



ANNUAL REPORT 2022



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



Jan Boone - CEO

OUR SUSTAINABILITY AMBITION

LETTER FROM THE CEO

Lotus Bakeries plans to grow by offering a varied range of branded snacks for every moment of the day. Lotus Bakeries' vision is that the Group must not only be profitable, but also sustainable, maximising opportunities for the next generations.

Our **'Care for Today, Respect for Tomorrow'** sustainability strategy is an integral part of our vision and of our business strategy, which is based on three pillars: environment, employees and community. In 2022, we took another great step towards realising our concrete ambitions within each of the pillars:

1. OUR ENVIRONMENT

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

We have further developed our commitment to market only recyclable packaging for all our brands and are well on our way to achieving our predetermined goals. Furthermore, we have again made important efforts to significantly reduce the weight of packaging we bring to the market.

Regarding CO₂ emissions, all sites under our management are carbon neutral. We also signed the Commitment Letter of the Science Based Target initiative (SBTi), with which we are committed to formulating science-based reduction objectives in line with the SBTi Criteria and Recommendations, in order to limit global warming to 1.5 degrees Celsius above pre-industrial levels.

2. OUR EMPLOYEES

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

In 2022, we achieved excellent additional job creation. We use development, constant challenge and training to ensure our employees feel at home at Lotus Bakeries and can continue to develop themselves.

3. OUR COMMUNITY

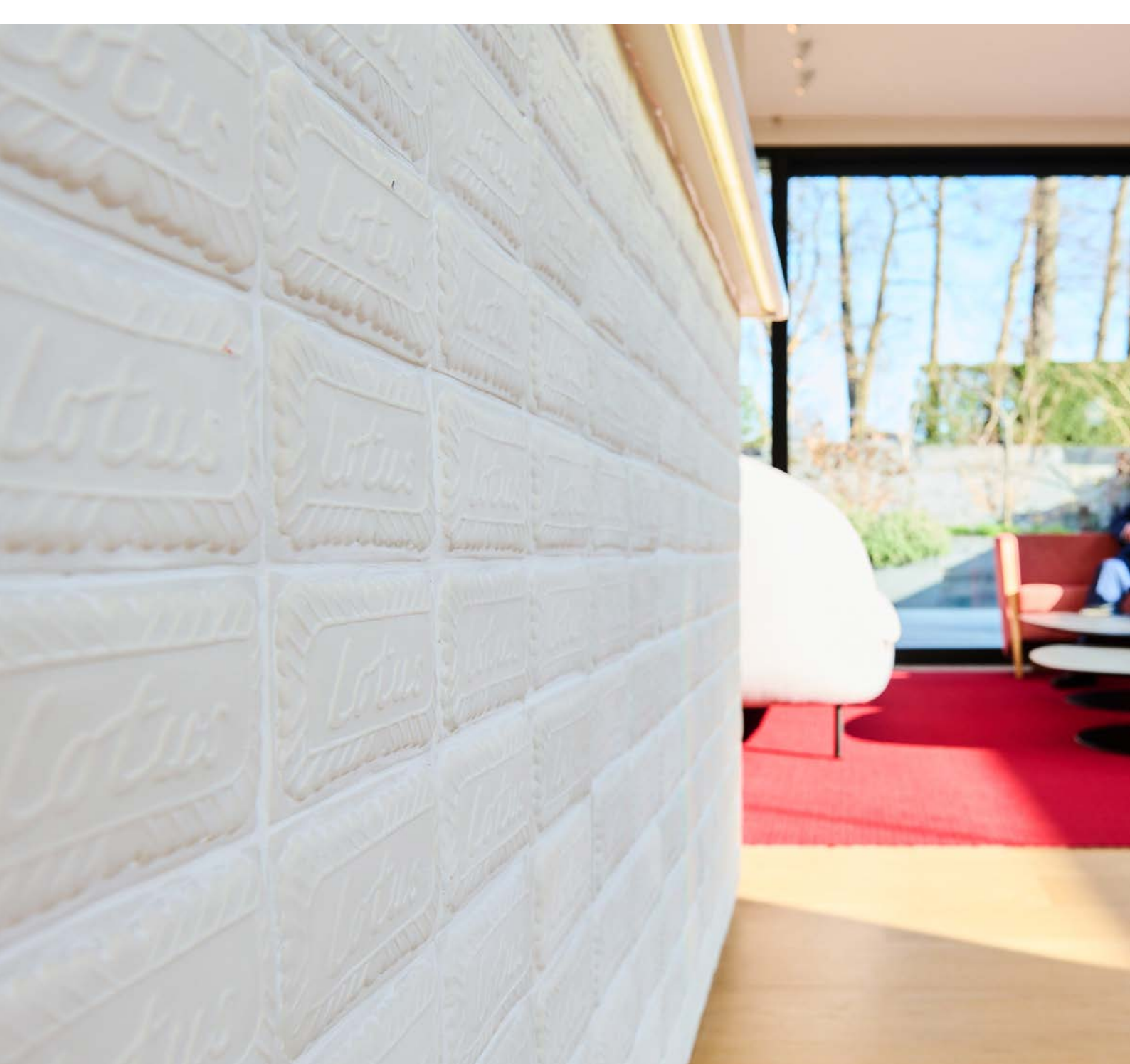
We also actively accept our social responsibility. By implementing our internal Code of Conduct and the Supplier Code of Conduct, we guarantee ethical business practices throughout the organisation. This is always a given and embedded in our business processes. For example, considering the geopolitical situation in 2022, there was an increased focus on being mindful of our existing export policy in light of the international restrictions.

With our Foundation for Education we contribute to prospects for future generations through carefully chosen education and training projects. In 2022, Lotus Bakeries expanded its initiatives, with support to, among others, Gammol, a non-profit organisation in Gambia focused on education and healthcare, and to the Youth Talent Atelier TAJO, aimed at socially vulnerable young people in the region of Ghent and Kortrijk (Belgium).

In March 2021 we underlined our sustainability ambition by endorsing the UN Global Compact. Since then, we have renewed this commitment annually. In June 2022, Lotus Bakeries reported for the first time on the progress of its efforts in the 'Communication on Progress Report 2021'.



Jan Boone – CEO





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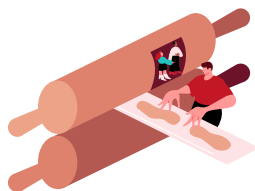
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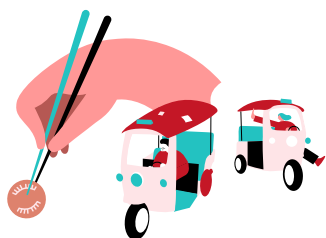
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01

OUR SUSTAINABILITY PROGRAMME CARE FOR TODAY, RESPECT FOR TOMORROW

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Cycling to work

OUR SUSTAINABILITY STRATEGY

Lotus Bakeries' sustainability strategy rests on three pillars: our environment, our employees and our community. We aim for good corporate governance in each pillar and set specific targets and priorities that will contribute to the realization of our sustainability objectives.

AMBITIONS

ENVIRONMENT

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



EMPLOYEES

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



COMMUNITY

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



GOVERNANCE AND REPORTING

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

The EXCO reports regularly to the Board of Directors on the different priorities and actions. In addition to various HR topics and the cybersecurity strategy, given the geopolitical and macroeconomic developments, the availability of raw materials and the energy policy were also high up on the agenda.



In order to increase transparency in our reporting, we have been publishing a GRI report since 2021 that can be found on our website:

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



The GRI report is part of the ESG compilation report. This full report can also be found on the Lotus Bakeries website:

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

TOP 20 SUSTAINABILITY PRIORITIES

A materiality assessment helps determine which topics are important to both the company and its stakeholders. It is important to also involve our stakeholders in our sustainability ambition and programme and to give them input. Lotus Bakeries conducts a full review of sustainability priorities on a periodic basis to ensure that all developments are reflected both inside and outside the company. The starting point was a questionnaire that was based on the pillars and existing priorities of our sustainability programme on the one hand and, on the other hand, was inspired by developments and priorities within the broader sustainability domain. These questions were submitted to a relevant group of stakeholders and the EXCO.

The materiality assessment thus defined the following top 20 sustainability priorities. The relevance and importance of these topics are confirmed on a periodic basis and updated as necessary.

Top 20 sustainability priorities

ENVIRONMENT

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

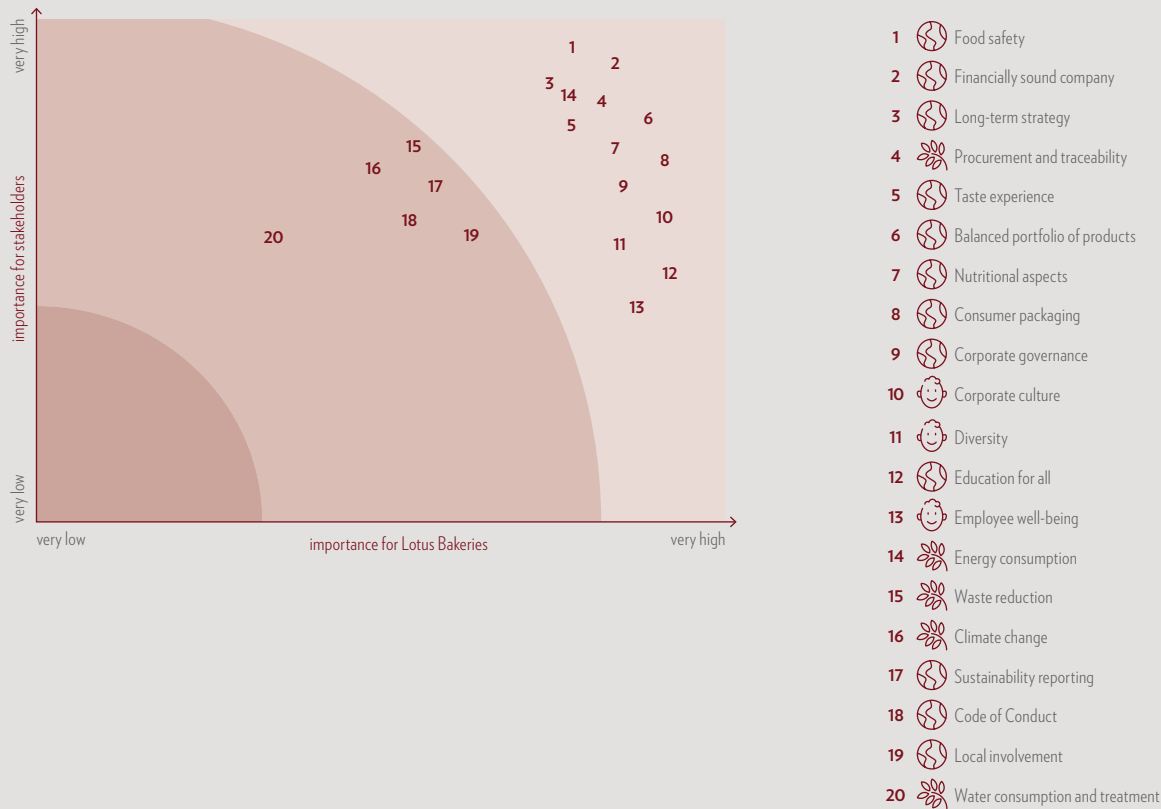
EMPLOYEE

- Corporate culture
- Diversity
- Employee well-being

COMMUNITY

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

Our materiality matrix



UN GLOBAL COMPACT OF THE UNITED NATIONS

In March 2021 Lotus Bakeries was accepted as a member of the UN Global Compact of the United Nations. The UN Global Compact is a global sustainability initiative for businesses set up by the United Nations. As a result, Lotus Bakeries is committed to upholding the Ten Principles¹ of the United Nations in the area of human rights, working conditions, environment and anti-corruption and to ensure they form part of its strategy, culture and daily activities. Lotus Bakeries is also committed to supporting projects that promote the broader development goals of the United Nations, in particular the 17 sustainable development goals or SDGs. Our participation in the UN Global Compact also means that we renew our commitment annually and report on the progress of our efforts to implement the Ten Principles.

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

Sustainable Development Goals of the United Nations

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

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



OUR SUSTAINABILITY IN ACTION

In the report below, Lotus Bakeries aims to communicate transparently what the Group actually achieved in 2022 within its three sustainability pillars: environment, employee and community.

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

The assurance indicators are marked throughout the text by .



For the assurance report relating to the attested indicators for the year as per 31 December 2022, please refer to p. <?> of this annual report.



For the assurance report relating to the attested indicators for the year as per 31 December 2020 and 2021 please refer to p. 99 of the 2020 annual report and p. 138 of the 2021 annual report.

LOTUS BAKERIES IS PART OF THE EURONEXT BEL® ESG

The new BEL®ESG index was launched on February 15, 2023. This new index consists of companies from the BEL®20 and the BEL®Mid that have demonstrated strong ESG practices. For index market data, Euronext has partnered with Sustainalytics, a leading global provider of ESG research, ratings and data. The ESG rating of companies by Sustainalytics is the basis of the composition of the index. The Euronext BEL® ESG is designed to fully comply with the 'Towards sustainability' label of the Central Labelling Agency, a high-quality standard for sustainable financial products, such as indices and funds.

Lotus Bakeries was one of 20 companies that were part of the Euronext BEL®ESG on the launch date.

LOTUS BAKERIES IN TOP 5% OF 'PACKAGED FOOD COMPANIES'

In Sustainalytics' rating, an independent company specialising in ESG research and ratings, Lotus Bakeries is ranked among the top 5% of the 'packaged food companies' they rated. For more information: <https://www.sustainalytics.com/>.





EURONEXT



BRUSSELS
15
FEB 2023





ENVIRONMENT: 2022 AMBITIONS & ACHIEVEMENTS

Lotus Bakeries is committed to the environment and the fight against global warming.
We aim to reduce our ecological footprint in everything we do.

**LOTUS BAKERIES' AMBITIONS WITHIN THE ENVIRONMENT PILLAR FOCUS ON TWO DOMAINS THAT
IT CONSIDERS MOST RELEVANT WITHIN ITS ACTIVITIES:**

SUSTAINABLE PACKAGING



CARBON FOOTPRINT



PACKAGING	UNIT	2022	2021	2020
Packaging-to-Product Ratio	g/kg product	166	179	175
Reduction of plastic	tonnes/year	62	22	19
Reduction of glass	tonnes/year	1,120		
Reduction of cardboard	tonnes/year	526		
% SKUs with 100% recyclable packaging	%	81	73	70
% of packaging of all Lotus Bakeries brands that is recyclable ¹	%	97 ✓	97 ✓	97
Use of recycled cardboard	%	80	75	77
Use of cardboard with the 'sustainable managed forest' guarantee	%	78	76	77

CARBON FOOTPRINT	UNIT	2022	2021	2020
% of our owned sites that have earned the CO ₂ -neutral label	%	100 ✓	100 ✓	100 ✓
Output of scope 1 & 2 CO ₂ equivalent emissions per tonne produced on our owned sites ³	kgCO ₂ e/tonne	170 ✓	163 ✓	145 ⁴ ✓
Output of scope 1 & 2 CO ₂ equivalent emissions per tonne produced on our owned sites, excluding own transport ³	kgCO ₂ e/tonne	161 ✓	156 ✓	139 ⁴ ✓
Energy consumption per tonne	kWh/tonne	1,074	1,064	1,071 ⁴
Kg of waste per tonne generated ²	kg/tonne	60 ✓	63 ✓	54 ✓

¹The recyclability rate is the average technical recyclability of the packaging of all Lotus Bakeries brands by the end of 2022. It takes into account consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is determined per packaging component on the basis of state-of-the-art design guidelines for recyclability (Ceflex, Recyclass). The average technical recyclability is a weight average, based on the packaging weight of each packaging component.

²This concerns residual waste, production waste, grease, paper and cardboard at our owned sites. Tonnes produced includes the produced volumes of margarine plant.

³As from 2022, this includes company vehicles from the site in Comines.

⁴Following an analysis within the ESG project, the calculation of the external consultant was refined. The additional CO₂e emissions were compensated with additional certificates so that 100% CO₂ neutrality was maintained.



SUSTAINABLE PACKAGING

LOTUS BAKERIES' VISION OF PACKAGING

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

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

Our commitment

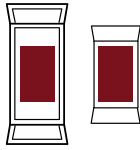
Lotus Bakeries is committed to designing all its packaging for all its brands to be technically recyclable by 2025.

The purpose of our packaging is to protect the product and guarantee food safety. Both en route to the retailer and from the shop shelf to the consumer's pantry, up to the time of consumption. To guarantee the taste experience and product quality, we must package our product to create a barrier against external influences.

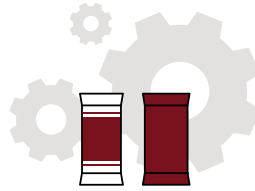
High-quality packaging also ensures that Lotus Bakeries' products have a longer shelf life and therefore helps prevent food waste, an issue as

equally concerning as packaging waste. It is estimated that 1/3rd of food products produced globally is lost through food waste, mainly at the point of sale and once it reaches the consumer.

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



REDUCE WHAT WE USE



DESIGN FOR TOMORROW



AIM FOR CIRCULARITY

Reduce what we use

The ideal packaging contains as little packaging material as possible, without loss of flavour or freshness. In 2022, Lotus Bakeries continued its efforts to innovate its packaging, with the goal of using as little material as possible. In so doing we pay the utmost attention to ensuring a superior taste experience for the consumer while minimising food waste. There is a delicate balance between using as little material as possible for the environment and yet enough material to be able to fully protect our products.

In 2022, Lotus Bakeries was able to realise a number of projects to further limit the packaging weight it brings to the market.

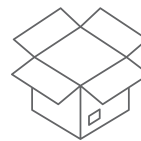
Through various reductions, across the entire product portfolio, a total of approximately **1,757 tonnes of packaging was saved in 2022 compared to 2021** in the different material types and packaging categories. Less material also means less weight and volume, which in turn has a positive effect on reducing container transport and the related CO₂ emissions.



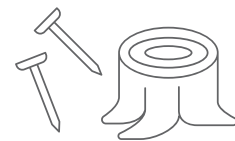
PLASTIC
-62 TONNES



GLASS
-1,120 TONNES



CARDBOARD
-526 TONNES



OTHER
-49 TONNES

PLASTIC



Reduction in thickness and size of plastic packaging

In 2022, we also continued to look for ways to minimise the packaging weight placed on the market.

For example, Lotus Bakeries succeeded in making the Lotus® Biscoff® 2-piece packaging even thinner in 2022, without compromising on quality. After extensive research, a suitable method was found to implement a similar reduction on the larger packages as well. The roll-out for this is scheduled for 2023. The bundle packaging around the Lotus® Biscoff® chocolate was also made even thinner in 2022.

In 2022, Lotus Bakeries was able to make the nākd bar wrappers sit even tighter around the bars. Such a measure also ensures that less packaging material is required per bar.

The BEAR wrappers were also changed to recyclable material in 2022, which significantly reduces the amount of packaging brought onto the market.

CARDBOARD



Thinning of cardboard packaging

Besides plastic, Lotus Bakeries also tries to use as little cardboard as possible. Where possible, recycled paper fibres are used. In 2021, thinner materials were already being used for the cardboard packaging of the Lotus® Biscoff® 300-piece box. Based on that success, the cardboard packaging containing the Lotus® Biscoff® 250gx10 was also optimised in 2022. This cardboard also now contains thinner materials, which means it weighs less and a larger number of boxes can be put on a transport pallet. As a result, significantly fewer tonnes of cardboard are placed on the market every year and 31 less trucks are needed to transport the cardboard to the factory, which has a positive impact on both CO₂ emissions and water consumption.

GLASS



Reduction of glass per jar

After extensive research, Lotus Bakeries succeeded in using thinner materials for the glass jars of Lotus® Biscoff® spread in 2022, without compromising on taste and freshness.

This optimised packaging has a positive impact on CO₂ emissions and energy consumption thanks to its lighter weight.

Design for tomorrow

All packaging recyclable by 2025

The recyclability of packaging starts with its design. We constantly explore sustainable and innovative packaging materials to increase the recyclability of our packaging and at the same time support the recycling process. We use objective eco-design guidelines to make our packaging recyclable, including CEFLEX and RecyClass.

The technical recyclability rate is calculated as follows: the ratio of the total weight of the technically recyclable packaging is compared to the total weight of packaging of all our brands that we bring to the market as per the end of 2022.

This takes into account consumer packaging, distribution packaging as well as transport packaging. This technical recyclability rate is determined per packaging component on the basis of state-of-the-art design guidelines for recyclability (Ceflex, Recyclclass). The weight of each packaging component is taken into account.

All efforts that contribute to reducing the packaging weight we bring to market affect this percentage. This also includes reducing the weight of glass, a recyclable packaging.

Therefore, the technical recyclability rate has remained stable at 97%, despite the fact that a switch was made for a number of additional products from non-recyclable packaging to recyclable packaging. The significant reduction in the weight of the Lotus® Biscoff® spread glass jar explains this stable percentage.

Recyclable BEAR wrappers

A significant achievement for 2022 is related to the brand BEAR from the Lotus™ Natural Foods product portfolio. The BEAR wrappers were changed from a non-recyclable packaging to a recyclable material.

Projects to close the gap to 100% recyclability

In 2022, a Close-the-GAP-action plan was drawn up to close the gap and achieve the 100% technical recyclability of all product packaging in the Lotus® Biscoff® range, the Lotus™ Natural Foods range, and for the Local Heroes.

This action plan identifies all the steps to be taken to achieve the set objective by 2025.

Aim for circularity

Since we design with recyclability in mind, we believe it is vitally important to evolve into a circular economy.

Use of recycled material

We contribute to this by using recycled content wherever possible, without losing sight of the requirements of quality and functionality.

We always strive for what is technically the maximum possible:

- For glass, we use 58% recycled material, the maximum achievable without visual side effects.
- For cardboard packaging this is 80%.

Circular economy partnerships

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

Raising awareness among our consumers;

together we are reducing the plastic waste mountain

Lotus Bakeries has informed consumers more explicitly about its packaging recyclability since 2021. This is done by means of a custom icon that reads 'recycle me', combined with the slogan 'Let's care for our planet together'. That is how Lotus Bakeries wants to create even more awareness and encourage consumers to sort the packaging correctly so that it can actually be recycled.

This icon will appear on every recyclable packaging, in the countries where that packaging can effectively be recycled.

This 'recycle me' icon is an initiative undertaken by Lotus Bakeries and is not related to any official government authority or certification body.





CARBON FOOTPRINT

CO₂-NEUTRALITY

Our scope 1, 2, 3 emissions

Climate change is one of our greatest global challenges.

SCOPE 1 EMISSIONS

For the calculation of our **scope 1 emissions** we take into account all GHG.

The major part of our Scope 1 emissions relates to the use of natural gas.

SCOPE 2 EMISSIONS

In 2022, our **scope 2 emissions** only included purchased electricity.

SCOPE 3 EMISSIONS

In 2021-2022, we conducted a screening of our upstream and downstream **scope 3 emissions**.

The scope of the screening exercise covered 90% of all our upstream and downstream activities.

The result of the screening exercise of scope 3 indicated that more than 90% of our total emissions comes from scope 3. Analysis showed that more than 80% of our scope 3 emissions relate to raw materials.

Partnership with CO₂logic, South Pole Group

For more than 10 years, Lotus Bakeries has been working with CO₂logic, the Belgian pioneer in climate action, to monitor our scope 1 and 2 emissions. Since 2021, CO₂logic has been part of the South Pole Group, the international leader in climate and environmental services based in Switzerland.

Lotus Bakeries is carbon neutral

Lotus Bakeries' own sites are carbon neutral. This has been the case since 2015 and remains so in 2022.

All our scope 1 and 2 emissions are offset with certificates.

For 2022, we received a CO₂-neutral label from CO₂logic, a South Pole Company, for all our own sites.

SBTI COMMITMENT: NET-ZERO BY 2050

Lotus Bakeries signed the Commitment Letter from the Science Based Target initiative (SBTi). A copy of the letter is published in the ESG compilation report.



The ESG compilation report can be found on the Lotus Bakeries website:

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

Science Based Target initiative (SBTi)

The SBTi is a collaboration between Carbon Disclosure Project (CDP), UN Global Compact, the World Resources Institute (WRI) and WWF.

SBTi has developed the first global science-based standard for organisations to set reduction targets to limit global warming to 1.5 degrees Celsius above pre-industrial levels and achieve net-zero CO₂ emissions by 2050.

Reduction objectives must include all GHG (greenhouse gases) emissions from scope 1, scope 2 and scope 3.

Scope 3 includes emissions from all our upstream and downstream activities.

For Lotus Bakeries, the upstream activity mainly comes from the purchase of raw materials. Since our raw materials come from agriculture, the FLAG Target-setting Guidance also applies to the raw materials and ingredients we purchase, which requires us to set both a specific FLAG target and a general scope 3 target for the emissions associated with our purchasing activity.

In order to achieve the reduction of scope 3 emissions, we will work closely with our suppliers.

CARBON FOOTPRINT REDUCTION

Lotus Bakeries is aware of the need to look critically at its carbon footprint in the fight against global warming and climate change in general.

Transition to more sustainable energy sources

Further investments were also made in solar panels at all Lotus Bakeries sites in Belgium and at the site in South Africa.

The expansion of the headquarters in Lembeke, the 'House of Biscoff', inaugurated in October 2022, was designed according to climate-friendly standards and is a so-called 'BEN building' (Bijna-Energie-Neutraal = Almost-Energy-Neutral) with an E-level under 50. The new building includes a geothermal heat pump, LED lights, intelligent energy monitoring, its own PV production of green electricity on the roof and façade and variable ventilation flows according to CO₂ measurements per room. Rainwater is also captured and optimal seepage of water into the ground is ensured.

Transition to more sustainable logistics

Reduction of container transport through local production

In 2022, the North Carolina plant in the United States was expanded to include a new production hall. That second hall now has two operational Lotus® Biscoff® production lines. The capacity increase in the United States will make the continent more self-sufficient for local demand of Lotus® Biscoff® cookies. The plant in the United States is also sourcing its own raw materials and packaging locally and hence more responsibly and sustainably. This capacity expansion brings significant ecological benefits by avoiding container transport and the related CO₂ emissions. The total capacity invested to date in the United States avoids 1,500 containers per year travelling from Belgium to the United States.

In August 2022, it was announced that Lotus Bakeries has plans to start a Biscoff® production facility in Asia to further support its growth ambitions for Lotus® Biscoff®. The rationale for a third Lotus® Biscoff® plant is straightforward. The new plant will provide the necessary additional capacity for the Group, bring fresher cookies to the consumers, allows to respond more quickly and better to local opportunities and aside from transport costs also reduces the environmental footprint of the company.

Multimodal transport in Europe

In 2022, in cooperation with the Vlerick Business School, it was investigated which alternative means of transport could be used in Europe to get Lotus Bakeries products to end customers. A combination of rail, ship and truck often offers a more environmentally friendly solution than only road transport.

All logistics flows for Lotus Bakeries in Europe were mapped out in the study. Based on this analysis, alternative and more sustainable routes and modes of transport were identified.

Both its effectiveness and feasibility as well as its cooperation with potential partners were evaluated. The first pilot projects were tested in the Czech Republic, Italy and the United Kingdom.

These tests and new collaborations proved to be very successful. After the positive results, implementation of the multimodal system was started in the three aforementioned countries. The next steps are to further expand the multimodal transport plan to other European countries where possible.

Greening of employee mobility

Company cars

The transition to a greener fleet has already been implemented in various countries via the car lease policy.

The largest fleet is located in Belgium. Since 2022, our employees in Belgium can only choose a fully electric vehicle as company car and electric charging stations are provided to further facilitate this use. Today, 15% of the Belgian fleet are electric cars. This percentage will increase significantly once the outstanding orders in 2023 will be delivered.

In anticipation of this, additional charging stations were installed on the Belgian sites and in-home charging points were installed.

Bicycle lease

Furthermore, there is a bicycle leasing scheme in place for Lotus Bakeries employees in Belgium and the Netherlands. In Belgium, this programme has been up and running for several years. Employees who sign up for this bicycle leasing scheme are committed to coming to work by bicycle for a minimum number of days a year.

More and more enthusiastic employees are choosing to purchase a bicycle through this program. This is not only good for the employees' health, but also has a positive effect on CO₂ emissions.



AVOIDING DEFORESTATION AND SUSTAINABLE SOURCING

Combating deforestation

Lotus Bakeries is committed to avoiding deforestation as much as possible by purchasing its raw materials and ingredients sustainably. This reduces deforestation in our supply chain. We believe that avoiding deforestation and conserving local ecosystems are of great importance in the fight against climate change. Farmers need to cultivate their raw materials in a sustainable way.

Sustainable sourcing

Lotus Bakeries is aware of the negative impact certain crops can have on the environment as well as on the communities living in the areas where those crops are grown.

Palm oil

All palm oil that Lotus Bakeries uses in its products is sustainably sourced. All Lotus Bakeries sites that use palm oil have also obtained the RSPO certificate.

Cocoa

100% of the cocoa butter and cocoa mass used in our Lotus® Biscoff® chocolate has been certified by the Rainforest Alliance. This is a recognised quality mark for working conditions, the environment and nature conservation for products sourced from rainforest regions.

Wood and paper

Today, 78% of the cardboard packaging of our brands are FSC, PEFC, or SFI-certified with the guarantee that the products come from sustainably managed forests. This preserves biological diversity and combats deforestation.

Local sourcing

We also purchase our raw materials and packaging materials locally to a maximum extent. This means we purchase the greater part of our raw materials on the same continent as where we use these in our production. We continuously strive to keep the distance between grower and our production site as short as possible.

WATER MANAGEMENT

Climate change and industrialisation put pressure on the availability of water, which increases the importance of efficient water management. Lotus Bakeries recognises that the sustainable use thereof is crucial. Water is a major source of health and well-being worldwide.

Monitoring

As part of its internal operational reporting, Lotus Bakeries reports on its water consumption.

Since 2022, water consumption has been among the standard KPIs that all production facilities report monthly. Based on these reported figures, Lotus Bakeries monitors the water usage across the various facilities.

Lotus Bakeries used in its production sites 89,578 m³ water.

In the new 'House of Biscoff' in Belgium, technology is provided to collect rainwater and a well water filtration system has been installed. This well makes it easier for water to seep into the ground, meaning it is more evenly and better moisted. This contributes to a good groundwater balance.

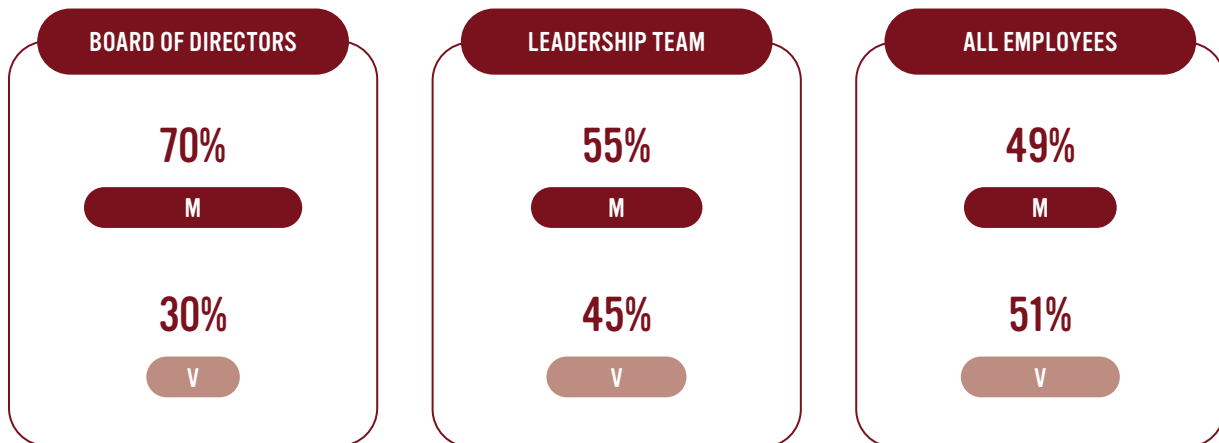


EMPLOYEES: 2022 AMBITIONS & ACHIEVEMENTS

We have a recruitment policy aimed at attracting a diversified and talented group of people who share our TOP values.

Lotus Bakeries targets long-term employment and offers our employees a pleasant, challenging, inspiring and safe working environment.

GENDER DIVERSITY



GENDER DIVERSITY ¹	UNIT	2022	2021	2020
Board of Directors	%	70 M 30 F ✓	70 M 30 F ✓	70 M 30 F
Leadership Team ²	%	55 M 45 F ✓	54 M 46 F ✓	58 M 42 F
All employees	%	49 M 51 F ✓	48 M 52 F ✓	48 M 52 F

GEOGRAPHICAL ¹	UNIT	2022 ✓	2021 ✓	2020
Belgium	#	1,378	1,233	1,073
	%	703 M 675 F 51 M 49 F	597 M 636 F 48 M 52 F	
South Africa	#	518	443	314
	%	221 M 297 F 43 M 57 F	191 M 252 F 43 M 57 F	
The Netherlands	#	222	229	258
	%	122 M 100 F 55 M 45 F	129 M 100 F 56 M 44 F	
United Kingdom	#	119	120	152
	%	46 M 73 F 39 M 61 F	50 M 70 F 42 M 58 F	
France	#	142	139	140
	%	76 M 66 F 54 M 46 F	72 M 67 F 52 M 48 F	
United States	#	156	92	97
	%	89 M 67 F 57 M 43 F	49 M 43 F 53 M 47 F	
China	#	33	28	29
	%	14 M 19 F 42 M 58 F	14 M 14 F 50 M 50 F	
South Korea	#	19	19	21
	%	9 M 10 F 47 M 53 F	8 M 11 F 42 M 58 F	
Sweden	#	27	23	22
	%	19 M 8 F 70 M 30 F	18 M 5 F 78 M 28 F	
Other (AT, CHE, CZ, DE, ES, IT, HK)	#	84	72	49
	%	33 M 51 F 39 M 61 F	35 M 37 F 49 M 51 F	
TOTAL	#	2,698	2,398	2,155
	%	1,332 M 1,366 F 49 M 51 F	1,163 M 1,235 F 49 M 52 F	

SAFETY IN THE WORKPLACE ¹	UNIT	2022	2021	2020
Amount of occupational fatalities	#	0	0	0
Total occupational accidents per average headcount	%	3.2	2.3	2.8
Total occupational accidents involving ≤ 7 days absence from work	#	43		
Total occupational accidents involving > 7 days absence from work	#	42		
Total occupational accidents involving absence from work	#	85 ✓	52 ✓	62 ✓

¹ The scope of the KPI includes our internal employees.

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

PLEASANT, CHALLENGING, INSPIRING AND SAFE WORKING ENVIRONMENTS

Our corporate values are TOP

Team spirit: every link in the process is equally important, from marketing over production to 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 dealing 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 colleagues.

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

Recruitment policy

A key challenge for Lotus Bakeries is to attract competent employees who reflect the TOP values. When selecting new employees, the applicant's competences and the TOP corporate values are paramount. During the selection process, applicants meet with several Lotus Bakeries employees to gain a good understanding of our company values and culture. Depending on the position, the selection also includes objective testing or an external assessment tailored to the position for which the candidate is applying. Our recruitment is an intensive process where we consciously invest a lot of time to ensure the optimal fit between the future employee and Lotus Bakeries.

Diversity policy and inclusion

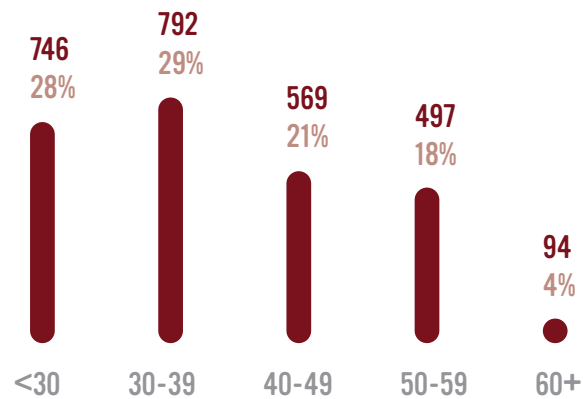
For Lotus Bakeries, diversity is a value to be cherished. It also clearly incorporates in its Code of Conduct under Principle II: respect for people.

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

In this way we know we are employing a diverse group of employees, with balanced gender diversity across all employees. We see a nice balance of 49% men and 51% women within the Lotus Bakeries Group. Also, if we take a closer look at the Leadership team (55% men, 45% women) and the Board of Directors (70% men, 30% women), the gender diversity in the Group is maintained.

We also see a high level of diversity in age categories in Lotus Bakeries, and associated experience: 28% in their twenties, 29% in their thirties, 21% in their forties, 18% in their fifties and 4% in their sixties.

Lotus Bakeries is committed to rewarding all colleagues equally for their work based on the value they create. This regardless of gender, race, or other factors unrelated to performance.



Diversity in age

Young Graduate Programme

The Lotus Bakeries 'Young Graduate Programme' is an intensive two-year programme designed specifically for graduated masters or MBA students. For two years, these recent graduates participate in one of the departments within Lotus Bakeries. In addition, they are given the opportunity to participate in a cross-departmental strategic project. The programme is unique in that it is a function-specific programme in which the Young Graduate enters a certain function domain (e.g. marketing). For two years, the Young Graduate is immersed in the various aspects of this domain by a combination of operational activities and projects.

The programme was first launched on 1 September 2020. Five Young Graduates started at the time. Year after year, the programme is growing, with the 2021 edition consisting of seven Young Graduates and in 2022 the third wave included ten promising starters. Based on the intake of candidates and the feedback from the job market, the programme is highly coveted by students.

Onboarding

Once on board, Lotus Bakeries aims for thorough onboarding, in which new Lotus Bakeries employees are immersed in the company, the products, brands and the culture. Special induction days are organised for new employees. From the management level, new employees are invited to the 'Group Wide Onboarding days' that are organised in Belgium. During an intense two-day programme, they receive more information about the strategy, the different brands, the organisational structure and the different departments. A tour of the Lembeke plant is the cherry on the cake. In the case of acquisitions too, we ensure that employees are quickly integrated into the Lotus Bakeries Group.

Each new office employee will also be asked to complete a survey after several months of service and will be offered a follow-up interview. In this survey the employee is asked about the course of the recruitment and onboarding process, and is polled about how the first few months have gone in the position, about how the job and the organisation meet expectations and how the collaboration with the manager and with colleagues is going. In countries with a large workforce, such as Belgium, a specific questionnaire is provided. This is a very valuable tool and provides useful insights about what is going well and what can be improved.

Training & development

Once on board, it is important to retain these engaged and motivated TOP talents in the company. Areas of attention in this regard are the continuing development of our employees, the provision of training opportunities and constant challenge. Employees are encouraged to work with their supervisor to seek appropriate development initiatives.

It is intended that all processes, from recruitment to onboarding, to development and succession, are centrally monitored and managed. To facilitate this, the MyLotus platform was launched.

Performance process in MyLotus

In 2022, the performance process was fully integrated into the global HR platform MyLotus (SuccessFactors) where feedback between manager and employee can occur several times a year. Instead of annual reviews, this process provides ongoing opportunities to give and receive feedback and more frequently reflect on the employee's career path. By gaining more insight into the strong qualities, areas for improvement and ambition, the right development and guidance can be given. This performance process will contribute positively to the employee's personal growth, development and commitment.

International connectivity

MyLotus, the global HR platform, also encourages the connectivity between employees who therefore, despite the further internationalisation and continuing growth of the Group, can remain closely connected.

Staff organisation and representation

Team spirit belongs to our TOP values. As a group, we believe in an organisation that works with all employees, employee representatives, employee organisations and external social stakeholders. We believe that good collaboration contributes to our success.

New career website

In 2022, Lotus Bakeries launched a brand-new career site. This website strengthens the employer identity and provides a complete overview of all career opportunities within the Group worldwide.

The new, easy-to-use site highlights the unique aspects of Lotus Bakeries as an employer and shows how the organisation distinguishes itself from other employers.



Cosy coffee moment between colleagues

New career site strengthens Lotus Bakeries' employer identity

Stéphanie De Lange
GROUP HR DIRECTOR

Evy Van den Brande
HR TECHNOLOGY & REPORTING MANAGER

Since early 2022, interested candidates have easily been able to find all possible job opportunities at Lotus Bakeries, in all countries worldwide, on the new site www.lotusbakeriesjobs.com, the perfect spot to get acquainted with the unique Lotus Bakeries family.

UNAMBIGUOUS EMPLOYER BRAND

"Scarcity in the labour market is a challenge that also crosses our path," starts Stéphanie De Lange, Group HR Director at Lotus Bakeries. "In the past, this scarcity was limited to specific bottleneck professions, but now we see that the War for Talent is prevalent in all markets and that a wide range of profiles in the labour market is now desired."

This created the need to define and profile Lotus Bakeries even more as an employer brand. After all, within the employer landscape, Lotus



Stéphanie De Lange — Group HR Director

Bakeries has unique characteristics because it combines multiple worlds. "An international player with towering ambitions, grand expansion plans and yet still the warmth and humanity of a family business. Open-minded and inclusive, with room for personal impact. Professional and personal. Solid and adventurous. You won't easily find those interesting combinations anywhere else," says Stéphanie.

"We also notice that in countries where our products already enjoy high brand awareness, our employer awareness can also ride this wave. In countries where we are not yet so well-established, this still has to be worked on. For example, attracting talent in Thailand, a new country for Lotus Bakeries, will require more effort."

“Where in the past only a limited number of countries in which Lotus Bakeries operates had their own job website, we wanted to centralise our wide range of career opportunities in response to our global growth on the same clear platform.”

– Stéphanie De Lange

WIDE RANGE OF CAREER OPPORTUNITIES

An attractive career site is therefore the perfect place to highlight both the employer identity and the career opportunities. “Where in the past only a limited number of countries in which Lotus Bakeries operates had their own job website, we wanted to centralise our wide range of career opportunities in response to our global growth on the same clear platform,” continues Stéphanie.

That way, visitors also immediately understand the international character and scope of Lotus Bakeries and also get to know Lotus Bakeries’ diversity of brands and products in an original way. “Our differentiated portfolio, which on the one hand consists of the Lotus® Biscoff® indulgences but also of the attractive range of natural and healthy snacks within Lotus™ Natural Foods, only serves to fuel further interest in our company. It often turns out to be an important motivator for new colleagues.”

CULTURAL MATCH

A good career site is more than just providing an overview of open positions. “It’s also a full on-brand introduction to Lotus Bakeries as a company, to our company culture and our TOP values. For example,

passion is a very strong guiding and present value that all Lotus Bakeries colleagues have in common. We also wanted that to be reflected on the career site. And what better way to do that than having our own employees speak in testimonials,” says Stéphanie.

Videos and photos of employees, taken at various locations around the world, give an authentic view of the organisation, giving interested parties a first look at what it is like to work at Lotus Bakeries. “We notice that if potential colleagues get to know our culture, combined with our personal approach and modus operandi, this ensures from the very beginning that they themselves also immediately feel whether or not they would be a good fit for our company.”

SMOOTHER PROCESS FOR CANDIDATE AND EMPLOYER

Create a fun, smooth and efficient experience from the moment a candidate arrives on the new website. That was the goal. Information needed to be intuitive and quick to find. When creating the site, a great deal of attention was paid to the smooth navigation and to making it as easy as possible to apply.

All experiences are critical in forming an opinion about the workplace. Starting from the first contact, followed by recruitment and onboarding. "We have therefore ensured that the career site connects seamlessly with MyLotus, the global HR platform in which all HR data from the different countries is centralised and available in real time," explains Evy Van den Brande, HR Technology & Reporting Manager. "This integration delivers efficiency gains and ensures that much of the recruitment process, ranging from processing the applications to the administrative start-up and onboarding, is all digital and streamlined. Scanning documents, emailing back and forth with candidates all disappear thanks to our integrated tools. New employees often tell us that they really appreciate being onboarded in such a professional manner."

SHARING IS CARING

The career site has been designed to look good on a laptop, tablet and mobile phone. An additional benefit is that jobs can also be shared on social media channels such as LinkedIn with just a few clicks. "The shift from traditional job platforms to social media as an employer channel is nothing new, so that sharing functionality on our website was a must-have," says Evy.

Besides 'efficiency' and 'digitalisation', 'personalisation' and 'fun' were also important elements for the new site. "When visitors navigate our site, they are asked what their name and their favourite brand is.

What follows next is a highly personalised and therefore unique experience, which fully matches our employer brand," adds Stéphanie.

IT DOES NOT STOP THERE

The new website already received a very enthusiastic welcome. "We are getting hugely positive reactions from our HR colleagues from other countries, as well as from new colleagues who recently joined," says Evy. According to the first statistics, on average 10,000 people visit the website every month. "We clearly see a higher inflow of new candidates since the launch of our new website, especially in countries such as the United States, Italy, Spain, Germany and Switzerland."

"Not only is the inflow important, but of course the number of effective hires we make through the job site is as well. We can present the first great results for this as well," says Stéphanie. "We will invest even further in the future in optimising the techniques to make our career site score high in the search engines (SEO) and in developing authentic video material for specific recruitment campaigns," she concludes.



Evy Van den Brande — HR Technology & Reporting Manager

“We clearly see a higher inflow of new candidates since the launch of our new website, especially in countries such as the United States, Italy, Spain, Germany and Switzerland.”

– Evy Van den Brande

SAFE WORKING ENVIRONMENT

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

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

We try to limit the risks within the following four key areas as much as possible:

- Occupational health
- Personal safety
- Process safety
- Rolling material safety

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

In practice

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

Safety procedures to make working in the production environment as safe as possible are available. These procedures are transformed into work instructions for each workstation. Adapted work clothing also contributes to a safe work situation.

There is constant focus on training, awareness and prevention:

- Safety in the workplace is a fixed part of the onboarding programmes of new employees who start to work in the factory.
- At each production site there is a programme in place for detecting and reporting unsafe situations. In Belgium this is an SOS (Safety Observation Stop) procedure.
- Different actions illustrate this policy:
 - Belgium has the VAM (VeiligheidsActieMoment = Safety Action Moment) awareness-raising process and the ZAP (See and Address Prevention) prevention programme, in which training sessions are used to show people how they can approach someone about safety.
 - In South Africa, a health and safety questionnaire is completed each quarter, after which the existing risk assessments are evaluated and the existing procedures are tightened up.
 - In the Netherlands, the Geldrop and Enkhuizen production entities have the occupational health and safety vignette.
 - In the United States, a monthly safety walk is set up by an external partner.
 - All the sites report monthly on the number of accidents at work with absence.

No fatalities occurred in the year 2022. Despite various safety programmes and initiatives, the number of accidents at work increased in 2022. In the majority of the cases, the incidents were not severe and employees could return back to work within 7 days. After each incident, the necessary measures were taken immediately to raise awareness of the employees in the departments concerned. Internal motivational campaigns were also set up to reward accident-free months.



Colleague supervises the fully automated line in the production plant



Afternoon break in the recreation area

PLEASANT WORKING ENVIRONMENT

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

New and more spacious office buildings

Given its ever growing workforce, Lotus Bakeries continues to invest in new pleasant workplaces. In 2022, for example, various departments within Lotus Bakeries moved to new and more spacious offices.

In Belgium, the brand new, modern extension of Lotus Bakeries' headquarters, called the 'House of Biscoff', was inaugurated in October 2022. With its great expanse of glass, the 'House of Biscoff' is an oasis of light and space. The green garden to the rear of the building and the broad terraces on the building's first and third floors make a major contribution to the sense of space.

In the brand-new Natural Balance Foods and Urban Fresh Food office in St. Albans, United Kingdom, a deliberate choice was made for spacious, bright, open spaces rather than separate desks. These offices have both large and small meeting rooms for our employees to use. Here too light and space are of paramount importance and again there are cosy lunch areas for people to meet.

Due to the growing number of colleagues, there was also a need for more office space for the Lotus Bakeries UK team in the United Kingdom. They moved to a new building, located in Cheshire. All employees now have more space, more meeting facilities and a pleasant lunch area in the office.

In Germany, the growing team moved to a new, larger and much more modern office in Dusseldorf, with more meeting facilities and more comfort. Here, too, a nice lunch area is provided, where employees can drink coffee and enjoy a bite to eat together.



Exercising in the 'House of Biscoff' gym

Both the sales office of Spain and the sales office of the Czech Republic also continued to expand their teams. The current offices in Madrid and Prague were thoroughly renovated and significantly expanded in terms of surface area. In Madrid, the available area was even doubled. This extra space creates a more comfortable and pleasant working environment which promotes employee satisfaction and well-being.

Fitness and health

A lot of attention has been paid to fitness and sports at all Lotus Bakeries locations. Different initiatives are taken depending on the site. For example, the 'House of Biscoff' in Belgium and the offices in the United States and Sweden have a gym with showers, which employees are eager to use. In the Netherlands, the annual padel tournament was organised in October 2022.

Other locations are also seriously involved in sports: the option of signing up to a bicycle lease programme, weekly boot camps, joint cycling or walking tours, or other sports activities.

Health and mental well-being are also themes that are put on the agenda across all sites within the Group. In September 2022, a working group in Belgium lent its support to a campaign to raise awareness about a healthy lifestyle. The week of 10 October was all about mental well-being with a daily activity to highlight positivity. In France, another workshop on the theme of 'healthy nutrition' was organised in 2022. In the Netherlands, several vitality workshops took place in 2022, such as: 'How do I reach 100?', 'Shift work sleeping, fitness and 10 things to do and not to do', 'Work-life balance', 'Health under control'. And in China, there was a visit from a health expert who provided guidance on healthy lifestyles and tips on ergonomic work postures. There are weekly healthy lunches or free pieces of fruit available at many sites.

TEAM SPIRIT

All Lotus Bakeries sites also make time to strengthen the belonging and team spirit. In Korea, a real baking competition took place in the month of May, at the time the coronavirus numbers had started to drop again, as well as a 'welcome back to the office' event. Barbecues were organised in France and Belgium for the whole internal workforce. In the Netherlands, the entire plant team got together for a cosy Christmas dinner and in China, the team bonded over a cosy Thanksgiving team event. In the United States, they celebrate colleagues who have been working at Lotus Bakeries for a year with a little gift: a highly personalised mug, which shows characteristic qualities of the person in question.



Baking competition with Lotus® Biscoff® products



COMMUNITY: 2022 AMBITIONS & ACHIEVEMENTS

THE AMBITIONS OF LOTUS BAKERIES WITHIN THE COMMUNITY PILLAR ARE FOCUSED ON FOUR DOMAINS
THAT IT CONSIDERS MOST RELEVANT:

ETHICAL BUSINESS PRACTICES



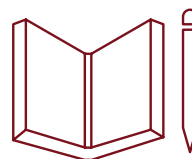
RESPONSIBLE SOURCING



PRODUCT SAFETY



EDUCATION



STATUS

ETHICAL BUSINESS PRACTICES	UNIT	2022	2021	2020
% of internal employees who have signed the Code of Conduct ¹	%	99.9 ✓	99.8 ✓	99
% of key suppliers which have signed the Code of Conduct ²	%	90.5 ✓	90.1 ✓	62
% of our key palm oil suppliers which have signed Lotus Bakeries' Palm Oil Policy ³	%	90 ✓	90 ✓	96
RESPONSIBLE SOURCING	UNIT	2022	2021	2020
% of our production sites which process palm oil and have achieved the RSPO certificate	%	100 ✓	100 ✓	100 ✓
% of our Lotus® Biscoff® chocolate products with the Rainforest Alliance quality mark	%	100	100	100
PRODUCT SAFETY	UNIT	2022	2021	2020
Lotus Bakeries production sites where our products are produced with external quality certification (BRC, IFS)	%	100 ✓	100 ✓	100 ✓

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

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

³Palm oil suppliers who have signed up to the Lotus Bakeries palm oil policy or have their own palm oil policy in force that includes at least equal standards and who supply ingredients or raw materials containing at least 50% palm oil, and in so far these products represent more than 5% in any recipe.



ETHICAL BUSINESS PRACTICES

Lotus Bakeries actively assumes its social responsibility. We guarantee ethical business practices throughout the organisation. With our Foundation for Education, we support educational projects and contribute to the prospects of future generations.

ETHICAL BUSINESS PRACTICES IN OUR OWN ORGANISATION

The Code of Conduct was approved by the Board of Directors on April 2, 2020 and was implemented in 2020. As of 2021, every new employee who is recruited must sign this. This Code forms an integral part of the employment contract.

The Code of Conduct

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



The full Code of Conduct is available in 10 different languages on our website: <https://www.lotusbakeries.com/governance-practices-and-policies>

1. Transparency:

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

Practical example 2022

Lotus Bakeries also wishes to inform the consumer transparently about verified claims that were made with regard to the product. In 2021 a revamped database was developed to manage this information and the

conversion into product specifications and customer information in a more efficient way. This database was taken into use at the first site in 2022. The further roll-out to other sites and production partners will take place in 2023.

2. Respect for fellow human beings:

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

Practical example 2022

- In 2022, Lotus Bakeries has first of all standardised its recruitment process unified at a global level in order to further streamline equal treatment of all potential candidates. By centralising the career opportunities, the company has to offer globally on a single, uncluttered platform – <https://www.lotusbakeriesjobs.com> – all candidates have access to the same information and each application follows a standard process that, in case of a successful match between the applicant and Lotus Bakeries, continues through to contract negotiations and onboarding.
- In addition, Lotus Bakeries took further steps in its GDPR policy in 2022 as a result of the publication of the new standard contractual clauses by the European Commission for data transfers in 2021. For example, the international data transfers have been reviewed, a data transfer impact assessment has taken place for all intercompany data flows in and out of the EU and a qualitative intercompany data transfer agreement has been entered into.

3. Trading fairly & compliant:

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

Practical example 2022

- Since the war started in Ukraine in February 2022, also within Lotus Bakeries more focus has been put on tightened export regulations in order to ensure that in an ever-changing and evolving situation all applicable import and export laws and regulations continue to be complied with.
- In 2022, Lotus Bakeries further rolled out the 'Competition Compliance Programme'. All new employees in the marketing, sales and purchasing departments were invited to an initial two-and-a-half-hour interactive workshop at which eight issues are explained using real case studies. The existing teams in the United States, Asia and International Distributors Natural Foods also participated in this training, if they had been unable to join in 2021, partly due to travel restrictions as a result of COVID-19. 293 employees have now joined the programme. All of them are sent an online training programme six times a year in which a competition law topic is explained once more, and they are invited to participate in a quiz.



And lastly, reference is made to the Dealing Code which is available on our website:

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

4. Combating corruption:

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

5. Securing information:

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

Practical example 2022

Last year, Lotus Bakeries reviewed and further tightened up its Trade Secret Policy. Focusing on the trade secrets in the plants, now spread across three and soon across four continents, responsibilities, procedures, policies as well as access matrixes have been revised.

6. Respect for the environment & responsible sourcing policy:

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

For our concrete 2022 operations, reference is made, among other things, to the 2022 ambitions and achievements for the environment on p. 84 and to the implementation of the Supplier Code of Conduct on p. 118 of this annual report.



The full Code of Conduct is available in 10 different

languages on our website: <https://www.lotusbakeries.com/sustainability-policies>

Responsibilities

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

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

Whistleblowing

All employees of Lotus Bakeries are encouraged to report concerns about the Code of Conduct to the Compliance Officer. Lotus Bakeries prohibits retaliation against individuals who report problems in good faith and is committed to investigating such reported problems.

In the context of Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019 on the protection of persons reporting breaches of Union law (the Directive) and laying down the minimum standards for whistleblowing protection, Lotus Bakeries has revised its whistleblowing system. The Directive has now been implemented in part of the European Member States, including in Belgium, by the law of November 28, 2022 transposing the EU Whistleblowing Directive for the private sector. The law was published in the Belgian Official Journal on December 15, 2022 and enters into effect on February 15, 2023. In order to comply, Lotus Bakeries has selected a platform in which, among other things, anonymous reporting is possible, confidentiality is guaranteed, and accurate follow-up of the legal obligations is guaranteed. Further implementation will take place in early 2023.

In 2022, the Compliance Department received a range of queries through the reporting line referred to in the Code of Conduct. In addition, three complaints were received from employees, which were all investigated and resolved. These complaints were able to be handled locally.

Reporting

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

In 2022, the Board of Directors was informed about the nature of the complaints received.

Implementation

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

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

The employees of Lotus Bakeries were asked to sign the Code of Conduct and have all received a brief explanation of the six principles it contains. At the end of 2022, 99.9% of employees had signed the Code of Conduct.

RESPONSIBLE PURCHASING & ETHICAL BUSINESS PRACTICES AT OUR SUPPLIERS

Supplier Code of Conduct

The principles set out in the Lotus Bakeries Code of Conduct are also imposed on our suppliers of packaging, raw materials, equipment and finished products. In 2022, 90.5% of our key suppliers of finished products (external production), raw materials, packaging and machinery with which Lotus Bakeries has concluded a written contract had signed the Supplier Code of Conduct.

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

1. Lawful and ethical business practices

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

2. Fair business practices

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

3. Respect for the environment

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

4. Traceability

- The supplier must keep adequate records of its direct suppliers

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

Responsibilities

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

Whistleblowing

Suppliers are asked to bring any concerns to the attention of their contact at Lotus Bakeries. From 2023, they will also be able to report any complaints via the online whistleblowing platform selected by Lotus Bakeries, in which, among other things, anonymous reports are possible, confidentiality is guaranteed, and accurate follow-up of the legal obligations is guaranteed.

Monitoring

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

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

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



RESPONSIBLE SOURCING

Implementation

The Supplier Code of Conduct was implemented in 2020, is supplied in the language of the contract and is available in ten languages. The suppliers of packaging, raw materials, equipment and finished products with which Lotus Bakeries had a framework agreement at the time of implementation were asked to sign the Code of Conduct separately. Since then, this code has been an integral part of the standard contracts with our new suppliers. Moreover, all our general purchase conditions contain a reference to the Supplier Code of Conduct, which is available on our website.

In 2022, 90.5% of key suppliers had signed the Code of Conduct.

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

PALM OIL RSPO certificate

It is important to Lotus Bakeries that the palm oil it uses in its products has been produced sustainably and does not contribute to deforestation or the destruction of vulnerable areas. That is why Lotus Bakeries only buys RSPO certified palm.

In 2022, Lotus Bakeries was a member of, among others, the RSPO (Roundtable on Sustainable Palm Oil) and the Belgian Alliance for Sustainable Palm Oil and was committed to purchasing only sustainable palm oil.

Moreover, all Lotus Bakeries' sites that use or purchase palm oil also have an RSPO certificate.

Palm Oil Policy: investment in sustainable agriculture and reforestation

Lotus Bakeries selects its key palm oil suppliers carefully on the basis of the NDPE principle (No Deforestation, No Peat, No Exploitation) in its purchasing standards.

In addition, Lotus Bakeries requires its key palm oil suppliers to also invest in a number of projects to, among other things, rejuvenate forests and help farmers switch to sustainable cultivation.

Lotus Bakeries has endorsed this in its palm oil policy. At the end of 2022, 90% of key palm oil suppliers had endorsed Lotus Bakeries' palm oil policy.



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

COCOA

Rainforest Alliance

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

SOY

IP certificate

The soybean flour in the Lotus® Biscoff® products is IP certified ('Identity Preserved'). This means that the soy flour we use in our products can be traced to the sustainable plantation from which this raw material originates.

Responsible Soy Association

In 2022, Lotus Bakeries was also a member of the RTRS (Round Table on Responsible Soy Association – Switzerland).



PRODUCT SAFETY

QUALITY MANAGEMENT SYSTEM

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

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



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

Responsibility

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

Scope of product safety and quality

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

Quality control of suppliers

Supplier selection

Our suppliers are selected according to predetermined criteria, including the availability of an effective quality and food safety management system, assured by an independent food safety certification body. An effective tracing system forms part of this, so that Lotus Bakeries knows where the raw materials come from at all times.

Specifications

In addition, Lotus Bakeries has also drawn up specifications with product safety requirements to be met for raw materials and packaging materials that are critical for product safety, such as flour, eggs, fats, margarines, chocolate and printed packaging with direct product contact.

Inbound controls

The products supplied by our suppliers are also subject to an inbound control. We assess the analysis report supplied by the supplier and check it with regular counter analyses by our own specialist internal laboratories. In July 2022, the project for uniform registration of the acceptance sampling in SAP was successfully completed. In 2023, the inbound controls will be further tightened in collaboration with the sites.

The screening of suppliers

Supplier screenings are also supplemented by supplier visits and audits, which are conducted annually on the basis of performance measurements, and also at new suppliers. In 2022, eleven audits were carried out at suppliers of raw materials and three audits were carried out at suppliers of packaging materials. In addition, another four visits took place at raw material suppliers.

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

Quality assurance of our production processes and finished products HACCP

Production processes are available for all production sites that are designed to assure the quality and the safety of our products. Detailed HACCP plans (product safety risk studies) have been produced. They are updated at least annually or with every major adjustment of the process or machinery. In 2021, the framework for the HACCP plans was thoroughly revised and the production sites started working with this in 2022.

Quality assurance finished products

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

Training

In 2022, a thorough HACCP training course was organised by the Corporate Quality department for all local HACCP teams. There is also a food defence plan, aimed at preventing deliberate contamination, in place at each site. Every employee attends the necessary training on these processes.

Internal audits

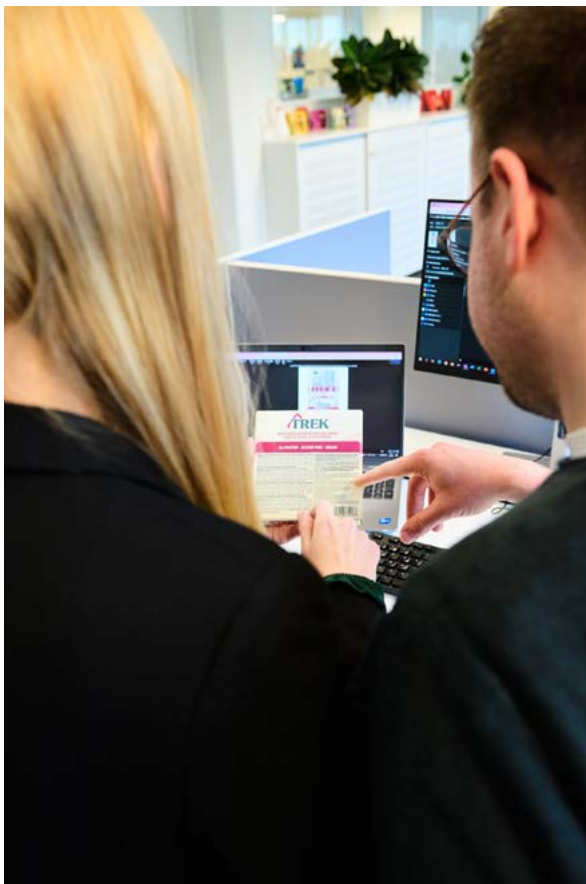
Verification takes place on the basis of internal audits. In 2022 there were 96 internal audits. Each production site has been audited at least five times.

External audits

External certification is a major support in the continuous improvement of both processes and products. Every Lotus Bakeries production site is BRC or IFS certified. The quality management system undergoes an annual assessment on the basis of different criteria and corrective and preventive action is taken as a result.

Quality processes for our production partners (co-manufacturing)

Our external production partners are monitored in an identical way by our Corporate Quality Assurance department. There were eight physical audits last year, 41 in-person visits and six digital quality meetings over the past year. The requirements we set for our external production partners are laid down contractually in a clear schedule of requirements. Products of production partners are assessed in the same way as our own products.



Thorough packaging inspection by colleagues from the QA team

Quality processes for our customers

First and foremost, our finished products, both the product itself and the packaging, must comply with the relevant food legislation. The labelling of products and the processing of raw materials and packaging according to the regulations of the country of commercialisation are monitored by the Corporate Quality Assurance.

We also wish to inform the consumer transparently about verified claims made with regard to the product. In 2021 a revamped database was developed to manage this information and the conversion into product specifications and customer information in a more efficient way. The database was put into use in 2022 and the further roll-out to other sites and production partners will take place in 2023.

We receive, register and handle product complaints systematically and, since 2020, they have been registered in a central database for all the sales offices in the group. The number of complaints and their seriousness are monitored very closely and a monthly report is made to management.

Annual testing and continuous monitoring of our quality management system

Lotus Bakeries has specific product withdrawal and recall procedures. There is a trained crisis management team in each of our sites and sales offices. Each year, the procedures are tested unannounced in collaboration with external parties.

Learning points are identified and adjusted from the results of this test, and monitoring and action plans are drawn up.

In 2022, Lotus Bakeries organised two recalls, one in Belgium and one in Germany, following a thorough risk analysis. The necessary steps were taken in a timely manner and preventive measures were taken immediately to prevent recurrence in the future.

The various components of our quality management system are adequately safeguarded thanks to these various steps.





Colleague performs microbiological control

NUTRITIONAL POLICY

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



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

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

Our efforts in the field of innovation are also translated into an extensive and innovative product range. The five objectives of our nutritional policy are always paramount.

Superior taste experience

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

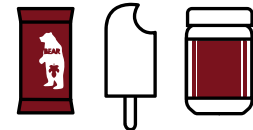
Diverse range

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

With the acquisition of brands such as năkd, TREK, BEAR and Urban Fruit, the focus has expanded to fruit and nut-based snacks. Moreover, the takeover of Kiddylicious has meant an expansion of our range with



SUPERIOR TASTE
EXPERIENCE



DIVERSE
RANGE

snacks and meals for little ones. These Natural Foods brands provide the consumer with the option to choose a healthy or healthier alternative to existing snacks in the food category.

No artificial flavours or colours

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

Variety in portion sizes

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

Clear information and responsible marketing

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

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

For example, Lotus Bakeries Belgium signed the Belgian Pledge 3.0, which expands its commitment to responsible advertising for children compared to its existing commitment under the Belgian Pledge 2.0. This revised version extends the guidelines to social media channels when communicating via influencers.



NO ARTIFICIAL
FLAVOURS OR COLOURS



VARIETY IN
PORTION SIZES



CLEAR INFORMATION
& RESPONSIBLE MARKETING



Colleague measures out the exact doses and verifies the viscosity



LOTUS BAKERIES FOUNDATION FOR EDUCATION

Mission: Lotus Bakeries aims to make a substantial contribution to carefully selected education projects with a focus on high-quality education for vulnerable or disadvantaged children and young people.

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

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

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

Our underlying principles are clear:

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





In 2022 Lotus Bakeries supported 8 development projects within the framework of the Lotus Bakeries Foundation for Education:



Kusasa Academy

The Kusasa Academy is an education project in the Western Cape province of South Africa for which Lotus Bakeries has been the main sponsor since 2018. Every year, some 150 children, 75 girls and 75 boys, receive a good basic education and are supported in their continued development. As a result, they can look forward to a better future, which also benefits society in the region.

In 2022, this non-profit celebrated its 15th anniversary, and has a proven, lengthy track record of having a meaningful impact on education and the community.

The annual graduation ceremony took place in November 2022. The ceremony was a combination of a school party, the graduation ceremony and the rebranding of the school. The name of the school was changed from 'Early Learning Centre' to 'The Kusasa Academy'.

As tradition would have it, all students took the floor and explained what The Kusasa Academy means to them and the dreams they cherish for the future. "No easy task to speak to an audience of 450," explains Marie-Louise Raymond, Headmaster of The Kusasa Academy. "But all the students have done a great job! We are extremely grateful to Lotus Bakeries for the annual financial donations, which play an important role in the future of these children."



Lotus Bakeries child sponsorships

This project was set up in conjunction with Cunina at the school in Reichenau, Underberg, South Africa. Since 2017, the employees of Lotus Bakeries Corporate have been given the opportunity to become sponsors. All sponsored children are offered an education from the first year of primary to the final year of secondary. This is a long-term commitment of 12 years for around 140 children.



TAJO

By lending its support to the Ghent Talent Studio for Young People (TAJO), Lotus Bakeries is choosing to provide socially vulnerable young people in the Ghent region (Belgium), and as of 2022 also in Kortrijk (Belgium), with new opportunities and to fuel their motivation to start studying.

This geographical expansion means that the non-profit organisation will reach even more vulnerable young people and will be able to make an even greater impact. That's why Lotus Bakeries has decided to raise the financial support in 2022, which should give this expansion an extra boost.

TAJO introduces young people to the most diverse professions and the associated competencies and talents through interactive workshops every Saturday. These workshops are provided by experienced guest teachers. For example, young people can experience which disciplines appeal to them and are encouraged to study in a direction that takes them further, at school and in life.

In order to maintain the connection with the young people over the summer of 2022, TAJO organised summer activities for all TAJO youths in July and August. A trip to the beach, to the Blaarmeersen, an artful tour in Ostend, a day of discovery of technology or nature in the Technology Park-Zwijnaarde, the Bourgoyen and the University of Applied Sciences West Flanders (Howest), went down a treat.



City Pirates

Through City Pirates, a social football project in the Antwerp area (Belgium) that uses football to give young people a chance and to learn skills, we want to give young people from the Antwerp area a chance of training, a diploma and a job. The youths learn, among other things through sport, what teamwork, perseverance, effort and discipline is, with a focus on equality, respect and commitment. And all this in view of a stable and balanced future. City Pirates also provides social and financial guidance for parents, after-school activities and homework tutelage for the children. The non-profit organisation now has 200 volunteers and 1,500 players, has a first team in second amateur division and receives logistical support from Club Brugge KV.

In 2022, among other things, a tournament for foreign-language newcomers was organised in collaboration with the Federal Agency for the reception of asylum seekers (Fedasil), International Organisation for Migration – UN Migration and CAW group, the Peace Run from the Stadspark to Schoonselhof took place and there was participation in the #properebuurten ('clean neighbourhoods') initiative. Ketnet wrapper Hérítier Tipo visited City Pirates in December as part of De Warmste Week (a Belgian solidarity campaign).



Gammol

Gammol is a non-profit organisation committed to the needs of education and healthcare in Gambia.

In 2021, they built a new school in Sanchaba, but additional construction projects were planned in 2022. For example, in 2022, they worked on additional classrooms, a teacher room and the playground was also levelled. Decent sanitary facilities, which were missing before, were provided in 2022. Classes now have both new and used tables and chairs to accommodate the ever-increasing number of students.



Gooikenshoeve

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



Entrepreneurs for Entrepreneurs

Literacy training for women

The 'Literacy for women as a weapon for their emancipation' project has been supported by Lotus Bakeries since 2021 and was continued in 2022.

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

A future for disadvantaged young people in Walungu thanks to training in sustainable agriculture and economy

In 2022, Lotus Bakeries also supported the project 'Future for disadvantaged young people in Walungu'. Unemployment is particularly high in the Congolese region of Walungu. Even young people who have completed their studies are struggling to find work.

On the one hand, this project aims to support young Congolese in their vocational training and on the other hand to strengthen the technical and entrepreneurial skills of their teachers. After graduation, the young people receive individual guidance on starting an independent activity within agriculture or a craft. The teachers are trained by experienced partners. The focus is on agricultural schools and crafts, because the Walungu area is mainly an agricultural area and there are many opportunities in that sector. The young people are taught exactly what sustainable agriculture is.

In total, four agricultural schools receive intensive guidance, 150 teachers receive additional training, 350 students receive support, 50 vulnerable young people receive an individualised programme and 60 young people receive support in the development of their professional or entrepreneurial activities. The families of all these young people also benefit from the better opportunities they receive.

The four participating schools are: Maka Technical Institute – Karhagwa Technical Institute – Muku Technical Institute – Ciherano Technical Institute.

A few projects in 2022:

- As part of the social-professional integration of young people from agricultural schools in the Walungu region, last-year students from the various agricultural schools visited a micro farm. The students learned about the different farming methods, the horticultural crops grown using agroecological technology and were able to talk to the veterinarian. This visit introduced the young people to the profession and showed that it is possible to set up a sustainable and cost-effective agricultural project, even with little resources.
- 33 teachers and technical teachers, including four school headmasters, got trained on how to set up a continuous upskilling plan. Another two visits also took place to exchange experiences between technical teachers from the same disciplines.

EU TAXONOMY

OVERVIEW OF THE EU TAXONOMY

This section contains the EU Taxonomy disclosures required by Article 8 of Regulation 2020/852 (the EU Taxonomy Regulation).

The EU Taxonomy Regulation identifies the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The EU has published a catalogue of economic activities that can be considered for the first two environmental objectives: the Climate Delegated Regulations.

The sectors currently covered include energy, selected manufacturing activities, transport and buildings.

The manufacturing of food products and beverages is not yet covered by the Climate Delegated Regulations.

APPLICATION OF THE EU TAXONOMY REGULATION

We have concluded that our core economic activities related to the production and selling of indulgent and natural snacking products are not covered by the Climate Delegated Act and consequently are at present not considered Taxonomy-eligible.

As none of our revenue-generating activities are described currently in the Climate Delegated Regulations, our reporting under the EU Taxonomy Regulation is limited.

CURRENT OTHER ACTIVITIES AND OUTLOOK ON OUR POTENTIAL FOR TAXONOMY-ELIGIBILITY GOING FORWARD

It is important to note that 'non-eligible' under the EU Taxonomy Regulation refers to the fact that the activities at present remain outside the scope of the economic activities for which technical screening criteria have been developed under the current Delegated Regulations.

We will continue to assess our Taxonomy-eligible and aligned activities considering the evolving legal framework of the EU Taxonomy Regulation and to continue to integrate the requirements of the EU Taxonomy in our business model and reporting policies and procedures.

In the meantime, we keep exploring ways to reduce our emissions.

For a qualitative description of our CapEx and OpEx relating to climate change mitigation and adaptation we refer to Chapter 2 of our Annual Report.

DEFINING OUR KPIS

The definition of the key performance indicators (KPIs) is determined in accordance with Annex I of the Art. 8 Delegated Act.

Turnover KPI

The turnover KPI is defined as the proportion of Taxonomy-eligible economic activities in our total turnover (numerator) divided by the net turnover (denominator). The denominator of the turnover KPI is based on our consolidated revenue as presented in our Consolidated Income Statement.

With regard to the numerator, we have not identified any Taxonomy-eligible activities as explained above.

CapEx KPI

The CapEx KPI is defined as Taxonomy-eligible CapEx divided by our total CapEx.

Total CapEx (denominator) consists of additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator includes also additions to tangible and intangible assets resulting from business combinations and leases.

With regard to the numerator, as we have not identified Taxonomy-eligible economic activities, we do not record CapEx related to assets or processes that are associated with Taxonomy-eligible economic activities.

OpEx KPI

The OpEx KPI is defined as Taxonomy-eligible OpEx divided by our total OpEx.

Total OpEx (denominator) includes direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of asset of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

With regard to the numerator, as we have not identified Taxonomy-eligible economic activities, we do not record OpEx related to assets or processes that are associated with Taxonomy-eligible economic activities.

TAXONOMY KPI'S FOR THE PERIOD ENDING DECEMBER 31, 2022

As our economic activities are not covered by the Climate Delegated Act, the share of Taxonomy-eligible economic activities in our total revenue is 0%. Consequently, the related CapEx and OpEx are also 0%.

We acknowledge that the Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 (hereafter referred as Regulation) requires to disclose the information referred to in Article 8, paragraphs 1 and 2, of Regulation (EU) 2020/852 as specified in Annex I to the Regulation, presented in a tabular form by using the templates set out in Annex II to the Regulation.

However, as most fields would be empty or nil, for the sake of clarity for our readers, we present all required information as in the simplified tabular form hereunder.

IN MILLION EUR	TOTAL	PROPORTION OF TAXONOMY-ELIGIBLE (NON-ALIGNED) ECONOMIC ACTIVITIES (IN %)	PROPORTION OF TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (IN %)	PROPORTION OF TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES (IN %)
Revenue	877.5	0%	0%	100%
Capital expenditure (CapEx)	149.6	0%	0%	100%
Operating expenditure (OpEx)	26.5	0%	0%	100%



R&D colleague places sensor to measure the temperature of the dough

LIMITED ASSURANCE REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON THE SUBJECT MATTER INFORMATION OF THE CARE FOR TODAY SECTION IN THE ANNUAL REPORT 2022 OF LOTUS BAKERIES NV

To the Board of Directors of Lotus Bakeries NV

This report has been prepared in accordance with the terms of our engagement contract dated 1 February 2023 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with a selection of sustainability KPIs included in the Annual Report as of and for the year ended 31 December 2022 of Lotus Bakeries NV (the "Report"), as listed in the Appendix of this assurance report.

THE DIRECTORS' RESPONSIBILITY

The Directors of Lotus Bakeries NV ("the Company") are responsible for the preparation and presentation of the selection of sustainability KPIs for the year 2022 included in the Report, as listed in the Appendix of this assurance report (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report (the "Criteria").

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

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

AUDITOR'S RESPONSIBILITY

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

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance

that would have been obtained had a reasonable engagement been performed. The selection of such procedures depends on our professional judgement, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with the Criteria.

The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2022 presented in the Report;
- conducting interviews with responsible officers;
- reviewing, on a limited test basis, relevant internal and external documentation;
- performing an analytical review of the data and trends in the information submitted for consolidation;
- considering the disclosure and presentation of the Subject Matter Information.

The scope of our work is limited to assurance over the Subject Matter Information for the year 2022. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical 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 Management n°1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Related Services Engagements], and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information within your Annual Report as of and for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the criteria disclosed in the Report.

OTHER ESG RELATED INFORMATION

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

OTHER MATTER - RESTRICTION ON USE AND DISTRIBUTION OF OUR REPORT

Our report is intended solely for the use of the Company, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2022 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.

Gent, March 30, 2023

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL
represented by

Lien Winne¹
Registered auditor

¹ Lien Winne BV, member of the Board of Directors, represented by its permanent representative Lien Winne

APPENDIX – SUBJECT MATTER INFORMATION

In section “02 our sustainability programme - care for today, respect for tomorrow”:

On page 85:

Environment	Packaging	% of packaging of all Lotus Bakeries brands that is recyclable
	Carbon footprint	% of our owned sites that have earned the CO ₂ -neutral label
		Output of scope 1 & 2 CO ₂ equivalent emissions per tonne produced on our owned sites
		Output of scope 1 & 2 CO ₂ equivalent emissions per tonne produced on our owned sites, excluding own transport
		Kg of waste per tonne generated

On page 99:

People	Gender diversity	% men-%female for Board of Directors, Leadership team and all employees
	Geographical coverage	Geographic distribution: total headcount per country and split between men/female (absolute and in %)
	Safety in the workplace	Total occupational accidents involving absence from work

On page 115:

Community	Ethical business practices	% of internal employees who have signed the Code of Conduct
		% of key suppliers which have signed the Code of Conduct
		% of our key palm oil suppliers which have signed Lotus Bakeries' Palm Oil Policy
	Responsible sourcing	% of our production sites which process palm oil that has achieved the RSPO certificate
	External quality certificates	Lotus Bakeries production sites where our products are produced with external quality certification (BRC, IFS)

02

CORPORATE GOVERNANCE DECLARATION

Corporate Governance Declaration 83







CORPORATE GOVERNANCE DECLARATION

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

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



More information about our Corporate Governance

Charter can be found on our website: [https://www.](https://www.lotusbakeries.com/governance-practices-and-policies)

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

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

ADOPTION OF CORPORATE GOVERNANCE CODE 2020

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

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

GOVERNANCE STRUCTURE

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

SHARE CAPITAL AND SHARES

Share capital

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

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

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

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

Shares

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

On December 31, 2022 there were 816,013 shares of Lotus Bakeries NV, in registered or dematerialised form.

Share options

In the context of the Lotus Bakeries NV share option scheme, 792 new share options were issued in 2022. As at December 31, 2022 the total number of unexercised share options was 3,695.

GRANTED IN	2017	2018	2019	2020	2021	2022
Number granted	1,846	1,179	1,199	962	660	792
Number exercised	(1,593)	(798)	(60)	(50)	(33)	-
Number expired	(253)	(40)	(50)	(40)	(26)	-
Available options	-	341	1,089	872	601	792

Purchase of treasury shares

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

- For a period of five years, within legal limits, whether via the stock exchange or otherwise, whether directly or indirectly, whether by purchase or exchange, whether by contribution or any other form of acquisition, to acquire shares, profit-sharing certificates or certificates related thereto, with as compensation the average closing share price of the Company over the last thirty calendar days prior to the date of purchase, reduced by twenty percent as a minimum price and increased by ten percent as a maximum price. This authorisation applies also to the acquisition of shares of the Company, carried out,

directly or indirectly, by direct subsidiaries of the Company within the meaning of Article 7:221 CAC.

- To dispose of shares, profit-sharing certificates or other certificates acquired by the Company, whether via the stock exchange or otherwise, through sale, exchange, contribution, conversion of bonds or any other form of transfer (whether or not for consideration), to offer them to the staff, to offer them to one or more specified persons other than staff, or to otherwise exercise control over them, always in accordance with the legal provisions, or to cancel these shares or profit-sharing certificates, without requiring further approval or other intervention of the General Meeting of Shareholders and without any time restrictions.
- To acquire, whether via the stock exchange or otherwise, whether directly or indirectly, the Company's stock, when such acquisition is necessary to prevent the Company from suffering serious imminent damage. This authorisation is granted for a period of three years.

2,500 treasury shares were purchased over the course of 2022. The total number of treasury shares in the portfolio at the end of the financial year is 5,072 shares. They represent an accounting par value of EUR 22,316.80 or 0.62% of the issued share capital.

SHAREHOLDERS AND SHAREHOLDERS STRUCTURE

The shareholding structure of Lotus Bakeries NV on December 31, 2022:

	NO. OF SHARES	NO. OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS
Stichting Administratiekantoor van Aandelen Lotus Bakeries ¹	408,007	816,014	50%	65.03%
Lotus Bakeries NV ²	5,072	5,072	0.62%	0.40%
Publicly held	402,934	433,802	49.38%	34.57%
Total	816,013	1,254,888	100%	100%

¹ Stichting Administratiekantoor van Aandelen Lotus Bakeries is not controlled. The interest of Stichting Administratiekantoor van Aandelen Lotus Bakeries in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on September 29, 2021³.

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

³ Pursuant to article 6 of the Law of May 2, 2007 on disclosure of participating interests.

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

Lotus Bakeries NV did not receive a transparency notification in 2022.

Communication according to Article 74(7) of the Law of April 1, 2007 on public takeover bids

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

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

Board of Directors

Composition

On May 13, 2022, the Ordinary General Meeting of Shareholders reappointed Lema NV (represented by its permanent representative, Michel Moortgat) as director of Lotus Bakeries NV. However, as a result of a demerger which took place on June 8, 2022, Lema NV was dissolved without liquidation and this management mandate was cancelled. In light of this, the Board of Directors decided to provisionally fill the vacancy in accordance with Article 13 of the Articles of Association of Lotus Bakeries NV and Lema BV (represented by its permanent representative Michel Moortgat) was co-opted as director. The next General Meeting of Shareholders will decide on the final appointment.

Furthermore, on May 13, 2022, the Ordinary General Meeting also accepted the resignation of PMF NV, represented by its permanent representative Johan Boone, as well as the appointment of PMF NV, represented by its permanent representative, Emanuel Boone.

The current composition of the Board of Directors:

Chairman:

Vasticom BV, represented by its permanent representative
Jan Vander Stichele
Current term of office ends: 2025 General Meeting

Managing director:

Mercuur Consult BV, represented by its permanent representative
Jan Boone
Current term of office ends: 2025 General Meeting

Non-executive directors:

- Beneconsult BV, represented by its permanent representative
Benedikte Boone
Current term of office ends: 2024 General Meeting
- PMF NV, represented by its permanent representative
Emanuel Boone
Current term of office ends: 2026 General Meeting
- Concellent NV, represented by its permanent representative
Sofie Boone
Current term of office ends: 2024 General Meeting
- Anton Stevens
Current term of office ends: 2025 General Meeting

Independent directors:

- Palumi BV, represented by its permanent representative
Peter Bossaert
Current term of office ends: 2025 General Meeting
- Benoit Graulich BV, represented by its permanent representative
Benoit Graulich
Current term of office ends: 2025 General Meeting
- Lema BV, represented by its permanent representative
Michel Moortgat
Current term of office ends: 2026 General Meeting
- Sastraco BV, represented by its permanent representative
Sabine Sagaert
Current term of office ends: 2023 General Meeting

Secretary:

- Brechtje Haan

Benedikte Boone

Non-Executive Director

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

Jan Boone

CEO / Managing Director

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

Emanuel Boone

Non-Executive Director

- Master's degree in Bioengineering (KU Leuven)
- 2003-2012 technical and operational positions at several breweries (Heineken/Alken-Maes and Van Steenberghe)
- Since 2012, business and process consultant for multiple breweries and maltster
- Since 2022, director at HerbaFrost NV
- Member of the Board of Directors at Lotus Bakeries since 2022

Sofie Boone

Non-Executive Director

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

Peter Bossaert

Independent Director

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

Benoit Graulich

Independent Director

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

Michel Moortgat

Independent Director

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

Sabine Sagaert

Independent Director

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

Anton Stevens

Non-Executive Director

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

Jan Vander Stichele

Chairman of the Board of Directors

- Master's degree in Civil Engineering (KU Leuven) and Candidate degree in Applied Economics (KU Leuven)
- Was technical director of the Verlipack Group
- Since the end of 1996, active in the Lotus Bakeries Group as General Manager Lotus Bakeries France, thereafter as General Manager Operations and between 2011 and 2016 as Executive Director
- Member of the Board of Directors of Ardo Group, B.I.G., Connect+, Frigilunch and OLV Ziekenhuis Aalst (hospital)
- Chairman of the Board of Directors at Fost Plus and Flanders' FOOD
- Member of the Board of Directors, the Audit Committee and the Remuneration and Nomination Committee at Lotus Bakeries since 2005

Activities of the Board of Directors

The Board of Directors met six times in 2022. All directors were present at all meetings, except PMF NV, represented by Mr Johan Boone, on February 4, 2022 and Lema BV, represented by Michel Moortgat, on 22 March and 24 May 2022.

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

- Investment budget and global budget
- Financial results
- Growth plans
- Sales results and channels
- Organisational changes
- Evolution of prices and availability of raw materials and packaging
- Evolution of energy prices and labour costs
- Price negotiations with customers
- Results at 31/12 and 30/06 and proposed press release
- General Meeting:
 - Agenda
 - (Re)appointments
 - Dividend proposal
- Capex investments and expansions of capacity:
 - Europe, Belgium
 - Americas, United States
 - Asia, Thailand
 - Africa, South Africa
- Strategy Lotus® Biscoff®
- Product developments and innovations
- Redesign projects:
 - Lotus® Biscoff®
 - nākd
- Lotus® Biscoff® partnerships

- Recruitment policy
- Post-acquisition results Kiddylicious
- Reports and recommendations from the Committees
- Cyberstrategy

Over the course of 2022, there were no incidences within the Board of Directors which led to the application of the conflict of interest procedure as set out in Articles 7:96 and 7:97 CAC.

Audit Committee

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

In 2022, the Audit Committee met three times. All directors were present at all meetings. The Auditor participated in all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- Discussion of report and internal controls / recommendations of the Statutory Auditor
- Discussion of annual and interim results
- Risk management – priorities and evolutions
- Audit plan 2022

Remuneration and Nomination Committee

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

The Committee met twice in 2022, with all members present.

The subjects examined were:

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

Evaluation of the Board of Directors and its Committees

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

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

EXECUTIVE COMMITTEE

Composition of the Executive Committee:

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

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

The Executive Committee held 24 official meetings in 2022. All members were present at all meetings.

DIVERSITY POLICY

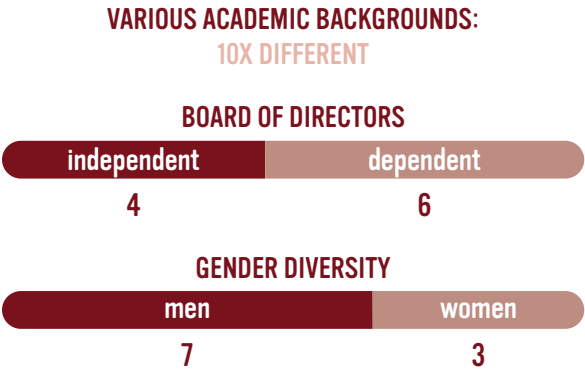
Lotus Bakeries ensures the presence on the Board of Directors, the Committees and the Executive Committee of critical members with specialist knowledge of the various areas relevant to Lotus Bakeries. Certain diversity criteria are imposed by law and are naturally adopted by Lotus Bakeries. Moreover,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

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

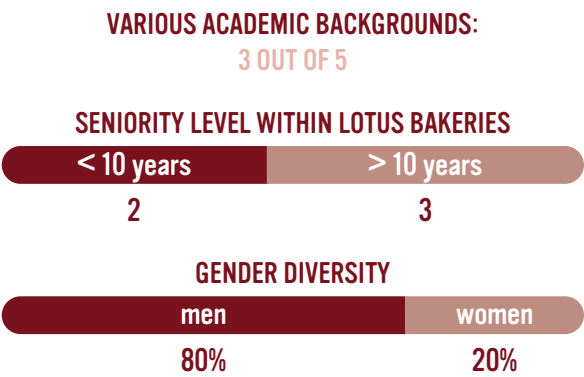
Besides these diversity criteria enshrined in law, Lotus Bakeries also aims for diversity in knowledge and experience and, when selecting candidates, performs a thorough assessment based on competencies which would additionally benefit the company in view of the existing competencies among the members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

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

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



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



More information about the diversity policy and diversity ratios within Lotus Bakeries can be found on page 100 of this Annual Report.

INVESTOR RELATIONS

Lotus Bakeries aims for transparent communication about financial and non-financial results to all of its shareholders. This information is communicated to existing and potential shareholders on various platforms. For example, Lotus Bakeries publishes an investor relations presentation every six months, the most recent of which was published on February 7, 2023. It also organises analyst presentations, which can be consulted by interested parties on the Lotus Bakeries website.

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

REMUNERATION REPORT

Introduction

The purpose of the 2022 remuneration report is to provide transparent information about the specific remuneration policy adopted by Lotus Bakeries for directors and executive managers. It will be submitted to the Ordinary General Meeting of May 12, 2023 for approval. The 2021 remuneration policy was adopted by 94.13% of the votes at the Ordinary General Meeting of May 13, 2022.

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

This 2022 remuneration report explains how the remuneration corresponds to the remuneration policy approved by the Board of Directors on April 16, 2021 and which was adopted on May 18, 2021 by the General Meeting with 97.27% of the votes, in accordance with provision 7.3 of the Corporate Governance Code and Article 7:89(1) of the Belgian Companies Code. The remuneration policy remains unchanged since then.



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

Statement on remuneration policy applied in 2022

Non-executive and executive directors

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

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

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

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

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

The remuneration of the directors is evaluated every two years via a relevant random sample of other listed companies. This allows Lotus Bakeries to attract directors with the appropriate competencies to realise its ambitions.

No adjustments have been made to the remuneration policy compared to 2021.

Overview of remuneration

TOTAL REMUNERATION OF DIRECTORS (IN EUR)

NAME & FUNCTION DIRECTOR	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		EXTRAORDINARY EXPENSES ¹	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		BASE SALARY	ALLOWANCES	OTHER BENEFITS	PENSION COSTS	1 YEAR VARIABLE	MULTIPLE YEARS VARIABLE			
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	2022	20,000							20,000	100%/0%
	2021	20,000							20,000	100%/0%
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Nomination and Remuneration Committee)	2022	50,000						100,000	150,000	100%/0%
	2021	50,000						100,000	150,000	100%/0%
PMF NV, represented by Emanuel Boone, non-executive (member BoD)	2022	20,000							20,000	100%/0%
	2021									
Anton Stevens, non-executive (member BoD)	2022	20,000							20,000	100%/0%
	2021	20,000							20,000	100%/0%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	2022	20,000							20,000	100%/0%
	2021	20,000							20,000	100%/0%
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	2022	20,000							20,000	100%/0%
	2021	20,000							20,000	100%/0%
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	2022	20,000							20,000	100%/0%
	2021	20,000							20,000	100%/0%
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Remuneration and Nomination Committee)	2022	30,000							30,000	100%/0%
	2021	30,000							30,000	100%/0%
Lema BV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	2022	25,000							25,000	100%/0%
	2021	25,000							25,000	100%/0%
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	2022	25,000							25,000	100%/0%
	2021	25,000							25,000	100%/0%

¹ Remuneration for representing the company with respect to interest groups

Overview of remuneration in shares

TOTAL REMUNERATION DIRECTORS (IN SHARES)

NAME & FUNCTION DIRECTOR	MAIN CONDITIONS OF STOCK GRANT PLANS				
	DETAILS OF THE PLAN	PERFORMANCE PERIOD	GRANT DATE	VESTING DATE	END OF RETENTION PERIOD
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Nomination and Remuneration Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding
PMF NV, represented by Emanuel Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding
Anton Stevens, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Nomination and Remuneration Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding
Lema BV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2022 until 31/12/2022	May 13, 2022	May 13, 2022	At least 1 year after end of directorship and 3 years after awarding

INFORMATION ABOUT THE REPORTED FINANCIAL YEAR					
OPENING BALANCE SHEET	DURING THE YEAR		CLOSING BALANCE SHEET		
STOCKS HELD AT THE START OF THE YEAR ¹	GRANTED STOCKS	VESTED STOCKS	STOCKS SUBJECT TO PERFORMANCE	STOCKS GRANTED BUT NOT VESTED	STOCKS SUBJECT TO A RETENTION PERIOD
8	4	4	0	0	16
20	10	10	0	0	30
0	4	4	0	0	4
8	4	4	0	0	16
8	4	4	0	0	16
8	4	4	0	0	16
8	4	4	0	0	16
8	4	4	0	0	16
8	4	4	0	0	16
8	4	4	0	0	16
8	4	4	0	0	16
84	46	46	0	0	162

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

Executive managers

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

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

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

The Board of Directors approved the final, audited results on 6 February 2023, and, on this basis, on the advice of the Remuneration and Nomination Committee, established that all criteria were met. Consequently, 100% of the 2022 short-term bonus will be paid to all members of the executive management in 2023.

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

The long-term bonus is awarded and paid annually, with a settlement of accounts during the third year of the evaluation period. The Board of Directors approved the final, audited results on February 6, 2023, and, on this basis, on the advice of the Remuneration and Nomination Committee, established that all criteria were met. Consequently, 100% of the long-term bonus will be paid to all members of the executive management in 2023.

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

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

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

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

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

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

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

NAME & FUNCTION MEMBER EXECUTIVE MANAGEMENT	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		EXTRAORDINARY EXPENSES	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		BASE SALARY	ALLOWANCES	OTHER BENEFITS ¹	PENSION COSTS	1 YEAR VARIABLE	MULTIPLE YEARS VARIABLE			
Mercur Consult BV, represented by Jan Boone (CEO)	2022	1,028,017	-	47,156	166,235	541,954	541,954	-	2,325,316	53% / 47%
	2021	909,698	-	43,064	146,304	479,579	479,579	-	2,058,224	53% / 47%
Other members executive management	2022	2,003,327	-	107,057	323,731	831,645	831,645	-	4,097,404	59%/41%
	2021	1,783,189	-	87,839	285,614	739,784	739,784	-	3,636,210	59% / 41%

¹ The other benefits relate primarily to insured benefits.



Consultation moment between colleagues in logistics warehouse

Overview of compensation executive management (in options)

NAME & FUNCTION MEMBER EXECUTIVE MANAGEMENT		KEY CONDITIONS OF OPTION PLANS					
	DETAILS OF THE PLAN	PERFORMANCE PERIOD	GRANT DATE	ACQUISITION DATE	END OF RETENTION PERIOD	EXERCISE PERIOD	EXERCISE PRICE OF THE STOCK
Mercur Consult BV, represented by Jan Boone (CEO)	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50
Valseba BV, represented by Isabelle Maes (CEO Natural Foods)	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50
Cumaco BV, represented by Mike Cuvelier (CFO)	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50
Heycom BV, represented by Ignace Heyman (COO)	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50
William Du Pré (Director Procurement, QA en R&D)	R2018		15/05/2018	01/01/2022		01/01/2022-14/05/2023	2,373.00
	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50

INFORMATION ABOUT THE REPORTED FINANCIAL YEAR

	OPENING BALANCE SHEET	DURING THE YEAR			CLOSING BALANCE	
	OPTIONS GRANTED BUT NOT ACQUIRED AT THE START OF THE YEAR	OPTIONS GRANTED	OPTIONS ACQUIRED	OPTIONS SUBJECT TO PERFORMANCE	OPTIONS GRANTED BUT NOT ACQUIRED	OPTIONS SUBJECT TO A RETENTION PERIOD
	255	0	255		0	
	255	0	0		255	
	200	0	0		200	
	130	0	0		130	
	0	130	0		130	
	128	0	128		0	
	128	0	0		128	
	100	0	0		100	
	65	0	0		65	
	0	65	0		65	
	128	0	128		0	
	128	0	0		128	
	100	0	0		100	
	65	0	0		65	
	0	65	0		65	
	128	0	128		0	
	128	0	0		128	
	100	0	0		100	
	65	0	0		65	
	0	65	0		65	
	128	0	128		0	
	128	0	0		128	
	100	0	0		100	
	65	0	0		65	
	0	65	0		65	
Total	2,459	325	767	0	2,017	0

Severance payments

The members of the Executive Committee who are remunerated on an independent basis and through a number of board mandates, have a severance payment of a maximum of 12 months of the fixed and variable remuneration. The other member of the Executive Committee is bound by an employment contract for employees. No severance payments were paid to Executive Committee members in 2022.

Executives

The remuneration policy of the executives is determined by the Executive Committee, the Remuneration and Nomination Committee approves. To this end, Lotus Bakeries also uses the services of an international HR consultancy firm, which assesses the functions and presents the going-rate salary package for the relevant market.

Evolution of the remuneration and of the performance of the Company over the last five years

The following table shows the evolution of remuneration and business performance over the past five financial years.

IN THOUSANDS OF EUR	2018	2019	2020	2021	2022
REMUNERATION OF NON-EXECUTIVE DIRECTORS					
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Remuneration and Nomination Committee)	150 100.0%	150 100.0%	150 100.0%	150 100.0%	150 100.0%
PMF NV, represented by Emanuel Boone, non-executive (member BoD)	/	/	/	/	20
	/	/	/	/	/
Anton Stevens, non-executive (member BoD)	20 100.0%	20 100.0%	20 100.0%	20 100.0%	20 100.0%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	20 100.0%	20 100.0%	20 100.0%	20 100.0%	20 100.0%
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	20 100.0%	20 100.0%	20 100.0%	20 100.0%	20 100.0%
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	20 100.0%	20 100.0%	20 100.0%	20 100.0%	20 100.0%
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit Committee and member Remuneration and Nomination Committee)	30 100.0%	30 100.0%	30 100.0%	30 100.0%	30 100.0%
Lema BV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	25 /	25 100.0%	25 100.0%	25 100.0%	25 100.0%
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	25 100.0%	25 100.0%	25 100.0%	25 100.0%	25 100.0%

IN THOUSANDS OF EUR	2018	2019	2020	2021	2022
REMUNERATION OF EXECUTIVE DIRECTOR					
	20	20	20	20	20
Mercuur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	100.0%	100.0%	100.0%	100.0%	100.0%
REMUNERATION CEO					
Jan Boone, CEO	1,458	1,914	1,962	2,058	2,325
Evolution (%)	115%	131%	102.5%	104.9%	113.0%
REMUNERATION OF OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT					
Total remuneration	2,358	3,296	3,466	3,636	4,097
Number of members executive management	5	5	5	5	5
Evolution (%)	138%	140%	105%	105%	113%
PERFORMANCE OF LOTUS BAKERIES					
Market capitalisation (on 31 dec)	1,753,830	2,113,470	3,002,928	4,561,513	5,157,202
Evolution market capitalisation (%)	102%	121%	142%	152%	113%
Turnover	556,435	612,737	663,289	750,251	877,451
Evolution turnover (%)	106%	110%	108%	113%	117%
Rebit	95,030	102,891	111,114	123,805	140,188
Evolution Rebit (%)	106%	108%	108%	111%	113%
Rebitda	110,346	123,580	135,683	150,967	169,909
Evolution Rebitda (%)	106%	112%	110%	111%	113%
Net result	67,872	75,769	82,545	90,743	103,283
Evolution net result (%)	105%	112%	109%	110%	114%
REMUNERATION OTHER EMPLOYEES					
Total remuneration	111,977	123,493	137,116	152,857	173,618
Number of employees (FTE) ¹	1,555	1,821	2,214	2,305	2,550
Evolution (%)	106%	110%	111%	111%	114%

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

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

reported since Lotus Bakeries NV has no employees. With a view to transparency, this ratio is reported for Lotus Bakeries Corporate NV. This ratio is 17.2.

03

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management

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ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT STRATEGY

Lotus Bakeries has implemented a continuous risk management process aimed at ensuring that risks are identified, assessed, prioritised, controlled and monitored in such a way that they can be kept at an acceptable level. The risk management process is aligned with the implementation of the strategic, operational and financial objectives of the Company. The entire risk management process is based on the COSO Enterprise Risk Management framework.

The Company is exposed to a wide range of risks within the context of its activities that can result in its objectives being affected or not achieved. Mitigating these risks is a key task of the Executive Committee (EXCO). The EXCO has full responsibility for the risk management process for Lotus Bakeries and reports on this periodically to the Audit Committee.

Lotus Bakeries has a one-tier governance model, in accordance with the Belgian Companies Code. The Board of Directors bears ultimate responsibility for the management of risks within the Company, assisted by the Audit Committee. The day-to-day management is delegated to the CEO, assisted by the EXCO. The Audit Committee receives regular reports on risk management.

As such, the enterprise risk management of Lotus Bakeries consists of the following key components:

- Risk identification: this involves identifying the sources of risk that could impact the Group. These sources could include anything from food safety and quality risks, to operational and financial risks.
- Risk assessment: once risks have been identified, it is important to assess their impact and likelihood of occurrence. This helps to prioritise the most critical risks and determine the appropriate response.
- Risk mitigation: after risks have been identified and assessed, strategies are developed to mitigate or manage those risks. This may include implementing process improvements, implementing controls, or transferring risk through insurance.
- Risk monitoring: ongoing monitoring of risks is critical to ensure that the Group is prepared for potential threats and to assess the effectiveness of risk mitigation strategies.
- Communication and training: effective communication and training are essential for an ERM program to be successful. All employees should understand their role in identifying and managing risk and should be trained on how to do so.

The Governance structure of Lotus Bakeries is supported by the implementation of various internal Governance policies, procedures and processes, such as:

- Corporate Governance Charter
The Corporate Governance Charter is designed to give a detailed and transparent picture of Lotus Bakeries' policy regarding corporate governance and is updated based on developments in such policy and changes in the relevant regulations.
- Dealing Code
The main purpose of the Dealing Code is to prevent the misuse or appearance of misuse of information which directors or employees of Lotus Bakeries may possess about Lotus Bakeries and which is not

generally available to investors. Particular attention is paid to those shares, share options or other rewards received under Lotus Bakeries' incentive plans, to those who buy or sell Lotus Bakeries shares, and to those who use Lotus Bakeries shares as collateral for a loan.

- 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.

- Remuneration Policy

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

The responsibilities of the various departments in the Lotus Bakeries Group (ranging from procurement, manufacturing, logistics to sales, management of customer relations and Corporate services) are set out in clear guidelines. As such, all employees clearly know their roles and responsibilities.

PRINCIPAL RISKS AND MITIGATING MEASURES

On a periodic basis, risks are assessed, monitored and adjusted by the EXCO. The risk management matrix defined is discussed with and reported to the Audit Committee.

For each of the principal risks identified, a risk owner has been appointed who ensures a concrete action plan to mitigate the potential impact of the risks. The risk owner is also responsible for the follow-up of the defined actions. The results are reported periodically to the Audit Committee.

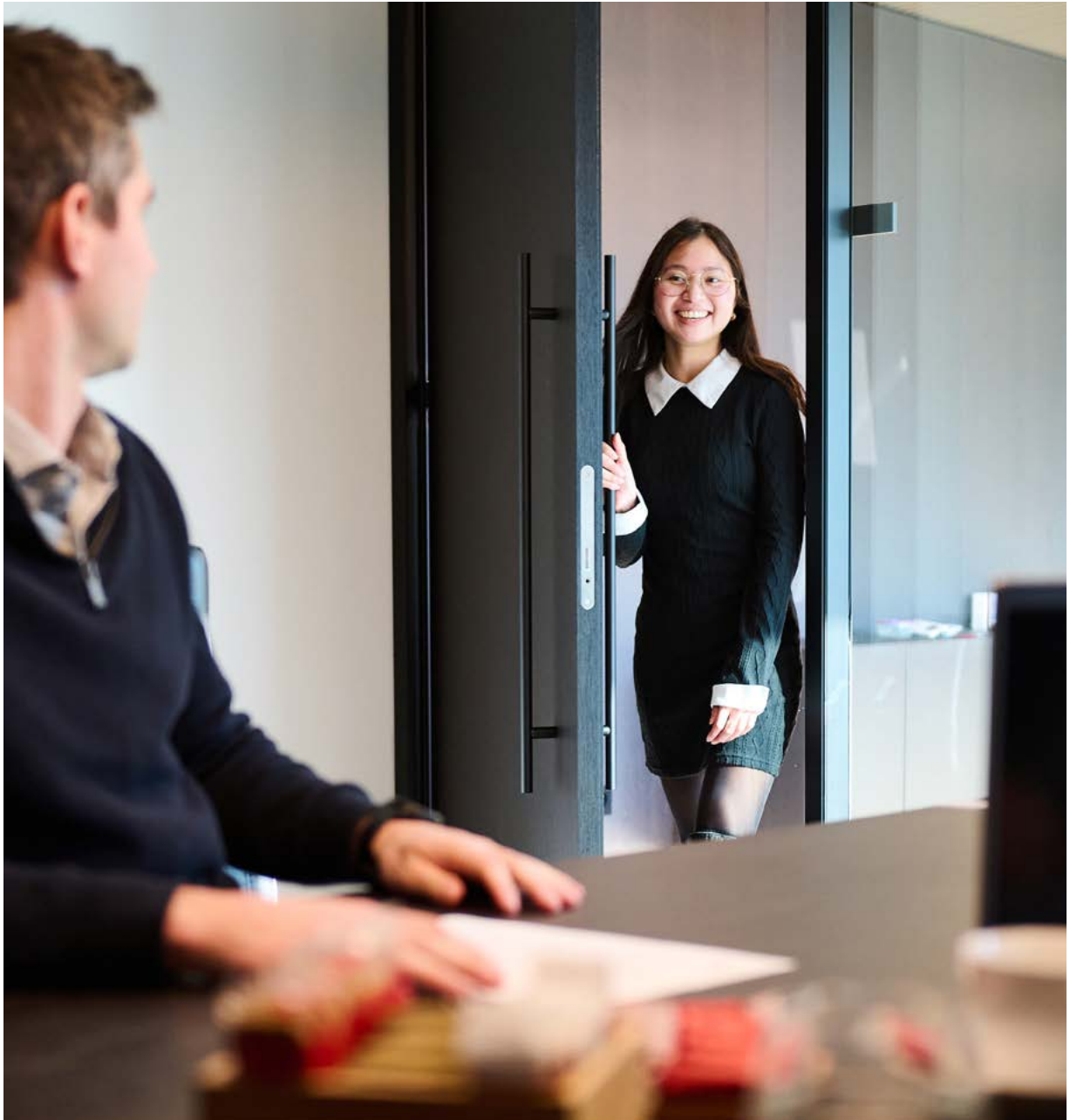
The risk management program of the Group is an ongoing process that requires regular review and revision to ensure that it remains effective in the face of changing risks and circumstances and new threats.

The principal risks listed hereafter are considered to be the most relevant for the business of the Group that might have an impact on the achievement of the Group's strategic objectives.

KEY COMPONENT	RISK	RISK DESCRIPTION & MITIGATING ACTIONS
Product	Quality & Safety	Failure to meet quality and food safety standards expose the Group to business interruption, litigation, product liability and recall claims. Lotus Bakeries applies the highest product safety standards to the entire production and distribution process, from the purchase of raw materials through the distribution of the final product, supported and guaranteed by structured procedures and systematic internal quality audits. External audits take place at regular intervals.
	Counterfeiting/Intellectual property	The success of the Lotus® Biscoff®, Lotus™ Natural Foods and Local Heroes products and brands is accompanied with the risk of counterfeiting, both in terms of the recipes of our products and the visual identity of our brands. First of all, the recipe. The quality of all Lotus Bakeries products is an absolute priority. All employees are strongly committed to the continuous pursuit of high quality products and processes. The R&D department wants to use new insights into interactions between different raw materials to contribute to better products. For this purpose, we do not only call on our own expertise, but also on that of well-known university research institutes, as well as existing innovation platforms set up by the food industry. Our innovation efforts also translate into an extensive and innovative product range, in which quality and superior taste are paramount. To safeguard these efforts as much as possible, our recipes are protected as trade secrets wherever possible. To this end, strict procedures are in place regarding access, transfer and storage of data. In addition, the R&D team monitors and analyses competing products on a regular basis. To protect our brand identity in the best possible way, a clear strategy is in place aimed at identifying our brand assets, defining the desired protection, use and enforcement of our brands. Protection levels are updated annually, both at product and geographical level. Thanks to an automated, global notification system, the Intellectual Property department stays on top of identical or similar registrations. Furthermore, copycats in the market are reported on a continuous basis by our own employees and our distributors. Since 2021, Lotus Bakeries has also been working with an online monitoring system for an even more accurate detection of copycats.
	Inflation and volatility of raw materials and packaging costs	The risk of unfavourable effects of fluctuations in raw material prices on the results is limited by concluding forward contracts with a fixed price for the most important raw materials. For other raw materials and packaging, annual agreements are used where possible.
People	Job market shortages	Given the scarcity on the labour market, Lotus Bakeries needs to pay attention to attracting sufficient talent to support its growth plans. To this end, Lotus Bakeries can rely on a professional recruitment policy, onboarding process and training & development plan. We have also been deploying a Young Graduate Programme since 2020, with which we make young talent enthusiastic about our company. Finally, much attention is paid to employer branding and translating our corporate identity internally and externally.

KEY COMPONENT	RISK	RISK DESCRIPTION & MITIGATING ACTIONS
ESG	Climate change	We are committed to the environment and help fight global warming. Lotus Bakeries is aware of the negative impact the industry can have on the environment and society and the responsibility it bears as an industrial partner. Lotus Bakeries also sees opportunities to contribute to the progress of society and limiting global warming. Climate-related disruption (including extreme weather events, floods, deforestation) might impact our operations and/or consumer demands and preferences. In everything we do, we strive to reduce our ecological footprint. We are already carbon neutral today with our 12 factories. We signed the Commitment Letter of Science Based Target initiative (SBTi), committing to science-based reduction targets, in line with SBTi Criteria and Recommendations, in order to limit global warming to 1.5 degrees Celsius above pre-industrial levels. The 'Care for Today, Respect for Tomorrow' sustainability ambition clearly embodies how Lotus Bakeries wants to deal with sustainability and responsibility. This action plan has been widely distributed to all employees as well as to the Board of Directors. Lotus Bakeries chooses to report on its priorities, targets and achievements taking into account the Sustainable Development Goals (SDGs) as defined by the United Nations and in accordance with the core GRI standards.
	Packaging	Lotus Bakeries recognises the problems related to the use of plastic packaging, including ocean pollution, carbon emissions, and the use of non-renewable resources. Lotus Bakeries shares the concerns and wants to assume responsibility to move from the current linear economy, where packaging is produced, used and thrown away, to a circular economy, where materials are kept within the loop. To this end, Lotus Bakeries has formulated clear ambitions and a clear strategy.
	Palm oil	Lotus Bakeries is aware of the possible negative impact of palm oil cultivation on the environment, in particular deforestation, as well as the possible social impact in the regions where palm oil plantations are cultivated. For Lotus Bakeries, it is important that our consumers and customers have confidence that the palm oil used in our products has been sustainably sourced. Lotus Bakeries carefully selects its suppliers based on its responsible sourcing standards according to NDPE (No Deforestation, No Peat, No Exploitation). Lotus Bakeries is a member of RSPO and is committed to purchasing only certified sustainable palm oil. All Lotus Bakeries sites which process palm oil have also obtained the RSPO certificate. Furthermore, Lotus Bakeries requests its suppliers to invest in following initiatives and to actively inform the Company on a regular basis: - Supporting smallholder producers to enter sustainable supply chains - Protecting and restoring forests in a palm oil production landscape - Support of a landscape/jurisdiction approach to sustainability in palm oil producing areas and - Support for one or more local conversion projects in palm oil producing countries As such, Lotus Bakeries aims to drive the transformational change needed in the palm oil supply chain.
	Water usage	Our ESG approach and objectives require Lotus Bakeries to rethink the use of natural resources and more specifically water. Effective water supply and usage management is important for our activities. The risks related to water include water scarcity, water quality issues, regulatory compliance and reputational risks. As a consequence, understanding how our operations use water helps us to manage the risks associated with water supply and usage, while maximising the efficient use of this valuable resource.

KEY COMPONENT	RISK	RISK DESCRIPTION & MITIGATING ACTIONS
IT architecture	Data protection and cybersecurity	Considering the ever-increasing digitalisation, the risk of unauthorised access to confidential data of Lotus Bakeries and personal data processed by Lotus Bakeries remains real. Fraud in the form of cybercrime is also high on the agenda. Within Lotus Bakeries, clear policies are in place regarding access and security of business-critical information. Multi-factor authentication contributes to the security of our information. Corporate ICT has taken various measures to prevent, detect and limit the impact of cyberattacks. In addition, there is an annual audit of the security of our ICT systems. Automated and continuous awareness efforts among Lotus Bakeries employees are also implemented.
	Other financial risks	The Group's activities are exposed to a variety of other financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. For more details, refer to the consolidated financial statements in note 26.
Financial	Foreign currencies	The functional currency of the Company is the euro, which is also the Company's reporting currency. Translation gains or losses that result from remeasuring foreign subsidiaries' local currencies to EUR are recorded in other comprehensive income. Foreign currency transactions resulting in gains or losses are recorded in the consolidated statement of comprehensive income. The main foreign currency transactions are denominated in USD, GBP, CZK, CNY, KRW, SEK and ZAR. The Group assesses on a case-by-case basis how to avoid any unfavourable currency impact and aims to hedge as many transactions as possible through a natural hedge.
	Compliance and regulations	Lotus Bakeries is a global company generating the bulk of its revenue outside the home countries. As such, the Group is subject to applicable laws and regulations in the global jurisdictions in which it operates. As a manufacturer of food products with global commercial operations, these applicable laws and regulations relate to product safety, product labelling, health and safety, intellectual property rights, anti-bribery and corruption, competition, data protection, export regulations, human right and taxes.
	Wars	As a global company, the Group may be impacted by conflicts in countries in which it operates. Operations and business could be affected indirectly by a conflict. These impacts may come from supply issues, an inflationary macro-economic environment, credit risks on customers and increasing financing costs.
External environment	Pandemics and other infectious diseases	As the Group is operating around the globe, a global epidemic or pandemic outbreak may affect our business contingency. As such, crisis management is in place, which has been proved to be effective in the context of the COVID-19 pandemic.



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GRI REPORT 2022

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GRI REPORT 2022

Lotus Bakeries' objective of sustainability reporting using the GRI Sustainability Reporting Standards (GRI Standards) is to provide transparency on how our organisation contributes or aims to contribute to sustainable development.

GRI is the world's leading standard for corporate sustainability reporting (www.globalreporting.org).

Lotus Bakeries NV's 2022 GRI Reporting references to the GRI Sustainability Reporting Standards published on June 30, 2022, effective as from January 1, 2023.

All material standards and indicators discussed are reported as fully as the available data allow.

The GRI content index shows which GRI Standards and disclosures our organisation has used.

The information disclosed should be read together with Lotus Bakeries' Annual Report 2022.

For further information about the data of the annual review or more information about the Lotus Bakeries Group, please contact:

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

RELEVANT GRI STANDARDS AND LINK WITH THE SDGs

By signing the UN Global Compact, Lotus Bakeries commits to promote the SDGs. Below, we indicate the link between the GRI Standards reported on and the SDGs that Lotus Bakeries is supporting in its sustainability programme 'Care for Today, Respect for Tomorrow'.

SDGs

	203	Indirect Economic Impacts 2016
	203	Indirect Economic Impacts 2016
	203 305 306 403	Indirect Economic Impacts 2016 Emissions 2016 Waste 2020 Occupational Health and Safety 2018
	404	Training and Education 2016
	2 203 404 405	General Disclosures 2021 Indirect Economic Impacts 2016 Training and Education 2016 Diversity and Equal Opportunity 2016
	2 201 203 301 302 404 405 408 409	General Disclosures 2021 Economic Performance 2016 Indirect Economic Impacts 2016 Materials 2016 Energy 2016 Training and Education 2016 Diversity and Equal Opportunity 2016 Child Labor 2016 Forced or Compulsory Labor 2016

SDGs

	2 203 404	General Disclosures 2021 Indirect Economic Impacts 2016 Training and Education 2016
	301 302 303 305 306	Materials 2016 Energy 2016 Water and Effluents 2018 Emissions 2016 Waste 2020
	201 302 305 308	Economic Performance 2016 Energy 2016 Emissions 2016 Supplier Environmental Assessment 2016
	2 303	General Disclosures 2021 Water and Effluents 2018
	305 308	305 Emissions 2016 308 Supplier Environmental Assessment 2016
	2 205 206 403 408	General Disclosures 2021 Anti-corruption 2016 Anti-competitive Behavior 2016 Occupational Health and Safety 2018 Child Labor 2016
	2 203	General Disclosures 2021 Indirect Economic Impacts 2016

The GRI content index with reference to the GRI Standards is enclosed at the end of this report, page 134.

GENERAL DISCLOSURES

GRI 2 – GENERAL DISCLOSURES 2021

1. THE ORGANISATION AND ITS REPORTING PRACTICES

Disclosure 2-1	Organisational details	The name of the reporting company is Lotus Bakeries NV. The location of the company's headquarter is Gentstraat 1, B- 9974- Lembeke, Belgium. Lotus Bakeries has a total of 12 operating production facilities spread across Belgium, the Netherlands, France, Sweden, South Africa and the United States and is investing in a new production facility in Thailand. Lotus Bakeries has 21 Sales Offices and one own distribution centre. We further refer to the Annual Report, Chapter 3, Our organisation, pages 144-158, to the Financial Supplement, pages 56-57 and to www.lotusbakeries.com. Lotus Bakeries NV (The Company) was incorporated on 30 March 1934 under Belgian law and has its head office in Lembeke, Belgium at Gentstraat 1. The Company is registered in Belgium. The Lotus Bakeries shares are listed since January 2002 on the Euronext Brussels stock exchange under the ticker LOTB and ISIN code 0003604155. As of 15 February 2023, Lotus Bakeries NV has been included in the BEL® ESG index on Euronext Brussels. The BEL® ESG index consists of 20 companies from the BEL®20 and the BEL® Mid indices of the Euronext Brussels stock exchange demonstrating strong Environmental, Social and Governance (ESG) practices. On the basis of a total number of 816,013 ordinary shares and a closing share price of EUR 6,320.00, Lotus Bakeries' market capitalization amounted to EUR 5,157,202,000 at the end of 2022 (EUR 4,561,513,000 on 31 December 2021). The significant shareholders of the Company are listed in Chapter 4 – Report of the Board of Directors, under paragraph 'Shareholders and shareholders structure', page 173 of the Annual Report 2022.
Disclosure 2-2	Entities included in the organisation's sustainability reporting	All fully consolidated subsidiaries are included. We refer to the Annual Report 2022 - Financial Supplement, Note 32, pages 56-57. If for certain specific topics not all fully consolidated subsidiaries are included, this is indicated in the text.
Disclosure 2-3	Reporting period, frequency and contact point	The reporting period is 01.01.2022-31.12.2022. The sustainability reporting is annual, whereas the financial reporting is twice a year. The difference is explained by legal requirements. As from financial year 2022, the financial year end reporting and the sustainability year end reporting have the same publication date. We refer to our website for the financial calendar: www.lotusbakeries.com. For questions about the report or reported information we refer to: Lotus Bakeries NV Corporate Secretary corporate@lotusbakeries.com
Disclosure 2-4	Restatements of information	Compared to last year no restatements have been performed.
Disclosure 2-5	External assurance	Although this is not yet legally required, the Board accepted the proposal of the EXCO to have an assurance report for certain ESG KPIs. Since the reporting period 2020, an assurance report and statement on certain ESG KPIs contained in the Annual Report is publicly available. The assurance report and statement 2022 is part of the Annual Report 2022, Chapter 2, pages 140-143. The auditing partner is PwC Reviseurs d'Entreprises SRL. The audited KPIs and the assurance standards used are described in the assurance statement. The auditing partner is the same as for the financial audit.

2. ACTIVITIES AND WORKERS

Disclosure 2-6

Activities, value chain and other business relationships

Lotus Bakeries is active in the packed foods manufacturing and food sector.

Lotus Bakeries is active worldwide in the indulgent and natural snacking segment with the Lotus®, Lotus® Biscoff®, näkd, TREK, BEAR, Kiddylicious, Peter's Yard, Dinosaurus, Peijnenburg, Annas and Snelle Jelle brands.

Lotus Bakeries offers its products in approximately 70 countries across Europe, America, Asia-Pacific and the Middle East.

Lotus Bakeries has 12 operating production facilities in Belgium, the Netherlands, France, Sweden, South Africa and the US and 21 own sales organisations in Europe, America and Asia. Lotus Bakeries also works with commercial partners in approximately 50 countries worldwide. We refer to the Annual Report 2022, Chapter 3, Our organisation, pages 152-158.

The Company serves customers in the retail channel, distributors, the out of home channel, airlines, B2B and B2C.

The Company purchases its raw materials, ingredients, goods and packaging from other manufacturing companies or traders.

Lotus Bakeries sources its raw materials, ingredients and packaging as much as possible on the same continent as where production takes place. Main raw materials are flower, sugar, eggs, fats and fruit and are sourced from third parties.

The palm oil it sources is 100 % RSPO certified.

The key Palm Oil Suppliers are asked to sign Lotus Bakeries Palm Oil Policy and 90% has signed.

The Lotus® Biscoff® Chocolate is 100% Rainforest Alliance Certified.

The soy flower is IP certified.

All key Suppliers are asked to sign the Code of Conduct for Suppliers. 90.5 % of the key Suppliers signed the Code of Conduct for Suppliers (90.1 % in 2021).

In 2022 significant changes included:

- Substantial investments were made to increase the production capacity for Lotus® Biscoff® in Belgium and the United States;
- a third production hall was constructed in Wolseley, South Africa;
- Kung Oscar Pepparkakor, a premium, traditional Swedish Pepparkakor brand was acquired;
- acquisition of 100% of the shares of Peter's Yard, a British artisanal sourdough company;
- expansion of the Courcelles manufacturing site with a second production hall;
- expansion of the headquarters in Lembeke with the 'House of Biscoff';
- Lotus Bakeries unveils production plans in Thailand.

We further refer to the Annual Report 2022, Highlights pages 12-17 and to Chapter 3 – Our organisation, pages 152-153 and 162-165.

The annual sales in 2022 amounted to EUR 877.5 million. In 2022, Lotus Bakeries achieved a growth of 17%. The company's consolidated equity amounted to EUR 572.1 million in 2022 (EUR 519.5 million in 2021). The company's net financial debt was EUR 153.6 million compared to EUR 81.8 million in 2021. We further refer to the Annual Report 2022, pages 18-19 for some key figures and to the Financial Supplement, pages 8-9 for details on the consolidated equity. We further refer to the Financial Supplement, pages 26-27 for the geographic segment reporting.

At the end of 2022, Lotus Bakeries had an internal workforce of 2,698 employees. Internal workforce are employees who have an employment contract with Lotus Bakeries of limited or unlimited duration, full-time or part-time.

The Company had 1,366 (51%) female internal employees and 1,332 (49%) male internal employees.

GEOPGRAPHICAL COVERAGE

BELGIUM	#	1,378	703 M 675 F
	%		51 M 49 F
SOUTH AFRICA	#	518	221 M 297 F
	%		43 M 57 F
THE NETHERLANDS	#	222	122 M 100 F
	%		55 M 45 F
UNITED KINGDOM	#	119	46 M 73 F
	%		39 M 61 F
FRANCE	#	142	76 M 66 F
	%		54 M 46 F
UNITED STATES	#	156	89 M 67 F
	%		57 M 43 F
CHINA	#	33	14 M 19 F
	%		42 M 58 F
SOUTH KOREA	#	19	9 M 10 F
	%		47 M 53 F
SWEDEN	#	27	19 M 8 F
	%		70 M 30 F
OTHER (AT, CHE, CZ, DE, ES, IT, HK)	#	84	33 M 51 F
	%		39 M 61 F
TOTAL	#	2,698	1,332 M 1,366 F
	%		49 M 51 F

Lotus Bakeries' internal workforce has a good spread over the different age categories:

- 28 % are under the age of 30
- 29 % are between 30 and 39 years old
- 21% is between 40 and 49 years old
- 18 % is between 50 and 59 years old
- And 4 % are over 60 years old.

The average age as per 31 December 2022 is 39 years.

Expressed in FTE, the internal workforce equals 2,602.64.

Information is mainly collected in Lotus Bakeries Internal HR system MyLotus ('SuccessFactors') which is gradually implemented since mid-2021.

The external workforce of Lotus Bakeries comprises mainly temporary workers in the production plants and some specialised functions. They are either contracted directly or through an interim agency.

The external workforce expressed in FTE equals 272.49.

3. GOVERNANCE

Disclosure 2-9	Governance structure and composition	Lotus Bakeries adopted the Corporate Governance Code 2020 as a reference code, in accordance with Article 3:6(2) of the CAC and the Royal Decree of 12 May 2019 laying down the corporate governance code to be complied with by Belgian listed companies. The Lotus Bakeries' Corporate Governance Charter, which outlines our corporate governance policy and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee, was discussed by the Board of Directors and approved on 2 April 2020. The Board of Directors chose to consolidate its current single-tier governance model as referred to in Article 7:85 et seq. of the CAC, since the functioning of the Board is highly effective and transparent. The powers relating to day-to-day management versus supervision/control are clearly defined, the Board is kept thoroughly informed at all times by the CEO and the EXCO and all necessary decisions are approved and/or ratified. The highest governance body is the Board of Directors. The Board of Directors installed an Audit Committee and a Remuneration and Nomination Committee. For the composition of the Board of Directors and its committees we refer to the Annual Report 2022, Chapter 4 'Report of the Board of Directors', paragraph 5 – Corporate Governance Declaration, pages 171-193. We also refer to the Corporate Governance Charter, publicly available on our website: www.lotusbakeries.com
Disclosure 2-10	Nomination and selection of the highest governance body	We refer to the Annual Report 2022, Chapter 4 'Report of the Board of Directors', pages 171-193. We also refer to the Diversity Policy, publicly available on our website: www.lotusbakeries.com
Disclosure 2-11	Chair of the highest governance body	The Chair of the highest governance body is not a senior executive officer in the organisation. Conflicts of interest are prevented and mitigated according to the Lotus Bakeries Remuneration Policy, publicly available on our website: www.lotusbakeries.com .
Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts	The Executive Committee ('EXCO') determines Lotus Bakeries Group's strategy and objectives and submits them to the Board of Directors for approval. This strategy is implemented by the country and regional organisations ('areas') in the different business units, supported by the corporate departments. We refer to the Annual Report 2022, Our organisation, paragraph 1 Group structure and day-to-day management, pages 146-153. Lotus Bakeries' 'Care for Today, Respect for Tomorrow' sustainability strategy is the responsibility of the EXCO which reports regularly to the Board of Directors on this topic. We refer to the Annual Report 2022, page 78. During 2022, following points were amongst others discussed in the Board of Directors and in its Committees: • The availability of raw materials and packaging • The evolution of energy prices and labour costs • Capex investments and expansion of capacity • Recruitment policy • Product developments and innovations • Risk management – priorities and evolutions We refer further to the Annual Report, pages 177-181.
Disclosure 2-13	Delegation of responsibility for managing impacts	The delegation of responsibility is organised according to the Corporate Governance Charter, publicly available on the website. The Board of Directors relies on the EXCO for the implementation of its policy. The EXCO is responsible for implementing the Company's strategic, operational and financial objectives and directs the management of the Group. Managing the impacts on the economy, environment and people is delegated to the EXCO. The CFO, member of the Executive Committee, is responsible for reporting on economic, environmental and social topics. We refer to the Annual Report 2022, Chapter 4, paragraph 5 Corporate Governance Declaration, pages 171-193 and to the Corporate Governance Charter, available on the website: www.lotusbakeries.com.
Disclosure 2-14	Role of the highest governance body in sustainability reporting	Chapter 2 of the Annual Report – Our sustainability programme – 'Care for Today, Respect for Tomorrow' has been reviewed and approved by the Board of Directors.
Disclosure 2-15	Conflicts of interest	Conflicts of interests are managed by the Board of Directors according to the Corporate Governance Charter, publicly available on the website and according to Articles 7:96 and 7:97 CAC. Over the course of 2022, there were no incidences within the Board of Directors which led to the application of the conflict of interest procedure as set out in Articles 7:96 and 7:97 CAC. We refer further to the Annual Report 2022, Chapter 4, paragraph 5 Corporate Governance Declaration, pages 171-193.

Disclosure 2-16	Communication of critical concerns	The Code of Conduct as well as the Suppliers Code of Conduct contain the possibility to report concerns. Both Codes are publicly available on our website in different languages: www.lotusbakeries.com. All employees of Lotus Bakeries are encouraged to report concerns about the Code of Conduct to the Compliance Officer. Lotus Bakeries prohibits retaliation against individuals who report problems in good faith and is committed to investigating such reported problems. In 2022, the Compliance Department received a range of queries through the reporting line referred to in the Code of Conduct. In addition, three complaints were received from employees, which were all investigated and resolved. Where necessary, the Compliance Officer reports to the Board of Directors once a year on the enforcement of the Code of Conduct, covering any breaches and concerns raised and the action points formulated to prevent repetition. In 2022, the Board of Directors was informed about the nature of the complaints received. We refer further to the Annual Report 2022, Chapter 2, Community, pages 114-127. Suppliers are asked to bring any concerns to the attention of their contact at Lotus Bakeries. From 2023, they will also be able to report any complaints via the online whistleblowing platform selected by Lotus Bakeries, in which, among other things, anonymous reports are possible, and confidentiality and accurate follow-up of the legal obligations are guaranteed. We refer to the Annual Report 2022, Chapter 2, Community, pages 114-127.
Disclosure 2-17	Collective knowledge of the highest governance body	Lotus Bakeries ensures the presence on the Board of Directors, the Committees and the Executive Committee of critical members with specialist knowledge of various areas. Skills, competencies and diversity are paramount in the selection of candidates for the Board of Directors proposed to the General Meeting. At regular times, presentations of changes in law, regulations or market practices are prepared for the Board of Directors to advance their knowledge in the field of sustainable development. We refer further to the Diversity Policy, publicly available on our website: www.lotusbakeries.com and to the Annual Report 2022, Chapter 4, paragraph 5 Corporate Governance Declaration, pages 171-193.
Disclosure 2-18	Evaluation of the performance of the highest governance body	We refer to the Annual Report 2022, Chapter 4, Report of the Board of Directors, under paragraph 'Evaluation of the Board of Directors and its Committees', page 178.
Disclosure 2-19	Remuneration policies	We refer to the Annual Report 2022, Chapter 4, Report of the Board of Directors, under paragraph 'Remuneration report', pages 182-193 for the remuneration policy applied in 2022 for the non-executive and executive directors, the executive managers and executives. The evolution of the remuneration and of the performance of the Company over the last five years can be consulted on pages 192-193 of the Annual Report 2022. We further refer to the Lotus Bakeries Remuneration Policy, publicly available on our website.
Disclosure 2-20	Process to determine remuneration	We refer to the Annual Report 2022, Chapter 4, Report of the Board of Directors, under paragraph 'Remuneration report', pages 182-193.
Disclosure 2-21	Annual total compensation ratio	The ratio between the highest remuneration of members of management and the lowest compensation (in full-time equivalents) of employees of Lotus Bakeries NV, as stipulated by Article 3:6(3) CAC, cannot be reported since Lotus Bakeries NV has no employees. With a view to transparency, this ratio is reported for Lotus Bakeries Corporate NV. The ratio is 17.2. We refer to the Annual Report 2022, Chapter 4, page 193.

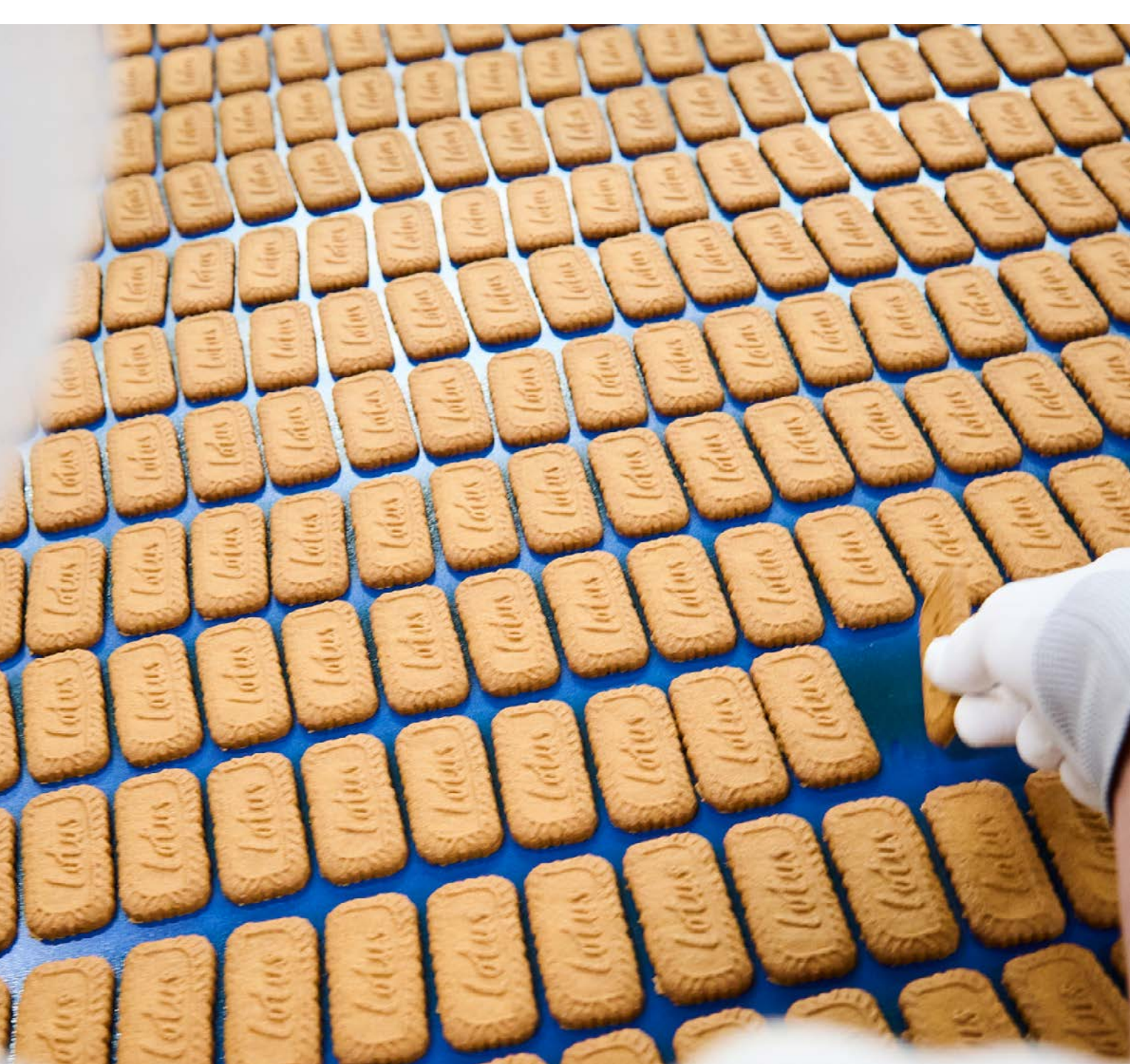
4. STRATEGY, POLICIES AND PRACTICES

Disclosure 2-22	Statement on sustainable development strategy	We refer to Chapter 2 of the Annual Report 2022 'Care for Today, Respect for Tomorrow', pages 74-75, for the Statement of Jan Boone, CEO Lotus Bakeries Group.
Disclosure 2-23	Policy commitments	Lotus Bakeries corporate values are Team Spirit, Open Dialogue and Passion (TOP). These values are reflected in different policies. We refer to the Annual Report 2022, Chapter 2, Employees, page 100. Lotus Bakeries subscribed the UN Global Compact and was accepted in March 2021 as a member. We refer to the Annual Report 2022, Chapter 2, page 80. The first Communication on Progress has been published on our website in June 2022. The next Communication on Progress will be available on the website of the UN Global Compact. We refer to our website: www.lotusbakeries.com. Lotus Bakeries has various policies that address ethical business practices. Lotus Bakeries has since 2020 a Code of Conduct and a Suppliers Code of Conduct. Lotus Bakeries further has a Palm Oil Policy. For more information on these policies we refer to the Annual Report 2022, Chapter 2, under paragraph 'Ethical business practices', pages 116- 120. The Code of Conduct and the Suppliers Code of Conduct are publicly available on our website in 10 languages. The Palm Oil Policy is publicly available on our website. The Lotus Bakeries Dealing Code is publicly available on our website under investors relations. All production plants of Lotus Bakeries are certified according to the Global Food Safety Initiative (GFSI) and therefore have a BRC or IFS certificate. We request such a certificate also from our suppliers of raw materials, packaging and production partners. In all production sites, HACCP principles are developed and food-defense plans to avoid intentional contamination are in place. All these policies were approved by the most senior level in our organisation. Lotus Bakeries uses only RSPO certified palm oil. The Lotus® Biscoff® Chocolate is 100% Rainforest Certified. Lotus Bakeries soybean flour is IP certified. We refer to the Annual Report 2022, Chapter 2, 'Responsible sourcing', pages 120- 121.
Disclosure 2-24	Embedding policy commitments	We refer to the Annual Report 2022, Chapter 4, Ethical business practices, pages 116-120 and to the Policies which are publicly available on our website. Within these policies, the responsibilities for implementation are defined. Training is given and is part of the onboarding programme.
Disclosure 2-25	Processes to remediate negative impacts	We refer to the Annual Report 2022, Chapter 4, Ethical business practices, pages 116-120 and to the Policies which are publicly available on our website. Within these policies, the processes to remediate negative impacts are defined. Overall governing processes are defined in the Governance Charter.
Disclosure 2-26	Mechanisms for seeking advice and raising concerns	Concerns about the Code of Conduct can be reported by all employees of Lotus Bakeries to the Compliance Officer. Lotus Bakeries 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. We refer further to the Annual Report 2022, Chapter 4, Ethical business practices, pages 116-120 and to the Policies which are publicly available on our website. Within these policies, the processes for seeking advice or raising concerns are defined. More information on the whistleblowing programme and reporting can be found in our Annual Report 2022 as mentioned above.
Disclosure 2-27	Compliance with laws and regulations	No significant non-compliances need to be reported.

Disclosure 2-28	Membership associations	For Lotus Bakeries important associations are the following: • Lotus Bakeries is an active member of Ceflex and endorses the strategy that has been determined by CEFLEX. The 'Design for a circular economy'-guidelines of CEFLEX are taken as a basis to determine the technical recyclability of Lotus Bakeries flexible packaging. • Lotus Bakeries endorses the design-guidelines of Recyclclass for rigid packaging. Lotus Bakeries endorses the EllenMacArthur and ISO18601 definition of packaging component. • Lotus Bakeries is a member of Roundtable on Sustainable Palm Oil (RSPO), Malaysia, Round Table on Responsible Soy Association, Switzerland (RTRS), Belgian Alliance for Sustainable Palm Oil, Ceflex, UN Global Compact, Fevia, Choprabisco, Pack4Food, HFCE Halal Food Council of Europe, Flocert, The Consumer Goods, Entrepreneurs for Entrepreneurs, Belgian Institute for Packaging, Flanders Food VZW, VCK (Flemish Institute for Quality Control), Vegan Action and VOKA.
Disclosure 2-29	Approach to stakeholder engagement	The major stakeholder groups are employees, customers, suppliers, shareholders, investors, policymakers, NGOs, sector experts, knowledge institutions, opinion makers in the markets in which Lotus Bakeries operates, local communities and vulnerable groups. At all levels Lotus Bakeries engages with its stakeholders, taking into account the principles contained in its Code of Conduct and Suppliers Code of Conduct. Lotus Bakeries engages with all its stakeholders on an ongoing basis, via business contacts, meeting sessions with internal and external stakeholders, cooperation initiatives, exchange of information, various projects, conferences, brainstorm sessions. The engagement with stakeholders takes place within the entire organisation, on corporate level but also on regional and local level. Information from stakeholder engagement is centralised and reported via various internal reporting channels, within the areas, business units and corporate level. Via its Foundation for Education Lotus Bakeries engages with vulnerable groups, especially young children. We refer to our Annual Report 2022, pages 130-135 for more information on the Lotus Bakeries Foundation for Education.
Disclosure 2-30	Collective bargaining agreements	All employees have the right to collective bargaining. The right of collective bargaining and freedom of association is included in our Code of Conduct, which is publicly available in 10 different languages on our website.

GRI 3 – MATERIAL TOPICS 2021

Disclosure 3-1	Process to determine material topics	We refer to the Annual Report 2022, Chapter 2, pages 78-79. The result of the last update indicated a shift in importance of energy consumption as a result of the increased energy costs, the uncertainty of energy supply in certain regions and the awareness of its effect on global warming.
Disclosure 3-2	List of material topics	We refer to the Annual Report 2022, Chapter 2, pages 78-79. The top 20 sustainability priorities remained the same. The energy consumption, however, moved up from medium importance to high importance.
Disclosure 3-3	Management of material topics	The 20 top priorities have been linked to our sustainability strategy ‘Care for Today, Respect for Tomorrow’, which is based on three pillars: 1. Environment 2. Employees 3. Community For each pillar we report our ambitions, achievements and relevant policies in our Annual Report 2022, Chapter 2 ‘Care for Today, Respect for Tomorrow’, pages 74-135. We further refer to additional specific information following the Topic Standards included in the text hereafter.



SECTOR STANDARDS

No Sector Standards are applicable for the Lotus Bakeries Group for the reporting period 01.01.2022-31.12.2022.

TOPIC STANDARDS

GRI 201: ECONOMIC PERFORMANCE 2016

Disclosure 201-1	Direct economic value generated and distributed	We refer to the Financial Supplement of the Annual Report 2022.
Disclosure 201-2	Financial implications and other risks and opportunities due to climate change	The business of Lotus Bakeries depends primarily on the availability of key raw materials such as flower, sugar, eggs, oils, fats, fruit and vegetables. Events such as changes in temperatures, poor weather conditions and soil degradation can negatively impact the availability and price of these raw materials and affect the business. Climate change has an impact on the agricultural regions where those raw materials are grown. Lotus Bakeries is conscious of the negative impact certain crops can have on the environment and also on the communities living in the areas where they are grown. We refer to the Annual Report 2022, Chapter 4, paragraph 6.2. Principal risks and mitigating measures, pages 195-198. To mitigate these risks, Lotus Bakeries has various policies in place to guarantee a sustainable procurement and to avoid deforestation. We refer to our Annual Report 2022, page 96.
Disclosure 201-3	Defined benefit plan obligations and other retirement plans	Lotus Bakeries accounts for its pension liabilities according to its valuation rules. We refer to the Financial Supplement of the Annual Report 2022, Notes to the consolidated financial statements, to Note 1.19. Employee benefits, pages 21-22, to Note 5. Employee benefit expenses, page 28 and to Note 22. Employee benefit obligations, pages 45-46.
Disclosure 201-4	Financial assistance received from government	We refer to the Financial Supplement to the Annual Report 2022, Notes to the consolidated financial statements to Note 1.9 Government grants, page 18. During the reporting period no government grants were received.

GRI 203: INDIRECT ECONOMIC IMPACTS 2016

Disclosure 203-2	Significant indirect economic impacts	With its Foundation for Education, Lotus Bakeries wants to contribute to carefully selected educational projects focusing on providing quality education to disadvantaged children and young people. Lotus Bakeries is convinced that education is the key to breaking the vicious circle of poverty. Lotus Bakeries is further supporting the emancipation of women and contributing to sustainable agriculture. We refer to the Annual Report 2022, Chapter 2, pages 130-135.
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GRI 205: ANTI-CORRUPTION 2016

Disclosure 205-2	Communication and training about anti-corruption policies and procedures	The Lotus Bakeries Code of Conduct and Suppliers Code of Conduct contain a zero-tolerance approach towards bribery and corruption. The Code of Conduct states: "We will not offer, pay, seek or accept any payments, gifts or other favours (e.g. promise of a job, offer of a trip, charitable contribution) to improperly influence a business outcome." The Supplier Code of Conduct states: "The Supplier is committed to a zero-tolerance approach towards bribery and corruption: Supplier shall not offer, pay, seek or accept any payments, gifts or other favours (e.g. promise of a job, charitable contribution) to improperly influence a business outcome". Both Codes of Conduct are publicly available on our website in different languages. We refer to www.lotusbakeries.com. At the time of introducing the Code of Conduct internal training has been given. Since then, the training on the Code of Conduct is part of the onboarding programme.
Disclosure 205-3	Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption nor bribery have been reported in the financial year 2022 .

GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016

Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practice	Lotus Bakeries has no pending legal actions for anti-competitive behaviour, antitrust and monopoly practices.
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GRI 207: TAX 2019

Disclosure 207-1	Approach to tax	In its Code of Conduct Lotus Bakeries confirms its commitment to adhere to all applicable laws and regulations. We further refer to the Financial Supplement of the Annual Report 2022, Note 1.21 Income taxes, pages 22-23 and Note 10, Income taxes, page 31.
Disclosure 207-2	Tax governance, control and risk management	Tax governance is part of the overall governance structure. Within the EXCO, the CFO is managing tax risks. Within the Board of Directors, the Audit Committee is overseeing the tax governance.

GRI 301: MATERIALS 2016

Disclosure 301-1	Materials used by weight or volume	Lotus Bakeries has a packaging policy built around three pillars: 1. Reduce what we use 2. Design for tomorrow 3. Aim for circularity For the reductions realised during the reporting period we refer to our Annual Report 2022, Chapter 2, pages 85-89. Lotus Bakeries wants the packaging of all its brands to be 100% recyclable by 2025. For the recyclability percentage we refer to our Annual Report 2022, Chapter 2, pages 85-91. The percentage remained stable in 2022, notwithstanding the important reduction in weight realised for recyclable content brought on the market. For the use of recycled content we refer to disclosure 301-2.
Disclosure 301-2	Recycled input materials used	Lotus Bakeries prefers to use recycled content for its packaging without losing sight of the requirements for quality and functionality. The Company aims for the maximum technically achievable. As per end 2022, Lotus Bakeries uses recycled content in different packaging materials: Glass: 58% Cardboard: 80% Plastic: 1% - this percentage remains low as it is not allowed to use recycled content in food contact materials We refer further to the Annual Report 2022, Chapter 2, page 85 and page 91.

GRI 302: ENERGY 2016

302-1	Energy consumption within the organisation	The total energy consumption of our owned sites was 165,868 MWh. The amount from renewable sources was 51,259 MWh and from non-renewable sources 114,609 MWh. Total electricity use was 51,259 MWh of which 51,259 MWh from own production from renewable sources or offset with certificates. The CO ₂ e-emissions from energy used have been fully offset.
302-3	Energy intensity	The energy intensity ratio per ton of production is 1,074 kWh/ton. Energy consumption includes electricity, gas, fuel and coal. The energy ratio is based on energy consumption within our own production sites.

GRI 303: WATER & EFFLUENTS 2018

Disclosure 303-1	Interactions with water as a shared resource	Besides withdrawing water from municipal water supplies, Lotus Bakeries is also collecting rainwater and uses some groundwater. It is re-using water as much as possible. On one site, Lotus Bakeries has its own wastewater treatment station. In other production plants wastewater is collected to be treated by an external party. In 2022 Lotus Bakeries used 89,578 m ³ water in its owned production sites.
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GRI 305: EMISSIONS 2016

Disclosure 305-4	GHG emissions intensity	The total scope 1 and 2 emissions of Lotus Bakeries’ owned sites amount to 170 kgCO ₂ e/tonne produced. All GHG are included. We also refer to the Annual Report, Chapter 2, page 85 and pages 92-97.
Disclosure 305-5	Reduction of GHG emissions	We refer to our Annual Report 2022, Chapter 2, pages 92-95. Lotus Bakeries signed the SBTi Commitment Letter. A copy of the letter is enclosed in Chapter 5 of this ESG compilation.

GRI 306: WASTE 2020

Disclosure 306-1	Waste generation and significant waste-related impacts	The activities of Lotus Bakeries generate waste in its own activities and downstream. The waste in its own activities relate, among others, to production waste, grease, residual waste, paper/cardboard. The waste generated downstream has to do with the end-of life of the products. We refer to the Annual Report 2022, Chapter 2, page 85.
Disclosure 306-2	Management of significant waste-related impacts	In order to reduce waste, the production waste is as much as possible re-used as animal feed. Different types of waste are sorted to facilitate recycling. Waste registers according legislative obligations are kept where needed. Lotus Bakeries supports various systems and initiatives for collecting and recycling waste, amongst others CEFLEX, the Flexible Plastic Fund and contributes to 'Extended Producer Responsibility' systems in various European countries. Lotus Bakeries is designing the packaging of all its branded products to become 100% recyclable by 2025. Lotus Bakeries uses also recycled content in its packaging. We further refer to the Annual Report 2022, Chapter 2, pages 86-91.
Disclosure 306-3	Waste generated	The total quantity of waste in Lotus Bakeries owned site amounts to 31.807 tonnes and includes all kind of waste. The amount of waste per tonne produced in Lotus Bakeries owned sites is 60 kg waste per tonne produced. This intensity amount includes residual waste, production waste, grease, paper and cardboard.

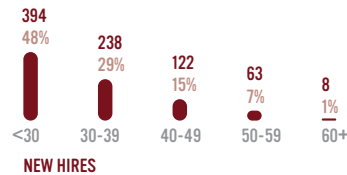
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016

Disclosure 308-2	Negative environmental impacts in the supply chain and actions taken	Lotus Bakeries is aware that palm oil might have a negative impact on the environment. Therefore 100% of palm oil sourced by Lotus Bakeries is RSPO certified. Lotus Bakeries identified 10 key palm oil suppliers From these key palm oil suppliers Lotus Bakeries not only requests they sign the Suppliers Code of Conduct but also requests to sign and adhere to the principles of the Palm Oil Policy of Lotus Bakeries or requests to adhere to their own Palm Oil Policy containing at least the same requirements as the policy of Lotus Bakeries. 100% of the cacao mass and cacao butter of the Lotus® Biscoff® Chocolate is Rainforest Alliance certified. The soybean flower in the Lotus® Biscoff® products is IP certified. We further refer to our Annual Report 2022, Chapter 2, page 96, page 115 and pages 120-121.
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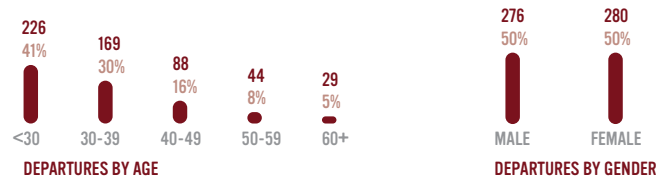
GRI 401: EMPLOYMENT 2016

Disclosure 401-1 New employee hires and employee turnover

During the reporting period in total 825 new employees were hired in different age categories, of which 8% in the category of above 50 year.



During the reporting period 556 departures occurred.



The labour turnover rate of the internal workforce is 20.94% of which 17.85% were voluntary leavers.

GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

Disclosure 403-2 Hazard identification, risk assessment, and incident investigation

An occupational health and safety management system has been implemented in all our sites.

All occupational accidents are registered and analysed and the necessary measures to mitigate risks are implemented. Every injury needs to be investigated and proper corrective actions need to be implemented.

The total amounts of occupational accidents and the lost-time occupational accidents are reported on a monthly basis. Lost-time occupational accidents are accidents whereby the employee is unable to return to work the following day.

The severity and frequency are calculated monthly and reported per site. In 2022, no fatalities occurred. However, the number of occupational accidents involving absence from work amounted to 85 (2021:52). These occupational accidents occurred in the production sites. The increase can be explained by the expansion and the recruitment of many new young people leading to a decrease in awareness. Different programmes were introduced to increase the awareness levels. We also refer to the Annual Report 2022, Chapter 2, page 108.

Disclosure 403-4 Worker participation, consultation and communication on occupational health and safety

In the sites of Lotus Bakeries, processes are put in place to allow the employees to point out possible hazardous situations and to suggest processes to mitigate these. We further refer to the Annual Report 2022, Chapter 2, page 108.

Disclosure 403-5 Worker training on occupational health and safety

In the sites of Lotus Bakeries, regular training programmes on health and safety issues are organised. We further refer to the Annual Report 2022, Chapter 2, page 108.

GRI 404: TRAINING AND EDUCATION 2016

Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs

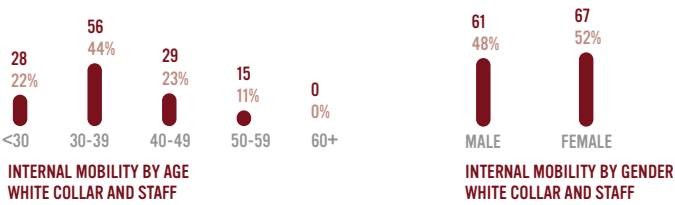
Lotus Bakeries has different programmes in place to provide various forms of training. It has on the job training, an onboarding training for all new hires, it organises special courses on specific topics, has HR community meetings, finance community meetings, sales meetings. In 2020 Lotus Bakeries started with a Young Graduate Programme. 5 Young Graduates started in 2020, 7 Young Graduates in 2021 and 10 in 2022. We further refer to the Annual Report 2022, Chapter 2, pages 101-102.

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

Disclosure 405-1 Diversity of governance bodies and employees

Lotus Bakeries has a good gender balance in the different countries where it operates. For an overview of the gender balance at different levels in the Company and in the different countries, we refer to the Annual Report 2022, Chapter 2, pages 98-101.

Lotus Bakeries offers its employees various opportunities to acquire additional experience by moving to other functions. The internal mobility rate for white collar and staff is 15.14%.



GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016

Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.	The Code of Conduct and the Suppliers Code of Conduct explicitly state that all workers should have the freedom of association and a right to collective bargaining. Both Codes are publicly available in different languages. We refer to our website: www.lotusbakeries.com and to our Annual Report 2022, Chapter 2, pages 116-120.
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GRI 408: CHILD LABOR 2016

Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labor	The Code of Conduct and the Suppliers Code of Conduct of Lotus Bakeries expressly prohibit child labour. All workers should be of an appropriate age. Children's right to childhood and education should be respected at all times and no child labour is accepted (as defined by the ILO International Labour Standards on child labour). In its own operations Lotus Bakeries does not allow child labour. Both Codes are publicly available in different languages. We refer to our website: www.lotusbakeries.com and to our Annual Report 2022, Chapter 2, pages 118-120.
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GRI 409: FORCED OR COMPULSORY LABOR 2016

Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Lotus Bakeries' Code of Conduct and its Suppliers Code of Conduct foresee that work should be conducted on a voluntary basis and based on documented terms of employment. All workers should be paid fair wages, in line with applicable laws and appropriate prevailing industry standards. Both Codes are publicly available in different languages. We refer to our website: www.lotusbakeries.com and to our Annual Report 2022, Chapter 2, pages 116-120.
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GRI 417: MARKETING AND LABELLING 2016

Disclosure 417-1	Requirements for product and service information and labelling	The Code of Conduct requests transparency, clear and accurate communication. The Code of Conduct is publicly available in different languages. We refer to our website: www.lotusbakeries.com and to our Annual Report 2022, Chapter 2, pages 116-120.
Disclosure 417-2	Incidents of non-compliance concerning product and service information and labelling	No legal proceedings to be reported.
Disclosure 417-3	Incidents of non-compliance concerning marketing communications	No legal proceedings to be reported.

GRI 418: CUSTOMER PRIVACY 2016

Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Code of Conduct requests respect for personal data. The Code of Conduct is publicly available in different languages. We refer to our website: www.lotusbakeries.com and to our Annual Report 2022, Chapter 2, pages 116-120.
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GRI CONTENT INDEX

Statement of use	Lotus Bakeries NV has reported the information cited in this GRI content index for the period [01.01.2022-31.12.2022] with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	Page 118
	2-2 Entities included in the organisation’s sustainability reporting	Page 118
	2-3 Reporting period, frequency and contact point	Page 118
	2-4 Restatements of information	Page 118
	2-5 External assurance	Page 118
	2-6 Activities, value chain and other business relationships	Page 119
	2-7 Employees	Page 120
	2-8 Workers who are not employees	Page 120
	2-9 Governance structure and composition	Page 121
	2-10 Nomination and selection of the highest governance body	Page 121
	2-11 Chair of the highest governance body	Page 121
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 121
	2-13 Delegation of responsibility for managing impacts	Page 121
	2-14 Role of the highest governance body in sustainability reporting	Page 121
	2-15 Conflicts of interest	Page 121
	2-16 Communication of critical concerns	Page 122
	2-17 Collective knowledge of the highest governance body	Page 122
	2-18 Evaluation of the performance of the highest governance body	Page 122
	2-19 Remuneration policies	Page 122
	2-20 Process to determine remuneration	Page 122
	2-21 Annual total compensation ratio	Page 122
	2-22 Statement on sustainable development strategy	Page 123
	2-23 Policy commitments	Page 123
	2-24 Embedding policy commitments	Page 123
	2-25 Processes to remediate negative impacts	Page 123
	2-26 Mechanisms for seeking advice and raising concerns	Page 123
	2-27 Compliance with laws and regulations	Page 123
	2-28 Membership associations	Page 124
	2-29 Approach to stakeholder engagement	Page 124
	2-30 Collective bargaining agreements	Page 124

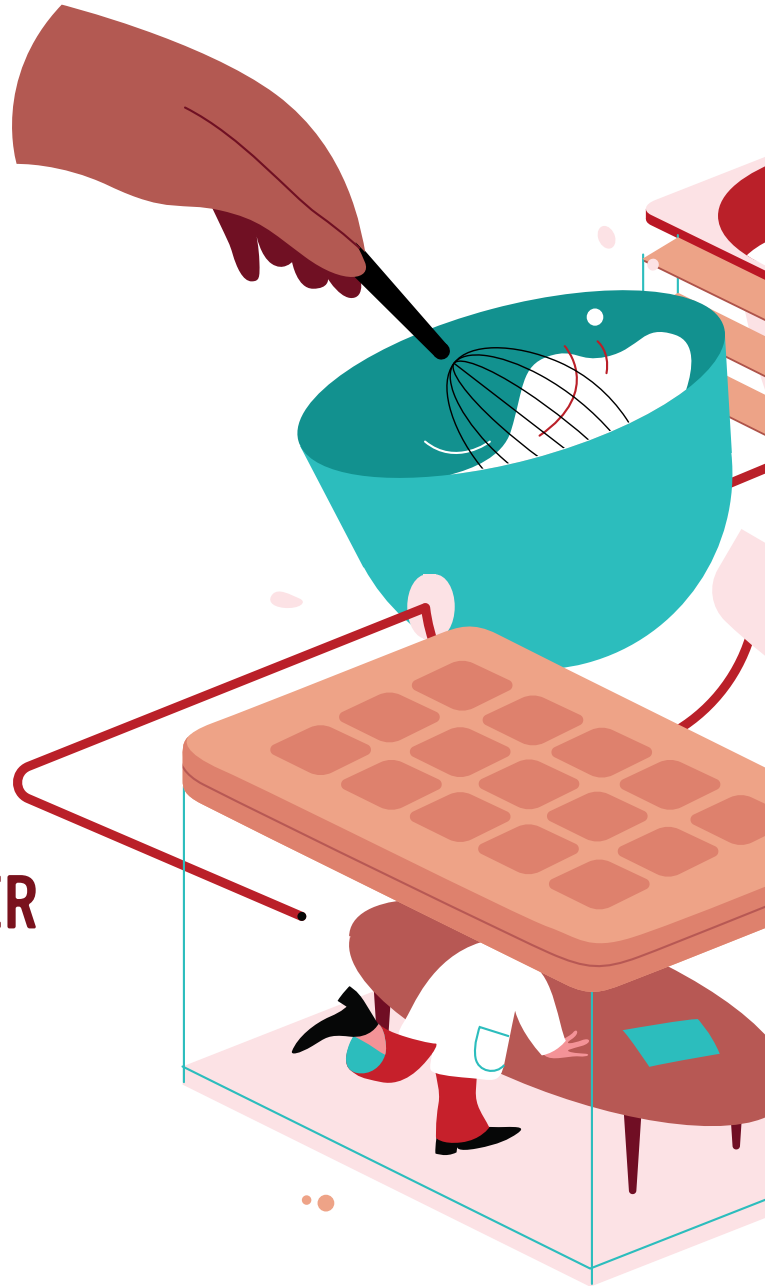
GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 125
	3-2 List of material topics	Page 125
	3-3 Management of material topics	Page 125
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 127
	201-2 Financial implications and other risks and opportunities due to climate change	Page 127
	201-3 Defined benefit plan obligations and other retirement plans	Page 127
	201-4 Financial assistance received from government	Page 127
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Page 127
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Page 128
	205-3 Confirmed incidents of corruption and actions taken	Page 128
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 128
GRI 207: Tax 2019	207-1 Approach to tax	Page 128
	207-2 Tax governance, control, and risk management	Page 128
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Page 128
	301-2 Recycled input materials used	Page 128
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Page 129
	302-3 Energy intensity	Page 129
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 129
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Page 129
	305-5 Reduction of GHG emissions	Page 129
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 130
	306-2 Management of significant waste-related impacts	Page 130
	306-3 Waste generated	Page 130
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Page 130
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 131
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Page 131
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 131
	403-5 Worker training on occupational health and safety	Page 131
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Page 132
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 132
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 133
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 133
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 133
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labeling	Page 133
	417-2 Incidents of non-compliance concerning product and service information and labeling	Page 133
	417-3 Incidents of non-compliance concerning marketing communications	Page 133
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 133

05

SBTi COMMITMENT LETTER

SBTi Commitment Letter

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SBTi COMMITMENT LETTER

Version 1.1

January, 2023

INTRODUCTION

- Organizations joining the Science Based Targets initiative (SBTi) must follow the [SBTi step-by-step process](#) and align with SBTi Criteria and Recommendations.
- Please consult the [SBTi FAQ](#) for additional information on the process and expectations.
- SMEs¹ are welcome to join the SBTi by submitting a completed [SBTi Target Validation Application for SMEs](#).

The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies and financial institutions across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

The initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments.

The initiative champions science-based target setting as a powerful way of boosting companies' and financial institutions' competitive advantage in the transformation to a net-zero economy. Science-based targets are greenhouse gas emissions reduction targets that are in line with the level of decarbonization required to meet the goals of the Paris Agreement – to limit global warming to 1.5°C above pre-industrial levels.

STEP-BY-STEP PROCESS TO SET A SCIENCE-BASED TARGET

Setting a science-based target is a five-step process:

Step 1. Register online and submit the commitment letter

Signing this commitment letter indicates that your organization will work to set a science-based emission reduction target aligned with the SBTi's target-setting criteria. After [registering online](#), submitting your commitment letter to commitments@sciencebasedtargets.org, and passing the due diligence process, your organization will be recognized as "committed" at [SBTi's webpage](#) as well as on our partner websites at [We Mean Business](#). Organizations that are participants of the UN Global Compact will also be recognized on the [UNGC website](#). Companies and financial institutions are urged

¹ To find the latest definition of SMEs please see [Small and Medium Sized Enterprises \(SMEs\) FAQ](#).

to aim for the highest level of ambition in their target setting and also commit to set a long-term science-based target to reach net-zero value chain GHGs emissions by no later than 2050. Companies that commit to set these long-term science-based targets to reach net-zero and align their business with a 1.5°C future will also be recognized as part of the [Business Ambition for 1.5°C](#) and the [Race to Zero](#) campaigns.² The SBTi has developed a [Net-Zero Standard](#) for corporates and the SBTi Net-Zero Standard for Financial Institutions is planned to be launched in 2023.

Step 2. Develop a target

Once your organization has signed the commitment letter you will have a maximum of 24 months to:

- 1) Develop a science-based target aligned with the SBTi Criteria;
- 2) Submit the target to the SBTi for validation.

We encourage companies and financial institutions to begin this process and submit targets for validation as early as possible. Please review the [Commitment Compliance Policy](#) to ensure your organization complies with your commitment.

Please note that the SBTi increased the minimum ambition of its near-term targets to 1.5°C for scope 1 and 2 and well-below 2°C for scope 3, and updated the timeframe of near-term targets to be 5 to 10 years. These updates are published in the [V5 of the SBTi Criteria and Recommendations](#). Organizations must ensure that they submit targets for verification in line with the most recent SBTi Criteria. The SBTi offers [resources](#), [case studies](#) and [webinars](#) to help companies develop their science-based targets.

Step 3. Submit your target for official validation

To have your science-based target officially approved and published, your organization must fill in the correct [Target Submission Form](#), according to the type of targets you want to submit, and upload it along with your complementary documents via the [Target Validation Service online Booking System](#). If you find difficulties please contact this email targets@sciencebasedtargets.org. If your submission passes the initial screening, the SBTi target validation team will validate the target against the [SBTi Criteria](#) and the [Target Validation Protocol](#), and inform you when the target has been approved.

² No oil and gas companies, airports or companies with >50% coal or at risk of non-parent approach are able to join the Race to Zero at this point in time. For any queries, please contact Race to Zero at racetozero@unfccc.int.

Step 4. Announce the target

On confirmation that your target meets the SBTi Criteria, your organization's target will be published on the SBTi website and may be showcased in other communications. Please ensure that your company has reviewed the [SBTi Communications Guidelines](#). The SBTi may contact your nominated communications contact about further opportunities to profile your organization's climate leadership.

Step 5. Disclose your progress

Following approval, you should disclose your organization's emissions annually and monitor progress against your target as stated in the SBTi Criteria. Recommendations for reporting include [disclosure through CDP](#), annual reports, sustainability reports and your company's website.

Please proceed to page 6 of this document to complete this Commitment Letter. Financial institutions and food, agriculture and forest sectors must consult pages 4, and 5 respectively before proceeding to complete page 6 and 7.

FINANCIAL INSTITUTIONS

Due to its unique nature, the financial sector has a separate process established by the SBTi. The sector's largest impact comes from its investment and lending activities (known as scope 3, category 15 emissions) and therefore it is imperative that targets for this sector encompass such activities.

The SBTi defines a financial institution as an organization whose business involves the arrangement and execution of financial and monetary transactions, including deposits, loans, investments, and currency exchange. More specifically, the SBTi deems an organization a financial institution if 5 percent or more of its revenue or assets comes from the activities described above.

On October 1, 2020, the SBTi released a framework that allows financial institutions - including banks, investors, insurance companies, and others - to set science-based targets to align their lending and investment activities with the Paris Agreement. Visit the [SBTi finance homepage](#) for more information.

Based on current methods and coverage, the primary financial sector audience includes banks, asset managers, asset owners (pension funds, closed-end funds, insurance companies), private equity firms, and mortgage real estate investment trusts (REITs). The framework is also relevant for other financial institutions that have holdings in the following asset classes where methods are currently available: real estate, electricity generation project finance, corporate and consumer loans, bonds, and equity. The SBTi plans to develop additional methods and criteria for insurance underwriting, sovereign debt, and securities underwriting in 2023.

Asset classes beyond this list are currently out of the SBTi's scope. Bilateral and multilateral development financial institutions (e.g. the World Bank) are not the primary audience of this framework. Equity REITs, namely real estate companies that own or manage income-generating properties and lease them to tenants, are not a target audience of this project and shall pursue the regular target validation route for companies.

Financial institutions are invited to commit to set science-based targets by signing this commitment letter, and to set targets by completing the following steps within a maximum of 24 months:

1. Develop a science-based target aligned with the [SBTi Criteria for financial institutions](#);
2. Submit the target to the SBTi for validation.

Financial institutions have to refer to our [Compliance Policy](#) to ensure that their organization is complying with their commitment.

If a company falls under the definition above but does not consider their investment activities significant/relevant for the purposes of science-based target setting, the company should reach out to the team at info@sciencebasedtargets.org.

FOREST, LAND AND AGRICULTURE SECTORS

Companies in land-intensive sectors have a critical role to play in the transformation to a zero carbon economy. The [SBTi Forest, Land and Agriculture project \(SBTi FLAG\)](#) developed methods and guidance to enable businesses in FLAG sectors to set science-based targets that fully incorporate deforestation and land-related emissions. Companies with land-intensive operations can commit to the SBTi through signing this letter and setting targets with existing methods. An updated version of the SBTi FLAG Guidance will follow after the [GHG Protocol Land Sector and Removals Guidance](#) is finished to ensure alignment with corporate accounting guidance. As is standard in the SBTi, companies that set targets with the current version of the guidance are still encouraged to update targets with the release of future versions; any target updates should occur as part of the regular target review process or when a target recalculation is warranted, following the SBTi Criteria. The [SBTi FLAG Guidance](#) covers near-term (5-10 year) FLAG targets. For information about setting long-term net-zero FLAG targets, please see the [Net-Zero Standard](#).

Companies are responsible for reviewing SBTi's Criteria and sector pages to understand what methods are available and/or required for them to set science-based targets.

COMMITMENT SELECTION

By signing this Commitment Letter, our organization indicates an intent to join the growing group of leading corporations that are setting emissions reduction targets in line with what climate science says is necessary. By doing so, we recognize the crucial role the business community can play in minimising the risk climate change poses to the future of our planet.

Thereby, I am pleased to confirm that **[Lotus Bakeries NV]** is committing to:

☒ **Set near-term science-based emissions reduction targets** in line with the SBTi Criteria and Recommendations, and submit them to the SBTi for validations within a maximum of 24 months.

We acknowledge that our commitment will be recognized on [the SBTi website](#) as well as on our partner websites at [We Mean Business](#). Companies who are participants of the UN Global Compact will also be recognized on [the UNGC webpage](#).

In addition, to align with the most ambitious aim of the Paris Agreement and to what science dictates is necessary to reduce the destructive impacts of climate change on human society and nature - to reach net-zero global emissions by 2050 at the latest in order to limit global warming to 1.5°C - my company is committing to:

☒ **Set net-zero targets, including a long-term science-based target:** My company commits to set long-term science-based targets to reach net-zero value chain GHG emissions by no later than 2050 in line with the [SBTi Net-Zero Standard](#) and submit it for SBTi validation within a maximum of 24 months. By committing to set a net-zero target, I also acknowledge that my company will be part of the Business Ambition for 1.5°C campaign. My company will also join the Race to Zero campaign.^{3,4,5}

Near-term science-based targets are 5-10 year GHG mitigation targets in line with 1.5°C pathways.

Net-zero science-based targets are long-term targets that show companies how much they must reduce value chain emissions to align with reaching net-zero at the global or sector level in eligible 1.5°C pathways by 2050 or sooner. The SBTi defines the state of net-zero emissions for companies as reaching a state of no impact on the climate resulting from the organization's GHG emissions.

³ All companies except oil and gas companies, airports and companies with >50% coal or at risk of non-parent approach will be able to join Race to Zero at this point in time. If companies have questions, please reach out to Race to Zero at racetozero@unfccc.int or refer to the [Business Ambition for 1.5°C Guidance and FAQs document](#).

⁴ Companies must have valid near-term science-based targets (SBTs) that meet the SBTi Criteria to be eligible for a net-zero target, unless the long-term SBT year is 10 years or fewer from the date of submission.

⁵ Companies that are already part of the initiative can raise their ambition by also committing to set a net-zero target.

Reaching a status of science-based net-zero emissions implies the following two conditions:

- Achieving a scale of value chain emissions reductions consistent with the depth of abatement at the point of reaching global net-zero in pathways that limit warming to 1.5°C with no or low overshoot.
- Neutralising the impact of any source of any residual emissions by permanently removing an equivalent volume of atmospheric CO₂.⁶

Visit the [SBTi Net-Zero webpage](#) and review the [Net-Zero Standard](#) for more information. For financial institutions, the approach to net-zero emissions targets across the value chain is being developed.

Sign the commitment

Please [register online](#), sign this document, and return a signed copy to commitments@sciencebasedtargets.org. The SBTi reserves the right to carry out due diligence reviews before accepting and publishing commitments.

This SBTi commitment letter can be signed by any organization representative, but the commitment application form requires the contact details of a managerial level point of contact in the organization.

Once this commitment letter is processed and you have received formal confirmation over email, your organization will be recognized as "Committed" on the SBTi website and the partner websites of UN Global Compact and We Mean Business. Organizations committing to set a net-zero target will also be added to the UNFCCC Race to Zero website provided the organizations are eligible to join at this time.

Company name: Lotus Bakeries NV

Mercour Consult BV, Represented by Jan Boons

Signature



Belgium

Headquarters Country

20/03/2023

Date

⁶ Residual emissions are emissions sources that remain unabated by the time net-zero is reached at the global or sector level in 1.5°C mitigation pathways with low or no overshoot ([Foundations for Science-based Net-Zero Target Setting](#), pp. 7, 32-34). For most companies this requires emission reductions of at least 90%, which implies neutralization of no more than 10% of base year emissions when reaching net-zero.

REGISTERED OFFICE

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

Register of legal persons of Ghent,
Enterprise number 0401.030.860

CONTACT

For further information about the data of the
annual review or more information about the
Lotus Bakeries Group, please contact:
Lotus Bakeries NV
Corporate Secretary
Gentstraat 1
B-9971 Lembeke
T + 32 9 376 26 11
corporate@lotusbakeries.com

Concept and realisation

Lotus Bakeries and Duval Branding
duvalbranding.com

Illustrations

Sören Selleslagh
sorenselleslagh.com

Photography

Bert Luyckx
bertluyckx.be
Jens Mollenvanger
jensmollenvanger.be





WWW.LOTUSBAKERIES.COM