched innovations, and recruit highly motivated new staff. An interview with CEO Jan Boone.

“By stating that we want to become the third largest cookie brand in the world, we visualise the big ambitions we have for Lotus® Biscoff®”, Jan begins. “Over the last ten years, turnover for Lotus® Biscoff® has grown by an average of 13% each year. We’re now present in more than 60 countries worldwide, with a turnover of more than one million euros in 28 of those countries. In 2021, the Lotus® Biscoff® range accounted for more than half of our total branded turnover. By 2025, we want to achieve a turnover of 500 million euros with Lotus® Biscoff®, meaning that we have to grow by at least 10% each year.”



Jan Boone - CEO

“In order to achieve our ambition, we’re investing heavily in extra production capacity.”

– Jan Boone

And that growth potential is definitely there. “We base this on the household penetration figures for Lotus® Biscoff®, which are still relatively low”, Jan continues. “Among other areas, we’ve set our sights on eleven fairly affluent large consumer markets. For example, in the US – where the largest volume is sold – household penetration stands at just under 5%, leaving plenty of extra scope. Then, there’s the UK, for example, which has now grown into the second largest market for Lotus® Biscoff®, with household penetration having increased from 5% to 20% in just eight years.”

FASTEST GROWING COOKIE IN THE TOP 10

In view of all this, he is firmly convinced that Lotus Bakeries will succeed in its aim. “When we first expressed our ambition to be the third largest cookie brand in the world – in August 2021 – we were in 10th place. Today – in February 2022 – we’ve moved up to 7th. We’re the fastest growing cookie in the Top 10. We won’t reach third place overnight, so this is a long-term ambition”, Jan adds.

The various innovations Lotus Bakeries has made to the Lotus® Biscoff® range over the last few years – including in categories other than the cookie category – are already helping to increase brand awareness for Lotus® Biscoff® and in turn to realise the growth ambition. “Lotus® Biscoff® ice cream is available for some time now and has performed very well, especially varieties with the full Lotus® Biscoff® taste, such as sticks. But our biggest innovation is the sandwich cookie, which we

launched in 2020. All three flavours – Lotus® Biscoff®, vanilla and milk chocolate – are now selling amazingly well. To the great satisfaction of retailers and consumers, as borne out by the rotation figures. Through the sandwich cookie, we’re also reaching a younger audience and improving our visibility on the shelf. This is particularly important in countries where Lotus® Biscoff® isn’t so well known yet.” As a result, he’s firmly convinced that the sandwich cookie is here to stay. “Shortly, we plan to invest heavily in a second production line for the sandwich cookie in Lembeke.”

Finally, there is the chocolate with Lotus Biscoff cream filling or Lotus® Biscoff® pieces, on whose internationalisation Lotus Bakeries has also decided to focus, following a successful launch in Belgium.

100 MILLION EUROS IN INVESTMENTS

Finally, Lotus Bakeries’ growth ambition goes hand in hand with substantial investments in additional production capacity: more than 100 million euros extra will be invested in the coming years. “If we want to grow by 10% each year, we need to add extra production lines nearly every year. That’s why we’re already investing in a new building housing two extra production lines in the US, as well as an extra building, production line and dough room in Lembeke. Finally, besides buildings and machinery, we also need to expand our workforce. So, we’re recruiting good, committed employees who value quality just as highly as we and our current employees do”, Jan concludes.

Lotus invests in more production capacity for Lotus® Biscoff® on two continents

Jean-Paul Van Hoydonck

Plant Director Lembeke

Dries Mermuys

Operations Director Mebane

Making Lotus® Biscoff® the Number 3 cookie brand in the world involves providing sufficient production capacity to keep pace with rapidly growing demand. For this reason, Lotus Bakeries plans to invest in new buildings, production lines and staff on two continents – in Belgium and the United States.

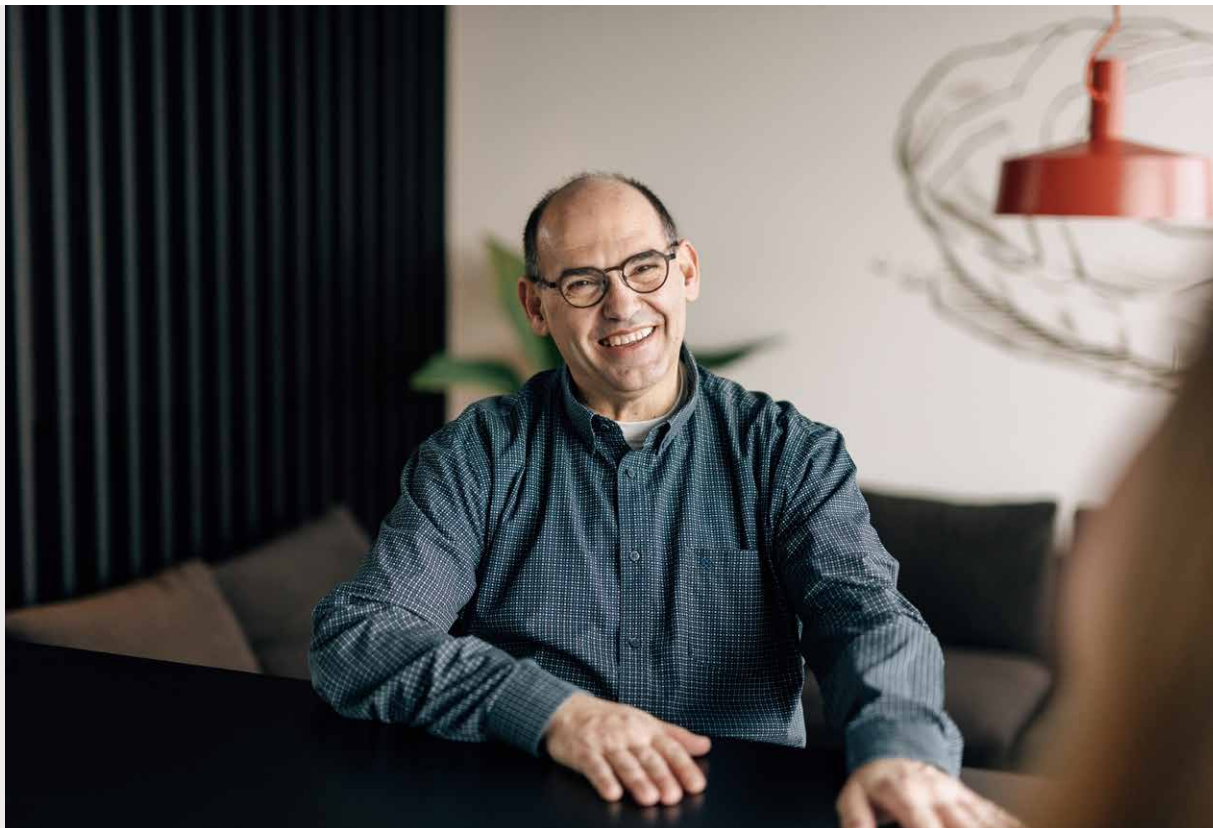
“Lotus® Biscoff® has grown amazingly during the last few years”, begins Plant Director Jean-Paul Van Hoydonck, who has seen the site in Lembeke grow to reach maximum production capacity over the last fifteen years. “During the last few years, demand has risen so fast that we’ve now reached the limit for plant, production lines and the workforce in Lembeke. All of the available capacity of our dough room is used up. Our sixteen production lines are in full use during the week in a three-

shift system, and around eleven lines regularly run at weekends, so as to be able to process all of the dough. There’s still a little scope for growth on the packing lines, but we’re limited there because the dough room is at maximum capacity. We’re also at the limit in our warehouse, in the loading docks and for the raw material tanks.” Lines are operating at maximum capacity in the USA too, where a Lotus® Biscoff® plant opened in 2019. If Lotus Bakeries wants to continue to grow, it needs to expand.

NEW DOUGH ROOM, PRODUCTION HALL AND OVEN IN LEMBEKE

In view of this, Lotus Bakeries is building an extra dough room in Lembeke. “It should be operational by summer 2022, and will have a similar capacity to the current dough room”, says Jean-Paul. “This new dough room will eventually mean that we can double the production volume for Lotus® Biscoff®. It will also mean that we can make full use of the existing packing lines, and more lines will be able to keep running at weekends. By the end of 2022, we hope to produce at least 10% more Lotus® Biscoff® compared to 2021.”

Lotus Bakeries is also building an extra production hall, with room for an extra production line for the Lotus® Biscoff® Sandwich cookie as of the second semester. There will also be a new oven for baking the Biscoff® cookies. “This is firstly to create extra grinding capacity, and secondly to deliver sufficient cookies for the additional Lotus® Biscoff® spread preparation line to be added in the autumn”, says Jean-Paul.



Jean-Paul Van Hoydonck - Plant Director Lembeke

DOUBLING THE PRODUCTION LINES IN MEBANE

Lotus Bakeries is investing substantially in the future of the US operation as well. “There’s still plenty of room to expand on our site in Mebane. Two production lines are now up and running for Lotus® Biscoff®. So, we’re well placed there”, comments Dries Mermuys, Operations Director in Mebane since July 2021. “But we’re still building a new production hall with room for four extra production lines, two of which are already ordered, set to start up by the fourth quarter of 2022 at the latest.

Through these investments, we intend to support further growth in the US while reducing our ecological footprint by sending fewer containers from Lembeke to the US. This will also create space at Lembeke to produce cookies for other countries.”

At the end of 2021, we decided to set up a production line for the Lotus® Biscoff® Sandwich cookie in the US as well.

CONTINUING TO GROW

“Capacity for Lotus® Biscoff® will have increased greatly in 2022”, says Jean-Paul. “That’ll give our sales offices a boost to really go for it, sell their hardest and seize opportunities. The global demand is there already.” And we have big ambitions in the US too: “There may come a time when our production capacity in the United States exceeds local demand. At that point we can become an exporter too”, Dries comments.

It’s clear that, as far as Jean-Paul and Dries are concerned, this won’t stop at the end of 2022. “In Lembeke, we’re busy preparing for the approval of our application for a new urban development plan to extend the site further and double production in the coming years. In the US, the master plan leaves plenty of scope for new lines. We have to keep growing if we want to achieve our ambition of becoming number three in the world”, Jean-Paul concludes.



Dries Mermuys - Operations Director Mebane

“We have to keep investing if we want to become number three in the world.”

– Jean-Paul Van Hoydonck



LOTUS™ NATURAL FOODS STRATEGY

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

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

The geographical expansion of our Lotus™ Natural Foods brands outside the United Kingdom is another major growth area. In 2016, we took our first steps towards further internationalisation, focusing on Lotus Bakeries' home markets of Belgium, the Netherlands and France, plus the United States specifically for BEAR. In 2020, Lotus Bakeries decided to accelerate this growth by centralising all international activities, brands and Global Accounts at Lotus™ Natural Foods' international headquarters. Organisationally, the whole international Natural Foods team has been brought together at new offices in Baar, Switzerland. This allows an abundance of synergies to be achieved.

On the one hand, in terms of strategy, development and protection of the international brands. On the other hand, regarding the optimisation of the supply chain and sales strategies for Lotus™ Natural Foods products. In 2021, a central E-commerce Acceleration Team, local e-commerce teams and a separate organisation for Amazon with three global hubs were set up, designed to accelerate the Group's e-commerce activities, including for Lotus™ Natural Foods. This will help drive the continuing international growth of these brands.

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



NĀKD

Nākd bars are made with just fruit and nuts.

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

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

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



TREK

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



BEAR

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

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



KIDDYLICIOUS

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

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

Thanks to its diverse and innovative portfolio of baby snacks and meals, Kiddylicious became the biggest brand in the baby snacking category in the UK in 2021.

INNOVATIONS 2021

KIDDYLICIOUS: 3+ RANGE

Kiddylicious has opened up a brand-new segment by creating a range especially for 3+ years. As babies grow into toddlers and pre-schoolers, parents worry that their child has outgrown baby snacks and start offering their children adult ones. This range offers balanced, portion-controlled snacks that are packed with fruit and vegetables - and taste great.



FUN FACTS

2021 saw a 24% rise in global sales of Kiddylicious products. More than 127 million bags were snapped up. And the 3+ range certainly played its part.

NĀKD LUNCHIES

Introducing Nākd Lunchies for Kids! This new range of fruit bars launched in the UK in September 2021 are made with delicious fruit, oats & seeds, especially for your little ones! What makes them so tasty? They come in three delicious flavours: Cocoa Brownie, Apple Crumble and Strawberry Muffin. Each vegan 21g bar is made with 100% natural ingredients and no added sugar or nuts, making them the perfect snack for kids' lunchboxes!

“Nākd Lunchies is a nut-free recipe we have launched and each bar contains nearly 80 percent fruit.”

– Mirka Butalova, NPD manager



FUN FACT

This is our first Nākd bar aimed at kids.

**TREK POWER (55G INDIVIDUAL BARS):
NEW CHOC ORANGE FLAVOUR**

In September 2021, we launched TREK Power Choc Orange flavour in the UK so as to offer a strong line-up of three fantastic TREK Power flavours, the other flavours being Peanut Butter Crunch and Millionaire Shortbread. Our 15g TREK Power bars are made from 100% plant-based ingredients and covered in a delicious vegan alternative to chocolate.



“Around 70% of Power sales are incremental to the TREK brand. It’s interesting to see that TREK Power appeals to a younger consumer demographic than TREK Flapjacks.”

– Marina Love-Smith, Marketing Director

FUN FACT

In 2021, 1.6 million bars or 89 tonnes of Power bars were produced.

Lotus™ Natural Foods powers ahead internationally

Isabelle Maes

CEO Lotus™ Natural Foods

Margo Joris

General Manager US

Leon Broer

General Manager International Distributors
Lotus™ Natural Foods

Turnover for the four Lotus™ Natural Foods brands - BEAR, Nākd, Kiddylicious & TREK - has grown by around 20%, and even 40% internationally. At present, around a quarter of Lotus™ Natural Foods' turnover comes from international business. Meanwhile, the brands still perform very well in the UK, from where they originated.

"When we first launched our Lotus™ Natural Foods range at the end of 2015, we knew that there was plenty of potential for these healthy snacks outside the UK", begins CEO Lotus™ Natural Foods Isabelle Maes. "That's why, from the start, we focused on growth in a few large consumer markets such as the United States, Canada, Australia and Europe. Very recently, we have taken our first steps in Asia too. Alongside this accelerated international growth, it's important to consolidate our position in the UK by continuing to invest in brand awareness and innovating.



Isabelle Maes - CEO Lotus™ Natural Foods



Margo Joris - General Manager US

This strategy has already paid off for Lotus Bakeries: in 2021, Lotus™ Natural Foods recorded a turnover of more than 140 million euros, up from around 60 million euros in 2015 – just after the acquisitions. “Then, 6% of turnover was international, now it’s 26%”, Isabelle adds.

30% OF INTERNATIONAL TURNOVER IN THE US

Roughly a third of Lotus™ Natural Foods’ international turnover comes from the United States, where only BEAR is currently sold. Five years after its launch, the brand has grown into a real success story there. “The kids fruit snacks category has already existed for some time in the US”, Margo Joris, General Manager US comments. “But this category isn’t all that healthy: these are still sugary products that would be considered as confectionery in Europe. With BEAR, we launched a product that’s different and unique: it’s made with 100% fruit so it’s totally pure, but tasty too. Consumer reactions are positive. Meanwhile, we have made considerable progress in the US, with a presence in more than 11,000 stores. But there’s still a lot of untapped territory: we still have strong growth ambitions when it comes to distribution, rotation and penetration. In the long term, our ambition is to be as big as conventional fruit snacks.”

Lotus™ Natural Foods made great progress in 2021. “Whereas at first we were mainly present in stores where people consciously seek out healthy alternatives, this year BEAR broke further into traditional retail with launches at several national actors not focused on healthy food per se”, Margo explains. In this way, we are strengthening our ambition to be available to every American.

Also last year, we formed national partnerships with the biggest players in two more sales channels, drug channel and club stores. This not only makes our product more visible to consumers, it also gives us a stronger starting point in discussions with other retailers.”

“More than ever, we are convinced that the foundations are there for strong international growth. But this is just the start.”

– Isabelle Maes

BUILDING THE CATEGORY IN EUROPE AND THE MIDDLE EAST

The situation is different in countries in Europe and the Middle East, where, as well as launching the healthy snacks, the team led by Leon Broer, General Manager International Distributors Lotus™ Natural Foods, often has to create a new category too. “In these regions, although there’s a classic confectionery category and a category for muesli bars, the trend for healthier snacking is just beginning. This makes it more challenging to launch Lotus™ Natural Foods in those markets, since we also have to build the category. Fortunately we find that as first mover, we are successfully building this new category together with our distributors and the retailers. There’s still a lot to gain in these regions. We are seeing consumer demand change faster and faster each year towards healthier snacking alternatives; in countries whose consumption habits closely match those in the US, such as Canada and Australia, but also in Europe and more recently in the Middle East. Governments are increasingly moving in this direction with their regulations, retailers are taking responsibility, and consumers want to make more conscious choices. Lotus Bakeries has brands that really stand out, and has entered this market at the right time.”

By 2021, the Lotus™ Natural Foods brands were already launched in seven new markets in the region. “We also hugely expanded the distribution of BEAR and Nākd in the United Arab Emirates, and launched a temporary value pack to attract consumers outside the shelf. This kind of value pack is set up on a separate pallet in the store and creates an extra encounter with our product besides the shelf. For a new category, it’s really important that we are visible in store and have multiple encounters with shoppers to convince them to buy”, Leon adds.

BOOST FROM NEW HQ IN SWITZERLAND

To boost our position internationally, at the end of 2020, Lotus Bakeries decided to centralise all international activities for Lotus™ Natural Foods at a brand-new international HQ in Switzerland, at which 35 people now work. “As well as creating synergies, this motivates us to share successes and experiences, so that we can learn even more from one another. From here, we try to enable our successes to be repeated and in so doing arrive at a repeatable model”, Leon says.

The Lotus™ Natural Foods division likes to take inspiration from what is happening in the US when it comes to e-commerce too. “Lots of trends originate from the US”, Margo continues. “Healthy snacking started there, and so did e-commerce. There are lots of initiatives in the US that haven’t reached us in Europe yet, such as the Instacart app, which enables Americans to shop with various retailers online and have the goods delivered to their homes the same day.

Thanks to the pandemic, traditional retailers have also upped their game when it comes to e-commerce. Online selling is now just as important as instore.”

PERFECT MATCH

In view of all this, e-commerce brings substantial opportunities for international growth for Lotus™ Natural Foods. “Consumers who shop online – typically dual earners who prioritise convenience and health – are the perfect match for us”, Isabelle explains. “Plus, on an online platform like Amazon, you can not only sell your product but also communicate lots of product information. So, we like to take inspiration from a leading and innovative company like Amazon which has become an essential part of the retail landscape. Besides, they gave us our first national presence in the fragmented US retail landscape.”

FOUNDATION FOR MORE GROWTH

Finally, of course, a recent feature has been the pandemic, which created major supply chain challenges internationally. “Nevertheless, Lotus Bakeries’ entire global organisation managed to turn this challenge into an opportunity”, says Margo. “At first, we were worried about late delivery now and then, but US retailers say we did very well compared to other suppliers. That gives us a big advantage. Because other actors couldn’t deliver, we were extra visible on the shelf and managed to gain market share. Besides, buyers factor our good delivery performance over the last few months into their future decision-making. This remarkable performance is due to the enormous flexibility shown by our colleagues across our whole organisation, especially the global departments, our factory in South Africa and our packaging plant in Mebane, US.”

The Lotus™ Natural Foods division is clearly poised for more growth in 2022 and beyond. “More than ever, we are convinced that the foundations are there for strong international growth”, Isabelle concludes. “Being first not only gives us a head start, but earns us the trust of retailers as well. And I’m especially happy and proud to be able to rely on a very strong team spanning all countries. Together, we share the ambition and enterprise to put Lotus™ Natural Foods on the map. We believe in this and are going for it.”



Leon Broer - General Manager International Distributors Lotus™ Natural Foods





LOTUS® LOCAL HEROES STRATEGY

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





LOTUS CAKES

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

Frangipane starred in an episode of *Snackmasters* in 2021. Top chefs Marcelo Ballardín and Loïc Van Impe competed to create an exact copy of our popular, iconic Lotus treat in just two days. While Koen Wauters oversaw the competition, Ruth Beeckmans discovered how a Lotus Frangipane is actually made at our factory in Oostakker.



DINOSAURUS

The deliciously crunchy cookies we all know and love - shaped like different dinosaurs. Lotus Dinosaurus cookies inspire young and old to explore the world, try new things and let their imagination run wild.

The basic version of the popular Dinosaurus cookies comes in three flavours – milk chocolate, dark chocolate and whole wheat. They are available in a mini-version too. The range also includes Lotus Dinosaurus filled, a crunchy round cookie with a light filling of Belgian milk or dark chocolate. Since 2021, the round filled Dinosaurus cookies are also available in a mini version.



LOTUS WAFFLES

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

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



PEIJENBURG

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

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

In 2021, Peijnenburg launched a new media campaign starring Dutch comedian Marc-Marie Huijbregts and his 'Happie Place'.



SNELLE JELLE

Snelle Jelle stands for energy, adventure and challenges.

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

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



ANNAS

The Annas brand dates from 1929, the year in which Anna and Emma Karlsson opened their bakery near Stockholm (Sweden). There they baked the typical Swedish speciality of pepparkakor biscuits: thin, crunchy biscuits flavoured with ginger and cinnamon.

Annas is the most popular brand of pepparkakor cookies in its home markets of Sweden and Finland.

There is now a variety of traditional flavours, as well as limited editions and an Annas variety with organic ingredients bearing the EU Organic Logo. Annas also markets special Annas Pepparkakor houses, which are traditionally assembled and decorated by the whole family. Although Annas Pepparkakor cookies are available all year round, in Scandinavia they are especially popular during the Christmas period.

In 2019, Annas Pepparkakor made the step from cookie tin to freezer with Annas Pepparkakor ice cream. Following this success, Anna's Mini Ice creams were launched in 2021.

INNOVATIONS 2021

ALMOND MADELEINE

In 2021, an almond version was added to the Madeleine range and successfully launched in the Belgian market. The sweet little cake with a subtle almond flavour helped us reach a new milestone, with impressive results across the whole Madeleine range.

“Our R&D department carried out many tests with different ingredients to achieve the right texture, culminating in an amazing almond version of our classic Madeleine.”

– Tania Ceuppens, Brand Manager Pastry



FUN FACT

Thanks to the launch of the almond Madeleine and an impressive performance across the entire range, Madeleine achieved record figures in 2021.

MINI FILLED DINOSAURUS COOKIE

Since 2021, the round filled Dinosaurus cookies are also available in a smaller version, in two different flavours: vanilla and milk chocolate. This mini version makes it easy to share these delicious cookies with friends and family.

“Thanks partly to the successful launch of the new filled Dinosaurus cookies, Dinosaurus achieved double-digit growth in Belgium in 2021”

– Hendrik Van Steendam, Marketing Director



FUN FACT

Mums and Dads love to eat the new mini dino cookies too. There are no less than 15 bite-size cookies in every pack.

ANNAS PIPPI LONGSTOCKING COOKIES WITH VANILLA AND RHUBARB

Anyone who knows the story of Pippi Longstocking knows that she's crazy about gingerbread and especially rhubarb pudding. As a tribute to the strongest girl in the world and her absolute favourite flavour, Annas developed this deliciously fun cookie.

**“We added some sweet,
fun sugar dots to the cookie -
inspired by the spots on her
favourite horse, Lilla Gubben!”**

– Eva Forsberg, Category Marketing Manager



FUN FACT

Part of the sales goes to
Save The Children's 'Pippi of Today' campaign
to support girls fleeing from war and danger.

ANNAS MINI ICE CREAMS

In the last two years, Annas has made the step from cookie tin to freezer with Annas Pepparkakor ice cream. This year, we premiered a second innovation from the freezer, Annas Mini ice creams.

Now, big and small ice cream fans can enjoy velvety pepparkakor ice cream enrobed in milk chocolate with crunchy Annas original pepparkakor pieces, an irresistible combination!



“The 900ml Annas Tub is already the undisputed number 1 for scooping ice cream in Sweden! The amazing flavour comes from pairing ingredients with our Original Annas cookie, baked to the same recipe since 1929.”

– Caroline Ingfors, product manager Annas

FUN FACT

The press release for Annas' NPDs in Sweden achieved a record PR result with a reach of 12 million in 2021.

Annas' Swedish ginger thins continue to rank high and innovate

Pelle Karlson

Country Manager Nordics

Eva Forsberg

Category Marketing Manager

Creating small moments of happiness by offering unique, superior snacks. This is what Lotus Bakeries does in Sweden with Annas Pepparkakor, spicy ginger thins that have been the Christmas biscuits of choice in Scandinavia for many generations. While constantly innovating, the brand continued to grow strongly in 2021. Meet Sweden's best-loved ginger cookie.

"Pepparkakor is extremely popular in Scandinavia", begins Pelle Karlson, Country Manager Nordics. "The segment accounts for around 20-25% of the overall sweet cookies category. In November and December, pepparkakor dominates the category with its market share increasing to 70%. At school, at work, with friends or when getting together with family: everyone enjoys the spiced ginger cookies at that time of year. And, with a share of 37%, Annas ginger thins are the market leader in that segment."



Pelle Karlson - Country Manager Nordics

“There’s clearly a market for brands that are suited to cosy, social moments, and that’s exactly what matches Annas’ core values.”

– Pelle Karlsson

Annas is still baked on steel trays using a traditional technique, according to the original recipe invented by sisters Anna and Emma Karlsson in 1929. “Since then, it has grown into the most loved ginger thins in both Sweden and Finland”, explains Eva Forsberg, Category Marketing Manager. “It’s passed down from generation to generation, and children literally grow up with Annas. So, most Swedes know this product from childhood.”

WELL-LOVED GINGER THINS

Year by year, we observe an increase in sales and in 2021 too, we achieved very good growth. To continue to improve, attract new consumers and keep inspiring existing ones, Annas launched a limited edition - for the eighth time - of the cookie, this time cardamom flavoured. And, once again, this product line was enthusiastically welcomed by many retailers into their product ranges”, Eva continues.

FIRST STEPS IN THE ICE CREAM CATEGORY

Annas’ status as a dynamic and innovative brand is proven by the fact that in recent years, it has also moved into a new category in Scandinavia. In 2019, Annas Pepparkaks scooping ice cream was launched, joined in 2021 by Annas Miniglassar: Annas mini ice cream sticks coated with chocolate and ginger thin pieces. “This innovation was extremely popular”, says Eva. “All major retailers in Sweden and Finland took it on, we met our sales targets and received fantastic reviews from consumers via social media. Our ice cream was one of the top-selling ice cream products in the category during the end-of-year period.”



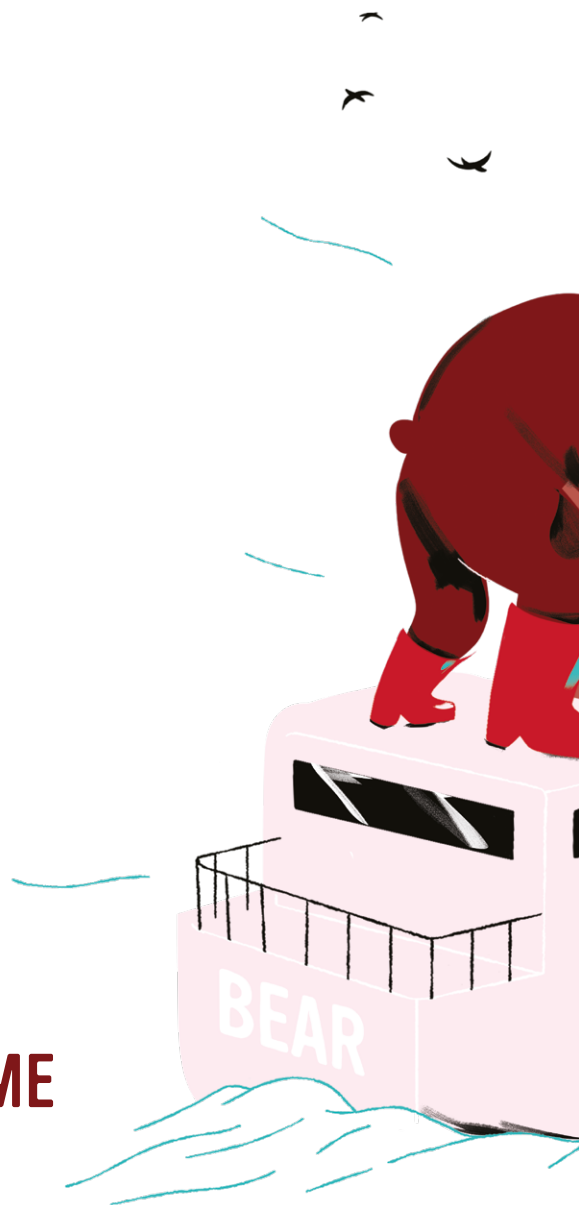
Eva Forsberg - Category Marketing Manager

GINGERBREAD HOUSE

Finally, there’s also Annas pepparkakshus, or gingerbread house, whose sales recorded double-digit growth for the ninth year in a row. Pelle explains: “Building a gingerbread house is a tradition in Sweden. You decorate it with your family as part of your Christmas rituals. People like to share this activity on social media too. For the last few years, we have set a new record with sales of Annas pepparkakshus every year. When we launched a second version of the house in 2020, that was a great success too. 80% of sales were incremental to sales of the original version, meaning that there was scarcely any cannibalisation. In view of this, in 2022, we are looking at whether we can grow further in this segment. There’s clearly a market for brands that are suited to cosy, social moments and that’s exactly what matches Annas’ core values.”

02

OUR SUSTAINABILITY PROGRAMME
CARE FOR TODAY, RESPECT FOR TOMORROW









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OUR SUSTAINABILITY AMBITION

Lotus Bakeries plans to grow by offering a varied range of branded snacks for every moment of the day. This growth must be profitable and sustainable, while maximising opportunities for future generations. This is our vision.

We plan to become even more ambitious in the times to come with our 'Care for Today, Respect for Tomorrow' sustainability strategy and our implementation of the action plans associated with it. This makes our sustainability ambition an integral part of our vision and our business strategy, which rests on three pillars and in which we have set out the following specific ambitions:

OUR ENVIRONMENT

We are committed to protecting our environment and combating global warming. We aim to reduce our ecological footprint in everything we do. We put this commitment into practice by promising only to use recyclable packaging for all our brands by 2025. Our 12 factories are already carbon neutral and in 2022 we will commit to endorsing the Science Based Target initiative (SBTi).

OUR EMPLOYEES

Our recruitment policy is designed to attract a diverse and talented group of people who, just like us, care about the TOP values. We aim for long-term employment and offer our employees a pleasant, challenging, inspiring and safe work environment. We use development, constant challenge and training to ensure our employees feel at home at Lotus Bakeries and that they develop themselves to ensure that accrued know-how is permanently retained in the business.

OUR COMMUNITY

We also actively accept our social responsibility. By implementing our internal Code of Conduct and the Supplier Code of Conduct, we guarantee ethical business practices throughout the organisation. With our Foundation for Education we contribute to prospects for future generations through carefully chosen education and training projects.

In March 2021 we underlined our sustainability ambition by endorsing the UN Global Compact. Lotus Bakeries will publish its progress report on this in 2022.



Jan Boone
CEO

OUR SUSTAINABILITY STRATEGY

Lotus Bakeries' sustainability strategy rests on three pillars: our environment, our employees and our community.

We aim for good corporate governance in each pillar and set specific targets and priorities to help us achieve our sustainability objectives.

AMBITIONS

ENVIRONMENT

We are committed to the environment and to help fight against global warming. In everything which we undertake, we strive to reduce our ecological footprint.



EMPLOYEES

We have a recruitment policy aimed at attracting a diversified and talented group of people who share our TOP values. We aim for long-term employment and offer our employees a pleasant, challenging, inspiring and safe working environment.



COMMUNITY

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



GOVERNANCE AND REPORTING

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

The EXCO reports regularly to the Board of Directors on the different priorities and actions. The following topics are among those discussed by the Board of Directors in 2021: the ESG strategy and action points, a sustainable packaging status update and the Young Graduate Programme.



From 2021 onwards Lotus Bakeries will issue a GRI report which will be available on its website

<https://www.lotusbakeries.com/reporting-disclosure>

TOP 20 SUSTAINABILITY PRIORITIES

A materiality assessment helps us decide which issues are important for both the company and our stakeholders. It is important to involve our stakeholders and give them a say in our sustainability ambition and our sustainability programme. Lotus Bakeries carries out a full evaluation of its sustainability priorities on a regular basis to ensure that all developments are reflected both inside and outside the company. The starting point is a questionnaire, on the one hand based on the pillars and existing priorities of our sustainability programme and on the other inspired by developments and priorities within the broad sustainability field. These questions are put to a relevant group of stakeholders and the EXCO.

In this way these top 20 sustainability priorities are defined on the basis of the materiality assessment. The relevance and the importance of these issues is reviewed and if necessary updated on a regular basis. They were most recently updated in 2019.

Top 20 sustainability priorities

ENVIRONMENT

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

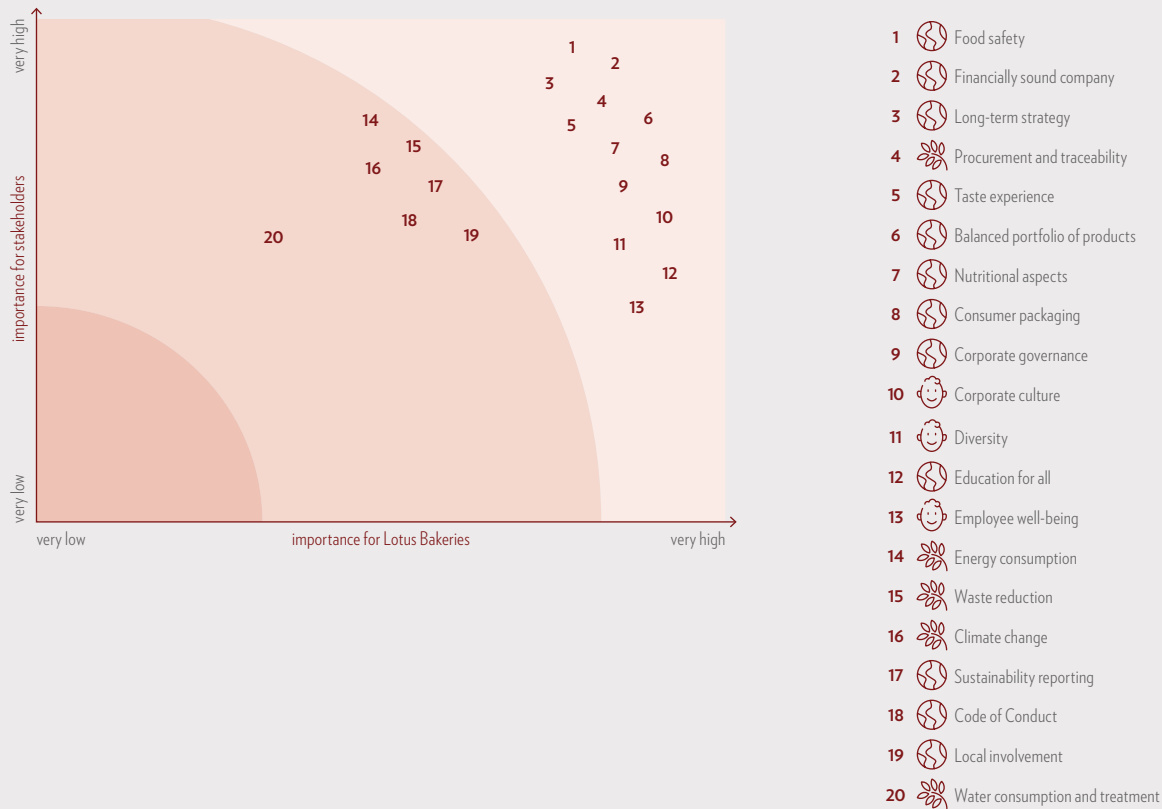
EMPLOYEES

- Corporate culture
- Diversity
- Employee well-being

COMMUNITY

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

Our Materiality matrix



UN GLOBAL COMPACT OF THE UNITED NATIONS

In March 2021 Lotus Bakeries was accepted as a member of the UN Global Compact of the United Nations. The UN Global Compact is a global sustainability initiative for businesses set up by the United Nations. As a result Lotus Bakeries is committed to upholding the Ten Principles of the United Nations in the area of human rights, working conditions, environment and anti-corruption and to ensure they form part of its strategy, culture and daily activities. Lotus Bakeries is also committed to supporting projects that promote the broader development goals of the United Nations, in particular the 17 sustainable development goals or SDGs. Our participation in the UN Global Compact also means that we renew our commitment annually and report on the progress of our efforts to implement the Ten Principles.



The renewed commitment and the March 2022 progress report are available on our website

<https://www.lotusbakeries.com/reporting-disclosure>

¹ Businesses must support and respect the internationally proclaimed human rights; Businesses must ensure they are not complicit in human rights abuses; Businesses must uphold freedom of association and the right to collective bargaining; The elimination of all forms of forced or compulsory labour; The effective abolition of child labour; The elimination of discrimination in respect of employment and occupation; The supporting of a precautionary approach to environmental challenges; Undertaking initiatives to promote greater environmental responsibility; Encouraging the development and diffusion of environmentally friendly technologies; Businesses should work against all forms of corruption, including extortion and bribery.

Sustainable Development Goals of the United Nations

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

As a business our contribution focuses on those goals on which we as Lotus Bakeries can have the greatest and most direct impact. The SDGs that are directly supported by the priorities we have set in our sustainability strategy are set out in the discussion of the three pillars further in this chapter.



OUR SUSTAINABILITY IN ACTION

In 2020, Lotus Bakeries formulated specific ambitions for each of its three pillars of sustainability.

In the report that follows, the company seeks to communicate the targets and priorities it has formulated to help achieve these ambitions. In this chapter it also provides transparency around what was actually achieved in the Group in 2021. In this way, we demonstrate that our ambitions go beyond mere words and are transformed into concrete action.

This Care for Today, Respect for Tomorrow chapter contains a set of indicators related to the three pillars of sustainability. A selection of indicators has been validated by PwC Bedrijfsrevisoren BV. The validation was carried out in accordance with the International Standard on Assurance Engagements (ISAE) 3000, a model developed to provide assurance for non-financial data. The assurance indicators are marked throughout the text by ∅.



For the assurance report relating to the attested indicators for the year as at 31 December 2021, please refer to page 138 of this annual report



For the assurance report relating to the attested indicators for the year as at 31 December 2020, please refer to page 99 of the 2020 annual report



ENVIRONMENT

status

In total, 97.1% of the packaging of all Lotus Bakeries brands is recyclable¹

100% of our owned sites have earned the CO₂-neutral label

97.1%
recyclability

100%
CO₂-neutrality

target

By 2025, 100% of the packaging of all Lotus Bakeries brands to be recyclable¹

All of our owned production sites to earn the CO₂-neutral label



PRIORITIES	UNIT	2021	2020	2019
% of packaging of all Lotus Bakeries brands that is recyclable ¹	%	97.1 ✓	96.8	93.9
% of our owned sites that have earned the CO ₂ -neutral label	%	100 ✓	100 ✓	100
PACKAGING	UNIT	2021	2020	2019
Reduction of plastic	tonnes/year	21.6	18.5	
Use of recycled cardboard	%	75	77	
Use of cardboard with the 'sustainable managed forest' guarantee	%	76	77	
CO ₂ EQUIVALENT EMISSIONS	UNIT	2021	2020	2019
Output of scope 1 & 2 CO ₂ equivalent emissions per tonne produced on our owned sites	kgCO ₂ e/tonne	163 ✓	145 ² ✓	133
Output of scope 1 & 2 CO ₂ equivalent emissions per tonne produced on our owned sites, excluding own transport	kgCO ₂ e/tonne	156 ✓	139 ² ✓	126
ENERGY CONSUMPTION	UNIT	2021	2020	2019
Energy consumption per tonne	kWh/tonne	1064	1071 ²	923
WASTE	UNIT	2021	2020	2019
Kg of waste per tonne generated ³	Kg/tonne	63 ⁴ ✓	54 ✓	45

¹ The recyclability rate is the average technical recyclability of the packaging of all Lotus Bakeries brands by the end of 2021. It takes into account consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is determined per packaging component on the basis of state-of-the-art design guidelines for recyclability (Ceflex, Recyclass). The average technical recyclability is a weight average, based on the packaging weight of each packaging component.

² Following an analysis within the CSR project, the calculation of the external consultant was refined. The additional CO₂e emissions were compensated with additional certificates so that 100% CO₂ neutrality was maintained.

³ This concerns residual waste, production waste, grease, paper, cardboard at our owned sites.

⁴ The figure is negatively impacted by significant capacity expansions and associated normal start-up inefficiencies.

OUR ENVIRONMENT

AMBITIONS & ACHIEVEMENTS IN 2021

We are committed to protecting our environment and combating global warming and we aim to reduce our ecological footprint in everything we do.

ALL PACKAGING RECYCLABLE BY 2025

Our commitment

Lotus Bakeries is committed to designing all its packaging for all its brands to be recyclable by 2025.

The purpose of our packaging is clear. First, it protects the product, both en route to the retailer and from shop rack to consumer's store cupboard, up to the time of consumption. We must pack our product to guarantee the taste experience and product quality. It is how we create a barrier to outside influences. Second, the packaging is the perfect medium for giving the consumer clear and accurate information.

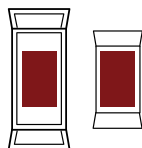
High-quality packaging also ensures that Lotus Bakeries' products have a longer shelf life and therefore helps prevent food waste, an issue as equally concerning as packaging waste. It is estimated that one third of food products produced globally – approximately one billion tonnes – is lost through food waste. And that is mainly at the point of sale and once it reaches the consumer.

At the same time Lotus Bakeries recognises the problems relating to the use of packaging, including marine pollution, carbon emissions and the use of non-renewable resources. Lotus Bakeries shares the concern and is keen to accept its responsibility in making the transition from the current linear economy, where packaging is produced, used and thrown away, to a circular economy, in which materials are kept circulating.

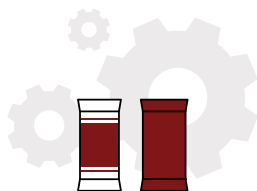
LOTUS BAKERIES' VISION OF PACKAGING

1. We only want to offer our consumers products of the highest product quality and with a superior taste experience
2. So we must protect our products: packaging allows us to combat food waste and ensure food safety
3. We aim to make our packaging as sustainable as possible and are committed to reducing our packaging carbon footprint

Against this background Lotus Bakeries has formulated a packaging strategy that focuses on the reduction of packaging, innovative design and investment in circularity.



REDUCE WHAT WE USE



DESIGN FOR TOMORROW



AIM FOR CIRCULARITY

Reduce what we use

The ideal packaging contains as little packaging material as possible, with no loss of flavour or freshness. So we constantly invest in optimising our packaging, with the aim of using as little packaging material as possible. In so doing we pay attention to ensuring a superior taste experience for the consumer and minimising food waste. There is a delicate balance between using as little material as possible for the environment and enough material to protect our products fully.

In 2021 we reduced the use of plastic by 21.6 tonnes compared with 2020.

Design for tomorrow

The recyclability of packaging starts with its design. We constantly explore sustainable and innovative packaging materials to increase the recyclability of our packaging and at the same time support the recycling process. We use objective eco-design guidelines to make our packaging recyclable, including CEFLEX and RecyClass. In this way we support our ambition to make all the packaging of our brands recyclable by 2025. Currently, 97.1% of our packaging is recyclable.

Aim for circularity

Since we design with recyclability in mind, we believe it is vitally important to evolve into a circular economy. So we are determined to invest in closing the circle. Our intention is to continue research into how responsible purchasing, recycled content, consumer awareness, sorting guidance, innovative solutions, etc. can help us achieve this goal.

Our preference is to use recycled content because of the better carbon footprint, without losing sight of the quality and functionality requirements.

So we aim for the maximum technically feasible and on average now have 75% recycled content in all the cardboard packaging of our brands. In addition to this, 76% of the cardboard packaging of our brands is currently certified with the guarantee that the products come from sustainably managed forests.

Lotus Bakeries also supports various collection and recycling systems, including Ceflex, The Flexible Plastic Fund. Moreover, we contribute to Extended Producer Responsibility systems in different European countries.

These achievements would not have been possible without the efforts of the sustainable packaging team and the project teams with which they collaborate. Laetitia Vlaeminck, Sustainable Packaging Engineer, goes through the main initiatives underlying the fantastic results in each pillar of the packaging strategy in 2021.

Powerful strides towards a more sustainable packaging policy

Laetitia Vlamincx

Sustainable Packaging Engineer

Design for tomorrow, reduce what we use, aim for circularity: these are the three pillars of Lotus Bakeries' packaging strategy. Once again in 2021, we made major strides in each of these areas. Sustainable Packaging Engineer Laetitia Vlamincx outlines the most powerful steps.

"In our packaging strategy, we always aim for the optimum overall picture", Laetitia begins. "We want to improve sustainability as a whole. So, we don't intend to engage in burden shifting, for example by switching from plastic to an alternative like paper, which is perceived as more sustainable, but end up using much more material, reducing the shelf life of our cookies and not gaining the full benefit from the efficiency of our ovens."

100% RECYCLABILITY FOR BISCOFF® COOKIES

Under the heading of 'design for tomorrow', Lotus Bakeries is improving the recyclability of its packaging, so that the materials can be sorted, recycled and used again. Having already switched to PVDC-free film for all individually packaged and twin Biscoff® packs in 2020, this was rolled out across the entire Biscoff® range in 2021. "This means that the packaging material for Biscoff® is PVDC-free across the whole line", Laetitia explains. "This brings us close to 100% recyclability for Biscoff® Cookies."



Laetitia Vlamincx - Sustainable Packaging Engineer

“With a ‘recycle me’ logo on each recyclable packaging item, we encourage consumers to sort their waste correctly. So our efforts bring results.”

– Laetitia Vlamincx

A special packaging line has also been set up for packaging Biscoff® Crumb, which was previously outsourced to a copacker. This also involved new packaging, that is easier to recycle. “Whereas before we used a plastic bag with a paper sticker on it – which made it harder to recycle – we now use a printed bag without a sticker, or with a plastic sticker that can be recycled”. In the Dutch market, Lotus Bakeries has also switched to PET for Enkhuizer product trays, which were previously made from polystyrene. This material does not tend to be collected or recycled around the world, while PET is recycled on a larger scale and can also be made from recycled material. These changes have raised our recyclability score to 97.1% for the Lotus Bakeries Group as a whole.

There are ambitious plans on the agenda in 2022 too: we aim for all packaging for waffles, cakes and pastries to be recyclable by the end of the year. “As ever, the greatest challenge lies in the product’s shelf life. What we are aiming for is to keep crispy waffles really crispy and loaf cake deliciously soft, but in recyclable packaging”, says Laetitia.

AS LITTLE PACKAGING MATERIAL AS POSSIBLE

With the motto ‘reduce what we use’, Lotus Bakeries aims to use as little packaging material as possible, without compromising the quality of the products. “A key step towards this was when we changed the type of corrugated cardboard for our 300 Biscoff® catering case. The corrugated cardboard is now thinner, which means that it weighs less and more cases can be loaded on a pallet. As a result, every year, 36.5 tonnes less corrugated cardboard are placed on the market and 17 fewer trucks are needed to transport the corrugated cardboard to the factory, which has an impact on CO₂ emissions”, Laetitia explains.

In addition, we made the plastic bottle for Biscoff® topping lighter, saving 800kg of plastic every year. The stretch film around pallets of Lotus Biscoff® spread is now thinner, saving around one tonne of plastic per year without affecting stability. “We are now seeing if we can make the same reduction at other plants. This is a tricky process because, clearly, pallets have to maintain their stability until they reach the retailer. Otherwise, we generate wastage, and that’s obviously not the intention.”

There is clearly much more in the pipeline in this area. “In 2021, we carried out a major study to investigate how we can make further reductions for our leading runners. We are aiming to implement some initiatives in 2022.” The first example to appear on the market is Lotus® Biscoff® fresh packs. We will switch to a thinner packaging film for these packs. This will save us 13.5 tonnes of packaging material annually.

KEEP PACKAGING IN THE LOOP AS LONG AS POSSIBLE

Finally, Lotus Bakeries does its bit for the circular economy with the 'aim for circularity' aspect. Here, it aims to keep packaging materials in the loop as long as possible, by using recycled material. Where this is not feasible, we choose sustainably sourced or renewable materials where possible.

"In any case, we use our cardboard boxes as recycled material. It's more difficult with plastic, as the recycling facilities for this aren't quite there yet", Laetitia explains. "We have already taken the first step by using 30% recycled material in the shrink film around trays of Lotus® Biscoff® spread. We already reduced the amount of material for this film by 10% last year. The same is now happening to the stretch film around pallets of this product: this year, as already mentioned, we made this 10% thinner and next year we hope to be able to use recycled material for this as well."

It is more complicated for the wrappers for use in direct contact with food. "Here, we have to be careful about food safety", Laetitia explains. "Unfortunately, by law, mechanical recycling doesn't allow recycled materials to be used in packaging that comes into contact with food. This means that, until recently, we couldn't use any recycled material for this. However, a method is currently being developed that would make this possible after all: chemical recycling. We are examining the possibilities, and hope to be able to start using a wrapper made from recycled material very soon."

LET'S CARE FOR OUR PLANET TOGETHER

Finally, in 2021, Lotus Bakeries began to communicate more strongly to consumers about its efforts in the area of packaging. "We wanted to make it clear to consumers what we are doing and encourage everyone to do their bit by making sure that our packaging ends up in the right waste stream. That way, our efforts deliver the most. We developed an overarching communications strategy for this with a 'recycle me' logo on each recyclable pack, provided that the packaging is collected in that specific country. The logo is combined with the slogan 'Let's care for our planet together'. In this way, we aim to encourage consumers to sort the packaging correctly. After all, the circular economy relies on all actors in the chain. Then it's up to us to reuse the recycled material and close the loop."

Together we are reducing the plastic waste mountain

Our employees are also involved in reducing waste and emissions. Lotus has for example introduced water coolers and dispensers in the workplace and encourages the use of personal drinks bottles or glasses. The water bottles are made of 100% recyclable material and can be reused up to 60 times. This is a major contribution to reducing the plastic waste mountain.

Lotus Bakeries has also launched an initiative to inform the consumer about the recyclability of its packaging on this packaging. It wants to do this in an attempt to create awareness in the consumer to sort our packaging correctly so that it can actually be recycled. In 2021 communication about the recyclability of the packaging was implemented on Lotus® Biscoff® ice cream sticks.



CLIMATE CHANGE

Climate change is one of our greatest global challenges. Our activities are closely associated with nature since we use natural ingredients. We are doing our part in limiting global warming by being net carbon neutral on the one hand and by reducing our carbon footprint on the other.

Lotus Bakeries is carbon neutral

Lotus Bakeries' own sites are net carbon neutral. This has been the case since 2015 and remains so in 2021. Carbon neutrality refers to the Scope 1 and Scope 2 emissions of our own sites and covers the offsetting of emissions.

All of our electricity is renewable, either from our own carbon neutral generation or by offsetting with green power certificates. Our remaining carbon emissions are offset through the wind turbine project in Anantapur, India, where renewable energy is generated by 50 wind turbines. Through our support we make a positive contribution to the environment and also to the local community.

Reducing the gross carbon footprint

Lotus Bakeries is aware of the need to look critically at its carbon footprint in the struggle against global warming and climate change in general. It is considering its options for reducing CO₂ emissions in energy, waste and transport.

SBTi commitment

Since 2011 Lotus Bakeries has been monitoring its Scope 1 and Scope 2 emissions in detail.

In 2021 Lotus Bakeries undertook a first screening of its Scope 3 emissions at its own sites. In this screening exercise more than 90% of upstream and downstream activities were included in scope.

On this basis we can conclude that of the total carbon footprint of Lotus Bakeries, 94% comes from Scope 3. Within Scope 3, 97% comes from purchased goods and services.

In 2022 Lotus Bakeries will commit to signing the Science Based Target initiative (SBTi) and within the timeframe envisaged in this context to formulate reduction objectives for its Scope 1, 2 and 3 emissions.

Reducing gross CO₂e emissions

In 2021, Lotus Bakeries gave five Young Graduates the task of developing proposals for reducing the carbon footprint. This led to a broad range of proposals, a number of which will be developed and implemented further.

Young Graduates help drive Lotus Bakeries' sustainability ambition

Marie Tanghe
Sofie Lambert
Elisa Vandekerckhove
Edward Boone
Flore Vanden Bussche

Young Graduates

During the second half of 2021, five promising young talents – the Young Graduates – looked into how Lotus Bakeries can reduce its CO₂ footprint further. Marie, Sofie, Flore, Elisa and Edward identified how sustainable Lotus Bakeries is now, defined bottlenecks and came up with proposals to help drive the already strong sustainability ambitions.



Elisa Vandekerckhove - Young Graduate

“After we had all spent six months immersed in our own departments – marketing, sales, R&D and operations – the EXCO asked us to take six months researching together how Lotus Bakeries' CO₂ footprint could be reduced”, Marie Tanghe begins. The young graduates soon found that the fact that they all came from different departments was a plus. Sofie Lambert continues: “Lotus Bakeries wants to convey its sustainability ambitions throughout all areas of the business. So, a first, essential part of our task was to identify how Lotus Bakeries stood when it came to sustainability and to define bottlenecks. Since each of us brought a different perspective, we were able to form a complete picture based on the experience we had gained in our own departments.”



Edward Boone - Young Graduate

NO EMPTY PROMISES

This first task had to be completed very thoroughly, because Lotus Bakeries had no intention of launching initiatives that might sound good, but were not always so impactful on the business as a whole. “The EXCO asked us to cover the first part of our project in great detail, to provide more insight into the topic”, Sofie explains. “What is sustainability? What is a CO₂ footprint? Why might that only be part of the story? And how can Lotus Bakeries further build its vision for sustainability in the short and long term? It wants to play a leading role in this area. Not by making empty promises, but by telling it like it is, and setting clear, achievable and quantifiable goals on this basis. This makes our sustainability objectives measurable so we can track our progress year by year.”

First of all, the young graduates were asked to consider as broadly as possible how Lotus Bakeries could do business more sustainably. “In this first phase, no idea was too wild. The aim was to really think outside the box and leave no stone unturned. And we didn’t just limit ourselves to Belgium, but looked at our activities across the globe”, Elisa Vandekerckhove continues. “That was a real challenge: it was the first time we had approached sustainability from a business angle. We were soon able to define several pillars for more sustainable operations: energy, waste and transport. Then we explored each pillar in more depth, and looked for points for improvement.”



Sofie Lambert and **Flore Vanden Bussche** - Young Graduates

FEASIBILITY CHECK

In a second phase, the many ideas garnered by the young graduates underwent a feasibility check. “During our project, we were supervised closely by CFO Mike Cuvelier and Group HR Director Stéphanie De Lange. We soon found that even the most innovative ideas were taken seriously. We were put in touch with colleagues within the company who could help us evaluate the feasibility of the various ideas”, Marie explains. “It was great to see how many people were open to our suggestions, and prepared to help us work out how we could put them into practice.”

Her colleague Edward Boone agrees: “Obviously, there were lots of ideas that didn’t pass the feasibility check. But what was fun about the whole process was that we found that there was already much more sustainability than we thought. Lots of our colleagues have been grappling with the subject for a long time. Our mailbox was soon overflowing with more suggestions, insights, initiatives...”

At the end of the process, the young graduates drew up a shortlist of proposals for improving sustainability, which they presented to the EXCO. “We grouped our ideas around the three pillars: energy, waste and transport. On the one hand there were suggestions for reducing CO₂ emissions numerically, and on the other hand there were initiatives to create a sustainable mindset and increase engagement among all employees of Lotus Bakeries”, explains Flore Vanden Bussche. “Because we want every Lotus ambassador to have a heart for sustainability.”



Marie Tanghe - Young Graduate

It soon became clear that implementing the proposals for reducing emissions would be a daunting task. “We didn’t have enough specialist expertise to develop them further, together with our jobs”, Edward comments. “So we handed them over to other people within the organisation, who will take this further. We are pleased to see how many proposals have been taken on board and implemented within the company. The bigger projects are still on the drawing board, but there are also quick wins like switching to LED lighting sooner than planned in the plants, or adding electric and hybrid vehicles to the company car fleet.”

AT LEAST ONE EXTRA SUSTAINABILITY AMBASSADOR PER AREA

To round off their project, the young graduates lent their support to the ‘sustainable entrepreneur event’, one of their own ideas for promoting a sustainable mindset among Lotus staff. “At this event, Belgian start-ups will present something to do with sustainability that we can implement at Lotus Bakeries”, Elisa explains. “Covid permitting, it will take place in late spring 2022. We have asked the start-ups to think about why their product or service could be relevant to a company like Lotus Bakeries. During the event, all employees can talk to these companies, explore new possibilities, find inspiration and offer it in return. The idea is to get people thinking, and increase engagement. There should be plenty of cross-fertilisation.”

The young graduates will draw together all of the ideas coming out of the event, and then the project will be ready for them. “One of the most impactful outcomes of our project is that we are all fully immersed in the sustainability mission, and there’s at least one extra sustainability ambassador in each area of the business”, comments Sofie. “As sustainability is one of the pillars on which Lotus Bakeries focuses, there were high expectations of this assignment. We took them seriously, and carried out the assignment as thoroughly as possible. And we’ll bring the sustainability reflex we acquired along the way to all the projects we undertake in future. We are extremely grateful for this opportunity.”

Logistical optimisation

In 2021 the factory in South Africa invested in a local packing line. All BEAR fruit rolls used to be produced in South Africa and transported in bulk to the United Kingdom for packing by an external co-packer prior to worldwide distribution. In 2020 the installation of a BEAR packing line in the United States meant that the BEAR fruit rolls could be shipped direct from South Africa to the US for further distribution to the American consumer. The packing line in South Africa, which became operational in 2021, guarantees a shorter and more ecological transport route to our international markets.

We are also continuing to invest heavily in the North Carolina Lotus® Biscoff® factory in the United States. In 2021 we worked hard on an additional production facility, where extra production lines will become operational in 2022. This will enable Lotus Bakeries to keep up with its largest Lotus® Biscoff® markets, produce more and more locally and as a result reduce the use of overseas transport.

Local sourcing

We also purchase our raw materials and packaging materials locally as far as possible. This means we purchase the greater part of our raw materials on the same continent as that on which production takes place. We also aim to keep the distance between grower and production site as short as possible.

Climate-friendly initiatives in our offices

Lotus Bakeries continues to aspire to fitting out the offices it owns to climate-friendly standards. A good example is the HQ extension in Lembeke, the House of Biscoff.

In the design this was reflected in a geothermal heat pump, LED lighting, intelligent control and also in-house PV production of green energy on the roof and façade.

The new building with which we are extending our HQ will not open until the summer of 2022, but even now we can be proud that it will be an NZE – Nearly Zero Energy – building, which means that the E-level is less than 50.

CO₂ and mobility

Our employees are also involved with emission reduction on a daily basis.

For example, the use of modern means of communication is encouraged and the need to travel is subject to constant critical assessment. On the other hand, we find the direct contact employees have with each other is also particularly important, especially in an increasingly international context.

In Belgium, the Netherlands and France we have embarked on the transition to a greener vehicle fleet. Belgium is one of the countries where the car leasing policy is used to encourage employees to use electric vehicles, and electric charging stations are provided to further encourage and facilitate such use. In 2021 the decision was taken only to allow fully electric or plug-in hybrid electric vehicles to be ordered. In anticipation of this, additional charging stations were installed on the Belgian industrial sites and the first in-home charging points were installed.

There is also a bicycle leasing scheme in place for our employees in Belgium and the Netherlands. In Belgium, 264 enthusiastic employees have now chosen to acquire a bicycle under this scheme and cycle to work regularly. This is not only good for the employees' health, but also has a positive effect on CO₂ emissions.

WATER MANAGEMENT

Although water is not one of the main raw materials used in the snacks segment, Lotus Bakeries is well aware that the sustainable use of water is vital and water is an important source of health and well-being in the world.

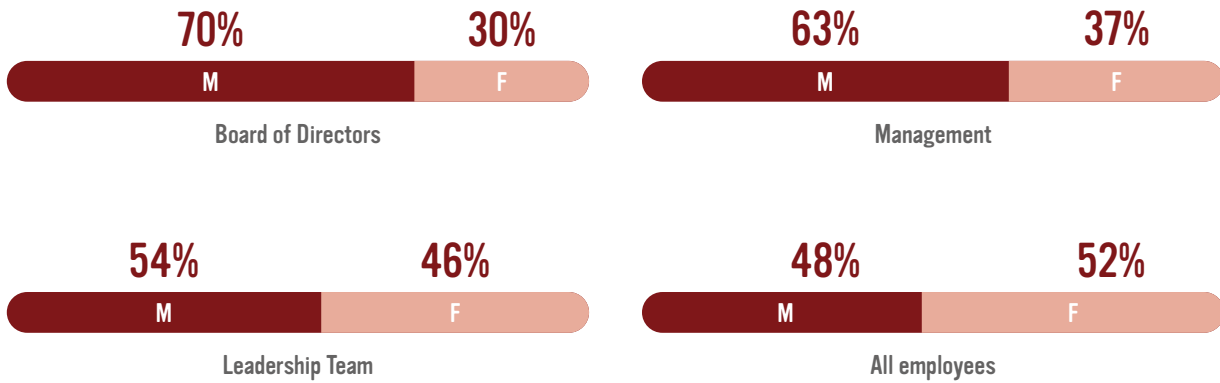
Lotus Bakeries therefore started the internal reporting of its water consumption in 2021. It will continue to monitor the use of water with the information it collects in this way.

To give a recent example: the design of the House of Biscoff made provision for water management techniques, such as rainwater collection and the installation of an infiltration drain for slow water infiltration in order to maintain a healthy groundwater level.



EMPLOYEES

Gender diversity



GENDER DIVERSITY		UNIT	2021	2020	2019
Board of Directors		%	70 M 30 F ✓	70 M 30 F	70 M 30 F
Leadership team		%	54 M 46 F ✓	58 M 42 F	60 M 40 F
Management		%	63 M 37 F ✓	60 M 40 F	60 M 40 F
All employees		%	48 M 52 F ✓	48 M 52 F	47 M 53 F

GEOGRAPHIC DISTRIBUTION		UNIT	2021 ✓	2020	2019
Belgium	#	1,233	597 M 636 F	1,073	1,063
	%		48 M 52 F		
South Africa	#	443	191 M 252 F	314	289
	%		43 M 57 F		
Netherlands	#	229	129 M 100 F	258	233
	%		56 M 44 F		
United Kingdom	#	120	50 M 70 F	152	154
	%		42 M 58 F		
France	#	139	72 M 67 F	140	140
	%		52 M 48 F		
United Statesn	#	92	49 M 43 F	97	71
	%		53 M 47 F		
China	#	28	14 M 14 F	29	24
	%		50 M 50 F		
South Korea	#	19	8 M 11 F	21	21
	%		42 M 58 F		
Sweden	#	23	18 M 5 F	22	21
	%		78 M 22 F		
Other (AT, CHE, CZ, DE, ES, IT, HK)	#	72	35 M 37 F	49	40
	%		47 M 51 F		
TOTAL	#	2,398	1,163 M 1,235 F	2,155	2,056
	%		49 M 52 F		

SAFETY IN THE WORKPLACE		UNIT	2021	2020	2019
Total occupational accidents involving absence from work		#	52 ✓	62 ✓	45
Total occupational accidents per average headcount		%	2.26	2.80	2.47

OUR EMPLOYEES: AMBITIONS & ACHIEVEMENTS 2021

Our recruitment policy is designed to attract a diverse and talented group of people who, just like us, care about the TOP values. We aim for long-term employment and offer our employees a pleasant, challenging, inspiring and safe work environment.

OUR CORPORATE VALUES ARE TOP

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

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

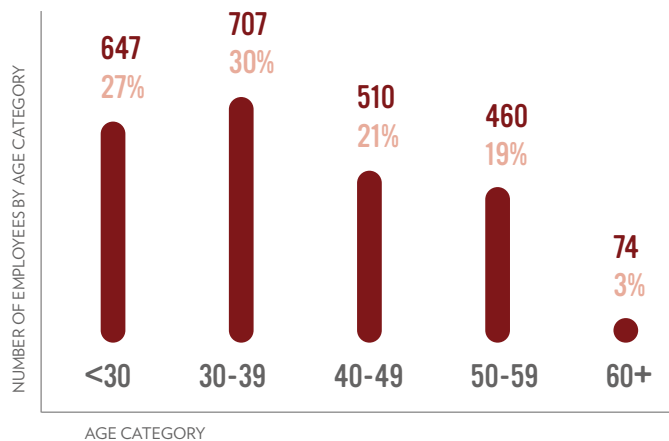
Passion: our employees' dedication and commitment are evident on a daily basis in the workplace, in their justified pride in our products and our company. Investing in our employees benefits the whole company.

RECRUITMENT POLICY

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

DIVERSITY POLICY

Through its recruitment policy Lotus Bakeries also creates a basis for attracting a diverse and talented group of people. Attention to diversity is a key part of this strategy, in which we aim to select candidates with the best range of skills and competences for the role. We also look at the knowledge and experience available in the existing teams and the desired competences, knowledge and/or experience of the candidate..



In this way we know we are employing a diverse group of employees, with balanced gender diversity across all employees. We see a good balance of 48% men and 52% women in the Lotus Bakeries Group, and also, looking more specifically at management (63% men, 37% women), the Leadership team² (54% men, 46% women) and the Board of Directors (70% men, 30% women), the gender diversity in the Group is maintained.

We also see a high level of diversity in age categories in Lotus Bakeries, and associated experience.

YOUNG GRADUATE PROGRAMME

The Lotus Bakeries Young Graduate Programme is an intensive two-year programme designed specifically for graduate master's or MBA students. These young graduates work in one of our departments for two years and they also have an opportunity to participate in a cross-departmental strategic project.

The first five young graduates joined us on 1 September 2020. The success of this first batch simply confirmed we had made the right choice with this programme. On 1 September 2021 we welcomed a further seven promising young graduates.

ONBOARDING

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

TRAINING & DEVELOPMENT

Once on board, it is a question of retaining these engaged and motivated TOP talents in the company to prevent the loss of the know-how they have acquired. Areas of attention in this regard are the continuing development of our employees, the provision of training opportunities and constant challenge.

All these processes were further professionalised in 2021. From recruitment to onboarding to development and follow-up, the whole process will be monitored and managed centrally using MyLotus. This new platform also encourages the connectivity between employees who therefore, despite the further internationalisation and continuing growth of the Group, can remain closely connected. Evy Van den Brande, HR Project Leader, explains these developments.

² The group of the Executive Committee, the General Managers and the Corporate Directors

MyLotus brings together the Group's key HR processes and data

Evy Van den Brande

HR Project Leader

As of mid-2021, all of Lotus Bakeries' HR data from 15 different countries is centralised in a brand-new tool: MyLotus. Besides making it much easier to request and report HR data, the tool also streamlines many HR processes.

"Until a few months ago, we had no integrated system in which the HR data for all of our employees around the world came together", begins Evy Van den Brande, HR Project Leader. "That was really time-consuming and not always efficient. Plus it was difficult for new employees to form a good picture of the organisation and its reporting lines."

"The new tool is the central info point for everything to do with HR."

– Evy Van den Brande



Evy Van den Brande - HR Project Leader

STANDARDISED HR PROCESSES

Now, all of this HR data are not only available in real time in MyLotus – based on SAP SuccessFactors technology – it is also completely up to date. “Plus the tool allows us to standardise and streamline HR processes in the various regions”, Evy continues. “For example, we can organise both recruiting and onboarding more uniformly across the various countries. So that every employee now enjoys the same experience worldwide. Whereas, in the past, they often still had to fill in all of their personal data on paper, received printed policies, and HR then got everything ready for them to start, the newcomer can now log in before their first working day, enter their personal data and add a photo, view or sign documents online. The fact that this now happens in the same way in almost all countries is a huge advantage. New employees often tell us that they really appreciate being onboarded in such a professional manner.”

TRANSPARENT ORGANISATION

Another advantage of the new system is that it makes it easy for newcomers to visualise the organisation: “Employees can view organisation charts based on reporting lines. They can look up colleagues by name or job title and you can see all of the organisation charts for the teams in the Group: it’s all possible. That gives a good picture of how the organisation fits together.

This can come in useful in case of acquisitions too: until the acquisition, the employees of the acquired company have often been part of a smaller organisation. Then they find themselves in a big Group. This can be hard for them to grasp. Thanks to the tool, they can see how they fit into the bigger organisation, search for contacts, and place people. Yet another advantage is that every employee has access to the data that is held on him or her and can check and update it, for instance on moving house. This helps make the data more accurate.”

LINK WITH PAYROLL AND IT

Efficiency and added value were top priorities in choosing MyLotus. These are also the reasons for linking up with other systems. “For instance, in countries with many employees, newcomers’ data automatically flows into the local payroll system. This avoids us entering things twice.” And there is a connection to the IT system too. “When someone new joins, linking the two systems means that the ICT department is informed of this the next day. They can then create an email address, prepare an account and an automatic email is sent to the new employee’s manager, who specifies which hardware and software will be needed for that person.” The same happens when someone leaves: so that ICT can make sure that that person’s account is closed in a timely manner, and no security breaches can occur.

BUILDING ON THIS FOUNDATION

The new tool has already met with an enthusiastic response from employees. “We are getting very positive reactions from all corners of the organisation. Our employees are making good use of the tool. Our goal in future is to direct them more and more to this central HR point, by adding extra processes”, Evy continues.

In 2022, Lotus Bakeries is working on running the performance management process via MyLotus as well. “By linking up with more HR tools, MyLotus will become the central info point for everything to do with HR. We are really proud of what’s already in place. We can build on this good foundation year by year. In the future, we want to use all of the data in the system to create analyses, reports and dashboards for our KPIs. There is a wealth of data available. We can use this to make forecasts, detect and capitalise on trends. The advantage of having all of the data in one system is immense. Before, this would have taken us days, now it’s all available at the push of a button.”

Finally, Evy emphasises that implementing the tool was a real challenge that could only be completed thanks to the good cooperation between the HR colleagues and the ICT department. “Building connections with other systems, is certainly not easy. Particularly with payroll data, it’s crucial that everything goes 100% right. That’s why we tested it ad infinitum to prevent any errors from occurring. This would not have been possible without the assistance of our ICT colleagues. Plus the close collaboration between the HR team and the area HR colleagues has ensured, more than ever, that a single HR community has been created, with more frequent contact than before on various HR topics. The icing on the cake of this challenging project”, Evy concludes.

SAFE WORKING ENVIRONMENT

Every accident is one accident too many. Lotus Bakeries will therefore continue to make extra efforts to ensure the risk of accidents at work is as low as possible.

Strict occupational safety laws apply in all the countries in which Lotus Bakeries operates. Lotus Bakeries adheres strictly to this workplace safety legislation. Thus there are different procedures in place, tailored to the specific risks at each of the production sites and in our offices.

The starting point in each case is a risk assessment, which is used as a basis for measures to be taken to limit the risks as far as possible.



IN PRACTICE

- New machinery is designed to the latest safety standards and undergoes an extensive Site Acceptance Test by our own safety officers. Machinery is adapted where necessary to meet our high safety standards.
- Safety procedures are drawn up to make working in the production environment as safe as possible. These procedures are transformed into work instructions for each workstation. Adapted work clothing also contributes to a safe work situation.
- There is constant focus on training, awareness and prevention:
 - Safety in the workplace is a fixed part of the onboarding programmes of new employees who start work in the factory.
 - At each production site there is a programme in place for detecting and reporting unsafe situations. In Belgium this is an SOS (Safety Observation Stop) procedure.

Different actions illustrate this policy:

- Belgium has the VAM (SafetyActionMoment) awareness-raising process and the ZAP (See and Address-Prevention) prevention programme, in which training sessions are used to show people how they can approach someone about safety.
- In South Africa, a health & safety questionnaire is completed each quarter, after which the existing risk assessments are evaluated and the existing procedures are tightened up.
- In the Netherlands, the Geldrop and Enkhuizen production entities have the occupational health and safety vignette.
- In the US, a monthly safety walk is set up by an external partner.
- All the sites report monthly on the number of accidents at work with absence.

In 2021 the number of accidents at work fell from 62 to 52.

PLEASANT WORKING ENVIRONMENT

Lotus Bakeries aims to provide a pleasant working environment, with a range of facilities such as standing desks to encourage working standing up, showers to make it easier for employees to cycle to work and sufficient expanses of glass to create light and airy offices.

Lotus Bakeries in times of Covid-19

Given the persistence of the Covid-19 pandemic, Lotus Bakeries has continued to focus on safety precautions for its employees in the factories and sales offices so that everyone, to the extent permitted, could come to work in a pleasant and safe way. For example, measures taken in the factories included temperature control, additional changing rooms, lunch facilities and the assurance of social distancing by introducing additional night shifts. Great attention was also paid to hygiene in the offices and in the factories, using disinfectants and face coverings, but also additional cleaning services and facilities.

New office buildings

Given its ever growing workforce, Lotus Bakeries also continues to invest in new pleasant workplaces. For example, substantial progress was made in 2021 on the extension of Lotus Bakeries' head office, with the construction of a brand new, modern, contemporary House of Biscoff. New offices were also acquired in Baar, Switzerland, and in St. Albans, United Kingdom.

With its great expanse of glass, the House of Biscoff will be an oasis of light and space. The green garden to the rear of the building and the broad terraces on the building's first and third floors make a major contribution to the feeling of space. Partly in light of the experiences gained in times of the pandemic, Lotus Bakeries has also chosen to centralise all its HQ meeting rooms on the ground floor of this building, separate from the offices occupied by its employees. It has opted to have separate desks for one, two or four employees here, along with a limited number of retiring rooms. To further optimise the workplace, we have also opened a Lotus café in this building, where employees can have a coffee and eat lunch together, something we offer in each of our offices.

We have again made a conscious choice for spacious, light and open space and no separate desks in the office in Baar, Switzerland, just like the brand new NBF and UFF office in St. Albans, United Kingdom. These offices have a great many retiring rooms and both large and small meeting rooms for our employees to use. Here too light and space are of paramount importance and again there are cosy lunch rooms for people to meet.

Health and fitness receive a great deal of attention in all our branches. Different initiatives are taken depending on the branch. The House of Biscoff for example will have its own fitness room with showers. Some examples in our other branches: a chance to join a cycle leasing scheme, fitness opportunities, weekly healthy lunch, boot camps, etc.

SWITZERLAND



UNITED KINGDOM





COMMUNITY

status

99.8% of current internal employees¹ have signed the Code of Conduct

90.1% of key suppliers² have signed the Code of Conduct

90% of our key palm oil suppliers³ have signed Lotus Bakeries' Palm Oil Policy

99.8%

Code of Conduct

90.1%

Supplier Code of Conduct

90%

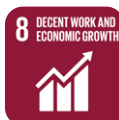
Palm Oil Policy

target

Every internal employee¹ of Lotus Bakeries to commit to the 6 principles of our Code of Conduct

Every key supplier² of Lotus Bakeries to commit to the Supplier Code of Conduct

All of our key palm oil suppliers³ to sign Lotus Bakeries' Palm Oil Policy



¹ An internal employee is an employee who is associated with Lotus Bakeries by an employment contract, either of unlimited duration or of limited duration.

² Key suppliers are all our suppliers of finished products (external production), of raw materials, of packaging and of machines, with whom Lotus Bakeries has a written contract.

³ Palm oil producers who have signed up to the Lotus Bakeries palm oil policy or have their own palm oil policy in force that includes at least equal standards and who supply ingredients or raw materials containing at least 50% palm oil.

PRIORITIES	UNIT	2021	2020	2019
% of internal employees who have signed the Code of Conduct ¹	%	99.8 ✓	99	N/A
% of key suppliers which have signed the Code of Conduct ²	%	90.1 ✓	62	N/A
% of our key palm oil suppliers which have signed Lotus Bakeries' Palm Oil Policy ³	%	90 ✓	96	N/A
EXTERNAL QUALITY CERTIFICATES	UNIT	2020	2020	2019
Lotus Bakeries production sites where our products are produced with external quality certification (BRC, IFS)	%	100 ✓	100 ✓	100
RESPONSIBLE SOURCING	UNIT	2020	2020	2019
% of our production sites which process palm oil that has achieved the RSPO certificate	%	100 ✓	100 ✓	100
% of our Lotus® Biscoff® chocolate products with the Rainforest Alliance quality mark	%	100	100	N/A

¹ An internal employee is an employee who is connected to Lotus Bakeries with an employment contract, either of unlimited duration or of limited duration.

² Key suppliers are all our suppliers of finished products (external production), of raw materials, of packaging and of machines, with whom Lotus Bakeries has a written contract.

³ Palm oil producers who have signed up to the Lotus Bakeries palm oil policy or have their own palm oil policy in force that includes at least equal standards and who supply ingredients or raw materials containing at least 50% palm oil.

OUR COMMUNITY: AMBITIONS & ACHIEVEMENTS 2021



We actively accept our social responsibility, we guarantee ethical business practices throughout the organisation and, through our Foundation for Education, we support education projects and contribute to the prospects of future generations.

ETHICAL BUSINESS PRACTICES IN OUR OWN ORGANISATION

In early 2020 the corporate directors of legal & compliance, HR, quality, purchasing and R&D reviewed the Lotus Bakeries' rules of conduct. The resulting Code of Conduct was discussed by EXCO and considered in detail by the Board of Directors on 2 April 2020.

The Code of Conduct

Lotus Bakeries sets out at all times to act with integrity, honesty and fairness and in full compliance with the applicable laws, rules and regulations. It has developed a Code of Conduct containing six main principles that its employees must respect at all times:



The full Dealing Code is available on our website

<https://www.lotusbakeries.com/governance-practices-and-policies>

1

TRANSPARENCY

Lotus Bakeries aims for clear and accurate communication with its customers, suppliers, consumers and business partners and encourages open communication with all its stakeholders. Lotus Bakeries also refrains from non-conforming, dishonest, fraudulent or misleading marketing practices.

Practical example 2021

In 2021 Lotus Bakeries began using clear communication to the consumer about the recyclability of its ice cream sticks packaging:



“This packaging is 100% recyclable. Thank you for putting it in the right waste bin. This is how we can work together for a sustainable future for our planet. For further information, go to lotusbakeries.com/our-environment.”

2

RESPECT FOR FELLOW HUMAN BEINGS

Lotus Bakeries is responsible for a safe working environment and attaches great importance to integrity and respect for fellow human beings. Respecting human rights and labour regulations, including the freedom of association of employees and combating child labour, are important objectives. All personal data is treated with respect at all times and in accordance with the relevant rules and regulations.

Practical example 2021

Lotus Bakeries complies with the GDPR rules and regulations in force since 25 May 2018. In 2020 it made some minor adjustments to its GDPR handbook based on its experiences over the previous two years. Since 2020 the GDPR rules have been added to the onboarding packs for all employees and each new office worker is given training in the main data protection rules. 40% of new office workers were trained in 2021. The majority of these newcomers started in the fourth quarter and for this reason will not be trained until the first quarter of 2022.

TRADING FAIR & COMPLIANT

Lotus Bakeries ensures fair competition, respect for export regulations and the prevention of insider trading.

Practical examples 2021

- At the start of each closed period, everyone with managerial competence and all employees with access to critical business information are reminded of their obligations under the Dealing Code, 2 April 2020 version. They have also all signed the Dealing Code.



The full Dealing Code is available on our website <https://www.lotusbakeries.com/governance-practices-and-policies>

- In 2021 a brand new Competition Compliance Programme was rolled out throughout the organisation. All the relevant employees in the marketing, sales and purchasing departments were invited to an initial two-and-a-half-hour interactive workshop at which eight issues are explained using real cases. Everyone attending this training also has access to monthly quick reminders, in the form of short films or challenges. We began in 2021 by focusing on the employees of SOF Belgium, Netherlands, France, Europe (United Kingdom, Germany, Austria, Czech Republic, Sweden, Switzerland, Spain and Italy), and International Distributors Biscoff®. We have trained 66% of all these relevant employees in this way. We were unable to reach a few departments in 2021 – in part because of Covid-19 travel restrictions – and they will be trained in the first quarter of 2022, in particular our departments in the US, Asia and our colleagues from International Distributors Natural Foods. This programme will continue in 2022 by inviting all new employees of the marketing, sales and purchasing departments to the programme.

4

COMBATING CORRUPTION

Lotus Bakeries has a policy of zero tolerance of bribery and corruption and oversees a clear process for conflict of interest and accurate accounts and records, reporting and bookkeeping.

6

RESPECT FOR THE ENVIRONMENT & RESPONSIBLE SOURCING POLICY

Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint.

For our specific actions in 2021, see the 2021 environmental ambitions and achievements on page 88 and the implementation of the Supplier Code of Conduct on page 121 of this annual report.

5

SECURING INFORMATION

Lotus Bakeries does all it can to protect its own confidential information and the confidential information of third parties.

Practical example 2021

In 2021 the Corporate IT department took a further range of initiatives to secure Lotus Bakeries' information even better. In addition to the cyber attack prevention, detection and impact limitation measures already taken and the annual audit of the security of our IT systems, in 2021 we mainly focused on continuous awareness-making of Lotus Bakeries' employees with a tool that employees can use to report phishing and that sends out simulation phishing emails from time to time. With success! 20,663 ransomware simulations were carried out. The percentage of cases in which employees acted in error and clicked on the simulated ransomware has now been brought down to 3.8%. At the same time the security of the smartphones of all Lotus Bakeries' employees was tightened further in 2021.

Responsibilities

Each employee of Lotus Bakeries has a responsibility to comply with the principles of the Code of Conduct.

The responsibility for implementing the Code of Conduct lies with the Compliance Officer, supported by the local HR departments.

Whistleblowing

All employees of Lotus Bakeries are encouraged to report concerns about the Code of Conduct to the Compliance Officer. Lotus Bakeries prohibits retaliation against individuals who report problems in good faith and is committed to investigating such reported problems. Lotus Bakeries will take corrective action if the situation justifies it. Failure to comply with the Code of Conduct may lead to disciplinary or legal action.

In 2021 the Compliance Department received a range of queries through the reporting line referred to in the Code of Conduct. In addition, two complaints were received from employees, which were both investigated and resolved. These complaints could be resolved locally and did not require escalation.

Reporting

The Compliance Officer will where necessary report to the Board of Directors once a year on the enforcement of the Code of Conduct, covering any breaches and concerns raised and also the action points formulated to prevent repetition.

The Code of Conduct was discussed in detail on 2 April 2020. There was no reason for further discussion by the Board of Directors in 2021.

Implementation

The Code of Conduct has been translated into the official languages of those countries in which Lotus Bakeries has a sales office or a factory. The document is available in ten languages.

The Code of Conduct has been added to the onboarding pack for new employees at all our sites and the onboarding programme includes a presentation on it.

The employees of Lotus Bakeries are asked to sign the Code of Conduct and have all received a brief explanation of the six principles it contains. At the end of 2021 99.8% of employees had signed the code of conduct.

RESPONSIBLE PURCHASING & ETHICAL BUSINESS PRACTICES AT OUR SUPPLIERS

Supplier Code of Conduct

The principles set out in the Lotus Bakeries' Code of Conduct are also imposed on our suppliers of packaging, raw materials, equipment and finished products. In 2021 90.1% of our key suppliers of finished products (external production), raw materials, packaging and machinery with which Lotus Bakeries has concluded a written contract had signed the Supplier Code of Conduct .

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

Lawful and ethical business practices

- Respect for human rights
- Child labour will not be accepted under any circumstances
- Treating people with dignity, honesty, fairness and respect
- Refraining from any form of discrimination, harassment, verbal or physical abuse
- Implementation of thorough health and safety procedures
- Compliance with the occupational laws and regulations in the workplace

Fair business practices

- Compliance with the relevant competition laws
- Use of fair and transparent price mechanisms and other contractual provisions in respect of suppliers
- Zero tolerance of bribery and corruption
- Protection of Lotus Bakeries' confidential information
- No falsification, smuggling or other related crimes

Respect for the environment

- Obtaining and documenting all necessary environmental permits, licences and registrations
- Setting up an environmental management system, including:
 - Processes aimed at waste reduction, lower energy consumption, lower emissions and the prevention of pollution
 - Preservation of biodiversity, including threatened flora and fauna (no deforestation) and attention to soil protection
 - Respect for water sources and ensuring good water and (waste) water management
 - No use of illegal products and limitation of the use of pesticides and other legal chemicals

Traceability

- The supplier must keep adequate records of its direct suppliers

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

Responsibilities

The purchasing department is responsible for implementing the Supplier Code of Conduct, supported where necessary by Legal & Compliance.

Whistleblowing

Suppliers are asked to bring any concerns to the attention of their contact at Lotus Bakeries.

Monitoring

The Supplier Code of Conduct includes an obligation for the supplier to provide documentation that Lotus Bakeries can use as a basis for verifying compliance with the Supplier Code of Conduct.

Lotus Bakeries already carries out audits at its suppliers, but they mainly focus on quality and food safety. It is looking at ways it can monitor proper enforcement by the suppliers of other principles in the Code of Conduct and if possible integrate them into the existing audits.

Lotus Bakeries expects suppliers to take all the limiting action required as a result of any gaps found.

Implementation

The Supplier Code of Conduct is supplied in the language of the contract and is available in ten languages.

The current suppliers of packaging, raw materials, equipment and finished products with which Lotus Bakeries has a written contract are asked to sign the Code of Conduct separately. In 2021 90.1% of key suppliers had signed the Code of Conduct.

For new suppliers of packaging, raw materials, equipment and finished products, the Supplier Code of Conduct is attached to the contract.

All our general purchase conditions contain a reference to the Supplier Code of Conduct, which is available on our website.

RESPONSIBLE SOURCING

Lotus Bakeries is aware of the negative impact certain crops can have on the environment and also on the communities living in the areas where they are grown.

Palm oil

It is important to Lotus Bakeries that the palm oil it uses in its products has been produced sustainably and does not contribute to deforestation or the destruction of vulnerable areas. Lotus Bakeries therefore selects its key palm oil suppliers¹ carefully on the basis of the NDPE principle (No Deforestation, No Peat, No Exploitation) in its purchasing standards. Lotus Bakeries has endorsed this in its palm oil policy. At the end of 2021 90% of key palm oil suppliers had endorsed Lotus Bakeries' palm oil policy.



The full text of the Sustainable Palm Oil Policy is available on our website <https://www.lotusbakeries.com/sustainability-policies>

Lotus Bakeries is a member of the RSPO (Roundtable on Sustainable Palm Oil) and the Belgian Alliance for Sustainable Palm Oil and is committed to purchasing only sustainable palm oil.

All Lotus Bakeries' sites that use palm oil have also obtained the RSPO certificate.

Rainforest Alliance

The cocoa butter and cocoa mass used in our Lotus® Biscoff® Chocolate has been certified by the Rainforest Alliance.

¹ Palm oil key suppliers are those who supply products containing more than 50% palm oil.

Responsible Soy Association

Lotus Bakeries is also a member of the RTRS (Round Table on Responsible Soy Association – Switzerland).

QUALITY MANAGEMENT SYSTEM

The Lotus Bakeries quality policy is an integral part of its strategy aimed at building on strong, reliable brands. The strength of our brands is after all highly dependent on the quality of our products.

To assure this quality Lotus Bakeries has a quality policy in force, which can also be viewed on the website.



The full text of the quality policy is available on our website <https://www.lotusbakeries.com/sustainability-policies>

Responsibility

The Corporate Quality Assurance department is responsible for auditing the quality of our products, under the direction of the Corporate QA Director, who has final responsibility for ensuring that the terms and conditions of Lotus Bakeries' quality management system are met at all our production sites and in all Lotus Bakeries' offices. The Area QA Managers have the same responsibilities for their region.

Product safety and quality

The Lotus Bakeries quality management system covers the whole value chain, from purchase of raw materials and packaging, through to production, labelling and delivery of the finished products to the customer. External production is also covered by the quality management system.

Quality control of suppliers

Our suppliers are selected according to predetermined criteria, including the availability of an effective quality and food safety management system, assured by an independent food safety certification body. An effective tracing system forms part of this, so that Lotus Bakeries knows where our raw materials come from at any time. Lotus Bakeries has also drawn up contract documents for raw materials and packaging materials that are critical for product safety, such as flour, eggs, fats, margarines, chocolate and printed packaging with direct product contact, with product safety requirements to be met.

The products supplied by our suppliers are also subject to an in-bound check. We assess the analysis report supplied by the supplier and check it with regular counter analyses by our own specialist internal laboratories. In 2021 we started a project to carry out acceptance sampling in a uniform manner across all sites and record it in SAP.

The checking of our suppliers is supplemented by supplier visits and audits, which are conducted annually on the basis of performance measurements, and also at new suppliers. In 2021 there were five audits at our suppliers.

Only on the basis of these detailed performance measurements can we ensure that we continue to work with the best suppliers at all times.

Quality assurance of our production processes and finished products

Production processes have been drawn up for all our production sites that are designed to assure the quality and the safety of our products. Detailed HACCP plans (product safety risk studies) for example have been produced. They are updated at least annually or with every major adjustment of the process or machinery. In 2021 the framework for the HACCP plans was completely revised. The production sites will start using it in 2022 and thorough HACCP training will also be arranged for the local HACCP team. There is also a food defence plan, aimed at preventing deliberate contamination, in place at each site.

Every employee attends the necessary training on these processes. Verification takes place on the basis of internal audits. In 2021 there were 87 internal audits. Each production site has been audited at least five times. External certification is a major support in the continuous improvement of both processes and products. Every Lotus Bakeries production site is BRC or IFS certified. The quality management system undergoes annual assessment on the basis of different criteria and corrective and preventive action is taken as a result.

Our external production partners are monitored in an identical way by our Corporate Quality Assurance department. There were two physical audits last year, along with 16 digital quality meetings and two physical ad hoc audits. Because of the Covid-19 pandemic, the number of audits of our external production partners was more limited than usual. The requirements we set for our external production partners are laid down contractually in a clear schedule of requirements. With the growing importance of external production partners and the growing volume they produce, we decided to give greater attention to quality at our external production partners in 2021 and to provide the necessary resources for them from 2022.

Finished products are first examined critically at our production sites in the form of self-assessment by the production department. The quality of our finished products is also assured by analyses in our internal laboratories. The results of these laboratory analyses are reported to management monthly. Products of production partners are assessed in the same way.

Quality processes for our customers

First and foremost our finished products, both the product itself and the packaging, must comply with the relevant food legislation. The labelling of products and the processing of raw materials and packaging materials by the country of commercialisation according to the regulations are monitored by the Corporate Quality Assurance department. We also wish to inform the consumer transparently about verified claims made with regard to the product. In 2021 we worked on a revamped database to manage all this information efficiently and to convert it into product specifications and customer information.

We receive, register and handle product complaints systematically and, since 2020, they have been registered in a central database for all the sales offices in the Group. The number of complaints and their seriousness are monitored very closely and a monthly report is made to management. In the event of serious complaints, there is a specific product withdrawal and recall procedure and also a trained crisis management team in each of our branches and sales offices. This procedure is tested annually and learning points are highlighted and updated. No serious complaints were received in 2021 and no withdrawal or recall procedure was necessary.

NUTRITIONAL POLICY

Lotus Bakeries has a clear nutritional policy, focusing on five specific objectives.



The full text of the nutritional policy is available on our website <https://www.lotusbakeries.com/sustainability-policies>

Research & Development

The R&D department wants to contribute to better products through new insights into processes and interactions between different raw materials. To this end, it draws not only on its own expertise but also on that of well-known university knowledge institutions, as well as on existing innovation platforms set up by the food industry.

Our efforts in the field of innovation are also translated into an extensive and innovative product range. See pages 43-44, 56-58, 72-75 of this report.

The five objectives of our nutritional policy are always paramount.

Superior taste experience

Lotus Bakeries wants to be able to offer its consumers delicious, high-quality snacks at any time of the day. A superior taste experience is key to this, both in the range of biscuits and pastries and in the range of natural snacks. We only use high-quality ingredients and we monitor production and supply chain processes from beginning to end. Ensuring the quality, origin, composition and safety of our products is vital. Our R&D department plays an important part in this: it has the task of developing products with attention to constantly improving quality and taste.

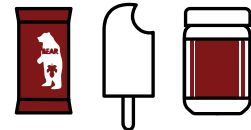
Diverse range

Lotus Bakeries aims to offer every consumer a quality range of snacks at every moment of consumption. It does this through a portfolio of products with a variety of nutritional compositions.

With the acquisition of brands such as Nākd, TREK, BEAR and Urban Fruit, the focus has turned to fruit and nut-based snacks. The takeover of Kiddylicious on the other hand has meant an expansion of our range with snacks and meals for little ones. These Natural Foods brands provide the consumer with the option to choose a healthy or healthier alternative to existing snacks in the food category.



**SUPERIOR
TASTE EXPERIENCE**



**DIVERSE
RANGE**

No artificial flavours or dyes

To offer our consumers healthy and high-quality products, we aim not to use any artificial flavours or dyes in our products. We have considered it important as a business to use pure and natural ingredients since our foundation in 1932.

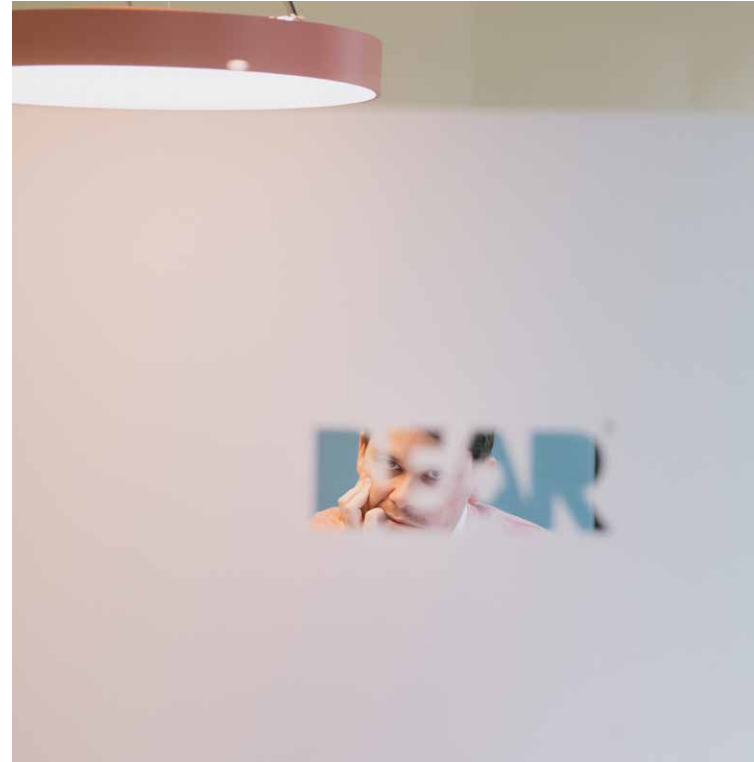
Variety in portion sizes

It is our ambition to offer consumers responsible snacks. Not just with our range of natural snacks, but also by making several of our top products available in large and small packs. The products in small packs always contain less than 150 Kcal per portion.

Clear information & responsible marketing

In order to support consumers in their nutritional choices, we believe it is important to give them accurate product information, including the nutritional values.

Lotus Bakeries also takes an unequivocal position with regard to responsible advertising to children.



NO ARTIFICIAL
FLAVOURS OR DYES



VARIETY IN
PORTION SIZES



CLEAR INFORMATION &
RESPONSIBLE MARKETING

Lotus Bakeries Foundation for Education

Mission: Lotus Bakeries aims to make a substantial contribution to carefully selected education projects aimed at high-quality education for disadvantaged children and young people.

At Lotus Bakeries we contribute to the well-being of our fellow human beings by providing support to education. The reason is simple: education is the key to breaking the vicious circle of poverty.

Anyone with access to high-quality education can learn a trade and thus also gain access to the labour market, earn an income and support a family, share knowledge and continue to develop.



**LOTUS BAKERIES
FOUNDATION FOR
EDUCATION**





Education is a universal human right to which every child is entitled for good reason. Education provides future prospects. Education helps the child become an independent and self-reliant individual, an individual who can contribute to the economy. In this way education is the key to success of the child and society.

OUR UNDERLYING PRINCIPLES ARE CLEAR

- We want to give disadvantaged children and young people in various regions access to high-quality education.
- We do this by supporting projects aimed at elementary and secondary education, but also aimed at technical skills and out-of-school cultural or sporting activities.
- We select a limited number of projects to which we can make a substantial contribution.

In 2021 Lotus Bakeries supported six development projects within the Lotus Bakeries Foundation for Education:

Kusasa School

Kusasa School is an education project in the Western Cape province of South Africa for which Lotus Bakeries has been the main sponsor since 2018. Every year, some 152 children receive a good basic education and are supported in their continued development. As a result, they can look forward to a better future, which also benefits society in the region.

Lotus Bakeries child sponsorship

This project was set up in conjunction with Cunina at the school in Reichenau, Underberg, South Africa. In 2017 the employees of Lotus Bakeries Corporate were given the opportunity to become sponsors. All sponsored children are provided with education from the first year of primary to the final year of secondary. This is a long-term commitment for 12 years for around 130 children.

Lotus Bakeries helps build children's educational future with the Kusasa project in South Africa

Doug Gurr

Founder of The Kusasa Project

Marie-Louise Raymond

School Director

Since 2018, Lotus Bakeries has supported the Kusasa project in South Africa. This initiative aims to offer children from the region a top-notch education, thus improving the chance of a better future. As for many, 2021 was a year full of challenges with, on top of the poverty and difficult circumstances in which children grow up, the Covid pandemic. Nevertheless, thanks to the support of many sponsors, among which Lotus Bakeries takes the lead, the school managed to keep pace with the best private schools in the area.

In South Africa's Cape Winelands and Franschhoek Valley, the lush landscape contrasts with the crushing poverty of the local population. There, children grow up in an environment of illiteracy, crime, fractured family structures and unemployment. It was against this backdrop that the Kusasa Project sprung up about 15 years ago. "It all began during a football game with local kids", begins Doug Gurr, who launched the project together with Dave Riordan. "Right away, we made contact with the local school to help with reading in English (as a second language), sport and mobilising volunteers to help us with our programmes."



ESTABLISHING THEIR OWN INDEPENDENT SCHOOL

After a while, Dave and Doug realised that they wanted to have more impact and control. "The African children in this environment live in closely packed wooden shacks, often without running water, electricity or toilets. The most impactful way of giving these kids a chance of a better future was to offer them a decent education", Doug continues. "Because children's literacy and numeracy in their formative years determines how they will fare as adults. For this reason, the Kusasa Project established its own, well-equipped school in 2015, with outstanding, highly driven teachers. Together, we want to improve their chances of a better future, by offering them a high standard of education from a young age, which every child deserves, regardless of social background or problems."

The Kusasa Project started with three school years and around 50 children, and has now grown into an organisation with 152 students, spanning six years, and a fantastic team of teachers led by principal Marie-Louise Raymond, who oversees its everyday running. “Our school focuses on development during early childhood”, says Doug. “Educationally speaking, the first ten years of their lives are the most important period for children. If this phase goes well, they’re more likely to be successful later.”

MAKING DREAMS POSSIBLE

For this, The Kusasa Project relies on the support of many sponsors, among which Lotus Bakeries takes the lead. “Since they decided to support us, Lotus Bakeries has catapulted us to another level”, says principal Marie-Louise gratefully. “In addition to financial support, Jan Boone and Isabelle Maes take a close personal interest, and visit us on a regular basis. They join in and try to help where possible. Thanks to their support, the school achieves a very high standard when it comes to technology. Their honest, sincere interest motivates our whole team to go the extra mile. It’s thanks to their support that we achieve the same top standards as private schools in the region. They make it possible for us to dream.”

The local community is very keen to be part of the project. “Unfortunately, we can only admit 26 new children every year”, explains Marie-Louise. “Sometimes there are as many as 220 applications. But we make a conscious choice not to let classes get too big so as to continue to offer high quality and structured education. Their parents commit to doing 20 hours of voluntary work at the school each year: for example by helping with reading in class, cleaning or attending workshops. It’s great to see them really taking this to heart! Even if they don’t always understand everything and we have to lay on interpreters, they’re really supportive and that’s fantastic.”

LEARNING DURING THE PANDEMIC

The pandemic brought major challenges to the Franschhoek Valley too. “In most local community schools, children could only come to school on rotation until the end of January 2022. On average, they went to school just three times every two weeks, due to the total number of children in the class and the social distancing measures in the last two years”, adds Marie-Louise. “Now we are back to running the school as if the children’s education had never been interrupted. This gives our students a significant educational advantage compared to their peers at other schools.

Another challenge is the children’s living conditions. “It’s our job to show understanding for the challenges the families face and the environment in which they have to live”, says Marie-Louise. “It’s virtually impossible to sleep in a wooden shack in the intense summer heat in this region. So the children are often extremely tired at school. Some of them don’t even have a table on which to do their homework, or a place to put their books. We have respect for how parents organise their lives, and try not to cause them extra pressure in an already highly stressful life. This means that our biggest challenges are also our biggest achievements.” On top of this, there are frequent fires, in which many shacks are totally razed to the ground and families lose all of their possessions. “But the resilience of these kids is incredible”, concludes Doug. “They’re survivors. As one of our teachers once said: ‘I’ve never seen children with so much potential. All they need is a chance.’ This statement drives us to make a direct and meaningful impact on the lives of our children, day by day and in the future”.

“The most impactful way of giving our kids a better future was to offer them a high standard of education”

– Doug Gurr

129 South African children go to school thanks to Lotus Bakeries' support

Ann-Charlotte Langeræet

Legal Counsel

Débora Soenens

Management Assistant Group HR

Denis Pieters

Consolidation Manager

For four years, Lotus Bakeries has supported NGO Cunina, which gives underprivileged children in developing regions access to education. Nearly 130 corporate colleagues have committed to sponsor a child from Underberg, South Africa. Thanks to Lotus Bakeries' support, the sponsored children receive a high standard of education for twelve years. An interview with three sponsors.

"When the Cunina project was presented to us, the majority of corporate colleagues immediately wanted to be a sponsor", begins Legal Counsel Ann-Charlotte Langeræet enthusiastically. "And why not? It's a fantastic project, funded by Lotus Bakeries in which we can be a sponsor as employees. Twice a year, we exchange letters with the children we sponsor in South Africa. It's amazing to be able to help a child get an education, because that's the way out of poverty."

PERSONALLY INVOLVED

Ann-Charlotte sponsors a ten-year-old boy, who also has a younger brother and sister. "Sponsoring a child isn't all sunshine and roses", she says. "Sometimes they lose a parent or encounter other personal dramas. Or they may have to move house, or something happens to them that means they have to leave the project. Then we are assigned a new child to support. As you can't help forming a bond, this can sometimes be really hard."

Often, the Lotus employee's whole family gets involved with the sponsorship. "I have a four-year-old son", adds Management Assistant Group HR Débora Soenens. "When we had to send a letter around Halloween time, he did a really big drawing and decorated it with hand and footprints. A few weeks back, his class happened to cover the Cunina project. My son was really excited to show the photos and letters to his classmates. This makes the children here aware from a young age that not everyone is born into the same circumstances, and not everyone has the same opportunities or so many toys. In the last letter, for example, we read that our child's parents are unemployed. They live off Grandma's pension, and only just get by. That's awful. It upsets me that I can't do more."

Her colleague Denis Pieters, Consolidation Manager, is inspired by his own grandchild when he writes to the child he sponsors, an eight-year-old girl. "I used to sponsor a six-year-old lad, who loved to mess around and had bad grades. Now I've got a girl who's a bit older. I can see many similarities with the interests of my grandchild. I take inspiration from this when I write to her, because we can't just tell her everything: obviously, we don't want to boast about all that we have here."



EDUCATION, EQUIPMENT AND UNIFORMS

The funds are also invested in improvements to the school and, thanks to Lotus Bakeries' support, uniforms are provided for the children. "The child I sponsor wrote to thank me because Lotus Bakeries had paid for her school uniform", Débora says. "She wrote about how special she felt when she was walking to school. Everyone was looking at her because she was wearing a uniform. That makes you happy."

As time goes on, Ann-Charlotte, Débora and Denis find that their support has a positive impact on the children's school results. "First of all, we get to see their reports, so we can congratulate them now and then", Ann-Charlotte explains. "But we can see that they're making progress from the letters as well. English isn't their mother tongue, they learn it in school. At first, the letters are just a couple of lines in block capitals, but as time goes on, we see huge progress there."

IN LINE WITH THE VALUES OF LOTUS BAKERIES

In view of all this, they consider the Cunina project to be a perfect fit for Lotus as a company. Denis, who has worked for Lotus Bakeries for forty years, puts it like this: "The way that this company treats people is outstanding. They respect their staff, there's a friendly atmosphere, and always a human approach. Supporting this project is a perfect fit", he concludes.

TAJO

By giving support to the Ghent Talent Studio for Young People (TAJO), Lotus Bakeries is choosing to provide socially vulnerable young people in the Ghent region (Belgium) with new opportunities and to fuel their motivation to start studying.

City Pirates

Through City Pirates, a social football project in the Antwerp area (Belgium) that uses football to give young people a chance and to learn skills, we want to give young people from the Antwerp area a chance of training, a diploma and a job.

Gooikenshoeve

VZW Gooikenshoeve was set up to provide psychologically and socially vulnerable young people and young adults from 17 to 25 a worthwhile daytime activity in a small-scale, safe and warm environment. In this way we want to nurture the hope and the ability of our guests to find a way into normal social integration and interaction with themselves and others. Lotus Bakeries is keen to do its bit in this regard.

Entrepreneurs for Entrepreneurs – literacy training for women

The 'Literacy for women as a weapon for their emancipation' project has been supported by Lotus Bakeries since 2021.

The emancipation of women and their social and economic emancipation in the Democratic Republic of the Congo and Benin depend on education. Leuven Coopération and its local partners organise literacy courses for women and girls in these countries. These courses have a direct and significant impact on the emancipation of these women and the image they have of themselves and their families.



SOME RESULTS FOR 2021

- In Benin: thanks to the project 24 new literacy centres were set up. Around 200 women have attended literacy courses; 181 of them took the exam and 173 of them passed.
- In the Democratic Republic of the Congo: thanks to the project 15 new literacy centres were set up. Around 370 women have attended literacy courses; 360 of them took the exam and 326 passed.

AMBITIONS

We are committed to the environment and to help fight against global warming. In everything which we undertake, we strive to reduce our ecological footprint.



ENVIRONMENT

All brands' packaging will be recyclable by 2025.

All sites owned by Lotus Bakeries are CO₂ neutral

We have a recruitment policy aimed at attracting a diversified and talented group of people who share our TOP values. We aim for long-term employment and offer our employees a pleasant, challenging, inspiring and safe working environment.



EMPLOYEES

Recruiting ambitious TOP candidates with attention for diversity.

Ensuring a great place to work, a safe, challenging and pleasant pleasant working environment.

We actively take our social responsibility. We guarantee integrity of management throughout the organisation. With our Foundation for Education we support education projects and help perspective for future generations. future generations.



COMMUNITY

Conducting business with integrity according to the Lotus Bakeries Code of Conduct

Responsible purchasing through the Supplier Code of Conduct

Our suppliers of palm oil commit themselves to our policy

PRIORITIES

EU TAXONOMY

OVERVIEW OF THE EU TAXONOMY

This part contains the EU taxonomy information that has to be provided under Article 8 of Regulation 2020/852 (the European Taxonomy Regulation).

The European Taxonomy Regulation contains the following six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

The EU has published a list of economic activities that may qualify for the first two environmental objectives: the climate delegated acts. The sectors currently covered are energy, selected production activities, transport and buildings. The production of food and drink is not yet covered by the climate delegated acts.

INITIAL APPLICATION OF THE EUROPEAN TAXONOMY REGULATION

We have concluded that our core economic activities in connection with the production and sale of biscuits and natural snacks are not covered by the climate delegated act and consequently do not qualify for the taxonomy.

For reporting in 2021 only the proportion of the economic activities eligible for the taxonomy in the turnover, the capital expenditure (CapEx) and the operational expenditure (OpEx) need to be entered.

The amounts for calculating the turnover, CapEx and OpEx ratios are based on the reported data in the consolidated annual accounts contained in the 2021 annual report.

Since currently none of our revenue generating activities are described in the delegated regulations climate, we must we report an annual revenue of zero euros for the EU taxonomy eligible revenue. If and when the specific economic activity 'production of food and beverages' is added to the future delegated regulations, we expect that our KPI for revenue that qualifies for the taxonomy will increase.

We have identified capital and operational expenditure qualifying for the taxonomy in the following kinds of activities:

- electricity generation from renewable sources
- construction, expansion and renovation of water/waste water installations
- installation, maintenance and repair of equipment, devices and technologies for the improvement of energy efficiency and
- leasing of low/zero emission vehicles

As these activities are not directly connected to our core income-generating activities, our current CapEx and OpEx ratios qualifying for the taxonomy at the end of 2021 come to approximately 1% and 0.1% respectively.

OTHER CURRENT ACTIVITIES AND POSSIBILITY OF QUALIFYING FOR THE TAXONOMY IN THE FUTURE

It is important to note that ‘not qualifying’ according to the European Taxonomy Regulation refers to the fact that the activities are currently outside the scope of the economic activities for which technical screening criteria have been developed under the current delegated acts.

It is therefore important to be clear that turnover and capital and operational expenditure that do not qualify according to the European Taxonomy Regulation must not be interpreted as an indication of our performance in the pursuit or realisation of our sustainability objectives.

We expect these KPIs to increase as the delegated acts are completed.

We will continue to assess our activities qualifying for the taxonomy and tailored to it in the light of the evolving legal framework of the European Taxonomy Regulation and continue to integrate the requirements of the European taxonomy into our business model and in our reporting policy and procedures.

In the meantime we will continue to seek ways to reduce our emissions and in 2022 we will endorse the SBTi objectives.

LIMITED ASSURANCE REPORT




INDEPENDENT LIMITED ASSURANCE REPORT ON THE CARE FOR TODAY SECTION IN THE ANNUAL REPORT 2021 OF LOTUS BAKERIES NV

To the Board of Directors of Lotus Bakeries NV

This report has been prepared in accordance with the terms of our engagement contract dated 24th of February 2022 (the “Agreement”), whereby we have been engaged to issue an independent limited assurance report in connection with selected sustainability indicators in the Care for Today, Respect for Tomorrow section as of and for the year ended 31 December 2021 in the Annual Report 2021 of Lotus Bakeries NV (the “Report”).

THE DIRECTORS' RESPONSIBILITY

The Directors of Lotus Bakeries NV (“the Company”) are responsible for the preparation and presentation of the information and data of the selected sustainability indicators for the year ended 31 December 2021, marked with a  in the Care for Today, Respect for Tomorrow section in the Annual Report 2021 (the “Subject Matter Information”), in accordance with the criteria disclosed in the Care for Today, Respect for Tomorrow section (the “Criteria”).

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable engagement been performed. The selection of such procedures depends on our professional judgement, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with the Criteria. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2021 presented in the Care for Today, Respect for Tomorrow section of the Report;
- conducting interviews with responsible officers;
- reviewing, on a limited test basis, relevant internal and external documentation;

- performing an analytical review of the data and trends in the information submitted for consolidation;
- considering the disclosure and presentation of the Subject Matter Information.

The scope of our work is limited to assurance over the selected sustainability indicators, for the year ended 31 December 2021, marked with a ☑ in the Care for Today, Respect for Tomorrow section of the Report. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

OUR INDEPENDENCE AND QUALITY CONTROL

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

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

OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information within your Annual Report as of and for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the Criteria.

OTHER ESG RELATED INFORMATION

The other information comprises all of the ESG related information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other ESG related information. As explained above, our assurance conclusion does not extend to the other ESG related information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other ESG related information and, in doing so, consider whether the other ESG related information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

OTHER MATTER - RESTRICTION ON USE AND DISTRIBUTION OF OUR REPORT

Our report is intended solely for the use of the Company, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2021 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Ghent, 8 April 2022

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL
represented by
Lien Winne
Registered auditor

03

OUR ORGANISATION









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JAN BOONE
CEO



ISABELLE MAES
CEO NATURAL FOODS



MIKE CUVELIER
CFO



IGNACE HEYMAN
COO



WILLIAM DU PRÉ
Corporate Director Quality,
Procurement en R&D



JOHN VAN DE PAR
General Manager Belgium



JEROEN HARKS
General Manager Netherlands



JEAN-PHILIPPE KLOUTZ
General Manager France



ELS DESMET
General Manager Sales Offices
Europa



Margo Joris
General Manager US



RONALD DRIEDUITE
General Manager SOF Asia



BART BAUWENS
General Manager ID
Lotus® Biscoff®



LEON BROER
General Manager ID
Lotus™ Natural Foods



PAUL HUNTER
Managing Director UFF



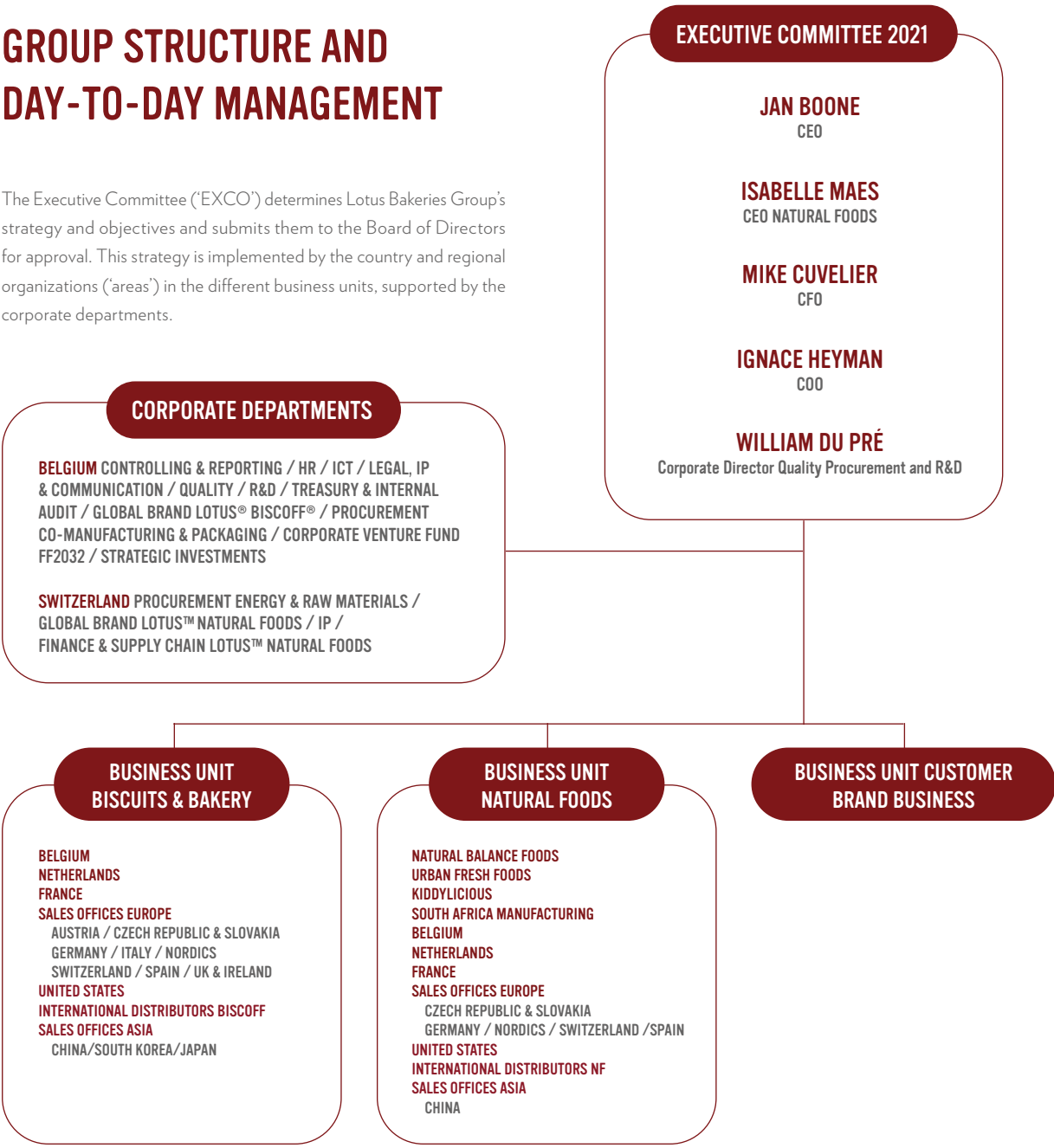
GARETH DUNNE
Managing Director NB



TWAN THORN
Managing Director Kiddylicious

GROUP STRUCTURE AND DAY-TO-DAY MANAGEMENT

The Executive Committee (‘EXCO’) determines Lotus Bakeries Group’s strategy and objectives and submits them to the Board of Directors for approval. This strategy is implemented by the country and regional organizations (‘areas’) in the different business units, supported by the corporate departments.



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.

Jan Boone is Chairman of the Board of Directors of Animalcare Group and sits on the Board of Directors of FC Bruges.

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

Isabelle Maes sits on the Board of Directors of Van de Velde NV.

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

Ignace Heyman is COO of Lotus Bakeries Group. He pursued a career in marketing in both Belgium and France, firstly at Procter & Gamble, PAB Benelux (Panzani-Amora-Blédina) and then at Reckitt Benckiser. In 2008, Ignace joined Lotus Bakeries as Marketing Director Belgium, before going on to become Corporate Director Marketing in 2011. From mid-2012 to the end of 2015 he was General Manager France. He has been COO since 2016.

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 was General Manager Belgium for almost ten years (2007-2015).

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



SALES STRUCTURE

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

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

PRODUCTION SITES

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

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

INVESTMENTS AND EXPANSIONS

At the beginning of 2021, a new packaging line started up at the BEAR factory in South Africa. This enabled us to deliver our products direct from South Africa to international markets.

2021 also saw substantial investment in production capacity for Lotus® Biscoff®. Its faster than anticipated growth in the last two years, combined with the ambitions and plans for the future necessitate a further urgent capacity expansion for Lotus® Biscoff®. For this reason, as announced last year, Lotus Bakeries has decided to invest further in both Belgium and the US.

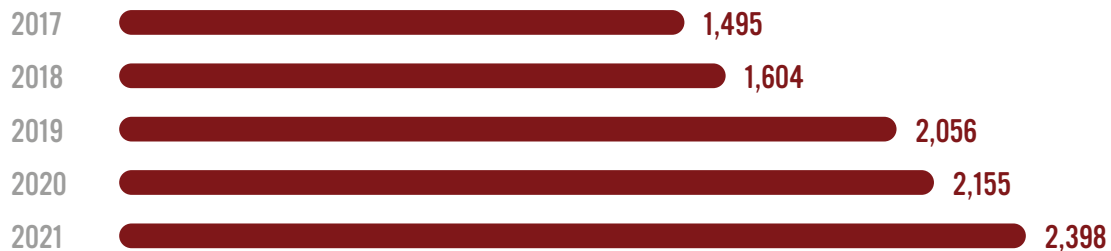
In Belgium, the expansions will come onstream end of 2022. This mainly involves a second dough preparation room. This investment is necessary to provide additional dough preparation capacity to support the further growth of both Lotus® Biscoff® Cookies and Lotus® Biscoff® Spread. This also reduces the operational dependency on a single dough room on the Lotus® Biscoff site at Lembeke. Also in Belgium, beside the dough room, a new Lotus® Biscoff® production line went into operation and a new Lotus® Biscoff® Sandwich Cookie line started up.

In the US, the new investments will be put to use by the fourth quarter of 2022. Capacity will be doubled there, with two new Lotus® Biscoff® production lines.

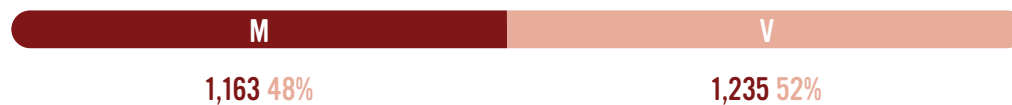
In 2022, an investment budget of 100 million euros is provided for these expansions for Lotus® Biscoff® and other purposes.

PERSONNEL

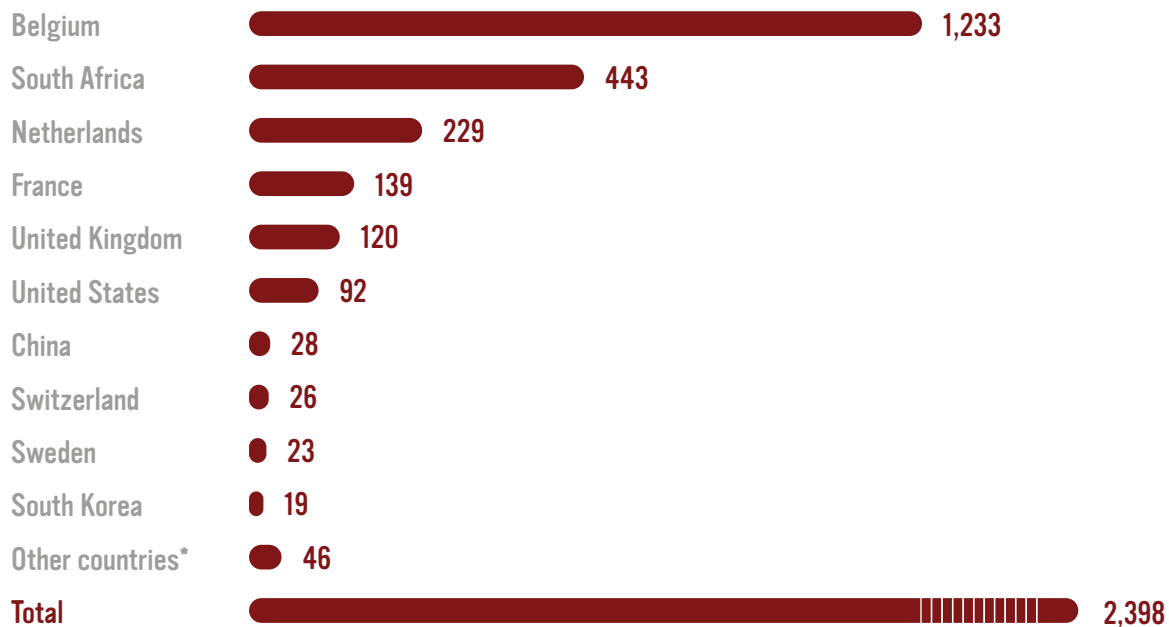
EVOLUTION



THE PROPORTION OF MEN AND WOMEN



NUMBER OF EMPLOYEES PER COUNTRY



*Germany, Spain, Czech Republic, Austria, Italy, Hong Kong



ELENA BAYOD
R&D Director



KATHLEEN BUYST
Global Brand Director
Lotus® Biscoff®



ROEL DE JONG
Director Strategic Investments



STÉPHANIE DE LANGE
Group HR Director



SOFIE DE LETTER
ICT Director



SASKIA DE PAEPE
Finance & Supply Chain Director
Lotus™ Natural Foods



SABIEN DEJONCKHEERE
Global Brand Director
Lotus™ Natural Foods



BRECHTJE HAAN
Corporate Legal, IP &
Communication Director



ELS RUTSAERT
Corporate QA Director



ANNELIES SANTENS
Director Treasury, Internal Audit &
Risk Management



ELS VAN PARYS
Program Manager Strategic
Projects



WOUTER VERSTRINGE
FF 2032 Investment Fund Director

CORPORATE SERVICES

LEMBEKE, BELGIUM
BAAR, SWITZERLAND
130 EMPLOYEES
2 CORPORATE OFFICES

CORPORATE DEPARTMENTS

Belgium

Controlling & Reporting
HR
ICT
Legal, IP & Communication
Quality
R&D
Treasury & internal audit
Global Brand Lotus® Biscoff®
Procurement Co-manufacturing & Packaging
Corporate Venture Fund FF2032
Strategic Investments

Switzerland

Global Brand Lotus™ Natural Foods
IP
Procurement Energy & Raw Materials
Finance & Supply Chain Lotus™ Natural Foods

LOTUS™ NATURAL FOODS MANUFACTURING

WOLSELEY, SOUTH AFRICA
443 EMPLOYEES
1 PLANT

PLANT

Wolseley
BEAR

BELGIUM



JOHN VAN DE PAR
General Manager Belgium

LEMBEKE, BELGIUM
1,086 EMPLOYEES
1 SALES OFFICE
4 PLANTS

BUSINESS UNITS

Biscuits & Bakery

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

Natural Foods

BEAR
Näkd
TREK

PLANTS

Lembeke

Lotus® Biscoff® cookies
Lotus® Biscoff® spread
Lotus Dinosaurus

Courcelles

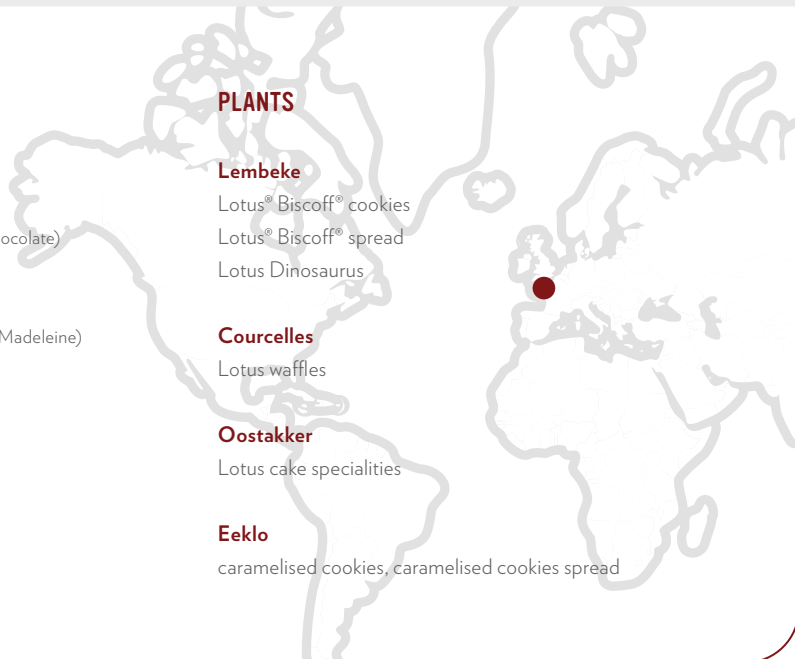
Lotus waffles

Oostakker

Lotus cake specialities

Eeklo

caramelised cookies, caramelised cookies spread



NETHERLANDS



JEROEN HARKS
General Manager Netherlands

GELDROP, NETHERLANDS
226 EMPLOYEES
1 SALES OFFICE
3 PLANTS

BUSINESS UNITS

Biscuits & Bakery

Lotus® Biscoff® (caramelised cookies, spread, ice cream)
Lotus cake specialities
Enkhuizer biscuits and cake specialities
Peijnenburg gingerbread
Snelle Jelle gingerbread

Natural Foods

BEAR
Näkd
TREK

PLANTS

Enkhuizen

Enkhuizer biscuits and cake specialities

Geldrop

Peijnenburg gingerbread

Sintjohannesga

Peijnenburg gingerbread
Snelle Jelle gingerbread

FRANCE



JEAN-PHILIPPE KLOUTZ
General Manager France

COMINES, FRANCE
139 EMPLOYEES
1 SALES OFFICE
2 PLANTS

BUSINESS UNITS

Biscuits & Bakery

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

Natural Foods

Näkd
TREK
Kiddylicious

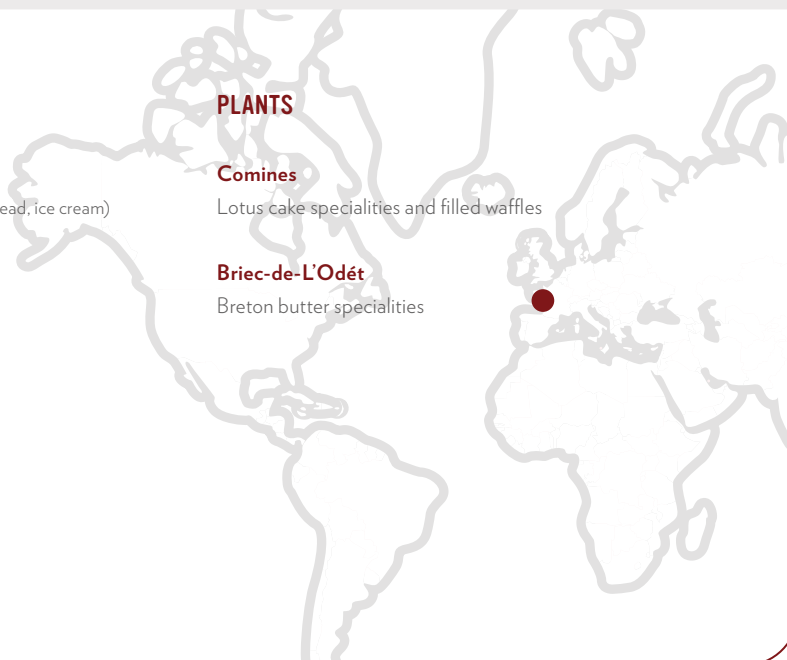
PLANTS

Comines

Lotus cake specialities and filled waffles

Briec-de-L'Odét

Breton butter specialities



SALES OFFICES EUROPE



ELS DE SMET
General Manager Sales Offices Europe

EUROPE
89 EMPLOYEES
8 SALES OFFICES
1 PLANT

SALES OFFICES

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

BUSINESS UNITS

Biscuits & Bakery

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

Natural Foods

BEAR
Näkd
TREK

PLANTS

Tyresö
Annas Pepparkakor



UNITED STATES



MARGO JORIS
General Manager US

SAN FRANCISCO, US
MEBANE, US
86 EMPLOYEES
2 SALES OFFICES
1 PLANT

BUSINESS UNITS

Biscuits & Bakery

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

Natural Foods

BEAR

PLANT

Mebane

Lotus® Biscoff® cookies
packaging line BEAR



SALES OFFICES ASIA



RONALD DRIEDUITE
General Manager SOF Asia

CHINA
SOUTH KOREA
JAPAN
47 EMPLOYEES
2 SALES OFFICES

BUSINESS UNITS

Biscuits & Bakery

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

Natural Foods

BEAR

Kiddylicious



INTERNATIONAL DISTRIBUTORS BISCOFF®



BART BAUWENS
General Manager ID Lotus® Biscoff®

HONG KONG
SWITZERLAND
LEMBEKE, BELGIUM
19 EMPLOYEES
3 SALES OFFICES

BUSINESS UNITS

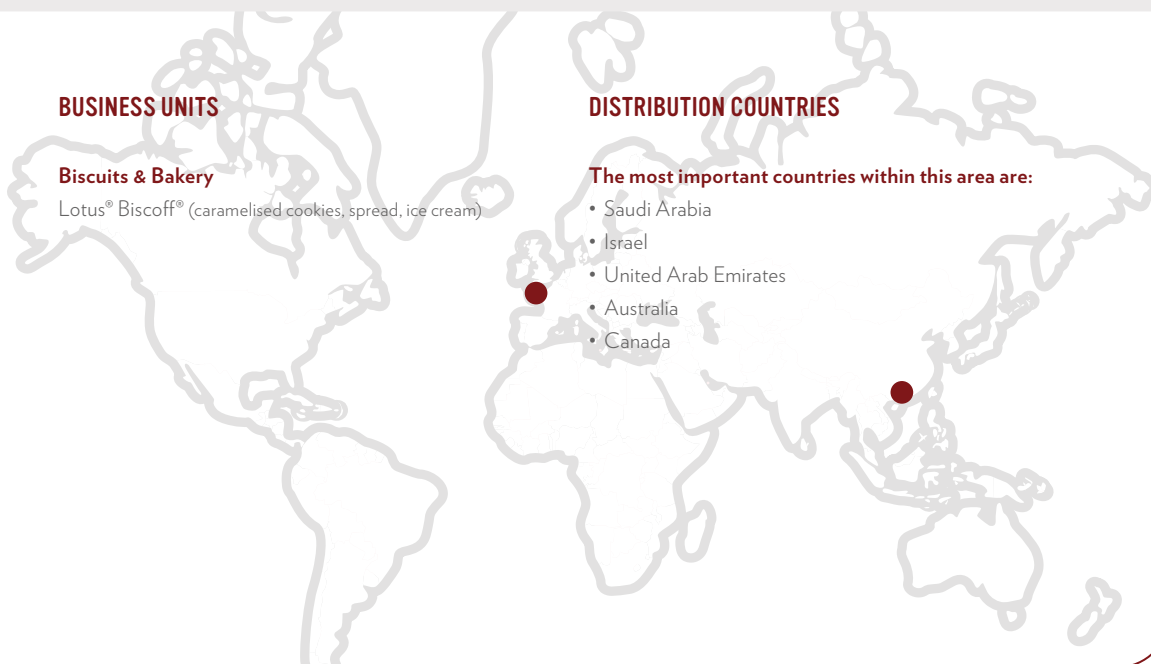
Biscuits & Bakery

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

DISTRIBUTION COUNTRIES

The most important countries within this area are:

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



INTERNATIONAL DISTRIBUTORS NATURAL FOODS



LEON BROER

General Manager ID Lotus™ Natural Foods

BAAR, SWITZERLAND
10 EMPLOYEES
1 SALES OFFICE

BUSINESS UNITS

Natural Foods

BEAR

Näkd

TREK

Kiddylicious

DISTRIBUTION COUNTRIES

The most important countries within this area are:

- Australia
- Ireland
- Canada
- Iceland
- United Arab Emirates

URBAN FRESH FOODS

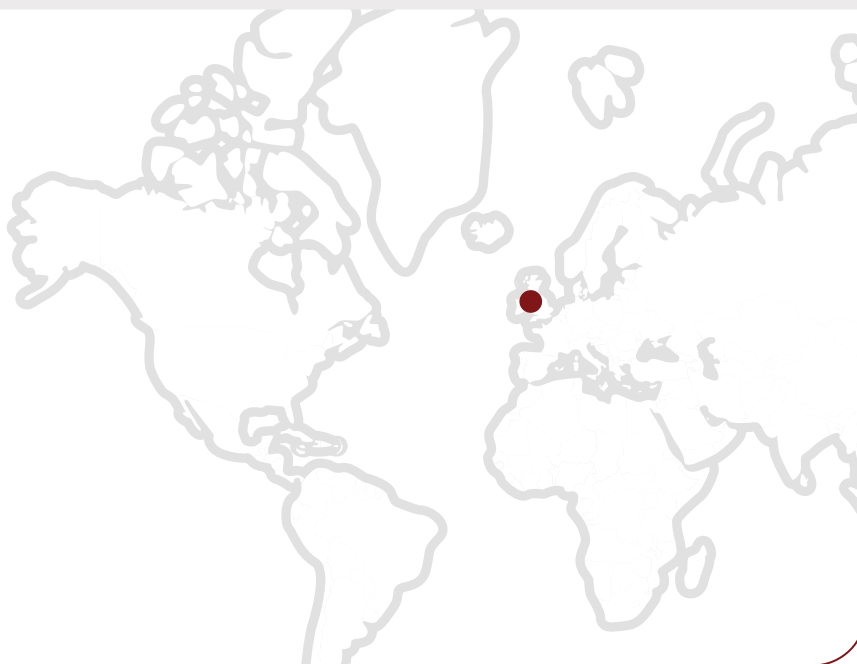


PAUL HUNTER
Managing Director UFF

ST. ALBANS, UK
35 EMPLOYEES
1 SALES OFFICE

BUSINESS UNITS

Natural Foods
BEAR
Urban Fruit



NATURAL BALANCE FOODS



GARETH DUNNE
Managing Director NBF

ST. ALBANS, UK
42 EMPLOYEES
1 SALES OFFICE

BUSINESS UNITS

Natural Foods

Näkd
TREK



KIDDYLICIOUS

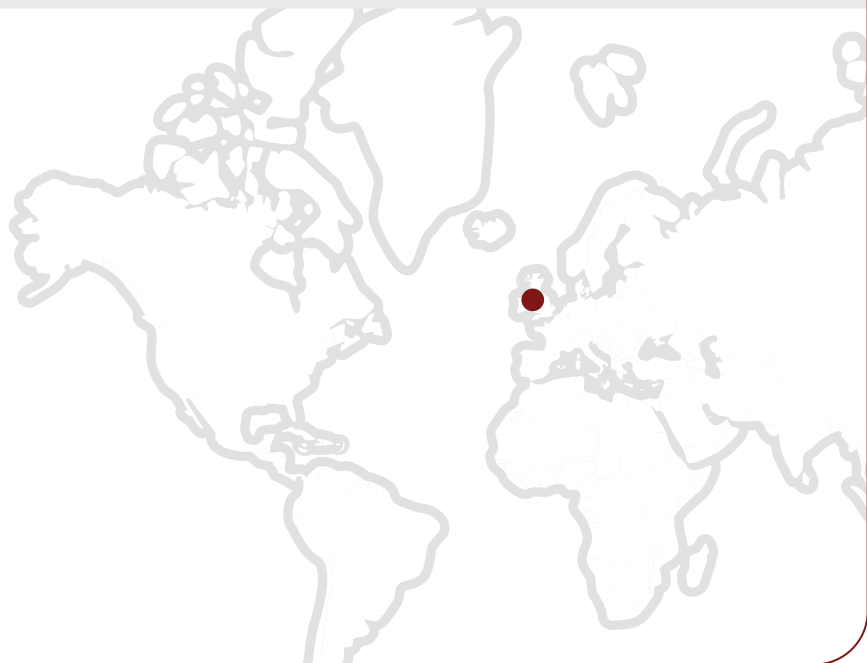


TWAN THORN
Managing Director Kiddylicious

AMERSHAM, UK
33 EMPLOYEES
1 SALES OFFICE

BUSINESS UNITS

Natural Foods
Kiddylicious



OUR WORLDWIDE PRESENCE

2,398

Employees
(2,155 in 2020)

12

Production facilities
in 6 countries

21

Sales offices
in 15 countries

50+

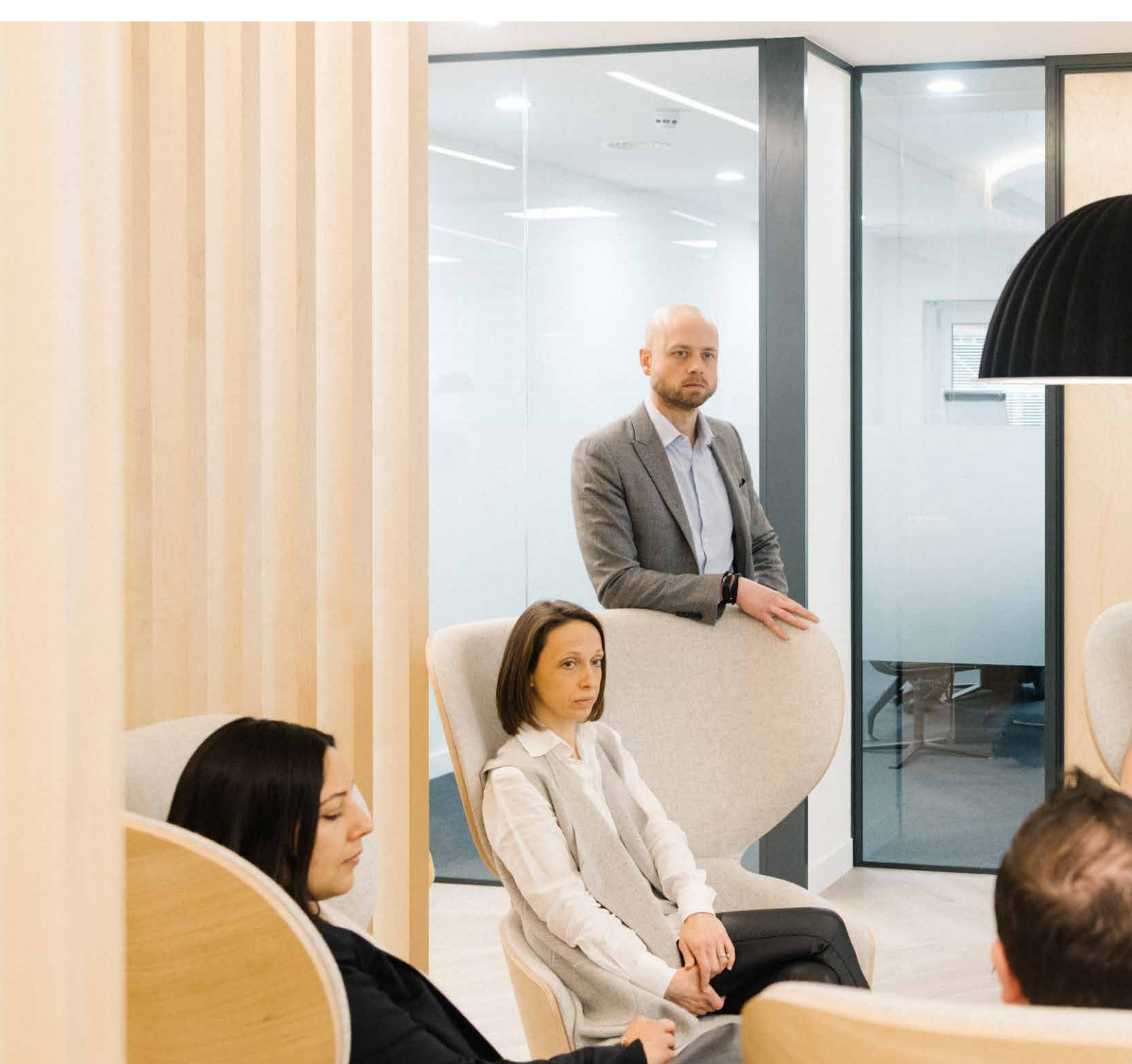
Countries with
commercial partners

04

REPORT OF THE BOARD OF DIRECTORS









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ACTIVITIES IN 2021

MARKET SITUATION AND SALES RESULTS IN 2021

General evolution of turnover

In 2021, Lotus Bakeries Group's consolidated turnover increased by EUR 87 million to EUR 750.3 million, representing 13.1% growth. The 13% growth in the first half of the year therefore continued unabated in the second half. Positive exchange rate effects amount to 0.6%.

The three strategic pillars, Lotus® Biscoff®, Lotus™ Natural Foods® and Lotus® Local Heroes, all made a positive contribution to this strong growth. Such consistently high growth confirms once more that the focused strategy is working and reinforces Lotus Bakeries' conviction in the international growth ambitions set for both Lotus® Biscoff® and Lotus™ Natural Foods.

Lotus® Biscoff®, the Group's first and largest strategic pillar, grew by 15% this year. The first half of the year remained influenced by the positive impact of the reopening of the hospitality sector and the partial recovery of air traffic in the US. In the second half of the year, the international expansion of Lotus® Biscoff® Cookies, Lotus® Biscoff® Spread and Lotus® Biscoff® Ice Cream continued unabated. This year saw double digit growth in the large consumer markets of the United States (US), the United Kingdom (UK), China, Korea, Germany, Spain, Italy, Canada and Australia, among other areas. Lotus® Biscoff® Cookies were the strongest riser in the top ten of the global Cookie Brand ranking in 2021, rising to 7th place.

Following an initial launch in four countries in 2020, the Lotus® Biscoff® Sandwich Cookie has been rolled out further internationally over the past 12 months. This innovation is highly successful and the cookie has become a firm favourite in the assortment over the past two years.

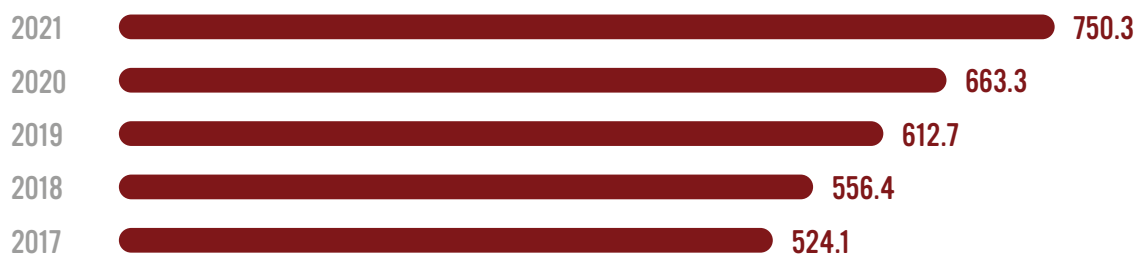
It is currently sold in 25 countries and is a major driver for Lotus® Biscoff®'s incremental penetration in each country. In the second half of 2022, a new production line will become available in the Belgian factory in Lembeke, to support the strong growth of the Lotus® Biscoff® Sandwich Cookie.

Lotus® Biscoff® Spread and Lotus® Biscoff® Ice Cream also experienced strong growth in 2021. The success of Lotus® Biscoff® Ice Cream is due to the unique Lotus® Biscoff® taste and associated experience enjoyed by consumers. This makes the ice cream a good ambassador for Lotus® Biscoff® Cookies. Following the initial launch of Lotus® Biscoff® chocolate in Belgium, this will also be internationalised from 2022. The first countries where the chocolate will be introduced are the United Kingdom (UK), the United States (US), the Netherlands and France.

Lotus Bakeries' second strategic pillar is natural snacking within Lotus™ Natural Foods. While slightly negative growth was still recorded in the first two months of 2021 due to the tightening of lockdowns, combined with a pre-COVID-19 basis for comparison, from March onwards more growth was achieved systematically month by month. This positive trend continued in the second half of the year, with 25% growth. Thus, Lotus™ Natural Foods realised a turnover of more than EUR 140 million in 2021. Moreover all brands grew strongly last year.

This strong recovery after the COVID-19 pandemic reinforces Lotus Bakeries' conviction in the strategy adopted for Lotus™ Natural Foods. A strategy based on further expansion of market-leading brands and focus on innovations in the UK on the one hand and accelerated international growth on the other. The international Lotus™ Natural Foods business outside the UK has grown by around 40% and now represents 26% of total Lotus™ Natural Foods sales.

EVOLUTION OF TURNOVER IN €M



The third pillar of the Lotus Bakeries strategy is the focus on 'Lotus® local heroes' in the home markets of Belgium, the Netherlands, France and Sweden. This pillar realised growth of more than 3% in 2021.

The waffle assortment grew strongly once more in both Belgium and France. The Liège waffle is performing particularly well, supported by media campaigns in both countries. In addition, double digit growth was achieved with Dinosaurus, partly thanks to the successful introduction of the new Filled Dinosaurus cookies. Following growth of more than 20% last year, Annas Pepparkakor grew once again in 2021, remaining the undisputed market leader for the pepparkakor cookies category in Sweden.

In the Netherlands, turnover for the 'Lotus® local heroes' remained stable. In the gingerbread segment, following the negative impact of the lockdowns in the first quarter, the on-the-go gingerbread brand Snelle Jelle recovered significantly. Koninklijke Peijnenburg saw its market share increase slightly in the gingerbread category. Following the stabilisation of Peijnenburg's turnover, investments to re-energise the gingerbread category and make Peijnenburg grow again were stepped up considerably. Thus, in the final quarter, a new media campaign was launched with the baseline 'Van Happen word je Happie' (Eating Peijnenburg makes you happy).

MAIN PROJECTS AND INVESTMENTS

Major investments in capacity in Belgium and the US to come onstream in 2022

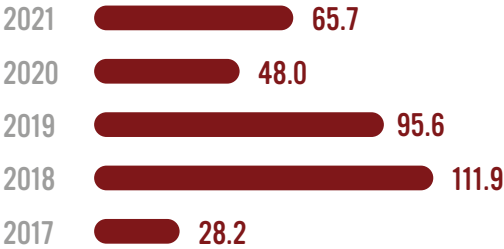
Lotus® Biscoff®'s faster than anticipated growth in the last two years, combined with the ambitions and plans for the future necessitate a further urgent capacity expansion for Lotus® Biscoff®. For this reason, as announced last year, Lotus Bakeries has decided to invest further in both Belgium and the US.

In Belgium, the expansions will come onstream in the third quarter of 2022. This mainly involves a second dough preparation room. This investment is necessary to provide additional dough preparation capacity to support the further growth of both Lotus® Biscoff® Cookies and Lotus® Biscoff® Spread. This also reduces the operational dependency on a single dough room on the Lotus® Biscoff site at Lembeke. Also in Belgium, beside the dough room, a new Lotus® Biscoff® Sandwich Cookie line will be started up.

In the US, the new investments will be put to use by the fourth quarter of 2022. Capacity will be doubled there, with two new Lotus® Biscoff® production lines.

In 2022, an investment budget of 100 million euros is provided for these expansions for Lotus® Biscoff® and other products.

INVESTMENTS IN €M



FINANCIAL INFORMATION

PROFITABILITY AND EVOLUTION OF COSTS

In 2021, Lotus Bakeries achieved a recurrent operating result (REBIT) of EUR 123.8 million and a recurrent operating cash flow (REBITDA) of EUR 151 million. Both profitability parameters rose by more than 11%, or EUR 12.7 million and EUR 15.3 million respectively.

The turnover and volume growth bring about a positive sales and operating margin contribution. Depreciations increased in line with investments in additional capacity. Alongside this, the Group continues to invest in organisation and people. The growth ambitions and expansion plans can only be realised by reinforcing and expanding sales teams, operational teams and support roles which need to develop to keep pace with the Group's growing international footprint. For instance, this year saw the establishment of the new Lotus™ Natural Foods headquarters in Switzerland, where all international activities, brands and Global Accounts are centralised. More than 30 colleagues now work there.

While marketing and media support remained below pre-COVID-19 levels in the first half of the year, turnover growth received a boost from marketing and media investments in the second half of the year. Over 2021 as a whole, marketing and media-related costs increased by more than EUR 5 million compared to 2020.

The non-recurrent operating result amounts to EUR -4.1 million. This stood at EUR -4.6 million last year and was then primarily made up of direct COVID-19 costs in order to guarantee continuity and safety in the factories. This year, expenses mainly comprise one-off costs resulting from the relocation and merger of two Lotus™ Natural Foods offices in the UK and preparation and start-up costs for further capacity expansions in the US.

The financial result of EUR -2.4 million consists primarily of interest expenses. There are limited foreign exchange gains on balance sheet positions held in foreign currencies.

The tax expense amounts to EUR 26.6 million or 22.6% of the profit before taxes. There is a one-off negative impact on deferred taxes in 2021 as a result of the rate increase to 25% in the UK from April 2023. This is an accounting and non-cash effect. The release from deferred tax on the foreign exchange result arising on the repayment of an intercompany debt accompanied by the one-off positive impact of the realised exemption from double taxation had a positive impact to reduce the tax expense in 2020.

The recurrent net profit increased to EUR 93.9 million and stands at 12.5% of turnover. The recurrent net result consists of the reported net result minus non-recurrent costs. The net profit amounts to EUR 90.7 million, representing a 10% increase year on year. The profit before taxes rose proportionately more than the net profit due to the exceptionally low effective tax expense in 2020.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2021

No significant events have occurred since 31 December 2021 which have a material impact on the 2021 financial statements.



Jan Boone - CEO

PROSPECTS FOR 2022

Lotus Bakeries recorded very strong growth of more than 13% once again in 2021. Thus, the growth in the first half of the year continued unabated in the second half. The strategic growth pillars of Lotus® Biscoff® and Lotus™ Natural Foods both contributed to this growth.

Lotus® Biscoff® realised growth of 15% in 2021, due partly to the reopening of the out-of-home channels but mainly to the further international expansion of Lotus® Biscoff® Cookies, Lotus® Biscoff® Spread and Lotus® Biscoff® Ice Cream. The geographically dispersed growth of Lotus® Biscoff® in the last few years in both large consumer markets and the more than 50 other countries in which Lotus® Biscoff® is sold reinforces our conviction that this double digit growth will continue for Lotus® Biscoff® in the coming years. The capacity expansions necessitated by this will be completed in the second half of 2022. At the same time, evaluations and preparations are underway for longer term expansions of capacity.

In 2020, the foundations of the growth strategy for Lotus™ Natural Foods were reinforced with a strong focus on further internationalisation. These investments already bore fruit in 2021. Following a strong second quarter, the second half of the year was the best ever in the history of Lotus™ Natural Foods, with 25% growth. The international Lotus™ Natural Foods business grew by around 40% and represents 26% of total Lotus™ Natural Food sales. Lotus™ Natural Foods strengthened its position in several important international markets and confirmed its position as category captain in the home market of the UK.

CEO Jan Boone looks back on 2021:

“At the end of 2021 we are able to present another very good report. Lotus Bakeries realised historic turnover growth of EUR 87 million and has climbed to 7th place in the global Cookie Brand Ranking with Lotus® Biscoff®. The enormous growth of Lotus™ Natural Foods has exceeded my expectations, particularly the growth in the second half of the year. This has further reinforced my conviction that there is still plenty of potential for the Lotus™ Natural Foods brands. Investing in the future will remain crucial. For Lotus® Biscoff, this means first and foremost making sure that the capacity expansions are delivered in 2022 and that opportunities for further longer-term expansion are identified.”

To date, the factories are still experiencing an operational impact from increased absenteeism due to COVID-19-related self-isolation measures in the various countries. The supply chain partners are experiencing similar problems. This negative impact on our global supply chain remains manageable via efficiencies and business operations. The possibility cannot be ruled out that absenteeism will increase sharply once more on one or more sites in the coming months, which could have a significant impact on capacity and product availability.

As stated above, due to the large increases in volume, a further expansion of capacity is urgently necessary in Belgium and the US for Lotus® Biscoff®. Combined with a permanent risk of increased absenteeism in our factories due to COVID-19, during the period under review, this led to very careful management of deliveries of Lotus® Biscoff® orders to customers. By fair and proportionate allocations across all customers, Lotus Bakeries aims to guarantee maximum in-store availability of Lotus® Biscoff® for consumers with minimum stock levels at each customer. In the first half of 2022, this modus operandi will continue to apply. Nevertheless, Lotus® Biscoff® is expected to continue its double digit turnover growth in this half, partly due to systemic improvement of efficiencies in the factory in Mebane and further optimisations in the factory in Lembeke.

From the second half of 2021, there has been generalised cost inflation at levels not seen for some time. This includes significant increases for raw materials, packaging, energy, transport and labour. This trend looks set to continue in 2022. Through longer-term fixing of purchase prices of raw materials and packaging with suppliers, it was possible to lessen the inflationary impact during the second quarter. In recent months, Lotus Bakeries has already announced general price increases for all of its products. The implementation of a fair but sufficient price increase is intended to offset cost inflation in 2022. In this way, Lotus Bakeries aims to guarantee the Group's profitability and maintain development opportunities for the Group.

CEO Jan Boone looks forward to 2022:

"2022 looks set to be challenging. As a manufacturer, we are faced with unprecedented increases in costs and at the same time we want to continue to offer consumers their favourite cookies or healthy snacks at an affordable price. For this reason, we aim for a fair price increase for our products. In the end, this is crucial if we are to meet our targets for margins and - above all - continue to invest in the growth of our brands. The consistent implementation of these necessary price increases may lead to disruption for certain customers in the short term but this is the only way to ensure that our business continues to grow and remains successful in the long term. For this reason, we will continue to focus strongly on increasing capacity, with a record investment budget for expansions of 100 million euros."

RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

Consolidated

The consolidated net profit for 2021 amounted to EUR 90.7 million as compared to 82.5 million EUR in 2020.

Statutory

The 2021 results for the parent company Lotus Bakeries NV are as follows:

IN EUR

Profit for the financial year	13,950,550.49
Profit for the year available for appropriation	13,950,550.49

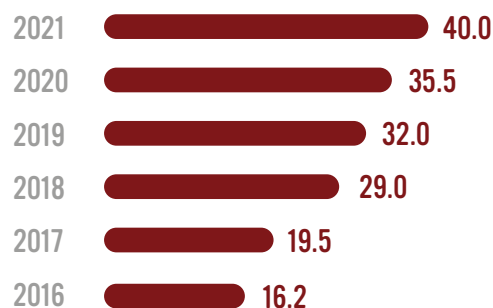
The Board of Directors proposes to appropriate the profit as follows:

IN EUR

Allocation to legal reserves	0
Allocation / (Transfer) to other reserves	-18,939,969.51
Distribution of a gross dividend ¹	32,640,520.00
Distribution of emoluments to directors	250,000.00
TOTAL	13,950,550.49

The Board of Directors will propose to the Ordinary Shareholders Meeting of 13 May 2022 to pay a gross dividend of EUR 40 per share for 2021 compared with EUR 35.5 per share in 2020. This maintains the dividend policy in recent years, whereby at least one third of the recurrent net profit is paid out.

GROSS DIVIDEND



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

CORPORATE GOVERNANCE DECLARATION

Lotus Bakeries adopts the Corporate Governance Code 2020 as a reference code, in accordance with Article 3:6(2) of the CAC and the Royal Decree of 12 May 2019 laying down the corporate governance code to be complied with by listed companies.

Lotus Bakeries' Corporate Governance Charter, which outlines our corporate governance policy and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee, was discussed by the Board of Directors and approved on 2 April 2020.



More information about our Corporate Governance Charter can be found on our website (<https://www.lotusbakeries.com/governance-practices-and-policies>).

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

Revised governance principles

On 16 April 2021, the Board of Directors approved a remuneration policy, which was adopted by the General Meeting of 18 May 2021, as stipulated by Article 7.3 of the Corporate Governance Code and Article 7:89(1) CAC. The remuneration policy remains unchanged since then.



More information about our remuneration policy can be found on our website (<https://www.lotusbakeries.com/governance-practices-and-policies>).

Adoption of Corporate Governance Code 2020

As set out below, Lotus Bakeries follows all principles contained in the Corporate Governance Code 2020, except for Article 7.12 concerning the possibility of clawing back variable remuneration paid to the members of the executive management, or withholding the payment of variable remuneration.

The Board of Directors is not convinced of the enforceability of a claw-back clause in employment contracts or service agreements with management companies, which cannot be amended unilaterally. Nor does it see the need for such a claw-back clause since, according to the remuneration policy, the variable remuneration is allocated solely on the basis of verified, audited and published results.

Governance structure

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

SHARE CAPITAL AND SHARES

Capital

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

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

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

Within the limits of the aforementioned authorised capital, the Board of Directors of Lotus Bakeries NV was furthermore authorised by the Extraordinary General Meeting of 8 May 2020, within a period of three years commencing with the Extraordinary General Meeting of Shareholders of 8 May 2020, following notification from the Financial Services and Markets Authority of a public takeover bid for the Company's stock, to increase the Company's capital subject to fulfilment of the legal requirements.

Shares

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

As of 31 December 2021, there were 816,013 shares of Lotus Bakeries NV, in registered or dematerialised form.

Share options

In the context of the Lotus Bakeries NV share option scheme, 660 new share options were issued in 2021. As at 31 December 2021 the total number of unexercised share options was 4,541.

YEAR OF ISSUE OF THE OPTIONS	NUMBER OF ALLOCATED OPTIONS ¹	NUMBER OF OPTIONS EXERCISED ²	TOTAL OF AVAILABLE OPTIONS
2016	2,327	(2,327)	0
2017	1,626	(1,045)	581
2018	1,139	-	1,139
2019	1,199	-	1,199
2020	962	-	962
2021	660	-	660

¹ Number allocated minus cumulative number lapsed.

² Cumulative number exercised.

Purchase of treasury shares

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

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

No treasury shares were purchased during 2021. The total number of treasury shares in the portfolio at the end of the financial year is 4,110 shares. They represent an accounting par value of kEUR 18,084 or 0.50% of the issued capital.

SHAREHOLDERS AND SHAREHOLDERS STRUCTURE

The shareholding structure of Lotus Bakeries NV on 31 December 2021:

	NO. OF SHARES	NO. OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS
Stichting Administratiekantoor van Aandelen Lotus Bakeries ¹	408,007	816,014	50%	65.92%
Lotus Bakeries NV ²	4,110	4,110	0.50%	0.33%
Publicly held	403,896	417,798	49.50%	33.75%
Total	816,013	1,237,922	100%	100%

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 29 September 2021*.

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.

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

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

Lotus Bakeries NV received a transparency notification from Stichting Administratiekantoor van Aandelen Lotus Bakeries on 29 September 2021.

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.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

Board of Directors

Composition

The composition of the Board of Directors:

Chairman:

Vasticom BV, represented by its permanent representative

Jan Vander Stichele

Current term of office ends: 2025 General Meeting

Managing director:

Mercuur Consult BV, represented by its permanent representative

Jan Boone

Current term of office ends: 2025 General Meeting

Non-executive directors:

- Beneconsult BV, represented by its permanent representative
Benedikte Boone
Current term of office ends: 2024 General Meeting
- PMF NV, represented by its permanent representative
Johan Boone
Current term of office ends: 2025 General Meeting
- Concellent NV, represented by its permanent representative
Sofie Boone
Current term of office ends: 2024 General Meeting
- Anton Stevens
Current term of office ends: 2025 General Meeting

Independent directors

- Palumi BV, represented by its permanent representative
Peter Bossaert
Current term of office ends: 2025 General Meeting
- Benoit Graulich BV, represented by its permanent representative
Benoit Graulich
Current term of office ends: 2025 General Meeting
- Lema NV, represented by its permanent representative
Michel Moortgat
Current term of office ends: 2022 General Meeting
- Sastraco BV, represented by its permanent representative
Sabine Sagaert
Current term of office ends: 2023 General Meeting

Secretary:

Brechtje Haan

Non-executive director

Benedikte Boone

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

CEO / Managing director

Jan Boone

- 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
- Vice-President of the Board of Directors of FC Bruges
- Member of the Board of Direction of FF2032
- President of the Board of Directors of Animalcare, a listed company in the veterinary sector

Non-executive director

Johan Boone

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

Non-executive director

Sofie Boone

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

Independent director

Peter Bossaert

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

Independent director

Benoit Graulich

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

Independent director

Michel Moortgat

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

Independent director

Sabine Sagaert

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

Non-executive director

Anton Stevens

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

Chairman of the Board of Directors

Jan Vander Stichele

- 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
- Member of the Board of Directors at Lotus Bakeries since 2005
- Member of the Board of Directors of Ardo Group, B.I.G., Connect+, Frigilunch and OLV Ziekenhuis Aalst (hospital)
- Chairman of the Board of Directors at Team Industries and Flanders' FOOD

Activities of the Board of Directors

The Board of Directors met six times in 2021. Apart from the meeting on 14 October, all board meetings were held virtually, due to the COVID-19 measures. All directors were present at all meetings.

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

- Coronavirus impact and measures
- Investment budget and global budget
- Financial results
- Sales results
- Organisational changes
- Evolution of prices of raw materials and packaging
- Price negotiations with customers
- Results at 31/12 and 30/06 and proposed press release
- Initiatives within Lotus Bakeries' sustainability strategy
Care for Today, Respect for Tomorrow policy, including:
 - Explanation of ESG strategy and action points 2021
 - Status update sustainable packaging
 - Young Graduate Programme
- Corporate Governance - remuneration policy
- General Meeting:
 - Agenda
 - Holding behind closed doors
 - Approval of remuneration policy
 - Reappointments
 - Dividend proposal

- Transparency notification reference shareholder
- Capex investments and expansions of capacity
- E-commerce strategy
- Strategy Lotus® Biscoff®
- Strategy corporate venture fund FF2032 NV
- Product developments and innovations
- Employer branding and flexibility policy
- M&A opportunities
- Reports and recommendations from Committees

In the course of 2021, there were no incidences within the Board of Directors which led to the application of the conflict of interest procedure as set out in Articles 7:96 and 7:97 CAC.

Audit Committee

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

The Audit Committee met three times in 2021 and all members were present at all meetings. The Auditor participated in all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- Discussion of report and internal controls / recommendations of the Statutory Auditor
- Discussion of annual and interim results
- Audit plan 2021

Remuneration and Nomination Committee

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

The Committee met twice in 2021, with all members present.

The subjects examined were:

- Remuneration policy and its application
- The remuneration policy
- Remuneration of CEO and Executive Committee

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 Nomination Committee also together evaluate annually the operation and performance of the Executive Committee. The CEO is not present at his own evaluation.

EXECUTIVE COMMITTEE

Composition of the Executive Committee:

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

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

The Executive Committee held 12 official meetings in 2021. All members were present at all meetings.

DIVERSITY POLICY

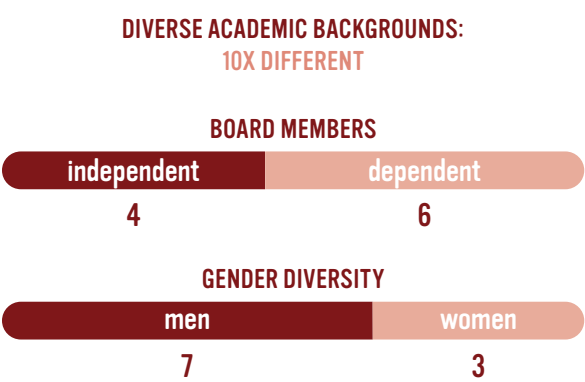
Lotus Bakeries ensures the presence on the Board of Directors, the Committees and the Executive Committee of critical members with specialist knowledge of the various areas relevant to Lotus Bakeries. Certain diversity criteria are imposed by law and are naturally adopted by Lotus Bakeries. Moreover,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

First and foremost, Lotus Bakeries fulfils the diversity criteria regarding the number of independent directors and the number of directors of a different gender. In this respect, Lotus Bakeries declares that the composition of its Board complies with the requirement for at least one third of directors to be of a different gender than that of the other members. The aforementioned obligation is contained in Art. 7:86 CAC. It also wishes to point out in this connection that the abovementioned independent directors fulfil the independence criteria of Article 7:87 of the CAC and the Corporate Governance Code 2020. However, concerning Benoit Graulich BV, it is noted that the Ordinary General Meeting of Shareholders of 18 May 2021 reappointed Benoit Graulich BV as independent director, since all of the specific independence criteria of Article 3.5 of the Belgian Corporate Governance Code 2020 were fulfilled but one, i.e. the criterion that a director must have held the position of non-executive director for no longer than 12 years. This was not considered to detract from the independence of Benoit Graulich (and Benoit Graulich BV), who in carrying out his duties as director always demonstrates an independent and critical attitude and has confirmed that he has no relationship whatsoever with the Company, the executive management, the reference shareholder or other shareholders owning more than 10% of the shares which could jeopardise his independence.

Besides these diversity criteria enshrined in law, Lotus Bakeries also aims for diversity in knowledge and experience and, when selecting candidates, performs a thorough assessment based on competencies which would additionally benefit the company in view of the existing competencies among the members of the Board of Directors. In defining the appointment procedure and selection criteria for candidates for the Board, the following principles are always applied:

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

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



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

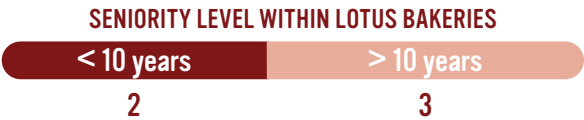
INVESTOR RELATIONS

Lotus Bakeries aims for transparent communication about financial and non-financial results to all of its shareholders. This information is communicated to existing and potential shareholders on various platforms. For example, Lotus Bakeries published an ‘investor relations’ presentation on 17 August 2021 and has since organised regular analyst presentations, which can be followed online by all interested persons and are also made available to view on the website afterwards.



More information about our investor relations can be found on our website <https://www.lotusbakeries.com/ir-presentation>

**DIVERSE ACADEMIC BACKGROUNDS:
3 OUT OF 5**



More information about the diversity policy and diversity ratios within Lotus Bakeries, can be found on page 106 of this Annual Report.

Lotus Bakeries strengthens ties with community of shareholders

Mike Cuvelier

CFO

Lotus Bakeries has achieved significant growth in the last few years. The globalisation of Lotus® Biscoff®, the strategic investments in the US and the successful acquisitions and internationalisation of the UK Natural Foods brands have created more visibility and interest in the Lotus Bakeries story. All of this has also attracted the attention of a broader and more international community of investors. The time was therefore ripe for more communication and contact with these investors.

“We want our shareholders to reflect our international ambitions.”

– Mike Cuvelier



Mike Cuvelier - CFO

“Until recently, our interaction with investors was more limited. There was a detailed and transparent explanation of our half-year and annual results accompanied by a press release and a meeting with a group of analysts who follow our shares”, CFO Mike Cuvelier begins. “However, since the 2021 half-year results, we are focusing more on communicating with institutional investors. Our strong growth and results in the last few years have caused our shares to rise, taking our market capitalisation above 4 billion euros today. That also generates interest in the Lotus Bakeries story among investors.”

SHAREHOLDERS REFLECT INTERNATIONAL AMBITIONS

Lotus Bakeries was receiving more and more requests from investors from countries such as the UK, France, Switzerland or the US who were interested in its story and shares. “The time had come for us to expand our community of shareholders. On the one hand, for some time, we had received increasing requests from international investors to make contact with us, and, on the other hand, we wanted our community of shareholders to reflect our international ambitions”, Mike continues. “Up to then, we had Belgian private shareholders, who saw Lotus Bakeries shares as a prudent investment and held on to them for the long term.”

STRONG GROWTH, HIGH PROFITABILITY AND CLEAR ESG KPIS

In view of this, in August 2021, Lotus Bakeries launched its information deck for investors, to be found on the corporate website. This contains all relevant company information for investors: history, values, ambitions, strategy for different brands. Following this, the EXCO of Lotus Bakeries went on roadshows to meet dozens of potential new investors. “That was an interesting and enriching process, that really brought it home to us that we have a strong story. A clear, focused strategy combined with enormous potential for growth, strong growth combined with high profitability and an integrated sustainability policy with strong ESG ambitions make us interesting to investors.”

NEW INVESTOR RELATIONS MANAGER

Meanwhile, Lotus Bakeries is looking for an investor relations manager, to focus on contact with both existing and future shareholders. “We now have an extensive group of international shareholders. We need to spread the word about Lotus Bakeries’ ‘equity story’ to attract an even broader community of investors”, Mike concludes.

REMUNERATION REPORT

Introduction

The purpose of the 2021 remuneration report is to provide transparent information about the specific remuneration policy adopted by Lotus Bakeries for directors and executive managers. It will be submitted to the Ordinary General Meeting of 13 May 2022 for approval. The 2020 remuneration policy was adopted by 96.42% of the votes at the Ordinary General Meeting of 18 May 2021.

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

This 2021 remuneration report sets out how the remuneration complies with the remuneration policy proposed by the Board, on the advice of the Remuneration and Nomination Committee, and approved by 97.27% of the votes at the Ordinary General Meeting of 18 May 2021.

Statement on remuneration policy applied in 2021

Non-executive and executive directors

The remuneration policy for directors of the Company approved at the Ordinary General Meeting of 18 May 2021 comprises a fixed remuneration, paid partly in cash and partly in shares in the Company and set based on the responsibilities of and time spent by the director and the latter's specific role as Chairman of the Board of Directors or Chairman or member of a Committee. Specifically:

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

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

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

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

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

No adjustments have been made to the remuneration policy compared to 2020.

Overview of remuneration

NAME & FUNCTION DIRECTOR	YEAR	FIXED REMUNERATION			VARIABLE REMUNERATION		EXTRAORDINARY EXPENSES¹	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		Base salary	Allowances	Other benefits	Pension costs	1 year variable			
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Nomination and Remuneration Committee)	2021	50,000					100,000	150,000	100% / 0%
	2020	50,000					100,000	150,000	100% / 0%
PMF NV, represented by Johan Boone, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Anton Stevens, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Palumi BV, epressed by Peter Bossaert, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Remuneration and Nomination Committee)	2021	30,000						30,000	100% / 0%
	2020	30,000						30,000	100% / 0%
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	2021	25,000						25,000	100% / 0%
	2020	25,000						25,000	100% / 0%
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	2021	25,000						25,000	100% / 0%
	2020	25,000						25,000	100% / 0%

¹ Renumeration for representing the company with respect to interest groups

Overview of remuneration in stock

NAME & FUNCTION DIRECTOR	MAIN CONDITIONS OF STOCK GRANT PLANS				
	DETAILS OF THE PLAN	PERFORMANCE PERIOD	GRANT DATE	VESTING DATE	END OF RETENTION PERIOD
Mercuur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Nomination and Remuneration Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
PMF NV, represented by Johan Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
Anton Stevens, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Nomination and Remuneration Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding
					Total

INFORMATION ABOUT THE REPORTED FINANCIAL YEAR

OPENING BALANCE SHEET	DURING THE YEAR		CLOSING BALANCE SHEET		
Stocks held at the start of the year ¹	Granted stocks	Vested stocks	Stocks subject to performance	Stocks granted but not vested	Stocks subject to a retention period
4	4	4	0	0	8
10	10	10	0	0	20
4	4	4	0	0	8
4	4	4	0	0	8
4	4	4	0	0	8
4	4	4	0	0	8
4	4	4	0	0	8
4	4	4	0	0	8
4	4	4	0	0	8
4	4	4	0	0	8
46	46	46	0	0	92

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

Executive managers

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

The variable remuneration is based on well-defined criteria with a one-year evaluation period but also evaluation periods of two and three years.

- The criteria for determining the short-term bonus are as follows:
 - 1/3rd of the short-term bonus depends on the consolidated turnover growth achieved by Lotus Bakeries Group during the past financial year
 - 1/3rd of the short-term bonus depends on the consolidated recurrent operating result achieved during the past financial year
 - 1/3rd of the short-term bonus depends on the consolidated recurrent operating cash flow achieved during the past financial year

The Board of Directors approved the final, audited results on 4 February 2022, and, on this basis, on the advice of the Remuneration and Nomination Committee, established that all criteria were met. Consequently, 100% of the 2021 short-term bonus will be paid to all members of the executive management in 2022.

- The criteria for determining the long-term bonus are as follows:
 - 1/3rd of the long-term bonus depends on the consolidated turnover growth achieved by Lotus Bakeries Group as specified in the multi-year plan in place
 - 1/3rd of the long-term bonus depends on the consolidated recurrent operating result as specified in the multi-year plan in place
 - 1/3rd of the long-term bonus depends on the consolidated recurrent operating cash flow as specified in the multi-year plan in place

The long-term bonus is awarded and paid annually, with a settlement of accounts during the third year of the evaluation period. The Board of Directors approved the final, audited results on 4 February 2022, and, on this basis, on the advice of the Remuneration and Nomination Committee, established that all criteria were met. Consequently, 100% of the long-term bonus will be paid to all members of the executive management in 2022.

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.

Those members of the executive management who are subject to a contract of employment enjoy an additional pension plan and other benefits, mainly comprising insured benefits such as guaranteed income and the cost of a car. Similar arrangements are in place for those members of the executive management who work through a management company.

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

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

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

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

Overview of remuneration of CEO and executive management (in EUR)

NAME & FUNCTION MEMBER EXECUTIVE MANAGEMENT	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		EXTRAORDINARY EXPENSES	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		BASE SALARY	ALLOWANCES	OTHER BENEFITS ¹	PENSION COSTS	1 YEAR VARIABLE	MULTIPLE YEARS VARIABLE			
Mercuur Consult BV, represented by Jan Boone (CEO)	2021	909,698	-	43,064	146,304	479,579	479,579	-	2,058,224	53% / 47%
	2020	866,379	-	43,064	139,007	456,741	456,741	-	1,961,932	53% / 47%
Other members executive management	2021	1,783,189	-	87,839	285,614	739,784	739,784	-	3,636,210	59% / 41%
	2020	1,698,276	-	87,839	270,693	704,556	704,556	-	3,465,920	59% / 41%

¹ The other benefits relate primarily to insured benefits.



Overview of compensation executive management (in options)

NAME & FUNCTION MEMBER
EXECUTIVE MANAGEMENT

KEY CONDITIONS OF OPTION PLANS

	DETAILS OF THE PLAN	PERFORMANCE PERIOD	GRANT DATE	ACQUISITION DATE	END OF RETENTION PERIOD	EXERCISE PERIOD	EXERCISE PRICE OF THE STOCK AND DATE
Mercur Consult BV, represented by Jan Boone (CEO)	Q2017		12/05/2017	01/01/2021		01/01/2021-11/05/2022	2,331.77
	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
Valseba BV, represented by Isabelle Maes (CEO Natural Foods)	Q2017		12/05/2017	01/01/2021		01/01/2021-11/05/2022	2,331.77
	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
Cumaco BV, represented by Mike Cuvelier (CFO)	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
Heycom BV, represented by Ignace Heyman (COO)	Q2017		12/05/2017	01/01/2021		01/01/2021-11/05/2022	2,331.77
	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
William Du Pré (Director Procurement, QA en R&D)	Q2017		12/05/2017	01/01/2021		01/01/2021-11/05/2022	2,331.77
	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
Total							

INFORMATION ABOUT THE REPORTED FINANCIAL YEAR

OPENING BALANCE SHEET	DURING THE YEAR			CLOSING BALANCE		
	Options granted but not acquired at the start of the year	Options granted	Options acquired	Options subject to performance	Options granted but not acquired	Options subject to a retention period
255	0	255			0	
255	0	0			255	
255	0	0			255	
200	0	0			200	
0	130	0			130	
128	0	128			0	
128	0	0			128	
128	0	0			128	
100	0	0			100	
0	65	0			65	
128	0	0			128	
128	0	0			128	
100	0	0			100	
0	65	0			65	
128	0	128			0	
128	0	0			128	
128	0	0			128	
100	0	0			100	
0	65	0			65	
128	0	128			0	
128	0	0			128	
128	0	0			128	
100	0	0			100	
0	65	0			65	
2,773	325	639	0		2,459	0

Severance pay

Members of the Executive Committee compensated on a self-employed basis and via directorships are entitled to severance pay equal to 12 months' fixed and variable remuneration. The other member of the Executive Committee is bound by a salaried employee contract. In 2021 no severance pay was paid to members of the Executive Committee.

Senior managers

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

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

A table is shown below comparing changes in remuneration and performance during the last five reported financial years

IN THOUSANDS OF EUR	2016	2017	2018	2019	2020	2021
REMUNERATION OF NON-EXECUTIVE DIRECTORS						
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Remuneration and Nomination Committee)	150 750%	150 100%	150 100%	150 100%	150 100%	150 100%
PMF NV, represented by Johan Boone, non-executive (member BoD)	20 100%	20 100%	20 100%	20 100%	20 100%	20 100%
Anton Stevens, non-executive (member BoD)	20 100%	20 100%	20 100%	20 100%	20 100%	20 100%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	20 100%	20 100%	20 100%	20 100%	20 100%	20 100%
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	20 /	20 100%	20 100%	20 100%	20 100%	20 100%
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	/	20 /	20 100%	20 100%	20 100%	20 100%
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Remuneration and Nomination Committee)	30 100%	30 100%	30 100%	30 100%	30 100%	30 100%
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	/	/	25 /	25 100%	25 100%	25 100%
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	20 100%	25 100%	25 100%	25 100%	25 100%	25 100%

IN THOUSANDS OF EUR	2016	2017	2018	2019	2020	2021
REMUNERATION OF EXECUTIVE DIRECTOR						
Mercur Consult BV, represented by Jan Boone, executive CEO	20	20	20	20	20	20
	100%	100%	100%	100%	100%	100%
REMUNERATION CEO						
Jan Boone, CEO	1,301	1,265	1,458	1,914	1,962	2,058
Evolution (%)	108%	97%	115%	131%	102,5%	104,9%
REMUNERATION OF OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT						
Total remuneration	1,760	1,714	2,358	3,296	3,466	3,636
Number of members executive management	4	4	5	5	5	5
Evolution (%)	86%	97%	138%	140%	105%	105%
PERFORMANCE OF LOTUS BAKERIES						
Market capitalization (on 31 dec)	2,031,280	1,724,110	1,753,830	2,113,470	3,002,928	4,561,513
Evolution market capitalization (%)	143%	85%	102%	121%	142%	152%
Turnover	507,208	524,055	556,435	612,737	663,289	750,251
Evolution turnover (%)	123%	103%	106%	110%	108%	113%
Rebit	83,945	89,349	95,030	102,891	111,114	123,805
Evolution Rebit (%)	130%	106%	106%	108%	108%	111%
Rebitda	101,596	104,333	110,346	123,580	135,683	150,967
Evolution Rebitda (%)	123%	103%	106%	112%	110%	111%
Net result	62,455	64,633	67,872	75,769	82,545	90,743
Evolution net result (%)	137%	103%	105%	112%	109%	110%
REMUNERATION OTHER EMPLOYEES						
Total remuneration	101,639	105,580	111,977	123,493	137,116	152,857
Number of employees (FTE) ¹	1,464	1,495	1,555	1,821	2,214	2,305
Evolution (%)	115%	104%	106%	110%	111%	111%

¹ Full-time employee calculated as 12-month average.

The ratio between the highest remuneration of members of management and the lowest compensation (in full-time equivalents) of employees of Lotus Bakeries NV, as stipulated by Article 3:6(3) CAC, cannot be

reported since Lotus Bakeries NV has no employees. In the interests of the intended transparency, this ratio is reported for Lotus Bakeries Corporate NV. This ratio is 16.20.

ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT STRATEGY

Lotus Bakeries has implemented an ongoing process of risk management aimed at ensuring 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 Enterprise Risk Management framework. The Executive Committee has total responsibility for the risk management process for Lotus Bakeries and also reports on this periodically to the Audit Committee.

GOVERNANCE AND CULTURE

Governance structure

Lotus Bakeries has a one-tier governance model, as specified in Article 7:85 ff of the CAC. The Board of Directors bears ultimate responsibility for the management of risks within the Company, assisted by the Audit Committee. The day-to-day management is delegated to the CEO, assisted by the EXCO. The Director Internal Audit & Risk reports to the CFO. The Audit Committee receives regular reports on risk management.

This Governance structure is framed by a series of internal Governance policies.

The Board of Directors approved the following documents on 2 April 2020:

Corporate Governance Charter

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



More information about our Corporate Governance Charter can be found on our website <https://www.lotusbakeries.com/governance-practices-and-policies>

Dealing Code

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



More information about our Dealing Code can be found on our website <https://www.lotusbakeries.com/governance-practices-and-policies>

Code of Conduct

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



More information about our Code of Conduct can be found on our website <https://www.lotusbakeries.com/governance-practices-and-policies>.

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

Remuneration Policy

The approved remuneration policy complies with the Second Shareholder Rights Directive, Directive (EU) 2017/828, Article 7:89(1) of the Companies and Associations Code and the Corporate Governance Code 2020. This remuneration policy was approved at the Ordinary General Meeting of 18 May 2021 and is published on the website.



More information about our remuneration policy can be found on our website <https://www.lotusbakeries.com/governance-practices-and-policies>

Internal policies, procedures and control environment

The responsibilities of the various departments in the Group Lotus Bakeries ranging from purchasing, production, logistics to sales, management of customer relations and Group services are set out in general guidelines. In this way each employee clearly knows his role and responsibility.

The responsibilities of the various financial departments in the Lotus Bakeries Group are defined in the general corporate Directives' at Group level. These are set out for all operational domains linked to Finance: accounting and consolidation, management reporting, cost accounting, planning, budgeting and forecasting processes, central master data management treasury, investment approval, insurance and internal control environment.

In the context of drawing up or adjusting the strategic exercises and the annual budgets, objectives are set for the various levels and departments at short and medium term.

These objectives are set for the different departments of the Corporate Departments as well as for all operational areas of the supply chain of all Business Units, both at local and area level, as well as at Executive Committee level.

Each of these departments has further defined its responsibilities in more detailed procedures.

PRINCIPAL RISKS AND MITIGATING MEASURES

Annually, the risks defined are reviewed by EXCO and adjusted if necessary. The adjusted risk overview is discussed in the Audit Committee on an annual basis.

For each of the major risks, a risk owner has been appointed who ensures a concrete action plan to avoid, limit or prepare for the risks. The risk owner is also responsible for the follow-up of the defined actions. The results are reported annually to the Audit Committee.

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 raw materials. For other raw materials and for packaging, yearly agreements are made when possible.

Currency risk

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

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

A 5% lower average rate for Lotus Bakeries' key foreign currencies would have had a negative impact on the net profit amounting to a total of kEUR 2,016. 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 2,228.

	EFFECT ON THE NET RESULT OF THE LOWER AVERAGE RATE OF 5% (AMOUNT IN kEUR)	EFFECT ON THE NET RESULT OF THE HIGHER AVERAGE RATE OF 5% (AMOUNT IN kEUR)
GBP	(1,342)	1,483
USD	(457)	506
CNY	(178)	197
Andere	(39)	43
Total	(2,016)	2,228

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.

FINANCIAL INSTRUMENTS

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

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 foodservice customers in various countries. For export outside Western and Northern Europe, the United States, South Korea and China, the Lotus Bakeries Group works on a documentary credit basis or uses credit insurance. Within the Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

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

Liquidity risk

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

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

Balance sheet structure

Lotus Bakeries aims for a capital structure (the balance between debt and equity) that gives 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 recurring operating cash flow (REBITDA) at what is considered to be a normal healthy level in the financial market.

FINANCIAL RATIOS	2021	2020	2019	2018	2017
Days customer credit	49	48	47	45	42
Solvency ratio (%)	52.4	51.4	49.5	48.8	49.1
Net financial debt / REBITDA*	0.63	0.87	1.10	0.87	0.55
Net return on equity (%)	17.5	19.0	18.8	19.6	22.0

(*) REBITDA normalised for the impact of acquisitions

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.



More information about our quality policy can be found on page 123 of this Annual Report and on our website

<https://www.lotusbakeries.com/policies-reports>

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

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 2nd 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, states 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 pension obligations resulting from legal requirements. These are also treated as defined benefit schemes. For these defined benefit schemes the necessary provisions are set up based on the actuarial present value of the future obligations to the employees concerned.

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

- Changes in bond yields: a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Salary risk: the majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a higher than expected salary increase of plan members 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.

Risk of counterfeiting

The success of the Lotus® Biscoff® and Lotus™ Natural Foods products and brands goes hand in hand with the risk of counterfeiting. This applies to the recipes for our products and also the visual identity of our brands.

First and foremost the recipe. 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. The R&D department hopes to contribute to better products with new insights into processes and the interactions between various ingredients. In this, Lotus Bakeries not only employs its own expertise but also calls on the expertise of well-known university knowledge centres, and of existing innovation platforms set up by the food industry. Our efforts in terms of innovation also translate into an extensive, innovative product range, where quality and superior taste are paramount. To protect these efforts as far as possible, our recipes are guarded as trade secrets where possible. To this end, strict procedures are in place regarding data access, transfer and storage. In addition, the Research & Development team monitors and analyses rival products on a regular basis.

For optimum protection of our brand identity, there is a clear strategy in place aimed at identifying our trademark assets, defining the desired protection, use and enforcement of our trademarks. Each year, the degree of protection is reviewed and updated, at product level and geographically. An automated, global notification system alerts the Intellectual Property department to identical or similar registrations. In addition, copycats in the market are continually reported by our own employees and our distributors. Furthermore, in 2021, we decided to set up an online monitoring system for more accurate detection of copycats.

Data protection and cybercrime

In view of ever-increasing digitalisation, there is a real risk of unauthorised access to confidential data of Lotus Bakeries and personal data processed by Lotus Bakeries. Fraud in the form of cybercrime is also high on our agenda.

Lotus Bakeries has clear policies in place regarding access to and security of business-critical information. Multi-factor authentication helps protect our information. Corporate ICT has taken various steps to prevent and detect cyber-attacks and limit their impact. An annual audit is also carried out of the security of our ICT systems. In addition, we continually focus on automated and continuous alerting of Lotus Bakeries employees.

Job market shortages

In view of job market shortages, Lotus Bakeries needs to take care to attract sufficient talent to support its growth plans. For this, Lotus Bakeries can rely on a professional recruitment policy, onboarding process and training & development plan. Since 2020, we have run a Young Graduate Programme, in which we make young talent enthusiastic about our company. Finally, we pay close attention to employer branding and the internal and external projection of our corporate identity.



More information about Lotus Bakeries' HR policy can be found on page 106 of this Annual Report.

Impact of packaging on the environment

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



More information about our packaging policy can be found on page 90 of this Annual Report.

Impact of palm oil on the environment and society

Lotus Bakeries is conscious of the negative impact of palm oil cultivation on the environment, particularly deforestation, as well as the social impact in regions in which palm oil plantations are located. It is important for Lotus Bakeries that our consumers and customers can be confident that the palm oil used in our products is sustainably sourced. Lotus Bakeries selects its suppliers carefully based on their responsible sourcing standards according to NDPE: No-Deforestation, No-Peat, No-Exploitation. Lotus Bakeries is a member of RSPO and is committed to ensuring that it sources only certified sustainable palm oil. It has endorsed this approach in a palm oil policy accepted by 90% of our palm oil suppliers¹. All sites of Lotus Bakeries which process palm oil are also RSPO certified.



More information about our palm oil can be found on page 123 of this Annual Report.

Industry's impact on environment and society

Lotus Bakeries is aware of the negative impact that the industry can have on the environment and society and the responsibility that it bears as an industrial partner. On the other hand, Lotus Bakeries also sees opportunities to contribute to the progress of society and limiting global warming.

The 'Care for Today, Respect for Tomorrow' sustainability ambition embodies in a clear way how Lotus Bakeries wants to deal with sustainability and responsibility. This action plan has been widely communicated to all employees and to the Board of Directors. Lotus Bakeries chooses to report on its priorities, targets and achievements taking into account the Sustainable Development Goals (SDGs) as defined by the United Nations and in accordance with the core GRI standards.

¹ Palm oil producers who have signed Lotus Bakeries' palm oil policy or have their own palm oil policy in place with at least equal standards.

CONTROL ACTIVITIES

For the Lotus Bakeries Group, various operational and financial procedures are in place.

For reporting the financial and non-financial results of each department, there are definitions or standards available to ensure that the information is interpreted uniformly throughout the organization.

The International Financial Reporting Standards form the basis for all financial reporting and for consolidated reporting. Training is organized at regular intervals for all relevant financial employees.

The sustainability results for the year 2021 will be reported in accordance with the GRI Standards.

For the monitoring of the activities of sales, personnel and the operations in the factories, purchasing and logistics, Lotus Bakeries has developed various financial and non-financial KPIs.

Each month, the results of each area within the business units are discussed and explained by the area manager. Both the positive and the negative deviations from the predefined results are analysed and discussed. For the negative deviations, the necessary corrective actions are defined and followed up. For the positive deviations, actions are defined to perpetuate or increase them.

Access to the various reporting systems is controlled and restricted to authorized persons only.

External sales figures are reported daily to the Executive Committee.

The results of the different departments are consolidated, analysed and reported monthly at group level monthly. The Corporate Finance department drives the entire process.

The liquidity and cash position is monitored daily by the Corporate Treasury department and reported twice a week by the Director Treasury to the CFO.

Employees are asked to continuously improve existing procedures and methods via self-assessment and on the basis of the Lotus competencies.

INFORMATION AND COMMUNICATION

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

In 2021, the SuccessFactors package was installed for the management of the most important personnel processes.

The results of each area within the business units are reported on a monthly basis by the area manager.

The financial and non-financial results are aggregated, consolidated and reported to the Executive Committee on a monthly basis. The Corporate Finance department directs the information and communication process.

In addition, financial and non-financial results are reported and discussed periodically in the Board of Directors.

For both the internal and external information reporting and for communication, there is an annual financial calendar in which all reporting dates are fixed and which is communicated to all parties concerned.

The various risk owners report periodically to the Director Internal Audit & Risk, who in turn reports to the CFO. The results are reported annually to the Audit Committee.

In addition, there are various communication channels available within the Lotus Bakeries Group to provide employees with the information that they need to be able to perform their functions properly.

Lotus Bakeries employees throughout the Group have at their disposal LotusLink, where all information on Group events is disseminated.

MONITORING

Each month, the results of each area are discussed within the business units and explained by the area manager.

The Group figures are discussed monthly in the Executive Committee and on a periodic basis in the Board of Directors.

The internal audit evaluates the internal control system and makes recommendations for improvement.

The Statutory Auditor verifies the financial reporting and its internal control.

The quality and safety of our products at our sites are verified externally.

The Audit Committee and the Statutory Auditor play an important role in assessing the internal control system and risk management. Comments from the Statutory Auditor are discussed in the Audit Committee and followed up for improvement.

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



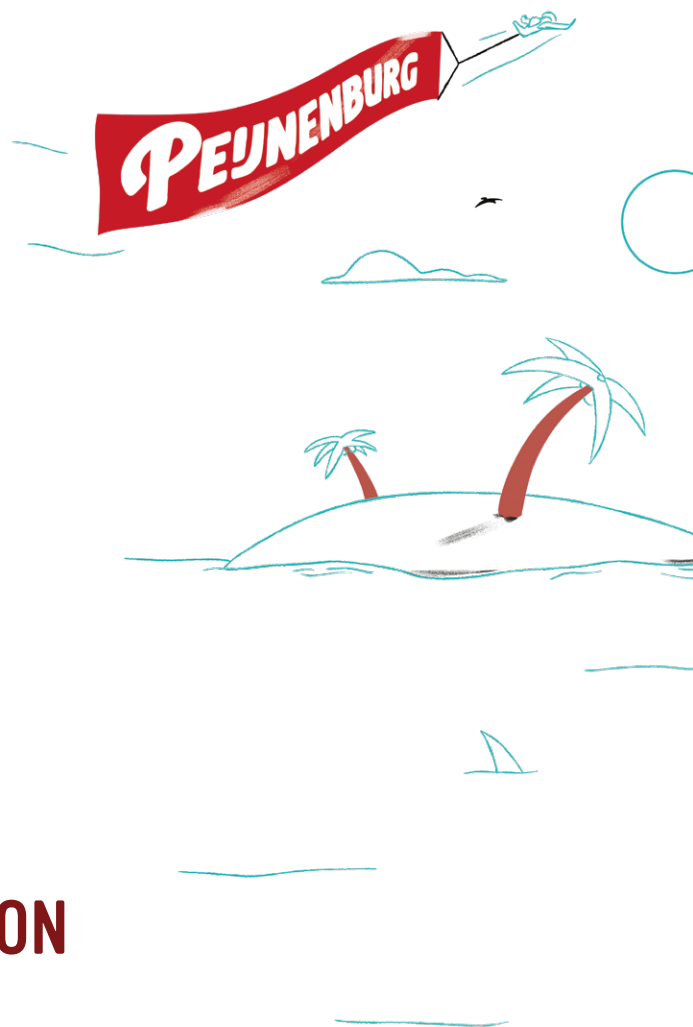
EXTERNAL AUDIT

PwC Bedrijfsrevisoren BV, represented by Ms Lien Winne, auditor, was appointed as Auditor of Lotus Bakeries NV on 10 May 2019 by the Ordinary General Meeting for a term of three years. Its mandate expires immediately after the 2022 Ordinary General Meeting. The compensation received in 2021 for auditing and non-auditing services by PwC Bedrijfsrevisoren and by people connected to PwC Bedrijfsrevisoren, is described in note 38 of the financial supplement.

AUDIT FEE FOR THE GROUP AUDIT 2021	IN THOUSANDS OF EUR
Lotus Bakeries NV	88
Group Lotus Bakeries	401
Total	489

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STOCK MARKET AND SHAREHOLDERS' INFORMATION







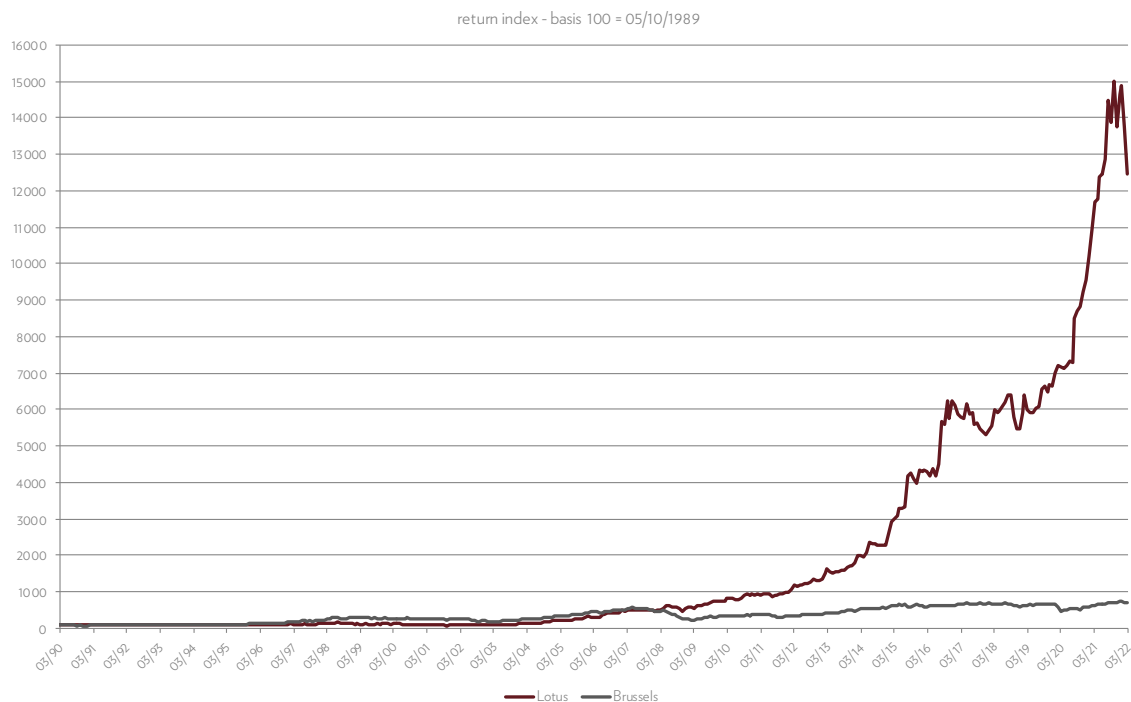


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EVOLUTION OF THE LOTUS BAKERIES SHARE IN COMPARISON TO THE BASR INDEX



Both share evolutions are with reinvested net dividend.

STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR	31-03-2022	2021	2020	2019	2018	2017
Highest price till 31/12 (till 31/03 in 2022)	6,080.00	6,080.00	3,770.00	2,680.00	2,690.00	2,529.00
Lowest price till 31/12 (till 31/03 in 2022)	4,455.00	3,630.00	2,500.00	2,080.00	2,010.00	2,025.00
Price at 31/12 (at 31/03 in 2022)	4,750.00	5,590.00	3,680.00	2,590.00	2,150.00	2,116.95
Market capitalisation at 31/12 in millions of EUR (at 31/03 in 2022 in millions of EUR)	3,876.06	4,561.51	3,002.93	2,113.47	1,753.83	1,724.11
Number of shares at 31/12 (at 31/03 in 2022)	816,013	816,013	816,013	816,013	815,733	814,433
Price-earnings ratio (PER) ⁽¹⁾ at 31/12 (at 31/03 in 2022)	42.70	50.26	36.36	28.21	26.21	27.13

¹ PER: Price Earnings Ratio: Stock price at year-end (respectively 31 March in 2022) divided by net earnings per share at year-end.

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).

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.

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 falls 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.

MARKET CAPITALISATION

On 31 December 2021, the market capitalisation of Lotus Bakeries amounted to EUR 4,561.51 million.

EVOLUTION OF THE LOTUS BAKERIES SHARE

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

STOCK DATA ON THE LOTUS BAKERIES SHARE

The tables showing the consolidated key figures per share and the stock market performance data of the Lotus Bakeries share can be found on pages 20-21 and 218 of this Annual Report.

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.

FINANCIAL CALENDAR

Wednesday 13 April 2022

Annual Report 2021 available on www.lotusbakeries.com

Friday 13 May 2022

Ordinary General Meeting of Shareholders at 4.30 PM

Tuesday 18 May 2022

Payment of dividend for the 2021 financial year

Friday 12 August 2022

Announcement of half-year results for 2022

Tuesday 7 February 2023

Announcement of annual results for 2022

ANNUAL REPORT

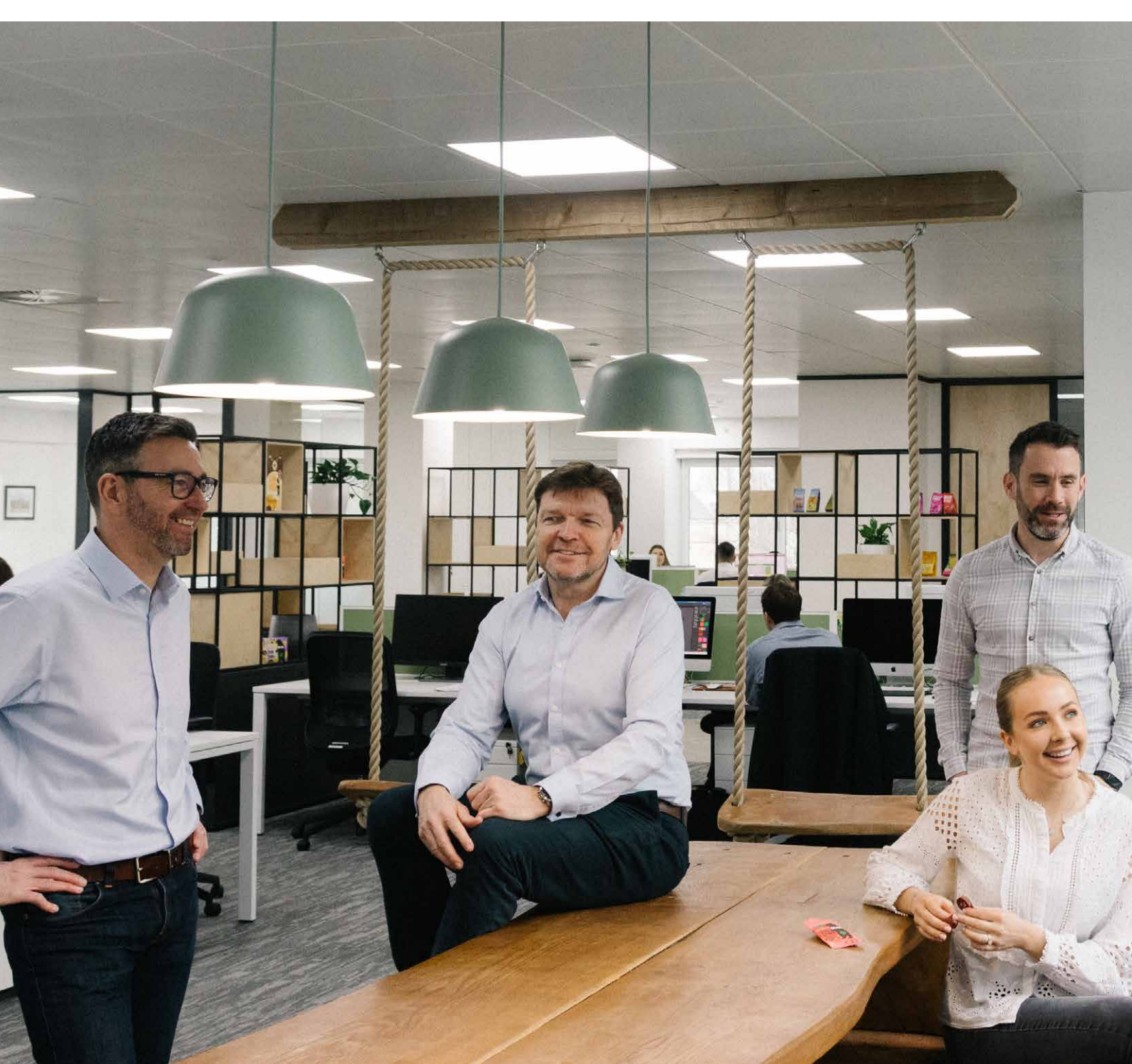
This annual report is also available on the corporate website of Lotus Bakeries: www.lotusbakeries.com. The first part of this annual report, as well as the financial supplement (the second part), is available in Dutch and in English. The third part of the annual report, containing the ESG and GRI reporting is also available on the corporate website in English.

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FINANCIAL STATEMENTS









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In this section of the 2021 annual report, only the consolidated balance sheet, the consolidated income statement and the abridged five-year financial summary for the Lotus Bakeries Group are presented. The financial supplement to this annual report contains the entire consolidated annual account, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2021 shown, are based on the 2021 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 2020.

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

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 Lotus Bakeries Group, the Board of Directors considers it appropriate to only present an abridged version of the statutory annual financial statements of Lotus Bakeries NV, in accordance with Article 3:17 of the Belgian Companies and Associations Code.

The full statutory annual financial statements, together with the statutory annual report of the Board of Directors and the statutory audit report of the Auditor, will be submitted to the National Bank of Belgium within the legally prescribed term.

These documents are available on the website of Lotus Bakeries (Investor Relations) or can be obtained for free from the Corporate Secretary of Lotus Bakeries on simple request.

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

CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF EUR	NOTE	31-12-2021	31-12-2020
ASSETS			
NON-CURRENT ASSETS		690,120	622,840
Property, plant and equipment	5	307,725	258,182
Goodwill	6	224,846	216,485
Intangible assets	7	144,745	139,966
Investment in other companies	9	9,755	4,403
Deferred tax assets	8	2,182	3,351
Other non-current assets	9, 20	867	453
CURRENT ASSETS		301,972	221,387
Inventories	10	57,901	46,827
Trade receivables	11	94,549	82,856
VAT receivables	11	10,079	5,930
Income tax receivables	11	5,276	3,142
Other amounts receivable	11	536	256
Cash and cash equivalents	12, 13	132,160	81,261
Deferred charges and accrued income		1,471	1,115
TOTAL ASSETS		992,092	844,227

IN THOUSANDS OF EUR	NOTE	31-12-2021	31-12-2020
EQUITY AND LIABILITIES			
EQUITY		519,532	433,744
Share Capital	14	16,388	16,388
Retained earnings		539,590	476,724
Treasury shares	13, 16, 24	(9,514)	(11,474)
Other reserves		(26,932)	(47,961)
Non-controlling interests		-	67
NON-CURRENT LIABILITIES		289,450	261,841
Interest-bearing loans and borrowings	13, 17	218,837	198,156
Deferred tax liabilities	8	64,243	57,195
Net employee defined benefit liabilities	18	4,020	3,748
Provisions	19	116	282
Derivative financial instruments	20	371	717
Other non-current liabilities	21	1,863	1,743
CURRENT LIABILITIES		183,110	148,642
Interest-bearing loans and borrowings	13, 17	17,439	12,552
Net employee defined benefit liabilities	18	333	317
Provisions	19	21	21
Trade payables	22	125,315	87,370
Employee benefit expenses and social security	22	26,515	26,508
VAT payables	22	402	145
Tax payables	22	5,850	12,701
Other current liabilities	22	2,144	4,624
Accrued charges and deferred income	22	5,091	4,404
TOTAL EQUITY AND LIABILITIES		992,092	844,227

CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	NOTE	2021	2020
TURNOVER		750,251	663,289
Raw materials, consumables and goods for resale		(250,617)	(216,376)
Services and other goods		(192,231)	(176,804)
Employee benefit expense	23	(152,857)	(137,116)
Depreciation and amortization on intangible and tangible assets	25	(23,115)	(21,001)
Impairment on inventories, contracts in progress and trade debtors	10, 11	(3,384)	(2,710)
Other operating charges	26	(8,253)	(5,919)
Other operating income	26	4,011	7,751
RECURRENT OPERATING RESULT (REBIT) ⁽¹⁾		123,805	111,114
Non-recurrent operating result	27	(4,135)	(4,593)
OPERATING RESULT (EBIT) ⁽²⁾		119,670	106,521
Financial result	28	(2,373)	(3,004)
Interest income (expense)		(2,766)	(2,726)
Foreign exchange gains (losses)		886	51
Other financial income (expense)		(493)	(329)
PROFIT FOR THE YEAR BEFORE TAXES		117,297	103,517
Taxes	8, 29	(26,554)	(20,972)
RESULT AFTER TAXES		90,743	82,545
NET RESULT - attributable to:		90,743	82,545
Non-controlling interests		(24)	(48)
Equity holders of Lotus Bakeries		90,767	82,593

IN THOUSANDS OF EUR	NOTE	2021	2020
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit and loss		21,419	(27,191)
Currency translation differences		21,160	(27,299)
Gain/(Loss) on cash flow hedges, net of tax		259	108
Items that will not be reclassified to profit and loss		(333)	22
Remeasurement gains/(losses) on defined benefit plans	18	(333)	22
Other comprehensive income		21,086	(27,169)
Total comprehensive income - attributable to:		111,829	55,376
Non-controlling interests		33	(104)
Equity holders of Lotus Bakeries		111,796	55,480
EARNINGS PER SHARE	30		
Weighted average number of shares		811,550	809,664
Basic earnings per share (EUR) - attributable to:			
Non-controlling interests		(0.03)	(0.06)
Equity holders of Lotus Bakeries		111.84	102.01
Weighted average number of shares after effect of dilution		813,677	811,184
Diluted earnings per share (EUR) - attributable to:			
Non-controlling interests		(0.03)	(0.06)
Equity holders of Lotus Bakeries		111.55	101.82
Total number of shares ⁽³⁾		816,013	816,013
Earnings per share (EUR) - attributable to:			
Non-controlling interests		(0.03)	(0.06)
Equity holders of Lotus Bakeries		111.23	101.22

⁽¹⁾ REBIT is defined as the recurrent operating 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 at 31 December

ABRIDGED FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF EUR	31-12-2021	31-12-2020	31-12-2019	31-12-2018	31-12-2017
NON CURRENT ASSETS	690,120	622,840	641,122	545,647	447,693
Property, plant and equipment	307,725	258,182	263,793	219,897	174,426
Goodwill	224,846	216,485	229,365	177,639	141,001
Intangible assets	144,745	139,966	142,709	138,887	123,924
Participating interests	-	-	-	2,448	-
Investment in other companies	9,755	4,403	2,243	12	12
Deferred tax assets	2,182	3,351	2,505	3,936	4,310
Other non current assets	867	453	507	2,828	4,020
CURRENT ASSETS	301,972	221,387	171,507	165,925	149,801
Inventories	57,901	46,827	44,461	39,066	33,653
Trade receivables	94,549	82,856	79,072	71,097	60,104
Cash and cash equivalents	132,160	81,261	40,093	45,597	48,129
TOTAL ASSETS	992,092	844,227	812,629	711,572	597,494
EQUITY	519,532	433,744	402,477	346,927	293,213
NON-CURRENT LIABILITIES	289,450	261,841	239,584	198,042	193,923
Interest-bearing liabilities	218,837	198,156	158,010	116,500	117,500
Deferred tax liabilities	64,243	57,195	50,737	52,725	49,206
Other non-current liabilities	1,863	1,743	24,500	22,602	20,987
CURRENT LIABILITIES	183,110	148,642	170,568	166,603	110,358
Interest-bearing liabilities	17,439	12,552	36,579	36,655	1,750
Trade payables	125,315	87,370	88,716	86,794	68,542
Employee benefit expenses and social security	26,515	26,508	24,146	21,330	18,383
TOTAL EQUITY AND LIABILITIES	992,092	844,227	812,629	711,572	597,494

CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	2021	2020	2019	2018	2017
TURNOVER	750,251	663,289	612,737	556,435	524,055
RECURRENT OPERATING RESULT (REBIT)	123,805	111,114	102,891	95,030	89,349
Non-recurrent operating result	(4,135)	(4,593)	(2,292)	(3,005)	(91)
OPERATING RESULT (EBIT)	119,670	106,521	100,599	92,025	89,258
Financial result	(2,373)	(3,004)	(2,514)	(3,324)	(2,228)
PROFIT FOR THE YEAR BEFORE TAXES	117,297	103,517	98,086	88,701	87,030
Taxes	(26,554)	(20,972)	(22,317)	(20,829)	(22,397)
RESULT AFTER TAXES	90,743	82,545	75,769	67,872	64,633
NET RESULT - attributable to:	90,743	82,545	75,769	67,872	64,633
Non-controlling interests	(24)	(48)	857	964	1,094
Equity holders of Lotus Bakeries	90,767	82,593	74,912	66,908	63,539



REGISTERED OFFICE

Lotus Bakeries NV
Gentstraat 1
B-9971 Lembeke
T + 32 9 376 26 11
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
corporate@lotusbakeries.com

Concept and realisation

Lotus Bakeries en Duval Branding
duvalbranding.com

Illustrations

Sören Selleslagh
sorenselleslagh.com

Photography

Bart Kiggen
keen-antwerp.com

Productphotography

Foodphoto
foodphoto.be





WWW.LOTUSBAKERIES.COM