



CHAPTER 2

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

## OUR SUSTAINABILITY AMBITION

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

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

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

### Our environment

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

### Our employees

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

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

### Our community

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

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

Jan Boone  
CEO



## OUR SUSTAINABILITY STRATEGY

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

### Ambitions

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

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

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



Environment



Employees



Community

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

## Governance and reporting

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

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

## Top 20 sustainability priorities

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

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

### Top 20 sustainability priorities



#### Environment

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



#### Employees

- Corporate culture
- Diversity
- Employee wellbeing



#### Community

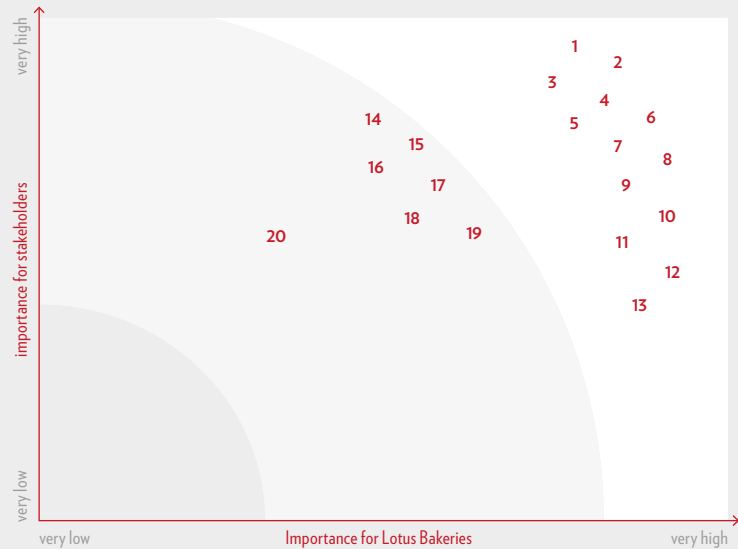
- Food safety
- Financially sound company
- Long-term strategy
- Taste experience
- Balanced portfolio of products
- Nutritional aspects
- Consumer packaging
- Corporate governance
- Education for all
- Sustainability reporting
- Code of Conduct
- Local involvement

Signing of the United Nations Global Compact

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

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

Our Materiality matrix



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



## United Nations Sustainable Development Goals


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

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



## OUR SUSTAINABILITY IN ACTION

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

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





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





## ENVIRONMENT

SDG 12 13 14 15 17

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

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

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

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

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

## OUR ENVIRONMENT: AMBITIONS & ACHIEVEMENTS 2020

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

### All packaging recyclable by 2025

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

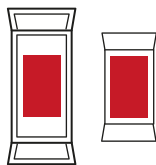
The target for our packaging is clear. On the one hand, packaging is the ideal medium for ensuring clear and accurate communication to consumers. On the other, the packaging protects the product. While travelling to the retailer, from the store shelf to the consumer's cupboard, to the moment of consumption.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

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

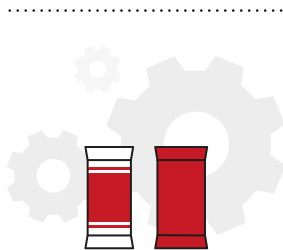
At the same time, Lotus Bakeries recognises the problems associated with the use of packaging, such as ocean pollution, carbon emissions, and the use of non-renewable resources. Lotus Bakeries shares these concerns and wants to take responsibility for making the switch from the current linear economy,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

### Reduce what we use

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



Reduce what we use



Design for tomorrow



Aim for circularity

### Design for tomorrow

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

### Aim for circularity

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

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

## EXPLAINED BY: ELS VAN PARYS

Program Manager Strategic Projects

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## SUSTAINABLE PACKAGING MADE A REALITY IN 2020



> Els Van Parys, Program Manager Strategic Projects

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

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

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

### Aiming for 100% recyclable

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

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

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



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

### Using less packaging

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

### Towards a circular economy

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

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

### Keeping an eye on trends

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

**18.5 tonnes**

Reduction in plastic in 2020



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

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

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

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

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

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



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

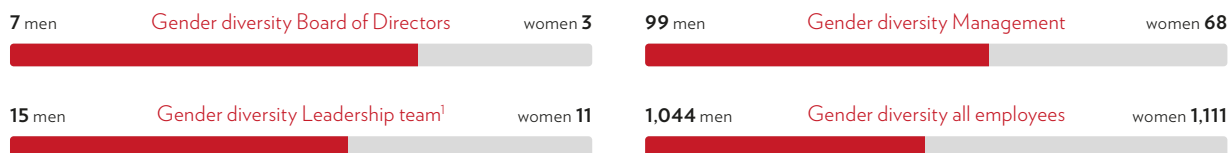
The remaining output of CO<sub>2</sub> emissions is offset via the wind park project in Anantapur, India, where sustainable energy is generated by 50 wind turbines. Through our support, we make a positive contribution to the local community.

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

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



## EMPLOYEES

SDG 3 5 8


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

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

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

## OUR EMPLOYEES: AMBITIONS & ACHIEVEMENTS 2020

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

### Our corporate values are TOP

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

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

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

### Recruitment policy

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

### Diversity policy

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

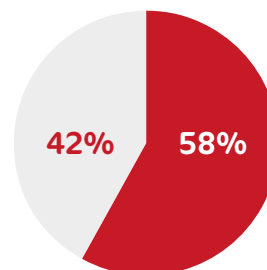
This way, we employ a diverse group of employees with a balanced gender diversity. For example, there's a nice balance of 48% men and 52% women within the Lotus Bakeries Group. When looking at management (60% men, 40% women), the Leadership team (58% men, 42% women) and the Board of Directors (70% men,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



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

## Gender diversity

Leadership team F/M



## Young Graduate Programme

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

## Onboarding

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

## Training & development

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

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

Elisa Vandekerckhove, Young Graduate Marketing

## EXPLAINED BY: STÉPHANIE DE LANGE

Group HR Director

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



> Stéphanie De Lange, Group HR Director

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

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

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

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

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

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

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

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

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

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

## Safe working environment

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

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

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

## Some real examples

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

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

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

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

**Various actions illustrate this policy**



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

### Pleasant working environment

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

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

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




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

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

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

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



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

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

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

## OUR COMMUNITY: AMBITIONS & ACHIEVEMENTS 2020

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

### Ethical business practices in our own organisation

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

### The Code of Conduct

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

1

### Transparency

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

### A case example 2020

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

2

### Respect for others

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

### A case example 2020

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

3

### Fair & compliant trade

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

### Some case examples 2020

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



**The full Dealing Code is available on our website via**

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

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

4

**Anti-corruption**

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

5

**Information security**

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

**A case example 2020**

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

6

**Respect for the environment & responsible sourcing**

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



> Sofie De Letter, ICT director



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

## Responsibilities

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

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

## Whistleblowing

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

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

## Reporting

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

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

## Implementation

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

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

## Responsible sourcing & ethical business practices for our suppliers

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

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

### 1. Legal and ethical business practices

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

### 2. Fair and ethical business practices

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

### 3. Respect for the environment

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

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

### 4. Traceability

The supplier keeps adequate records on direct suppliers

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

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

#### Case example regarding palm oil 2020

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



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



### Responsibilities

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

### Whistleblowing

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

### Monitoring

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

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

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

### Implementation

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

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

## EXPLAINED BY: BRECHTJE HAAN

Corporate Legal, IP & Communication Director

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## EVALUATION PROCESS GOVERNANCE MODEL AND CODE OF CONDUCT



> Brechtje Haan, Corporate Legal, IP & Communication Director

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

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

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

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

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

### **Long-term commitment**

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

### **Six principles of conduct**

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

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

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

## Quality management system

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

### Responsibility

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

### Product safety and quality

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

### Quality control for suppliers

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

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

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

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

### Quality assurance for our products and production processes

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

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

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

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

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

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

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

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

**Nutritional policy**

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

**Superior taste experience**

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

**Diversified offering**

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

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

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



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

### No artificial flavours or colours

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

### Different portion sizes

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

### Clear information & responsible marketing

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

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

### Case examples of clear communication 2020

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



#### More information on the Belgian Pledge

see page 84 of this annual report

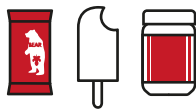
- The packaging of BEAR fruit rolls has been totally redesigned to provide clearer and more transparent information for consumers. The product name has changed from BEAR YoYos to Bear fruit rolls, so that consumers are better informed about the product thanks to the clearer description. The health claims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

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

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



Superior  
taste experience



Diversified  
offering



No artificial flavours  
or colours



Different  
portion sizes



Clear information  
& responsible marketing





## LOTUS BAKERIES FOUNDATION FOR EDUCATION

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

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

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



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

Our principles are clear:

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

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

### Kusasa school

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

### Lotus Bakeries child sponsorships

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

### TAJO

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

### City Pirates

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



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

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

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






## INDEPENDENT LIMITED ASSURANCE REPORT

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

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

### The Directors’ Responsibility

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

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

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

### Our Independence and Quality Control

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

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

### Auditor's Responsibility

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

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


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

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

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

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

## Conclusion

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

## Restriction on Use and Distribution of our Report

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

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