

CHAPTER 5

CORPORATE SOCIAL RESPONSIBILITY

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

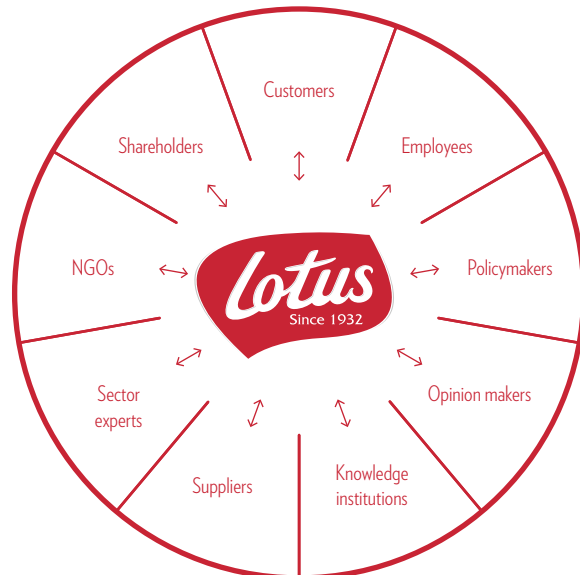
Our objective is to make Lotus Bakeries products more and more sustainable. This ambition involves much more than just the production process. People, environment and society - we treat them all with care and respect. So that we remain successful as a company, today and tomorrow. And consumers can continue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

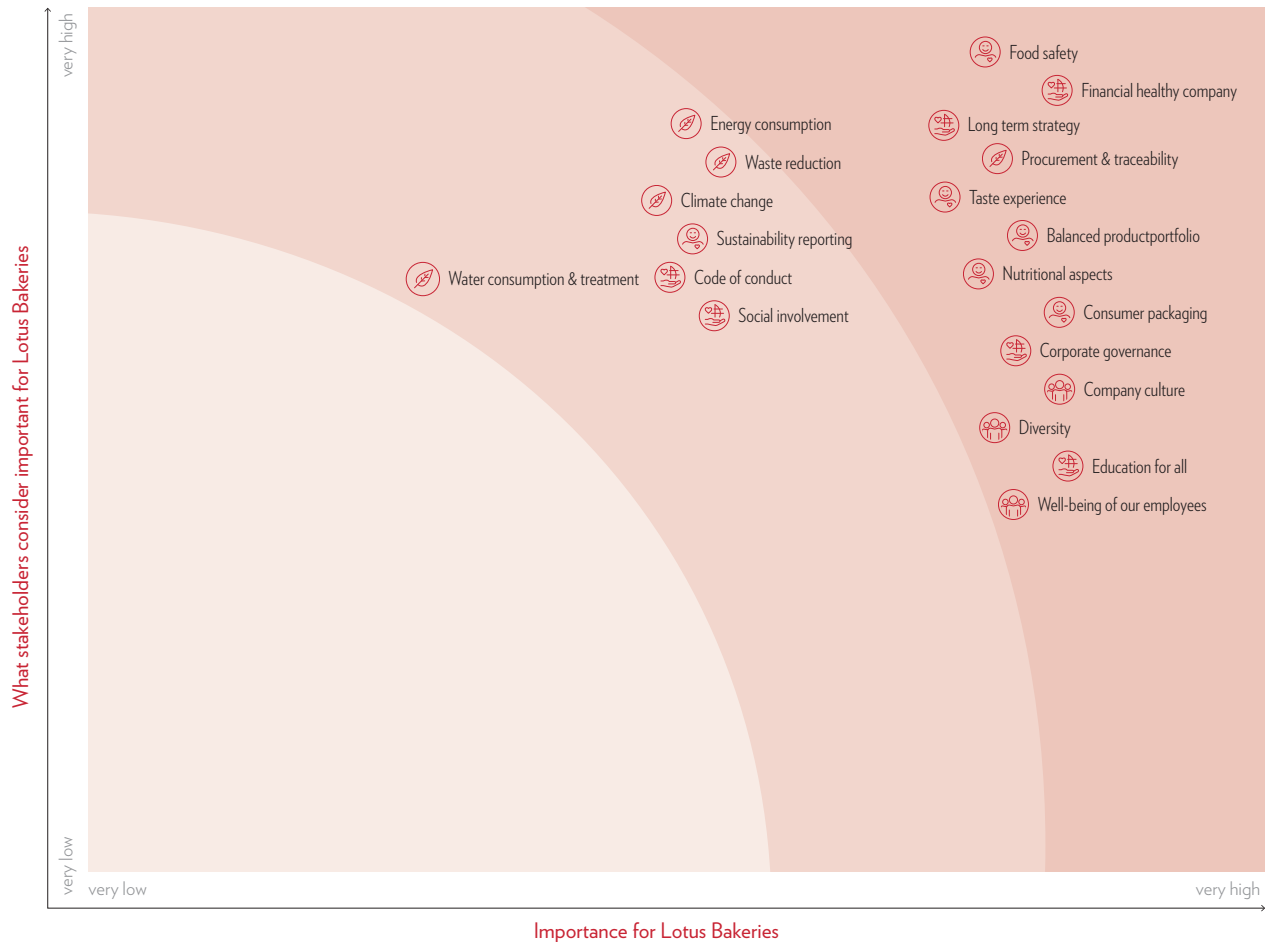
THE STARTING POINT: THE MATERIALITY MATRIX

Lotus Bakeries' approach to Corporate Social Responsibility (CSR) is reflected in our sustainability programme 'Care for Today – Respect for Tomorrow'.

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

Using a questionnaire, partly based on the themes of our sustainability programme 'Care for Today – Respect for Tomorrow' and inspired by the latest trend analyses in CSR, we gauged the relevance and importance of these issues. Besides the stakeholders, we also submitted the questionnaire to the Executive Committee (EXCO).





We plotted the stakeholders' answers on the y-axis theme by theme and the Executive Committee's answers on the x-axis. The result of the exercise is known as the 'materiality matrix'.

This materiality matrix was updated by both external stakeholders and the EXCO in 2019. You can see the result of this update in the materiality matrix.

At the top right, the materiality matrix shows the aspects viewed by both Lotus Bakeries and its stakeholders as most important. These underlie the four pillars of sustainability which form the basis for the 'Care for Today — Respect for Tomorrow' programme: society, employees, people and environment.

Lotus Bakeries has decided to report on its sustainability programme according to the sustainable development goals (SDG reporting) proposed by the United Nations.



Our 4 pillars of sustainability



Society

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



Employees

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



People

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



Environment

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

OUR SUSTAINABILITY PROGRAMME IN PRACTICE



01. WE PLAY OUR PART IN SOCIETY

Lotus Bakeries is in the midst of society and we are fully aware of our social responsibility. Under the first CSR pillar, we enthusiastically take on this role.

It all begins with our own ethical business practices. In addition, we support community projects. At local level, naturally, where we are present through our plants and sales organisations, but we also support social and development projects internationally.

Ethical business practices

Lotus Bakeries Code of Conduct

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

- 1. Transparency:** Lotus Bakeries aims for accurate, clear communication with its customers, suppliers, consumers and business partners and promotes open communications with all of its stakeholders to continue to guarantee top quality and food safety.
- 2. Respect for others:** Lotus Bakeries aims to create a safe working environment and attaches great importance to integrity & respect for human rights of people in and outside the workplace together with respect for personal data.
- 3. Fair & compliant trade:** Lotus Bakeries ensures fair competition, respect for export laws and regulations and prevention of insider trading.
- 4. Anti-corruption:** Lotus Bakeries has a zero tolerance approach to bribery and corruption and has in place a clear procedure concerning conflicts of interest and accurate records, reporting and accounting.
- 5. Information security:** Lotus Bakeries is committed to protect its own confidential information and the confidential information of third parties.
- 6. Respect for the environment & responsible sourcing:** Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint.



Reputation takes years to build, but only a second to lose. Trust in our company makes consumers want to buy our products, retailers to list our products, investors to value and hold our stock and talented people to join our Lotus community. We cannot risk the long-term success of our company due to anyone's failure to comply with our way of doing business.

Jan Boone, CEO

These key principles ensure that each of our employees acts correctly and averts the risks to which Lotus Bakeries is exposed in the market. The Code of Conduct for our employees was updated in 2019 and will be rolled out in 2020.

Responsibilities

Each employee of Lotus Bakeries has a responsibility to use good judgement and follow the principles set out in the Code of Conduct. Responsibility for the implementation of the Code of Conduct lies with the Compliance Officer, assisted by the HR department.

Training & implementation

The following steps will be taken with regard to the revised Lotus Bakeries Code of Conduct:

- The Code of Conduct will be translated into the local languages of those countries in which Lotus Bakeries has a sales office or factory.
- The Code of Conduct is included in the onboarding pack for new employees and explained verbally by the Compliance department during the onboarding programme.
- All existing employees of Lotus Bakeries are also asked to sign up to the Code of Conduct.

Whistleblowing

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

Reporting

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

KPIs

Lotus Bakeries aims to have all of its existing and new employees sign up to the revised Code of Conduct by the end of 2020 and to inform all employees of their obligations under the Code of Conduct in a clear and transparent manner.

Code of Conduct for Suppliers

The principles of the Lotus Bakeries Code of Conduct also apply to all of our suppliers of packaging, raw materials, equipment and end products. We expect these suppliers to implement the Code of Conduct for Suppliers and inform their employees, agents and subcontractors in a thorough and transparent manner.

Responsibilities

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

Implementation

The Code of Conduct for Suppliers is implemented as follows:

- The Code of Conduct for Suppliers is provided in the language of the contract.
- Existing suppliers of packaging, raw materials, equipment and end products will be asked to sign the Code of Conduct separately.
- For new suppliers of packaging, raw materials, equipment and end products, the Code of Conduct is added to the contract.

Whistleblowing

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

Monitoring

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

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

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

KPIs

Lotus Bakeries aims to have the Code of Conduct for Suppliers signed by all of its suppliers of packaging, raw materials, equipment and end products by the end of 2020.

LOTUS BAKERIES FOUNDATION FOR EDUCATION

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

Lotus Bakeries is a family business, to which family values have been central since its foundation in 1932. "Care for one another" is in our company's DNA. In the workplace and beyond.

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

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

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

Our principles are clear:

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



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Founder of the Kusasa school,
Doug Gurr, welcomes Jan Boone,
CEO Lotus Bakeries.





The Lotus Bakeries Foundation for Education supports the following 4 projects:



The Kusasa Project is not just a project, it's a belief. It gets you exactly where it matters most. Everyone has the right to dream big and believe in those dreams. It's fantastic that we can be part of this for them.

Annelies van Hoorick,
Global Brand Manager Nākd,
TREK & Kiddylicious

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The children from the Kusasa school start the day together

Kusasa school

Since 2018, Lotus Bakeries has been the main sponsor of the Kusasa school. The Kusasa school is an educational project in South Africa's Western Cape Province that is close to our company's heart.

The Kusasa school was founded in 2006 to address the systemic deficiencies in the areas of education, nutrition and sport for disadvantaged children. One of the greatest contributors to the recurring cycle of poverty is the lack of access to primary education in the region, precisely one of the most critical stages in education which has the greatest impact on future human development. The people behind Kusasa have built a new primary school and recruited highly skilled and passionate teachers to offer children from the shanty towns a high standard of education. The standard of education at the school is now as high as that of leading private schools in the region. It offers talented yet disadvantaged children a future.

Every year, around 130 children can receive a good basic education and are supported in their further development. As a result, they can look forward to a better future, which is also good for society in the region.

Lotus Bakeries child sponsorship

This project was set up together with Cunina at the school in Reichenau, Underberg, South Africa. It was our wish to provide extra support in developing regions, especially in education. We wanted to increase the involvement of our employees. In 2017, the employees of Lotus Bakeries Corporate were given the opportunity to become godparents. All sponsored children are offered education from the first year of primary education to the final year of secondary education. This means a long-term commitment for 12 years. The Lotus employees involved will communicate with the children they sponsor several times a year, receive their photo and school report and follow their development. In this way, a personal bond can be developed. We chose a school in South Africa, due to the link with the manufacture of our BEAR products there.

We are particularly proud that our employees responded positively to this project en masse when it was presented. They say that they are proud to be able to work for a company in which such an initiative is proposed and carried out. An individual sponsor cannot save all of the children in the world, but they can save the world of an individual child. We are therefore pleased with our decision - together with our colleagues from the corporate departments - to give about a hundred children access to a decent education, giving them the chance of a better future.



It's always a great moment when you receive mail from the child you sponsor! It's fantastic to build a personal connection by exchanging letters, reports and drawings by the children themselves. That's what makes Cunina truly unique and more than worth supporting.

Brechtje Haan, General Counsel



Talentatelier
voor jongeren
Gent



TAJO

The 2018 Ghent Poverty Report states that 23% of children in Ghent (Belgium) are born in poverty and that 20% of young people in Ghent leave secondary education without a school-leaving certificate.

Via its support for the Ghent Talent Workshop for young people ('TAJO'), Lotus Bakeries is offering socially vulnerable young people in the Ghent region new opportunities and stimulating their motivation to study. Via interactive workshops these young people get immersed in a wide range of fields. Our aim here is to encourage them to choose the right direction, in education and in their further lives.

City Pirates

"Football as the engine, social commitment as the fuel, diversity as the strength!" — that's the motto of the City Pirates, a social football project in Antwerp (Belgium) where football is used to give young people a chance in life and to learn skills. Here again, education is at the heart of the project. Moreover, the fact that the social aspect goes hand in hand with the sport aspect was a key factor leading Lotus Bakeries to support this project. Via City Pirates, we would like to give deprived children in Antwerp a chance to obtain training, a diploma and a job.

Other social and development projects

Partner of 'Entrepreneurs for Entrepreneurs'

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

Promoting entrepreneurship in Benin

In the north of Benin, fonio is one of the staple food crops, which can be used in many ways. However, crops have been declining for several years. Via Entrepreneurs for Entrepreneurs and Louvain Coopération, Lotus Bakeries supports a project with the goal of ensuring continuous access all year round to healthy and nutritious food products for 8,000 families. For this, 850 microprojects have been set up and 3,300 families receive help to produce fonio.



02. THANKS TO OUR EMPLOYEES, WE MAKE A DIFFERENCE

Offering pleasant work in a challenging environment is our motto. Our employees' well-being and an inspirational corporate culture form the key objectives of our second pillar of sustainability. Lotus Bakeries is committed to sustainable growth so as to offer long-term employment.

Human capital

Recruitment policy

A key challenge for Lotus Bakeries is to attract competent employees who reflect the TOP values. When selecting new employees, the competencies of the applicant and the TOP corporate values are paramount. During the selection process, the applicants meet several Lotus Bakeries employees and undergo an external assessment adapted to the role for which they are applying. The aim is twofold: to create a broad platform for selecting the candidates with the best set of skills and competencies for the role in question and to give the candidates a better idea of the corporate values and culture. In this way, we believe that we can employ a diversified group of employees who all have the TOP values in common.

In addition, Lotus Bakeries has started its 'Young Graduate Programme', an intensive 2-year programme specifically targeting master or MBA students. For two years, these young graduates get immersed in one of our departments, not only gaining operational experience but also getting to know our company inside out. Moreover, they also get the opportunity to participate in a cross-departmental strategic project and can further develop their skills and knowledge through a Young Graduate training & development programme. Via this programme, we give opportunities to young talent.



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Employees kick off the new year at the Lotus Bakeries New Year's reception.



Our corporate values are TOP

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

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

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



Diversity policy

Lotus Bakeries does not apply any quotas based on gender, age, nationality, language or any other factor. We recruit each candidate using the same process as described above, subject to internal and external assessments of competencies, skills and values, regardless of origin, age, gender and nationality. We find that Lotus Bakeries’ objective recruitment policy results in excellent gender diversity, with 53% female and 47% male employees. Even if we break this down further, results remain nicely balanced:

Board of Directors	30% female, 70% male
Leadership team ¹	40% female, 60% male
Management team total ²	41% female, 59% male

Lotus Bakeries considers it important to encourage diversity, whether with regard to gender or age and experience.

Onboarding

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

Continuous development of human capital

Once they are on board, it is a question of retaining these engaged and motivated TOP talents in the company so that the know-how these employees have acquired is not lost. Here, the focus lies on the further development of our employees, offering training opportunities and constant challenge.

(1) The group made up of the Executive Committee, the General Managers, Managing Directors and Corporate Heads

(2) The group made up of the Executive Committee, the General Managers, Managing Directors, Corporate Heads and all other managers within the Group

Safety first in the workplace

Another challenge especially in the production environment of Lotus Bakeries is the safety and well-being of employees. ‘Safety first’ is always top of the agenda.

Safety procedures and trainings

Our employees’ well-being depends first and foremost on a safe working environment. An accident can happen any time, and a moment’s carelessness can have serious consequences on a production floor. In that respect, various procedures apply concerning a safe working environment.

Above all, workplace safety is an integral part of the onboarding programmes of all factory workers. All employees take part in the annual refreshment of their HACCP training.

In addition, ‘safety first’ is always top of the agenda at work meetings. Our employees and managers discuss safety situations on a daily basis and we are committed to bringing about improvements across the board. One good example is the VAM (VeiligheidsActieMoment/Safety Action Moment) process in Lembeke, in which a new safety topic is spotlighted every six weeks. Everyone gets involved with the topic via personal videos, flyers, posters and, above all, many discussions, helping our employees to learn the safety reflex.



Status 2019 and KPIs

In 2019, 45 lost-time accidents occurred within the Lotus Bakeries Group (all locations). This is a decrease compared to last year, despite the fact that two new factories were opened in 2019 with more than 350 new employees. Nevertheless, Lotus Bakeries is well aware that further attention needs to be paid to safety to reduce the number of work-related accidents and, as far as possible, to avoid them.

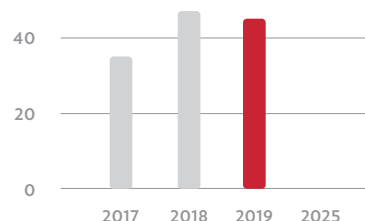
Lotus Bakeries emphasises that no work-related accident can be classified as serious.

We intend to keep up our extra efforts to bring about a further improvement in results in future. Each year, Lotus Bakeries strives for a zero-accident year in all its locations.

The fact that some departments and even some factories have kept the counter at zero for several years strengthens our assurance that we must continue our efforts just as strongly to achieve our ultimate goal: 'zero' occupational accidents across all Group sites.



Number of occupational accidents involving absence from work in our current production sites



Arbovignet for Lotus Bakeries Netherlands

The Dutch Working Conditions Act, known as the Arbowet for short, contains rules for promoting the health, safety and well-being of employees and preventing occupational accidents. The Dutch Association for the Baking and Confectionary Industry (VBZ) has developed an "Arbovignet" or occupational health and safety label for the industry. Both the plant in Enkhuizen and the plant in Geldrop have proved that they can meet the high quality standards and have been awarded the label again in 2019.

Make work pleasant for our employees

Pleasant working environment

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

Among others, the offices in Lembeke (BE) and Enkhuizen (NL) have been fully refurbished, with a great amount of attention paid to creating a pleasant work environment. Both office complexes became operational in 2019. In the same vein, our Kiddylicious team moved into its new building in Amersham (UK), with offices fully reflecting the look and feel of the Kiddylicious brand.





Healthy and fit for the day

Lotus Bakeries believes that paying attention to health and fitness benefits both the employee and the company. As a further example, all Lotus Headquarters employees have the opportunity since 2019 to participate in a weekly fitness hour.

Similar initiatives are also being discussed in other Lotus locations: possibilities to join a bicycle lease programme, company fitness subscriptions, weekly healthy lunches, boot camps, etc.



03.

ENJOYING OUR SUSTAINABLE PRODUCTS RESPONSIBLY

Ensuring that people enjoy our products to the full but responsibly, now and in the future. We are committed to this day after day as part of our third pillar of sustainability.

NUTRITIONAL POLICY

In this view Lotus Bakeries has a clear nutritional policy, focussing on five concrete goals.

1. Superior taste experience

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

2. Diversified offering

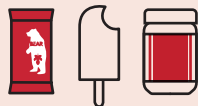
Lotus Bakeries is striving to be able to serve every consumer at every moment with a high-quality range of snacks, offering a portfolio of products with varying ingredients.

Through the acquisition of such brands as Näkd, TREK, BEAR and Urban Fruit, a new focus area of snacks based on fruit and nuts was tapped into. On the other hand, the takeover of Kiddylicious has extended our range to include snacks for little ones.



1

Superior taste
experience



2

Diversified
offering



3

No artificial
flavours
or colours



4

Different
portion sizes



5

Clear information
& responsible
marketing

3. No artificial flavours or colours

Our pursuit of healthy and high-quality products is reflected in our choice not to use artificial flavours or colours in our products. Since its establishment in 1932, we as a company have deemed it important to use pure ingredients and to make consumers aware of this well-considered choice.

4. Different portion sizes

Our goal is to offer consumers responsible snacks, not just through our range of natural snacks, but also through a number of top products in both large and small packs. Products offered in small sizes always contain no more than 150 Kcal per portion.

5. Clear information & responsible marketing

To support consumers in their nutritional choices, we consider it important for them to be given accurate product information, including nutritional values.

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

Healthy lifestyle

Catch them young

Anyone who learns about healthy eating and a healthy lifestyle as a child will reap the rewards in later life. Based on this reasoning, our site at Geldrop in the Netherlands has teamed up with the JOGG organisation, which promotes a healthy weight among young people. We have also signed up to 'healthy school canteens' and, in partnership with JOGG, we offer healthy alternatives for breaktime with our Nakd, BEAR, Snelle Jelle and Peijnenburg Zero brands.



Product safety

Product safety programme

We work to achieve high-quality products and processes every day, accompanied by high levels of investment in research. Accordingly, our R&D department refines the composition of our products. In addition to their own expertise, they also rely on new insights into various ingredients from well-respected knowledge institutions and innovation platforms in the food industry. We learn a lot from one another too.

The Corporate Quality Assurance Department is responsible for monitoring the quality of our products. Every day, specialised in-house labs analyse samples of each product sold within the Lotus Bakeries Group, checking them against predetermined quality criteria. In addition, any quality problems are closely tracked via a corporate reporting tool.

Our Corporate Quality Assurance department is also responsible for constantly monitoring changes in the law and incorporating them in our Quality Management System (QMS). Among other aspects, the department ensures that there is clear information on packaging in

accordance with the law, so that the consumer is well informed about our products and their ingredients. Suppliers and their products are also tested against the requirements that Lotus Bakeries imposes on them.

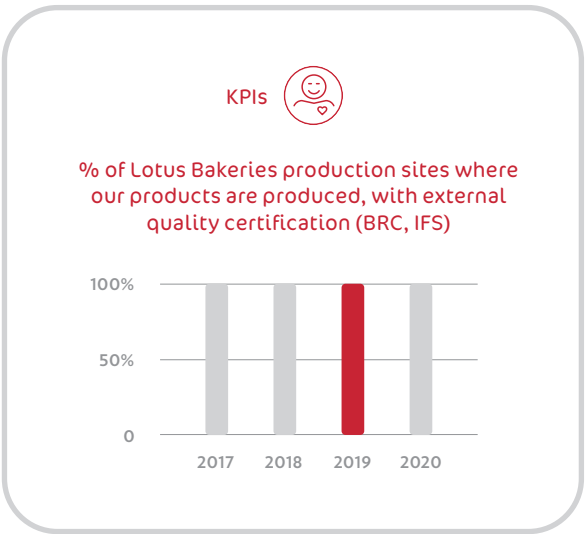
Internal and external Audits

To apply best practices as fast as possible in other plants, we work with a system of organised meetings. The continuous striving for high quality products and processes is being audited internally as well as externally.

Both our own production sites and our production partners and suppliers are required to obtain a GFSI (Global Food Safety Initiative) certificate. This can be either a BRC or an IFS certificate. Certification has to be regularly renewed. Continuous improvement is stimulated by the remarks or suggestions from these audits. A few (all small) suppliers who have not yet received this certification are subjected to an additional traceability exercise during our audit.

KPIs

All Lotus Bakeries production sites, as well as all external sites producing Lotus Bakeries products, are BRC- and IFS-certified. Lotus Bakeries is doing everything to keep it this way.





04. SYSTEMATICALLY REDUCING OUR IMPACT ON THE ENVIRONMENT

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

Environmental policy

Lotus Bakeries wishes to achieve sustainable growth. Compliance with the relevant environmental legislation is an obvious aim. Our goal goes further. Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint.

Based on the materiality matrix, we have identified some key environmental risks. Firstly, Lotus Bakeries now sells products in sixty countries and produces them in six countries, so that we have to deal with constantly changing legislation, including in relation to the environment. Reducing waste and the use of recyclable packaging are also a key focus in the food sector. Cutting energy and CO₂ is also deserving of attention. Finally, the purchasing side presents various challenges, regarding traceability and compliance of our suppliers with principles corresponding to those valued by Lotus Bakeries with regard to the environment and society.

Responsible purchasing

Every supplier of packaging, raw materials, equipment and finished products is required to uphold the principles formulated by Lotus Bakeries in accordance with its own Code of Conduct, two pillars of which are respect for the environment and the traceability of raw materials.

Responsibility for environmental policy

Within the Executive Committee, the Corporate Director Quality, Procurement and R&D is responsible for various environmental policy topics. Sustainable packaging lies within the remit of the COO. Both report regularly on environmental policy application to the Board of Directors.

The Executive Committee is supported here by the R&D and Corporate Quality Assurance departments. For example, the R&D department has set up a sustainable packaging team that focuses on sustainable packaging and reports to the COO.

SUSTAINABLE PACKAGING



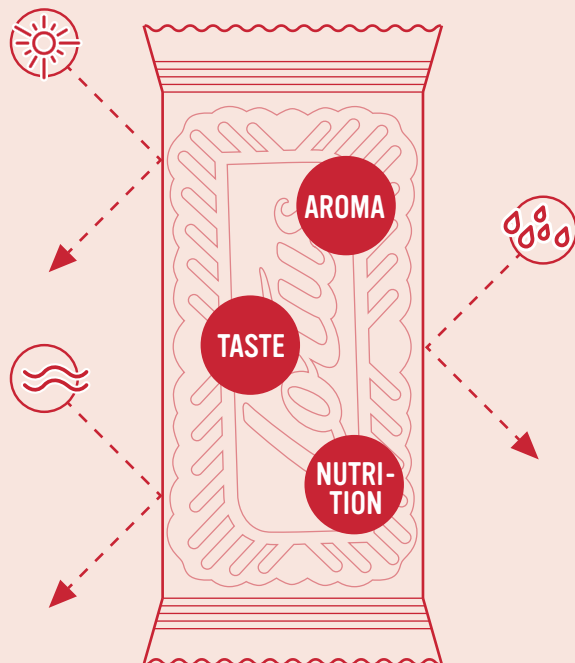
All Lotus Bakeries packaging to be recyclable by 2025

Plastic packaging is under fire throughout the world. Sharing this concern, Lotus Bakeries intends to stand up to its responsibility, doing everything not just to reduce packaging but also to make it more recyclable. What's more, Lotus Bakeries is committed to ensuring that all its packaging will be recyclable by 2025.

Guarantee of superior taste

No producer in the food sector can do without packaging. Packaging ranges from the cartons used to bring products from the factory to retailers, to the packaging surrounding the products themselves. Packaging has a clear goal: to protect the product, whether on its journey to the retailer, on the shop shelf, in the consumer's pantry, right up to the moment of consumption.

In the words of Ignace Heyman, Lotus Bakeries' COO: "Only by properly protecting our product can we create a superior taste experience for our consumers. And we don't want to make any concessions in this respect. Our caramelised cookies must be crunchy and fresh, our frangipane creamy and soft. To ensure that taste experience and product quality, we have to pack our product, creating a barrier against outside influences."



Longer shelf life, less waste

High-quality packaging also ensures that Lotus Bakeries products have a longer shelf life, thus helping to prevent food waste, an aspect at least as worrying as packaging waste. Estimates show that 1/3 of all food produced — some 1.3 billion tonnes — gets thrown away.

"And for the most part at the point of sale and with the consumer", says Ignace. "That's a lot of food. And we're not just talking about the raw materials used, but also a lot of energy and water. Not to mention all the unnecessary transport."

Nutrition is thus not (always) possible without packaging. Nevertheless, Lotus Bakeries is also concerned about the mountains of packaging waste. It is thus reducing its packaging footprint to a minimum, using as little and as sustainable packaging as possible. This puts the focus on the relationship between packaging and content, with the materials used under constant scrutiny.

"For example, thanks to technical innovations and a great deal of research, we recently succeeded in reducing the weight of the plastic around the 250g Lotus Biscoff cookie by as much as 11%", Ignace states. "That translates into a substantial amount of plastic now removed from the market, and thus from the mountain of waste."

100% of packaging to be recyclable by 2025

Lotus Bakeries is committed to making all its packaging recyclable by 2025 and is confident that it will be able to meet this commitment. A large number of products in its range already have recyclable packaging. For several others, Lotus Bakeries is searching for new solutions together with its suppliers. For example, plastic can be better recycled if it is made of just one material and does not contain any PVDC. The latter gets burned during the recycling process, making the recycle much inferior. But up to now it was an essential component for creating a good barrier. After two years of intensive research and a lot of testing in conjunction with suppliers, Lotus Bakeries has managed to come up with a suitable alternative.

Ignace Heyman explains: “The packaging of a lot of our products is now completely recyclable. Our Lotus Biscoff spread for example is sold in a glass jar with a recyclable plastic lid. And we will be switching from plastic to cardboard for small ice cream cups in 2020. We will also be switching to 100% recyclable plastic packaging for our caramelised cookies packed individually and in pairs in 2020. We will be using a monolayer film without PVDC but offering optimal protection for our cookies. The new film is somewhat more expensive, but we are making that investment on the basis of our commitment to work as sustainably as possible.

For several other products we are still looking for a solution. For example, the plastic film used for our 250g Lotus Biscoff pack is metallised, making it difficult to recycle: the infrared detection used in waste-sorting centres cannot distinguish the different metallised plastics (PP, PE and PET) from each other. As a company, we are obviously also dependent on various other partners. Luckily, technologies are evolving fast and we are confident that we will soon find a solution for this film as well.

Our transport packaging is now made of 90% recycled materials on average and we are aiming for the currently achievable technical maximum. Similarly, we are ensuring that such packaging is as light as possible, but without losing stability, as that could be disadvantageous in terms of food waste. The paper used for our transport packaging is FSC-certified, meaning that it comes from forests managed in a responsible manner.”

Biscoff Sustainable Packaging team makes our commitment tangible

Giving a commitment is one thing, turning it into reality another thing. That is why Lotus Bakeries has put together a packaging team that is exclusively tasked with searching for improvements in this field. The team is headed by Els van Parys (Program Manager Strategic Projects Biscoff) and Laetitia Vlaminck (R&D Engineer), both of whom report to COO Ignace Heyman. The team members, all of them experts, work closely with internal stakeholders, suppliers and research centres, and also keep close track of legislative developments.

“We assess each potential new packaging with regard to its impact on shelf life and product quality”, Ignace emphasises. “Because, as we mentioned earlier, we’re not making any compromises in this field. In a first phase, the team is focusing on the packaging of our caramelised cookie products. We will subsequently apply the expertise gained to the other products in our range, ultimately fulfilling our commitment for all our brands and products. At the latest by 2025.”

KPIs



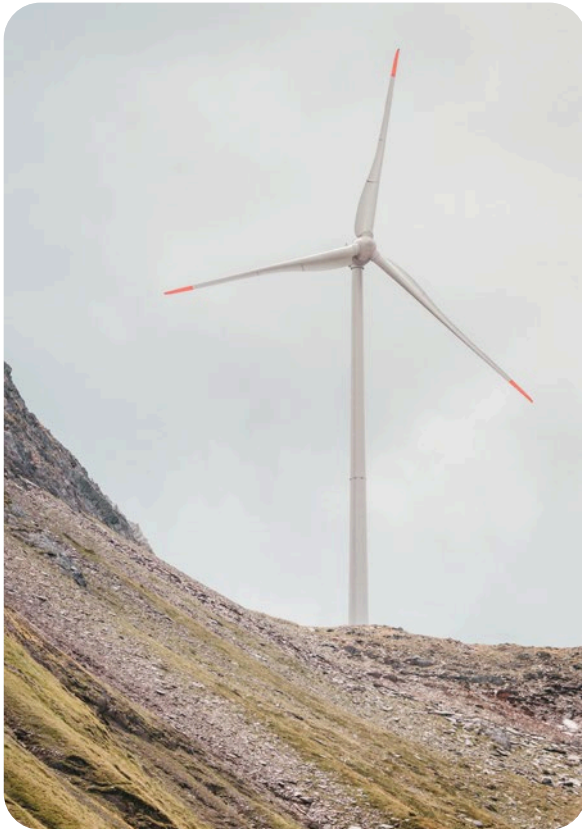
1.

In 2020, 100% recyclable plastic packaging for our individually wrapped caramelised cookies and twin packs

2.

By 2025, 100% of Lotus Bakeries packaging to be recyclable





Respect for our ecological footprint

Waste policy

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

We also help consumers waste less food by offering a choice of different packaging formats. And we are increasingly using portion packs. The idea behind this: throwing away food is much more damaging to the environment than using a small amount of plastic to package portions separately. The ecological footprint of the production process in the broadest sense (growing, harvesting, assembling, etc.) is generally significantly larger than that of the packaging. At Lotus, we seek flexibility in our packaging formats and a solution for different sizes of household and consumption moments, depending on how often people want to enjoy our cookies.

Our staff are also involved in reducing waste and emissions. For example, Lotus has installed water coolers and dispensers in its factories and is encouraging the use of personal drinking bottles or glasses. The water containers are also made of 100% recyclable material and can be reused up to 60 times. This is an important contribution to reducing plastic waste. As a result of these efforts, the total amount of waste (residue, production waste, fat, paper, cardboard) per tonne produced decreased by 10% when compared to 2017.

CARBON FOOTPRINT – STATUS & KPIs

From the very start, Lotus Bakeries has constantly strived to interact carefully with nature. As a consequence, it is working hard to reduce its energy consumption and limit waste.

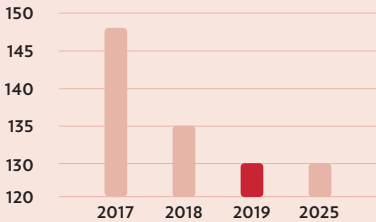
Since 2011, Lotus Bakeries has been assisted by an independent partner to measure CO₂ emissions (scope 1 & 2). These have again decreased by 4% compared to 2018. Compared with 2011, the base year, our emissions per production tonne (scope 1 & 2) have been cut by almost half (-46%), the result of ongoing efforts to do better every year.

We use green electricity in all our factories, including our two new factories in South Africa and the US.

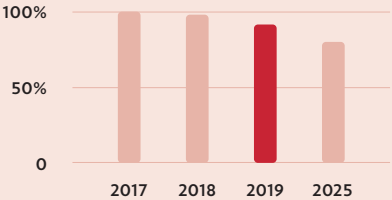




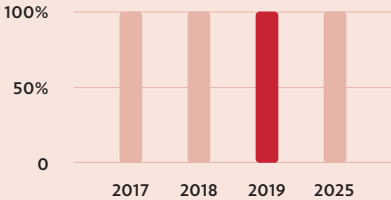
Emission of CO₂ equivalent emissions per tonne produced (in kgCO₂e/tonne)* in our production sites



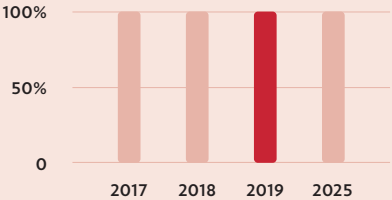
Reduction of waste (residue, production waste, fat, paper, card board)



% of our production sites that has achieved the CO₂ neutral label



% of our production sites that processes palm oil, that has achieved the RSPO certificate



*These KPIs apply to scope 1 and 2 emissions and are calculated on the basis of Bilan Carbone.



Moreover, our gas consumption is offset through the WWF Gold Standard programme, with our concrete support going to a wind park project in Anantapur, India. Its goal: to generate sustainable energy by means of 50 wind turbines, thus making a positive contribution to the local community. The result of all these efforts: Lotus Bakeries production has been CO₂-neutral since 2015.

From the very start in 2019, the two new locations in South Africa and the US immediately opted for obtaining the CO₂-neutral label.







Our employees are also involved in reducing waste and emissions. For example, the use of modern means of communication is promoted to reduce travel. Attention is also paid to a greener car fleet and a bicycle leasing scheme has been introduced for our employees in Belgium. So far, more than 400 enthusiastic employees have opted to purchase a bicycle via this leasing scheme and to regularly commute by bicycle. All together, they covered almost 450,000 km. This is not only good for the employees' health, but also has a positive effect on CO₂ emissions.

Local production in our largest export market

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

To supply our largest export market for Lotus Biscoff, we are even going a step further. The first Lotus Biscoff manufacturing facility outside Belgium was built in North Carolina, USA. By producing locally in the largest Lotus Biscoff market, we are taking an important step forwards in the field of sustainability. Not only will there be a thousand less containers crossing the ocean every year, our new production lines are also equipped with modern energy recovery techniques. In addition, our raw materials and packaging materials are as far as possibly purchased locally.

The four sustainability pillars of Lotus Bakeries' CSR policy are presented in the overview below in accordance with the Sustainable Development Goals (SDG).

Lotus Bakeries' pillars of sustainability	Sustainable Development Goals	Lotus Bakeries' reporting
SOCIETY	 <p>2 ZERO HUNGER</p> <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<ul style="list-style-type: none"> • Partner of 'Entrepreneurs for Entrepreneurs' • Lotus Bakeries child sponsorship • Support for The Kusasa Project
	 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and quality education for all and promote lifelong learning</p>	<ul style="list-style-type: none"> • Lotus Bakeries Foundation for Education <ul style="list-style-type: none"> - Support for The Kusasa Project - Lotus Bakeries child sponsorship - Support for TAJO - Support for City Pirates
	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns (waste management, sustainable production and consumption patterns, sustainable supply chain, etc.)</p>	<ul style="list-style-type: none"> • Partner of 'Entrepreneurs for Entrepreneurs' • Training of farmers in Benin • Follow-up reduction of waste • CO₂-neutral
	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote just, peaceful and inclusive societies, ensure access to justice for all and build effective, accountable institutions at all levels</p>	<ul style="list-style-type: none"> • Lotus Bakeries Code of Conduct
EMPLOYEES	 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> • Lotus Bakeries has excellent gender diversity, with 53% female and 47% male employees • The gender diversity within Lotus Bakeries is in balance at all levels of management: 30%/70% within the Board of Directors, 40%/60% within the leadership team and 41%/59% within the management team as a whole (female/male).
	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • TOP values • 'Safety First' strategy • VAM process • The Arbovignet (Netherlands)

PEOPLE



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

- Specialised department Corporate Quality Assurance
- Internal and external audit for high-quality products and processes (IFS, BRC)



Ensure healthy lives and promote well-being for all at all ages

- Goals nutritional policy
 - Superior taste experience
 - Diversified offering
 - No artificial flavours or colours
 - Different portion sizes
 - Clear information & responsible marketing
- JOGG (Netherlands)

ENVIRONMENT



Ensure access to water and sanitation for all

- Efficient use of ingredients to reduce waste



Ensure sustainable consumption and production patterns (waste management, sustainable production and consumption patterns, sustainable supply chain, etc.)

- Efficient use of ingredients to reduce waste
- Processing of food waste (from production) into animal feed
- Use of plastic packaging to keep products fresh
- Different packaging formats



Take urgent action to combat climate change and its impacts

- Energy consumption and emission reduction + offset via WWF Gold Standard
- Ecological footprint reduced by the creation of a Lotus Biscoff production site outside Belgium (in North Carolina, US)



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

- Traceability audit
- RSPO-certified
- Usage of FSC-certified cardboard



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