

**ANNUAL
INTEGRATED
REPORT 2021**

 **Vandemoortele**

**SHAPING
A TASTY FUTURE
SUSTAINABLY**

About this report

NAME OF THE ORGANISATION

Vandemoortele Group

LOCATION OF HEADQUARTERS

The company's registered head office is located at Ottergemsesteenweg-Zuid 816, 9000 Ghent, Belgium.

OWNERSHIP AND LEGAL FORM

The Vandemoortele Group is understood to mean the operational holding company Vandemoortele NV, as well as the companies included in the International Financial Reporting Standard (IFRS) consolidated annual accounts of Vandemoortele NV.

The scope of the consolidation of the Vandemoortele Group includes Vandemoortele NV and 37 subsidiaries which are fully consolidated. This includes Vandemoortele Europe NV and its branches.

SCOPE

This annual integrated report complements the key financial figures 2021 and the non-financial report 2021. It is valid for the whole Vandemoortele Group.

REPORTING PERIOD

Publication date: 21 March 2022

Reporting period: 1 January 2021 – 31 December 2021

The annual report is also accessible online at www.vandemoortele.com, where our previous financial and non-financial reports are also available. The previous edition was published on 22 March 2021.

We will continue to publish reports on an annual basis.

CONTACT DETAILS

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PRODUCTION

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GRI ACCORDANCE


Vandemoortele has reported according to the GRI guidelines. This report has been prepared in accordance with GRI Standards, Core option. The GRI content index can be found on page 112.

FINANCIAL REPORT 2021

Complementary to this report, there is the Financial Report 2021, drawn up in compliance with the IFRS guidelines.

This year, we replace our separate sustainability and financial annual reports by one single, integrated report. With this report we provide an integrated view on our financial performance and our non-financial impacts and progress. This step is the direct result of our decision to place sustainability at the heart of our business. Since integrated reporting is an ongoing process, this report is not an endpoint. In the coming years we will continue to improve our reporting. And we will further embed integrated thinking in our company in order to maximise the value we create for all our stakeholders on the short and long term.





Our ambition is to fulfil Vandemoortele's promise:

'THE BEST TASTE, THE BEST QUALITY AND THE BEST SERVICE'

We are dedicated to delivering outstanding performance for our customers and ourselves.

We are passionate, engaged and energised.

We are putting sustainability at the heart of our company.

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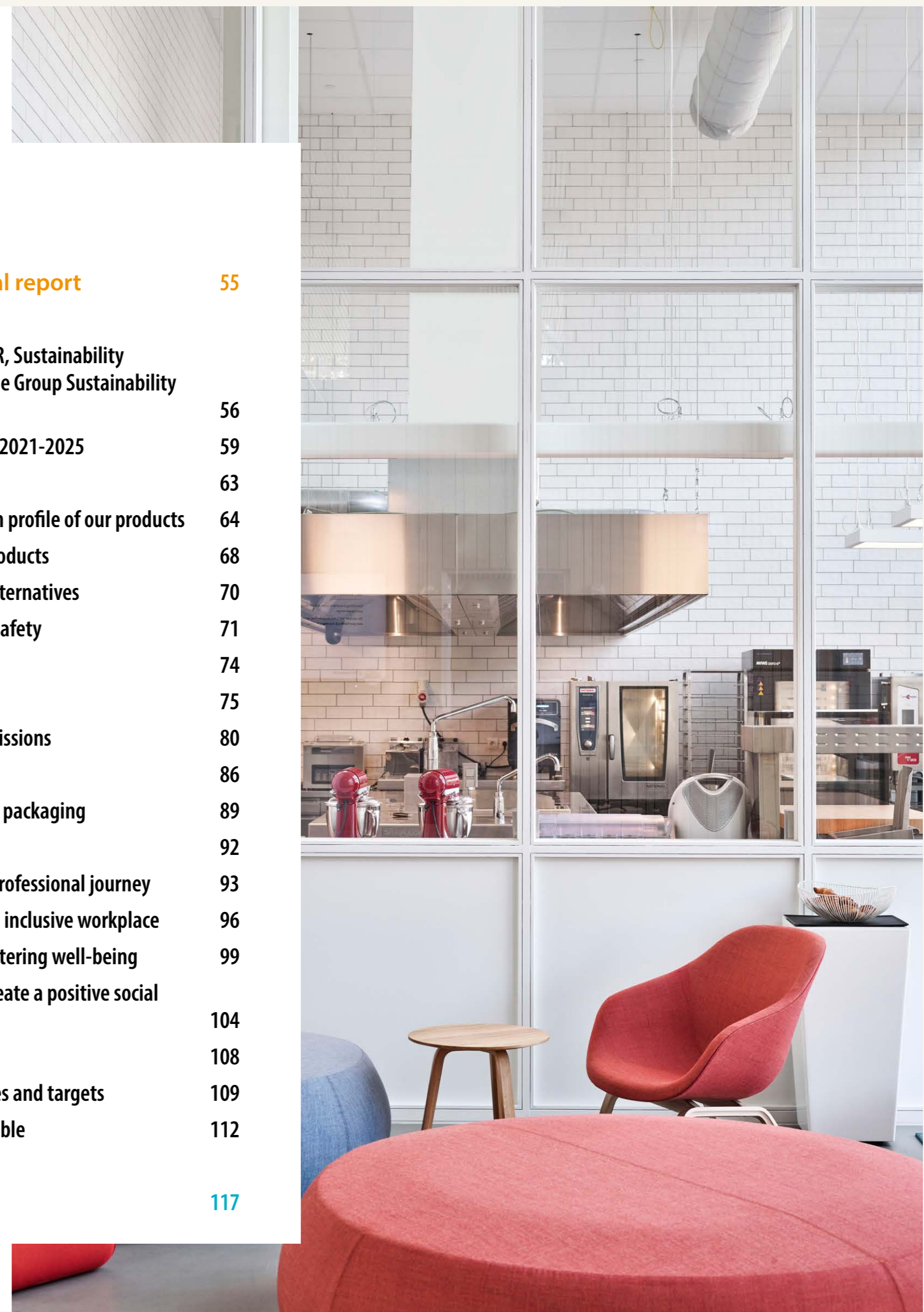
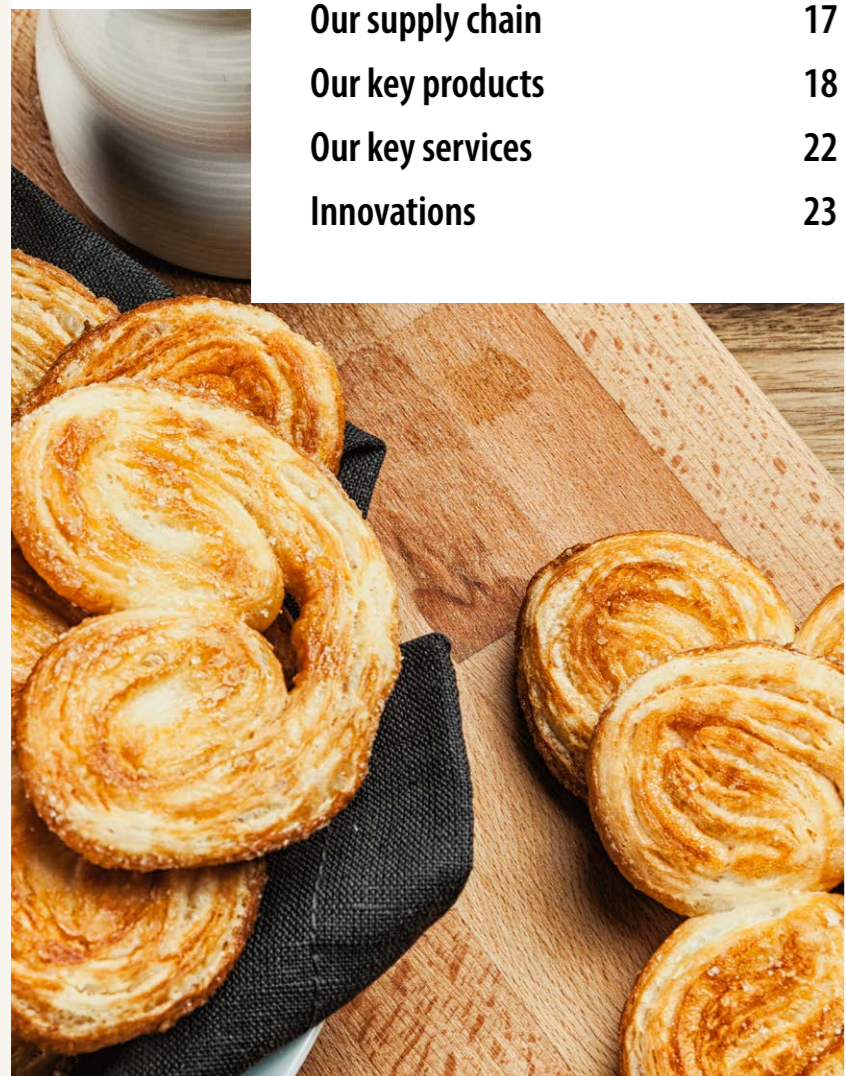
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“We achieved our financial targets and made good progress on the sustainability targets. This makes us very proud.”

Yvon Guérin - CEO

“OUR INVESTMENTS IN SUSTAINABILITY HAVE A POSITIVE FINANCIAL IMPACT”

INTERVIEW

Jean Vandemoortele, Chairman of the Board, and Yvon Guérin, CEO

2021 was a challenging year for Vandemoortele. The combination of COVID-19 and the worldwide raw material price increases required unprecedented changes to our way of working. Our company’s ability to adapt turned out to be a crucial factor in our continued success.

2021 was in many ways an unusual and challenging year. How do you look back on it?

Yvon Guérin: “In 2021, we faced two crises at the same time: the ongoing COVID-19 pandemic and the sharp rise in energy and raw material prices. The constantly changing health measures required us to keep adapting our way of working, in line with the declared level of severity of the pandemic. It was a stop-and-start process: from fully remote work – for administrative and sales associates – to hybrid working, and back to remote working again. This had a harsh impact on our activities, and also on people’s mental health. The pandemic kept the demand for food service products lower than usual in the first months of the year, while the prices of energy, raw materials and

packaging steadily rose. Finding the optimal way to pass those price increases on to our customers was a complex and time-consuming process.”

“Nevertheless, **2021 was a successful year**; much better than 2020, in fact. But not yet at the pre-COVID-19 level. Our Bakery Products (BP) business line performed particularly well. After some teething troubles in the first year of the COVID-19 pandemic, we were able to react faster to changing circumstances. We achieved our financial targets and made good progress on the sustainability targets, which makes us very proud. It was also heart-warming to see how many associates became involved in sustainability.”

What was Vandemoortele's most significant achievement last year?

Jean Vandemoortele: "I am very proud of the resilience of our associates, and the energy with which they have continued to accomplish their tasks, even when confronted with difficult working conditions. It shows that we have a strong company culture, and that our associates are dedicated to our goals and to our company. Despite the challenging circumstances of 2021, we managed to improve our turnover. We were able to adapt and to push sales in some areas to compensate for the losses in others. Our somewhat weaker performance in margarines and cooking oils was compensated by a strong performance in bakery products."

"Despite all external challenges, we kept our key projects of development on track by being able to sell more branded products through the professional channels, improving the mix products and channel, and exporting more out of Europe. First, we have accelerated the transformation of Vandemoortele into a more marketing- and innovation-driven company, while of course retaining our operational excellence. This is a change of company strategy and culture that requires new competences. Second, we are expanding our food service business within Europe and growing our export volumes for Asia and the United States. Our export approach was very successful in 2021. And finally, we are continuing to improve our plant and supply chain performance."

Are you satisfied with the 2021 financial results?

Which factors drove last year's financial performance?

Yvon Guérin: "Overall, we are certainly satisfied. We performed better than in 2020, and we have achieved our financial targets in spite of the pandemic and rising prices. 2021 was still a year affected by COVID-19, with fewer sales opportunities, but we were not taken by surprise and quickly fully adapted to the changing circumstances."

"Materialising the progress over the last years on operational excellence, we efficiently continued the plan to become more competitive cost wise. This has been very helpful: despite all the COVID-19 restrictions, we have been able to manage our costs. That is currently a very important aspect of our operational excellence."

Jean Vandemoortele: "Part of our 2021 success was down to our ability to adapt: not only to adapt our plants to the stop-and-start working conditions, but also to adapt our sales strategies. We adjusted our product mix, our channels and our geographical markets. For example, we sold more pastry products and boosted sales in the food service industry and in artisan bakery. We also placed a greater focus on our own margarine and cooking oil brands, to compensate for the lower sales in private labels."



"Transparent reporting is key to building internal and external trust."

Jean Vandemoortele - Chairman of the Board



Last year, Vandemoortele launched its new sustainability strategy and the first sustainability report outlining the aspects of the strategy. In what ways has that been important to you?

Yvon Guérin: “The new sustainability strategy has resulted in a further clarification of our ambitions. We made clear where our focus lies: we want to have an impact through balanced nutrition, protecting nature and enhancing life. On the whole, we are very satisfied with the progress made in 2021. We achieved many of our targets, and in some instances even exceeded them.”

Jean Vandemoortele: “The various communication efforts have made our associates more aware of our sustainability strategy. Our goals have become more embedded within the company, across all levels. Sustainability is no longer only ambition for some: it’s everybody’s business now. The sustainability report has led to a higher degree of associate understanding and involvement. We also have a duty to be transparent to the outside world: our customers, for example, need to know what is in our products before they decide to sell them. Transparency is a key element through which we will continue to build internal and external trust.”

What was the company’s biggest sustainability challenge in 2021?

Yvon Guérin: “Our biggest challenge was dealing with the COVID-19 restrictions and the impact they had on energy

consumption in our factories. Energy efficiency posed a greater challenge, due to the fact that we had to reduce our production volumes, especially in cooking oils and margarines. This will be remedied once volumes increase again. To further optimise our energy consumption, we plan far-reaching structural changes and investments: not only in new, energy-efficient machines, but also in new energy sources, including solar energy and windmills.”

“A second important challenge was – and remains – further improvement of the nutritional value of our products while at the same time keeping the taste and quality unchanged. In 2021, we made significant progress regarding our Clean Label targets. Selling frozen products actually helps us in this respect: frozen food does not require additives to keep it fresh, thus making it more sustainable. Of course, we need to view sustainability in terms of our total portfolio: an indulgence product like a croissant will never achieve a Nutri-Score A, and that’s not our goal either.”

Which progress or achievement are you most proud of, in terms of sustainability?

Jean Vandemoortele: “Personally, I am very proud of the way we improved labour safety during the last couple of years. We substantially reduced the number and – most of all – the severity of accidents, even with an increased number of temporary workers. This is thanks to the robust safety strategies and procedures that we have put in place.”

“Our 2021 sustainability efforts also had a positive effect at a financial level. With energy prices going up, our energy reduction measures saved costs as well as the climate. Many of our sustainability investments have yielded even better results than we predicted. For example, we thought that a windmill would provide maybe 50% of the electricity required for our refrigerators, but this figure is

actually closer to 80%, due to the refrigerators’ excellent insulation qualities. Over the past few years, we have learned that our investments in sustainability also help us at a commercial level!”

Why did you decide to publish an integrated report with financial and non-financial information this year?

Yvon Guérin: “The main reason for this is that it reflects our

‘integrated’ strategy. Sustainability is not a bolt-on. It is an integral part of our strategy and identity. Furthermore, an integrated report is more complete and easier to read. A purely financial report, however accurate, often doesn’t make for particularly enjoyable reading material for most people. By combining both reports, we tell people not just what we do, but also why we make certain decisions. In the coming years, successful companies will be those that match good financial results with a strong sustainability performance. To gain your customers’ trust, you have to show who you are, what you do, and how much progress you are making.”

Jean Vandemoortele: “Customer surveys have shown that many of our customers are not yet fully aware of all our sustainability efforts and results. It is important that we show the outside world what we are achieving. Transparent reporting also helps us to attract talent, because people are increasingly hesitant to work for companies that are not sustainable.”

What opportunities, challenges and risks do you see for 2022?

Yvon Guérin: “In 2022, we seek to continue our profitable growth. The continuing rise in energy and material prices will probably make this more challenging and the Ukraine crisis will further reinforce these cost increases. So, we are preparing ourselves for these difficult challenges in 2022. Next to this, we aim to become more marketing- and sales-oriented, and to translate consumer insights into better products.”



“In the coming years, we will place a greater focus on our own brands. This will allow us to create our own products and recipes in a totally sustainable way, with fewer additives. When we create products for private label customers, we aim to steer them towards sustainable choices. With our own branded products, we are able to make a statement: when we are convinced that a substance is not sustainable, we will – if technically possible – overcome this, or, alternatively, replace it.”

**“By focusing on our own brands,
we can make more sustainable choices”**

YVON GUÉRIN

Jean Vandemoortele: “One of our long-term challenges will be attracting and retaining the right people and giving them the chance to develop and grow their competences. To find those people and get them on board, we have to be a company of which our associates can be proud.”

“Caring about our people is high on our list of priorities. Currently, many of our associates in sales and administration positions are still working from home. We are making great efforts to protect their physical and mental health, and to keep them motivated. In the challenging circumstances of the last few years, our associates have been doing a great job, and they deserve a big thank you!”



COMPANY MILESTONES 2021

Launch sustainability strategy (Q1)

In 2021, we launched our new sustainability strategy 2021-2025, building on the achievements of our previous strategy. Today we are putting sustainability at the heart of our business.

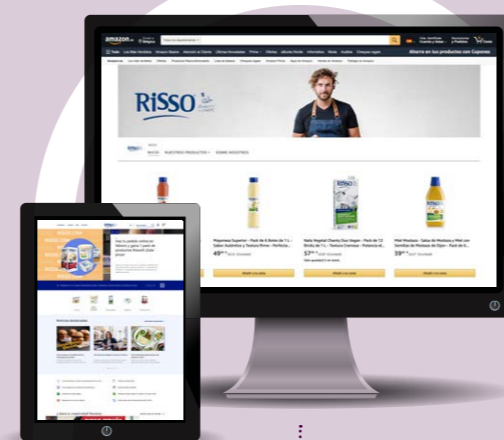


Superior Taste Award Vandemoortele® branded Mayonnaise in Belgium (Q1)

The International Taste Institute, a large panel of the most prestigious chefs and sommeliers (many have a Michelin star restaurant) from more than 20 countries, presented two Superior Taste Awards. One star for the lemon mayonnaise and two for the egg mayonnaise. No sugar or additives, but made according to a pure, Belgian recipe and bursting with flavour.

Launch of the Vandemoortele Academy (Q1)

We launched the Vandemoortele Academy for our associates. This enables us to map out an individual training path for each associate.



A Spanish operator-friendly platform (Q2)

The Spanish RISSO® team developed an operator-friendly platform where chefs can order their RISSO® products directly. Current and prospective customers will find useful information about our brand solutions and they will be able to either order them or ask for a personalised tasting session with one of our sales delegates.

Becoming number 1 on the British pre-proofed viennoiserie market (Q2)

After a significant investment in our Worcester plant to install a new process line for pre-proofed pastries and the recruitment and onboarding of more than 30 new associates, we successfully started up the production of pre-proofed pastries at Worcester in April.



Launch of the Young Graduates Community (Q2-3)

45 young university graduates were given the opportunity to work on various projects at Vandemoortele for one year. Every month they were brought together for sessions on different themes.

Launch of Banquet d'Or® branded product range in BP France (Q3)

In 2021, Banquet d'Or® succeeded to realise a topline growth of 35%, a growth rate that is 3.5 times larger than that of our overall bakery products in 2021. Every year we also have key launches and renovations under Banquet d'Or®, focusing on key trends to complement and enrich our portfolio.



Best ever year for RISSO® brand (Q4)

Despite a difficult year, but thanks to the quick recovery of the catering industry market in some countries, the equity of the brand build, portfolio novelties developed and launched and the efforts of all countries, RISSO® was able to grow by 28% versus 2020, far above the performance of the total food service channel.



PART I: OUR COMPANY

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ABOUT US

Vandemoortele was founded in 1899 as a Belgian family business, and has continued to grow and develop ever since. Over the last two decades, we became a European food company with leading positions in two business lines: **Bakery Products (BP) and Margarines, Culinary Oils & Fats (MCOF)**. We are known for supplying innovative and high-quality products, which are sold both under our own brand names and under private labels.

OUR BUSINESS LINES

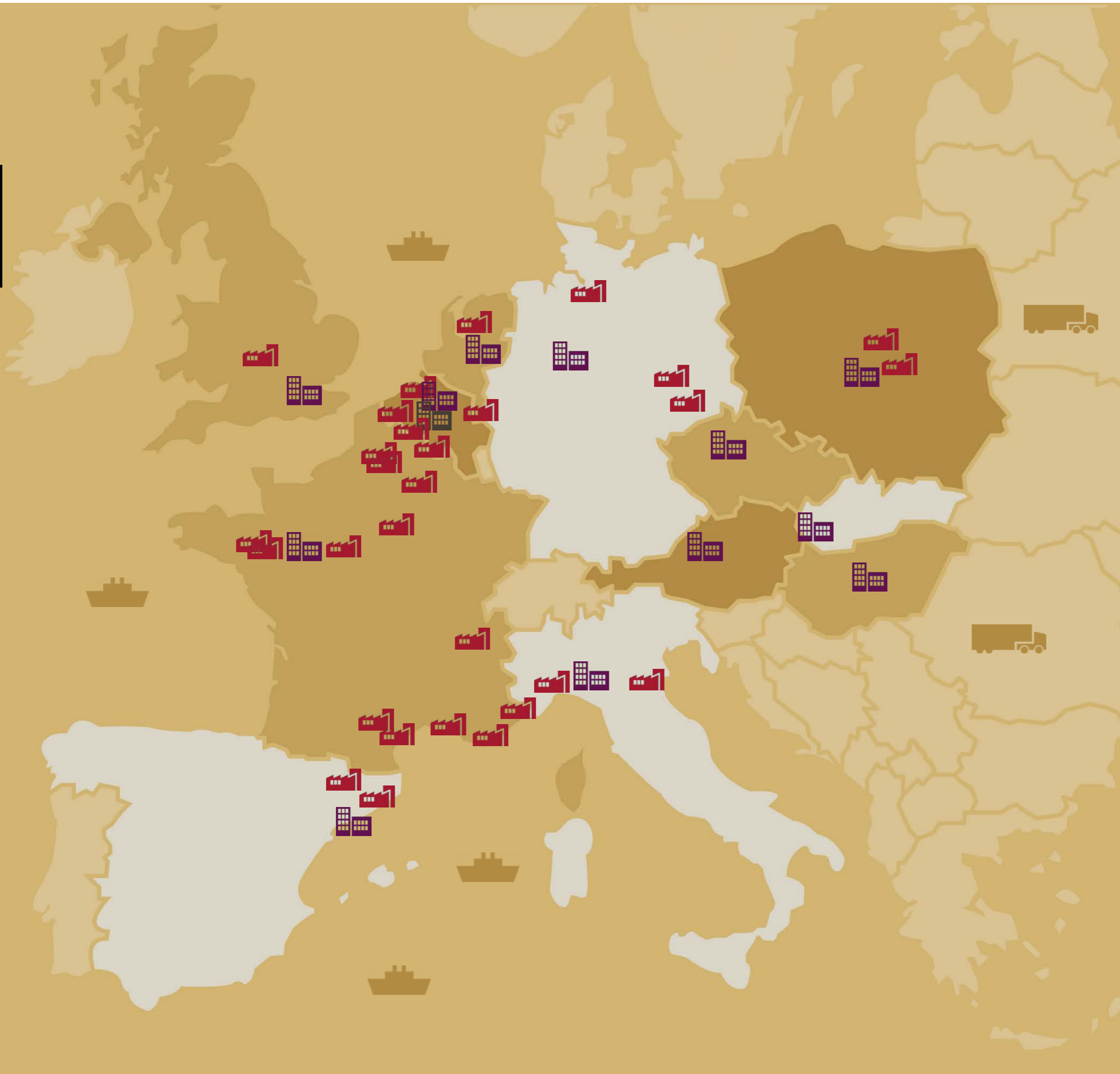
In our two business lines, we are European leader in their respective markets. Both lines aim to meet and exceed customer expectations in terms of taste, quality, convenience and value for money. For both BP and MCOF, Vandemoortele has production plants as well as supply chain entities.

The **BP business line** targets professional chefs and bakers with the Vandemoortele frozen bakery portfolio.

The products are further crafted, baked or simply defrosted by these chefs and bakers and sold to consumers as fresh bakery goods and snacks.

The **MCOF business line** targets on the one hand professionals who use margarines, culinary oils and fats. It develops and manufactures on the other hand private labels for retailers across Europe. Vandemoortele also owns retail brands in Benelux and Germany.





OUR OPERATIONS

The Vandemoortele Group headquarters are located in Ghent, Belgium.

We have commercial offices in **12 European countries**, as well as in the United States.

We operate on **29 high-quality production sites** all over Europe, in order to ensure proximity to all our key markets.

We export from Europe to **95 countries worldwide**.

 Headquarters

 Production site

 Commercial office

KEY FIGURES 2021

Finance



769 kton
sales volume



4,900
products in our assortment



29
production sites

Financial performance 2021

revenue	€ 1,330 million
adjusted EBITDA	€ 119 million
profit	€ 33 million
net financial debt	€ 92 million

Associates

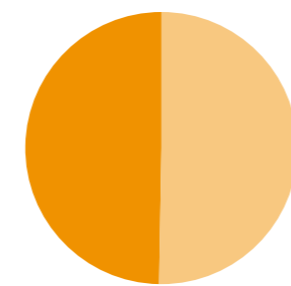


84% of our associates are covered by collective bargaining agreements

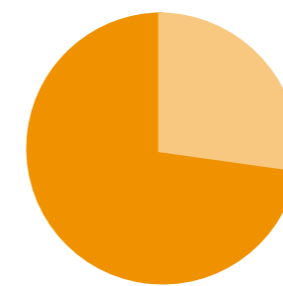
91% of our associates work full-time

Male/female ratio in:

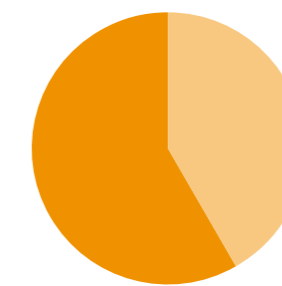
● men ● women



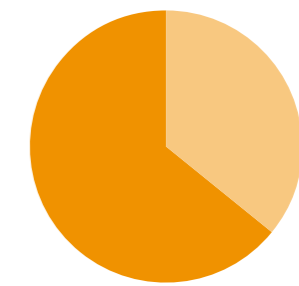
support
509 / 516



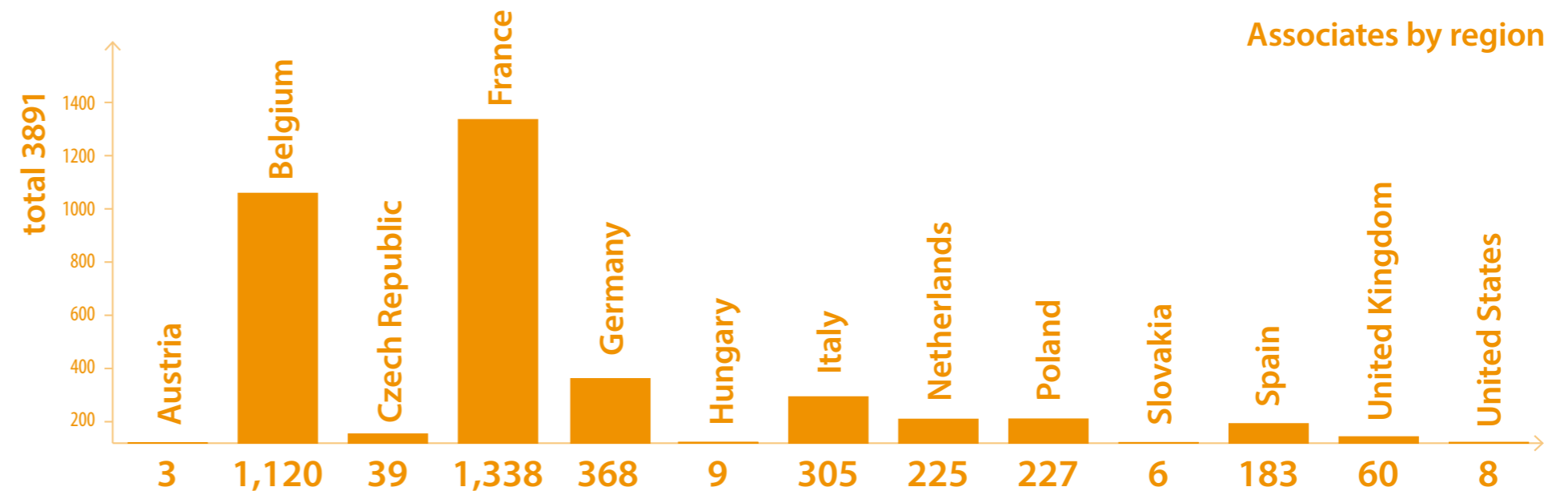
operative
1,602 / 603



staff
385 / 276



total
2,496 / 1,395



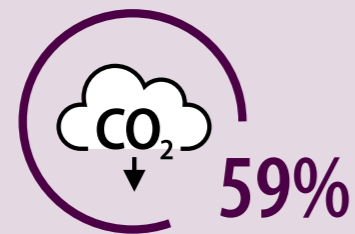
Sustainability



76% of Bakery Products are Clean Label
28% of MCOF products are Clean Label



92% of our production sites have unannounced GFSI certification (Global Food Safety Initiative)



59%
reduction CO₂-equivalent/ton in Scope 1 and 2 emissions (compared to 2015)



100%
green electricity used in our production sites and attached commercial offices



88%
recyclability of our packaging



100%
of our key palm oil suppliers have an NDPE policy (No Deforestation, Peat and Exploitation)



74%
of new direct suppliers signed our Vandemoortele Supplier Code of Conduct



56%
management positions with at least one female successor

MISSION, VISION AND VALUES

Our mission

We believe people’s everyday food should be an everyday enjoyment: from breakfast to dinner, from healthy lunches to moments of indulgence. As a leading food company in Europe we focus on taste, while making positive choices for people, planet and society.

Our vision

We develop food products, offering the best in taste, quality and service, and focusing on high-quality ingredients, expertise, craftsmanship and continuous product innovation. We are putting sustainability at the heart of our company. Our goal is to perform business in a way that allows us to sustain our activities for years to come.

Our core values

Vandemoortele lives by three corporate values: respect, ambition and cooperation. These lie at the core of our corporate culture.

RESPECT

Respect is the foundation of our actions and our external and internal relationships. We act with integrity and respect both toward others and in relation to the environment.

COOPERATION

The spirit of **cooperation** can be found within our teams and between ourselves and our partners. We are open-minded and value each individual contribution. We share our knowledge and expertise and enjoy working together.

AMBITION

Our **ambition** is to deliver the Vandemoortele promise: best taste, best quality, best service. We take ownership of the company’s goals, and are committed to delivering an outstanding performance, for our customers and ourselves alike. We are passionate, engaged and energised.

OUR SUPPLY CHAIN

Vandemoortele believes that daily food should be a daily pleasure. Great taste is built on high-quality ingredients, processing expertise and true craftsmanship. To ensure that our products are both tasty and sustainable, we consider the impact of every step in our supply chain, from the sourcing of commodities to the delivery of delicious masterpieces.



Raw materials

To manufacture our products, we source raw materials like vegetable oils (sunflower, rapeseed, linseed, palm, soybean, coconut, etc.), wheat, butter, cocoa and eggs from carefully selected suppliers. They are all asked to sign our Vandemoortele Supplier Code of Conduct. At the level of the individual raw material, we take our sustainability efforts further by adhering to separate sourcing charters. Ensuring clear traceability enables us to monitor where our raw materials come from and how they are produced.



Production

Our products are manufactured at 29 production sites spread across Europe. We place a strong emphasis on safety and operational efficiency. We aim for zero food loss and minimise our energy intensity, with the aim of reducing our carbon footprint. The electricity that we use in our production sites and offices comes from 100% renewable sources.



Packaging material

High-quality packaging protects the quality and safety of our products, and prevents food waste. To reduce the impact, we ban all unnecessary materials and make our packaging as light as possible. We contribute to circular packaging through several innovations, such as using recyclable alternatives.



Logistics

We distribute and sell our products all over the world through a logistics network that specialises in the transportation of temperature controlled and frozen goods. To reduce our transport emissions, we rely on the latest engine technologies, innovative truck designs and efficient loading techniques.



Market

We supply our products to artisanal bakeries, food service outlets, industry customers and retail customers (B2C). Due to the fact that many of our customers no longer bake from scratch, we deliver our bakery products at various convenience levels: raw, pre-proved and ready-to-serve. This approach combines good quality with flexibility. Our customers sell the products to end consumers as finished, freshly baked products. Likewise in our MCOF business line, we offer tailor-made solutions for every customer, from tasty cooking blends for top chefs to top quality pastry margarines for artisanal bakers.



Consumption

The quality and taste of Vandemoortele products is our trademark. At the same time, we aim for authentic food products made with ingredients of natural origin with a good nutritional balance. We offer plant-based alternatives and strive to be a leader in food safety. Day after day, we invest in research and product development, in order to raise the bar ever higher in terms of food quality and safety.



End of life

We advocate a circular economy, and aim for an optimal balance between preservation and sustainable packaging in order to minimise waste.

OUR KEY PRODUCTS

Bakery Products

Our Bakery Products include **five product categories: Pastry, Bread, Sweet Treats, Italian Savoury and Patisserie**. They are distributed through professional channels: artisanal bakery, food service, retail chains and industry. Our customers can simply bake or defrost our products and sell them directly to consumers as freshly baked goods.

Our most important and well-known bakery brands are Banquet d'Or®, Lanterna®, My Originals® and Les Pains Pères de Roland Cottés®.



Banquet d'Or®

Banquet d'Or® is an established brand since 1983, and we have been delivering easy-to-bake and easy-to-love products through the brand ever since. The Banquet d'Or® baked goods are easy to prepare and consist of ingredients of natural origin, with which you can achieve expert-level results each and every time. We have been bringing the delicious and unique taste of French bakery and pastry (viennoiserie) products to European consumers for 40 years, and are now expanding to the USA and Asia.

Since 1899, Vandemoortele has been continuously innovating, resulting in our patented technology under the Bake'Up® range. It is designed to make bakers' lives easier, as the products can go directly from freezer to oven, and are ready in just 25 minutes. The main advantage of our Bake'Up® technology is that it eliminates the labour and typical early morning start of our bakers through an easy and convenient process that offers a broad range of high-quality, freshly baked pastries.

Banquet d'Or® offers a wide range of bread, pastry & patisserie in different convenience levels.



Lanterna®

The true taste of pure, high-quality Italian products, can easily be found in the Lanterna® brand's assortment. Lanterna®'s origins lie in the port city of Genoa, the birthplace of the authentic focaccia. Genoa has a rich history, which dates back to the early medieval period, just like the famous lighthouse 'La Lanterna'.

Lanterna® comprises a high-quality range of Italian classics, including focaccias made from fresh ingredients, free from aromatic substances, colourings and flavourings. After baking, the products are immediately frozen, so that the freshness and the delicious taste are preserved to as great an extent as possible.





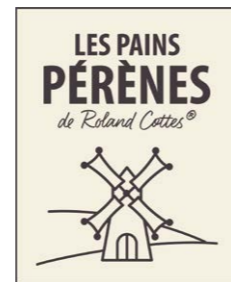
My Originals®

America is known for its variety of sweet snacks. With My Originals® donuts, muffins, cookies, brownies and cakes Vandemoortele aims to meet high expectations. The brand represents the full taste of authentic American recipes. With My Originals® our customers can respond quickly and easily to the different cravings of every consumer.



Les Pains Pères de Roland Cottés®

The breads in this bread range are pre-baked in a floor oven and are made from high-quality ingredients: natural, liquid sourdough and Label Rouge flour, which gives the bread its typical French flavour. The kneading and rising is performed slowly and with care, providing the bread with its specific taste and character.



Croustico®: our full service bakery concept

Croustico® is a Vandemoortele business unit that offers its 1,500 customers a full-service 'proximity' bakery concept. It includes a range of 200 high-quality Vandemoortele products, plus different types of services: recipe tutorials, manuals, live trainings, baking programmes, and more. We help customers with concept design and packaging problems, advise them on how to present our products in their retail premises, and counsel them on safety and hygiene.

MyCroustiPlace

In 2021, Croustico launched 17 new products. We also introduced MyCroustiPlace, an online B2B order and communications platform. More than 200 Croustico customers are already using the platform to place their orders on-line, accounting for 32% of all Croustico® purchases. In the coming years, Vandemoortele will continue to invest in such digital platforms and e-commerce.

Margarines, Culinary Oils & Fats

Our MCOF products include margarines, butter, blends, deep-frying oils and fats, culinary oils, mayonnaises, sauces and dressings, vegetable-based creams, and dough improvers. Our products combine functionality with a pleasing taste and texture, as well as high nutritional values. They are marketed through artisanal and industrial bakeries, food service outlets and retail stores. Our MCOF range contains both private labels, which we develop for customers, and our own brands.

Our best known brands are Vandemoortele®, Riso®, Baker's Margarines®, St. Villepré®, St-Allery® and Gold Cup®.



Vandemoortele®

Vandemoortele® is a B2C brand with a rich history in the culinary oil category and therefore it is the expert in culinary oil & vinaigrette products. The Vandemoortele® brand translates its expertise in a wide range of plant-based oil products, such as frying oils and cooking oils. On top of that, it offers a large variety of vinaigrettes and mayonnaises. This way, Vandemoortele® has become indispensable in the kitchen for many culinary preparations. As a culinary brand, Vandemoortele® is continuously launching new recipes. It has a place in the heart of every Belgian food lover.



Riso®

Riso® offers a broad range of convenient and tasty products for contemporary chefs, made with the best and mainly plant-based ingredients. This results in successful products covering all types of applications, whether in the kitchen, at the table or on the go.





Baker's Margarines®

With our Baker's Margarines® product range, we offer our customers industrial margarines to create the tastiest baked goods. Our well-known laminating margarines and fats have a high degree of plasticity, making them easy to use when creating viennoiserie, Danish and puff pastry. In addition to our product range, which includes our core range 'Baker's Classics', our customers can also rely on our expertise in developing tailor-made products adapted to their production processes and product specifications.



St. Villepré®

The St. Villepré® butter range addresses the needs of true craftsmen, who are convinced that pure dairy ingredients hold a place in the heritage of the artisanal bakery. For such bakers, St. Villepré® brings a dairy solution for professional use, excelling in terms of taste, quality and functionality. With the St. Villepré® butter brand, Vandemoortele is a total solution provider for artisanal bakers.



St-Allery®

St-Allery® offers a premium range of professional butter blends that combine the indulgent taste of butter with an improved workability, functionality and nutritional value. Thanks to its unique formula, our St-Allery® range offers artisans both efficiency and an enjoyable butter taste.



Gold Cup®

Our Gold Cup® range consists of 100% vegetable oils and fats that offer professionals greater functionality and convenience, and addresses the needs of the modern consumer who attaches great importance to improved ingredients. The various products have a soft structure, an optimal melting profile and contain natural flavourings. The packaging of Gold Cup® is environmentally friendly and the products support the sustainable production of palm oil through RSPO certification.



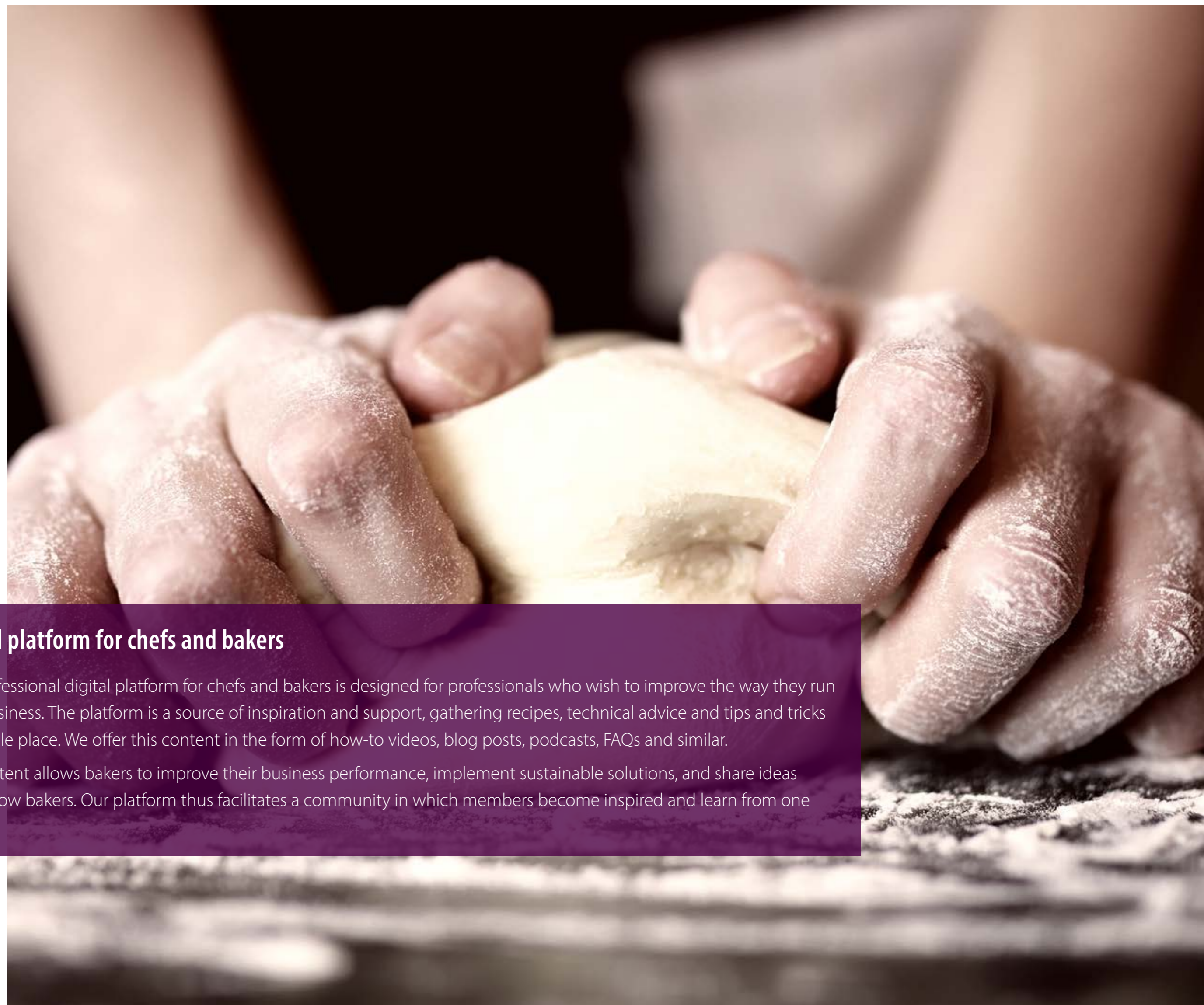
OUR KEY SERVICES

Vandemoortele not only provides its customers with a wide range of products, but also supports them with several services. These services include **online training and baking instructions, technical support, customer insights, the development of customised products and category management.** Category management is a service we offer to our retail customers, and entails developing range proposals and formulating advice regarding positioning, placement and pricing. In this way, we increase our customers' sales volumes and profits. We bring many of these services together in one place, such as our B2B online order and communications platform MyCroustiPlace for the Croustico® range, and our professional digital platform for chefs and bakers.

Digital platform for chefs and bakers

Our professional digital platform for chefs and bakers is designed for professionals who wish to improve the way they run their business. The platform is a source of inspiration and support, gathering recipes, technical advice and tips and tricks in a single place. We offer this content in the form of how-to videos, blog posts, podcasts, FAQs and similar.

The content allows bakers to improve their business performance, implement sustainable solutions, and share ideas with fellow bakers. Our platform thus facilitates a community in which members become inspired and learn from one another.



INNOVATIONS

Consumer and market insights

As Vandemoortele is a “B2B2C” company – which means we partner with other companies to sell our products to consumers – we value both the demands of our customers and those of our end users, the consumers. That is why ‘Consumer and Market Insights’ is a key department within our company.

We analyse consumer and market behaviour in order to better understand who our consumers are, what their attitude towards our products is, and what they expect from our products, services and brands. With these insights, we can develop products that are future-proof and services that are customised to

the needs of our B2B customers. To analyse markets and understand the consumers, we conduct various surveys in different countries. Through these surveys, we are able to gather information about how consumers shop, consume and behave, and gather insights into their attitudes, preferences and expectations.

Valued customers

Our customers are at the centre of what we do, and we strongly value their business. The basis for our customer centric plans is the customer satisfaction survey that we conduct on a regular basis. In the latest survey, conducted in 2021, our customers spontaneously stressed our high quality, strong reliability, and professional service.

The survey also serves as a basis for dedicated action plans across our business lines and markets to go the extra mile for our customers’ satisfaction. 2021 initiatives include better promoting our sustainability agenda, further developing thought leadership by communicating proactively on our consumer and markets insights, and pursuing the digitalisation of our commercial approach. By doing so, we seek to be a trusted partner for our customers and build on our long-term relationships through solid category management plans.

Product innovations

Vandemoortele launches targeted innovations corresponding to customer and consumer needs.

We focus on a limited number of innovation projects with high relevance.

Our R&D teams across Europe consist of around 75 people from various backgrounds, such as bakers, food and packaging technologists, pilot operators, sensory experts and researchers. Together, they focus on our key innovation pillars: **sustainability, plant-based, health and nutrition, taste and craftsmanship, more convenient solutions for our customers and consumers and new process technologies.** They select the right ingredients and packaging materials, analyse the various stages of the manufacturing process and evaluate new and existing technologies, led by the latest scientific developments and nutritional recommendations.



To obtain new insights into the nutritional profile of our products, we collaborate with scientific research institutes like **Ghent University** and **KU Leuven**, follow-up on scientific studies and the latest trends and recommendation in nutrition science and investigate techniques in other industries. The Vandemoortele Centre for Lipid Science and Technology joined forces with Ghent University in 2012. Since then, we have jointly conducted specific scientific projects for our MCOF business line, undertaking research into margarines with fewer additives and healthier fats. In collaboration with KU Leuven, we have conducted research into sugar reduction for our bakery and patisserie product range.

Product innovations in Bakery Products

In the Bakery Products business line, we have improved both our service and our products in 2021. Our R&D team is continuously working on even more nutritional and healthier bakery products, resulting in the launch of many products with an improved nutritional profile and more Clean Label products. One of our highlights for 2021 was the launch of the MyCroustiPlace online B2B order and communications platform, which facilitates business and improves the customer experience.

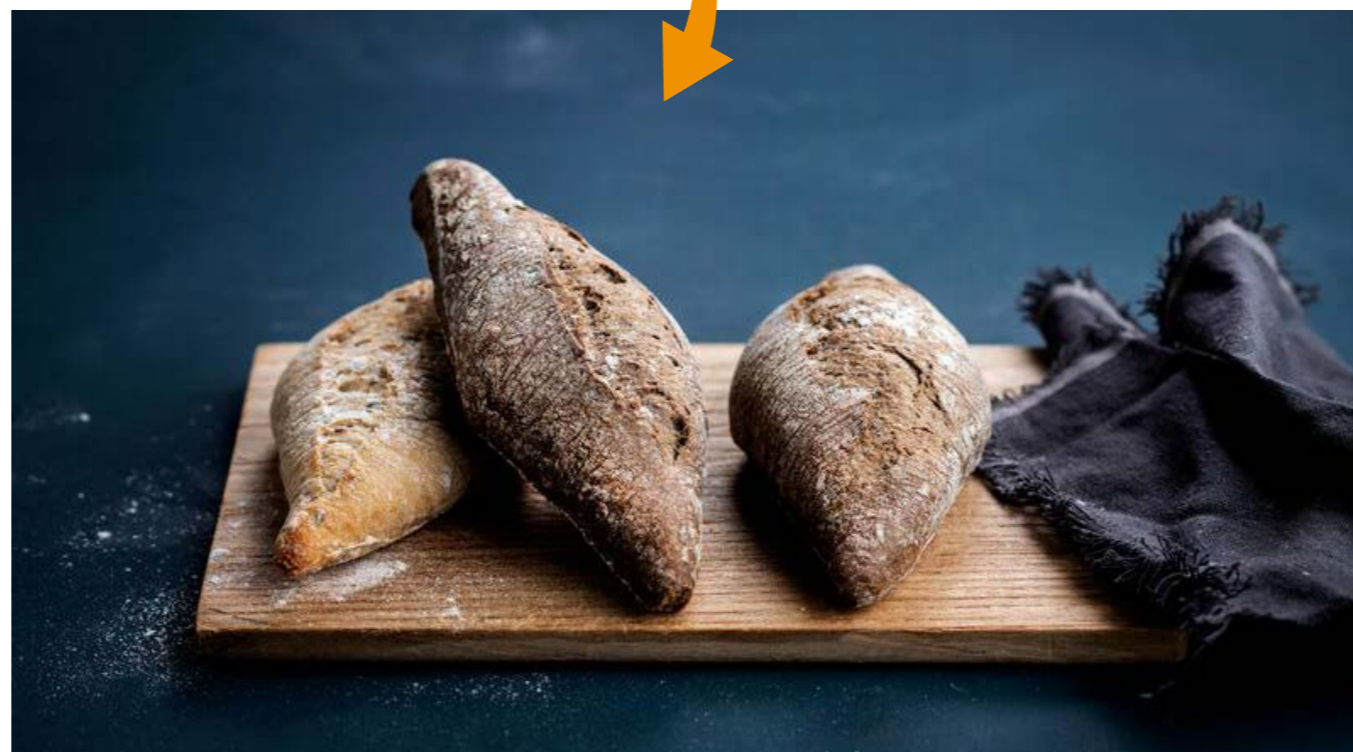
In 2021, we took steps to add more **Clean Label products** to our product range. We replaced artificial additives by ingredients of natural origin and removed emulsifiers from several pastry products, like our Banquet d'Or® puff pastry sheets. A highlight was the introduction of the **Fossette®**, a small round bread with an artisanal appearance and authentic taste.





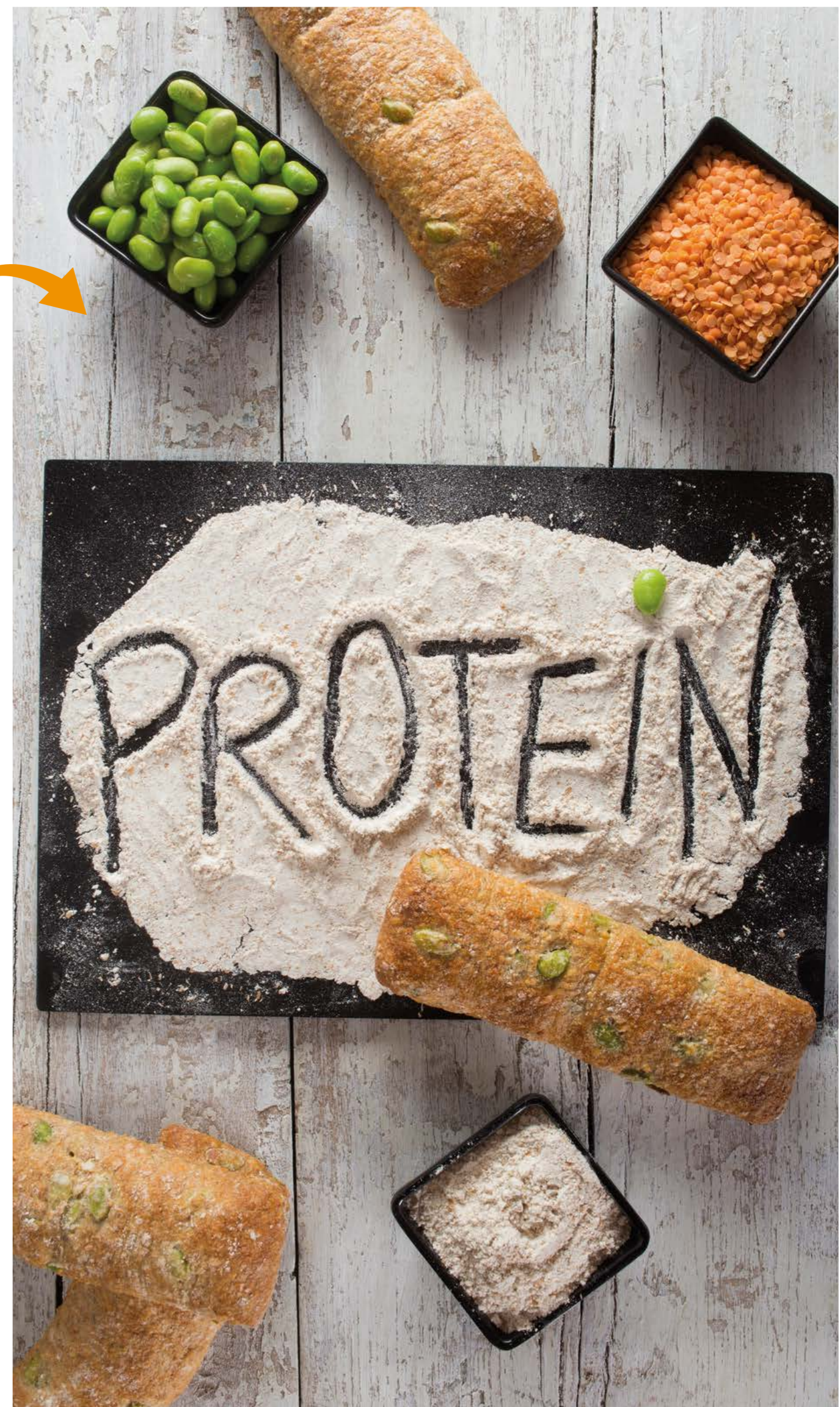
We have outlined several plans to gradually **decrease the salt and sugar content** of our bread range. We have recently launched a less salty ciabatta and increased the volume of our low-salt donut.

An increasing number of consumers are coming to value healthy bread with a clear ingredient list and nutrition information, as well as a great nutrition profile as part of a balanced and varied diet. That's why we created the **concept line 'Les BeneFits'**. This line consists of delicious Banquet d'Or® products



made with high-quality ingredients, which are a source of vitamins and minerals.

In 2021, we launched our **protein bread stick**, which contains edamame beans, red lentils and wholewheat flour. The flour adds a high amount of fibre, while the high protein content – 13 grams! – is due to the beans and lentils. Edamame beans are rich in fibre, protein and folate, and are a source of minerals. Red lentils contain optimal quantities of vegetable protein, carbohydrates, fibre, B vitamins and mineral salts.



Product innovations in Margarines, Culinary Oils & Fats

In our MCOF business line, new and exciting product reformulations are taking place with regard to the nutritional value of our products.



In 2020, we started a project to **eliminate as many E numbers** (food additives) as possible from our Gold Cup® professional margarine range. This led to the development of our first E-free Gold Cup® margarine, which should be launched in mid-2022. By using fewer additives, we aim for more transparency and less complex ingredients lists.

We succeeded in developing a **Nutri-Score® A spread** by adding fibres to the recipe and lower fat content (25%). We have set up various projects with the aim of improving the nutritional value and achieving a higher Nutri-Score® for our spreads.



In 2021, we developed **three vegan alternatives to our most popular vinaigrettes**: chive, mustard and garden herbs. Our vegan range will be available on shop shelves from April 2022.



We are also **improving the nutritional profile** of our margarines for industrial applications (B2B) by developing products with less saturated fat and/or less salt.



A major 2021 highlight was the launch of our **immune-boosting concept**, where we add vitamins and minerals that contributes to fortify consumers' immune system to various food products.



Packaging innovation

To reduce waste, Vandemoortele is increasing the amount of recycled material in its packaging. We aim to **use packaging as efficiently as possible, use less different materials, and use recyclable alternatives whenever possible.**

In 2021, 20% of our PET portfolio consisted of recycled material. We are working to increase this to at least 25% by 2025. Furthermore, our researchers focused on mono-materials: packages that consist of a single type of material, as this makes it easier to recycle. We are working to replace the aluminium leaves on our PP tubs with polypropylene (PP) seal leaves, increasing sorting and recycling efficiency of these products by 14%. The roll-out of these improvements across our various plants will start from mid-2022. In addition, in 2022, we will implement a small change in the design of our

PET-bottles so that 18 extra boxes can be fit per pallet. This would result in 20 fewer trucks on the road each year. Furthermore, there will be some weight reduction due to the design change, saving 3.3 tonnes of PET per year.

Better sorting process

In 2020, Vandemoortele joined the Holy Grail 2.0 project, an international initiative to put **digital watermarks on packaging materials.** The watermarks contain coded information that allows waste sorting installations to determine what material a product is made of. This enables much more efficient separation and processing of waste. A first successful trial was conducted in 2021. In 2022, we will launch our first two products with a sorting watermark. More and more EU countries, will introduce mandatory sorting instructions on the labels.

Digital transformation

Over the years, Vandemoortele has invested in a number of digital platforms to **improve its operations,** including SAP Sales Cloud® for CRM, SAP SuccessFactors® for HRM, Microsoft O365 for internal collaboration and Transporeon for collaboration with transporters.

In 2021, we launched two digital platforms through which we offer our customers extra information, inspiration, and also extra tools: we put into action our MyCroustiPlace B2B online order and communications platform and our professional digital platform for chefs and bakers.

In the coming years, Vandemoortele will continue to invest in digital platforms with a strong focus on an improved digital 'on-line' customer experience and e-commerce.

PART II: CORPORATE GOVERNANCE

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PRINCIPLES OF GOOD CORPORATE GOVERNANCE

As a family business, we focus on our strategic objectives while tackling operational issues and responsibilities on a daily basis. To achieve our goals, we put in place policies and procedures, and implement and monitor these. Adequate corporate governance is one of Vandemoortele's essential tools to ensure its sustainable growth and profitability, now and in the future, to the benefit of its stakeholders.

The **Vandemoortele Corporate Governance Charter** is based on several principles laid down in the 2020 Belgian Code of Corporate Governance.

The responsible conduct of our affairs is embedded in **9 governance best practices:**

- We adopt a clear governance structure;
- Our Board of Directors works efficiently and makes decisions in the best interest of our company;
- We use a strict and transparent procedure to appoint Board members and to evaluate their contributions, commitment and integrity;

- We set up specialised audit and compensation committees;
- We outline a clear executive management structure;
- We remunerate our directors and executive managers fairly and responsibly;
- We treat all our shareholders equally and respect their rights;
- We ensure an adequate disclosure of our corporate governance, with sufficient attention paid to transparency and public reporting;
- Our codes of conduct, policies and other charters guarantee the commitment of all our associates, directors, suppliers, customers and other business partners to ethical behaviour.

LEGAL STRUCTURE

Vandemoortele Group encompasses both the operational holding company Vandemoortele NV and all companies that are consolidated in the IFRS consolidated annual accounts of Vandemoortele NV. This is collectively referred to as 'Vandemoortele Group' or simply 'Vandemoortele'.

Vandemoortele NV is a **public liability company under Belgian law**. Its shares are not listed on the stock exchange. Vandemoortele NV has made public offerings of securities within the meaning of article 1:12, 2° of the Belgian Code of Companies & Associations ("CCA") ("Wetboek van Vennootschappen en Verenigingen" / "Code des Sociétés et Associations") since the issuance of retail bonds.

The company's registered office is located at Ottergemsesteenweg-Zuid 816, 9000 Ghent. Its KBO (Central Register of Enterprises) number is 0429.977.343. Vandemoortele has various direct and indirect subsidiaries and branches, both in Belgium and abroad.



BOARD OF DIRECTORS



The Board of Directors is Vandemoortele’s highest decision-making body, except for matters which are reserved to the shareholders. It oversees the CEO and the Executive Committee on behalf of the shareholders.

The primary objective of the Board of Directors is to **sustain and develop further a successful group in the food industry by creating sustainable value in line with the vision of the family shareholders**, i.e. making great food for a more enjoyable and healthier life through a truly people-driven organization.

It consists of **13 directors**:

- 7 non-executive family directors;
- 5 non-executive directors from outside the Vandemoortele family;
- Vandemoortele’s CEO, who is also the company’s Managing Director.

The current Board members are:

- **non-executive family directors:** Jean Vandemoortele* (Chairman), Catherine Billiet**, Marie-Christine de Briey*, François Casier* (representing Arema sprl), Ann Deruyttere*, Charles Vandemoortele** (representing Honest Foods BV) and Christian Vandemoortele* (representing Artval NV);
- **non-executive and non-family directors:** Michel Delloye (representing Cytifinance NV), Cécile Bonnefond (representing CB management), Natasja Laheij, Philippe Schailleé and Otmar Hofer;
- **the CEO:** Yvon Guérin.

The Board elects a **chairperson** from among its members. He or she ensures the efficient preparation, deliberation and decision-making of the Board and fosters an atmosphere of trust conducive to open discussions and constructive criticism. This enhances support for the decisions made by the Board.

* fourth generation family director

** fifth generation family director

Responsibilities of the Board

The key responsibilities of the Board of Directors are:

- **Strategy:** the Board outlines Vandemoortele's strategic course, on the basis of proposals from the CEO and the Executive Committee. It approves the operational plans and the main policies developed by the CEO and the Executive Committee to implement the strategy.
- **Leadership:** the Board appoints Vandemoortele's CEO and the members of the Executive Committee. It defines the group's general remuneration policy and the specific remuneration conditions for the non-executive directors, the CEO and the members of the Executive Committee. It also reviews their performance.
- **Supervision & monitoring:** the Board supervises the business evolution and Vandemoortele's general performance. It approves and evaluates the risk management and internal control processes proposed by the CEO and the Executive Committee. It also reviews the performance of the CEO and the Executive Committee.

Special committees

The members of the Board of Directors actively engage in their duties. They are committed to making business decisions based on objective data and independent judgements. The performance of the CEO, the members of the Executive Committee and the individual directors is assessed by the **Compensation & Nomination Committee**. This committee also assists and advises the Board on the nomination of the CEO, the members of the Executive Committee and the non-family Board members as well as on the remuneration matters, organisational development and talent management.

The **Audit Committee** assists and advises the Board in its monitoring responsibilities, especially regarding control and risk management, IT systems, financial reporting, compliance and the mechanisms available for raising confidential concerns.



CEO

The The Chief Executive Officer (CEO) is appointed by the Board of Directors.

He/she has the **final operational authority and responsibility for the whole Vandemoortele Group** within the framework of the decisions made by the Board and within the confines of the delegation of powers defined by the Board.

He/she also ensures the **daily management** of the Company as Managing Director (“Gedelegeerd bestuurder - Administrateur-délégué”).

The CEO leads the Executive Committee.



CEO
YVON GUÉRIN



BUSINESS LINE MCOF
BART BRUYNEEL



BUSINESS LINE BAKERY PRODUCTS
SABINE SAGAERT



LEGAL & RISK
PHILIPPE DELSAUT
STARTS 11 APRIL 2022



HR, SUSTAINABILITY, COMMUNICATION & HSE
MARC CROONEN



FINANCE & IT
HERMAN VAN STEENSTRAETEN



TRANSFORMATION
HELENA VANHOUTTE

EXECUTIVE COMMITTEE

The CEO leads an Executive Committee (ExCo) that consists of 7 members:

- the CEO;
- the Managing Directors of the two business lines;
- the Chief Legal & Risk Officer (CLRO);
- the Chief Human Resources Officer (CHRO);
- the Chief Financial Officer (CFO);
- and the Chief Transformation Officer (CTO).

The ExCo assists the CEO in leading Vandemoortele Group’s operations. It supports and monitors the BP and MCOF business lines and helps them to achieve their goals. It also **outlines and prepares Vandemoortele’s long-term strategy** and monitors the execution of the Board’s decisions, within the agreed frameworks. All members of the ExCo are responsible for their own specific business line or group service, and report directly to the CEO.

Responsibilities

The **key responsibilities** of the ExCo are:

- **Strategy:** the ExCo is responsible for Vandemoortele’s strategic development. It challenges and approves the strategies and annual plans of the BP and MCOF business lines, including sales, category management, channel management, operations and supply chain.
- **Leadership:** the ExCo evaluates investment proposals and marketing choices. These include Vandemoortele’s corporate identity, our country-channel strategies, our must-win battles, our digital transformation and various other policies and procedures.
- **Supervision & monitoring:** the ExCo monitors and evaluates various aspects of Finance, HR, IT and corporate governance. Important topics include financial controlling, talent management, organisational development, consistent IT systems, risk management and internal auditing.

REMUNERATION POLICY

Vandemoortele provides market compliant remunerations for all associates, the Board of Directors, the CEO and the ExCo.

- The **Directors** receive a fixed annual fee for their contribution. All directors receive the same fee except for the chairperson, whose remuneration is double the fee of the other directors. Members of (one of) the specialised committees receive a fixed fee for each committee meeting they attend.
- The remuneration package of the **CEO** and the members of the **ExCo** consists of three components:
 - a fixed remuneration;
 - a variable annual bonus;
 - and share options.

The fixed remunerations are tailored to the responsibilities that individuals bear within Vandemoortele Group. They are evaluated each year by the Compensation & Nomination Committee. This Committee also periodically checks the market compliance of the total remuneration packages.





INTERNAL GOVERNANCE RULES, CONTROL AND RISK MANAGEMENT

As a market leader, Vandemoortele aims to achieve outstanding results, but not at any cost. We **do not tolerate unethical business practices** or inappropriate behaviour that violates fundamental human rights. We maintain **high ethical standards**, with zero tolerance for corruption or bribery. Respect for all human beings is of high importance to us.

In order to prevent unethical behaviour, we have developed various codes, procedures and policies for our organisation and our entire value chain. All our associates are made familiar with these rules from the moment they start their careers with us. We also keep our associates up to date with changes in legislation.

Code of Business Conduct and Ethics

Vandemoortele has created an extensive Code of Business Conduct and Ethics to guide associates in making ethical and legal decisions. It provides all our associates with clear and unambiguous guidelines for **ethical and moral conduct in business**. Self-interest should never prevail over the interests of the company. We expect our associates to exercise reasonable judgement when conducting our business, and encourage them to regularly refer to our Code.

Standards of Conduct

The first section of the Code, 'Standards of Conduct', contains the **mandatory rules and principles** our associates are required to observe while conducting Vandemoortele business. They offer guidelines regarding conflicts of interest, compliance with various laws and regulations, confidentiality, fair dealing, bribes, equal opportunities, human rights, health & safety, and many other topics.

The most commonly used rules in the Code are those regarding:

- **Conflicts of interest:** these occur when the personal interest of an associate conflicts with the interests of the company. Associates should avoid any activity or circumstance in which their personal interest (or that of a colleague or immediate superior) may benefit from a Vandemoortele action over which they have control. Any transaction or relationship that could be expected to give rise to a conflict of interest must be immediately reported.
- **Fair dealing:** fair business relationships are key to long-term success. We expect our associates to deal with customers, suppliers, competitors and colleagues in an ethical and lawful manner. Misuse of privileged or confidential information, and improper manipulation, concealment or misrepresentation of material facts will not be tolerated.
- **Bribes & kickbacks:** Vandemoortele does not allow bribes, kickbacks or other improper payments. No associate may offer or receive money or other items of value to obtain or direct business, or to grant or receive favourable treatment.
- **Human rights and labour standards:** we respect human rights and do not allow discrimination based on race, colour, religion, creed, gender, pregnancy, age, social status, origin, physical or mental disability or sexual

orientation. Any other type of human rights violation is equally forbidden. We make every effort to be fully aware of human rights issues and to promote respect and equality for all. Associates of Vandemoortele enjoy freedom of association. They work on a voluntary basis (i.e. there is a ban on forced labour) and receive a fair salary.

Compliance procedures

The second part of the Code, '**Compliance Procedures**', contains specific information about how the Code works and how violations must be reported, investigated and sanctioned. Associates who violate the rules will be sanctioned in accordance with Vandemoortele's work regulations and the applicable law.

Suspected violations or breaches of the Code or other policies or procedures must be reported through the **Whistleblowing procedure**, a procedure of confidential reporting of incorrect behaviour. If an associate believes that the Code (or any other rule or regulation) has been – or is about to be – violated, he should immediately report this through the standard reporting structures, also procedures of confidential reporting of incorrect behaviour. Nobody should fear retaliation: any associate who reports a violation will receive fair treatment, and his concerns will be properly investigated.





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Supplier Code of Conduct

In line with our employee Vandemoortele Code of Business Conduct and Ethics, we have also established a Vandemoortele Supplier Code of Conduct, to ensure responsible conduct on **ethical, social and environmental issues**. This Code summarises the rules that all Vandemoortele suppliers must adhere to. The regulations have been established in accordance with the **10 principles of the UN Global Compact**, the world's largest corporate sustainability initiative. The UN Global Compact is a call to companies to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption.

The Vandemoortele Supplier Code of Conduct contains the following principles:

- Business must be conducted lawfully and with integrity;
- Working environments and social conditions must comply with international frameworks;
- All workers will enjoy freedom of association;
- Work is conducted on a voluntary basis;
- All workers are of an appropriate age;
- Working hours for all workers are reasonable;
- All workers are paid fair wages;
- All workers are treated equally and with respect and dignity;
- The health and safety of workers is protected;
- Business is conducted in a manner that reduces its environmental impact.

SUSTAINABILITY GOVERNANCE

In order to implement our sustainability strategy and to achieve our sustainability goals, we have created a governance structure that embeds sustainability throughout our entire organisation.

- The **Sustainability Team** draws up action plans, discusses bottlenecks and provides input for our sustainability strategy.
- Each commitment is supported by a **Project Leader** and a multidisciplinary project team.
- The **Group Sustainability Manager** reports to the Executive Committee and the Business Line management teams four times per year. He reports to the Board of Directors once a year, and additionally in case of specific milestones.

The global Vandemoortele sustainability strategy is embedded in our commercial and operational strategies. We encourage our various sites and countries to set up **local sustainability programmes**, focusing on key local priorities and challenges. In 2021, we also partly linked the remuneration of 25 senior executives to our sustainability goals. In 2022, we will expand this to our more than 600 staff members.



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“Due to good management, motivated associates and active cost control, we were able to keep production going during a very challenging year.”

Herman Van Steenstraeten – CFO

“AFTER COVID-19, THE NEW FINANCIAL CHALLENGE FACING US IS THE WORLDWIDE RESURGENCE OF INFLATION”

INTERVIEW

Herman Van Steenstraeten – Chief Financial Officer

2021 was a mixed financial year for Vandemoortele. While our Bakery Products (BP) business line sold particularly well, the Margarines, Culinary Oils and Fats (MCOF) business line suffered due to both a sharp rise in the prices of raw materials and an intensified price competition. As a result, while Vandemoortele’s financial performance was much better than in 2020, it has not yet returned to its pre-COVID-19 level.

2021 was another challenging year for Vandemoortele. How do you look back on it from a financial point of view?

Herman Van Steenstraeten: “Due to COVID-19, we again started the year with curfews, lockdowns and limited social activities. This had a direct impact on consumption in the food service and retail segments. Towards the summer, when the restrictive measures were eased to a certain degree, we felt business revive. However, in the second half of the year, we were confronted by a global crisis that affected our entire supply chain and workforce. Scarcity, high demand and political instability led to unprecedented cost increases. Unfortunately, we had to transfer these to our customers, which was neither a pleasant nor easy exercise.”

Are you satisfied with Vandemoortele’s financial performance in 2021? How well did you do compared to 2020 and the pre-pandemic year 2019?

Herman Van Steenstraeten: “We noted a strong improvement in our adjusted EBITDA, which was €16 million higher than in 2020. This was mainly due to the excellent performance of our BP business line, which recorded an increase in adjusted EBITDA of more than €26 million. The MCOF business line experienced a more difficult year, due to sharp price increases for raw materials and an intensified price competition. Despite strong management of the cost base, results fell by €11 million compared to 2020. Although our adjusted EBITDA increased, it has not yet returned to a pre-COVID

level. 2021 showed a clear recovery compared to 2020, but the COVID-19 impact and the cost price increases sustained the gap between the present and the most recent pre-COVID year.”

What were Vandemoortele’s most important financial drivers and challenges in 2021?

Herman Van Steenstraeten: “The most important challenge, of course, was the surge in inflation, which led to rising prices for raw materials, packaging, energy, transport and labour, among other things. These price increases affected the entire value chain. Because the changes were so unpredictable, it was difficult for us to prepare for them. Even in 2022, we expect prices to continue to increase.. An additional challenge that we encountered in 2021 was that of dealing with fierce competition in the MCOF business line in certain geographical markets.”

Which 2021 business achievements are you particularly proud of?

Herman Van Steenstraeten: “Personally, I think our most important business achievement was the strength all our associates showed in dealing with a highly unfavourable economic situation. Due to good management, motivated associates and active cost control, we were able to keep production going during a very challenging year. We are proud that our people exhibited such resilience and never lost heart. The management team also remained motivated,

and we continued to make long-term investments in our strategic operational and commercial pillars.”

Vandemoortele is publishing an integrated financial and sustainability report this year. Why do you feel this is important?

Herman Van Steenstraeten: “Because we care about the future. Vandemoortele’s greatest drives are creating long-term value for our shareholders, reducing our negative impacts and contributing to a positive balance for people, the planet and society. With this as our starting point, we are moving away from two separate reports and combining our profits and purpose together in an integrated report.”

Which challenges and opportunities do you see for Vandemoortele in 2022?

Herman Van Steenstraeten: “As mentioned, we expect further price increases, especially in the first half of 2022. The crisis in Ukraine and the sanctions being imposed on Russia will cause a sharp rise in wheat and sunflower oil prices, as Ukraine and Russia are the most important suppliers of these commodities in Europe. Together they account for 30% of the world’s wheat export and for 33% of the global sunflower seed export. The Ukraine crisis will also have an impact on the further rise in energy prices. The surge in inflation is not yet over. We need to find a new supply chain equilibrium, a process that will probably go beyond 2022. Until then, we have to be extremely

vigilant in managing our costs and margins. On the positive side, we expect the COVID-19 pandemic to slowly subside, which will hopefully lead to increased social activity and food consumption. We will also continue to invest in markets outside Europe in order to strengthen our position.”



KEY FINANCIAL FIGURES

MILLION EURO KEY FINANCIAL FIGURES	2017 EXCL. IFRS 16	2018 EXCL. IFRS 16	2019	2020	2021	VARIANCE VS 2020
REVENUE	1.422	1.414	1.384	1.197	1.330	133
Adjusted EBITDA*	119	130	152	104	119	15
EBITDA*	109	123	140	98	111	13
Adjusted EBIT**	63	75	90	44	55	11
EBIT (profit from operations)**	52	68	75	38	46	8
EAT***	36	51	48	37	33	-4
SNFD****	202	190	170	133	92	-41
RATIO'S						
Adjusted EBITDA / Revenue	8.3%	9.2%	11.0%	8.7%	8.9%	
Adjusted EBIT / Revenue	4.5%	5.3%	6.5%	3.6%	4.1%	
Net profit / Revenue	2.6%	3.6%	3.4%	3.1%	2.5%	

* Earnings before interests, taxes, depreciation and amortisation
 ** Earnings before interests and taxes
 *** Earnings after tax
 **** Senior net financial debt



CONSOLIDATED STATEMENTS

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER THOUSAND EURO	2021	2020
Assets		
Goodwill	199.329	199.329
Other intangible assets	7.612	8.845
Property, plant & equipment	398.816	413.952
Deferred tax assets	38.334	38.002
Other Financial assets ¹	30	30
Other assets	2.809	2.727
Non-current assets	646.931	662.887
Inventories	141.015	119.428
Trade and other receivables	220.302	184.990
Derivatives	2.587	2.370
Other Financial assets	11.360	10.888
Cash and cash equivalents	59.364	20.152
Other assets	6.489	6.481
Current assets	441.117	344.309
Total Assets	1.088.048	1.007.196

FOR THE YEAR ENDED 31 DECEMBER THOUSAND EURO	2021	2020
Equity and liabilities		
Share capital	79.365	79.365
Retained earnings & reserves	357.356	343.727
Equity	436.721	423.092
Borrowings	123.445	227.343
Deferred tax liabilities	19.515	22.463
Derivatives	2.681	5.101
Employee benefits	19.090	27.119
Provisions	6.391	6.393
Other non-current liabilities	4.059	2.700
Non-current liabilities	175.180	291.119
Borrowings	114.030	11.193
Current tax	5.242	5.154
Derivatives	3.133	1.942
Employee benefits	41.928	36.797
Trade payables and other liabilities	311.813	237.900
Current liabilities	476.147	292.985
Total equity and liabilities	1.088.048	1.007.196

(1) Includes Sicavs noted on the Luxembourg market and valued at last recorded market price before closing date



CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER
THOUSAND EURO

2021

2020

	2021	2020
Revenue	1. 329.601	1. 197.364
Raw materials and consumables used and goods for resale	(738.585)	(629.886)
Changes in inventories of finished goods and goods purchased for resale	7.204	978
Services	(237.952)	(227.428)
Employee benefit expenses	(259.413)	(249.040)
Depreciation, amortisation and write down	(62.173)	(62.259)
Impairment	(1.901)	(405)
Change in provisions	1	(671)
Other operating income	19.663	22.359
Other operating expenses	(10.531)	(13.219)
Profit/ (loss) from operations	45.913	37.792
Financial Income	7.490	5.097
Financial Expense	(12.242)	(13.086)
Gain on disposal of equity accounted investments	-	26.000
Profit/ (loss) before tax	41.162	55.804
Income tax (expense)	(8.006)	(18.591)
Profit/ (loss) from continuing operations	33.156	37.213
Profit/loss	33.156	37.213
Profit/loss attributable to the owners of the parent	33.156	37.213

BUSINESS REVIEW 2021

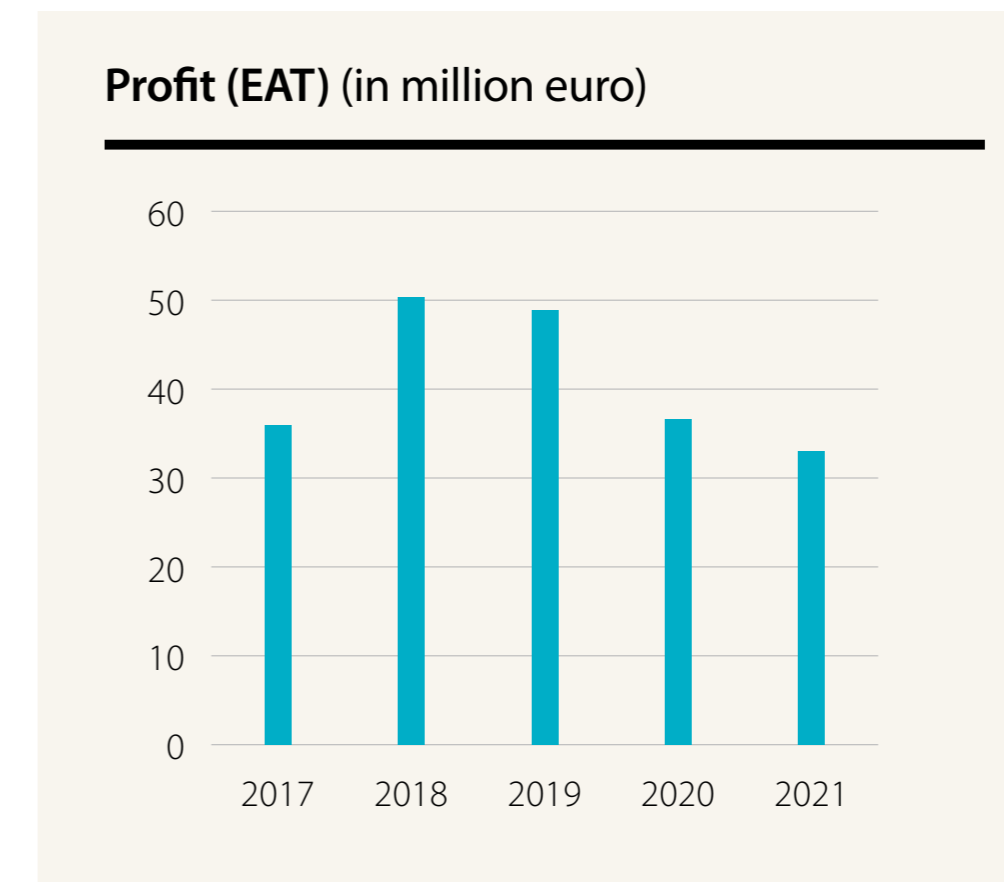
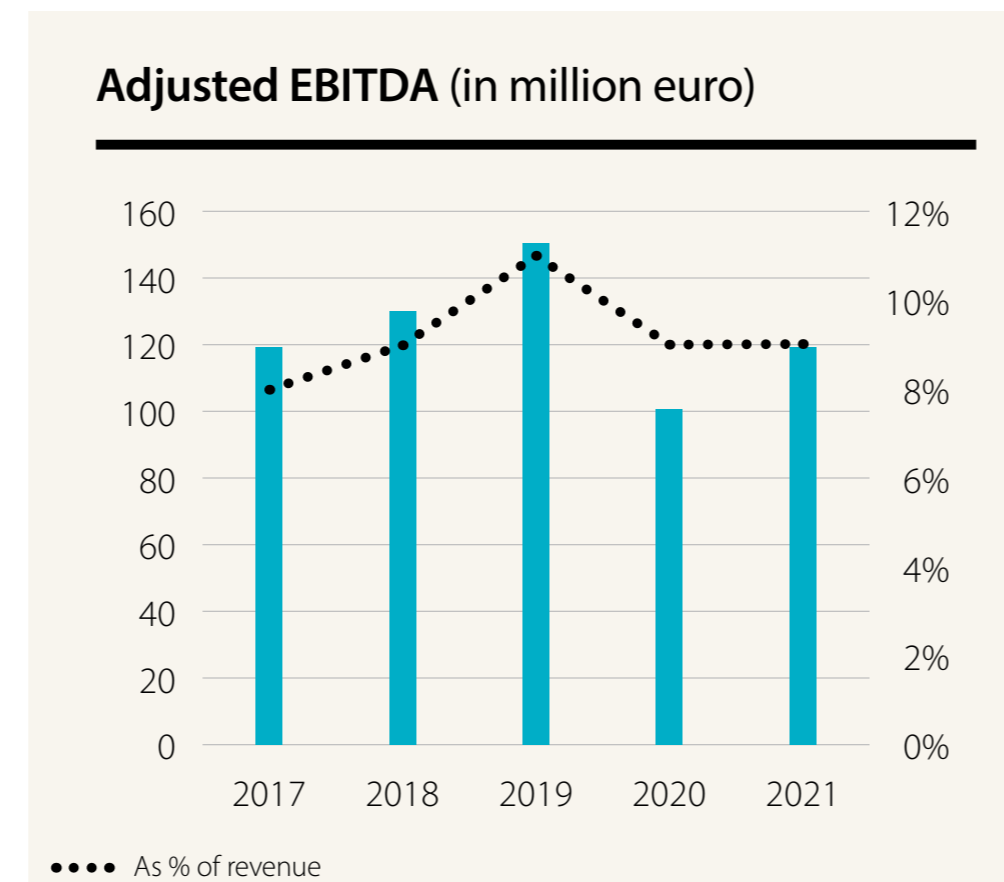
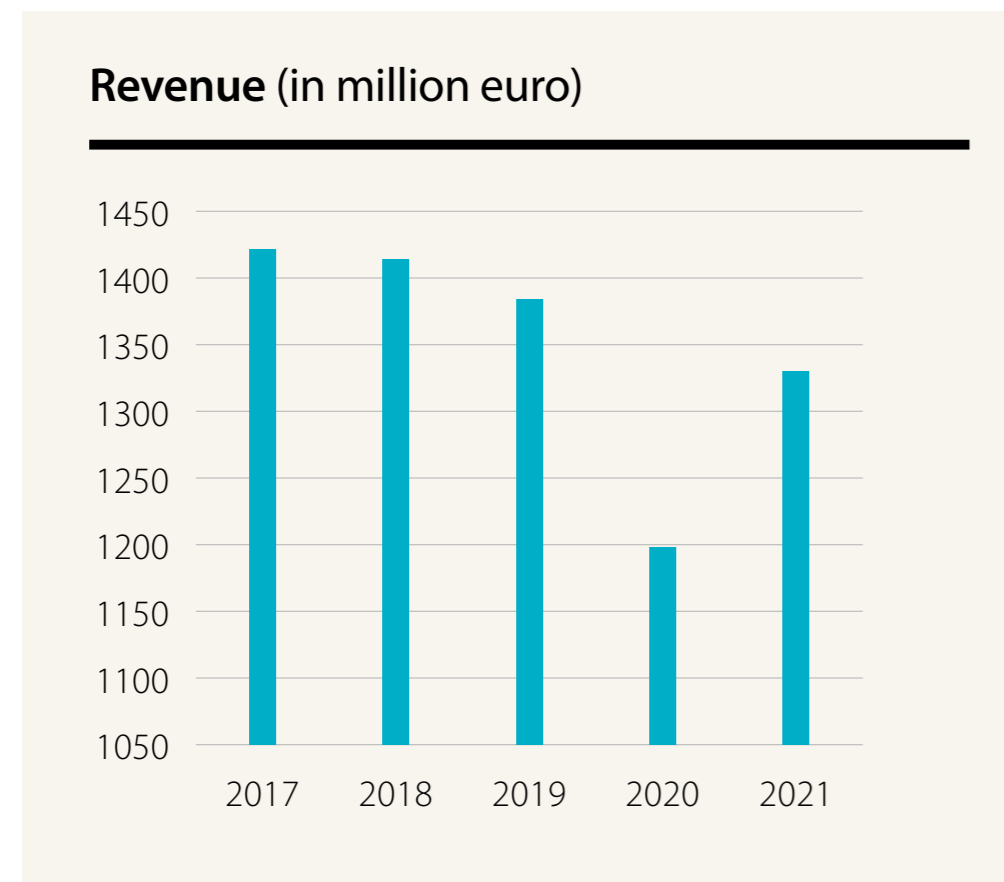
Financial performance

Despite the slow start to the year due to the prolonged COVID-19 measures and the historically high input cost prices, Vandemoortele presented growth figures in 2021. **Our revenue increased by €133 million** (+11% compared to 2020) **to €1,330 million in 2021**. This means the revenue for 2021 was almost at the same level as that of 2019, the final pre-COVID year, which had a revenue of

€1,384 million. **The adjusted EBITDA amounted to €119 million**, or 9% of the revenue of 2021: €15 million, or 14% higher year-on-year. This results in a 26% increase of the adjusted EBIT to €55 million.

Sales volumes recovered compared to 2020, thanks to the lifting of COVID-19 restrictions and the reopening of

food service businesses from May and June onwards. The main growth in revenue however, is due to the **reflection of the rising costs in our sales prices**. The previously taken strategic decision to expand the food service channel and to focus on products with a higher added value resulted in a slight increase in margins compared to 2020.



The adjusting items of €8 million are mainly related to restructuring costs incurred in France and Belgium. Furthermore, there was a loss on disposals for idle assets, such as machinery (or parts thereof) that is no longer in operation and non-recurring consultancy fees for possible mergers or acquisitions.

In 2021, **Vandemoortele realised earnings after tax (EAT) of €33 million**, compared to €37 million in 2020. In 2020, we sold our shares of Lipidos Santiga with a one-time capital gain of €26 million. We can conclude that, on a recurrent basis, Vandemoortele recorded **better earnings in 2021** than the previous year.

The consolidated balance sheet includes **equity of €437 million** (versus €423 million at the end of December 2020) and **net senior financial debt of €92 million** (versus €133 million in 2020).



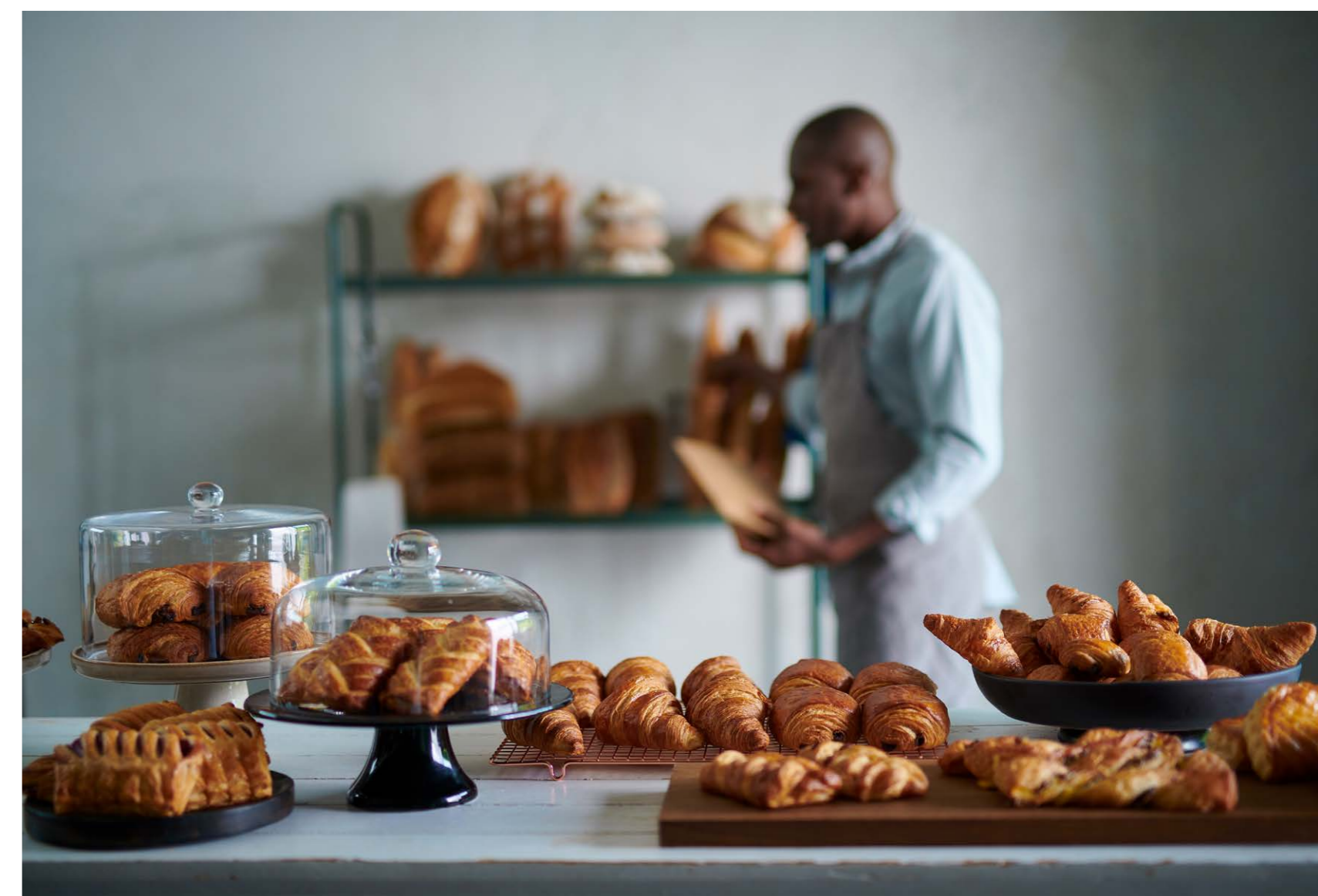
Performance of Bakery Products

In 2021, **our focus was placed on pastries and sweet treats** in this business line, with both categories having a higher added value. At the same time, we reduced our raw bread capacity due to the declining trend in this category. Sales of bakery products in Italy grew thanks to several contracts with new customers. Bakery products also did remarkably well in the French market in 2021.

Due to the constraints imposed by COVID-19 measures upon the catering industry, our ambition to grow in the food service channel lagged in the first half of the year. Therefore, a **tight and active cost management** was required during the first half of 2021. Marketing campaigns were temporarily put on hold, and recruitment was limited to strictly necessary positions. **From June onwards, the food service channel recovered**, and we were able to re-initiate certain marketing campaigns.

Altogether this resulted in a **revenue increase of €89 million to €813 million** in 2021 and **an adjusted EBITDA of €87 million** in this business line. Thanks to the focus on **added value products** and **strict cost monitoring**, we were able to perform well in financial terms, and to improve margins in this business line.

KEY FINANCIAL FIGURES BP MILLION EURO	2019	2020	2021	VARIANCE VS 2020
REVENUE	886	724	813	89
Adjusted EBITDA	96	61	87	26
EBITDA	85	56	81	25
Adjusted EBIT	46	14	37	23
EBIT (profit from operations)	32	7	30	23



Performance of MCOF

The revenue in the MCOF business line increased by €47 million to €516 million. The adjusted EBITDA for this business line amounted to €32 million compared to €43 million in 2020. This lower result is mainly due to the sharp increase in raw material prices, which could only be passed on to the customers with delay. In 2021, price competition also intensified and put additional pressure

on sales prices, and thus on the margins. Sales in the food service channel decreased in the first half of the year as a direct result of the imposition of COVID-19 restrictions, but recovered in the second half. In the retail channels our sales volumes slightly grew, largely thanks to the growth in popularity of home cooking during lockdown.

KEY FINANCIAL FIGURES MCOF MILLION EURO	2019	2020	2021	VARIANCE VS 2020
REVENUE	496	470	516	46
Adjusted EBITDA	56	43	32	-11
EBITDA	55	43	30	-13
Adjusted EBIT	44	30	18	-12
EBIT (profit from operations)	43	30	16	-14

Important events after the closing date of the accounts

Vandemoortele was prepared for further cost price increases during the first months of 2022. These increases appear to hold true, and have been even higher than expected during the first calendar months. The Ukraine crisis and the sanctions imposed on Russia have a significant share in those price increases. As they are the main suppliers of wheat and sunflower seeds worldwide, these prices have risen significantly since the start of the crisis and will continue to do so. In addition, the Ukraine crisis has an effect on further strong energy, oil and gas price increases.



Cost drivers

Costs reached historically high levels across all domains in 2021. Generally speaking, the shortage of transport capacity in the market in combination with increased fuel prices made **transport more expensive**. Operational costs grew significantly as a result of peaks in the price of gas and electricity (+20%). Packaging prices also rose significantly due to the high demand for packaging for hygienic reasons and from the medical sector and the increased uptake of e-commerce. **Employment costs also increased**, and were further compounded by difficulties in identifying qualified personnel in certain locations, and especially in the UK as a result of Brexit. These factors, together with the costs associated with the imposed COVID-19 restrictions, all contributed to **unprecedented costs**.

Finally, and most importantly, the **raw material prices increased sharply** in 2021. In the Bakery Products business line, the cost of the two main raw materials, butter and flour, increased steeply at the end of 2021 and was still increasing at the beginning of 2022. In the MCOF business line, raw material prices, mainly the price of palm oil, also grew to historic heights, driven by the booming demand for palm oil from India and China.

Investments

In total, Vandemoortele spent **€40 million on investments in 2021**.

We **invested €31 million and €9 million in the BP and MCOF business lines** respectively. To meet the increasing demand for floor-baked bread, we installed a new floor-baking oven at our Arras site. To respond to the Brexit aftereffect, we invested in a new pre-proofed pastry line on our production site in Worcester.

We also invested in our sites in Lyon, Seneffe, Reims and Eeklo in order to renew or expand existing installations, or to make them greener. In the MCOF business line, our focus is on maintenance and modernisation investments to enable us to keep our plants and installations up to date. We are implementing a new automatic production control system, and we have started to invest in an extrusion line.

COVID-19 impact

In 2021 too, the world was still universally affected by **the pandemic**. The main **impact was felt during the first months of 2021**, with the year beginning with curfews, lockdowns and reduced social activities. This had a direct impact on food consumption and the food service channel in general.

Vandemoortele's Covid Taskforce continued in the same form as in 2020; consisting of several external experts, local country/site leaders and HR managers. The Covid Taskforce monitored the situation on a daily basis, in line with the information and guidelines provided by authorities and officials.

Several actions were continued, such as a mandatory home working policy, provision of the utmost in protective measures for Vandemoortele's personnel and creation of optimal working conditions, while ensuring strong communication at and across all levels of the organisation.

The **total net impact of COVID-19** is estimated at **€13 million on the adjusted EBITDA level**.



RISKS

Evaluation of the 2021 audit plan

Our **audit plan** is drawn up from two sources. On one side, associates from different departments perform a bottom-up risk assessment within their area of expertise every two years. This group of associates then discusses the different risks, in order to reveal gaps and overlaps. They also discuss possible measures to be taken in order to mitigate the risks. On the other side, the internal audit team interviews members of senior management in order to identify the risks that the company faces. Subsequently, the internal audit team attributes a rating to the identified risks and draws up a priority list. This **list of priority risks is then presented to the audit committee**. The audit committee discusses the list of risks, determines whether the residual risks are acceptable and, after this evaluation, approves the list of priority risks. From this, the final audit plan for the coming year is obtained. For the alternate years in which no bottom-up risk assessment is performed, the audit committee itself determines the list of risks. In these years, the priority list is prepared on the basis of workshops carried out with risk team members or other experts from within the organisation.

Financial risks

Price volatility and increasing costs

Passing on cost price increases to our customers has brought about a **necessity for contract renegotiations**. Customers may reduce their purchase volumes or decide to switch to another supplier in response to the implemented price increases. In some cases, we can be (temporarily) removed from the supplier lists of large retailers when we are unable to meet their stringent price demands due to increased cost prices. Consequently, there is a degree of dependence on key customers that wield significant bargaining power. Furthermore, the **competitive situation of the market has a major impact on pricing and profitability**.

Fluctuations in currencies and interest rates

Because of the nature and structure of our activities, Vandemoortele has only limited exposure to the risk of fluctuations in currencies and interest rates.

Credit risk

Depending on the ability of our customers to fulfil their contractual obligations, Vandemoortele could potentially be exposed to a credit risk. To protect ourselves against customer defaults and bankruptcies, we rely on the services of **international credit insurance companies**, and also apply internal credit limits for customers.

Liquidity risk

We ensure that our liquidity risk is limited by **securing sufficient financing facilities** to meet financial obligations in each economic or business cycle. We also aim to have sufficient borrowing capacity for the implementation of our strategy and action plans.



Operational risks and challenges

Cybersecurity and ICT systems

We take the risk of hostile cyber-attacks, including those potentially stemming from ransomware, very seriously. Therefore, we implement all necessary measures to protect against this risk through a **reinforced ICT infrastructure** and **adequate cybercrime insurance**. In addition, we have developed a comprehensive action plan that is monitored by a council composed of associates from various departments such as HR and Legal. This plan is currently implemented.

Availability of raw materials

The availability of raw materials has become an acute problem over the past year, and will remain a **huge challenge heading into 2022 and beyond**. The demand for raw materials has soared in the wake of the post COVID-19 recovery.

Talent attraction and retention

Due to the uncertainty caused by the pandemic, staff turnover in our company was very low. Recently, we are witnessing a **revival of the labour market**, meaning that we need to focus more on employer branding, and on attracting and retaining people. In the war for talent, it is becoming increasingly difficult to attract the right profiles, especially operators.

Product liability and product withdrawals

Exceptionally our products may contain contaminants or bacteria that impair our products' safety or quality. Taking measures to replace these products could adversely affect financial results. In addition, if a product has already been distributed, it may be necessary to recall it. This may result in negative publicity and additional costs. In 2021, we were confronted with a **sesame seeds contamination**. The pesticide ethylene oxide (EtO) was used by Indian suppliers to prevent the growth of salmonella in sesame, without considering the chemical health risk. We could trace all the contaminated products within 48 hours, resulting in a recall of 6,500 pallets of products from 5 different Vandemoortele locations across several countries.

Changing legislation

The legislation on environment, climate, health and safety is becoming increasingly strict. For example, EU legislation on sustainability reporting (the Corporate Sustainability Reporting Directive) will oblige large companies to disclose information on how they address social and environmental issues from 2023 onward. **We work hard at Vandemoortele to be fully compliant, and even to be a forerunner in certain domains**, but more stringent legislation will present us with challenges in the coming years.



Force majeure risks

Pandemic

Even now, when it is clear that further relaxations of COVID-19 measures are to be expected in 2022, we will have to remain **alert to the potential reintroduction of measures** in the event of a resurgence of the pandemic. Particularly for our sales in the food service channel, we are highly dependent on the measures taken to control the pandemic. For the time being, therefore, vigilance remains necessary.

Climate change and severe weather conditions

Extreme weather conditions and natural disasters such as floods, forest fires, etc. are becoming increasingly common due to climate change. Since our products are made from agricultural raw materials, **we are dependent on appropriate weather conditions**. For example, heat waves that give rise to droughts reduce the quality and quantity of wheat harvests, and consequently have an impact on operations.

The Ukraine crisis

The Ukraine crisis does not have a direct effect on our business since Vandemoortele has no production sites or commercial offices in Russia or Ukraine. However, we will feel the **indirect effect through the impact on the general European economy and through further price increases**. Ukraine and Russia are the largest suppliers of wheat and sunflower seeds worldwide. Therefore, we will face further challenges in 2022 in terms of raw material price increases. In addition, the physical availability of sunflower seeds will be a difficulty. Not only will raw material prices continue to rise, but we also expect a further increase in all input costs, like energy, gas and oil, due to the crisis. Strict cost management will continue to be necessary in 2022 and passing on these rising raw material prices to our customers will be unavoidable.





The coming year, we will focus on passing the cost price increases on to our customers without losing sales volumes and keeping focused on serving our customers high-quality products.

OUTLOOK 2022

We foresee further price increases for all input costs (raw materials, energy, transport & logistics, packaging and wages) in 2022, even more explicitly because of the Ukraine crisis. The focus for the coming year will be on passing these cost price increases on to our customers without losing sales volumes and keeping focused on serving our customers high-quality products.

In the **BP business line**, we expect continuous and sharp price increases for flour and butter in 2022. Because of the Ukraine crisis, prices will increase even more sharply, as Russia and Ukraine are the world's largest suppliers of wheat and they account for 33% of the global sunflower seed export. We expect this to have a negative impact on our financial results in 2022. Alongside passing on the increased costs to our customers, the focus in this business line will be twofold. We will **further develop the food service channel and further expand our product mix** by introducing more added value products. To be able to do so, we will increase our production capacity for these value-added products, at the same time upgrading a number of lines to improve operational output.

From a sustainability point of view, we will replace the liquid coolants currently still in use at a few sites (Seneffe, Reims and Carros) with more environmentally friendly alternatives.

The Ukraine crisis will also have a major impact on our MCOF business line. Both a price increase and a shortage of sunflower oil will affect this business line in 2022.

The challenge of passing on cost price increases to the customer in our **MCOF business line** will be further compounded by a context of intensified competition. Additional focus will therefore be placed upon fixed cost control and exploration of new product categories. Also, in MCOF, we will further **develop the food service channel**. The implementation of the new production control system and investment in the future extrusion line will be continued. We will replace the CIP (Cleaning in Place) installation in Izegem, and also install solar panels and charging stations for electric vehicles at the site.

In both business lines (BP and MCOF) we will **increase our investments in digital marketing and e-commerce** to foster sales and to further improve our sales efficiency.

PART IV: NON-FINANCIAL REPORT

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“In 2021, we committed ourselves to the Science-Based Target initiative.”

Marc Croonen - Chief of Human Resources, Sustainability and Communication

“OUR GREATEST ACHIEVEMENT IN 2021 WAS EMBEDDING SUSTAINABILITY INTO OUR OVERALL BUSINESS STRATEGY”

INTERVIEW

Marc Croonen, Chief of Human Resources, Sustainability and Communication, and Aurélie Comhaire, Group Sustainability Manager

In 2021, many associates, customers and suppliers came on board with our new sustainability strategy and became enthusiastic ambassadors for it. By joining the Science-Based Targets Initiative, we aim to take our climate and sustainability goals to the next level.

In 2021, Vandemoortele launched the new sustainability strategy (2021-2025). What impact did this have on the company?

Marc Croonen: “The new strategy has clarified our position on sustainability. We defined the content, the goals and the action plans by which to achieve our ambition. By embedding sustainability in our daily operations and our decision-making, we have set out a clear road ahead of ourselves for the company.”

Aurélie Comhaire: “Up until 2020, we focused on spreading our ideas about sustainability among our associates. However, not everyone was open to the changes we proposed. The new strategy has helped us to create more awareness about the ‘why’ and ‘how’ and get a lot more people on board, across every level of

our organisation. Many of our associates truly believe in and support our goals. They offer suggestions and act as sustainability ambassadors. Once people realise that a sustainable approach can succeed, the dynamics change.”

Marc Croonen: “To support the embedding in 2021, we also linked the variable remuneration of 25 senior executives to our sustainability goals. Of course, many of them were already committed to our ambitions, but this sent out a strong signal, both internally and externally. Our approach has helped to place our ambitions for sustainability in the focus of our people. At the start of 2022, we expanded this link between sustainability goals and remuneration to more than 600 staff members, with all of them now having specific sustainability targets.”

Did Vandemoortele manage to achieve its 2021 sustainability goals? Where have you seen progress?

Marc Croonen: “We have made significant progress on many of our Key Performance Indicators (KPIs). We reduced the gender pay gap and paid special attention to increasing training opportunities. Our safety results were also very good, especially when considering the amount of temporary workers that came in to replace permanent associates during the heaviest months of the COVID-19 pandemic.”

Aurélie Comhaire: “We have surpassed our targets for Clean Label and packaging, and are on track regarding food safety, improved nutrition and several other KPIs. Regarding the reduction of our energy consumption, our results were very good in the Bakery Products (BP) division, although less so in Margarines, Culinary Oils and Fats (MCOF), largely due to temporary volume reductions, which had a negative impact on our energy efficiency. And we engaged into partnerships so that in the near future, 10.2% of our green electricity will come from solar panels and windmills on our premises.”

In what areas is there still work to do? Where do you see challenges?

Marc Croonen: “When it comes to responsible sourcing and supplier screening, there is still a bit of work to do, although we have made considerable improvements to our palm oil sourcing process. Another challenge on which we will focus is that of establishing science-based

emission reduction targets (SBTs). These will help us to reduce our greenhouse gas emissions and to future-proof our business growth. In 2021, we signed the Science Based Targets Initiative commitment letter and began to define our targets to reduce our emissions in line with the targets of the Paris Agreement. We are also gaining insight into the degree of sustainability exhibited by our suppliers, allowing us to reduce our emissions together. Our long-term goal is to achieve net zero: a huge challenge, but we are fully committed to it.”

Aurélie Comhaire: “Like all businesses, we are confronted with rising expectations from the government. Initiatives like the European Green Deal are constantly raising the bar. While we are making progress, we will continue to raise our ambition levels also further. European sustainability guidelines level the playing field, which makes it less complicated for us to strike a balance between sustainability and profitability.”

“The new sustainability strategy has made it easier for our stakeholders to understand our goals and ambitions.”

Aurélie Comhaire - Group Sustainability Manager





Has the new sustainability strategy had an impact on your various stakeholders?

Aurélie Comhaire: “Yes it has. Our new strategy has made it easier for our consumers, our customers, our suppliers and our own associates to understand our goals and ambitions. They see what we are trying to achieve, and many of them are willing to help.”

Which sustainability topics will Vandemoortele focus on in 2022 and beyond?

Aurélie Comhaire: “To be able to drive sustainable growth, we need to tackle our emissions. That’s why we need to prioritise the definition and validation of our science-based targets. Another goal is that of further embedding our sustainability ambitions in our commercial strategy.”

Marc Croonen: “We will also continue to integrate sustainability into our HR strategy and build a sustainable corporate culture. Our own associates are our best and most treasured sustainability ambassadors. Moreover, we want to get our story out there and attract people to join us in our efforts to create a better world. We also aim to improve communication on our sustainability goals and projects. Of course, all this newfound attention for sustainability also means that our stakeholders are raising their expectations: the more we achieve, the more they expect. So, we will work even harder to become the most sustainable version of ourselves.”

OUR SUSTAINABILITY STRATEGY 2021-2025

Shaping a tasty future sustainably

As a food company, we are at the forefront of the **worldwide transformation to another, more sustainable food supply**. We want to make a difference in the food chain by reducing negative impacts and maximising our positive contributions.

At Vandemoortele, we believe that **sustainability is an important driver for our business performance and long-term value creation**.

Our corporate sustainability strategy 2021-2025 provides a strong foundation for all our actions and puts **sustainability at the heart of our business**. It includes our production processes, our working and management standards, our company culture, our attitudes inside and outside the company, and of course our brands and products.

Our ambition is to set the trend and **to become a leader among peers**. We realise that there is still a way to go, but we are determined and proud to be **shaping a future that is both tasty and sustainable**.



Three goals, twelve commitments

Our sustainability strategy is directed by three strategic goals: Balanced nutrition, Protecting nature and Enhancing lives.

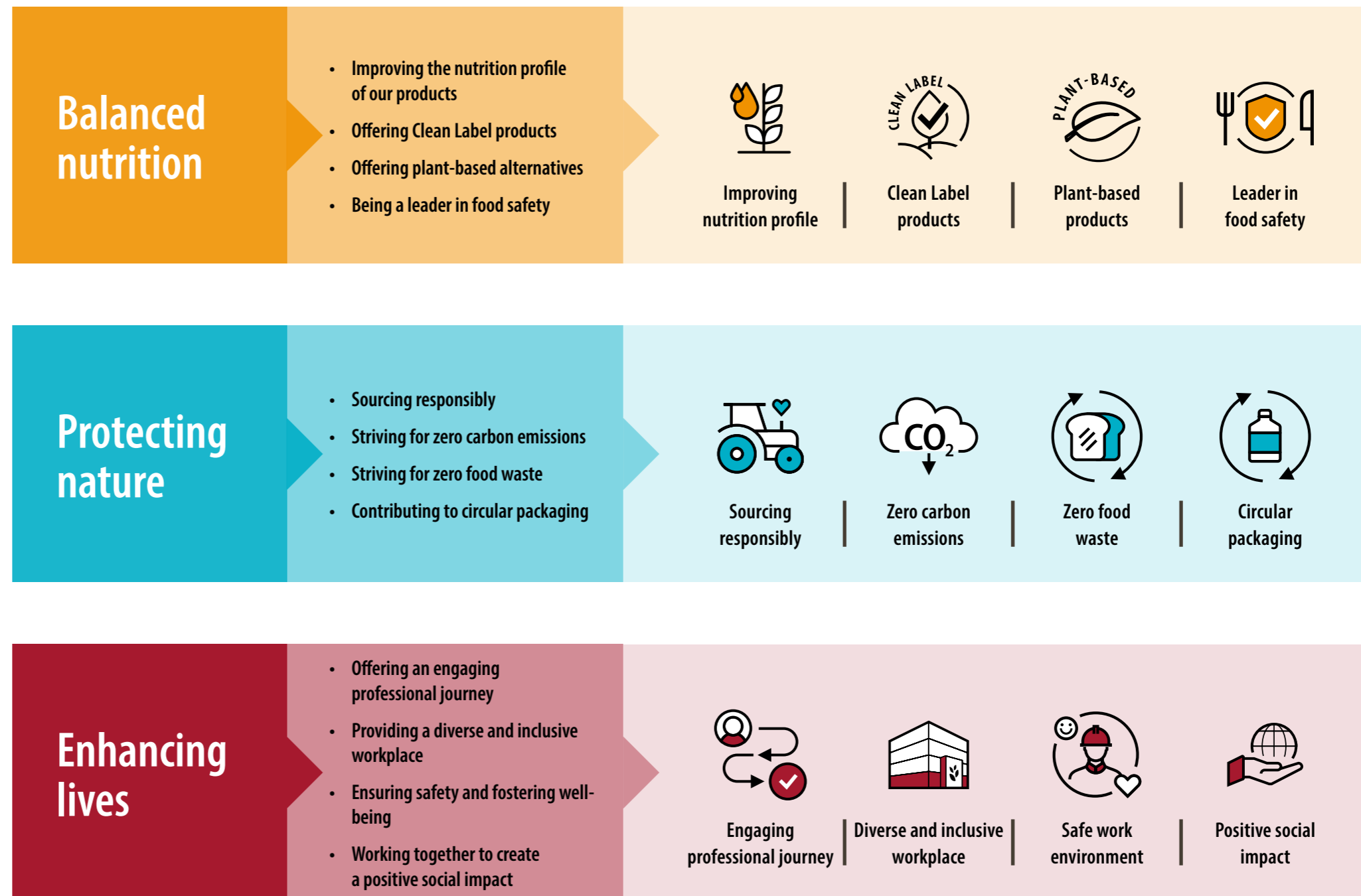
Our first goal, **'Balanced nutrition'**, shows our commitment to improve the nutrition profile of our products, to offer Clean Label products and plant-based alternatives and to become a leader in food safety.

Our second goal, **'Protecting nature'**, covers our efforts to source more responsibly, to strive for zero carbon emissions and zero food waste and to contribute to circular packaging.

We intend to reach our third goal, **'Enhancing lives'**, by offering an engaging, inclusive and safe

workplace to our associates and by collaborating with our partners in order to create a positive social impact.

Our three goals are underpinned by twelve commitments that form the foundation of our social, environmental and economic performance across the value chain. We make our ambitions viable by expressing specific targets per commitment.



Building our strategy

Our sustainability strategy is the result of a thorough process of **research and stakeholder consultation**. In 2020, we conducted desk research,

analysed the United Nations' Sustainable Development Goals, the European Green Deal and the European Farm to Fork Strategy and did a target benchmarking with customers and competitors.

Together with our Board directors, senior managers and experts we identified relevant topics and assessed them further during thematic workshops. The first draft of the sustainability strategy was

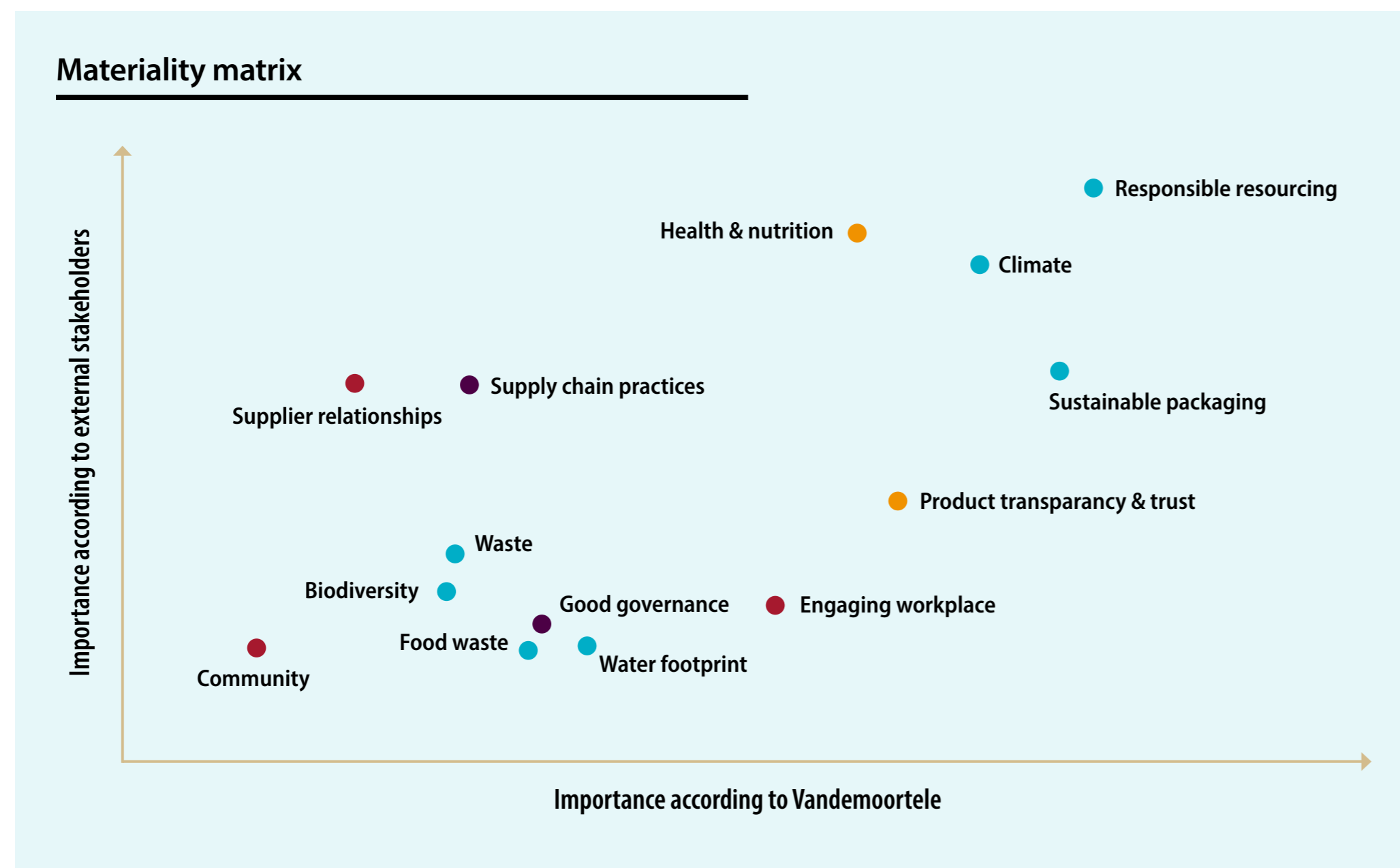
extensively discussed with many associates.

Once the first draft was approved internally, we presented it to our stakeholders for external evaluation.

A selection of **100 stakeholders, experts, NGOs, customers and suppliers were invited** to rate the proposed strategic topics and to give their opinion on our ambition levels, our commitments and our targets. They could also suggest partnerships or actions to achieve the proposed goals.

This matrix **identifies and prioritises the sustainability topics that are most important to our company and our stakeholders**, and that impact us in terms of growth, cost or risk. They are also the topics our stakeholders expect us to take action on. This means that they don't want us to be on the sidelines, but to actively play a part in the transformation.

Our top material topics are **responsible sourcing, health & nutrition, climate, sustainable packaging and product transparency**. We pay them a great deal of attention in our commitments and strategy, and also in this report. We supplement these topics with good governance and supply chain practices as overall themes.



Materiality matrix

The research and consultation process led to an improved version of our sustainability strategy and allowed us to set up our materiality matrix.

Our contribution to the Sustainable Development Goals

Companies can and must be vehicles for positive change. That's why Vandemoortele **contributes to the Sustainable Development Goals**. The SDGs, also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by 2030 all people enjoy peace and prosperity.

Our sustainability strategy aligns with the 17 SDGs and their specific underlying targets. We **contribute to them as a whole**, since we recognise that actions in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.

While we support all the SDGs, we pay **special attention to those we have the biggest impact on:**



We provide tasty and balanced nutrition with ingredients from sustainable food systems (2.1) and ensure fair incomes of small-scale food producers (2.3).



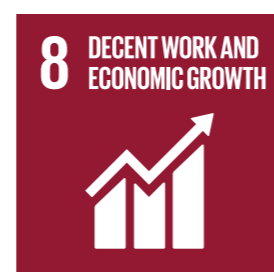
We promote good health by offering nutritious products. We contribute to well-being by inspiring tasty moments and by stimulating health at work (3.4).



We offer our associates a meaningful job where they can flourish and make a difference (4.4). We provide our people with the knowledge and skills needed to promote sustainable development (4.7).



We help to increase the share of renewable energy in the global energy mix (7.2) and we contribute to energy efficiency (7.3).



We strive to decouple economic growth from environmental degradation by reducing our negative impacts (8.4). We offer employment and decent work for all people, including young people and persons with disabilities, and pay equally for equal work (8.5). We protect labour rights and promote safe working places for all our associates (8.8).



We give a lot of attention to the sustainable management and efficient use of natural resources (12.2). We reduce food waste and we prevent food losses along the supply chain (12.3). We manage all our wastes in a responsible way throughout their full life cycle (12.4). Through prevention, recycling and reuse we prevent the generation of waste (12.5). We adopt sustainable practices and integrate sustainability information into our annual reporting cycle (12.6). We provide associates, customers and end consumers with the necessary information so that they are able to act sustainably (12.8).



We integrate climate change measures into our strategy and action plans (13.2).



We contribute to the sustainable management of forests and help to stop deforestation and to restore degraded forests (15.2). We protect natural habitats and help to stop the loss of biodiversity (15.5).



We participate in partnerships that mobilise and share expertise, technology, and we provide financial resources to support the achievement of the SDGs in developing countries (17.6).



GOAL 1

BALANCED NUTRITION

Our commitments:



Improving nutrition profile



Clean Label products



Plant-based products



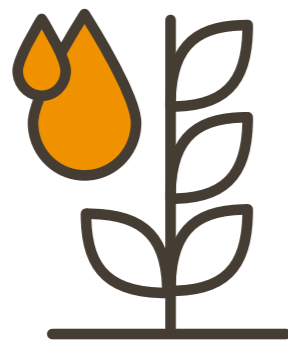
Leader in food safety

The quality and taste of our products are our trademarks. We produce food that tastes good and brings people together at delicious and pleasant moments with family and friends. At the same time, guaranteeing clean and safe food products with a good nutritional balance is our priority. Next to this, we are continuously improving our products to make them more sustainable. We invest in research and product development in order to provide even better, more balanced and sustainable products.

IMPROVING THE NUTRITION PROFILE OF OUR PRODUCTS

Why we care

As a market leader in the food industry, we recognise the importance of a healthy and nourishing diet. The World Health Organization recommends a transition in our diets, involving a reduction in the amount of sugar, salt and saturated fats, and a simultaneous increase in the amount of fibre and unsaturated fats. Consumers exhibit a high degree of interest in healthy foods, with balanced nutrition ranking high among their expectations. For these reasons, we work hard to improve the nutrition profile of our food products.



Different approach for different product types

Our approach to improve the product's nutrition profile depends on the product type and its function in a daily diet. On the one hand, we work to **reformulate the nutrition profile of frequently used products such as breads and spreads**. We both reduce the salt level and increase the amount of fibre in our bread, and at the same time we decrease the amount of saturated fat and salt in our spreads. On the other hand, our priority for our indulgent range, which includes products like donuts

and croissants, is to create foods with **full, pleasurable taste experiences** for our consumers.

Salt and sugar reduction

We continuously monitor and identify products in our range in which we can further reduce salt and sugar content, with products with the highest salt and sugar content and the largest production volumes being our priority in this regard. We place a focus on products in which the best results can be achieved, while at the same time avoiding a compromise on taste and structure.

We have been progressively **reducing the salt and sugar levels in our donuts** over a number of years.

We also have a low-salt donut in our portfolio. To continue on this path, we defined a clear **action plan** for our pastry, patisserie, donuts and bread range. This resulted in a **salt reduction of 2.05%** by volume in our Bakery Products business line in 2021, along with a **sugar reduction of 1.6%** by volume in our assortment of pastry, sweet treats and patisserie range.

TARGET 2025 (BASELINE 2019)		STATUS 2021
-15%	salt reduction in bakery products	-2.05%
-10%	sugar reduction in pastry, sweet treats & patisserie	-1.6%

Nutrition and health claims

To give an extra nutritional boost to our breads and margarines for spreading and cooking, we have adapted their ingredient compositions to allow us to make nutrition and/or health claims. These claims include 'high in fibre', 'high in omega-3 fatty acids', 'cholesterol lowering' etc. We substantiate all of these claims by making reference to the **EU-approved lists of nutrition and health claims**, which is continuously maintained by the European Commission (EU Regulation N° 1924/2006.EU).

We increasingly use **wholegrain wheat**, which contains more fibres and minerals, in our bread range. In addition, we developed a new bread stick that is high in protein and fibre, containing lentils and edamame, and a bread with oat and barley, contributing to cholesterol lowering.

We also offer a range of spreads that contain **extra vitamins, minerals and/or omega 3**.

Despite the development of new products for which health and nutrition claims can be made, we witnessed in our **BP business line** a **1% sales drop** in these products

A bread stick high in protein and fibre

Consumers over the world are reappraising the wholesome benefits of bread. For many consumers, 'wholegrain' and 'rich in fibre' are important elements of healthier bakery products. In 2021, we released our protein bread stick, which contains 13 grams of protein. Thanks to the use of whole-wheat flour, the bread also contains a high amount of fibre. The high protein content is due to the use of edamame beans and red lentils as ingredients. Edamame beans are rich in fibre, protein and folate, and are also a source of minerals. Red lentils contain optimal quantities of vegetable protein, carbohydrates, fibre, B vitamins and mineral salts.

TARGET 2025 (BASELINE 2019)

- +10% increase in bread products with health or nutrition claim (num%)
- +7% increase in products with claim that are high in UFA + other claims with regard to spreading & cooking (num%)

STATUS 2021

- 1%
- 1%





compared to 2019. This decrease was due to lower customers' demands for products where health and nutrition claims can be made.

The **MCOF business line** witnessed a **1% decline in sales of products for which health and nutrition claims can be made** in 2021 compared to 2019. This decline was directly linked to decreased sales of liquid cooking margarines, although progress was evident in our spread margarines category.

Nutri-Score®

We aim to continuously improving the Nutri-Score® ranking of our entire MCOF product range. A Nutri-Score® is a nutritional label (owned by France Santé publique) that informs

consumers about the nutritional value of food products in a simplified manner and helps consumers make healthy choices. We are improving the Nutri-Score® of products by **reducing the total amount of fat, saturated fat and/or salt**, and by **increasing the levels of fibre and protein**.

By 2025, our aim is to have an improved Nutri-Score® for 7% of our spreading and cooking margarines compared to 2019. In 2021, we saw an **increase to 4%**, indicating that we are on track to achieve this aim. Furthermore, we successfully developed a low-fat spread with a Nutri-Score® of A by adding fibre and protein to the recipe.

The Nutri-Score® algorithm calculates the nutritional value per 100 grams or per 100 ml of the product in

Immune-boosting concept

In 2021, we launched our immune-boosting concept; a formula that allows us to add an 'immune boosting' claim to margarines and butters due to the addition of vitamins and minerals. Retailers can purchase this concept for integration into their own brands.

question. For products like margarine and fat spreads the average daily consumption is much smaller (average daily portion 20 g). This is a difficulty in formulating spreads with a Nutri-Score® of A or B. Nevertheless, this is not an impediment to our continuous improvement of the composition of our products.

TARGET 2025 (BASELINE 2019)

+7%

Better Nutri-Score: % shift in spreading & cooking (num%)

STATUS 2021

+4%

Scientific partnerships

Innovations that lead to the improved nutritional profiles of our products are accelerated through **partnerships with trusted scientific institutions**, such as KU Leuven and the University of Ghent. As a direct result of our collaborative bilateral research projects, we are able to expand our know-how.

Our collaboration with the University of Ghent has existed since 2012 through the Vandemoortele Centre for Lipid Science and Technology. In this centre, we carry out specific scientific projects for the MCOF

business line involving, for example, industrial margarines with low saturated fat content.

Our R&D department also collaborates with KU Leuven to conduct scientific research into reducing the sugar content of our products. In consultation with our customers, we take the know-how gathered from these studies into account when developing new products and improving existing ones. We have been able to, for example, create a **croissant that contains 30% less sugar**, while maintaining the same level of sweetness within its taste.



OFFERING CLEAN LABEL PRODUCTS

Why we care

Consumers increasingly prefer products with ingredients of natural origin and a clear composition. At Vandemoortele, we aim for ingredient transparency through the exclusive use of simple and recognisable ingredients. To fulfil the expectations of consumers and thanks to our long-term research, we could eliminate many additives from our product range, without compromising on taste, quality or food safety.



Our Clean Label definition

To better meet the growing demand among consumers for more transparency, in 2020 we created our **own Clean Label definition**: a label that provides **clear information to our consumers about which ingredients we use**. As food safety remains our top priority, we need to strike a good balance between clean ingredients on the one hand and safe, functional and sustainable food products on the other. We need to make sure that the taste and structure of our products are always safe and high quality.

From 2022, we will limit the number of additives permitted in our Clean Label products to four.

In 2021, we have sharpened our ambition and **have further**

tightened our Clean Label definition.

In 2022, we will limit the number of additives permitted in our Clean Label products to four. These include two types of carotenes, which are listed together below:

- carotenes (E160a(ii)/iii)
- ascorbic acid (E300)
- lecithin (E322)

Carotenes (E160a(ii)) are obtained from vegetables, fruits, or through fermentation of the fungus *Blakeslea trispora*, E160a (iii). Ascorbic acid, also known as vitamin C, is present in a

range of fruits and vegetables, and is used in our products as a bread improver. The final additive that we permit under our new Clean Label definition is the emulsifier lecithin. Lecithin is present, for instance, in egg yolk and sunflower. The lecithin in the egg functions as an emulsifier in your mayonnaise, keeping the water phase (vinegar) and the oil phase stable (oil in water emulsion).

For more information, you can consult our list of Frequently Asked Questions about Clean Label on our website: www.vandemoortele.com/a-cleaner-future.

Clean Label definition 2020

9 additives

- carotenes (E160a(ii)/iii)
- ascorbic acid (E300)
- citric acid (E330)
- emulsifiers (E322, E471, E481)
- raising agents (E450i, E500ii)

Stricter definition 2022

4 additives

- carotenes (E160a(ii)/iii)
- ascorbic acid (E300)
- lecithin (E322)

Our aims

In this report, we still continue to apply the Clean Label definition elaborated in 2020. Approximately **76% by volume of our BP business line's products** were labelled with our Clean Label in 2021; an **increase of 2%** on the previous year. There has also been a positive evolution of the Clean Label in the MCOF business line, with **28% by volume of products** being labelled as clean in 2021. This means that we have

already achieved and even **exceeded our target for 2025** (27% by volume of MCOF products being considered Clean Label), largely due to an increased demand for E-free products.

Our R&D team will conduct further research on the removal or replacement of additives in both our BP and MCOF business lines' products. Our aim is to expand the percentage of Clean Label products, independently of the tightening of our new Clean Label definition.

NEW CLEAN LABEL PRODUCTS

Transforming Flaguette to Clean Label Fossette®

In 2021, we transformed our 'Flaguette' into the Fossette®, named after the small dimple-like holes in the bun. We retained the authentic taste and appearance, while improving the recipe. The bun is now completely Clean Label, which means it contains no colourants or preservatives, while keeping a delicious taste, as proven by consumer research.

Banquet d'Or® puff pastry sheets

We succeeded in removing the emulsifier from several of our bakery products, making them eligible for our Clean Label. This was, for example, the case with two of our Banquet d'Or® puff pastry sheet products.

E-FREE PRODUCTS

E numbers are codes given to various food additives (e.g. colours and sweeteners) based on a food safety assessment by the European Commission (upon scientific screening by EFSA). All E numbers added to foods are considered safe and permitted for use for food products for human consumption by the European Commission. Consumers are increasingly showing a preference for products without artificial (synthetic/chemical) additives. For this reason, we replace E numbers by ingredients from natural origin, without compromising on taste, food safety or quality.

In 2020, we initiated a project with the aim of eliminating as many E numbers (additives) from the Gold Cup® professional margarine range as possible, and of simultaneously developing our first E-free Gold Cup® margarine. The launch of this product is envisaged for mid-2022.



TARGET 2025

83% Clean Label BP products (vol%)

27% Clean Label MCOF products (vol%)

STATUS 2021

76%

28%

OFFERING PLANT-BASED ALTERNATIVES

Why we care

Consumers' growing awareness of healthy food, sustainability and animal welfare together with the advice of our food experts motivates us to expand our plant-based products. We include more plant-based ingredients, mirroring a growing trend in society and at the same time reducing our products' carbon footprint in line with the European Green Deal and Farm to Fork Strategy. In this way we help people to make nutritious and sustainable food choices.



Plant-based products

We started offering plant-based alternatives decades ago and are always looking for new products to expand our portfolio in both our BP and MCOF business lines.

In MCOF, for example, a substantial portion of our products is composed of **plant-based margarines and oils**, which generally contain less saturated fat than butter and are a source of unsaturated fatty acids and omega-3 fatty acids. We have increased the number of 100%-plant-based spreads within our range, and have also made progress in the vinaigrettes range, launching three vegan vinaigrettes in 2021.

Plant-based products are also offered within our BP business line, such as croissants and chocolate rolls made with margarine. We have also developed a range of **vegan patisserie**

products, ranging from a banana cake through to high-quality chocolate and lingonberry mousses and blueberry mousses. Nevertheless, we still often **rely on traditional dairy products**, such as milk, butter and eggs for the time being, until we find alternatives that can match their taste and structure. Our goal is to achieve a good **balance in our assortment**, so that we can offer tasty solutions to everybody's liking.

Anticipating EU legislation

While the demand for and the offer of

vegan and vegetarian products is on the rise, there remains no EU-legislation at present for vegan or vegetarian claims on food packaging. The European Commission is in the process of evaluating the need of a vegan and vegetarian definition. In anticipation of such legislation, however, we opt for the V-labels® of the European Vegetarian Union (EVU), out of which we apply the vegetarian V-label and the vegan V® -label. Alternatively, we follow the Publicly Available Specification (PAS) for our 100% plant-based foods.



New plant-based product launches

In 2021, we developed three vegan alternatives to our most popular vinaigrettes: chive, mustard and garden herbs. Our vegan range will be available on shop shelves from April 2022.

BEING A LEADER IN FOOD SAFETY

Why we care

We feel responsible for the health, food safety and well-being of our customers and consumers alike. We are determined to continuously deliver safe and high-quality food products, so as to retain people's trust and loyalty. Ensuring food safety also has an economic and environmental impact: it avoids both recall costs and food waste.



Safety standards

To guarantee the delivery of safe products, we have implemented safety rules along the entire supply chain. We continuously monitor our own production sites and those of our high risk suppliers to ensure that the **highest safety standards** are constantly upheld. Safety measures in place range from risk analyses, audits and follow-ups to the implementation of our foreign body policy, and our commitment to food defence and zero food fraud. Our investment in R&D in this area also ensures safe products.

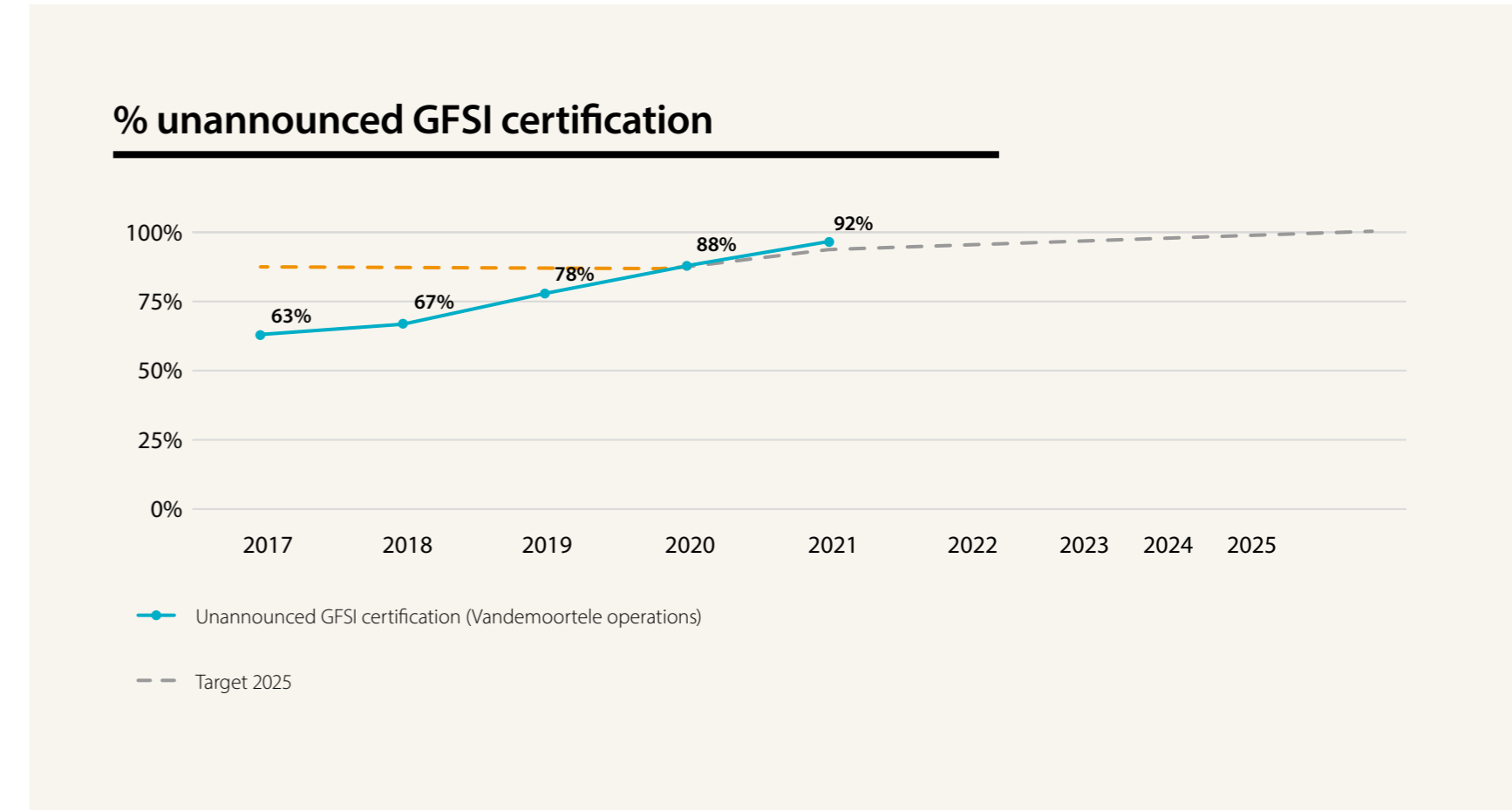
Global Food Safety Initiative

All of our production sites are certified according to either the International Food Standard (IFS) or the British Retail Consortium (BRC) Global Standards. This means that they are

compliant with the quality standards prescribed by the **Global Food Safety Initiative** (GFSI), a global non-profit organisation that standardises food safety norms. Our compliance with these standards assures our consumers that we meet the highest standards in food safety.

Auditing of factories and suppliers

In 2021, 24 Vandemoortele factories, accounting for 92% of our production sites, were subjected to **unannounced audits**. We aim to raise this percentage to 100%, meaning that all of our sites would



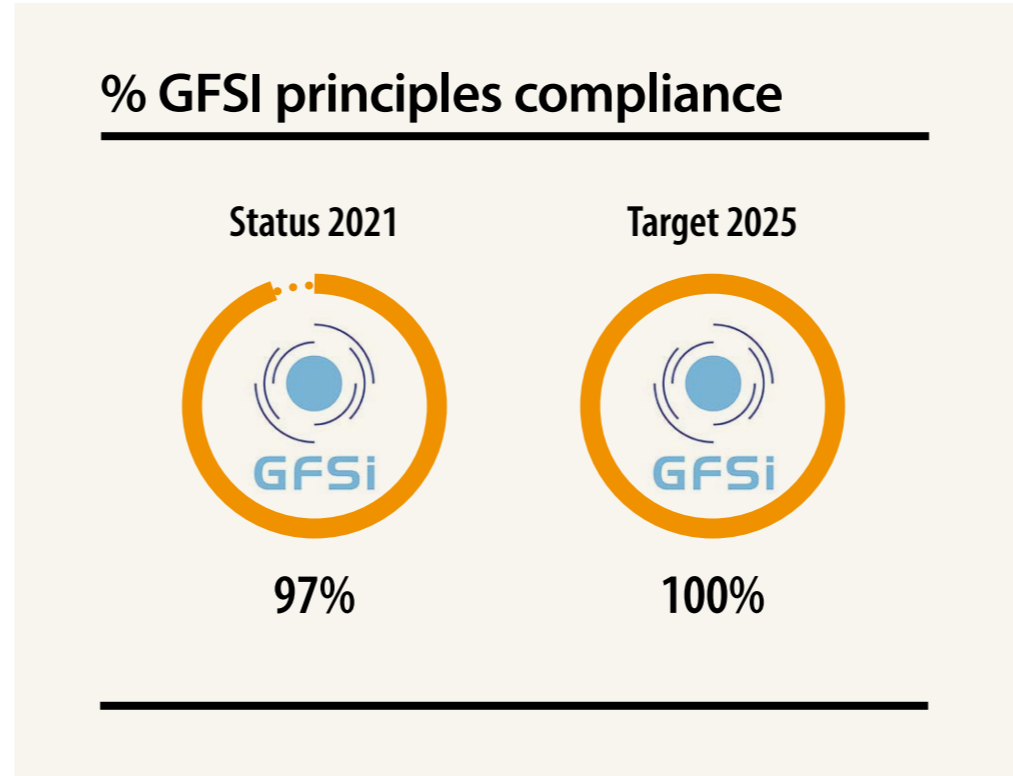
be subjected to an audit at any time during a four-month period. To reach this target, two remaining factories will implement this auditing system in the coming years.

We set the same quality standards for our partners. Currently, **97% of our suppliers, traders and logistics partners** adhere to the fundamental principles of the GSFI. The increase of this figure is the result of a thorough screening of our uncertified food contact suppliers, after which we implemented a number of actions. To raise this percentage to 100% by 2025 we are **encouraging the remaining 3% to enter the certification process** or to be audited by Vandemoortele. This minority predominantly includes local suppliers, who are not managed centrally and for whom certification will be very difficult to acquire. We will investigate possible alternative quality checks for these suppliers, such as a mandatory Vandemoortele food safety questionnaire.

97% of our suppliers, traders and logistics partners adhere to the fundamental principles of the GSFI.

In the meantime, we have categorised the final remaining non-certified suppliers into low- and high-risk suppliers. High-risk suppliers are automatically scheduled for an audit. During these audits we evaluate quality systems, manufacturing processes, and also the general on-site order and cleanliness. **Suppliers that repeatedly perform poorly are replaced, but only after being encouraged to improve.** New suppliers are chosen after the performance of a thorough risk analysis. Low-risk suppliers are asked to complete and submit a questionnaire to verify that their quality systems are sufficient.

To prevent non-conformities from happening at our certified suppliers, we have established vendor ratings, to guarantee that we work with suppliers who meet our standards. Based on the score that a supplier receives, we decide on the necessity of any follow-ups.



Food safety-related complaints

Vandemoortele takes all necessary measures to **avoid contaminations such as foreign bodies, allergens, chemicals and microbiological contaminations**. To this end, we developed a foreign body policy for our BP business line in 2017. It outlines a protocol to prevent foreign objects, such as pieces of plastic, metal and insects, from ending up in our food products. This policy will now be further extended to our MCOF business line as well.

Thanks to our preventive measures, we received **38% fewer food safety complaints** in 2021 compared to 2016. By 2025, we want to reduce this figure by 40%. To enable this, we handle each complaint through a deep root cause analysis to prevent it from happening again. Nevertheless, it is possible that products have to be recalled due to unintentional and unexpected contaminations.

Food defence and food fraud

In terms of food defence, we protect our facilities against internal and external sabotage by equipping them with surveillance cameras, fences and other security systems. In addition to this, we **avoid food fraud by upholding a high level of transparency regarding our products and ingredients**, to avoid the spread of incorrect or misleading information about the quality or contents of our products.

In 2021, we again counted **zero incidents concerning food defence and food fraud**.

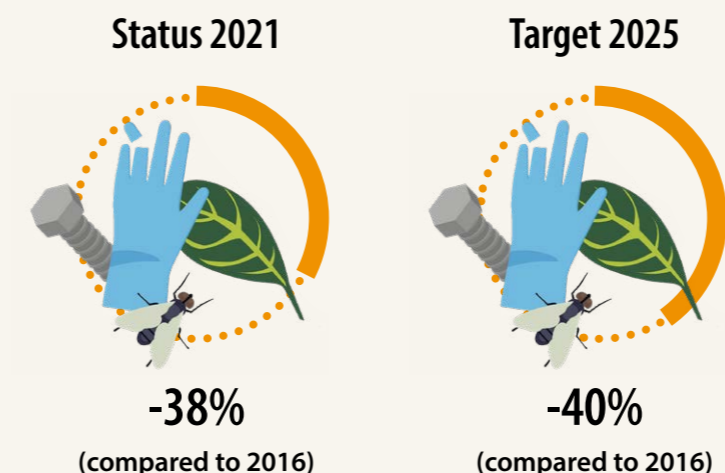
We avoid food fraud by upholding a high level of transparency regarding our products and ingredients.

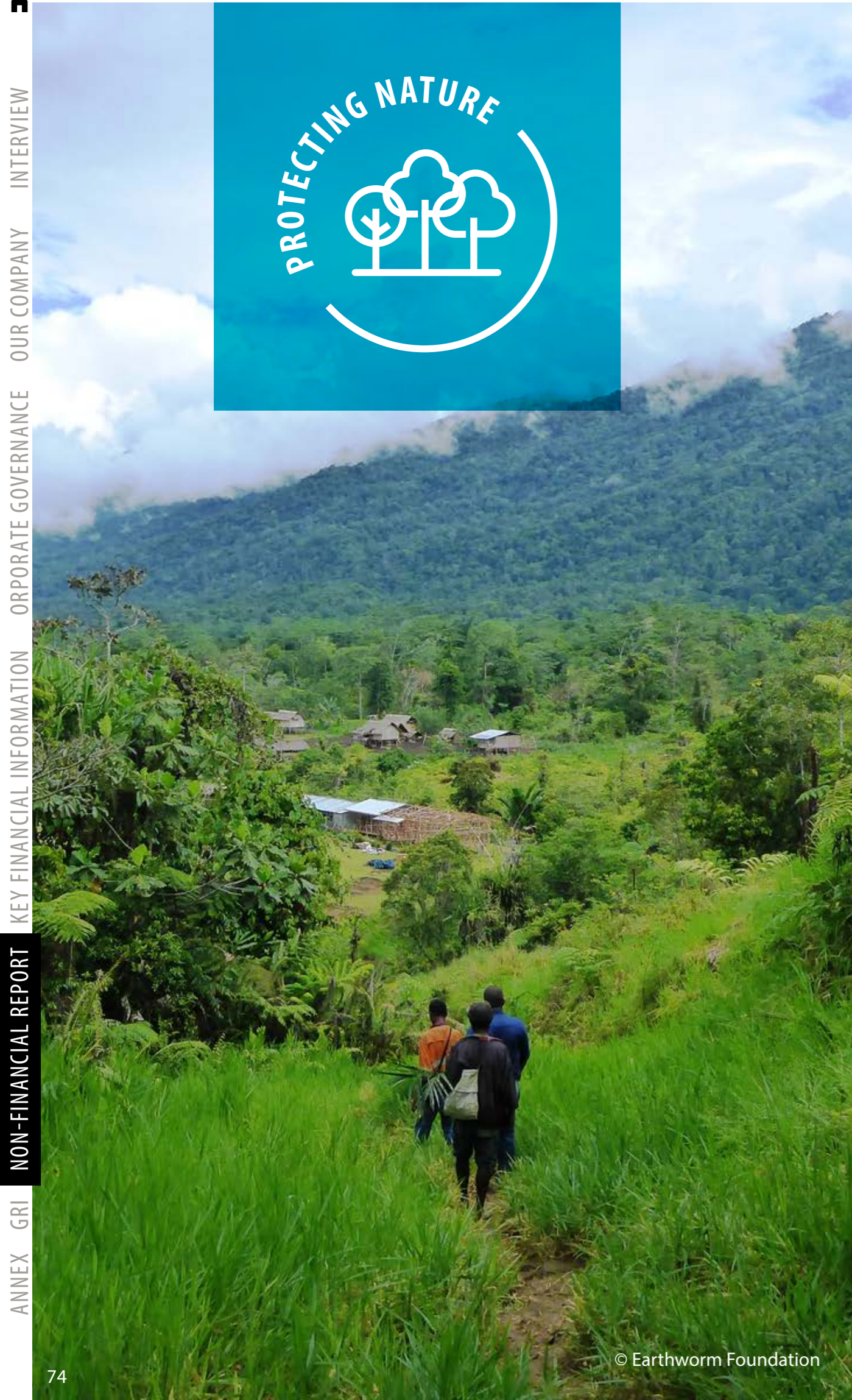
The ethylene oxide crisis (RASFF notifications)

In 2020, European food companies experienced a food crisis caused by the pesticide ethylene oxide. This pesticide was used, for instance, by Indian farmers to avoid the development of salmonella in sesame seeds, without considering the chemical health risk and the EU prohibition of ethylene oxide as pesticide. Our crisis team acted quickly when the news broke.

All contaminated products containing sesame seeds were traced within 48 hours, resulting in the withdrawal of 6,500 pallets of products from five Vandemoortele sites across multiple countries.

% reduction food safety complaints





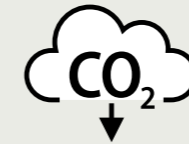
GOAL 2

PROTECTING NATURE

Our commitments:



Sourcing responsibly



Zero carbon emissions



Zero food waste



Circular packaging

Food has a major impact on the ecological footprint of our society. How our food is cultivated, sourced and produced affects our soils, our natural habitats and water systems, our climate and air. The current food system challenges the limits of our planet through deforestation and degradation of soil and biodiversity. Vandemoortele is aware of its environmental responsibility as a food company.

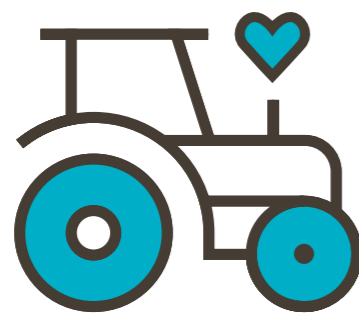
We want to do business in a way that allows us to sustain our activities for years to come.

That's why we contribute to tackling the big ecological challenges of today and tomorrow. We do this by continuously improving the way we source our ingredients, by targeting net zero carbon emissions, by banning food waste and through a focus on circular packaging in order to minimise the use of single-use plastics.

SOURCING RESPONSIBLY

Why we care

We believe that we are accountable for our entire supply chain, which means we source our ingredients as sustainably as possible. Taste and quality are certainly a priority for us, but not at the expense of the living conditions of local farmers and the health of our planet. We find it important to make conscious choices when purchasing our key commodities, like palm oil, soy, cocoa, wheat and eggs.



Palm oil

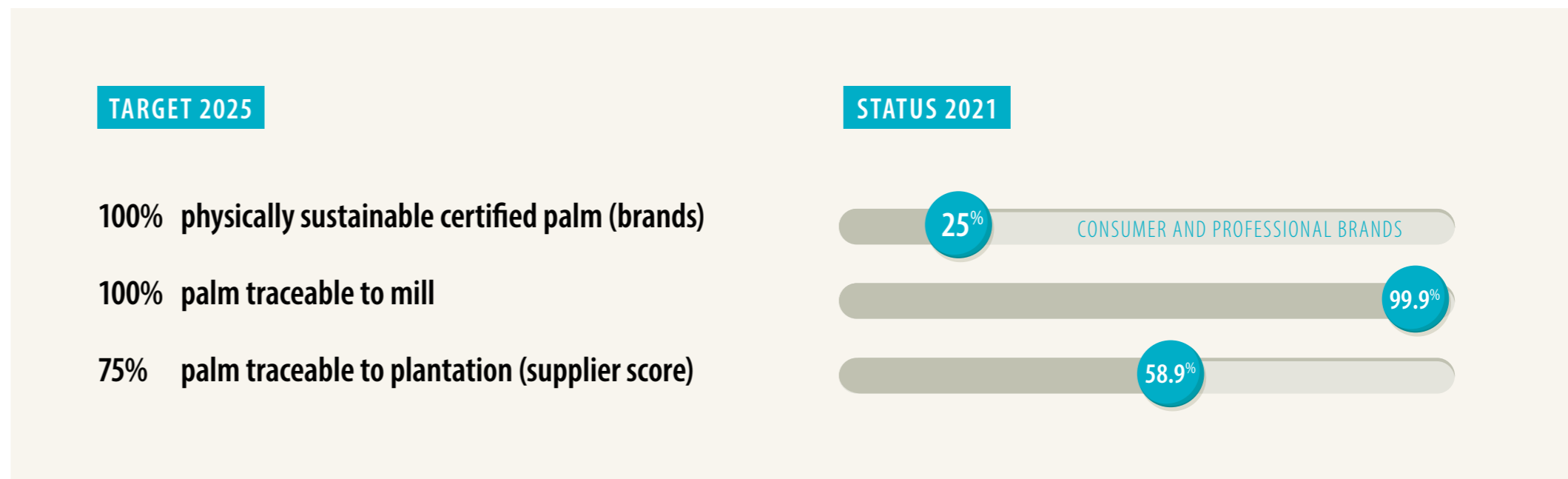
The use of palm oil as an ingredient ensures that our products have the desired structure and taste. For both business lines we opt for palm oil as an ingredient due to its higher yield per hectare than the other comparable vegetable oils. We take measures to **minimise the environmental and social risks associated with palm oil cultivation and production**. These risks include

deforestation, loss of biodiversity and the exploitation of local farmers.

Certified palm oil

Since we first became a member of the RSPO (Roundtable on Sustainable Palm Oil) in 2009, our efforts in sourcing sustainable palm have come a long way. Starting from 2015, we have committed ourselves to sourcing palm oil that is certified as 100% sustainable for

both our consumer and professional brands. We began to implement our commitment by purchasing credits from RSPO-certified growers, crushers and independent smallholders. Thereafter we committed to sourcing physically sustainable certified palm oil (i.e., minimum mass balance supply chain model). In 2021, we reached **25% physically sustainable palm oil** for both our consumer and professional brands.



Traceability

A major challenge within the palm oil industry is improving transparency along the supply chain, starting with the farmers and their plantations, to then mills and refineries, until the transport to Vandemoortele’s sites. Approximately 1,000 mills in total supply our factories, each of them receiving palm oil from different plantations. This large number of suppliers poses a particular challenge in obtaining a clear and thorough overview of the entire supply chain.

Our initial target was to achieve traceability all the way back to the mill, and in 2019 we decided to extend this, by aiming for transparency all the way back to the plantation. As a consequence, we currently set two targets for 2025: 100% traceability to the mill level and 75% traceability to plantation. In the first half of 2021, we were able to trace **99.9% of our palm oil to the mill level**. This information is updated on the Vandemoortele website

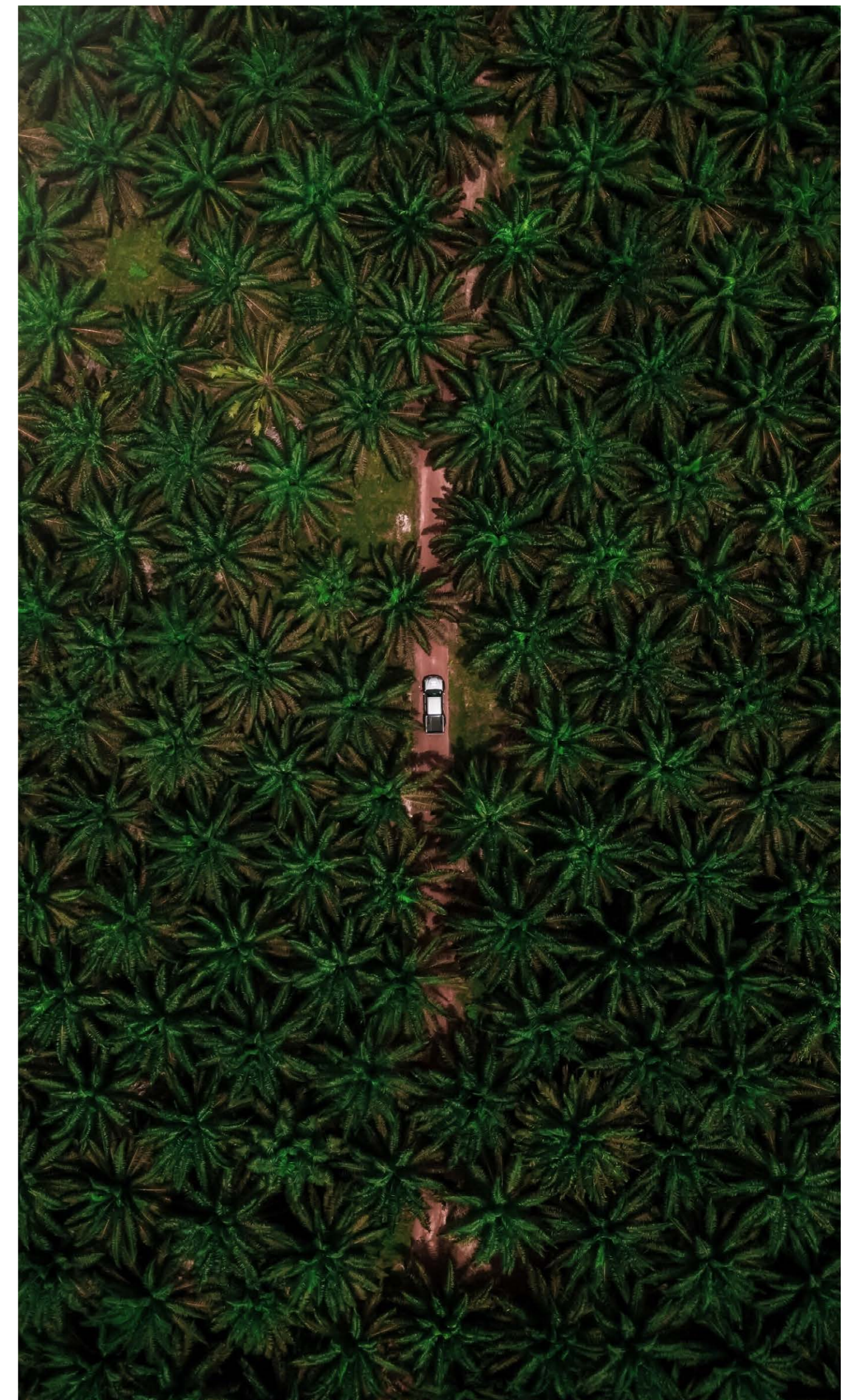
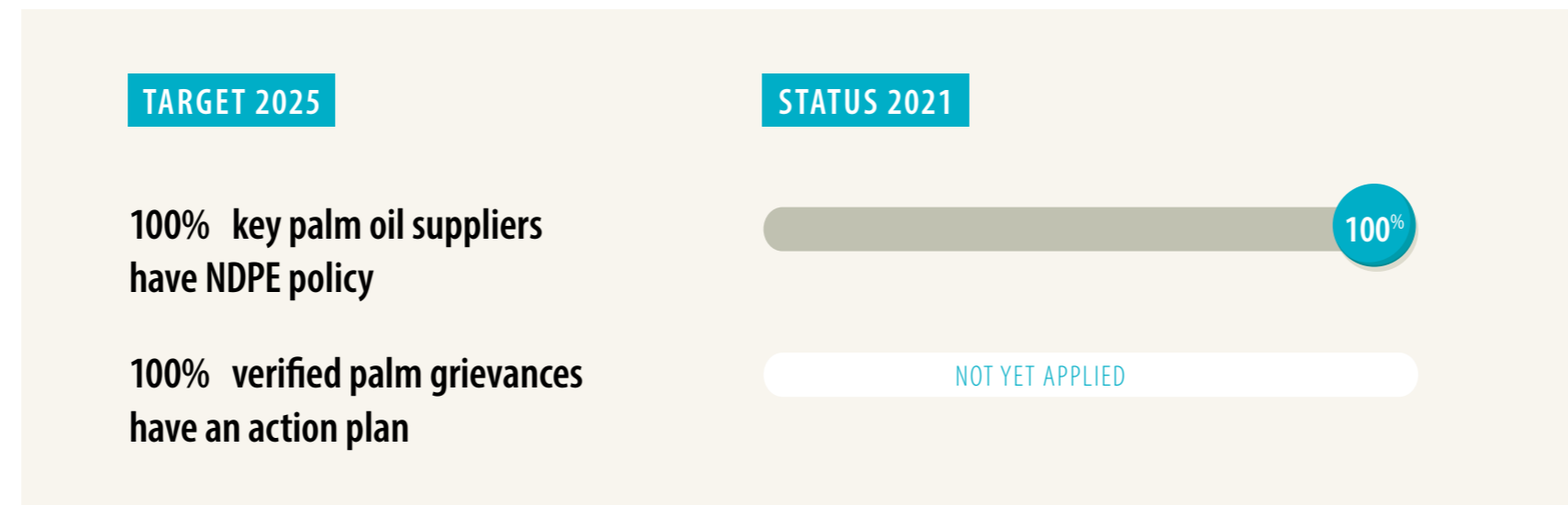
biannually. **58.9% could be traced all the way back to the plantation**, based on our suppliers’ scores.

NDPE policy

In recent years, we strongly encouraged our key palm oil suppliers to put in place an NDPE (No Deforestation, No Peat and No Exploitation) policy equivalent to our own. With this policy, our suppliers are required to refrain from creating additional plantations that contribute to the disappearance of forests or peatland. We also require that they uphold labour and community rights.

As a result of our efforts, **all of our key suppliers have committed to an NDPE policy** since 2017. This helps us contributing to a more sustainable palm oil supply chain.

We aim for transparency all the way back to the plantation.



Dialogue with suppliers

For Vandemoortele, good cooperation and regular dialog with our suppliers is a key element to pursue responsible sourcing. To stimulate such dialogue, we intend to regularly conduct the EPI survey (Engagement Policy Implementation) provided by Earthworm Foundation. The survey audits our suppliers' NDPE policy implementation, with issues covered ranging from traceability to grievance mechanisms. In 2021, we engaged with our key suppliers based on the results of the 2020 survey, by discussing the scores and listing possible improvements. **Projects on the ground** were an important topic of discussion: we encouraged our suppliers to undertake actions that directly support the farmers from whom they buy their palm oil. This will allow us to have a **positive impact beyond the plantations and refineries**, and on the small-scale farmers, who are out of our direct reach.

Grievances management

In 2021, we continued to handle grievances (e.g., deforestation, forced labour cases) regarding our palm oil supply chain on an ad hoc basis. In order to deal with them in a structural and similar way, **we formed a dedicated team to draw up a grievance policy and an action plan**. A procedure was developed, which will be implemented in 2022.

Soy

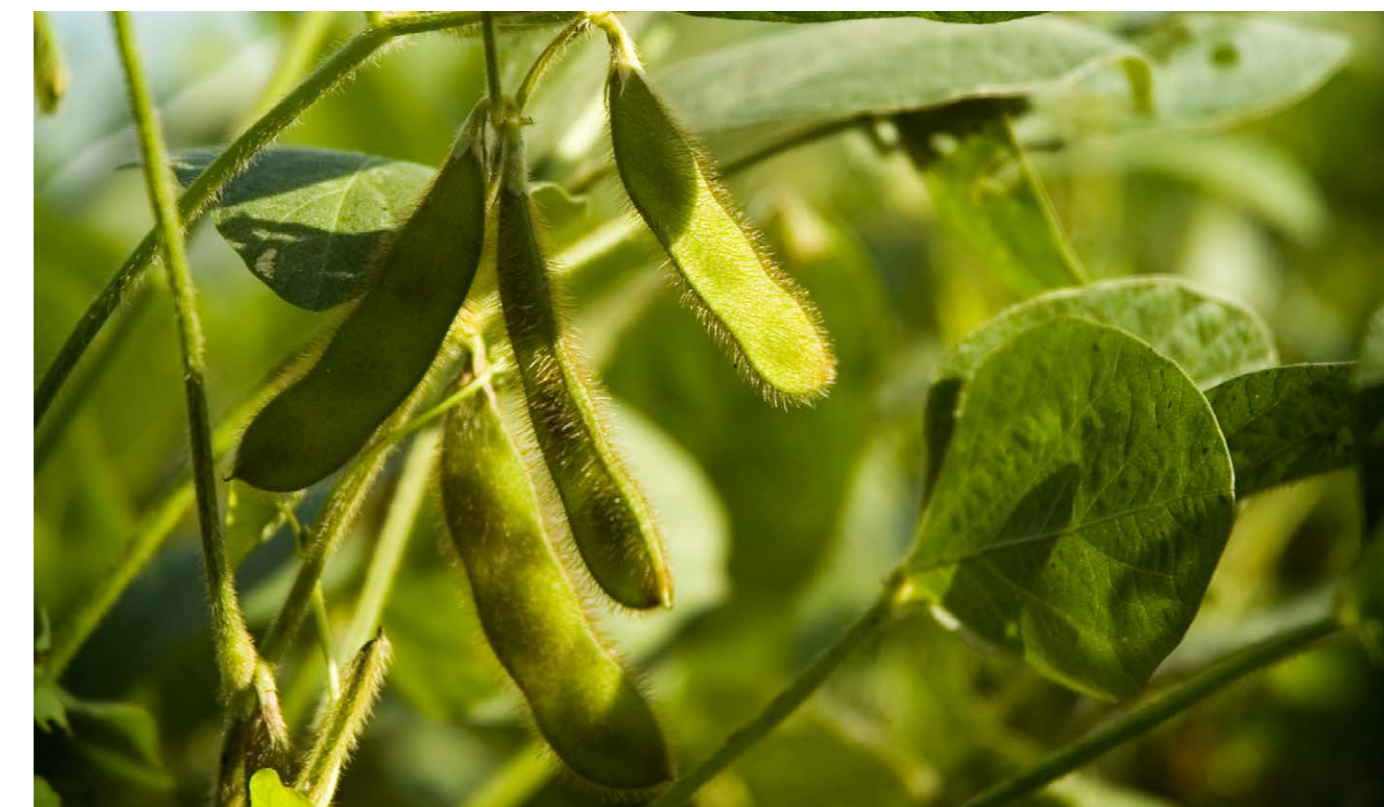
Although we do not process soy directly ourselves, we choose sustainable soy when it is an (indirect) part of our supply chain. For example, some products we buy, such as eggs and milk, are derived from soy-fed poultry and livestock. We opt for **sustainable soy** in order to **avoid the negative consequences of soy cultivation, such as deforestation and the displacement of small farmers and indigenous people**.

Vandemoortele has been a member of the Round Table on Responsible Soy (RTRS) since 2011. This organisation advocates the production of responsible soy through the promotion of good agricultural practices, respect for the environment and fair working conditions. RTRS soy is 100% Deforestation and Conversion Free (DCF) and fully compliant with the upcoming new EU legislation on deforestation free commodities. We support this mission by purchasing RTRS credits for all of the soy that we process. The credits directly benefit farmers located in the Cerrado biome, Brazil, and their surrounding environment. By incentivising these producers, we recognise their efforts in stopping conversion of native habitats.

Vandemoortele has been a member of the **Alliance4Soy** since 2018. This group of eight Food companies, members of the RTRS, actively participates in the governance of the association. Through our involvement

in the Alliance4Soy, we also take part in the 'Collaborative Soy Initiative', a global platform striving for 100% deforestation and conversion-free supply chains by fostering synergies between actors and stakeholders.

In 2021, **58% of soy used directly and indirectly across our products and supply chains was certified as coming from a sustainable source**. Since 2017, we have exclusively used **100% RTRS-certified soy in our own**



consumer and professional brands.

By 2025, we aim to expand this to the use of 100% RTRS-certified soy in all our products.

Wheat

Wheat plays an important role in our BP business line, and that’s why we engage in sustainable cultivation. For some of our products sold in France, we use flour made from CRC®-certified (Culture Raisonnée



Contrôlée) wheat. This French certification guarantees responsible and local farming that encourages biodiversity and offers a fair wage to farmers. We buy organic flour in France and Germany.

As there is yet no general framework for sourcing sustainable wheat on a European level, we purchase our flour from **sources that are as sustainable as possible**. We favour local suppliers wherever possible, and our suppliers are audited by a third party – at our request – on an annual basis. This audit allows us to, for instance, share industry knowledge with our suppliers with regard to pesticide-free pest management. In addition, the audit also allows us to benchmark our flour suppliers based on their results.

To streamline our approach in the different countries, we are developing a **Sourcing Charter** for wheat, which will take into consideration quality, sustainability and availability.

In 2022, together with French farmers, we will initiate a project targeting the reduction of their environmental impact and engaging with them in more sustainable production. We believe that this project will **improve the overall sustainability** of the wheat supply chain.

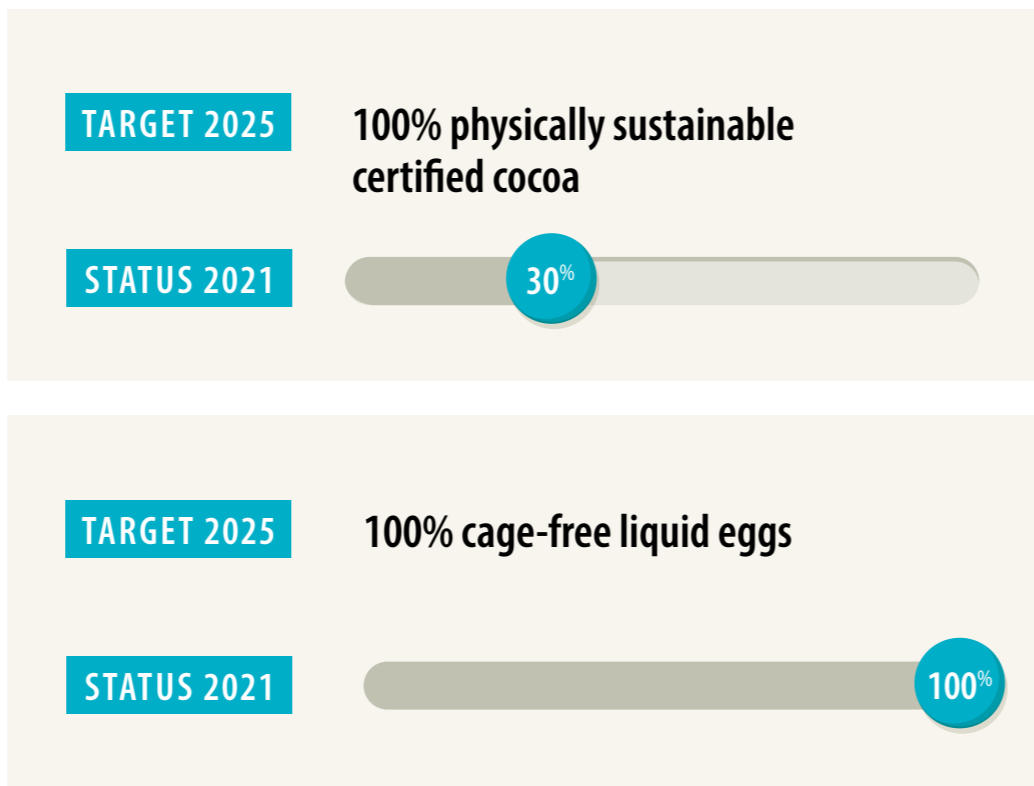
Cocoa

There is already such a high degree of awareness around sustainable cocoa that our suppliers already take their own actions to contribute to a more sustainable supply chain. Currently we purchase liquid chocolate that has



been certified by **Rainforest Alliance**. When requested by the customer, we also source cocoa that bears the Fair Trade label. In addition, we are in the process of developing our own Sourcing Charter on sustainable cocoa, describing our sustainable sourcing strategy and the solutions and targets that we commit to. By 2025, we want 100% of the cocoa in our consumer and professional brands to have received **Mass Balance Certification** from the Rainforest Alliance. In 2021, we reached **30%**.

In our sauces, we use 100% free range eggs.



Eggs

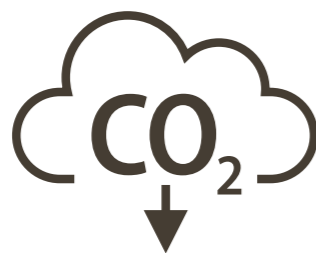
Since January 2020, as a result of stricter EU legislation, we only purchase **cage-free liquid eggs**, also known as barn eggs. This means that the hens are not locked up in separate cages, but are instead kept in a barn. We use such eggs for all our products, except for our sauces, such as mayonnaise, in which we go one step further and use **100% free range eggs**, obtained from farms where the hens are able to be in open air.



TOWARD ZERO CARBON EMISSIONS

Why we care

Climate change is one of the biggest challenges facing this and future generations. For this reason, we are actively engaged in reducing our own impact on the climate to the lowest possible level. To reduce greenhouse gas emissions from our production processes, we have developed a threefold strategy that consists of 1) minimisation of our energy consumption, 2) an efficient use of fossil fuels, and 3) maximisation of the use of sustainable and renewable energy sources. At the same time we are continuously searching for solutions that would help to reduce our indirect emissions across the value chain.



Minimising the use of energy

In order to reduce our energy consumption, we are upgrading our buildings and installations to make them more energy efficient. Since 2015, we foresaw 273 projects of which 173 have been implemented as of today. All of these actions have resulted in **combined energy savings of approximately 11,000 MWh.**

Examples of technical measures that have been implemented to date include the improvement of buildings' and installations' insulation, the implementation of heat recovery from cooling and compressed air installations, the redesign and renewal of supply and return pipes for (ammonia) cooling, and the phasing-out of Freon from cooling installations and its replacement with ammonia. In terms of effective maintenance,

we have made progress through a thorough examination of our installations to identify redundant or obsolete parts and dead-end piping. We have also adapted our operations and behaviour to reduce our overall energy use and avoid consumption peaks. For example, we have introduced phased start-ups within our production, so as to avoid peaks in energy use.

Our energy performance

In 2021, we managed to reduce our **energy intensity** in the BP business line by **5%**. The MCOF business line, however, witnessed a **6.5% increase in energy intensity**. At the Group level, this resulted in a **1.9% overall increase.**

The energy intensity of the BP business line decreased until 2019, despite the addition of extra ovens



To measure is to know: monitoring project in France

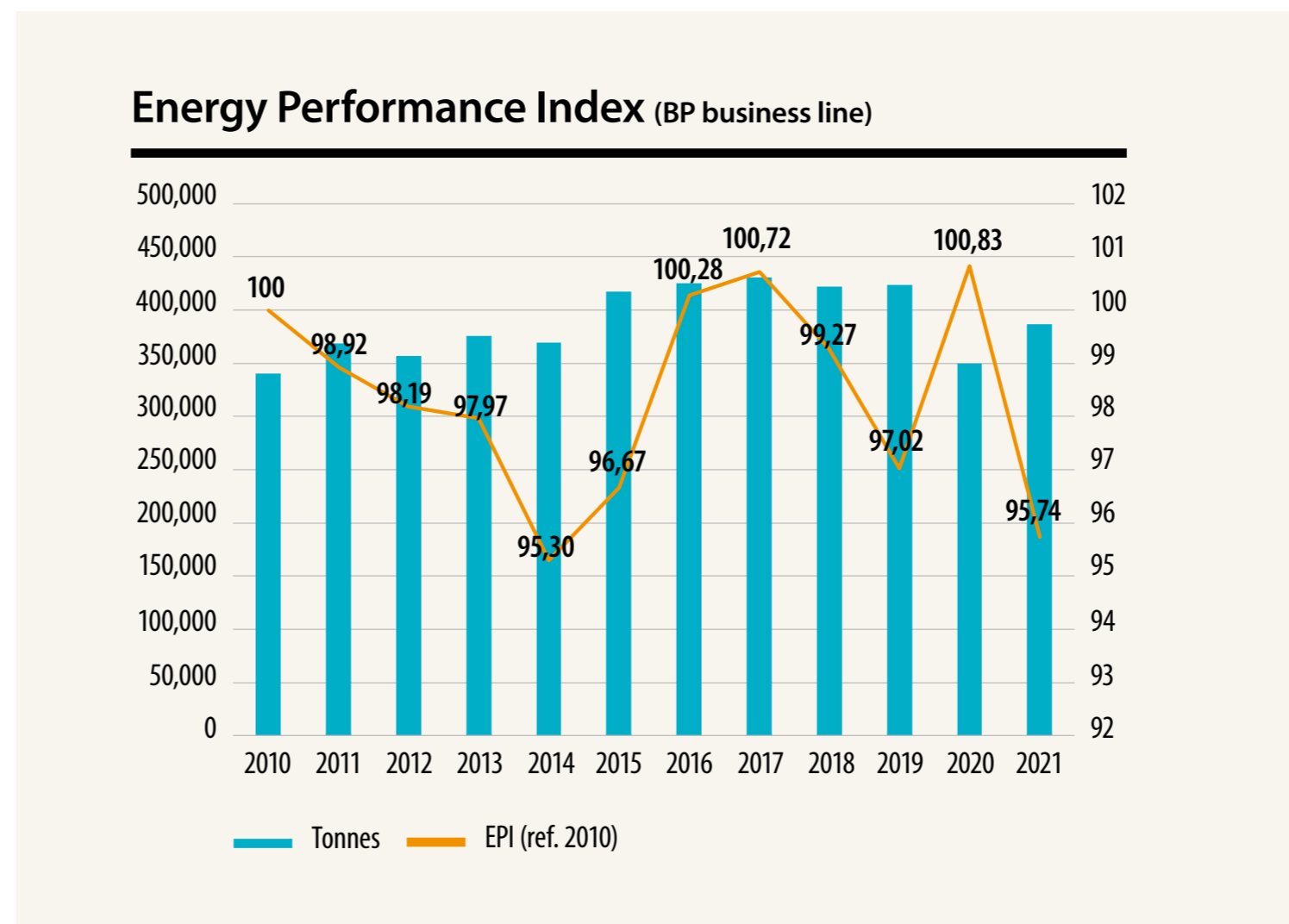
We have launched a pilot project around energy metering and monitoring at our production site at Saint Vullbas, France. Our aim: to help operators and supervisors gain a better overview of their installation or site's energy consumption. They now have access to a dashboard that shows nearly real-time energy data, allowing them to detect any abnormalities in energy consumption, leading to faster interventions. Studies have shown that energy consumption can be reduced by between 5% and 8% through such monitoring. We have now decided to further roll out this project to all of our production sites in France during 2022.

due to the shift from raw to pre-proofed and pre-baked bread. The increase in energy use of the ovens was counterbalanced by a higher overall energy efficiency, together with stable production volumes (see chart). In 2020, however, with the onset of the pandemic, production volumes fluctuated, causing the energy intensity to rise. In 2021, we managed to lower the energy intensity, in spite of the fact that the production volume had not been completely scaled up to pre-COVID levels. **Additional energy efficiency actions have contributed to this positive result.**

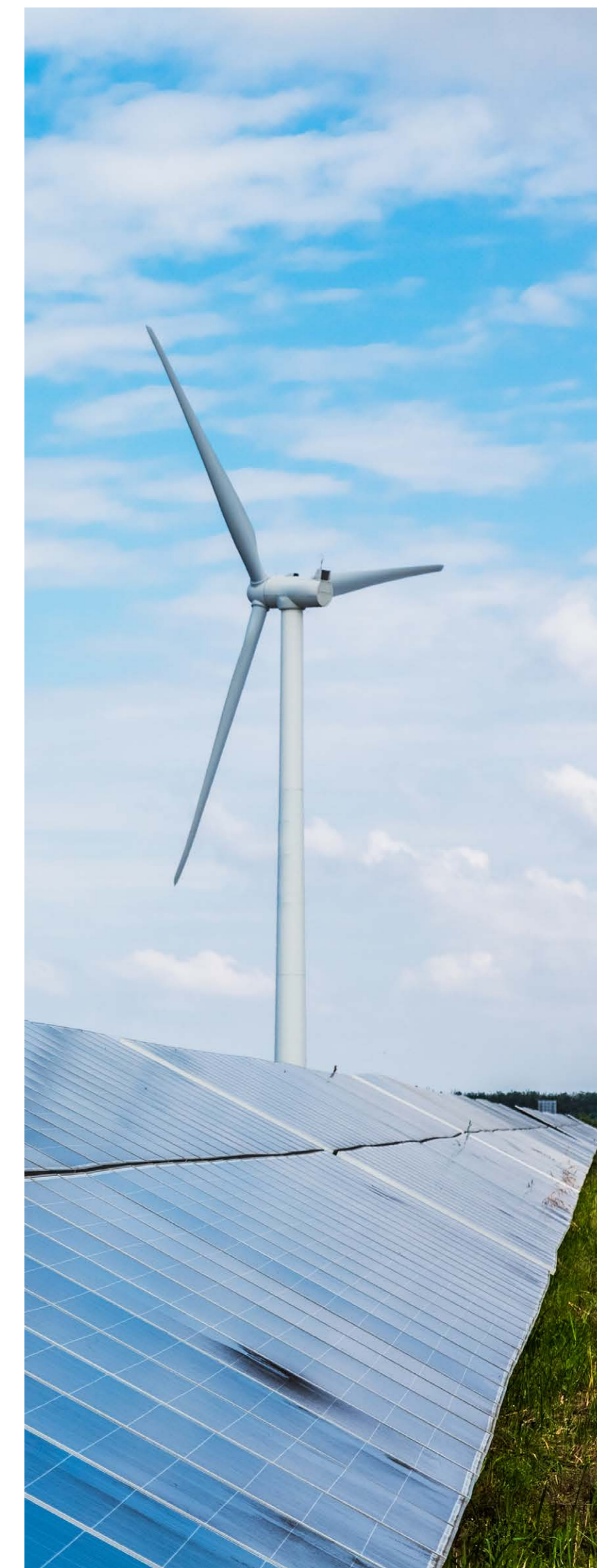
Also in the MCOF business line several energy efficiency actions were implemented. The result of these measures is not reflected in the 2021 data, due to the lower production volumes. Our main purpose for the coming years is **to decouple even more the energy consumption from production volumes.**

Fossil fuels: clean and efficient use

Approximately 40% of Vandemoortele's total energy consumption is provided by gas. The largest part of this stems from the steam boilers and gas burners used for our bread ovens. The gas burners are meticulously maintained and periodically checked for their energy performance, while the steam boilers are equipped with economisers to increase their energy efficiency. In 2021, we explored a variety of scenarios for switching from fossil fuels to renewable resources for our gas burners - an important step in the further decarbonisation of our operations.



TARGET 2025		STATUS 2021
10%	energy intensity reduction (energy used/ton produced) (electricity & gas) Group	+1.9%
10%	energy intensity reduction (energy used/ton produced) (electricity & gas) BP	-5.2%
10%	energy intensity reduction (energy used/ton produced) (electricity & gas) MCOF	+6.5%





Electricity and renewable energy

In 2021, **100% of our electricity** used in our production sites and the offices connected to our production plants came from **renewable energy sources** with guarantees of origin, predominantly from hydropower, wind and solar power systems. We also launched an ambitious plan to acquire

‘on site’ green electricity generation capacities. Our aim is to generate 15% of our total electricity consumption on site via direct **Power Purchase Agreements (PPA)** by 2025. Providing all installations for which contracts have been signed (solar power systems and one windmill) are implemented, we will generate 10.2% of our electricity ourselves.

Carbon emissions

All of these initiatives have led to a slight decrease in our CO₂ equivalent emissions per ton (CO₂ eq/ton) compared to last year. Compared to 2015, we are at a decrease of 59.3%.

Our carbon footprint

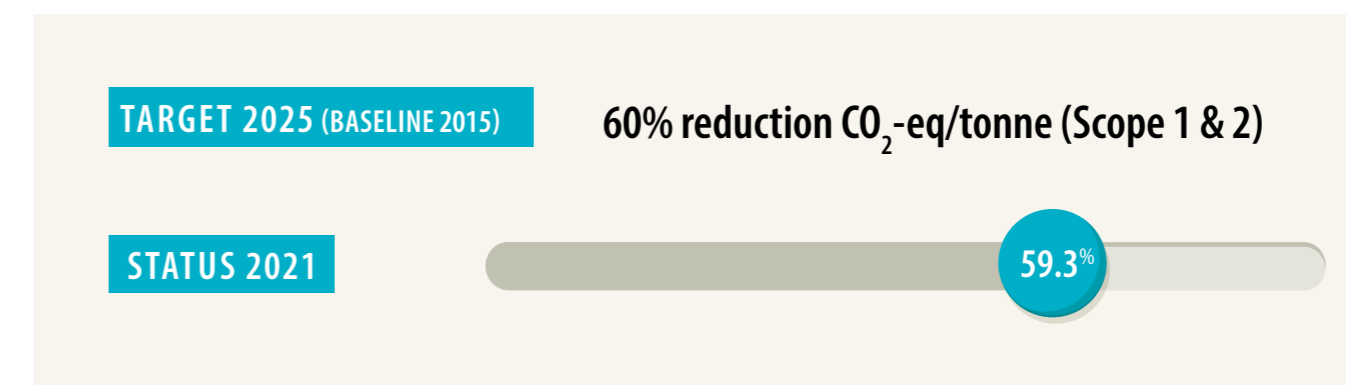
In 2020, we calculated our corporate carbon footprint. This exercise showed that our total carbon emissions amount to approximately **2 million tonnes of CO₂ equivalent per year**. Roughly 4% of this comes directly from our production plants, warehousing and offices connected to our production plants. The remaining 96% is related to the raw materials that we purchase and the transport of goods, which is in line with the findings of comparable agrofood companies.

In 2021, we signed the **Science-Based Targets** initiative commitment letter, which sets out a clearly defined path for companies to **reduce their**

emissions in line with the targets of the Paris Agreement.

The SBTi recently unveiled a new strategy to increase minimum ambition in corporate target setting from ‘well below 2°C’ to ‘1.5°C’ above pre-industrial levels. ‘Well below 2°C’ targets will be gradually phased out from the target validation framework. This means that we will have to **update our CO₂ target in 2022**.

100% of our electricity used in our production sites comes from renewable energy sources.



As a part of this commitment, we are putting in place steps toward a transparent and clear way of disclosing our carbon footprint. Seven work streams within Vandemoortele, composed of multidisciplinary teams of experts, are currently working on a **transparent and auditable CO₂ accounting and reporting tool**.

Transport emissions

In our roadmap for the reduction of our carbon footprint, we will also **tackle transport emissions**, which are classed among our Scope 3 emissions. Reducing our emissions generated during the transportation of our outgoing products is a major challenge, because we depend on third-party technologies and the innovations introduced to these in making more sustainable choices.

Results for 2021

Two transport companies, Metro NV and Panalog SA, deliver our products to destinations across Europe and the United Kingdom every day. We rely on Metro for the transport of our refrigerated and frozen goods throughout Europe, while Panalog supplies our French customers and is responsible for the storage and distribution of our frozen goods.

In 2021, Metro reported an **increase in its CO₂ emissions of 1.2% CO₂ eq/ton** for transport and mobility compared to 2020, whereas Panalog reported a **decrease of 6.7%**. Metro did take actions to reduce its emissions, but they are not reflected in this result, because the improvements were negated by a decrease in the load volume and load

weight per journey. This was due to a combination of COVID-19-related factors and the fact that we switched from raw bread to baked bread, which is a lighter product. This commercial change has had an impact on this KPI, which is expressed in tonnes.

In 2020, Panalog signed the 'Objectif CO₂', committing to a three-year action plan to reduce its CO₂ emissions. Additional actions were launched in 2021, such as investments in automatic doors for trucks that transport frozen products (so that less energy is lost during loading and unloading) and in automatic gearboxes. In addition, the filling rate of the trucks was increased, a double-decker truck was developed, and deliveries from two plants with low levels of activity were cancelled.

TARGET 2025 (BASELINE 2020)		STATUS 2021	
15%	reduction CO ₂ -eq/tonne transport & mobility	Metro: +1.21%	Panalog: -6.72%





Transport alternatives

Our current target for 2025 is a 15% reduction in CO₂ eq/ton compared to 2020. A major caveat here, however, is the fact that we are unable to significantly improve upon the performance of our trucks with the technologies that are available today. Besides the actions described above, which will facilitate a slight reduction of our emissions, we are constantly

investigating the potential for new technologies,

such as electric or hydrogen engines. We are also investigating the possibilities of multimodal transport for the longer distances. The improvement of the available space in our trucks, trains and boats is something we are working on by putting extra layers of product per pallet, preventing shipping half pallets,...

Mapping CO₂ emissions from transport

In order to further reduce our CO₂ emissions from transport, we must first obtain a fuller understanding of our emission levels in the various countries in which we operate. To facilitate this, in 2021 we launched an

initiative to map all the (sources of) CO₂ emissions from transport within our company, in combination with figures on fuel consumption and empty kilometres driven. Based on the results obtained from this project and in line with future EU legislation, we will be able to make more sustainable decisions for the future.

Water consumption and treatment

Water resources are coming under increasing pressure from the impacts of climate change and the competing demands of communities, agriculture and industry. We recognise that water sources are scarce, and that water should be used as sparingly and economically as a particular situation allows. At Vandemoortele, we have **indirect and direct impacts on water**: from crop irrigation and processing to its use in our own production processes (cooling, cleaning, CIP,...) and finally as an ingredient in our products.

We have set a company-wide target of -5% by 2025 that exceeds the water reduction actions required by certain national and/or regional regulations. However, the legal requirements with regard to food safety are becoming ever stricter too. As a result, for instance, we have to clean our installations and infrastructure more

often, with no recirculation of water permitted. This, together with smaller production runs due to the COVID-19 pandemic, has resulted in an overall **increase in our water consumption** (expressed in litre water per kilogram product) of **1.9%** compared to 2020.

We have taken numerous **actions to improve water efficiency**.

These include the introduction of **dry cleaning** to certain parts of the production process, the automation of **Clean-In-Place (CIP)** cleaning and the **automation of cooling tower water purges**. The coming years, we will continue to make an effort to reach our target, mainly in our CIP cleaning, and by further efforts for recycling of process water (e.g. condensation and cooling tower purge water).

In the areas where we source our ingredients, we support initiatives such as Rainforest Alliance, the Round Table on Responsible Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO). These initiatives promote more efficient use and the continued availability of water resources and

avoid negative impacts on other users in the catchment area. They apply management practices for both mills (e.g. better management of wastewater) and plantations (e.g. optimal use of fertilisers, good water management and restoration of protected areas).

At Vandemoortele, we discharge wastewater in accordance with local discharge conditions. On our sites, both **pre-treatment and wastewater treatment facilities** are operated by competent associates. We control the organic load of our wastewater both when it leaves the plant and before each treatment. This allows us to closely monitor our activities and to quickly react to raw material losses and deviating cleaning activities.

TARGET 2025 (BASELINE 2020)	STATUS 2021
5% reduction water usage (excl. water ingredient)	+ 1.9%



MINIMISING FOOD WASTE

Why we care

As a food company, we see it as our responsibility to reduce food waste – both during and after production – to a minimum. Approximately one third of all food intended for human consumption is discarded. This high quantity of food either lost or wasted has a significant impact on the environment. Food waste is responsible for 8% of greenhouse gas emissions globally, and gives rise to a significant economic, environmental and social cost. This cost does not only originate from the additional use of raw materials, but also from the excess packaging and transportation.



Reduction of scrap

We achieved good results on food loss reduction in 2021: **-9.2%** (compared to 2017) **in MCOF and -30.4% in BP**. In our MCOF business line, we focused on operational excellence for many years, resulting in a high degree of material efficiency. Although we are currently nearing our limit in this regard, we continue to minimise food loss through increased awareness and everyday actions. In the BP business line, the material efficiency remains at a lower level, largely due to the more extensive range of recipes and products. Reuse of losses is much more challenging in this business as a result of stricter regulations.

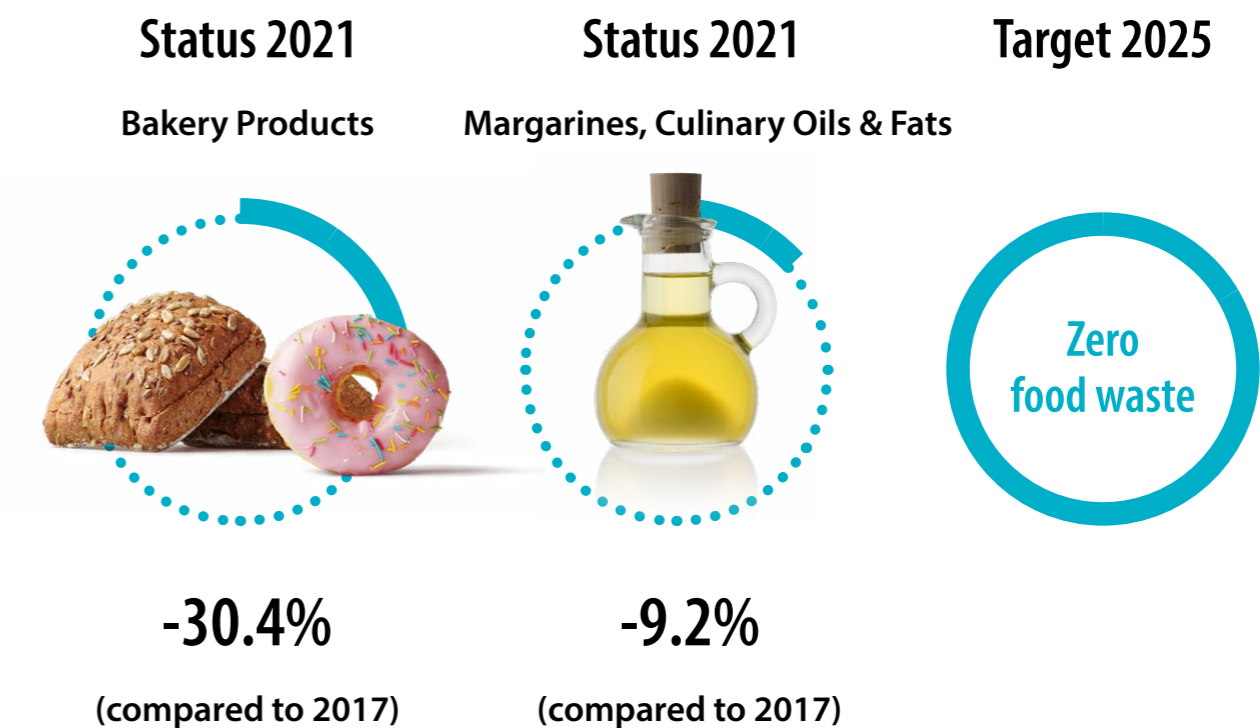
Operational efficiency

Losses during production occur, for example, during **changeovers**, i.e. when a production line or machine is being prepared to switch from one production run to another. Because of the strict hygiene requirements, losses

are unavoidable during this operation. In 2021, production volumes decreased as a direct result of the pandemic, resulting in a **greater number of changeovers** in relation to the volume produced.

To reduce losses in our product lines, we focus on line automation

% reduction of scrap (total production of scrap + total rejected) (food loss)



(optimising weight management to ensure correct dosing), maintenance and optimisation of the production planning. Our production is fully automated by means of a **Manufacturing Execution System** (MES). This system allows us to identify in real time points at which material is not efficiently used and waste is generated. In recent years, we have also invested significant effort in evaluation and management systems, with the aim of **increasing awareness of food waste** across the different levels of the organisation. In order to make food losses a point of discussion, we provide detailed information related to the production

lines on the factory dashboards. By involving operators in daily reviews of production results, they become more aware of their role in reducing food losses.

We also use a **Performances Control System** (PCS) to monitor the performance of our operations. This system involves a series of meetings at various levels within the organisation, which take place on a daily, weekly or monthly basis. Examples include short interval control meetings, shift meetings and shift handover meetings. In this way, we are able to identify loss-related and other operational issues in a timely manner, thoroughly analyse them, and quickly resolve them.

Our recycling policy

We take to reintegrate offcut materials or products into the production process. On the basis of a recycling matrix we examine which recipes are compatible in terms of allergens, ingredients, raw material origin, and similar. This allows us to work more efficiently with our materials, while at the same time ensuring product safety. We also recycle dusting flour and have introduced milling machines to our bread factories. Sub-par-quality baked bread is ground into 'powder', which is then re-incorporated into dough mixtures.



First time right principle

We also deal with food waste following the production process. These losses can arise as a result of quality-related problems and manufacturing faults, for instance due to incorrect labelling, or can be caused by products that we fail to sell, so-called commercial obsoletes.

Forecasting ensures that commercial obsoletes are reduced to a minimum.

Manufacturing faults can be managed through the 'first time right' principle. The **first time right principle prevents mistakes** and problems by meticulously following up each process. Forecasting ensures that supply and demand are always aligned and commercial obsoletes are reduced to a minimum. When fluctuations occur, we negotiate with certain customers, enabling us to sell products

with a shorter best before date. In 2020 and 2021, this forecasting was highly affected by the pandemic, bringing strong and unpredictable fluctuations in customer demand. Improving our forecasting system will make our predictions more accurate.

Valorising food waste

We **recover products that cannot be sold**, for example due to overproduction. In our MCOF business line, we re-melt the product and reuse it to the extent that is legally permissible. If reintroduction is not possible, we valorise unusable products by further processing them into biodiesel or animal feed, or by using them in fermentation processes. Food losses in the BP business line can be alleviated through the re-use of a number of simple raw products – such as raw bread or pastry – in doughs, providing all preconditions are met. If losses cannot be reused, they are valorised in animal feed or fermented.



CONTRIBUTING TO CIRCULAR PACKAGING

Why we care

Packaging our products is necessary to preserve and to protect them against damage, light, oxygen, humidity, mould and microbiological contamination,... However, plastic waste has become a global concern. The EU's plastics strategy aims to transform the way plastic products are designed, produced, used and recycled. Likewise, our customers, retailers and consumers are increasingly showing their concerns about the impact of plastic packaging. We want to address these concerns and adapt to new directives. We aim to transition to more sustainable packaging methods, without losing sight of the preservative and protective functions of packaging.



Circular packaging

We advocate a **circular economy**, which keeps materials in the cycle for as long as possible, rather than definitively dispose of it as waste. That means that we see packaging as a resource, rather than an end point or a source of waste. We recollect and reuse packaging, and focus on creating **fully recyclable packaging**, which can in turn be used in new packaging.

Our targets for plastic packaging

We aim **to increase the amount of recycled content in our PET materials**.

In 2021, 20% of the PET we used consisted of recycled material (r-PET). By 2025, we strive for 25%, one of the goals that the EU has set. By 2030, the EU wishes to increase this to 30%. In anticipation of this, we are already moving toward 30% of packaging materials from recycled sources wherever possible. In our vinaigrettes and sauces division, for example, all our vinaigrette bottles will be moved to 30% r-PET too.

Research and innovation

As a partner in 'HolyGrail 2.0', an international project of the New Plastics Economy initiative, we assess the possibility of embedding digital watermarks within packaging materials. Those marks contain coded information that can be read by waste sorting and recycling facilities. This would make the sorting process more efficient and precise, possibly increasing both the recyclability of and the amount of recycled content in packaging materials. As a result we will launch two products with this kind of labels in early 2022.

In the project Circopack we develop, together with several partners, an online tool that analyses packaging concepts in terms of recyclability, environmental impact and impact on food quality. It helps companies make informed and sustainable decisions about which resources to use for food packaging. The project is expected to conclude at the end of 2022.



We aim to exclusively use **100% recyclable, reusable and compostable packaging by 2025**.

To reach this target, we focus on a shift toward more mono-material packaging. In 2021, we made progress on this front, with 88% of our packaging now being mono-material. In progressing to our 100% goal we meet several challenges, like the wrapping material used for margarines, as most wrappers consist of different material layers. Combined with margarine residue left on the wrapper, this makes wrappers difficult to recycle.

In 2021, we initiated a project to replace the aluminium seal leaves on our tubs with leaves made of polypropylene (PP). This simple change increases the recyclability of this packaging. We expect to implement this change in the summer of 2022.

We continue to work on the **volume reduction of packaging materials** in two ways: by banning all unnecessary

packaging and by making our packaging as light as possible.

In 2021, we managed to reduce the weight of the buckets at our Spanish sites by 12%. In addition, we are testing the optimisation of the thickness of our packaging bags for bakery products.

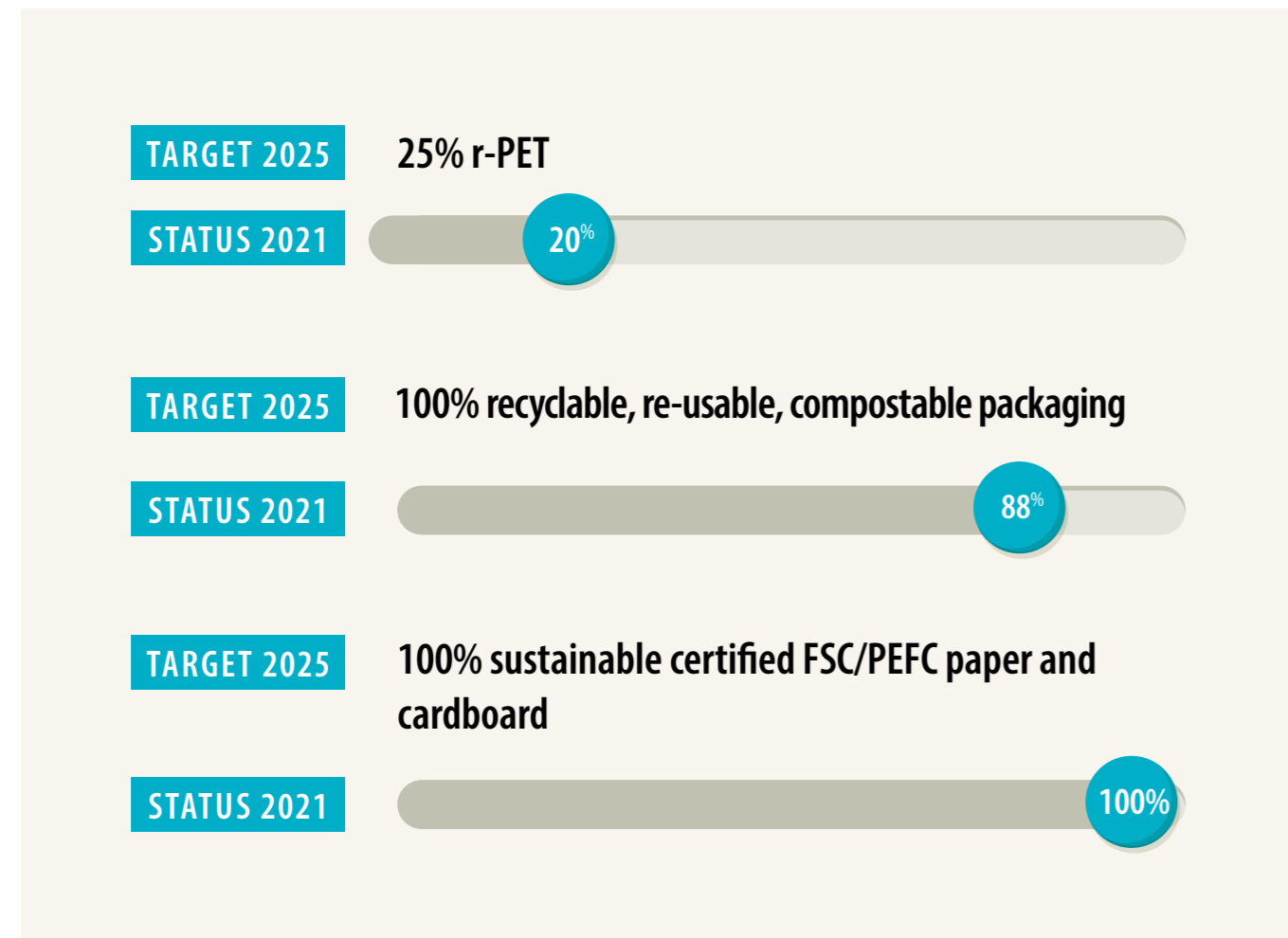
In 2022, we will replace the multiple designs of our PET bottles by **one and the same design**, and we will carry out tests with collapsible bulk containers. In this way, we will save several tonnes of packaging and take about 100 trucks off the road each year.

We have formalised all these packaging targets by signing the New Plastics Economy Global Commitment. This initiative, led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme, strives for a rethink of the design, use and reuse of plastics, and a more responsible overall approach to them. The full report of our 2021 achievements and outlook for 2022 is added in the Annex (p. 118).

Our targets for other packaging

In 2021, we reached our target of using **100% recycled and recyclable paper and cardboard**. This means that our packaging is FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement

of Forest Certification) certified. Both international organisations are committed to ensuring that forests are managed responsibly, taking social, ecological and economic factors into account.



Preventing ocean plastics

At Vandemoortele, we are doing our part in combatting plastic pollution. To this end, we work together with Plastic Bank. In countries such as Haiti, Indonesia and Brazil, where there is no strong collection system yet, Plastic Bank organises the collection and recycling of plastic waste. It engages local people to do this, giving them a stable income and access to education. For every bottle of oil, vinaigrette or sauce we sell, we give Plastic Bank the means to remove one from the environment. In this way, we will prevent 150 tonnes of plastic from entering the ocean.



GOAL 3

ENHANCING LIVES

Our commitments:



Engaging professional journey



Diverse and inclusive workplace



Safe work environment



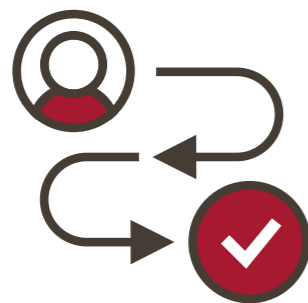
Positive social impact

Vandemoortele is dedicated to ensuring healthy, safe and inclusive workplaces. We encourage the development and personal growth of our people, and appreciate the value of a diverse work force. All our associates are given equal opportunities to flourish in their jobs and achieve their goals. We also cooperate constructively with our suppliers, and reach out to local communities around our plants and offices in order to generate a positive social impact.

OFFERING AN ENGAGING PROFESSIONAL JOURNEY

Why we care

Our associates are our most valuable capital. We want to make our people feel valued and involved. They are encouraged to develop and empower themselves, enhancing their sense of motivation and job satisfaction. Our leaders encourage and monitor motivation, building up mutual trust. This positive people- and performance-oriented culture has a ripple effect across wider team morale and, as a consequence, is also good for the profitability of the company.



Pillars of our work policy

Based on input from our associates, we developed a **framework for sustainable human resource (HR) management, consisting of three programmes**, which are used as a starting point for various HR actions and initiatives:



PEOPLE 4 GROWTH

People 4 Growth:

This programme allows us to attract, develop and retain the right people for the right job, allowing us to grow as a company.



GROWTH 4 PEOPLE

Growth 4 People:

Through this programme, we offer our associates a variety of opportunities for development, in order for them to flourish in their jobs and throughout their professional journey.



Leaders 4 Growth:

This programme ensures that we have strong leaders on board who make both the company and our people grow.

In 2021, we continued to use and develop this framework. We developed a number of extra initiatives in line with the framework's philosophy, and provided our associates with extensive information about these programmes.

We encourage our associates to broaden or deepen their skills or knowledge.

Coaching and training

We ensure that our associates perform to the best of their abilities by offering them opportunities to grow. To achieve this, we encourage them to broaden or deepen their skills or knowledge, and to take control of their own career path: their professional journey. At the end of 2021, we launched a workbook that will help our associates to gain greater **insight into their own talents and strengths**, making it easier for them to define personal development goals.



ACADEMY
 Vandemoortele

An important platform for self-development is the **Vandemoortele Academy**, which we

launched in 2021, with intensive courses, short workshops, e-learning, and more. We will continue to expand the Academy's offer in 2022. Alongside this, we monitor the

popularity of learning items, in order to determine whether we need to adapt our offer or the amount of training hours of each associate.

In 2021, **87%** of our associates registered for training. Across all departments and roles, we averaged a total of **10.6 hours of formal training per associate**.

In line with this, we invite our managers and associates to participate in ongoing and comprehensive development discussions. To help them assess their own personal professional development, we introduce **competency matrices**, which are being rolled out across our organisation. In 2021, we developed competence matrices for operations (at all bakery sites), sales and marketing. In 2022, we will work on competence matrices for supply chain, procurement, finance and IT.

Boost your growth

We launched two new career initiatives in 2021: our mentorship programme and our young graduates community.

Our mentorship programme is a voluntary programme, which brings two associates who are not hierarchically linked in contact with each other. The goal is for them to exchange knowledge and experiences, serving as a sounding board and mentor respectively. To date, there are over 170 people actively engaged in this programme, with two new waves being scheduled for 2022.

Through our two-year Young Graduates programme, we give recently graduated students the chance to learn, network and gain extra experience. Our young graduates organise monthly workshops with department heads, and work on a cross-functional strategic project in which they collaborate with senior management.



Broaden, deepen, sustain and lead

We recognise that each Vandemoortele associate may have his or her own individual ambitions. At Vandemoortele, we encourage our associates to **reflect on their career paths** by introducing them to four possible options: broaden, deepen, sustain and lead their professional journey. When associates want to ‘broaden’, they are looking to grow in another functional domain or widen their expertise in their current functional domain. ‘Deepen’ indicates that associates are willing to continue in the same function but want to specialise in their particular domain. ‘Sustain’ implies that associates are committed to grow in their current role, while ‘lead’ expresses the wish of an associate to ascend to a leadership position.

Leadership

To move forward as a company, we need strong, people- and performance-oriented leaders who enable our associates to reach their full potential and add value for the company. **Our leadership profile is one of attentive listeners**, who cooperate well, are capable of building genuine relationships with colleagues and stimulate our associates to get the most out of their capabilities. Together with these leaders, we want to create a feedback culture in which each associate feels confident and supported.

To make this happen, we have developed our own, unique **‘Leaders 4 Growth’** leadership programme. The programme is based on our corporate values – respect, cooperation and ambition – and encourages our leaders to examine and further

develop their leadership competences in an active manner. This programme has been rolled out across the entire company, and has been adapted for different training journeys: one for managers of staff and support associates, and another for managers who lead operators. **277 leaders** have embarked on this programme to date.

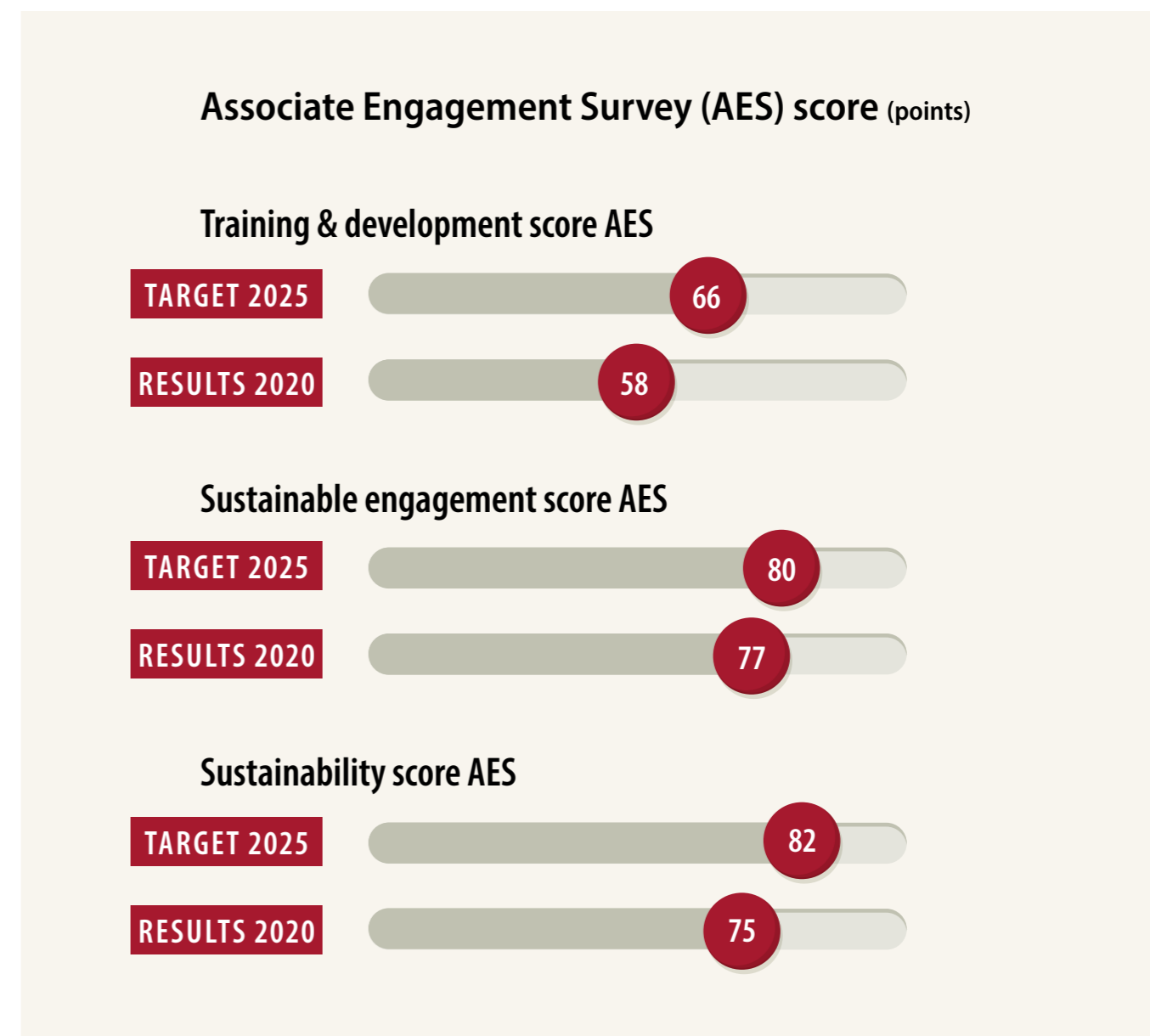
Engagement score

Every two years, we ask our associates to participate in the **Associate Engagement Survey (AES)** in order to gain a greater understanding of their views on a wide range of work-related topics. The survey allows us to measure the satisfaction of our associates in terms of training and development opportunities, the quality of leadership, the adequacy of our communication, and the degree of inclusiveness and sustainability throughout our company. The results of the AES help

guide us in our actions to improve, at both central and local levels.

End 2020, the survey brought to our attention the need for **better communication on strategic topics**, with such communication subsequently being improved through the introduction of strategy videos

and more regular updates. Other focus areas where actions similar to those mentioned above were taken include leadership, development and performance management. The next survey is scheduled for 2022.



PROVIDING A DIVERSE AND INCLUSIVE WORKPLACE

Why we care

At Vandemoortele, we see it as part of our social responsibility to create a diverse and inclusive working environment for our associates. We want our workplace to be a reflection of our society and makes every colleague, regardless of who they are or what their role is, feel equally involved and supported. Investing in diversity and inclusion also leads to a better understanding of our customers' and consumers' demands, and provides us with greater readiness to innovate. It helps us to attract and retain talented people.



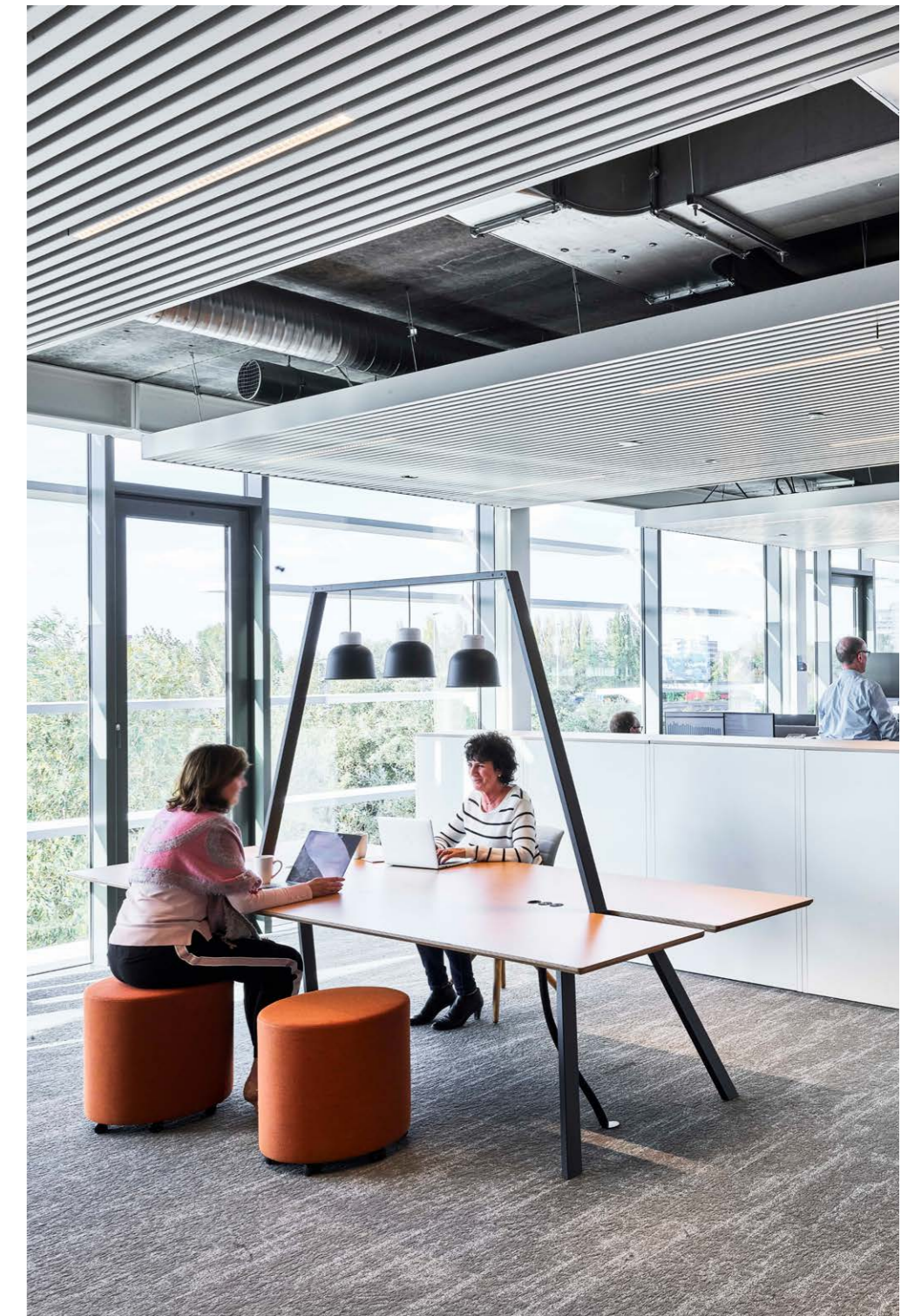
Commitments throughout our associates' careers

Vandemoortele employs about **4,000 people from different backgrounds**, in addition to hundreds of temporary workers. We hire people regardless of age, gender, disability, marriage or civil partnership status, pregnancy or maternity, race, religion, political opinion or beliefs. We aim to maintain this standard by increasing the **awareness of biases** among associates involved in the recruitment process and by measuring applicant demographics throughout the recruitment procedure.

However, our commitment does not stop after the recruitment process has been completed. We are committed to embedding **diversity and inclusion policies, practices and processes** within every step of

our associates' professional journeys. From their hiring experience and onboarding process, through how we support them in their personal and professional development, how their performance is managed, evaluated and rewarded, to retention efforts and movement towards a new role. **Team leaders have an important responsibility in recognising talent and potential in possible successors**, making sure that a diversity of talents can be nominated.

We teach our associates how to speak up or how to indicate inappropriate behaviour.



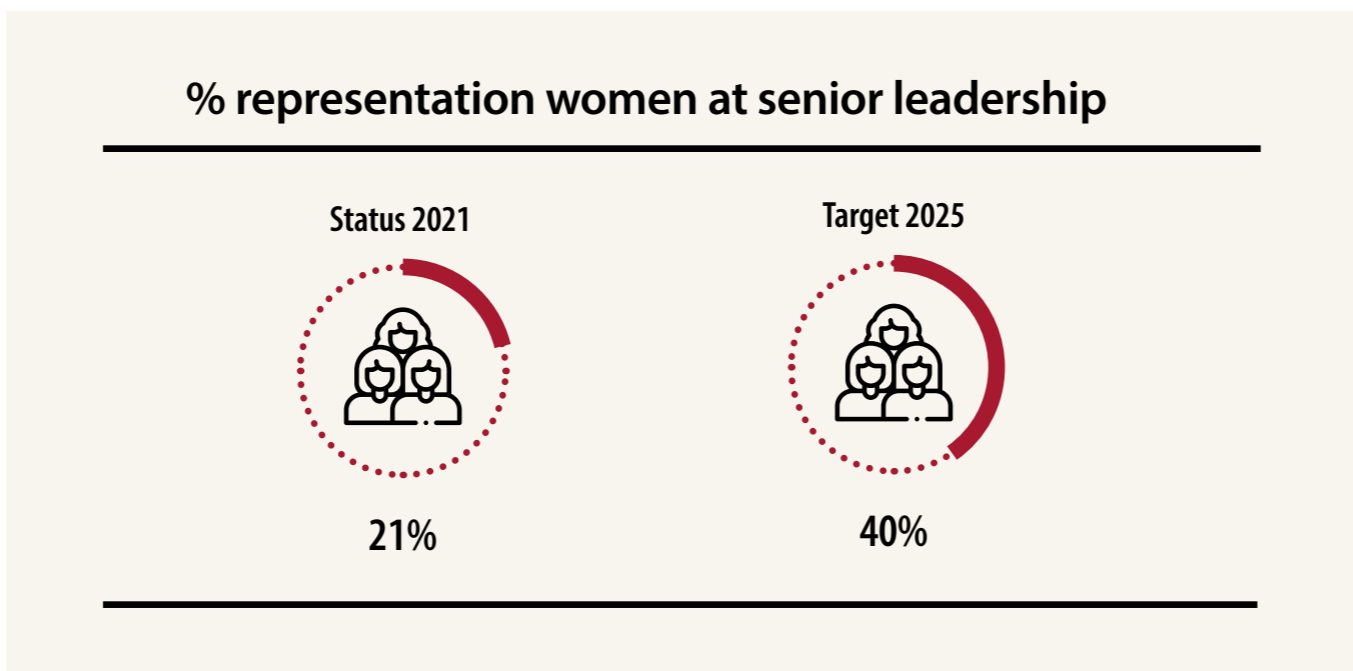
Coaching and accountability

A prerequisite for achieving our commitments is **increasing accountability for behaviour that goes against our values**. We do this by teaching our associates how to speak up or how to indicate inappropriate behaviour. We inform them of our **Whistleblowing procedure** and refer them to our Code of Business Conduct and Ethics. We also make sure they can talk to specific persons of trust and facilitate their representation in work councils. To ensure that people are aware of what behaviour is acceptable and what is not, we offer specialist coaching, such as our programmes about ‘manners’.

Representation of women and pay gap

At Vandemoortele, we safeguard the representation of women in selection procedures, ensure women have the same career opportunities as men, and commit to equal pay for equal work. This has resulted in an

increase in the number of women in management positions between 2015 and 2020. Our goal is to scale up the number of women in senior management to a minimum of 40% by 2025. Although we appoint associates on the basis of their competences, we make recruitment decisions in light of this target if the



Good Manners Programme

In 2021, we developed the Good Manners Programme in response to an anonymous complaint about men’s behaviour towards women at one of our sites. This programme aims to create awareness about mutual respect and the behaviour that is associated with it. We set up training sessions to discuss these issues and created clear guidelines and procedures. The programme was created and launched in the Netherlands, and is ready to be rolled out in other countries in which Vandemoortele is active.

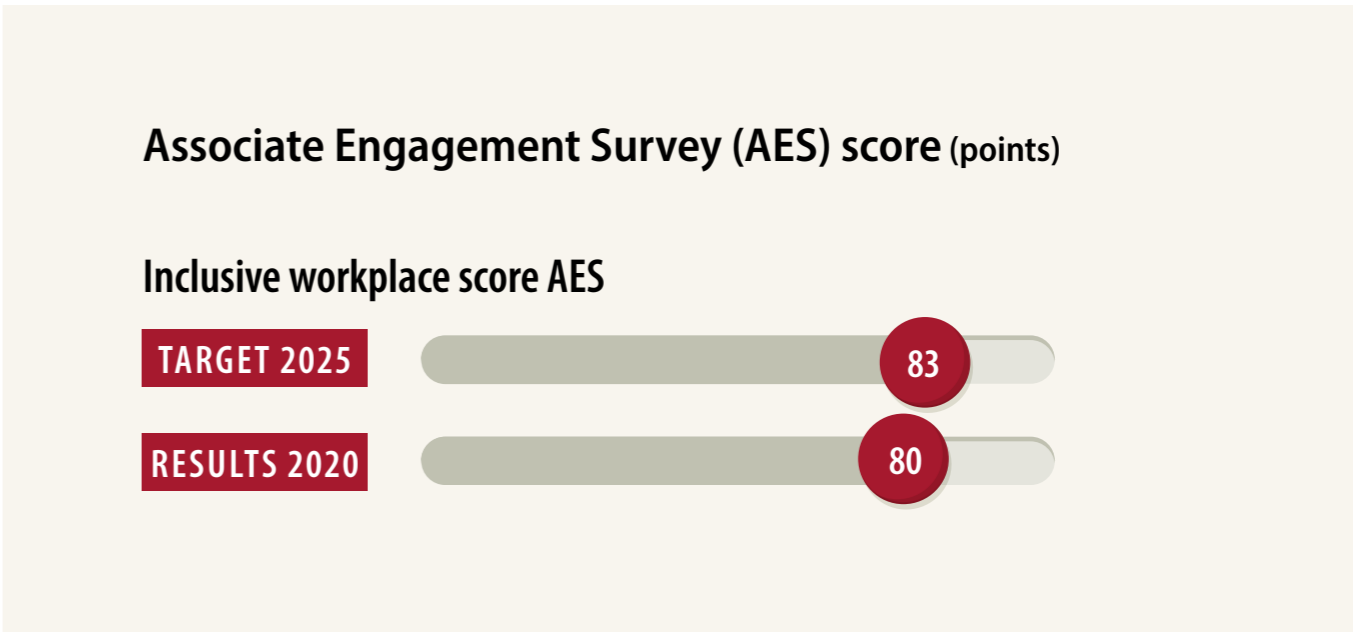




skills of different candidates are equal. In 2021, we reported a figure of **21% of women in a management position**, but we hope to make further progress in the following years. We slightly improved the **proportion of women identified as successors for management positions** from **54% to 56%**. This means that there was at least one internal female candidate nominated for 56% of positions that opened up at the management level. In 2021, we further **decreased the pay gap**, from 4% in 2020 to **3%** in 2021, and are determined to completely close it in the coming years. A budget is allocated addressing any discrepancies.

Tracking results

To track our progress, **we measure the level of inclusiveness** in different countries and teams. Since 2018, we have added questions on the topic 'inclusive workplace' to our Associate Engagement Survey. Up till now, this survey was conducted biannually. Going forward, it will be an annual survey. In addition, annual reviews provide a further opportunity to discuss these topics.



ENSURING SAFETY AND FOSTERING WELL-BEING

Why we care

At Vandemoortele, we aim to create a safe and pleasant workplace for our associates. Our responsibility as an employer goes beyond ensuring technical safety; we also promote associates' awareness of unsafe behaviour.

As an employer it is also our duty to contribute to the well-being of our associates, in line with our core values: ambition, respect and cooperation. The pandemic has motivated us to accelerate and redefine our approach to well-being.



Ensuring safety

Our safety programme

Vandemoortele has a dynamic health and safety management system. We perform regular workplace and occupational health risk assessments to implement preventive and protective measures to avoid incidents and accidents. Besides technical and procedural safety, a substantial effort goes to getting a high safety leadership level amongst all our associates, individually and as a team. Throughout our **'I CARE, U2?'** safety programme, we focus on **attitude, peer-to-peer interaction, safety dialogues and constructive feedback.**



In 2021 we took a big step forward in our approach to general safety. We added additional safety tools to our 'I CARE, U2?' safety programme, which was launched in 2015. The extra tools focus on unsafe behaviour, as this is the underlying cause of more accidents than technical defects are.

These tools include:

- **5S+S programme:** The 5S programme is all about order and tidiness on site. In practice, this means that our associates check that their work environment is tidy, well-maintained, and all the tools are in the right place at the start



Launch of 'I CARE' registrations

In 2021, we launched a peer-to-peer interaction tool among our associates in Arras, France, to report on safe or unsafe behaviour. When associates witness a safe or unsafe act, they can report it through the user-friendly 'I CARE' application on an iPad or on operating screens within the factory.

The fact that the registration application also allows positive feedback for instances of safe behaviour combined with the 'no name, no blame' concept underpinning it, means that it is not perceived as an impediment by our associates. In this way, we have been able to create an emotionally safe atmosphere in which people feel comfortable to contribute and engage in dialogue. The initiative has been a success so far: in September 2021, we counted 1,500 registrations. Our goal is to receive one peer-to-peer registration per associate per month.

and end of each shift. The additional S stands for safety, and ensures that the workplace is not only inspected for neatness, but also for the presence and condition of basic safety provisions.

- **Peer-to-Peer programme:** In addition to unsafe situations caused by technical failure, we also address unsafe behaviour and actions on the work floor. After all, this is the main cause of workplace accidents. With the Peer-to-Peer programme, we make unsafe (and also safe) behaviour a topic of discussion among and between colleagues, in order to improve safety awareness, promote constructive feedback and increase mutual trust.
- **Gemba Walks:** These regular 'proximity' walks are undertaken by the site management team to openly discuss safety and wellbeing topics on the work floor with our associates. These associates have a clearer view of the overall safety out on the work floor, and can therefore provide

interesting insights that in turn can lead to improvements.

In 2021, 99.5% of accidents were subjected to a root cause analysis.

From 2022, these extra tools will also be monitored by means of KPIs.

The above measures complement the measures that were already put in place with the first edition of 'I CARE, U2?' safety programme:

- **Safety inspection walks:** These inspection rounds are a preventive action performed periodically by a multidisciplinary site team. During these safety inspections, the workplace is screened for unsafe situations. In 2021, we managed to undertake 84% of the planned safety inspections.
- **Safety toolboxes:** Toolboxes are short, interactive training sessions on a specific safety issue. These

are held in small groups on the shop floor, in proximity to the relevant machinery. Our aim is to offer our associates at least six toolbox sessions per year. Despite the pandemic, in 2021 78% of the planned toolbox sessions were successfully held.

- **Root cause analysis:** In the event of an accident, we perform a thorough analysis in order to determine the root causes and the appropriate corrective actions to be taken. Through this measure, we aim to avoid similar accidents in the future. In 2021, **99.5%** of accidents were

subjected to a **root cause analysis**, with related corrective actions being identified and undertaken.



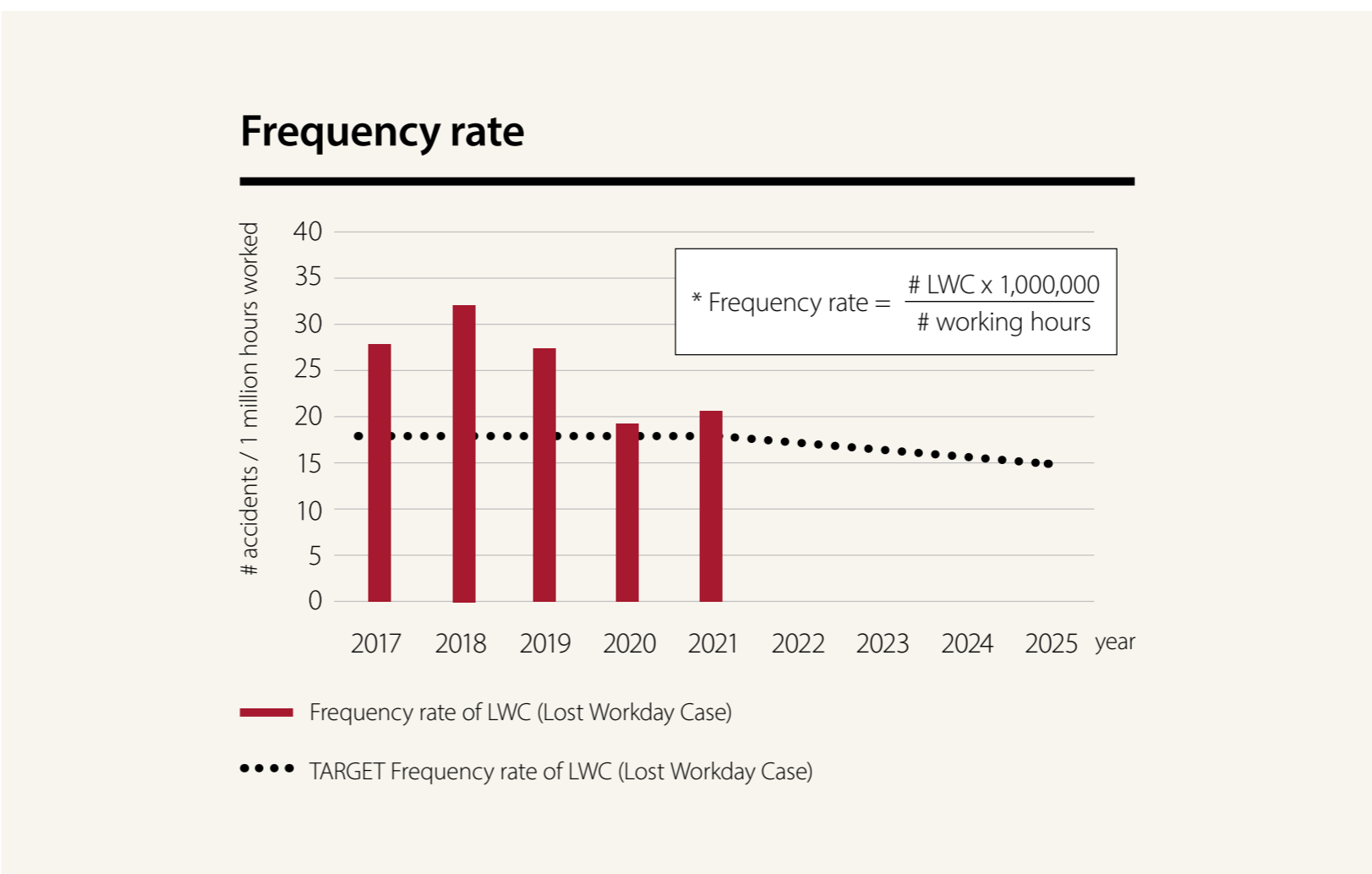
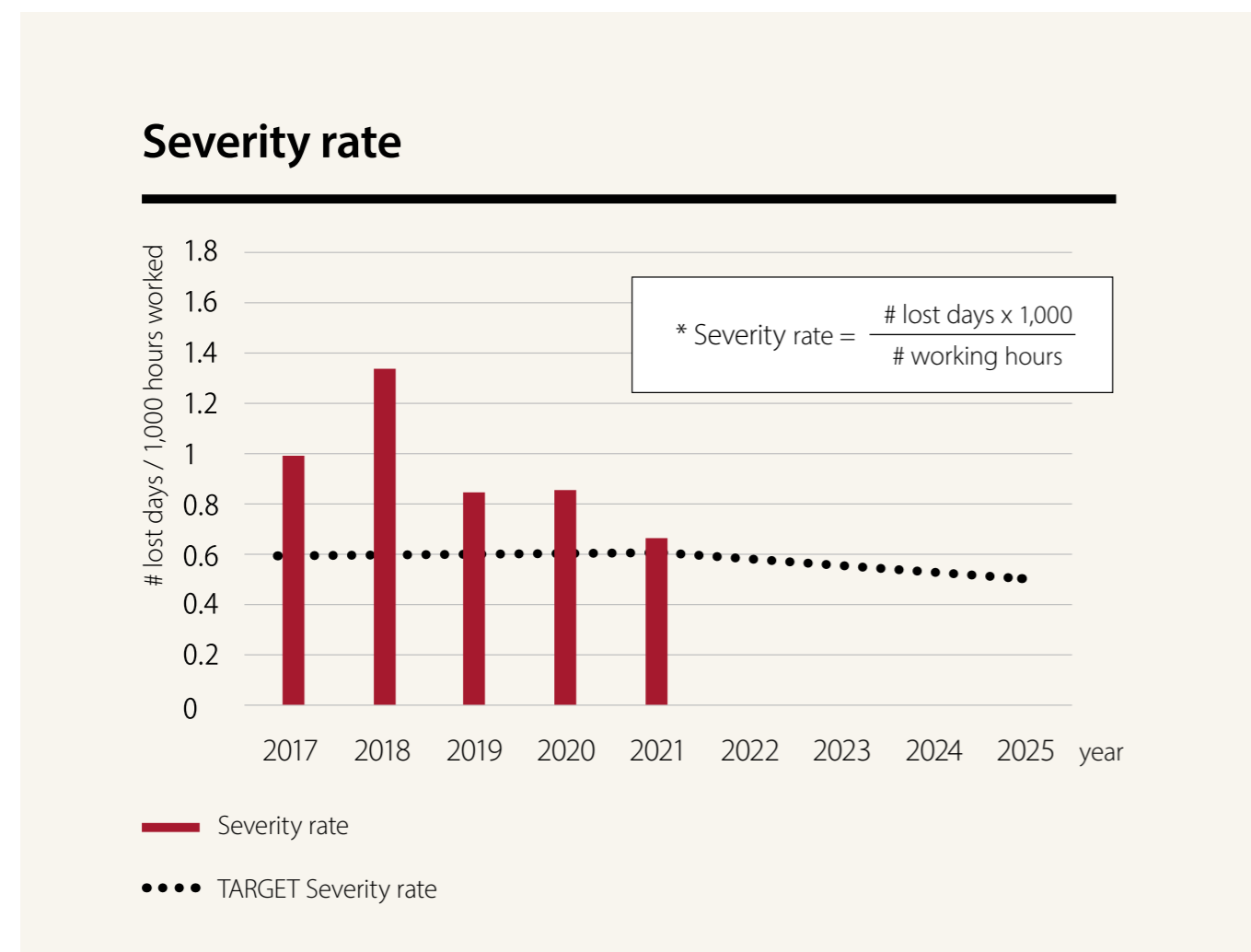
Accidents in 2021

Over the past four years, our increasingly rigorous and preventive approach to safety has resulted in a significant decline in the number of accidents across our sites. In 2021, it was not possible to further reduce our incidence rate, and we ended up with **20.2 Lost Workday Cases per million work hours** (across both our own staff and temporary workers).

The severity rate of the accidents, meaning the number of lost workdays per 1,000 working hours, further decreased in 2021, to **0.66**. We set a separate target of zero accidents resulting in severe injury or fatality (SIF) each year, which we achieved in both 2019 and 2020. In 2021, however, we unfortunately experienced **one severe accident**, resulting in a broken arm.

“Think before you act”

We organise toolbox sessions to familiarise our associates with the concept of the Last Minute Risk Assessment (LMRA). During these sessions we make the participants aware of the fact that rushing into an action or intervention when a problem arises on a line or an installation can lead to accidents. Being alert at all times, asking for help, and jointly assessing the safest ‘way of work’ may take up valuable time, but this can never outweigh the importance of avoiding any bodily injury. With these sessions, we want to encourage our associates to familiarise themselves with the simple instruction: “STOP. THINK. GO.” in order to avert accidents caused by rash decisions.



Fostering well-being

Add Flavour: our 7 pillars of well-being

We recognize that well-being is a highly personal matter: what brings happiness to one person may not to another. Therefore, we have represented different facets of well-being as a lime wedge divided into seven segments: our **seven pillars of well-being**. The segments represent how each pillar can add flavour to your life. The seven pillars are as follows: culture and values, mental health, the ABC of work happiness, social contact, development, psychical health and the

right leaders. We launched our **'Add Flavour'** well-being concept in 2021.

We stimulate our associates to reflect on what makes them happy and to add their preferred elements of well-being to their (work) lives. In this way, they are able to take their personal work happiness into their own hands, with our help and support.

Well-being heroes

Our aim is to **foster a community of 'well-being heroes' in each division or country**. These well-being heroes are people who embody a range of different profiles and

functions, and who have a desire to dedicate themselves to promoting the well-being of their colleagues. They coordinate action plans, roll out well-being initiatives according to associates' most prevalent needs, and integrate existing initiatives into action plans.

We stimulate our associates to reflect on what makes them happy.

Connecting with our associates

At Vandemoortele Germany, we are making efforts to underscore our appreciation for our associates and the inherent bond between them and our company. When new associates are recruited to join the company, a few days before they begin their employment, they receive a 'Starter Pack' containing a number of VDM-branded gifts. Associates are also given presents – wherever possible personally – on different occasions, such as jubilees, important birthdays and Christmas. Besides formal events like local town-hall meetings and employee meetings organised by the works councils, local offices also organise regular events. Family parties, summertime barbecues, common cooking, driver safety courses are other examples of activities that we arrange in order to forge connections outside of everyday business.



Well-being canvas

To support our heroes in their task of promoting the well-being of their colleagues, we have developed a **well-being canvas**. With this canvas, the well-being heroes can **map out an action plan** based on the needs of the target group, the well-being pillars they want to work on, and the actions they wish to take. The heroes also formulate KPIs to monitor the results of implementing the action plans. Many insights emerge from filling in the well-being canvas, which are subsequently discussed in our **sharing cafés**. During these inspirational meetings, people who have willingly engaged in the well-being programme share ideas and initiatives.

FAME team

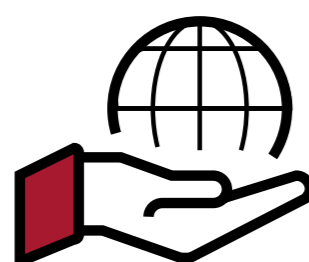
FAME team Ghent is a group of enthusiastic associates who are **Food** lovers, always up for an **Activity**, happy people with creative **Minds** who **Enjoy** life. With a focus on nutrition, as well as mental, physical and social well-being, the FAME team aims to create a fun and dynamic atmosphere at work, offer associates activities for a relaxed state of mind, and foster (new) connections. After so many months of working from home, the FAME team is an essential component of the workplace environment, as part of our desire for our associates to (re)connect with one another. As part of this, we organised a speed dating event in our Food Experience Center in Ghent. Through this, we rejuvenated old connections and created new ones.



WORKING TOGETHER TO CREATE A POSITIVE SOCIAL IMPACT

Why we care

We aim to have a positive impact on society and to take responsibility for this, not only in our own company but throughout our entire supply chain. At Vandemoortele, we all abide by our Code of Business Conduct and Ethics, which provides guidelines for ethical and responsible behaviour. In addition, we also require our suppliers to adhere to our Supplier Code of Conduct. In conjunction with local communities, we provide on-the-ground support to projects that improve the living and working conditions of local people.



Supplier Code of Conduct

In order to increase our impact, we are aiming for all our direct key suppliers to subscribe to our Supplier Code of Conduct by 2025. Key suppliers are suppliers that deliver ingredients, raw material or packaging that is used in a significant proportion of our finished products, or suppliers with whom we have established a long-term partnership.

By imposing our **Supplier Code of Conduct**, we ensure that we only work with suppliers that commit to the same social and environmental criteria that we place high on our agenda. We have increased the percentage of **new direct key suppliers signing up** to this from 50% in 2020 to **74%** in 2021. A majority of suppliers not included in this percentage have their own codes of conduct that also fulfil our requirements.



Sustainability criteria

To create a meaningful impact together with our key suppliers, we gather information about their sustainability efforts, which they voluntarily provide. In 2021, we **incorporated sustainability questions** into our audits and sourcing tenders. Thus far, we have collected answers from **100 direct suppliers** through deployment of this more comprehensive approach. The results showed that 75% of those direct suppliers already have a sustainability strategy and 55% have implemented a supplier code of conduct for their own suppliers.

Based on these results, we will define the next steps in determining the selection of suppliers in a more sustainable way. Our goal for 2025 is to work exclusively with suppliers who have been verified according to sustainability criteria.

Since 2020, we have also begun to conduct an Engagement Policy Implementation (EPI) survey of our palm oil suppliers on an annual basis. This survey, formulated by Earthworm Foundation, covers various topics, from on-the-ground traceability and transformation to grievance mechanisms. The results of this survey provide us with insights as to

our suppliers' responsible sourcing policies and their implementation of these, and allow us to track their continuous improvement over time.

Projects on the ground

By 2025, we are committed to initiating at least one project on the ground for each of our key commodities (raw materials): soy, palm oil, cocoa, wheat and eggs. In these projects, we will work on the creation of a **positive social impact** for local communities and farmers in the upstream supply chain and beyond. To date, projects related to soy and palm oil have already been initiated.



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% suppliers accepted/signed our Supplier Code of Conduct

TARGET 2025

100% of critical suppliers signed our Supplier Code of Conduct

STATUS 2021

74% of new direct key suppliers



Palm oil

Since 2018, we have contributed to the Landscape project in Aceh, Sumatra, Indonesia, led by Earthworm Foundation (EF), an organisation focused on making supply chains resilient and regenerative. The area of Aceh is home to the highly biodiverse Leuser Ecosystem, one of the most extensive unbroken tracts of rainforest in Southeast Asia, and an area with an abundance of flora and fauna. **The Landscape project aims to simultaneously reduce deforestation and demonstrate the feasibility of balancing commodity production, conservation and good social and labour practices on a large scale.** Through this project, we contribute to the sustainable livelihood of the communities in this area.

Despite the challenges posed by COVID-19, great progress has been made and significant on-the-ground impact achieved in 2021. Notably, EF supported a district government in its land use planning process and more

than 500 farmers were trained on Best Management Practices within the context of EF’s smallholder replanting programme. In addition, EF provided training to various stakeholders with focus on child labour, fair target-based wages and payments, and employment of casual workers. Other success stories include the implementation of diversification of activities within a farmer cooperative and the offer of permanent contracts and improved sanitary facilities to the workers of a local company.

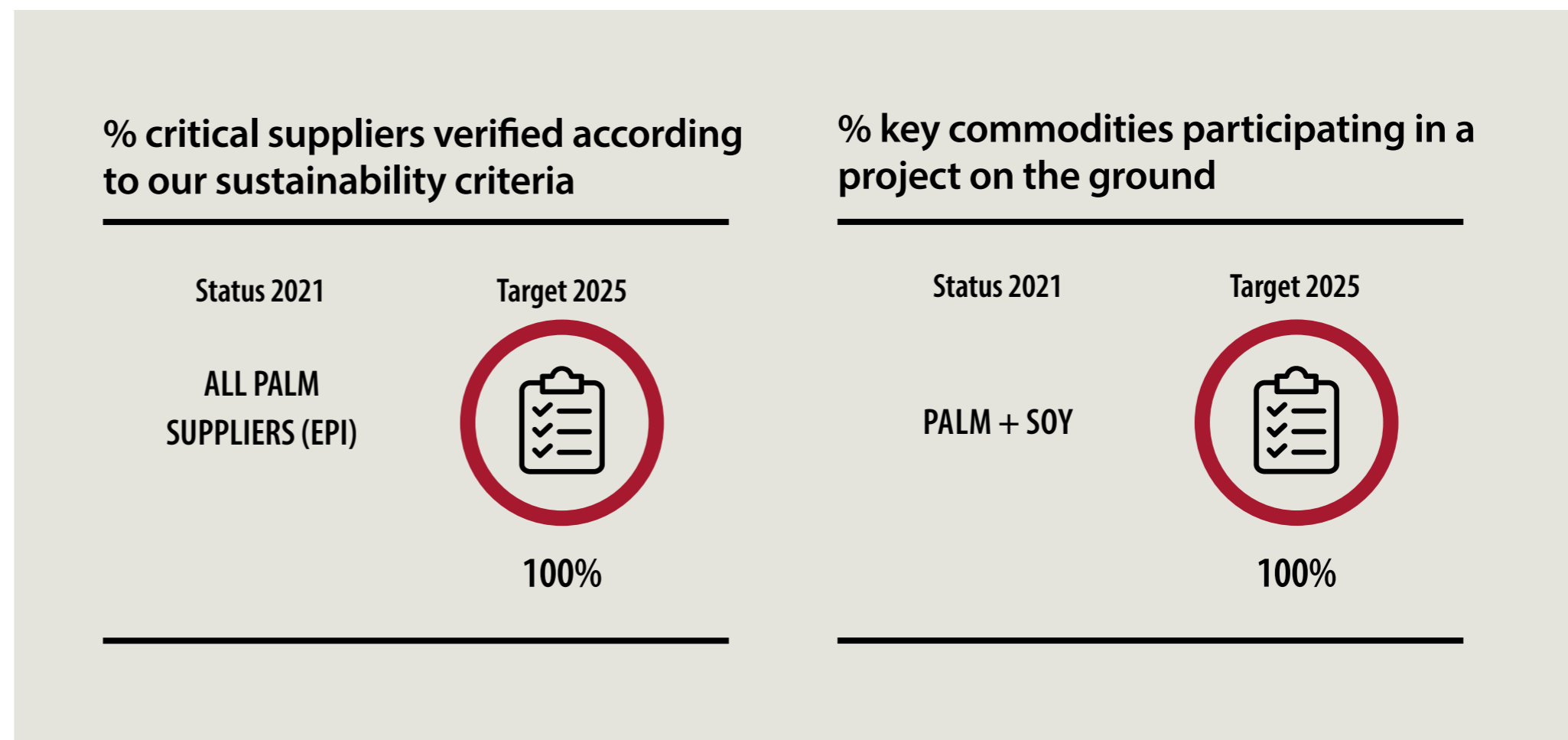
Despite the challenges posed by COVID-19, great progress has been made in Aceh, Sumatra.

Soy

Since 2011, Vandemoortele has been a member of the **Round Table on Responsible Soy (RTRS)**; an organisation responsible for assuring that soy, either as a raw material or by-product, is **obtained through a process that is environmentally correct, socially adequate and economically viable.** As a result of investments in local social and

environmental projects, RTRS has provided direct and indirect support to thousands of individuals. We support their mission by purchasing RTRS-credits for all the soy we process. Through the credits we buy, **the organisation invests in projects in the Cerrado**, the second most biologically diverse region of Brazil after the Amazon Rainforest. Today, this savannah landscape has lost 50%

of its original area as a direct result of agricultural expansion, primarily driven by an exponential growth in meat and soy production. We also support projects in Maranhão and Piauí, where we tackle deforestation, provide decent work, facilitate access to education, uphold standards of health and well-being, and promote sustainable agriculture.



Community

Vandemoortele subscribes to various **economic, environmental and social initiatives that were developed by external partners**. The overarching goal is to exchange knowledge, to support each other and to have a positive impact on society.

External assessments & ratings

Our main external partners are EcoVadis, Sedex and the World Wildlife Fund (WWF).

- **EcoVadis** is a business ratings platform for assessing corporate social responsibility and sustainable purchasing. The EcoVadis self-assessment tool helps companies to gain insight about their sustainability level. After an audit in 2020, Vandemoortele received a 'bronze' EcoVadis score. Our results for 'Sustainable Procurement' and 'Environment' were better than average, our scores for 'Labour' and 'Ethics' a little below average. Among other things, we lack supporting

documentation on the coverage of our ethics actions and regarding a Whistleblowing procedure to report ethics issues. We will tackle these issues in order to upgrade to a 'silver' status. In the next few years, we will use the EcoVadis assessment tool as a management tool to define our priorities and to decide which steps we will take next.

- **Sedex**, short for Supplier Ethical Data Exchange, is a not-for-profit organisation dedicated to improving responsible and ethical business practices in global supply chains. The web-based Sedex tool helps companies manage data on ethical performance in their supply chain. With the tool, we monitor and assess our social, environmental and business ethics risks. Sixteen of our twenty-seven production sites are now registered in Sedex: a good starting point to build on. In the long term, our use of the Sedex tool should have a positive impact on our whole supply chain.

- The **WWF Palm Oil Buyers Scorecard** assesses the progress of companies on the commitments and actions necessary to be a responsible palm oil user. In 2020, we were assessed to be 'well on the path'. For 2025 we have set clear targets for fully traceable, deforestation-free and exploitation-free palm oil, as well as for certified sustainable palm oil.

Memberships & activities

Vandemoortele is a member of various industry associations, national or international advocacy organisations and other initiatives. All our memberships are meant to reinforce each other and to help us have a positive impact on society. They are listed in the first chapter of this report.

Charity

Vandemoortele supports numerous charities. Most of them have a specific link with sustainable food, with our sustainability strategy, with a customer or a supplier or with an international organisation. We also support local initiatives such as sports events, in the context of our various health goals.



EU TAXONOMY ELIGIBILITY

The EU Taxonomy is the EU's classification system for sustainable finance, which provides a harmonised method for defining whether an economic activity can be considered environmentally sustainable. The taxonomy promotes the achievement of the EU's environmental goals and the green transition by directing capital towards sustainable goals. The aim is to **increase financing efficiency for the transition to a more sustainable economy, by indicating which operations are the most significant to achieve the environmental goals**. Public interest entities, such as Vandemoortele, are required to report which proportion of their revenues and expenses are in line with the taxonomy. The regulation increases transparency of business activities for investors and makes clear which business activities ensure a more sustainable future.

The EU Taxonomy states that financial activities are sustainable if they support one or more of the environmental objectives, do not significantly harm other objectives and comply with minimum social safeguards. The Taxonomy includes six environmental objectives:

1. Climate mitigation
2. Climate adaptation
3. Protecting and restoring biodiversity and ecosystems
4. Prevention and reduction of environmental pollution
5. Transition to a circular economy
6. Sustainable use and protection of water- and marine resources

Vandemoortele has assessed the weight of Taxonomy eligible activities in its turnover, capital expenditures (Capex) and operational expenditures (Opex) for the year ended as per 31 December 2021 using specific KPI's.

We performed the EU Taxonomy eligibility analysis based on existing information and NACE codes.

These are codes assigned by the EU and its member states to indicate a particular class of commercial or non-commercial economic activities. Based on this analysis,

Vandemoortele does not perform any activity that qualifies for the climate adaptation and mitigation objectives of the EU Taxonomy. In addition, **Vandemoortele currently does not have the necessary information to analyse the eligibility of its Capex and Opex.**

Therefore, our EU Taxonomy KPI's can be summarised as follows:

- Net turnover 0%
- Capex 0%
- Opex 0%

Currently, only the eligibility is analysed with regard to climate mitigation and climate adaptation. In the future, this analysis will also be performed for the four remaining climate and environmental objectives. We are closely monitoring this and will be collecting data to meet the reporting standards regarding these KPI's.

According to the EU Taxonomy, an economic activity is eligible irrespective of whether it meets any or all of the technical screening criteria laid down in the Climate Delegated Act (and future delegated acts). Therefore, the fact that an

economic activity is Taxonomy eligible does not give any indication of the environmental performance and sustainability of that activity. Companies must provide the information on aligned activities in accordance with the applicable regulations in its report for the year ending as per 31 December 2022 (annual report published in 2023).

SUSTAINABILITY PERFORMANCES AND TARGETS

SUSTAINABILITY KPI	BASELINE	STATUS 2017	STATUS 2018	STATUS 2019	STATUS 2020	STATUS 2021	TARGETS 2025
Improving the nutrition profile of our products							
% salt reduction in bakery products (vol%)	2019	/	/	/	/	-2.05%	-15%
% sugar reduction in pastry, sweet treats & patisserie (vol%)	2019	/	/	/		-1.6%	-10%
% increase of bread products with health or nutrition claim (num%)	2019	/	/	/	/	-1%	+10%
% increase of products with claim high in UFA + other claim in spreading & cooking (num%)	2019	/	/	/	/	-1%	+7%
better Nutri-Score: % shift in spreading & cooking (num%)	2019	/	/	/	/	+4%	+7%
Offering Clean Label products							
% Clean Label BP products (vol%)		/	/	/	74%	76%	83%
% Clean Label MCOF products (vol%)		/	/	/	22%	28%	27%
Being a leader in food safety							
% unannounced GFSI certification (Vandemoortele operations)		63%	67%	78%	88%	92%	100%
% GFSI principles compliance (suppliers, traders & logistic partners)		75%	75%	86%	93%	97%	100%
% reduction food safety complaints	2016	-15%	-19%	-23%	-30%	-38%	-40%
# incidents food defense & food fraud		/	/	/	0	0	0
Sourcing responsibly							
% sustainable certified soy (direct + indirect)		100% (brands)*	100% (brands)*	100% (brands)*	25%	58%	100%
% barn eggs (direct)		0%	55%	100%	100%	100%	100%
% physically sustainable certified cocoa (brands)*		/	/	/	/	30%	100%
% physically sustainable certified palm (brands)*		100% (credits)	100% (credits)	100% (credits)	26%	25%	100%
% palm traceable to mill		98.5%	98.5%	100%	99.4%	99.9%	100%
% palm traceable to plantation (supplier input)		/	/	/	45%	58.9%	75%

* consumer and professional brands

SUSTAINABILITY KPI	BASELINE	STATUS 2017	STATUS 2018	STATUS 2019	STATUS 2020	STATUS 2021	TARGETS 2025
% key palm oil suppliers NDPE policy		100%	100%	100%	100%	100%	100%
% verified palm grievances have an action plan		/	/	/	/	/	100%
Reducing emissions							
% reduction CO ₂ -eq/ton (Scope 1 & 2)	2015	-8%	-29.5%	-48%	-58.5%	-59.3%	-60%
% reduction CO ₂ -eq/ton transport & mobility (Scope 1 & 3)	2020					+1.21% Metro / -6.72% Panalog	-15%
% energy intensity reduction (energy used/ton produced) (elec. & gas) GROUP	2020					+1.9%	-10%
% energy intensity reduction (energy used/ton produced) (elec. & gas) BP	2020	/	/	/	/	-5.2%	-10%
% energy intensity reduction (energy used/ton produced) (elec. & gas) MCOF	2020	/	/	/	/	+6.5%	-10%
% green electricity		50%	65%	85%	100%	100%	100%
% contracted direct PPA green electricity		/	/	/	0%	0%	15%
% reduction water usage (litre water/kg product) (excluding water ingredient)	2020				/	+ 1.9%	-5%
Reducing/contributing to zero food waste							
% reduction scrap (total production scrap + total rejected) (food loss, calculated on volume sold)	2017	/	-13% BP -8.1% MCOF	-21.6% BP -11.2% MCOF	-33.7% BP -9% MCOF	-30.4% BP -9.2% MCOF	zero food waste
Contributing to circular packaging							
% r-PET		/	/	/	/	20%	25%
% recyclable. re-usable. compostable		/	/	/	85%	88%	100%
% sustainable certified FSC/PEFC paper and cardboard		91%	93%	98.9%	99.6%	100%	100%
Offering an engaging professional journey							
Training & development score AES		50	51	no data (AES every 2 years)	58	no data (AES every 2 years)	66
Sustainable engagement score AES		73	76	no data (AES every 2 years)	77	no data (AES every 2 years)	80
Average hours of training per associate (GRI 404-1) - deviation in gender		/	/	/	/	M:6, F:10.9*	tbd
Average hours of training per associate (GRI 404-1) - deviation in associate category		/	/	/	/	W: 5, Sup: 10.9, St: 16.9	tbd
% associates (per category) that followed min one training		/	/	/	/	W: 78%, Sup: 83%, St: 90%	tbd

* W/Sup/St: Worker/Support/Staff
M/F: Male/Female

SUSTAINABILITY KPI	BASELINE	STATUS 2017	STATUS 2018	STATUS 2019	STATUS 2020	STATUS 2021	TARGETS 2025
% associates (per gender) that followed min. one training		/	/	/	/	M: 82%, F: 83%	tbd
Percentage of associates in P&DMP (GRI 404-3) - deviation in gender		/	/	/	/	F: 92.3%, M: 90.3%	tbd
Percentage of associates in P&DMP (GRI 404-3) - deviation in associate category		/	/	/	/	W: 86.4%, Sup: 96%, St: 98.6%	100%
Percentage of female successor in jobs with a successor		/	/	/	54%	56%	
Providing a diverse and inclusive workplace							
Representation women at senior leadership (A+ level)		/	/	/	23%	21%	40%
Inclusive workplace score AES		/	77	no data (AES every 2 years)	80	no data (AES every 2 years)	83
Ensuring safety and fostering wellbeing							
Severity rate of LWC		0.98	1.33	0.84	0.85	0.66	0.5
Frequency rate of LWC		27.8	32.1	27	19.2	20.2	15
Working together to create a positive social impact							
% suppliers accepted/signed our Supplier Code of Conduct		35%	41%	74%	50% of new direct key suppliers	74% of new direct key suppliers	100%
% critical suppliers verified according to our sustainability criteria		/	/	/	palm suppliers (EPI)	palm suppliers (EPI)	100%
% key commodities participating in a project on the ground		/	/	/	palm (via Earthworm Foundation) + soy (via ACT)	palm (via Earthworm Foundation) + soy (via ACT)	100%
Sustainability score AES		66	73	no data (AES every 2 years)	75	no data (AES every 2 years)	82

GRI STANDARDS REFERENCE TABLE

GRI 102: GENERAL DISCLOSURES 2016

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102-5	Ownership and legal form	2
102-6	Markets served	13
102-7	Scale of the organisation	14
102-8	Information on employees and other workers	14
102-9	Supply chain	17
102-10	Significant changes to the organisation and its supply chain	None
102-11	Precautionary Principle of approach	30
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GRI 102: GENERAL DISCLOSURES 2016

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102-18	Governance structure	31-35
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102-40	List of stakeholder groups	Sustainability report 2020, 68
102-41	Collective bargaining agreements	14
102-42	Identifying and selecting stakeholders	Sustainability report 2020, 68
102-43	Approach to stakeholder engagement	61; Sustainability report 2020, 68
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102-45	Entities included in the consolidated financial statements	2
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102-49	Changes in reporting	None
102-50	Reporting period	2
102-51	Date of most recent report	2
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MATERIAL TOPICS, BOUNDARIES, MANAGEMENT APPROACH AND INDICATORS

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GRI 301: MATERIALS 2016			
103-1 - 103-3	Management approach		89-91
301-2	Recycled input materials used	Calculated for recycled material in packaging (r-PET)	91
GRI 302: ENERGY 2016			
103-1 - 103-3	Management approach		80-82
302-3	Energy intensity	Energy intensity reduction	80-81; 120
Own indicator	Green electricity	Percentage green electricity and Contracted Direct Power Purchase Agreements	82
GRI 303: WATER AND EFFLUENTS 2018			
103-1 - 103-3	Management approach		85
303-1	Interactions with water as a shared resource	Indirect and direct water usage	85;120
303-2	Management of water discharge-related impacts	Water discharge	85
GRI 305: EMISSIONS 2016			
103-1 - 103-3	Management approach		80-84
305-5	Reduction of GHG emissions	Reduction CO ₂ (Scope 1, 2 and 3)	82-84; 120
GRI 306: WASTE 2020			
103-1 - 103-3	Management approach		86-88; 89-91
306-1	Waste generation and significant waste-related impacts	Food waste during and after production, recyclability of packaging materials	86-88; 89-91
306-2	Management of significant waste-related impacts	Reduction of food waste in both business lines, valorisation of food waste, use of r-PET, increase recyclability of packaging materials. Monitoring by Manufacturing Execution System (MES).	86-88; 89-91
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
103-1 - 103-3	Management approach		75-79; 104-106
308-1	New suppliers that were screened using environmental criteria	New direct suppliers that signed our supplier code of conduct and critical suppliers assessed according to our sustainability criteria	75-79; 106
308-2	Negative environmental impacts in the supply chain and actions taken	Responsible sourcing: palm oil, soy, wheat, cocoa. Key palm oil suppliers with an NDPE (No-deforestation, No-peat and No-exploitation) policy	75-79; 104-106

Disclosure	Description	Comments	Page
Social performance			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
103-1 - 103-3	Management approach		99-103
403-1	Occupational health and safety management system	Our occupational health and safety management system	99-103; 120
403-2	Hazard identification, risk assessment, and incident investigation	Hazard identification, risk assessment, and incident investigation at Vandemoortele	120
403-3	Occupational health services	Our occupational health services	120
403-4	Worker participation, consultation, and communication on occupational health and safety	The pillars of the 'I CARE, U2?' safety programme	99-103
403-5	Worker training on occupational health and safety	Part of the 'I CARE, U2?' safety programme, for instance the toolbox sessions	99-103
403-6	Promotion of worker health	Several actions on health, and our new 'Add Flavour' well-being concept	99-103
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The 'I CARE, U2?' safety programme	99-103
403-9	Work-related injuries	Frequency rate of Lost Workday Case and severity rates of accidents	100
Own indicator	Work-related topics monitored through the Associate Engagement Survey (AES)	Training and development score, sustainability engagement score and sustainability score	95
GRI 404: TRAINING AND EDUCATION 2016			
404-1	Average hours of training per year per employee	Average hours of training	121-122
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainable HR management based on three programmes, coaching and training, leadership	93-95
404-3	Percentage of employees receiving regular performance and career development reviews	% of associates that followed a training, % of associates in P&DMP	121-122
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016			
103-1 - 103-3	Management approach		96-98
405-1	Diversity of governance bodies and employees	The representation of women in senior leadership	96-98; 123
Own indicator	Monitoring of level of inclusiveness of the company through the Associate Engagement Survey (AES)	Inclusive workplace score	98
GRI 413: LOCAL COMMUNITIES 2016			
103-1 - 103-3	Management approach		104-107
413-1	Operations with local community engagement, impact assessments, and development programs	Projects on the ground, communities, activities	105-107; 124

GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
103-1 - 103-3	Management approach		104-107
414-1	New suppliers that were screened using social criteria	New direct suppliers that signed our supplier code of conduct	106
414-2	Negative social impacts in the supply chain and actions taken	Responsible sourcing: palm oil, soy, wheat, cocoa. Grievances management	75-79; 104-107
GRI 416: CUSTOMER AND CONSUMER HEALTH AND SAFETY 2016			
103-1 - 103-3	Management approach		71-73
416-1	Assessment of the health and safety impacts of product and service categories	Standardisation and implementation of food safety norms by the standards of the Global Food Safety Initiative (GFSI)	71-73
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Food safety complaints and incidents of food defence and food fraud	72
G4-FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	Reduction of salt in bakery products and suger in pastry, sweet treats and patisserie, expressed in vol%	64
G4-FP7	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	Improving the nutritional profile of our products (increased number of health claims and shifting in NutriScore), expressed in num%	64-67
GRI 417: MARKETING AND LABELING 2016			
103-1 - 103-3	Management approach		68-69
Own indicator	Clean label products	Volume percent Clean Label products	69

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2021 PLASTIC PROGRESS REPORT – GLOBAL COMMITMENT (ELLEN MACARTHUR FOUNDATION)

Out of concern for the climate crisis and the depletion of natural resources, we want to address the concerns, adapt to new directives and respond to our consumers’ demand for less – and more sustainable – packaging. We aim to transition to more sustainable packaging methods, without losing sight of the necessary preservative and protective functions of packaging materials.

Researching new innovations

The R&D department of Vandemoortele is closely working with packaging suppliers to innovate on packaging material. They explore solutions to challenges such as recycling of PP and PE that was previously used to package chemicals or detergents. Their recyclate is not clean enough to be in contact with food. Plastic suppliers and recyclers are still improving existing recycling streams and develop new processes to produce food-grade recycled PP and PE, but the availability of these materials is still very low. PET (e.g. water bottles), however, has a relatively clean recycling stream, allowing us to implement post-consumer recyclate in our products today.



Achievements 2021 & outlook 2022

We set various targets concerning packaging, all formalised by our signing of the New Plastics Economy Global Commitment, led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme. This initiative strives for the responsible use of plastics.

We aim to reduce the consumption of PP, PE and polyethylene terephthalate (PET).

In 2021, we achieved a 13% decrease in the use of PP materials and 2% for PET compared to 2020. One of the reasons for these reductions is the impact of COVID-19 upon business. A second factor is the difference in the number of contracts we implemented during the year. Finally, at Vandemoortele we decided to switch from packaging composed of multi-layer materials to packaging

made of mono-materials. We also introduced compression-moulded tubs to reduce our PP usage with 30 tonnes. We achieved (only) 90% of our target due to changing contracts. The usage of PE increased by 23%. Roughly half of the increase originates from films and bags, centred in bakery/business to business activities. There was also a significant increase in sales of bulk containers (also B2B), for which we are currently investigating a more sustainable solution.

We aim to increase the amount of recycled content in our PET materials.

Our aim for 2025 is to use minimum 25% of recycled PET (r-PET) in our packaging materials. For 2022 we will foresee a further move towards r-PET. In our vinaigrettes and sauces division, for example, our vinaigrette bottles will be moved to 30% r-PET. The overall integration of r-PET in our bottles for vinaigrettes and sauces will increase from 1.4% r-PET in 2021 to at least 19.2% r-PET in 2022.

We are currently discussing these opportunities with our packaging suppliers. A number of research projects on recycled polypropylene (PP) and polyethylene (PE) are still at an early stage.

We aim to exclusively use 100% recyclable, reusable and compostable packaging by 2025.

In 2021, 88% of our packaging is mono-material.

In 2022, we will perform tests to replace multi-layer PET-PE seal films for buckets by mono-PE or mono-PP films which are easier to recycle. In addition, we will develop paper bags made of 100% recyclable crystal paper, with a polylactic acid (PLA) window which is industrially compostable. We will also work on the roll-out of mono-PP flow-packs to replace the 28 g PET blister packs currently in use. The flow-pack will be composed of a 19 g mono-carton tray and a 4 g plastic film.

We closely follow all trends and developments in the realm of compostable packaging, maintaining a special focus on the food service segment, but do not have any plans to develop such packaging ourselves in the short term.

We continue to work on the volume reduction of our packaging materials in two ways: by banning all unnecessary packaging and by making our packaging as light as possible.

The reduction in the weight of the buckets at our Spanish sites allowed us to save 1.7 tonnes of PP every year. We are continuing with technical testing that will result in the optimisation of the thickness of our packaging bags for bakery products.

In 2022, we will replace the multiple designs of our PET bottles by one and the same design, to allow each pallet to contain an extra 18 boxes. This will take a total of 20 trucks off the road each year and will result in a saving of 3.3 tonnes of PET each year. We are

also conducting tests with collapsible bulk containers, as an alternative to rigid containers. These are 3.5 times more efficient in transport, which would save another 77 trucks per year.

RESTATEMENTS OF INFORMATION

KPI food waste: % reduction of scrap

We performed a recalculation on the KPI ‘% reduction of scrap’. For the results for 2021, the % reduction of scrap is calculated based on volumes sold, whereas for the period 2017-2020 the results were calculated based on volumes produced. In addition, the volumes from our production site in Hamburg (where the operations are partly outsourced) were included, even as the volumes produced by third parties but sold by Vandemoortele. This gives a more realistic calculation of actual food losses. Based on volumes produced, our result for 2021 would be -10% for MCOF and -28% for BP.

EXTRA INFORMATION ON GRI DISCLOSURES 302, 305, 403, 404

Energy intensity calculations

The energy intensity ratio is calculated as follows: total energy consumption in MJ per kg produced end product (rejected for quality or other reasons included). All energy sources (i.e. electricity, gas, LPG, propane, steam, compressed air) were taken into account in this calculation. Currently, only the energy consumption on site is included.

GHG emissions

The total carbon footprint of the company (Scope 1, 2 & 3) was calculated by CO2Logic for the reference year 2015. The annual Scope 1 & 2 emissions are calculated by our own Excel reporting tool and are based on the EU databases: Eurostat SHARES (Short Assessment of Renewable Energy Sources) for

the % of renewable energy and the European Environment Agency (EEA) for the CO₂ intensity of power generation per country. Since 2020, we also focus on the greenhouse gas emissions of transport (% of Scope 3). Only the greenhouse gas CO₂ is used in these calculations.

Health and safety management

We ensure through safety management and oversight that all operations are conducted in a safe manner. We also provide the necessary tools, personal protective equipment (PPE) and training. Cross-audits check the sites for compliance with our internal health and safety standards.

Hazard identification and risk assessment

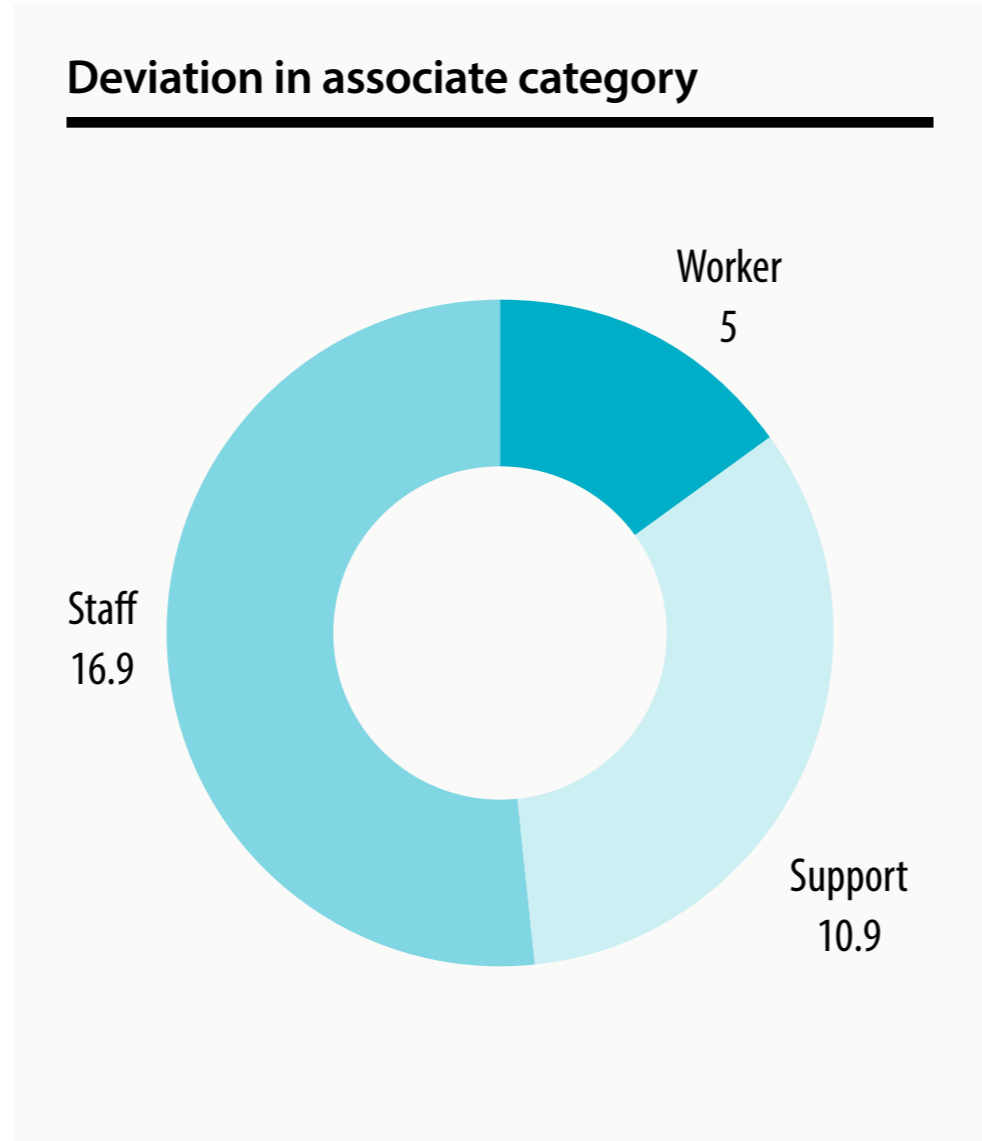
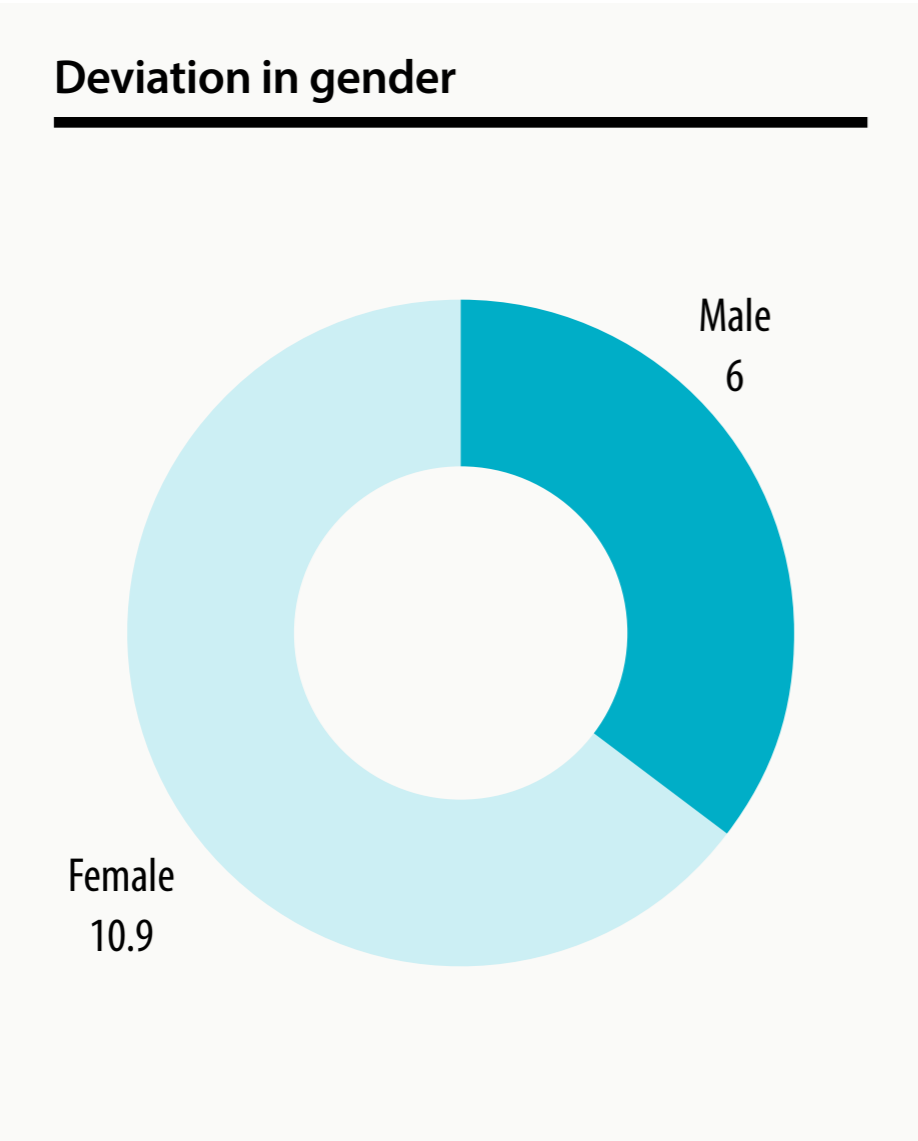
Based on interviews, technical workplace inspections and observations, we regularly carry out Task Risk Assessments (TRAs). These TRAs form the basis for technical or ergonomic optimisation and procedural improvements. The optimisations or improvements are carried out in the design phase or during the service life of our installations in the case of minor modifications. Our daily workplace inspections (5S + S programme) ensure that our equipment and machines are maintained at the desired safety level. We use a hazard and risk reporting system to take immediate corrective action or prevent work from being carried out.

Occupational health service

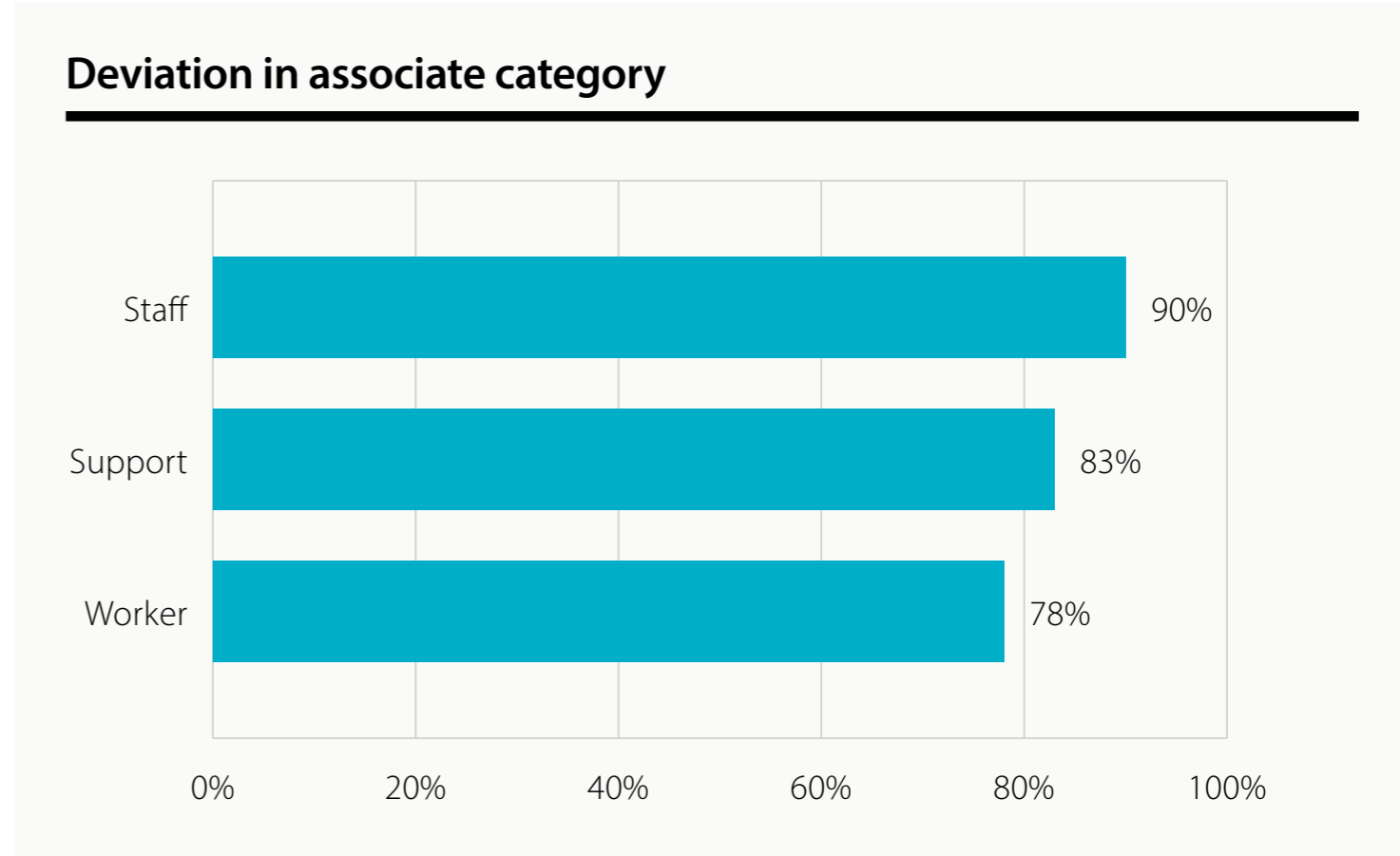
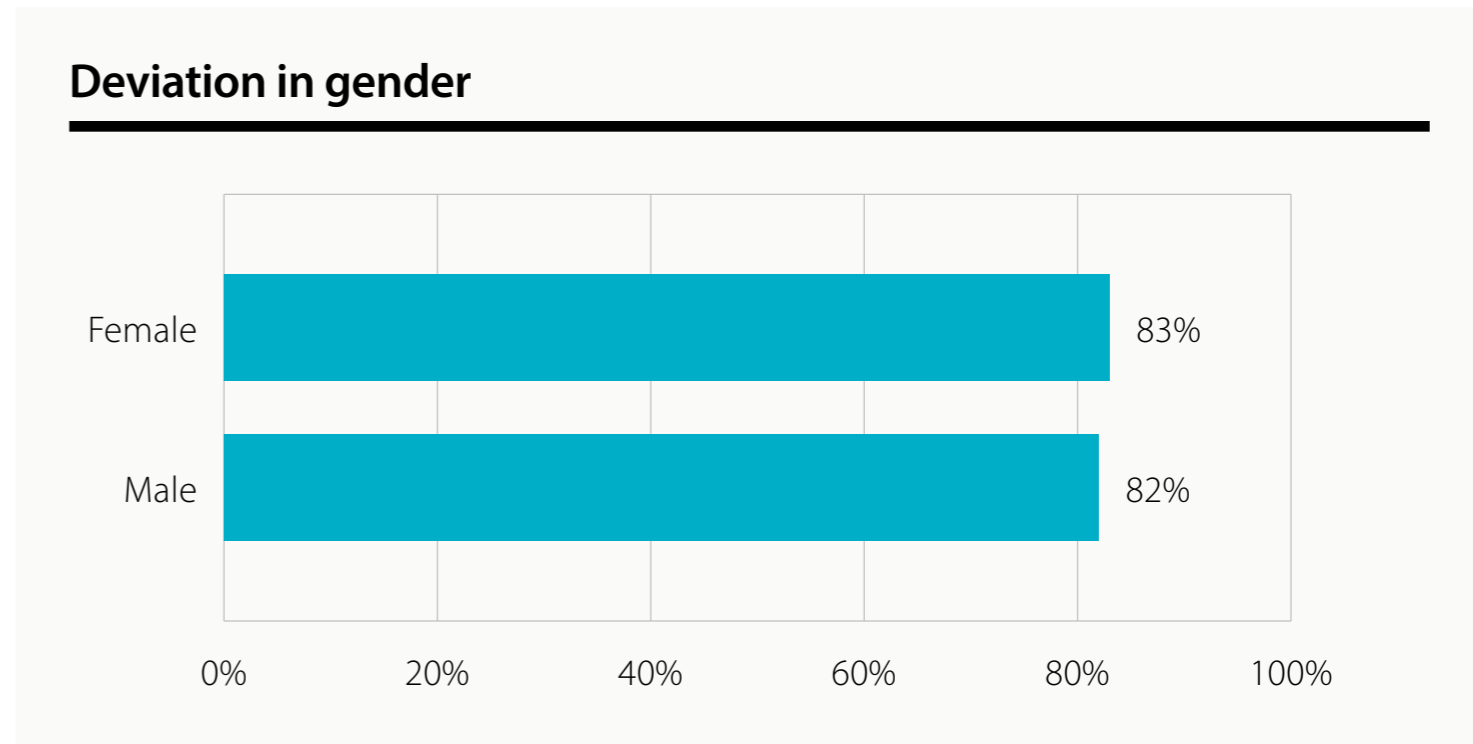
All associates have access to periodic medical check-ups related to their job and occupational risks in the workplace. These are carried out by doctors and medical staff of the contracted occupational health services, who work in full compliance with privacy rules and regulations. In addition to the medical check-ups, these health services offer a variety of experts in occupational health, whom we consult on various projects or measurement campaigns.

Training and education at Vandemoortele

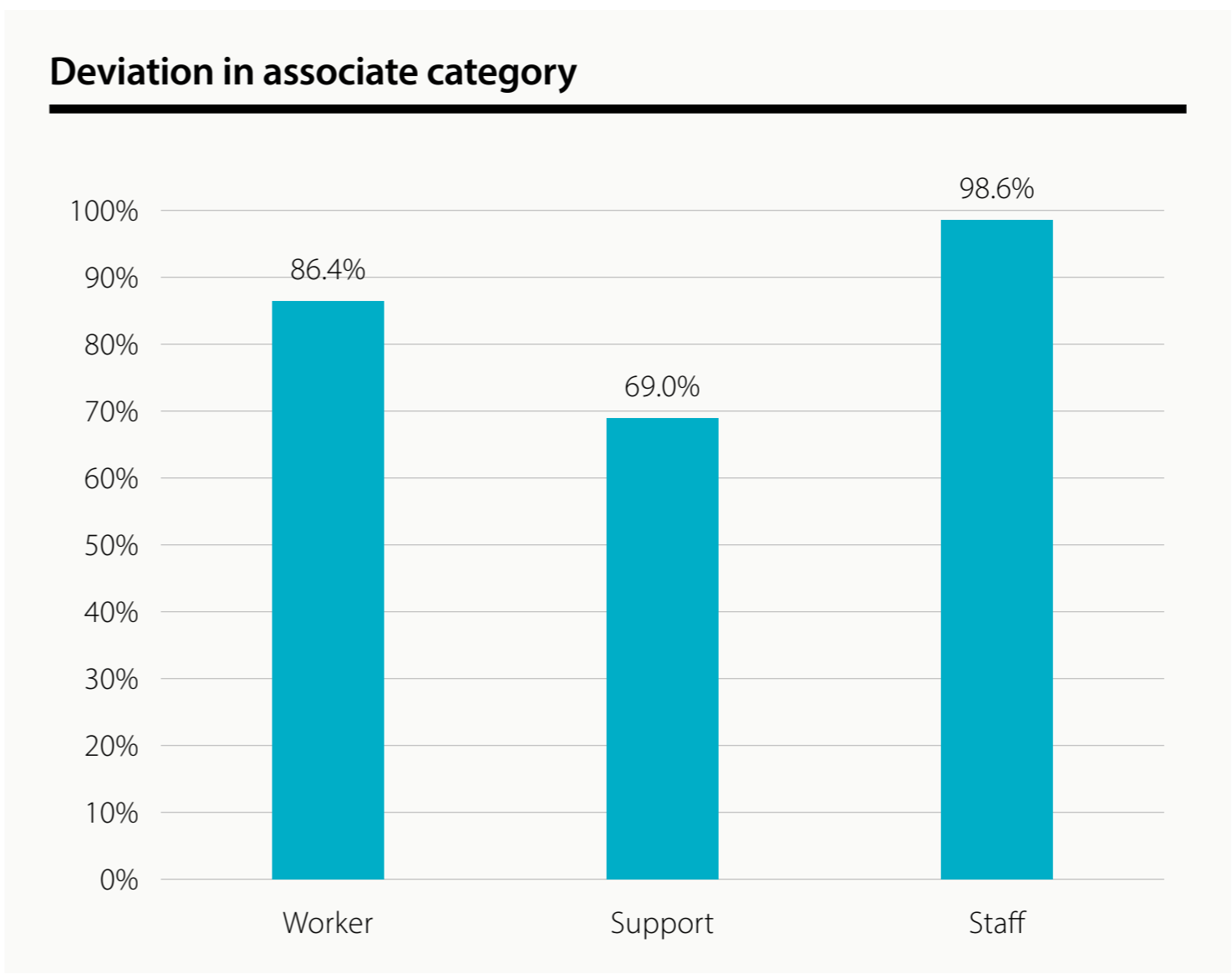
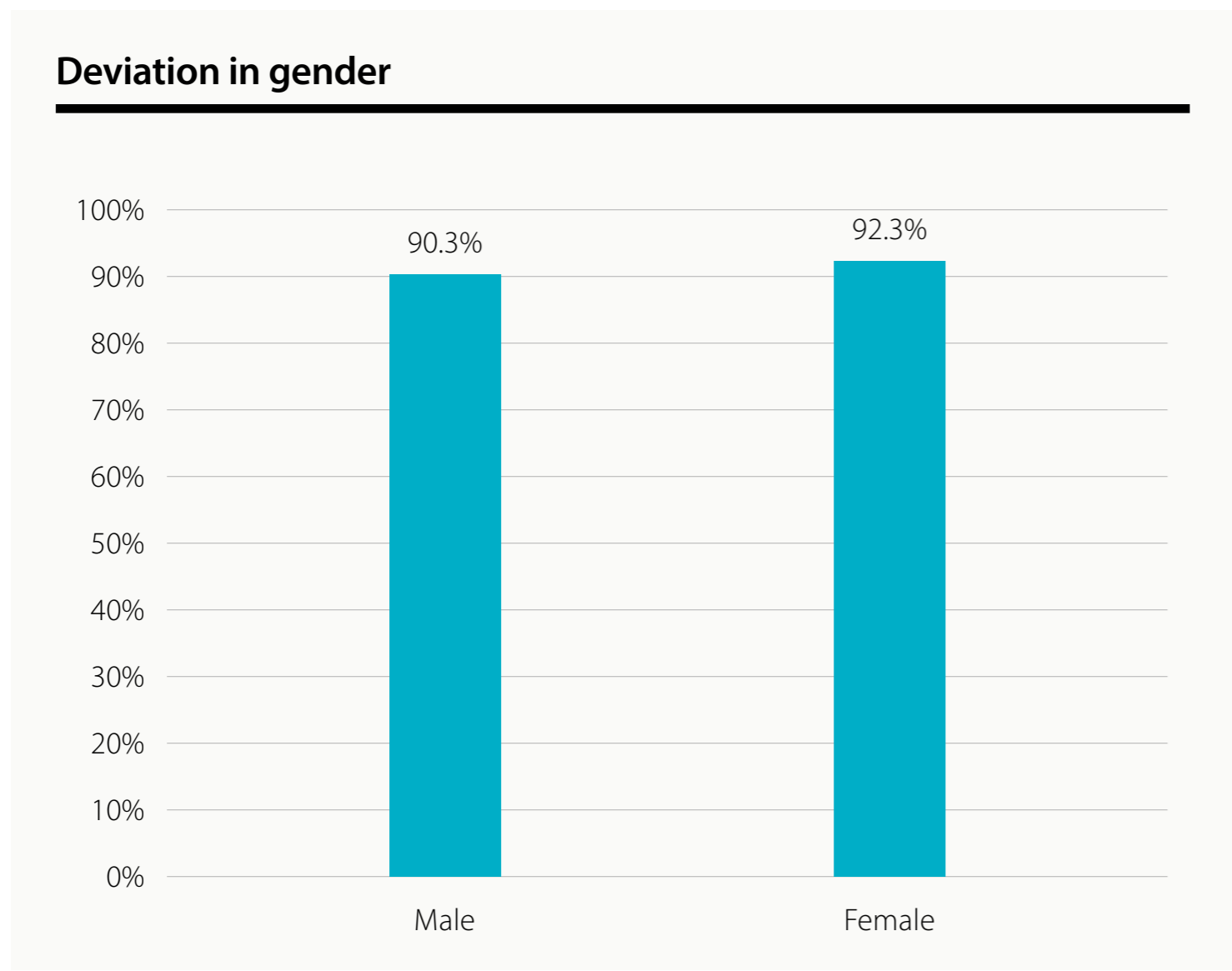
AVERAGE HOURS OF TRAINING PER ASSOCIATE IN 2021



PERCENTAGE OF ASSOCIATES THAT FOLLOWED MINIMUM ONE TRAINING

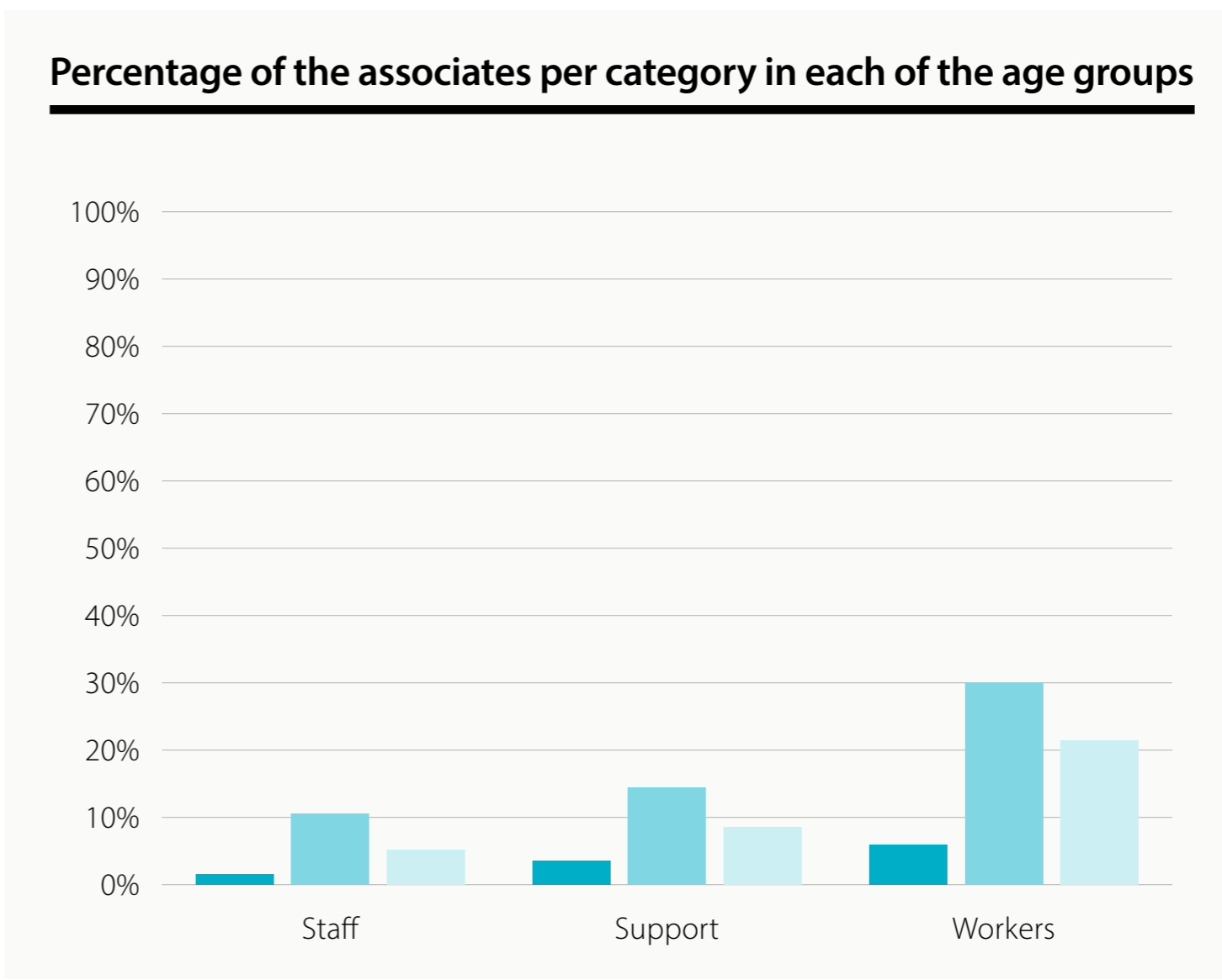
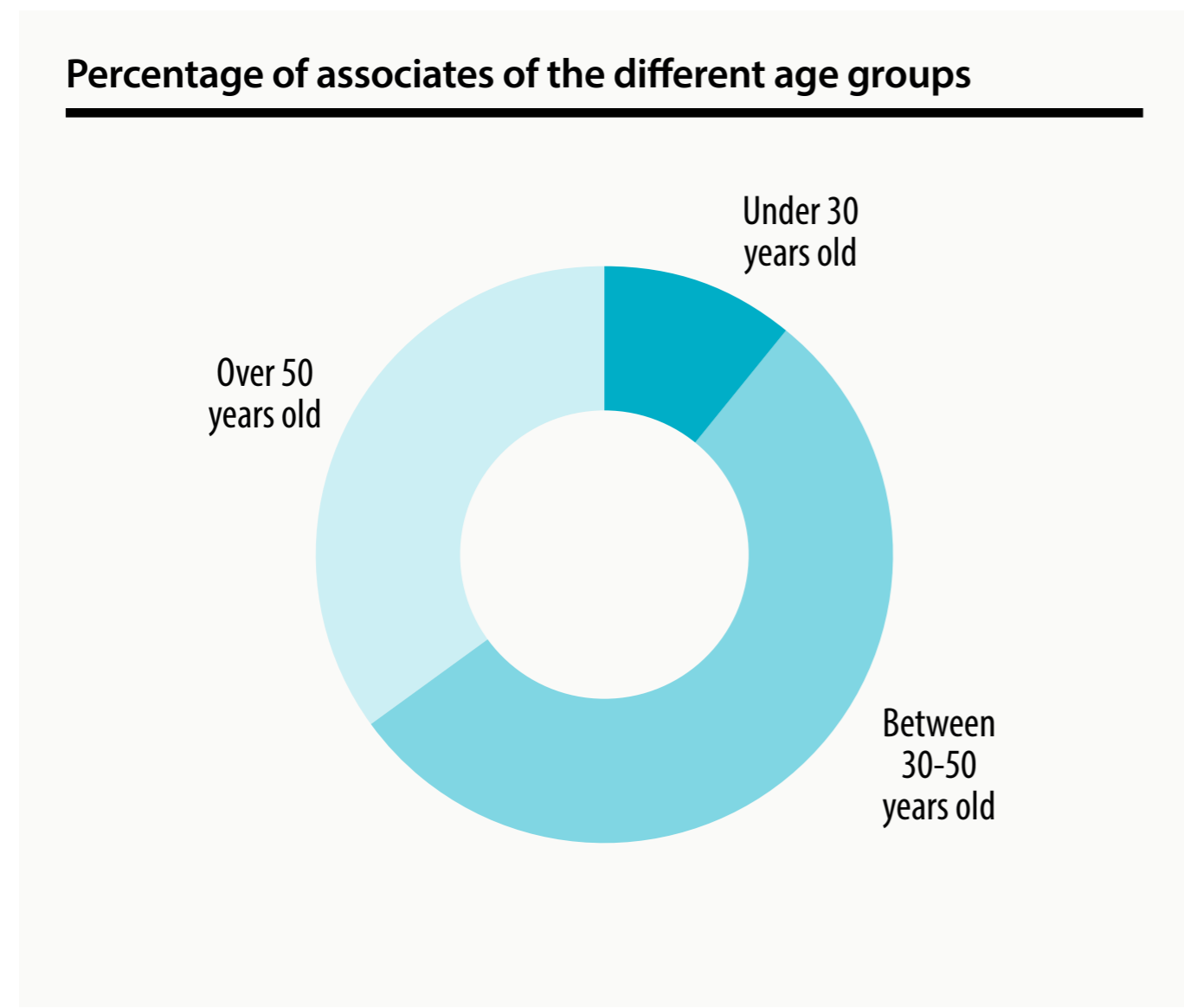


PERCENTAGE OF ASSOCIATES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS



Diversity indicators

Regarding diversity at Vandemoortele, we monitor multiple parameters, such as age and gender (for the different associate categories).



MEMBERSHIPS & ACTIVITIES

We are currently a member of:

The Shift, the Belgian meeting point for sustainability

Etion, the forum for committed entrepreneurship

FEVIA, the Belgian Food Industry Federation

IMACE, the European Margarine Association

The **Federation of Major Bakery's in Belgium (FGBB)**

The **International Association of Plant Bakers (AIBI)**

Flanders' FOOD, an innovation platform for a more sustainable agri-food industry

The Belgian Pledge 3.0, a commitment by food companies concerning responsible advertising practices

The Earthworm Foundation, a non-profit organisation that aims to improve the relationship between people and nature

The Roundtable on Sustainable Palm Oil (RSPO), that aims to transform markets to make sustainable palm the norm

The Belgian Alliance for Sustainable Palm Oil (BASP)

The French Culture Raisonnée Contrôléé (CRC) quality mark, for wheat that is grown with less negative impact on the environment and on people's health

Alliance4Soy, a market transformation organisation for sustainable soy

The Roundtable on Responsible Soy (RTRS), that aims to make sustainable soy the norm

The Rainforest Alliance/UTZ, an organisation that strives to improve livelihoods for farmers and forest communities around the world

SBTi, the Science Based Targets initiative for corporate climate action

HolyGrail 2.0, an initiative that advocates the use of digital watermarks for accurate sorting and high quality recycling

The Ellen McArthur Foundation, that develops and promotes the idea of a circular economy

The Global Commitment of the New Plastics Economy
Recycling company **Fost Plus**

Valipac, a collective management organisation for commercial packaging

Valorlux, an organisation for sorting and recycling packaging waste

Pack4Food, a consortium of companies from the food and packaging industry and their suppliers

Various local initiatives and federations

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