To the next generations!

Royal Swinkels Family Brewers Holding N.V.

2019 Annual Report
28

Sustainable growth

Smart brewing

30

And here’s our new bottle

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Clinking glasses with all our stakeholders
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Habesha proves that every little bit helps

Circular from an inner conviction

The complete annual report, including financial statements and appendices, can be found on www.swinkelsfamilybrewers.com.
About us
Royal Swinkels Family Brewers Holding N.V. is the holding company of the Swinkels Family Brewers Group, a 100% independent family business. For seven generations. As the Swinkels family, we now lead a group of companies. This includes various brewery locations: brewery Bavaria in Lieshout (the Netherlands), breweries Palm and De Hoorn in Steenhuffel (Belgium), brewery Rodenbach in Roeselare (Belgium), brewery Habesha in Debre Birhan (Ethiopia) and, since the beginning of 2019, brewery De Molen (The Netherlands). The family also collaborates closely with beer brewery De Koningshoeven in Berkel-Enschot (The Netherlands). Combined, these breweries accounted for the production of 8 million hectolitres beer and 818,000 hectolitres soft drinks in 2019. In addition to breweries, the malting plants of Holland Malt in Lieshout and Eemshaven also form part of the group. In 2019, these malting plants accounted for the production of 395,000 tons of malt. In addition, CereX produces around 4,000 tons of malt extracts and compounds each year. The focus of CereX is on upgrading residual flows.

Meanwhile, the Swinkels Family Brewers Group continues to grow. At the end of 2018, we took Bier & cO under our wing. It allowed us to respond even better to the growing demand for traditionally brewed specialty beers. In July 2019, we acquired a minority stake in Georgian brewery Argo, one of the four leading breweries in Georgia.

Worldwide and within Swinkels Family Brewers, approximately 1,800 people are working towards a common goal; to offer consumers a suitable beer for every occasion.

We received the Royal designation at the beginning of 2019. Since then we proudly refer to our company as Royal Swinkels Family Brewers.
2019 was a year with countless highlights. We were bestowed the Royal designation. Queen Máxima visited our breweries in Lieshout and Ethiopia. And, together with all those important to us, we proudly celebrated the 300-year history of brewery Bavaria, the brewery where it all started. In addition, we further refined our circularity approach and took the first steps within the Intelligent Brewery programme, which will enable us to work smarter, faster and more creatively. However, we also suffered setbacks, but thanks to these highlights we will predominantly remember 2019 as a year of clinking glasses. To life, to our employees and business contacts worldwide and to the beautiful foundation laid for future generations.

What a party it was
Peer: ‘As we love to party, we obviously couldn’t let brewery Bavaria’s 300-year anniversary go unnoticed. We thought it was important to pause and consider this special moment together with all our stakeholders. From employees and family members to suppliers and consumers worldwide. We wanted to give all of them the attention they deserved which explains why we celebrated for almost a week. The year 2019 grew into a year of many highlights that we will never forget.’

Management tandem complete
Peer took over the Management Board role from Jan-Renier last year and in November 2019 Geert van Iwaarden joined Peer on the Management tandem as Chief Financial Officer (CFO). He previously held financial positions with Unilever and Scotch & Soda. They now form the Executive Board of Royal Swinkels Family Brewers Holding N.V. while also fulfilling the positions of CEO and CFO in the Management team of the Swinkels Family Brewers N.V. division. Peer is also chairman of the Supervisory Board of the Holland Malt division as well as board member of Habesha. Geert appreciates the warm and open atmosphere at Swinkels Family Brewers and the roll-your-sleeves-up mentality. ‘What greatly appeals to me here is the rich history in combination with the entrepreneurial spirit and ambition. Moreover, there is a challenging agenda filled with subjects that we will attend to in the coming years.’

A new top structure
The organisational structure was converted in 2019 to an Executive Board model with three underlying divisions: Holland Malt, Habesha and Swinkels Family Brewers N.V. Peer: ‘Each division has its own Management and is currently running its own business quite autonomously. Together with the Divisions Management teams, we form a future-proof structure and from within that structure we are optimally able to respond quickly and decisively to developments in the market. Based on local involvement. In many places throughout the world.’
The successes of 2019
In addition to clinking glasses on the occasion of the 300-year anniversary of brewery Bavaria, we also toasted to a number of other successes behind the scenes at Swinkels Family Brewers. Such as the new look of the Bavaria brand which further underlines the quality of all Bavaria beers. We also toasted to the introduction of Bavaria 0.0% IPA; currently labelled as one of the tastiest 0.0% beers in the market by both consumers and beer connoisseurs. To obtaining a 100% share in craft brewery De Molen and a minority share in the Georgian brewery Argo. And to the successful introduction of the non-alcoholic dark malt drink Negus in Ethiopia. Peer: ‘Despite the sharp drop in grain prices, which affected the valuation of stocks, Holland Malt had an excellent year. Thanks to a good volume growth and good cost control, the division ended up above budget after all. And this while running a full year on the new capacity in Eemshaven for the very first time. That’s impressive.’

Challenges
As with any family, it wasn’t all roses. Our five-year plan at the time of the acquisition of Palm Belgian Craft Brewers turned out to be too ambitious. We observed another great performance of the Cornet and Brugge Tripel brands last year. Furthermore, gourmet beer Rodenbach even showed growth figures for the first time in ten years. The Belgian brands are a wonderful addition to our total beer portfolio and the beers under these brands also won several awards this year. Peer: ‘These achievements, however, did not suffice in meeting the original plan upon acquisition. Within a few years’ time competition in the specialty beer market has increased substantially due to the emergence of many new small breweries. We have adapted our growth plan for the Belgian brands accordingly.’

Strategy update
The world around us is changing fast and vigorously. At the time of writing this foreword, the world is turned upside down by the COVID-19 virus. The impact is felt throughout society and the closure of the on-trade industry in a number of countries in particular directly affects the company. Our top priority for 2020 is therefore the health of our employees and customers and the continuity of our business processes. There is also a strong focus on the financial housekeeping of the company. It will be especially important to guide the company through the crisis in a good way, so that the company remains healthy as well and we ultimately come out stronger. To successfully help our company through this period of uncertainty, we will need to work together as one family more than ever before. As a family we are strong and we believe that our winning family culture will help us.

Each division now runs quite autonomously.
Peer Swinkels
and on strengthening our foundation for the entire company. In this respect, we have identified three pillars: circularity, working smarter and our people. Peer: ‘As a family business, we see it as our responsibility to make our company even more appealing and better than it already is for future generations. This is why we are working towards a completely circular business model. I am proud of how we further developed our circularity measurement in the past year, so that we can provide more insight into the steps we take each year. In addition, working smarter with the Intelligent Brewery programme is high on the agenda. It will enable us to increase our speed and decisiveness even further. And the third spearhead is that we strive for a winning family culture throughout the company.’

Programme with enormous impact

In the coming years, Geert will take the lead in the phased implementation of the Intelligent Brewery. ‘In 2019 we started the implementation in the Netherlands and in the coming years we will be constantly expanding the programme,’ he explains. ‘Where we start differs per division. It is more convenient for some divisions to start on a small scale, as is the case for Habesha, for example. If we jointly ensure a good integration of the Intelligent Brewery, the programme could greatly improve our collaboration. With each other, but also with customers. It will make us smarter, faster and more creative in establishing and maintaining good business relationships and will allow us to better understand and be of service to customers and consumers. And, in the end, that’s what it’s all about.’

Winning family culture

Ultimately, every success starts with the people who do it; our winning family. Peer emphasises that a healthy culture throughout the company is essential for success. ‘Certainly in this period it is important to work on an open culture in which people feel safe but can still meet high demands at the same time. In this way we can win. This may be even more important in times of crises. I am proud of our employees who put their shoulders to the wheel together to keep our production running, to continue to supply supermarkets at home and abroad or to contribute from home. The situation requires everyone’s adaptability and shows more than ever how flexible we are as a family business.’

Using each other’s talent

Geert: ‘Of course, we also work here to achieve something together. That is why we speak of a winning family culture. We continue to set the bar high. This also means that we need to realise that everyone within the organisation contributes to the success of Swinkels Family Brewers in their own way. That we can achieve results by working smartly and by making use of each other’s talents. Based on that awareness, it is also important that we – each and every employee – accept responsibility and dare call others to account about theirs. If we do that consistently and at the same time appreciate what each colleague contributes and are there for each other, we are invincible as a team.’

Lieshout, 3 April 2020
Peer Swinkels and Geert van Iwaarden

The sip of 2019

‘A moment I will never forget was when I was on stage next to Queen Máxima. A 300-litre barrel was broached to symbolically open the festivities, and we were handed beer mugs filled with Bavaria beer. I then thought: I have to say something now, so I looked at Máxima and asked: “Your Majesty, we will surely take a sip?” Whereupon, to my great surprise, she put the mug to her lips and drank.’

Peer Swinkels

The Intelligent Brewery makes us smarter, faster and more creative.

Geert van Iwaarden
Our financial key figures

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</thead>
<tbody>
<tr>
<td><strong>Net turnover</strong> (in millions of euros)</td>
<td><strong>897.0</strong></td>
<td><strong>854.4</strong></td>
<td><strong>792.3</strong></td>
<td><strong>750.3</strong></td>
<td><strong>661.1</strong></td>
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<tr>
<td></td>
<td><strong>854.4</strong></td>
<td><strong>792.3</strong></td>
<td><strong>750.3</strong></td>
<td><strong>661.1</strong></td>
<td><strong>661.1</strong></td>
</tr>
<tr>
<td><strong>EBITDA</strong> (in millions of euros)</td>
<td><strong>94.2</strong></td>
<td><strong>99.7</strong></td>
<td><strong>84.8</strong></td>
<td><strong>86.5</strong></td>
<td><strong>76.6</strong></td>
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<tr>
<td></td>
<td><strong>99.7</strong></td>
<td><strong>84.8</strong></td>
<td><strong>86.5</strong></td>
<td><strong>76.6</strong></td>
<td><strong>76.6</strong></td>
</tr>
<tr>
<td>Investments in tangible fixed assets (in millions of euros)</td>
<td><strong>63.1</strong></td>
<td><strong>63.4</strong></td>
<td><strong>84.0</strong></td>
<td><strong>84.8</strong></td>
<td><strong>86.5</strong></td>
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<tr>
<td></td>
<td><strong>63.4</strong></td>
<td><strong>84.0</strong></td>
<td><strong>84.8</strong></td>
<td><strong>86.5</strong></td>
<td><strong>86.5</strong></td>
</tr>
<tr>
<td>Solvency (group equity as % of the total assets)</td>
<td><strong>46.8</strong></td>
<td><strong>51.1</strong></td>
<td><strong>52.5</strong></td>
<td><strong>50.8</strong></td>
<td><strong>58.2</strong></td>
</tr>
<tr>
<td></td>
<td><strong>51.1</strong></td>
<td><strong>52.5</strong></td>
<td><strong>50.8</strong></td>
<td><strong>58.2</strong></td>
<td><strong>58.2</strong></td>
</tr>
<tr>
<td>Liquidity (Current assets/current liabilities)</td>
<td><strong>1.52</strong></td>
<td><strong>1.37</strong></td>
<td><strong>1.24</strong></td>
<td><strong>1.47</strong></td>
<td><strong>1.67</strong></td>
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<tr>
<td></td>
<td><strong>1.37</strong></td>
<td><strong>1.24</strong></td>
<td><strong>1.47</strong></td>
<td><strong>1.67</strong></td>
<td><strong>1.67</strong></td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td><strong>1.6</strong></td>
<td><strong>1.1</strong></td>
<td><strong>0.9</strong></td>
<td><strong>0.8</strong></td>
<td><strong>0.0</strong></td>
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<tr>
<td></td>
<td><strong>1.1</strong></td>
<td><strong>0.9</strong></td>
<td><strong>0.8</strong></td>
<td><strong>0.0</strong></td>
<td><strong>0.0</strong></td>
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</table>

1 Restated for comparison purposes, see the notes to the financial statements on [www.swinkelsfamilybrewers.com](http://www.swinkelsfamilybrewers.com).
Our CSR key figures

Circularity

Circularity score 40%

30% ¹ (2018)

Energy consumption (MJ/hl) 128 ²

123 ² (2018)  
105 ³ (2018)  
117 ² (2017)  
100 ³ (2017)

CO₂ emissions (kt) 126

118 (2018)  
95 (2017)

Water consumption (hl/hl beer) 4.2

4.2 (2018)  
4.1 (2017)

¹ Not reported in 2017, not yet part of KPMG Assurance in 2018.
² Data based on the 2019 allocation key, this allocation key has been applied retroactively to 2018 and 2017. Further information is given on page 44.
³ Dates as reported in the 2018 Annual Report.
## Safety and well-being

<table>
<thead>
<tr>
<th>Metric</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident frequency (Lost time accidents per 100 FTEs)</td>
<td>1.35</td>
<td>2.33</td>
</tr>
<tr>
<td>Absenteeism due to illness</td>
<td>2.8%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Number of FTEs</td>
<td>1,615</td>
<td>1,436</td>
</tr>
</tbody>
</table>

## Responsible drinking

<table>
<thead>
<tr>
<th>Percentage of non-alcoholic or low-alcohol (&lt;3.5%) of the total volume of beer sold</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.6%</td>
<td>8.7%</td>
<td></td>
</tr>
</tbody>
</table>
What drives us

As members of the Swinkels family, we were brought up with a passion for beer. As well as the will to be at the forefront, remain curious, follow our own course, persist, go out into the world and push boundaries. We pass on those qualities. You notice and feel it throughout the company. We also learned that it is our job to ensure that future generations can enjoy our beautiful heritage as much as we do. This, however, requires more than passionate brewing and building. We also have a responsibility to the world around us. After all, we use natural resources in our business operations. And in this respect, we think it only normal to offer something in exchange, wherever we operate. That is why achieving circular business operations is an important issue for us.

We cannot do this alone, we do it together. As a family. Everyone who works with and for us is part of that family. This includes our employees and business partners. Worldwide. Our great strength lies in that family feeling. And we want to make full use of it. It starts by creating a trusted and safe and healthy environment for all our employees. An environment that challenges and inspires. In which everyone can be themselves completely and is given the opportunity to flourish. An environment where you know your work matters. In which you dare to take risks, while others watch. After all, anyone who always plays it safe will never surprise the world. In this way we ensure a winning family culture. A culture that is not about personal gain, but about scoring as a team. Together we prove that for this you do not have to be the biggest or strongest, as long as you are the smartest. Because that too is typical of the Swinkels family.

One strategy, three divisions. The world around us is changing fast and vigorously. The outbreak of the COVID-19 virus is an example of this. The virus has a direct and worldwide impact on our company, particularly due to the on-trade closure. The investments and efforts made by all three divisions over the past few years have enabled us to respond more quickly and effectively to changes and in this respect we hope to be able to cope with the impact of the virus. Our top priority for 2020 is the health of our employees and customers and the continuity of our business processes. There is also a strong focus on the financial housekeeping of the company. It will be especially important to guide the company through the crisis in a good way, so that the company remains healthy as well and we ultimately come out stronger.

From within Royal Swinkels Family Brewers and together with the Divisions Management teams, we will continue to focus on the growth of all three divisions and on strengthening our foundation for the entire company. Each of the three divisions (Swinkels Family Brewers N.V., Holland Malt and Habesha) integrates these two focus areas in its own strategic action programmes, which include value creation, working smarter, circularity and our people. As an international player in the beer and malt market, we want to be and remain relevant and current. We will always look for opportunities that fit our strategy, also during and after the COVID-19 crisis.

Making the world enjoy good beer

The breweries of the Swinkels Family Brewers N.V. division want to offer consumers, worldwide, a suitable beer for each occasion. In order to do this, it is important that they keep in touch with the locals. Not remotely, but by taking root in local soil in different places throughout the world. Consumers are changing and Swinkels Family Brewers N.V. wants to respond optimally to these changing needs. It is not without reason that we have expanded our portfolio in recent years to include beers of breweries Palm, Rodenbach, De Molen and distributor Bier&cO. Swinkels Family Brewers N.V. will continue to play the ‘portfolio game’ and will keep looking for growth opportunities to let the world enjoy good beer.
Following the capacity expansions of recent years, Holland Malt’s main plan is to use its resources and capacity in a smart way. In addition, it is focused on developing special malts and new recipes which are currently highly sought after in today’s market. A good start was made with the malt that Holland Malt is currently supplying to the whisky industry. In the meantime, the malting plant continues to take its position as a “manufacturer” of raw materials quite seriously. In this respect we’ve noticed that brewers consciously opt for its sustainable working methods and products. What will certainly help Holland Malt to grow in the coming years is that its smart procurement policy makes it less dependent on climate changes and the quality of harvests. Ultimately, Holland Malt aims to be of service to every breaver, anywhere in the world. This requires growth in both volume and diversity.

Habesha has grown five times bigger in the past five years. You just couldn't get enough beer to the table. Meanwhile, the political landscape in Ethiopia has changed. Further democratisation and liberalisation has taken place. The changes for the Ethiopians are quite substantial which is why this transition period regularly boasts unrest and turmoil in the country. Moreover, the beer market is growing at a slower pace due to the government’s stricter alcohol policy. Because the capacity of beer production has grown rapidly in recent years, there is now a supply surplus. Habesha is still growing faster than the market, but in the coming years it wants to establish a rock-solid sales organisation. The motto is “sales first”. Until now, the brewery was mainly focused on the distribution to cities. In the coming years, it will focus more on supplying rural areas. After all, 80% of the 100 million Ethiopians live in the countryside. In addition, Habesha will source a large part of our raw materials locally which will be of great benefit to the economy in Ethiopia. Furthermore, it saves on CO₂ emissions and costs if we are less dependent on imports.
From stakeholder interests to materiality

Our focus and

Sustainable growth

We want to be able to pass on a financially healthy company to future generations. We would like to grow, but only in a responsible and sustainable manner.

Ambition

- Further growth net turnover and EBITDA.
- A healthy solvency and liquidity.

Achievements 2019

- EUR 897.0 million net turnover.
- EUR 94.2 million EBITDA.
- Liquidity 1.52.
- Solvency 46.8%.

Circular business model

For us, nothing beats caring for a lovely, healthy world to live in. That is why we want to operate on the basis of a fully circular business model as soon as possible. To achieve this we focus on circular procurement, circular production and high-quality reuse.

Ambition

- 50% circular business operations in 2020.

Achievements 2019

- Achieved 40% circular business operations in 2019 (according to our own calculation method and based on the most recent data, of which the water and energy benchmark data originate from 2018).

Status 2019

In 2018, we made our strategic Crown Cap® the key feature of our Integrated Annual Report. It consists of thirteen important themes. We heard from various stakeholders that it was therefore unclear what was really important to us. That is why we decided to focus more on our strategy, stakeholder interests and materiality matrix®. From now on we will only describe the themes where we can and want to make a real social difference in our annual report. These will concern the areas of focus on these pages until 2025.

* To be found in our fully integrated annual report on www.swinkelsfamilybrewers.com.
Responsible drinking

We want consumers to enjoy our beers responsibly. That is why we encourage responsible drinking. For this we enter into collaborations and pursue a clear alcohol policy. In addition, we continue to develop alcohol alternatives, such as tasty 0.0% beers.

Ambition

> Full compliance with our international responsible marketing and communication code and a growing range of non-alcoholic and low-alcohol beers by 2025.

Achievements 2019

> Implementation of the international responsible marketing and communication code.
> 8.7% non-alcoholic and low-alcohol beers < 3.5%.

Local involvement

Everywhere in the world, our environment should mainly benefit from our presence. This is why we engage with local residents to add local value in many ways. In this way, we ensure that local communities can take enjoyment in what we build and brew.

Ambition

> Each subsidiary has a programme with local projects in line with the circularity requirements and CSR policy.

Achievements 2019

> All brewery locations have local projects.
Long-term value creation

Social impact through strategic focus

Through strategic focus, we want to actively contribute to the Sustainable Development Goals, i.e. the sustainable goals of the United Nations, to end extreme poverty, inequality, injustice and climate change. The value creation model below shows how we, through our company, want to create value in the long term and make a difference. Economically, socially and ecologically.

Which sources do we use?

- **Financial, knowledge and production**
  - Total equity capital: EUR 327.3 million.
  - 300 years of knowledge and experience.
  - 2 malting plants.
  - EUR 65.1 million invested in facilities.

- **Environment and nature**
  - 4.5 million m³ of water.
  - 1.9 billion MJ of energy.
  - Raw materials such as malt, hops, glass and more.

- **People and relationships**
  - 1,827 employees.
  - 7 locations locally involved.

Business model

What value have we created in 2019?

- **Sustainable growth**
  - Healthy financial growth with a normalised net result of EUR 37.4 million and EUR 9.9 million paid in taxes.
  - 8.1 million hl beer and 818,000 hl soft drinks.

- **Circular business operations**
  - Circularity score of 40%.
  - 3.9% renewable energy.
  - 400,000 m³ of water returned to the soil.
  - 126,000 tons of CO₂ emissions.

- **Safety and well-being**
  - We offer 1,827 jobs in a safe and pleasant working environment.
  - Accident frequency dropped to 1.04.

- **Responsible drinking**
  - Introduction Bavaria 0.0% IPA, Palm Session IPA and Negus.
  - 8.7% non-alcoholic or low-alcohol beers.

- **Local involvement**
  - Local social projects rolled out at every location.

IMPACT

- Encouraging the growth of enterprises and stimulating valuable work, entrepreneurship, creativity and innovation.
- Increase water use efficiency.
- Increase renewable energy.
- Efficient use of natural resources.
- Fostering the protection of labour rights and a safe and healthy working environment.
- Prevention harmful alcohol consumption.
- Encourage public/private partnerships.

* There has been a change in the communicated SDGs compared to 2018. We will no longer actively focus on SDG 4 and 9 in the annual report because of our refined focus.

Figure 1: Our value creation model
Ambition  We want to make the world enjoy our beers and offer consumers the right beer at the right time. To make that possible, we keep in touch with our customers and consumers. Wherever we operate throughout the world. We do this by being locally present and involved. Based on the knowledge we gain in this way, we invest heavily in expanding our beer portfolio. This is how we have been growing worldwide for years. Not in a rushed way, but in a focused and deliberate way. Why? Because we think it is important that Swinkels Family Brewers remains a financially healthy company, with an eye for its environment and respect for local communities.
Results 2019

Turnover 2018
EUR 854.4 million

Turnover 2019
EUR 897.0 million

Western Europe
EUR 525.8 million

Canada and USA
EUR 17.4 million

Rest of America
EUR 38.9 million

Rest of Europe
EUR 131.4 million

Asia Pacific
EUR 36.2 million

Middle East and Africa
EUR 147.3 million

Countries where we have turnover

Countries where we don’t have turnover
Compared to 2018, turnover increased by 5.1% to EUR 897.0 million. However, our operating result decreased from EUR 52.5 million in 2018 to EUR 8.4 million in 2019. This is mainly the result of the impairment of the Belgian brands. The ambitious plans we had with these brands at the time of the acquisition appear to be insufficiently feasible, which led to an impairment of EUR 29.0 million. In addition, changes in the sales mix within the divisions, increased raw material costs and the costs of celebrating the 300-year anniversary of brewery Bavaria led to a lower operating result. The net result was negative for the above-mentioned reasons at EUR -5.3 million. After adjustment due to the impairment of the Belgian brands and the exceptional one-off charges, the normalised net result amounts to EUR 29.9 million.

The effective tax rate was 190.1% and was therefore substantially higher than in 2018 (23.8%). This is mainly due to the fact that the impairment of the Belgian brands is not considered tax deductible.

Due to a decrease in group equity as a result of the aforementioned impairment and an increase in our invested capital, our solvency decreased from 51.1% to 46.8%. The increase in invested capital mainly consists of investments in interests in brewery De Molen and the Georgian brewery Argo. In addition, a further capacity expansion in Ethiopia and regular investments in our other production locations were made.

Our net debt position increased from EUR 112.3 million to EUR 152.6 million. The liquidity of Swinkels Family Brewers increased from 1.37 to 1.52 in 2019. Our financial position is therefore healthy and stable.

Cash flow
The incoming cash flow from operational activities (EUR 55.8 million) and the outgoing cash flow from investment activities (EUR 79.3 million) are in line with 2018 (EUR 54.1 million and EUR 77.3 million respectively). The cash flow from financing activities amounts to EUR 34.1 million (2018: EUR 24.5 million). As a result, cash and cash equivalents increased by EUR 9.6 million to EUR 35.9 million (2018: EUR 26.3 million).

Other taxes amount to EUR 48.8 million from VAT and EUR 36.2 million from payroll taxes and social security charges.

### Taxes
We are transparent about our tax policy, available on [www.swinkelsfamilybrewers.com](http://www.swinkelsfamilybrewers.com). In 2019 we paid the following taxes:

<table>
<thead>
<tr>
<th>Corporation tax</th>
<th>2019</th>
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<tbody>
<tr>
<td>Western Europe</td>
<td>9.8</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>0.1</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>-</td>
</tr>
<tr>
<td>Canada and USA</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10.0</strong></td>
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<table>
<thead>
<tr>
<th>Excise duties</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>116.5</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>20.0</td>
</tr>
<tr>
<td>Middle East and Africa</td>
<td>12.3</td>
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<tr>
<td>Canada and USA</td>
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<table>
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<th>Other taxes</th>
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<td><strong>Total</strong></td>
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Peer Swinkels and Vasili Sulkanishvili while signing the minority interest in Georgian brewery Argo.

### Minority interest in Georgian brewery Argo
We acquired a 40% minority interest in Georgian brewery Argo, one of the four leading breweries in Georgia, in July 2019. By investing in Argo, we are further expanding our current market share of 15% in the Georgian market. We hope that this represents the basis for an increasingly intensive collaboration so that Georgia can eventually grow into a new home market for Swinkels Family Brewers. After all, we see a lot of growth opportunities for our brands in this country, partly thanks to the rise of local tourism. Moreover, Georgia has an interesting location on the border of Europe and Asia, which offers good export opportunities.
On 31 January 2019 we increased our minority interest in brewery De Molen to 100% which resulted in the craft brewery in Bodegraven becoming fully included in our family of breweries and malting plants. Brewery De Molen brews a wide range of beautiful specialty beers and dares to experiment. Through this strategic step, we are once again fulfilling a part of our wish to expand our portfolio with beautiful local and international beers.

The collaboration with brewery De Molen started in 2015 when Swinkels Family Brewers acquired a 35% interest. The expansion of the collaboration formed a logical step for brewery De Molen. Due to the success that ensued, the partnership immediately craved more of the same. Although we have now fully taken the brewery under our wing, brewery De Molen will, like our other breweries, retain its identity. The owners will also remain closely involved in the further growth.

This new structure gives brewery De Molen the opportunity to focus on what it does best: brewing special and tasteful craft beer. In addition, the brewery can now make optimal use of our distribution power and technical expertise. Together we can respond even better to the growing popularity of traditional specialty and craft beers.
In the selection
Best Beers Worldwide
— By category

— 15th in the top 100 best breweries in the world
— For the 11th time the best brewery in the Netherlands
— Brouwcáfe de Molen best tasting room in the Netherlands

— Best beer by country, Serbia
Perfectly Imperfect
Collaboration with Kabinet (brewed at Kabinet)

— Strong Ale
Hutje & Mutje
Woodford Reserve Barrel Aged

— Mild Ale
XXXK Mild
Collaboration with North Brewing Co (brewed at North)
Product introductions & innovations

Based on the wish to offer a suitable beer for every occasion and at every location, we will continue to further expand our beer portfolio. In 2019, we introduced these new products to the market.

**New**

- **Palm Session IPA**
  - Introduced to Dutch and Belgian retail.

- **Bavaria 0.0% IPA**
  - Introduced to various countries throughout the world.

- **Negus malt drink**
  - Introduced to Ethiopia.

- **Arthur's Legacy White Widow and Happy Sylvester**
  - Introduced via Colruyt in Belgium.

- **Steenbrugge Doppio Malto**
  - Introduced to Italy and the Netherlands.

**Intense promotion**

We emphasised the powerful character of our brand 8.6 with flair in 2019. Building on the slogan “intense by nature”, we temporarily opened a tattoo shop next to the brew-kettles where 8.6 is brewed in Lieshout. Fans of the brand were able to get a tattoo at the location where their beer is born. For those who favoured extra intense, there was even a “no look tattoo” wall. We also had well-known artists customise 8.6 cans in 2019. The brand sponsored various tattoo shows in Europe as well.

**OPENING**

**Habesha Brand Shop**

Brewery Habesha opened an exclusive brand shop in Addis Ababa on 18 September 2019 where souvenirs and accessories with a traditional Ethiopian “touch” are sold.
**Introduction of wooden crates**

Introduced to both on-trade and retail in Belgium. In addition, also the first product sold in our latest webshop www.s-hop.be.

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**New design bottle**

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**New recipe and cluster pack Brugge Tripel**

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**Kroon Witbier**

For a short while back on tap

Based on the original recipe of Gerard de Kroon, brewed in the old Kroon brewery in Oirschot.

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**Rodenbach FruitAge**

For Rodenbach FruitAge we introduced a new recipe and serving ritual with glass, focusing on Belgium.

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**Other introductions Rodenbach:**

- Cluster packs Alexander and Grand Cru in Belgium and the Netherlands
- 50 cl cans Rodenbach Classic in the USA
- 37.5 cl bottle Caractère Rouge in the USA
- Two gift packs in Belgium, the Netherlands and export markets

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**Steenbrugge Lentebock**

Introduced to the Netherlands.

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**New design Bavaria brand**

Read the project story on page 30.
That the range of beers in the Swinkels Family Brewers portfolio is of a high quality is evident from the awards we have won.
Awards

Rudi Ghequire Beer entrepreneur of the year 2019

Elected by Bier! magazine

**Gold Medal**
La Trappe Tripel
La Trappe Blond

**Silver Medal**
Bavaria
Bavaria 0.0% IPA

**Bronze Medal**
La Trappe Quadrupel
La Trappe White Trappist
Bavaria 0.0%

**Best beer of the Netherlands**
La Trappe Tripel

Voted winner at the Dutch Bear Challenge.
In 2018 and 2019, we invested in our processes, our people and a central platform to make smarter use of all the data we collect. Throughout the company. The programme we set up for this is called the Intelligent Brewery. It means that we will have to start working differently in many places in the organisation, but the first results have already created a positive mood. Maurice Rijnen, Programme Leader of the Intelligent Brewery, explains.
Making targeted decisions
With the Intelligent Brewery we ensure that we will have insight into all kinds of data at the touch of a button. In great detail. Without having to plough through all kinds of files or documents or wait for information from colleagues. ‘We are no longer dependent on our gut feeling and can make even quicker and more targeted decisions,’ says Maurice Rijnen. ‘Our sales employees know exactly what is going on at the customer, even before they have paid the on-trade business a visit. Even working predictively will become possible. Not only in the areas of procurement and sales, but also when planning maintenance. And because the processes will become far more organised, the collaboration between departments will also improve. Simply because of being aware of each other’s movements.’

No. 1 Sales Team
We laid the foundation for the Intelligent Brewery at Habesha. The sales team there is now used to the new way of working and the first successes have become fact. Maurice: ‘In Ethiopia, we now know exactly what happens and where, because we’ve gained a better insight into the market and customers. This allows us to respond specifically to any (sales) opportunities that we observe. In this way we put Habesha in first place locally, with the sales team, and did this in no time at all. News that was received with cheers, of course.’

Even working predictively will become possible.

Start in the Netherlands
Last year we started with the implementation of the basis of the Intelligent Brewery in the Netherlands and Belgium. Within the programme we distinguish five main processes: procurement, production, sales, human resources and support. For each component we appointed someone to carry the transformation load. Where data collection is concerned, we work with SAP software and with MES in production. ‘We were the first to provide the lager team with insight into customer purchases. In a few clicks, they can determine what would be most helpful for their customers. If we all work in the same way in the future, we will be able to retrieve even more information from our processes.’

A different way of record-keeping
To make the Intelligent Brewery a success, it is important that everyone within the organisation gets used to a new way of record-keeping. ‘We require structured data. Entering this data will take time but in return you will immediately have insight into matters that previously required the necessary research. This also allows us to be of even better service to our customers. Over time everyone will benefit from the Intelligent Brewery.’

One overall picture
Finally, Maurice points out another advantage of the Intelligent Brewery: ‘Currently, we all store information differently. The one uses Excel, the other e-mail or their own programme or a local application. As a result, information can be lost and cannot be shared. Moreover, the knowledge differs per person. Thanks to the Intelligent Brewery, everyone will soon have the same overall view of a customer. It also makes it easier to provide our consumers with suitable beer for every occasion.’
The desire to give Bavaria a facelift had been around since 2017. Finding the right balance between more individuality, a higher-quality appearance and refreshment appeared to not be an easy task. In April 2019, however, in the year in which Bavaria celebrated its 300-year existence, our oldest beer brand proudly presented its new face. This was preceded by quite a process. The "Zo." in the campaign that introduced the bottle was therefore completely in place.

And here’s our new bottle

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And here’s our new bottle

The new design refers to our rich history, while it also suits the Bavaria of today.

Florent Renders
Consumer Marketing Manager the Netherlands

The starting point
‘Research showed that it was not clear to consumers what the Bavaria brand stood for. That is why we thought it important for the new design to reflect how seriously we take brewing. In our campaigns, we continue to be that brewer who puts a smile on your face,’ explains Consumer Marketing Manager the Netherlands Florent Renders. ‘We also considered it important to create more unity between the various Bavaria products. At the same time, the new design had to remain recognisable for Bavaria drinkers, but also win over new consumers. The design this led us to refers to our rich history while simultaneously reflecting the Bavaria of today.’

Making choices
‘Everyone quickly agreed on how the logo, compass, Lieshout and 1719, the year of origin, should be put on the bottle,’ says Florent. What did cause a discussion was the choice of the shade of blue and whether it should be used in combination with gold or silver. Florent: ‘From the quality perception we pursued, we initially thought of a darker shade of blue with gold. Consumer research, however, showed that a fresh shade of blue in combination with silver would be better. What was most important in the end is that we did not choose what we liked ourselves, but that we listened to the consumer. After all, the goal was to enthuse him to grab that crate of Bavaria from the shelf.’

Telling our story
Design Bridge, an international strategic brand development and design agency, was called in to create a design with exactly the right nuance. ‘We mainly looked for ways to make the brand radiate more personality, more authenticity and quality,’ explains Sylvia van Duyvenboode of Design Bridge. ‘Bavaria has been around for seven generations and with three centuries of brewing experience. The brand has such a beautiful story, it just had to become visible. We have given the brand elements coherence, more character and relevance. But in a way that suits Bavaria; very Dutch, straightforward and down-to-earth.’ Design Bridge also ensured a spot-on product forecast when consumers shoot a glance at the various Bavaria packaging. ‘We looked at all products and gave them their own unique character. In the meantime, we ensured that all brand variants clearly remained part of Bavaria. In this way we have developed a coherent but also sufficiently distinctive portfolio.’

An intense operation
The market reacted enthusiastically to the new design. ‘Both the trade and the consumer,’ says Florent. ‘Our weekly polls showed that Bavaria’s perception of quality was rising substantially.’ Project Manager Rik van der Loo, who steered the transition in the right direction, adds: ‘We replaced all old packaging in the Netherlands in just over four weeks. Those abroad will follow in 2020.’ His story shows that this involves more than just moving some bottles and crates around. ‘For example, the settings of the deposit machines at supermarkets all had to be adjusted. After all, they would not recognise the new bottle.’ Looking back, he explains: ‘The entire process felt like open-heart surgery to be performed while market developments continued to take place. In addition, it involved staff from almost every department within the organisation.’ Ultimately, everyone was proud of the end result. Florent: ‘When I walk past the shelf in the supermarket I now think; what a difference compared to those other brands. We are practically oozing quality.’
PROJECT STORY

Clinking glasses with all our stakeholders
Brewery Bavaria had existed for 300 years in 2019. During that time, we grew from a small home brewer to the largest independent family brewery in Europe. And we celebrated that. For an entire year. Each time with a different audience. We shared our revelry with more than 9,000 guests: employees and their families, business partners, neighbours, Bavaria enthusiasts and our own family. Why? Because we owe this beautiful anniversary to each and everyone of them.

We became royal
The festivities started on Wednesday 27 March with receiving the Royal designation for Swinkels Family Brewers, granted by King Willem-Alexander. Wim van de Donk, the King’s Commissioner in North Brabant, came to Lieshout to present it in person. To now be able to refer to our company as Royal Swinkels Family Brewers fills us with pride. Some family members even wiped away a tear.

A visit from Queen Máxima
One day later the anniversary year in Lieshout was opened by none other than Her Majesty Queen Máxima. She met the sixth, seventh and eighth Swinkels generations and spoke to various employees. Thanks to an extensive script (in fourteen versions!) and the boundless efforts of many colleagues, everything was arranged down to the last detail.

Employee party with a capital E
Still on cloud nine thanks to all the royal attention, the time had come for the party for all employees and their partners the evening after. At the site where we normally sort crates and bottles, we erected a gigantic party tent especially for this. We talked, laughed, ate, danced and clinked glasses, of course, into the wee hours of the morning. Singing along loudly with top acts such as Chef’Special, Glennis Grace and Guus Meeuwis. We are still talking about it.

Toasting in thirteen languages
In the middle of summer, we received 200 Bavaria enthusiasts from thirteen different countries in Amsterdam to toast to our 300-year anniversary with us. We partied on cruise ship Jules Verne, in nightclub Escape and continued the next day at the brewery site in Lieshout. We obviously gave the group a detailed tour. They were also treated to a mini concert at the brewery grounds and to a meet & greet with Showtek, after which they attended Lakedance as VIPs. Showtek was the closing act here. He made a toast to the brewery’s 300-year anniversary and played a song that he wrote especially for Bavaria.

Partying with the entire family
In the weekend of 16 and 17 November, our employees of breweries Bavaria and DC De Meern were given the opportunity to give their family a tour of Lieshout and show them their workplace. They did it en masse and filled with pride. About 1,800 partners, children, grandchildren, fathers and mothers walked past the gleaming stainless steel kettles on the brewery grounds, cast a curious look on the germination cabinets and sniffed the scent of malting barley at the malting plant. As one big family, we cherished that what we have built in 300 years.

Good teamwork
And then there was the family dinner and the dinner with all our neighbours at the brewery, the Bavaria Jubilee Football Tournament, the family day, the gifts for the entire neighbourhood and the party for business contacts in spring. It was a year to remember forever, to which, in addition to event agency Bromios and the Bavaria Brewery Café, about fifty companies from the region contributed. Esther de Vilder, Head of Global Communications, who was responsible for central coordination:

‘It is amazing how many people were committed to this during weekends and evenings. But also that we could largely celebrate the occasion here in Lieshout, the place where it all started.’

To now be able to refer to our company as **Royal Swinkels Family Brewers** fills us with *pride*. The 300-year anniversary of brewery Bavaria was celebrated in various ways throughout the year.
Collaborating with licensees: How far do you go with systematic control?

We collaborate with local breweries in several countries. The licensees brew our brands according to our recipes. This has practical, environmental and cost advantages, but can also entail a risk as we don’t have direct control over the production process, daily management and the procurement process.

Still, working with license partners is a construction that we have come to believe in more and more. By giving licensees permission to brew on location, we save ourselves transport costs and import duties. In addition, it will limit CO₂ emissions. Without our licensed brewers, we would have to charge a higher price for a beer in countries such as Russia and Kazakhstan and the CO₂ footprint would clearly increase.

Extensive control system
In order to limit the risks and to be able to monitor taste and quality, we apply an extensive control system when working with licensees. First of all, we make strict agreements. Licensees must meet strict conditions before we start working with them. We record all these agreements in contracts and manuals. They contain technical production requirements for the beer, the bottling and packaging. We visit licensees periodically to see if they still meet these requirements. They also send us samples on a regular basis, which are inspected by specialists in Lieshout.

Monitoring Corporate Social Responsibility
Since last year, we have also been monitoring corporate social responsibility (CSR) at the location of our licensees. We inquire about the risks and control measures surrounding human rights, the environment and circularity. Before visiting our licensees we send them a questionnaire, analyse the results and discuss any additional control measures required at Management level. Just like the breweries in the Swinkels Family Brewers Group, licensees work at energy and water reduction and a safe working environment. Daily management and the procurement process are not under our direct influence. For example, licensees may purchase raw materials in regions with less regard for the environment or human rights. We are not yet sure what we can do to keep this under control. Should we also actively check the suppliers of our licensees or should we be able to rely on them? Until now that remains a dilemma. What we do know for certain is that we want to ensure the growth of circular awareness amongst our licensees.
Ambition As a family business, it is our job to ensure that countless future generations will still be able to enjoy everything we build and brew. This is why we wish to become a circular business as soon as possible. It means that we will not let raw materials, energy and other materials be lost. We will make sure that they retain their value.

In short:
• Integrated approach through own circularity model
• Steering on three core processes:
  1. Circular procurement
  2. Circular production
  3. High-quality reuse
Our own circularity model. In order to measure our circularity, we developed our own calculation methodology. Based on that methodology, we wish to achieve 50% circular operations in 2020. Not only in the areas of procurement and production but across the entire width of the organisation. From the brew master to the Facility Manager and from the Marketing staff to our drivers.

How we proceed step by step

In order to realise our circular ambition, we focus on three core processes:

- **Circular procurement**: When procuring packaging, hops, malt and other products, we opt for recycled, reusable or sustainable materials.
- **Circular production**: In our production processes, we aim for minimal loss, limit our water and energy consumption as much as possible and opt for sustainable energy sources.
- **High-quality reuse**: Our brewing processes produce co-products such as brewers’ grains, residual water and other types of residual flows. We investigate ways in how to reuse these flows in the best possible way.

Based on these three core processes, we focus on different categories and place these at the centre of our circularity model. These are the categories that we believe can contribute most to our circularity score. For example, in the first step, “circular procurement”, our focus is on four categories:

1. Packaging.
3. Materials for our machines and buildings.

For each of these categories, we determined how heavily they weigh within the core process. We then determined the weighting of this core process in order to determine the total circularity score. We call this the allocation key. See our complete model in our reporting manual on [www.swinkelsfamilybrewers.com](http://www.swinkelsfamilybrewers.com).

We also looked at the circular principles for each category, which actions are still needed and how progress can be measured. We use as many external (certification) standards as possible to objectively measure our performance and progress. For example, all the wood and paper that we use must have a PEFC or FSC quality mark (certificates aimed at sustainable forest management).

Read our full circularity policy on [www.swinkelsfamilybrewers.com](http://www.swinkelsfamilybrewers.com).
Circular procurement
In collaboration with our suppliers we are working on thinner and recycled packaging. We are also increasingly procuring sustainable certified hops, barley and sugar.

Circular production
We ensure the most efficient use of energy, water and transport. In addition, we opt for sustainable energy, minimise wastage during production and aim to extend the life span of our machines and buildings.

High-quality reuse
We look for high-quality reuse of each residual flow. Brewers' grain becomes feed for pigs and we generate biogas from our residual water.

Figure 2: Our own circularity model
Results 2019

Palm Session IPA
received the Gold Medal
at the Brussels Beer Challenge 2019.

Circularity model further refined
In the past year we further developed our circularity model and adjusted two important aspects:
1. We created a more precise allocation key for the various components by determining more objectively how heavy these components should weigh. We did this on the basis of information from external sustainability sources and internal financial data.
2. We further defined our circularity score. In 2019, for example, we also included our production losses in the circularity calculation. We are not yet able to extract the data from the organisation with which we can measure how circular our buildings, machines, marketing and facilitating materials currently are. We do need this information to eventually become a circular company.

The advantages and disadvantages of our model
The advantage of the circularity model that we have drawn up is that it can be used for all our core processes and within all departments and business units of Swinkels Family Brewers. This is great, because this integrated approach was not possible with existing methods. For example, the Ellen MacArthur Foundation looks mainly at individual products, while we want to steer over the entire width of the organisation. And the World Business Council for Sustainable Development compares all product components in kilograms. Taking into consideration that beer consists mainly of water, you quickly run the risk of a too positive outcome. This does not alter the fact that every model has its limitations, to which our model is no exception. For example, it is not yet suitable for comparing the circularity performance of different companies.

Detailed information about the weighting of the components and the calculation method of our circularity model can be found in our reporting manual on www.swinkelsfamilybrewers.com.

Our circularity score and performance
According to our own methodology and based on our circularity model, we have achieved a total circularity score of approximately 40% in 2019. Where we made the most progress in 2019 were the procurement of agricultural raw materials and the reduction of production losses. We will discuss this further in the following sections. In order to achieve our ambition of 50% circularity in 2020, the focus in the coming year will be on machines, buildings, marketing materials, energy consumption and water consumption.
Our procurement policy encompasses more than just circularity. We have a socially responsible procurement policy (or SRP policy for short). In this way, we also make demands of our suppliers in areas such as circularity, human rights and working conditions. Simply because we find it important that they treat their employees well and reward them fairly. From 2020, the SRP policy will form part of our integrated procurement process. Our suppliers of goods and services will be tested against these SRP criteria and additional control measures will be taken where necessary. Extensive information about our socially responsible procurement policy can be found on www.swinkelsfamilybrewers.com.

Limit packaging to a minimum
Good packaging is necessary to guarantee the quality of our products. At the same time, the use and production of packaging has consequences for our climate and the environment. Especially if they end up in nature after use. In addition, the raw materials for certain packaging are becoming increasingly scarce. For years, this has been a reason for us to further limit the packaging material we use or replace it with a sustainable solution. This is why we again implemented innovations and entered into new partnerships in 2019. In addition, we further refined our packaging policy.

New policy: striving for 100% recyclable
The goal of the new packaging policy is that all our packaging will consist of recycled material or be 100% recyclable by 2025. In order to achieve this, we work according to the proven R approach. The bottom line is that we always ask ourselves the following questions:

- Rethink (Can it be more sustainable?)
- Redesign (Does it help if we change the design?)
- Reduce (Can we manage with less packaging material?)
- Reuse (Is reuse possible?)
- Repair (Is repair possible?)
- Refurbish (Is refurbishing an option?)
- Recycle (Can the packaging be recycled?)
- Recover (Can we still recover energy from the residual material through combustion?)

Detailed information about our packaging policy can be found on www.swinkelsfamilybrewers.com.

Together you are stronger
We share the EU-wide ambition to make all plastic packaging within the European Union reusable or recyclable before 2030. To reinforce this aim, we support several Dutch and European initiatives in this area, such as Plastic Pact NL. Furthermore, we signed the Plastic Promise for the reduction of disposable plastic in the event industry.

Circular procurement
45% of our packaging comes from sustainable sources or is made from recycled material.

Ambition
With procurement we can integrate circularity into our own business model and that of our suppliers. Because we want to purchase all goods and services in a sustainable and circular manner and apply strict sustainability requirements, we also encourage our suppliers to take steps in the areas of sustainability and circularity. This is how we broaden our impact within the chain.

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Innovations and progress

Smart use of glass
Palm bottles for export are now lighter in order to reduce CO₂ emissions during transport. Conversely, we made the bottles for the Dutch market firmer, so that they will last longer in the deposit system.

Progress
The bottles we procure consist of 77% recycled glass. Of all our bottles, 70% forms part of a return system (such as a deposit system).

Less cans
In 2019, we saved about 75,000 kg of aluminium by providing lighter cans.

Progress
We’re holding talks with suppliers to determine the percentage of recycled steel and aluminium of our own cans. At the moment we don’t yet have insight into this quantity. The industry as a whole currently uses an average of 73% recycled aluminium and about 30% steel for cans. Cans are fully recyclable.

Less plastic
Since 2019 we have been placing part of our cans in cardboard trays which saves plastic.

Progress
The cardboard and paper we use for our packaging is 83% FSC or PEFC certified.

The plastic we use consists of 7% recycled material. The wood we use is not certified.

The sustainability of plastic and wood will become a point of attention in the coming years.
Agricultural raw materials: aim fully at sustainable
The most important natural raw materials for brewing beer are barley and hops. We also buy sugar, mainly for the soft drinks we produce. In recent years we have opted for the sustainable variant of all these raw materials for as far as possible. Not available or insufficient quantity? Then we enter into talks with farmers and suppliers to see how we can jointly improve matters. We also sat round the table with a large number of farmers in 2019. In this way we ensured that they allocated more of their sustainably grown hops to us. This resulted in 99.9% of the hops we currently buy being sustainable.

Grains: 43% certified
Malting plant Holland Malt procures a large part of its barley in Western Europe. In 2019, Holland Malt continued its discussions with our barley suppliers about making barley production more sustainable in accordance with the principles of the Sustainable Agriculture Initiative (SAI) Platform. By now, 43% of the barley is SAI certified.

Hops: 99.9% certified
We procure our hops in Germany and America. In collaboration with our German supplier, we managed to secure the Hopfenring sustainability certificate last year. To obtain this certificate you must, among other things, meet criteria that limit the use of crop protection agents. This remains a major challenge for hop growers. Part of the hops sourced in America carry the Global GAP certificate.

Sugar: 72% certified
From 2019 onwards, 72% of the sugar used came from sustainable sources. The same applies to most of the sugar from Europe.

Meeting the challenge: mapping the circularity of marketing and facilitating materials
In our pursuit of circularity, the focus in recent years has been mainly on the procurement flows for our primary goods, namely the raw materials for our beer. However, we also buy many things that are not directly related to the production of our beers. These fall under the Non Product Related (NPR) category. Examples would be beer mats and other promotional materials, industrial safety clothing, the purchases for our company restaurant or the decoration of our subsidiaries. In total, these concern more than ten different product groups. Creating a good overview of the extent of circularity of the many different product groups is a complex affair. Nevertheless, in the past year we accepted the challenge to figure this out with the assistance of our suppliers and the Intelligent Brewery. We are working on the design of our systems and expect to be able to report on the share of circular marketing and facilitating materials in 2020.

Socially responsible procurement used to be a separate step but it will now be part of all our standard procurement processes.

Han Tetteroo
Head of Procurement
Habesha wants to continue to grow substantially in the coming years. The ultimate aim is for the brewery to produce 3 million hectolitres of beer annually. This requires a lot of brewing barley. Currently, 60% of Habesha’s brewing barley is still imported. We no longer want that. What we want to, eventually, have all the brewing barley that the Ethiopian brewery needs grown by local farmers. In this way we can reduce expenses and spare the environment. Moreover, we can offer thousands of farming families in Ethiopia an opportunity for a better life.

Habesha’s expansion was made possible by a loan of EUR 50 million from the International Finance Corporation (IFC), part of the World Bank. We signed the associated contract in December 2019. We are now collaborating with local cooperatives and federations to make farmers in Ethiopia enthusiastic about growing brewing barley. We will also help them achieve an optimal harvest. For example, by providing the right planting material, but also by teaching the farmers how to best work their land. Through the support programme that we are setting up for this together with IFC, we expect to double the amount of high-quality brewing barley that farmers can harvest. If everything goes according to plan, we will kill three birds with one stone:

1. The living standards of thousands of small farmers in Ethiopia will improve.
2. Local employment will increase.
3. And Habesha will be able to further develop into the most popular beer brand in Ethiopia.
Ambition The circularity of our own production processes are the easiest to influence. This is why we have been focusing for years on the reduction of our water and energy consumption. Our aim for fully circular business operations resulted in a much broader perspective. For example, we became much more critical of how we can minimise losses and set the bar even higher where transport is concerned. From an environmental point of view, it has the greatest impact if we save on our raw materials and the consumption of other materials. That’s why this is our first priority and at a later stage we intend to make our production process even more sustainable than it already is.

Results 2019

Working on energy savings
Where energy is concerned we, at Swinkels Family Brewers, mainly use gas, biogas, electricity and diesel (in Ethiopia) for our breweries and malting plants. Compared to 2018 no major steps were taken in the past year. Total energy consumption and CO₂ emissions increased in 2019. This is due to an increased production. As the newly built malting plant in Eemshaven is now running at full speed, malt production has become more efficient and CO₂ emissions per ton have decreased. The accuracy of the energy data has increased due to the introduction of a new reporting system in Lieshout. We can now allocate the energy consumption of production processes more precisely. Previously reported relative energy figures (and adjustments) deviate as a result. This report, therefore, includes both the previously reported energy figures and the energy figures based on the calculation method that was further refined in 2019. For further details, see “Notes to the 2019 Integrated Annual Report” in our fully integrated annual report on www.swinkelsfamilybrewers.com.

This doesn’t mean, however, that we have been sitting around doing nothing. On the one hand, we have been working on energy-saving measures, and on the other we are researching sustainable alternatives to traditional energy sources. We expect to reap the full benefits of these efforts in 2020. Ultimately, we strive to use 100% sustainable energy for all our breweries and malting plants. If, in addition, our breweries and malting plants also perform more efficiently than companies from our benchmark, we have achieved an important goal.

Delay in started pilot projects
The multiple innovation and savings pathways we explored turned out to be more complex in 2019 than we initially thought.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Objective 2019</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions (kt) ¹</td>
<td></td>
<td>126</td>
<td>118</td>
<td>95</td>
</tr>
<tr>
<td>CO₂ emissions beer (kg/hl) ¹</td>
<td></td>
<td>7.8</td>
<td>7.1</td>
<td>6.4</td>
</tr>
<tr>
<td>CO₂ emissions malt (kg/ton malt) ¹</td>
<td></td>
<td>164</td>
<td>193</td>
<td>150</td>
</tr>
<tr>
<td>CO₂ emissions soft drinks (kg/hl)</td>
<td></td>
<td>3.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Energy consumption (MJ)</td>
<td>1.94 billion</td>
<td>1.81 billion</td>
<td>1.51 billion</td>
<td></td>
</tr>
<tr>
<td>Energy consumption beer (MJ/hl)</td>
<td>3% reduction</td>
<td>128</td>
<td>105 / 123 ²</td>
<td>100 / 117 ²</td>
</tr>
<tr>
<td>Energy consumption soft drinks (MJ/hl)</td>
<td></td>
<td>106</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Energy consumption malt (MJ/t) ²</td>
<td></td>
<td>2,422</td>
<td>2,874 / 2,521 ²</td>
<td>2,247 / 2,287 ²</td>
</tr>
<tr>
<td>Energy from renewable sources compared to total energy consumption (%)</td>
<td>3.9</td>
<td>5.5</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Breweries and malting plants that are more efficient than the benchmark data (%)</td>
<td>71</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: CO₂ emissions and energy consumption

¹ CO₂ emissions referring to scope 1 and 2 emissions. The emission factors are updated annually.
² Data based on the 2019 allocation key, this allocation key has been applied retroactively to 2018 and 2017. For further information, see the fully integrated annual report on www.swinkelsfamilybrewers.com.
thought. Both the geothermal and the iron powder innovation project that we worked on in recent years were delayed for different reasons. Unfortunately, it also proved difficult to quickly and widely deploy new technology based on the pilot installations we use. However, this does not alter the fact that we will continue to support promising energy innovations and are happy to participate in them.

Reuse residual heat
In 2018, a team of smart minds (the Swinkels Paris climate group) listed the options for energy savings and sustainability for all our locations. In 2019, we started to implement the most promising options.

For example, we worked on a major project aimed at heat recovery in Lieshout that will help us ensure the reuse of the site’s residual heat. In order to reuse this high-quality heat we linked up residual heat flows from the brewery and the malting plant. We expect to be able to present the first results around spring 2020. In any case, we count on us being able to provide significant gas savings in Lieshout.

Minimise water consumption
Our beer consists of approximately 95% water. We extract most of that water from the ground. Only a few small Swinkels Family Brewers breweries use tap water. We do everything we can to keep our water consumption to a minimum. Unfortunately, we did not achieve the targeted water reduction of 2% in 2019. We will start research on limiting the water losses that occur during purification in 2020.

This year we were able to return more water to the environment through the existing and new drainage and irrigation projects. Through the Farmer Beer Water project, we are making residual water available for agriculture in the vicinity of our breweries in Lieshout and Ethiopia. In Lieshout this enabled us to return approximately 400,000 m³ of purified water to the soil.

### Parameter Objective 2019 2019 2018 2017

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Objective 2019</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water consumption (x 1000 m³)</td>
<td></td>
<td>4,521</td>
<td>4,239</td>
<td>3,900</td>
</tr>
<tr>
<td>Water consumption specific to beer production (hl/hl)</td>
<td>2% reduction</td>
<td>4.2</td>
<td>4.2</td>
<td>4.1</td>
</tr>
<tr>
<td>Water consumption specific to malt production (m³/t)</td>
<td></td>
<td>2.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Water consumption specific to soft drink production (hl/hl)</td>
<td></td>
<td>2.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Breweries and malting plants that are more efficient than the benchmark data (%)</td>
<td></td>
<td>43</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 2: Water consumption
Determine circularity score
We are currently measuring how circular we are in terms of water consumption by looking at its efficiency. If an operation is more efficient than a benchmark, we regard it as circular. We apply the international NIRAS benchmark because, in our perception, it provides the best comparison between breweries. In the long term, we expect to be able to further refine this way of measuring. In order to achieve this it is especially important that experts agree on how best to assess the circularity of water consumption.

Transport
Our beer is transported to our customers in the retail and on-trade sectors. They sell these products to consumers in shops and on-trade businesses. In collaboration with transport companies we are working at making our logistics greener. We mainly transport by road, but if transport over long distances is required, we try to do that as much as possible by water or by rail. We are working on making our transport more sustainable through the Lean & Green programme. The breweries in Lieshout and Berkel-Enschot were the first to receive a third Lean & Green star in the Netherlands. Of our transport locations, 40% boasts 3 Lean & Green stars.

Next year we will start in Belgium with an inventory of our transport movements and related CO₂ emissions. On that basis, we will compile a plan for a baseline measurement and see how we can also start a Lean & Green programme in Belgium.

Minimise losses
In the brewery, a bottle sometimes breaks during filling causing us to lose packaging and beer. We want to minimise these losses as much as possible to prevent unnecessary loss of raw materials. Last year we actually used 92% of our beer and packaging in our end products. This means that we only suffered a raw material loss of 8% during production.

Working on the most sustainable malting plant in Europe
We want to let our malting plant in Eemshaven grow into the largest and most sustainable malting plant in Europe. We took the first steps towards this goal in 2018. We built two new malting towers and mapped out the sustainability options. In the past year we made a choice, applied for subsidies and began preparations. We are going to build a so-called anaerobic water treatment installation. This means that the malting plant will soon be able to generate its own biogas. This biogas installation will provide energy at the high temperatures required for malt production. In addition, we are going to electrify part of the malting plant. We will take the first steps towards this in 2020. Ultimately, we aim to run the malting plant on sustainable energy for 100%.
This year we did a successful pilot with membrane filtration. It is a new technology to purify groundwater to brewing water quality. A membrane ensures that the groundwater is purified more efficiently than before. The new membrane allows us to skip a purification step which means that we have to pump up five to six percent less water. We will further expand the pilot in 2020 and investigate the possibility of definitively implementing the new technique. If this pilot is successful, we’re going to also use this technology at our other breweries.
Habesha proves that every little bit helps

Ever since we started working on our circularity ambition, it has become a sport for our breweries to astound each other. Every year, all our breweries visit Lieshout in order to share their technological knowledge and results. This year, our colleagues from Habesha showed how they have made a big circular difference by small adjustments.
Shrewd approach
Habesha started her quest for sustainability opportunities in 2017. Surafel Bogale, brewing manager at Habesha, says: ‘Due to the very irregular electricity supply in Ethiopia, we had to use a lot of diesel to generate our own electricity. This had a negative impact on our energy figures. Nevertheless, we continued with our savings programmes based on the well-known R approach: Reduce, Reuse and Recycle. First of all, we closely examined the energy saving opportunities during the brewing process. Due to the high altitude location of the brewery (at 2,840 metres), we can make a difference with a lower boiling temperature during the wort process. This leaves us with residual heat that we use elsewhere in the brewery. For example, in the yeast and lager cellar and the bottling plant. In addition, a precise test showed that we could shorten the boiling time by ten minutes without it affecting the taste of our beer.’

Reuse heat
Furthermore, Habesha managed to save energy by using the two gigantic boilers that generate steam for the entire brewery more efficiently. Surafel explains: ‘If the steam demand from the brewery became too great, the pressure of one of the boilers could drop. To compensate for this, we quickly engaged the other boiler which required a lot of energy. It became clear, after some research, that this wasn’t necessary. The pressure in the steam system appeared to recover automatically over time. That is why we decided to put a timer on the boilers that automatically postpones this process.’ And this is how the Ethiopian brewery managed to report even smarter steps, which added up to a significant energy reduction.

Due to the high altitude location of the brewery we can make do with a lower boiling temperature.

Surafel Bogale
Brewing manager Habesha
Ambition The last pillar of our circularity strategy is high-quality reuse: making co-products, residual flows and residual water usable again by returning them to the chain at an as high as possible position. It is especially important to us that we substantially minimise the loss of raw materials and other materials.

A close look at possibilities for reuse
The main residual flows at Swinkels Family Brewers are paper, glass, plastic, metal and residual waste. In the past year we mapped out the exact scale of these flows for Lieshout, where the residual flows end up now and in which areas there is room for improvement. We will also start with this in the other breweries in 2020. In addition, we appointed one central person in 2019 who has ultimate responsibility for all residual flows and who, in collaboration with waste processors, will search for the optimal way of making all these materials useful again.

Do not let residual water go to waste
Some of the water we use does not end up in our beers. For example, we also use water to clean our machines. We purify the water we use for this at five of our seven production locations that each have their own wastewater treatment facility. In Lieshout and Ethiopia we return part of that purified water to the environment via the Farmer Beer Water drainage system. Currently, this is taking place at a larger scale in Lieshout than at Habesha.

Not all our breweries have a wastewater treatment facility. Brewery De Molen, for example, is simply too small for this. At breweries without such a facility, the residual water is purified by the municipality or the water authority.

We stated in 2019 that we will deal with residual water in a circular manner once we have implemented the following measures:
• reuse residual water (by using it again in production, for example, as cleaning or cooling water, or by returning it to the environment via a project such as Farmer Beer Water).
• extract energy (biogas) from residual water through our own wastewater treatment facilities.
• using raw materials in the sludge (for example by using it as organic fertilizer after composting).

Last year, we started building a new wastewater treatment facility for brewery Habesha. The substantial growth of this brewery resulting in the old installation becoming too small. Unfortunately, there were issues regarding the construction which is why the installation will only become operational in 2020. As a result, we exceeded the licensing standards for the use of water in Ethiopia last year. The new installation will most probably prevent that from happening in 2020.

Future plans 2020
We want to achieve 50% circular business operations by 2020. We do this by growing in all areas. The main focus will be on projects and innovations with regard to non-product-related materials, machines, buildings, energy and water consumption.

Results 2019

Where circular business operations are concerned, we now sow as well as germinate. Harvesting is up to the next generations.

Wietse van den Bogaard
Head of Brewing

We contribute to responsible production by procuring as many sustainable or recycled raw materials as possible.
The brewing and malting process has a special category of residual flows, namely co-products. The brewers’ grains that remain after the brewing process are a good example of this. We made this co-product usable again by selling it as animal feed in the Netherlands, Belgium and Ethiopia. Yeast, carbon dioxide and ethanol are also co-products of the brewing process, as is the sludge from our waste treatment facilities and condensation water. We are reusing all these co-products wanting to add as much value as possible thereby returning them to the chain at as high a possible position. CereX started looking for innovative ideas for this in 2019. The first have now been found.

‘As a result of the internal announcement, we received a great many registrations for the various innovation groups,’ says Jeltje Daamen, who is leading the initiative. ‘Apart from presenting ideas from all layers of the organisation they are also very curious. Are brewers’ grains the new gold? Can it be used for bread, cookies, veggie burgers and crisps? Can Swinkels Family Brewers extract a vegan protein from its co-products? These are the questions that keep us busy and give us loads of energy.’

### Table 3: Circular use

<table>
<thead>
<tr>
<th>Parameter</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circular use of co-products (%)</td>
<td>91</td>
</tr>
<tr>
<td>Circular use of residual flows (%)</td>
<td>82</td>
</tr>
<tr>
<td>Implemented measures to use residual water in a circular manner (%)</td>
<td>50</td>
</tr>
</tbody>
</table>
Working towards circular buildings and machines

**Ambition** A circular business model is only possible if the entire chain is taken into consideration. We also strive for full circularity with regard to our machines and buildings. For example, we are already taking a critical look at the materials and lifespan of buildings and machines during procurement. But we are also keen on how we can organise our maintenance in a smarter and more sustainable way. Simply demolishing it is not an option for us.

**Results 2019**

**Circularity assessment crystallised** In the past year we investigated how we can best measure the circularity of our buildings and machines. It was quite a puzzle, but we are almost done. We consulted various sources, discussed the outcomes and established definitions. One of the stumbling blocks in assessing the circularity of buildings and machines was the question of the best time to do this. Just before procurement, when something is already there, or at its demolition? As we consider all three to be important, that is what we will focus on. This approach causes the entry of “machines and buildings” to appear three times in our circularity calculation (see figure 2 “Our own circularity model”). When procuring new machines and buildings (plus their components), we try to opt for recycled or renewable materials as far as possible. We also look at how we can ensure the longest possible lifespan of our buildings and machines. Finally, we find it important that buildings and machines can be renovated, reconditioned and used again at the end of their lifespan or – if absolutely necessary – be demolished in an as circular way as possible. This year we have determined the “buildings” percentage of the circularity formula, but we do not yet have enough data to make the calculation. For this reason we have set the circularity of our buildings and machines at 0% for 2019.

**Project story**

Smart maintenance: Predict maintenance? It can be done!

The maintenance of our machines is carried out preventively and at fixed times to prevent breakdowns. We therefore replace parts annually or even monthly without them actually reaching their maximum length of life. Our Global Manager Maintenance & Engineering, Hans van Vijfeijken, wondered one day whether this was necessary. Do most machines not provide enough information to predict maintenance in a targeted manner? He delved into the topic, spoke to colleagues, asked critical questions, and concluded that it may be possible. We decided to put it to the test with a packing machine. We deliberately stopped maintaining it. And what was the result? Deviating data of a particular engine indicated a deteriorated condition at an early stage. Its maintenance could therefore indeed be predicted. Hans: “We are only at the beginning of “smart maintenance”, but we have seen that it’s possible which is why we will soon also start a pilot for our filling machines.” This project is one of the projects that fall within our Intelligent Brewery programme.
As part of our circularity wish, we are increasingly discussing this topic with our suppliers. This year we organised the first Supplier Day for our machine builders. On that day we had talks with them regarding our circularity wishes. Most machine builders have already taken enormous steps in the field of energy and water savings in recent years. During this day, however, it became clear that there were options that most had never thought of, such as lease or repurchase options, lifespan extension and increasing the share of recycled material in machinery.

Lively conversations developed, even between competitors

When we started talking about this, lively conversations developed, even between competitors. The result being that many new ideas were born on the spot. It once again underlined how important it is to put our heads together and share knowledge. This is why we will again organise a Supplier Day in 2020, but for a different group of suppliers.
The historic brew house of brewery Rodenbach is located in the centre of Roeselare and was built in 1864. You can still find 294 oak casks in the so-called "foeder" halls from which the special Rodenbach beer derives its character. The oldest casks date back to 1872. The old brew house became too small over the years, which is why brewery Rodenbach moved into a new brew house in 2001. Since then, the old building is empty. From a circular and historical point of view, we do not want to lose this piece of Belgian heritage which is why we started looking for a new purpose for the building in 2019.

The old brew house is still in good condition, but because it has been vacant for a while it requires a lot of work. Particularly to make it meet the requirements of today. For example, there are no escape routes or electrical facilities. In addition, we find it important that this special location is reused as well as possible. We therefore asked architecture students from Roeselare to develop ideas for the future. They had plenty to offer. The plan now is to renovate the brew house in phases and to start with a shop and tasting room. We are also considering the creation of an escape room. Time will tell as to how exactly that will turn out. One thing is certain to us; they must be purposes that will continue to be totally devoted to the name Rodenbach and its beautiful beers.
From an inner conviction, a father deals well with what God has given us and not because it is a trend. Corporate social responsibility has, therefore, always been a matter of course for the fathers of De Koningshoeven. In this respect they take it further than many other breweries and do not shy away from investing greatly in it. This is why we designed a circular building for De Koningshoeven for the very first time in 2019.

Circular from an inner conviction

Brother Isaac walks past the new building built with recycled bricks.
To compensate for the weight of wood we used, the abbey planted new trees.

Fabiënné van Thiel-Swinkels
Head of Facilities & Construction

Baptism of fire
When the brewery’s yeast and lager capacity needed to be expanded in 2019, the fathers pleaded that a circular as possible solution be used. This proved a great challenge for our architect team. After all, the wheel for building a circular lager capacity had not yet been invented. Architect Fabiënné Swinkels: ‘For the construction of the biological water treatment facility, the fathers made use of Madaster Material Passport, an online register in which you lay down which materials are used and what their value is. Both at the time of construction and at the time of demolition. We learned a lot from the tool and the way it is set up. I also liked the fact that the abbey wanted to know the weight of the wood we used in order to plant new trees.’

Recycled brick
In order to be able to build in an as circular way possible, De Koningshoeven opted for bricks made from recycled material. Fabiënné: ‘The lack in availability of circular materials was quite disappointing and the choice for a recycled brick did come with a number of important lessons. As it turned out these bricks are only produced a few times a year, so that the delivery time was considerably longer than usual. In addition, the stones could not be pointed in the traditional way. These are typical surprises that you may encounter once you begin to work circularly.’

Setting the bar even higher for 2020
Our circularity wish makes building more complex and there is more to take into account from a planning perspective. Nevertheless, De Koningshoeven intends to go circular all the way. There are already ideas for a circular expansion of the kitchen of the tasting room. Together with the fathers of De Koningshoeven, we want to raise the bar yet again. This time, we only want to build with wood and opt for a green roof planted with sedum. The future will tell whether these fine ambitions can be realised.
Dilemma

Empty cans on the street: is a deposit really the solution?

As a family business, we have a circularity ambition and we invest in it. This relates to the entire chain: from procuring raw materials and packaging materials, the entire brewing and malting process, to logistics and the reuse of residual flows. As a producer of beer and soft drinks, we work with various packaging materials, including cans. Cans are amongst the most recyclable packaging materials we have, because they can be almost completely recycled via the current post-separation system in the Netherlands. And still cans end up in the public space unexpectedly. Here it represents 2.5% of the total litter*.

The discussion about the levying of deposits on cans in the Netherlands has created quite a sustainability dilemma for us. On the one hand, the packaging itself is highly recyclable and an attractive product for the consumer due to its ease of use. Deposits could make a very recyclable packaging less attractive. And on the other hand, levying a deposit on cans may influence the reduction of the share of cans in litter. We hereby ask ourselves whether the levying of deposits on cans will actually be a solution to the broad litter problem and whether all environmental aspects are properly taken into account in the discussion.

The bigger goal in the discussion is sometimes unclear; is the entire discussion about solving the plastic soup problem? Or is it about looking for a solution to reduce the share of cans in litter? For example, what about CO₂ and nitrogen emissions if you compare the current chain, which is based on post-separation, with a chain in which cans are returned via a deposit system? Or are we striving for circularity as a whole, where all the elements of the chain are included? We notice that sentiments and interests sometimes gain the upper hand in the political discussion when we don’t know all the facts yet to make a proper assessment.

As a brewer, we are not the only interested party. It affects soft drink manufacturers, municipalities (just think of enforcement), but also supermarkets, petrol stations, waste disposal companies, manufacturers of recycling systems and, of course, consumers. And with that, possibly, also consequences for the free market system. We therefore find it important to investigate all possible scenarios with their associated effects for the business world, municipalities and consumers. We are not in favour of a short-term solution. As a family business, we look for what is best for the environment and future generations.

* Source: Research by Rijkswaterstaat, National Litter Monitor - 2018
Safety and well-being

**Ambition** As we find it important that our company feels like one big family we take good care of our employees. In recent years we have also learned to look out for one another when it comes to working safely. At Swinkels Family Brewers, we find it important that our people start every working day with pleasure and return home healthy at the end of a day. To achieve this, we have a concrete safety policy with objectives in place. We strive for zero industrial accidents. However, despite all the attention and time we put into this, we are unable to achieve that goal as of yet. Fortunately, we did see the number of accidents drop again in 2019.
Safety and well-being

Results 2019

We’re heading in the right direction
We have improved safety within the organisation in recent years by paying attention to unsafe situations. By detecting unsafe situations and taking the right measures, we ensured that the number of industrial accidents decreased. So we are definitely heading in the right direction, but we are not there yet. Every accident is one too many.

A more controlled safety approach
To further improve the safety situation, we took matters into our own hands last year. We recruited new safety professionals to work on safety with our staff. We kept the good elements of our Be Safe safety programme but adapted what felt less good for us as an organisation. In recent years, for example, it appeared that the reports with huge lists of points for improvement did not work for us. Too little action was taken in this respect. Due to the differences in breweries, a uniform approach appeared not to be the right solution. It created a false sense of safety and little changed in practice. This is why we chose to simplify the joint care for safety; clear agreements, repeating them and thus making progress, that is the approach now. We conduct more observation rounds with employees, communicate about safety and ensure that the safety professionals are easy to find. In addition and where safety is concerned, we worked on better guidance and instruction for new employees, temporary workers and contractors in 2019.

Openness about policy
At Swinkels Family Brewers, we adhere to the guidelines of OECD, the International Labour Organization, ISO 26000 and national laws and regulations in order to create a safe, healthy and pleasant working environment. We want to, at least, comply with all local laws and regulations and where we find these inadequate, go beyond taking full responsibility.

Read our comprehensive safety policy on www.swinkelsfamilybrewers.com.

We reached the milestone of 1,000 days without lost time accidents at the malting plant in Lieshout. We celebrated that with sweet fruit pies.

Martijn van Iersel
Manager Quality & Technology Holland Malt

We contribute to constructive work and ensure a safe and healthy working environment for all employees.
<table>
<thead>
<tr>
<th>Parameter</th>
<th>Objective 2019</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost time accidents (LTA)</td>
<td></td>
<td>22</td>
<td>29</td>
<td>36</td>
</tr>
<tr>
<td>Lost time accidents by contractors (LTA)</td>
<td></td>
<td>1</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Accident frequency (LTA per 100 FTEs)</td>
<td>10% reduction compared to 2018</td>
<td>1.04</td>
<td>1.35</td>
<td>2.33</td>
</tr>
<tr>
<td>Fatal accidents</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 4: Accidents
Swinkels Family Brewers is a family business. We believe this should be felt across the entire organisation. We want to be able to offer our employees a loyal and safe environment. An environment in which you notice that your work matters and that stimulates you to show your best. Where you start a new working day with pleasure. As an organisation, we will benefit from this as well. After all, happy employees are more productive. And if we, together, have fun in what we do, it doesn’t really matter that much if we have to continue working for longer until retirement. That is why we find it important to take good care of everyone who works for us. Up to and including our temporary workers. Even if you are only with us temporarily, you will still be part of our family.

**Extra attention pays off**

Our organisation continued to grow in 2019. More people joined than left. In addition, our absenteeism due to illness decreased. What certainly contributed to this was that, in the past year, we trained our managers in the guidance of employees who suffer from health, physical or mental issues. In this way we ensure that people are ill for shorter periods and in many cases we also prevent people from staying at home due to illness.

**Point of attention: diversity**

When hiring new people, quality has always been the deciding factor for us: At all levels. Currently, our Management members, managers and members of the Supervisory Board are mainly men. This is something that has developed over time and that we have never consciously focused on, but we do realise that there is work to be done in this area. We emphasise the importance of diversity and will steer more actively towards it in the coming years. For us, diversity means a great deal more than just ensuring a better division between men and women. We also consider diversity in nationality and age important.

**Remuneration in line with the market**

At Swinkels Family Brewers, we want our employees to receive a salary that is in line with the prevailing market. To achieve this, we compare all our salaries with a reputable benchmark and, based on that, align our salary structure to market standards. Of all our employees in the Netherlands, 38% is rewarded on the basis of the agreements within our collective labour agreement. Positions above a certain scale are not included. This gives more room to include variable elements in the remuneration. Salaries that fall outside the collective labour agreement are also compared with the benchmark.

In addition to a fixed salary, those outside the collective labour agreement receive a variable remuneration that partly depends on the financial performance of Swinkels Family Brewers and on departmental and individual objectives. These can be objectives in terms of employee development, but also sustainability.

**Code of Conduct**

As an organisation, we stand for certain values and standards. We believe these should be recognisable in the way we work. Both internally, when dealing with colleagues, and externally, when in contact with business partners, consumers and other contacts. For this reason we have laid down our standards, values and rules of conduct in a Code of Conduct. It also includes a Whistleblower scheme, with which we comply with the “Whistleblower” Act. This Act regulates the legal protection of employees who wish to report work-related wrongdoings. All new employees signed the Code of Conduct in 2019.

Read our code of conduct on [www.swinkelsfamilybrewers.com](http://www.swinkelsfamilybrewers.com).

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### Table 5: Employees and well-being

<table>
<thead>
<tr>
<th>Parameter</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs (excl. sales offices, temporary staff and trainees)</td>
<td>1,629</td>
<td>1,615</td>
<td>1,453</td>
</tr>
<tr>
<td>Absenteeism due to illness</td>
<td>2.7%</td>
<td>2.8%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Joined/left</td>
<td>220 joined/193 left</td>
<td>277 joined/159 left</td>
<td>159 joined/97 left</td>
</tr>
<tr>
<td>Percentage of female employees</td>
<td>18%</td>
<td>18%</td>
<td>19%</td>
</tr>
</tbody>
</table>
Confidential Advisors and Compliance Programme
Swinkels Family Brewers is greatly committed to ethics, integrity and transparency. To ensure this in practice, we set up a Compliance programme and appointed two Compliance Officers. The rules that apply to all our employees within the context of the Compliance programme were laid down in a Compliance Manual. In it, we also further elaborate on topics such as competition law, bribery and commercial practices. No reports were received by the Compliance Officers during 2019.

Align the structure to our growth
Our organisation is growing rapidly at home and abroad. This year, brewery De Molen joined our family and we acquired a minority interest in Georgian brewery Argo. In order to continue to offer all employees optimal working conditions in spite of this growth, we had to look for new structures. At breweries Palm and Rodenbach we started working in 2019 with the performance cycle, the reward system, the health policy and the sustainable employability programme of the overall policy of Swinkels Family Brewers. In addition, we appointed a new Chief People & Culture Officer: Angelique Heckman. Together with the rest of the Management team, she aims to establish a good balance between the Swinkels family culture and the professional international organisation.

PSV + lifestyle programme
The Be Fit programme offers our Dutch and Belgian employees activities to keep fit and thus ensure sustainable employability, absenteeism counselling and responsible drinking. This year we made it even more fun, with the lifestyle programme of PSV+.

For 12 weeks, the employees focused on exercise, nutrition, relaxation and were made aware of their lifestyle. The meetings took place in PSV stadium De Herdgang, or at the head office in Lieshout. The first meeting was held in the “Sjef van Run” hall, also known as the players’ home (where the players join their families after a match). There were 25 goodie bags ready and waiting, containing the PSV training shirt, the PSV workbook and a NEO Health GO exercise meter. Due to the great success of this PSV+ programme, it will again be initiated in 2020.
Future plans 2020
We will be updating a number of important practical matters, such as the Works Council and our collective labour agreement in 2020. With regard to the Works Council, we hope to establish a diverse group, so that all business units are represented. In order to remain optimally informed on the goings on within the organisation, the Executive Board will involve the WC more actively in the various topics.

Through a closer collaboration with the trade unions, we want to achieve a future-proof collective labour agreement in 2020 that involves much more than just the salaries of employees. It is also the aim to simplify matters.

Finally, we will be investigating a new performance management structure in the coming year. In short, this means that we are going to inspire employees to improve their performance in order to lift the capabilities of the entire team to a higher level. In respect of the future, we also strive for an active health and safety programme per subsidiary or business unit and an average absenteeism due to illness rate of less than 3%.

Generation Scheme 1.0 and 2.0

The Generation Scheme allows employees to work less 5 years prior to the state pension age. Especially with physical work it can be difficult that the state pension age moves further and further up. It is good to pause and consider this. The older we get, the harder we have to work in order to remain fit. We can help our employees via our Generation Scheme, so that we jointly promote the well-being and employability of our employees. In 2019, we created a new Generation Scheme, scheme 2.0. In this situation you retire a year earlier by saving leave. There are currently no participants in this 2.0 scheme, but a number of employees may be interested. Generation Scheme 1.0 boasts 20 employees.
Ambition Beer and other alcoholic drinks have been a pleasant part of social life for centuries. Which is absolutely fine, as long as you handle it responsibly. A number of positive trends have been visible in the Netherlands in recent years; young people drink less and start drinking at a later age, alcohol consumption has decreased by 17% since 2000 and the non-alcoholic segment has grown rapidly in the past years. As a brewer, family business and employer, we feel it is our duty to contribute, where possible, to responsible drinking and to make people aware of its importance.

We do this in three ways:

- Through our policies and communication (internal and external).
- Through a growing range of alternatives.
- By collaborating with third parties.
Results 2019

Policy and communication
In 2018, we rolled out our internal responsible drinking policy and introduced the responsible marketing and communication code for the Netherlands (based on the Dutch advertising code for alcoholic drinks and STIVA agreements). In 2019, we established a number of basic agreements in an internationally applicable responsible marketing and communication code. Read the full code on www.swinkelsfamilybrewers.com.

The following applies to all countries in which we operate:
- We comply with our internal responsible marketing and communication code.
- We observe local laws and regulations and advertising codes for alcoholic products. This is known to all colleagues in marketing and sales and their agencies.
- In the event of changes to the regulations, legislation or advertising code, our Communication Department will inform all parties involved. If in doubt, we will contact the supervisory body STIVA in advance.
- All our packaging must have clear pictograms that warn of the dangers of alcohol consumption. The logos differ per country, but include “18 +”, “Don’t drink & drive”, “Pregnant no alcohol”.

• Our campaigns, including those for non-alcoholic beer, only target the 18+ age group, even if the local legal minimum age is different.
• Our policy is that we do not sponsor events where more than 25% of the visitors are under the age of 18.
• If it appears from the responses of supervisory bodies or third parties that we do not comply with laws and regulations, we will immediately adjust communications or packaging. So far, this has not been the case.

Growing range of alternatives to alcohol
We offer a large number of alternatives to alcohol and actively promote these. In 2019, the number of non-alcoholic and low-alcohol beers in our portfolio grew again. We invest in new brewing methods and installations to ensure that these beers are of a high quality. In addition, we will introduce a new Palm 0.0% to the market early in 2020.

Finally, we invest heavily in the promotion of 0.0%. In the United Kingdom, for example, the entire marketing budget is used for non-alcoholic beer.

Encourage responsible drinking together
To ensure responsible drinking, it is important that people have the right knowledge and that information about responsible drinking is properly presented. We accept our role in this but also seek collaboration with all kinds of parties. For example, we provide information to sports and student associations. The adjacent overview shows who we collaborate with.

Future plans 2020-2025
In the coming years, we will invest in innovations relating to 0.0% beers. In addition, we will adhere to the agreements we made under the Dutch Prevention Agreement and commit to increasing the visibility and availability of 0.0% variants in the sports channel and within student associations. All the advertising we do around amateur sports fields will be amended to 0.0% by 2021. We will also ensure to remain compliant with laws and regulations in the various countries in which we operate in the future.

We offer consumers low alcohol and non-alcoholic alternatives. We promote responsible drinking in all our communications.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-alcoholic or low-alcohol beers hl compared to total hl (&lt;3.5 vol %) (%)</td>
<td>8.7</td>
<td>8.6</td>
<td>8.7</td>
</tr>
</tbody>
</table>

Table 6: Percentage of non-alcoholic or low-alcohol beers
France
- Communication limited and in line with the Evin law.
- Support of the “Don’t drink & drive” programme SAM.
- We offer 0.0% variants at all events in France where our beers are served.

Belgium
- We support the Belgian Designated Driver campaign and the Respect 16 campaign through the Federatie van Belgische Brouwers (Federation of Belgian Brewers). The latter campaign helps bar staff at festivals by emphasising that no alcohol is sold to young people under the age of 16.

The Netherlands
- Follow-up and preparation of the agreements from the National Prevention Agreement, which contain measures to combat smoking, obesity and problematic alcohol consumption.
- We support various campaigns via umbrella organisation Nederlandse Brouwers (Dutch Brewers), such as the “Designated Driver” campaigns, which we have been doing for years.
- We offer non-alcoholic alternatives to student and sports associations. We have also been providing non-alcoholic tap beer since 2018.
- Of the marketing budget, 32% went to 0.0% advertising in 2019.

Italy
- Sponsorships of the marathons of Venice and Florence, the national ski team and the ski event in Valsusa with Bavaria 0.0%.

United Kingdom
- We are the first beer brand to sponsor a football club in the UK with 0.0% beer (Derby County, coached by Phillip Cocu). We have committed to this sponsorship for three seasons.

Ethiopia
- The placement of “sensible drinking” messages on 110 trucks and 76 company vehicles.
- Flash mobs in cities to inform people of the increased alcohol age and the dangers of irresponsible drinking.
- The introduction of a new dark malt drink: Negus.
- Started with warnings on Habesha labels and in communications (T-shirts, posters and refrigerators at points of sale).

Export other
- We spent 54% of the “non-working” marketing budget on 0.0% advertising. In 2020 we plan to move 0.0% even more to the forefront.
Responding to the popularity of IPA, we introduced a new, accessible, hoppy non-alcoholic beer in 2019: Bavaria 0.0% IPA. Delicious at a BBQ or with a piece of salty extra mature cheese. The flavour was well received in the Netherlands. Bavaria 0.0% IPA won silver in April at the Dutch Beer Challenge and in December it won the "Best Product of the Year" award in the non-alcoholic beer category.

Our 0.0% IPA is also doing well at student associations and 12 associations have indicated that they want to switch to this tap beer. We see this as an important step in making 0.0% more accessible to this target group. Meanwhile, the taste of our 0.0% IPA has also spread abroad. It clearly tasted like more. In 2019, 0.0% IPA was launched in Australia, New Zealand, Iceland, Finland and Albania.

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**Enjoy 0.0% IPA en masse**

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_Our beers_

Bavaria 0.0% IPA received the Silver Medal at the Dutch Beer Challenge 2019 and won Product of the Year 2019-2020.
**Ambition** We want to keep in touch with our customers and consumers. Wherever we are located. This is why we participate in events that are important locally. We believe that as an organisation we can grow most sustainably if we do this from the heart of our local stakeholders. After all, we need each other. For that reason we also like to give something back. For the space that local communities give us and for the trust we gain from consumers. Preferably in the form of projects that will really be of benefit to these stakeholders in the long term.

Based on our stakeholder analysis we determine each year who our main local stakeholders are as well as their interests and needs. We then decide for each subsidiary which projects and events we want to support. We find it important that these projects and our local involvement policy are in line with our circularity and overarching CSR policy. We learn a lot by being locally involved, but we also experience a lot. Here are some highlights of our global adventures from the past year.
Steenhuffel

Money was collected in Steenhuffel to support and promote research into ALS. One of the occasions where this took place was during the Great Breweries Marathon, which leads right through the breweries of Palm, Duvel and Bosteels. In addition, brewery Palm toasted to the New Year in the company of residents of Groot Londerzeel in 2019, supported the Genoveva procession and took part in the “Warmste Week”, the proceeds of which went to VZW Levedale, a residential and guidance centre for adults with disabilities. Finally, brewery Palm contributed the proceeds of a successful hop harvest to cheques totalling EUR 25,000, which were awarded to five laureates on behalf of the “Ereburger Alfred van Roy” fund to support the youth associations of Londerzeel.

Roeselare

Brewery Rodenbach sponsored the Natour Criterium cycling spectacle in Roeselare and ensured a good start to the annually recurring four-day festival De Batjes by broaching a giant barrel of Rodenbach on the Grote Markt.

Berkel-Enschot

Brewery De Koningshoeven has collaborated with the Diamant-groep for years to offer people with a disability an enjoyable job. In 2019, fifteen people from the Diamant-groep rolled up their sleeves at the brewery. In order to make a difference miles away, De Koningshoeven also paid the school fees of 600 children in Uganda as part of a school project.
Amsterdam

As a sales and distribution partner, Bier&cO contributes annually to the Enjoy & Give campaign, a good cause for which a special beer is brewed. In 2019 this was a Honey Weizen from Grolsch. It resulted in a record yield of no less than EUR 127,525 which goes entirely to the KiKa Foundation (Children Cancer Free). As an extension of that promotion, several Bier&cO employees also participated in the “Dam tot Damloop”, an athletic event, in Amsterdam. They collected money for KiKa here as well. In addition, Bier&cO raised money last year for the ALS Nederland Foundation by participating in the Amsterdam City Swim.

Bodegraven

There is an in-house workshop in brewery De Molen, where around sixteen employees with mental disabilities from the Philadelphia Foundation work each day under supervision. One of things they do at the brewery, for example, is help with filling. In addition, they label all the specials of brewery De Molen by hand, place the characteristic red wax caps on the wood-aged beers and help with cleaning.

Lieshout

Through Farmer Beer Water we have been ensuring since 2012 that the residual water from the brewery is returned purified to agricultural farms in the area. In this way we help to maintain the groundwater level. Last year, Minister of Infrastructure and Water Management, Cora van Nieuwenhuizen, came to Lieshout to take a look at the project. She was visibly impressed. By now, 50 farmers are affiliated with Farmer Beer Water and many farmers grow brewing barley. That fits in well with good soil management. We use the cultivated barley in the beer brewing process. This is how we complete the circle.

Debre Birhan

Queen Máxima paid a visit to brewery Habesha in May. On behalf of the United Nations, she helps make financial services accessible to everyone. This made her quite curious about the experiences of the farmers in the brewery’s direct vicinity. They receive pre-financing and agricultural advice from us in order to grow barley on a healthy basis. They pay that money back to us with part of the proceeds from their harvest. Moreover, we guarantee to procure their entire harvest. As a result not only the harvest, but also the farmers’ turnover improved. Per farmer by 500%, no less. ‘I find that very touching,’ said Máxima. ‘It is inspiring to see how well this chain works.’
As this report rolls of the presses, the impact of the COVID-19 virus is being felt by society as a whole, and in particular the closure of on-trade establishments in the Netherlands and other countries is hitting us hard. Our top priority for 2020 is therefore the health of our employees and customers and the continuity of our business processes. There is also a strong focus on the financial housekeeping of the company. It will be especially important to guide the company through the crisis in a good way, so that the company remains healthy as well and we ultimately come out stronger.

In addition, we will continue to implement our growth strategy. In this respect we focus on three areas: the full circularity of our organisation, the development of the Intelligent Brewery programme and our people. That family feeling in our company is what makes us strong and is unique in our view. By ensuring an inspiring, safe and familiar working environment, we want to become a company in which everyone has the opportunity to flourish and is challenged to deliver results. Increasingly helped by the facilities of the Intelligent Brewery. This programme will enable us to be of service to our customers and consumers in an even smarter, faster and more creative way. We expect to be able to take crucial steps in the coming years with the implementation of the Intelligent Brewery.
It will be especially important that sustainability is approached in a different way.

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**A different approach**

In the coming years we will invest in growth and particularly with circularity in mind. It is, therefore, important that sustainability is approached in a different way by everyone who works for and with us. After all, we can only become fully circular if our circularity ambition is widely supported. Not just within the entire organisation, but also externally where our suppliers are concerned. This requires innovation, creativity and new solutions. In addition, we will increasingly question what we have done on autopilot for years. It will still bring about the necessary issues, endless calculations and negotiations with suppliers, but all that will serve an important purpose. If we go ahead in a circular way and do it now, we can, as one big family, ensure that many generations will greatly enjoy what our breweries and malting plants have brought forth for many years.

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**Guts**

In order to grow healthily in all areas, our cost awareness in the coming years will be important. In this respect we are looking for a better balance between our growth and our working capital in order to be able to continue investing in our people, resources and brands. At the same time, we will give our people the space they need for them to make a difference. Recent changes in our organisational structure made it clear how important this is for the growth of our business. The business unit structure ensures that we will not get in each other’s way so much and can therefore switch gears faster. In other words, we are on the right track. Now the most important thing is that everyone dares to take initiative. That our people do not stick to dreams, but dare to do it. Knowing that making mistakes is allowed and that we can only be really seen if we dare to stand out in a crowd. We wish all our employees good luck with this and, above all, lots of fun.
Royal Swinkels Family Brewers Holding N.V. is an unlisted Dutch family-run business based in Lieshout and the holding company of Swinkels Family Brewers N.V., Holland Malt Holding B.V. and Bavaria Overseas Breweries B.V. For the indirect participating interests reference is made to the notes to the financial fixed assets in the Separate Financial Statements.

Royal Swinkels Family Brewers Holding N.V., a public limited company under Dutch law, has a two-tier governance structure. This means that the company is managed by the Executive Board under the supervision of a Supervisory Board. These two bodies are independent of each other. Both bodies account for their actions to the General Meeting of shareholders (“the General Meeting”). Royal Swinkels Family Brewers Holding N.V. is also subject to the full two-tier board structure described in Sections 2:158 to 2:164 of the Dutch Civil Code. Among other things, this means that important decisions of the Executive Board require the Supervisory Board’s approval and that the Supervisory Board is entitled to appoint and dismiss the members of the Executive Board.

Executive Board

The Executive Board is charged with managing the company and is responsible for, among other things, realising the objectives, the strategy and result development of the company. The Executive Board is accountable to the Supervisory Board and the General Meeting. Pursuant to the Articles of Association, resolutions of the Executive Board require the approval of the Supervisory Board and/or the General Meeting. In fulfilling its duties, the Executive Board focuses on the interests of the company and its affiliated businesses.

Since 17 April 2019, Royal Swinkels Family Brewers Holding N.V. has had a two-person Executive Board, and three underlying divisions, each with its own Management team, which is responsible for Sales and Operations within that division. The current Executive Board consists of:

- Mr P-J.J.M. (Peer) Swinkels, CEO and responsible for the realisation of the maximum potential of the company for all stakeholders and focused on sustainable, long-term value creation, also responsible for HR and Communications
- Mr G. (Geert) van Iwaarden, CFO and responsible for Finance, Legal, IT, Facilities and Real Estate

Up to 17 April 2019 the Executive Board consisted of the following persons:

- Mr J.R.A.S.E. (Jan-Renier) Swinkels, Chief Executive Officer
- Mr P-J.J.M. (Peer) Swinkels, Chief Financial Officer
- Mr C.A.S. (Stijn) Swinkels, Chief Innovation Officer
- Mr P.J.F. (Pieter) Swinkels, Chief Operations Officer

The Management teams of the three divisions consist of the following persons:

Swinkels Family Brewers N.V.

- Mr P-J.J.M. (Peer) Swinkels, Chief Executive Officer
- Mr G. (Geert) van Iwaarden, Chief Financial Officer
- Mr G.F.M. (Gijs) Swinkels, Chief Commercial Officer
- Mr P.J.F. (Pieter) Swinkels, Chief Supply Chain Officer
- Mrs A.G. (Angelique) Heckman, Chief People & Culture Officer
- Mr C.A.S. (Stijn) Swinkels, Chief Growth Officer

Holland Malt

- Mr A.J.C.J. (Jos) Jennissen, Chief Executive Officer
- Mr W.E.G.M. (Willem) Swinkels, Chief Financial Officer

Habesha

- Mr Z. (Zewdu) Nigate, Chief Executive Officer

- Mr J.J. (Jort) Crevels, Chief Financial Officer
- Mrs D. (Door) Plantenga, Chief Commercial Officer
- Mr O. (Omo) Ohwerei, Operations Director
- Mr N. (Nega) Mirete, Legal & Shareholders’ Affairs

Supervisory Board

The role of the Supervisory Board is to supervise the policy of the Executive Board and the general course of the company’s affairs and its affiliated businesses and to advise the Executive Board. In fulfilling its role, the Supervisory Board focuses on the interests of Royal Swinkels Family Brewers Holding N.V. and its affiliated businesses. To that end, it considers the relevant interests of parties involved in Royal Swinkels Family Brewers Holding N.V. In 2019, the Supervisory Board consisted of the following persons:

- Mr J.W. (Jan Willem) Baud, chairman
- Mr L.J.G.M. (Louis) Swinkels
- Mr P.P.M.M. (Paul) Swinkels
- Mr F.S.E.M. (Frans) van der Zande (until 26 June 2019)
- Mrs A.T.J. (Annemiek) van Melick (from 26 June 2019)
- Mr E.C.R. (Eric) Lauwers (from 26 June 2019)

The members of the Supervisory Board are appointed by the General Meeting, on the nomination of the Supervisory Board. The Supervisory Board has drafted a profile of its composition, taking into account the nature and activities of the company and its affiliated businesses and the required expertise and background of the Supervisory Directors. This profile can be changed after consultation at the General Meeting and with the Works Council. The Supervisory Board has established various committees, including the Audit Committee and the Remuneration Committee.
**Audit Committee**
The Audit Committee advises the Supervisory Board on the financial statements, the financing of the business and other matters of a fiscal and financial nature.

**Remuneration Committee**
The Remuneration Committee advises the Supervisory Board on the remuneration of the Executive Board and plays a role in the realisation of the remuneration policy on behalf of the Executive Board. Changes are submitted to the General Meeting for adoption. The Supervisory Board stipulates the remuneration of the individual board members on the proposal of the Remuneration Committee, within the limits of the remuneration policy stipulated by the General Meeting.

**Shareholder**
Ambrig B.V. is the sole shareholder of Royal Swinkels Family Brewers Holding N.V. With the exception of the depositary receipts purchased by Swinkels Family Brewers N.V., all depositary receipts from Ambrig B.V. are held by the Ambrig Trust Office Foundation (hereinafter referred to as ‘the foundation’). This foundation has issued depositary receipts for shares in Ambrig B.V. to (the descendants of) the Swinkels family, which indirectly holds the full economic interest in Royal Swinkels Family Brewers Holding N.V. through those depositary receipts. The foundation is the sole director of Ambrig B.V. and can cast a vote on all shares in the capital of Royal Swinkels Family Brewers Holding N.V. Based on the Articles of Association of the foundation, the board consists of seven natural persons. Currently the board consists of six members of the Swinkels family and one independent chairman, who is not a family member.

The General Meeting is held annually, within six months after the end of the financial year. All depositary receipt holders of the foundation are also invited to this General Meeting. At the annual General Meeting, the annual report is discussed and adopted, the financial statements and dividends are adopted, resolutions are passed about granting discharge to the Executive Board in respect of their management and grant discharge to the members of the Supervisory Board in respect of their supervision, and the auditor is appointed.

**External auditor**
The General Meeting issues an instruction for the audit of the financial statements drawn up by the Executive Board. The current external auditor is KPMG Accountants N.V., who has been appointed for the period up to and including the 2019 financial year. With effect from the 2016 financial year, KPMG also issues assurance regarding the CSR information in the integrated annual report.

**Compliance**
The Executive Board has adopted a code of conduct that documents its most important core values and principles. The code of conduct contains topics such as responsible drinking, health and safety, respectful behaviour, conflicting interests, operating assets, confidential information and privacy, truthful communication, social media, fraud, business gifts, entertainment, bribery, the environment and sustainability, clients, suppliers and competitors, good business practices and trade embargoes. The code of conduct is signed by every new member of staff and is available to all on the Intranet.

**CSR**
CSR is managed at corporate level, with implementation in projects at local level. The CEO, Peer Swinkel, is responsible for CSR within the Executive Board. In addition, there is a CSR steering group. The CSR steering group meets at least six times a year and more often if current events so require. The steering group is responsible for establishing, monitoring and evaluating the CSR policy. Our CSR management system for the Lieshout location is certified at level 4 of the CSR performance ladder and is based on the ISO 26000 guideline. For our other breweries, we will be focusing on introducing the CSR performance ladder or a similar initiative in the coming years.
Entrepreneurship involves taking risks. In order to realise our ambitions, it is essential to identify these risks and reduce them to an acceptable level. In 2019, a new risk inventory was made based on interviews with Management members. The risks discussed are divided into six categories. Below is a summary of the main risks and control measures by category.

### Market risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Explanation</th>
<th>Control measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price risk (especially raw materials and energy)</td>
<td>Due to scarcity of natural resources and climate developments among other things, raw materials and energy may become more expensive.</td>
<td>To limit the impact of price increases, we pursue a multiple origin sourcing strategy, which reduces dependence. In addition, price risks for commodities are covered by long-term (hedge) contracts if necessary and where possible.</td>
</tr>
<tr>
<td>Industry consolidation</td>
<td>Competitive relationships are changing as a result of the consolidation within the sector. This may put pressure on our position.</td>
<td>In order to continue to compete with our larger competitors as well, we believe it is important to work as smart and efficient as possible. Within this context we have initiated the Intelligent Brewery programme, among other things.</td>
</tr>
<tr>
<td>Economic and socio-political instability</td>
<td>Reduced consumption and/or production opportunities due to economic and socio-political instability or an epidemic, such as the COVID-19 crisis.</td>
<td>We continuously monitor the political and socio-economic conditions in the markets in which we operate and, if necessary, take appropriate measures together with local management.</td>
</tr>
<tr>
<td>Changing customer requirement</td>
<td>Due to changing customer requirements, our beer portfolio may be less in line with market demand in the future.</td>
<td>We focus on offering a suitable beer for every occasion by responding to results from market research, through innovations and through targeted investments in a diverse portfolio.</td>
</tr>
</tbody>
</table>

### Compliance risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Explanation</th>
<th>Control measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims as a result of violations of laws and regulations or not observing contracts</td>
<td>The increasing international character of our company ensures that we will be increasingly confronted with changing and more complex legislation regarding the environment, working conditions, privacy, alcohol consumption, food safety and packaging/return systems. This increases the risk of non-compliance with laws and regulations.</td>
<td>We employ legal specialists with knowledge of local laws and regulations and, if necessary, engage external consultants. We have a code of conduct, compliance manual and sanctions policy in place. In addition, we have made a number of training courses mandatory for relevant groups of employees to limit specific risks.</td>
</tr>
</tbody>
</table>

### Sustainability and circularity risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Explanation</th>
<th>Control measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influence of climate change</td>
<td>Global warming can entail risks such as extreme weather changes, loss of biodiversity and natural disasters. This also entails risks for our business continuity.</td>
<td>To manage climate risks, we have set up an internal working group that periodically discusses developments in climate change and related legislation. In addition, the working group assesses whether the CO2 targets of Swinkels Family Brewers are still in line with this.</td>
</tr>
<tr>
<td>Scarcity of raw materials</td>
<td>Overpopulation and extreme weather conditions can affect the availability, quality and price of our raw materials such as barley and hops.</td>
<td>We continuously liaise with suppliers to ensure that they can keep supplying stable volumes of the high quality resources we need. We also hold supplier sessions and have further refined our sustainable procurement policy to increasingly procure sustainable alternatives, such as SAI certified barley.</td>
</tr>
<tr>
<td>Insufficient groundwater</td>
<td>The availability and quality of groundwater can decrease due to over-consumption. It is, however, essential for our product and the environment in which we live.</td>
<td>In order to protect our spring water and use it indefinitely, we take mitigating measures to guarantee water availability. For example, Swinkels Family Brewers fulfils an important role in the Farmer Beer Water project, in which our residual water is redistributed among farmers.</td>
</tr>
<tr>
<td>Various, sometimes conflicting, interests of stakeholders</td>
<td>We occasionally receive conflicting feedback from stakeholders on social issues such as responsible drinking and deposits. This is not always based on facts, but may have consequences for our reputation.</td>
<td>To fine-tune our CSR policy documents, we carried out various analyses and spoke to experts to arrive at objectives and actions that are realistic and actually contribute to a positive social impact.</td>
</tr>
</tbody>
</table>
### Financial risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Explanation</th>
<th>Control measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency and interest rate risks</td>
<td>Fluctuations in exchange rates and interest rates pose a risk to the profitability of the company.</td>
<td>Where necessary and possible, hedge contracts are entered into to reduce the risk of fluctuations in foreign currencies to an acceptable level. Interest rate swaps are concluded for part of the interest rate risk.</td>
</tr>
<tr>
<td>Credit risk</td>
<td>We serve a large number of very diverse domestic and foreign customers. There is a risk that customers will not be able to fulfil their payment obligations.</td>
<td>For new customers, the credit risk profile is identified and appropriate credit limits and payment terms are set, including bank guarantees, for example. For certain market segments we have insured the risk of default.</td>
</tr>
<tr>
<td>Insufficient financing capital</td>
<td>It is important to have sufficient financing capital available to finance the growth of our company.</td>
<td>We actively aim to reduce our working capital. Investment decisions are only made after a thorough yield analysis. The financing structure is periodically tested and adjusted where necessary.</td>
</tr>
</tbody>
</table>

### Safety and well-being risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Explanation</th>
<th>Control measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business-related accidents</td>
<td>Accidents at work can occur during our business and production processes.</td>
<td>To prevent unsafe situations within the business, we have a safety programme, clear work instructions and information about the correct use of resources in place. We also aim to increase safety behaviour and awareness. We do this by setting a good behaviour example and by encouraging calling each other to account regarding potentially unsafe situations.</td>
</tr>
<tr>
<td>Violation of labour rights at suppliers and licensees</td>
<td>Some of our suppliers and licensees are located in countries where there is an increased risk of labour rights violations. However, contrary to our own locations we have no direct influence here.</td>
<td>If there is a significantly increased risk of violations of labour rights at our suppliers, we have audits carried out by external international audit organisations. In addition, we are increasingly integrating sustainability into our procurement processes. We visit our licensees at least once a year. They are sent a questionnaire to identify the CSR risks in advance, which will then be discussed during the visits. A report will be drawn up in 2020 on the basis of which additional control measures will be formulated.</td>
</tr>
<tr>
<td>Irresponsible drinking</td>
<td>Irresponsible drinking can cause unsafe situations and, in the long term, physical or psychological complaints.</td>
<td>To limit the risks for our employees and consumers, we pursue an internal policy for responsible drinking and have laid down these agreements in the company regulations and code of conduct. We have also further refined our responsible marketing and communication policy to continue to sell our beers in a responsible manner.</td>
</tr>
<tr>
<td>Insufficient diversity in competencies and properly trained employees</td>
<td>Current business changes involve the risk that our workforce is no longer fully aligned with the required competencies and diversity.</td>
<td>Identifying the required competencies and attracting and retaining talent is a strategic priority within Swinkels Family Brewers. Within this context, a Chief People &amp; Culture Officer has been appointed and the Learning &amp; Development programme has been further refined.</td>
</tr>
</tbody>
</table>

### Operational and technical risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Explanation</th>
<th>Control measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality fluctuations in our products and product liability</td>
<td>Violation of the quality of our products can lead to health risks, which can damage our reputation. It could, for instance, be caused by an error in the production process, sabotage or quality deviations in ingredients.</td>
<td>As food safety is one of our top priorities, we have a robust and certified assurance process in place. The same applies to the safety and protection of our buildings and grounds. Employees are required to follow training in order to be aware of the food safety risks.</td>
</tr>
<tr>
<td>Failed strategic transformation programmes</td>
<td>The Intelligent Brewery programme is a “Greenfield” ERP system implementation, with completely new business processes and is therefore crucial for preparing our brewery for the future. The programme involves a significant investment, is complex and has a profound impact on the internal organisation.</td>
<td>The Intelligent Brewery programme has a Programme Board, with sufficient mandate within the organisation, which supervises the realisation of the desired quality within budget and allocated time. We use experienced experts to guide us in this process. In addition, the organisation is being prepared for the change by setting up a strong “organisational change” work flow that is supported by Management.</td>
</tr>
<tr>
<td>Failure of facilities and staff shortages</td>
<td>Business continuity may be jeopardised due to water, gas or electricity failure or the shortage of employees due to an epidemic.</td>
<td>For all (production) locations, we have emergency plans and a crisis management process in place that explain what to do in the event of failures of facilities or employee shortages.</td>
</tr>
<tr>
<td>Cyber attacks</td>
<td>Critical systems and company sensitive information are threatened by hackers, malware, phishing and ransomware.</td>
<td>We take technical and organisational measures to protect our networks and systems. We also have awareness campaigns to ensure that employees are aware of the risks of, for example, phishing. All this is based on a company-wide information security policy and standards.</td>
</tr>
</tbody>
</table>
Report of the Supervisory Board

About the Governance structure

About Ambriq
Ambriq B.V. is the sole shareholder of Royal Swinkels Family Brewers Holding N.V.

All Ambriq B.V. shares are held by the Ambriq Trust Office Foundation. This foundation has issued depositary receipts for shares in Ambriq B.V. to (the descendants of) the Swinkels family, which indirectly holds the full economic interest in Swinkels Family Brewers through those depositary receipts.

Report of the Supervisory Board

The year 2019 proved to be an exceptionally busy year. In addition to the four regular Supervisory Board meetings there were frequently additional consultations. In addition to the regular consultations, we persistently held quarterly meetings with Ambriq in order to be able to properly include the interests of the family in the decisions.

In the first half of 2019, we redesigned the top structure of Royal Swinkels Family Brewers and brought it into line with the business unit structure we had already put in place in 2018. A process that we completed together with the Management Board and Ambriq. In addition to the regular Supervisory Board meetings, the search for and constructive discussions surrounding this future-proof structure resulted in a number of extra additional consultations with the Management Board and, at a later stage, with the Executive Board. After that, much attention was paid to the recruitment of a new CFO and two new Supervisory Directors. Furthermore, in the second half of the year extra attention was paid to the extraordinary depreciation loss related to the acquisition of Palm N.V. in 2016, to the Intelligent Brewery programme and to the relative margin development of the different brands and countries.

For Swinkels Family Brewers, 2019 was a busy year, both internally and externally, in which many changes were set in motion and great achievements realised. We would therefore like to thank the Executive Board, the Divisions Management teams, all employees and family members for embracing so many changes and putting them into practice.

The possible impact of the COVID-19 virus was also extensively discussed during the SB meeting of 25 March 2020. Our primary focus in respect of the virus is the well-being of our customers and our employees, their partners and families. We are, of course, also looking at the possible impact of the virus on the commercial, operational and financial performance of Royal Swinkels Family Brewers Holding N.V. However, it is currently too early for a realistic and reliable appraisal of this. The effect on future financial results depends on a number of factors, including the extent and duration of this health crisis, the impact on the global economy and our customers and partners. We support Management in its professionally set up crisis management organisation and will monitor developments closely.

Changes in the top structure

In 2019, Jan-Renier Swinkels passed the baton to Peer Swinkels after 12 years as chairman of the Board of Directors. Peer and Geert van Iwaarden together form the new Executive Board, which is an important step towards the future. The Supervisory Board has undergone a change as well. Thanks to the addition of Annemieke van Melick and Eric Lauwers, the Supervisory Board now has two more highly professional and skilled Supervisory Directors. Frans van der Zande has, according to plan, taken a seat on the Supervisory Board of subsidiary Holland Malt after the appointment of Annemieke and Eric. We thank Jan-Renier and Frans for their tremendous contribution to the growth of Swinkels Family Brewers in recent years and wish them every success with their new challenges.

Financial statements, dividends and discharge

The Supervisory Board has discussed the 2019 Financial Statements, as prepared by the Executive Board. An external auditor of KPMG attended the meeting. The financial statements were accompanied by the report of the Executive Board. We propose that the General Meeting adopt the 2019 Financial Statements presented on www.swinkelsfamily-brewers.com. The Supervisory Board furthermore requests the General Meeting to grant discharge to the Executive Board for its management and subsequently grant discharge to the Supervisory Board for the supervision performed over the financial year under review.

The 5 pillars of the Swinkels Family Brewers holding

Financial stability

(On behalf of Jan Willem Baud)

The activities of 2019 have added up to a healthy growth. Partly due to the takeover of brewery De Molen, but also due to the minority interest in brewery Argo, we are growing in various markets. The trick now is to make new possibilities pay off in the long term. After all, this long-term idea forms the foundation of the stewardship of the family business and is the starting point for all advice to be given by the Supervisory Board.

Circular business model

(On behalf of Annemieke van Melick)

A healthy financial growth is a good result and it becomes even more valuable when it is converted into sustainable investments. In the long term, this means not only financial growth, but also growth for our environment and the people around us. A theme that has been reviewed in 2019 and has also been given a concrete effect. Swinkels Family Brewers wants to be 100% circular and in this respect focuses on three core processes; circular procurement, circular production and high-quality reuse.

Responsible drinking

(On behalf of Eric Lauwers)

Enjoying Swinkels Family Brewers products in a responsible manner remains an important theme and was also intensely discussed in 2019. We still see the demand for non-alcoholic alternatives increasing and they are expected to determine a larger part of the (beer) market in the coming years. It is great to see that this demand was responded to by Swinkels Family Brewers with the very successful Bavaria 0.0% IPA, but also with the popular dark malt drink Negus in Ethiopia.

Safety and well-being

(On behalf of Louis Swinkels)

The availability of motivated, fit and happy employees is key to success. From within the Supervisory Board we whole-heartedly encourage initiatives such as saving leave, but also practical initiatives such as the PSV+ programme. In this way everyone can
bring out the best in themselves, make a valuable contribution to the company and take that positivity along to the home situation.

Local involvement (On behalf of Paul Swinkels)
As a family business, we have always been very involved in our environment. Even now, when we, as Swinkels Family Brewers, have become an international company, we must not lose sight of our home market. By now we have multiple production locations: Lieshout, Berkel-Enschot, Bodegraven, Eemshaven, Steenhuffel, Roeselare and Debre Birhan and participating interests in distant countries. The international character means that we must be alert to political, social and economic conditions in the countries concerned. Climate changes can also influence this. Each location takes care of the environment in its own way, so that it can be a pleasant place for everyone. It is great that after all these years involvement is still in the employees’ genes.
### Condensed financial statements

**Consolidated balance sheet as at 31 December 2019**

(In thousands of euros before profit appropriation)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>17,162</td>
<td>13,618</td>
</tr>
<tr>
<td>Emission rights</td>
<td>700</td>
<td>688</td>
</tr>
<tr>
<td>Software</td>
<td>10,008</td>
<td>7,368</td>
</tr>
<tr>
<td>Intellectual property rights</td>
<td>-</td>
<td>30,809</td>
</tr>
<tr>
<td>Prepayments on tangible/intangible fixed assets</td>
<td>3,289</td>
<td>974</td>
</tr>
<tr>
<td></td>
<td>31,159</td>
<td>53,457</td>
</tr>
<tr>
<td><strong>Tangible fixed assets</strong></td>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>Land and buildings</td>
<td>147,029</td>
<td>146,690</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>176,676</td>
<td>162,954</td>
</tr>
<tr>
<td>Other fixed operating assets</td>
<td>39,463</td>
<td>32,528</td>
</tr>
<tr>
<td>Other real estate</td>
<td>19,601</td>
<td>21,635</td>
</tr>
<tr>
<td>Assets under construction</td>
<td>14,242</td>
<td>24,908</td>
</tr>
<tr>
<td></td>
<td>397,011</td>
<td>388,715</td>
</tr>
<tr>
<td><strong>Financial fixed assets</strong></td>
<td>4.</td>
<td></td>
</tr>
<tr>
<td>Participating interests</td>
<td>5,191</td>
<td>1,063</td>
</tr>
<tr>
<td>Receivables from participating interests</td>
<td>59</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>1,615</td>
<td>620</td>
</tr>
<tr>
<td>Other receivables</td>
<td>13,108</td>
<td>11,787</td>
</tr>
<tr>
<td></td>
<td>19,973</td>
<td>13,470</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>5.</td>
<td></td>
</tr>
<tr>
<td>Raw materials and consumables</td>
<td>28,546</td>
<td>30,624</td>
</tr>
<tr>
<td>Work in progress</td>
<td>9,358</td>
<td>7,743</td>
</tr>
<tr>
<td>Finished goods and trade goods</td>
<td>34,792</td>
<td>33,795</td>
</tr>
<tr>
<td>Other inventories</td>
<td>13,778</td>
<td>15,370</td>
</tr>
<tr>
<td></td>
<td>86,474</td>
<td>87,532</td>
</tr>
<tr>
<td>Receivables</td>
<td>6.</td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>154,942</td>
<td>139,220</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>4,197</td>
<td>-</td>
</tr>
<tr>
<td>Taxes and social security contributions</td>
<td>3,664</td>
<td>2,244</td>
</tr>
<tr>
<td>Other receivables and prepayments and accrued income</td>
<td>18,450</td>
<td>22,765</td>
</tr>
<tr>
<td></td>
<td>181,253</td>
<td>164,229</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>8.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>35,892</td>
<td>26,334</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>751,762</td>
<td>733,737</td>
</tr>
</tbody>
</table>

* The figures in this condensed financial report were derived from the 2019 Financial statements, to be found on [www.swinkelsfamilybrewers.com](http://www.swinkelsfamilybrewers.com).
## Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of Royal Swinkels Family Brewers Holding N.V.</td>
<td>327,275</td>
<td>354,441</td>
</tr>
<tr>
<td>Third-party minority interest</td>
<td>24,552</td>
<td>20,859</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>351,827</strong></td>
<td><strong>375,300</strong></td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>18,271</td>
<td>19,115</td>
</tr>
<tr>
<td>Provision for claims, disputes and legal proceedings</td>
<td>1,156</td>
<td>927</td>
</tr>
<tr>
<td>Jubilee provision</td>
<td>2,101</td>
<td>1,796</td>
</tr>
<tr>
<td>Other provisions</td>
<td>2,179</td>
<td>1,338</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,707</strong></td>
<td><strong>23,176</strong></td>
</tr>
<tr>
<td><strong>Debts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>88</td>
<td>105</td>
</tr>
<tr>
<td>Deferred payment obligations</td>
<td>38,003</td>
<td>37,631</td>
</tr>
<tr>
<td>Credit institutions</td>
<td>138,808</td>
<td>94,039</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>176,899</strong></td>
<td><strong>131,775</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of non-current liabilities</td>
<td>5,410</td>
<td>3,099</td>
</tr>
<tr>
<td>Credit institutions</td>
<td>6,134</td>
<td>3,778</td>
</tr>
<tr>
<td>Accounts payable to suppliers and trade creditors</td>
<td>66,476</td>
<td>77,527</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>1,315</td>
<td>2,348</td>
</tr>
<tr>
<td>Other taxes and social security contributions</td>
<td>25,444</td>
<td>28,724</td>
</tr>
<tr>
<td>Pension charges</td>
<td>157</td>
<td>365</td>
</tr>
<tr>
<td>Deposit and VBR obligation</td>
<td>27,194</td>
<td>26,155</td>
</tr>
<tr>
<td>Other liabilities, accruals and deferred income</td>
<td>67,199</td>
<td>61,490</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>199,329</strong></td>
<td><strong>203,486</strong></td>
</tr>
</tbody>
</table>

**Total Liabilities** | **751,762** | **733,737** |
## Consolidated profit and loss account for 2019

In thousands of euros.

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net turnover</strong></td>
<td>896,999</td>
<td>854,437</td>
</tr>
<tr>
<td>Changes in inventories of finished products and work in progress</td>
<td>2,612</td>
<td>6,634</td>
</tr>
<tr>
<td>Other operating income</td>
<td>17,731</td>
<td>21,541</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>917,342</td>
<td>882,612</td>
</tr>
<tr>
<td>Raw materials and consumables</td>
<td>340,550</td>
<td>310,095</td>
</tr>
<tr>
<td>Cost of outsourced work and other external costs</td>
<td>347,279</td>
<td>350,366</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>87,676</td>
<td>77,122</td>
</tr>
<tr>
<td>Social security and pension charges</td>
<td>20,166</td>
<td>19,640</td>
</tr>
<tr>
<td>Other personnel costs</td>
<td>22,445</td>
<td>23,099</td>
</tr>
<tr>
<td>Depreciation/amortisation of tangible/intangible assets</td>
<td>56,212</td>
<td>45,906</td>
</tr>
<tr>
<td>Other movements in the value of tangible/intangible fixed assets</td>
<td>29,589</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td>5,037</td>
<td>3,914</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>908,954</td>
<td>830,142</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>8,388</td>
<td>52,470</td>
</tr>
<tr>
<td>Interest income and similar income</td>
<td>396</td>
<td>1,601</td>
</tr>
<tr>
<td>Interest expenses and similar charges</td>
<td>-5,903</td>
<td>-4,595</td>
</tr>
<tr>
<td><strong>Balance of financial income and expenses</strong></td>
<td>-5,507</td>
<td>-2,994</td>
</tr>
<tr>
<td><strong>Result before tax</strong></td>
<td>2,881</td>
<td>49,476</td>
</tr>
<tr>
<td><strong>Tax on result</strong></td>
<td>5,477</td>
<td>11,777</td>
</tr>
<tr>
<td><strong>Share in result of participating interests</strong></td>
<td>-59</td>
<td>120</td>
</tr>
<tr>
<td><strong>Result after taxes</strong></td>
<td>-2,655</td>
<td>37,819</td>
</tr>
<tr>
<td><strong>Minority interests</strong></td>
<td>-2,688</td>
<td>-1,495</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>-5,343</td>
<td>36,324</td>
</tr>
</tbody>
</table>
## Consolidated cash flow statement for 2019

In thousands of euros.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net result</td>
<td>-5,343</td>
<td>36,324</td>
</tr>
<tr>
<td>Minority interests</td>
<td>2,688</td>
<td>1,495</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation/amortisation of tangible/intangible fixed assets</td>
<td>56,212</td>
<td>45,906</td>
</tr>
<tr>
<td>Other movements in the value of tangible/intangible fixed assets</td>
<td>29,589</td>
<td>-</td>
</tr>
<tr>
<td>Book results on disposal of fixed assets</td>
<td>-1,666</td>
<td>-1,948</td>
</tr>
<tr>
<td>Changes in provisions</td>
<td>1,375</td>
<td>-339</td>
</tr>
<tr>
<td>Interest income and similar income</td>
<td>-396</td>
<td>-1,601</td>
</tr>
<tr>
<td>Interest expenses and similar charges</td>
<td>5,903</td>
<td>4,595</td>
</tr>
<tr>
<td>Income tax</td>
<td>5,477</td>
<td>11,777</td>
</tr>
<tr>
<td>Share in result of participating interests</td>
<td>-120</td>
<td></td>
</tr>
<tr>
<td></td>
<td>96,553</td>
<td>58,270</td>
</tr>
<tr>
<td><strong>Changes in working capital:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>-15,248</td>
<td>-12,495</td>
</tr>
<tr>
<td>Inventories</td>
<td>2,870</td>
<td>-16,706</td>
</tr>
<tr>
<td>Accounts payable to suppliers and trade creditors</td>
<td>-14,891</td>
<td>12,927</td>
</tr>
<tr>
<td>Other receivables and other payables</td>
<td>-2,128</td>
<td>-15,294</td>
</tr>
<tr>
<td>Debts to credit institutions</td>
<td>4,090</td>
<td>2,595</td>
</tr>
<tr>
<td></td>
<td>-25,307</td>
<td>-28,973</td>
</tr>
<tr>
<td>Total cash flow from investing activities</td>
<td>68,591</td>
<td>67,116</td>
</tr>
<tr>
<td>Interest received</td>
<td>396</td>
<td>332</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-3,300</td>
<td>-4,475</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>-9,892</td>
<td>-8,845</td>
</tr>
<tr>
<td></td>
<td>-12,796</td>
<td>-12,988</td>
</tr>
<tr>
<td><strong>Total cash flow from operating activities</strong></td>
<td>55,795</td>
<td>54,128</td>
</tr>
</tbody>
</table>

### Cash flow from investing activities

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in tangible/intangible fixed assets</td>
<td>-71,136</td>
<td>-65,511</td>
</tr>
<tr>
<td>Income from the sale of tangible fixed assets</td>
<td>3,907</td>
<td>4,050</td>
</tr>
<tr>
<td>Loans provided</td>
<td>-6,904</td>
<td>-8,771</td>
</tr>
<tr>
<td>Payments received on loans to customers</td>
<td>5,524</td>
<td>4,204</td>
</tr>
<tr>
<td>Acquisition of group companies</td>
<td>-10,723</td>
<td>-11,273</td>
</tr>
<tr>
<td><strong>Total cash flow from investing activities</strong></td>
<td>-79,332</td>
<td>-77,301</td>
</tr>
</tbody>
</table>

### Transport

<table>
<thead>
<tr>
<th><strong>Transport</strong></th>
<th>2019</th>
<th>2018*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-23,537</td>
<td>-23,173</td>
</tr>
</tbody>
</table>

Cash flow statement continued on next page...
### Continued cash flow statement for 2019

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transport</strong></td>
<td>-23,537</td>
<td>-23,173</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from long-term loans</td>
<td>112,711</td>
<td>94,361</td>
</tr>
<tr>
<td>Repayments of long-term loans</td>
<td>-63,494</td>
<td>-63,826</td>
</tr>
<tr>
<td>Dividend paid to parent company</td>
<td>-16,346</td>
<td>-11,804</td>
</tr>
<tr>
<td>Dividend paid to holders of minority interests</td>
<td>-1,580</td>
<td>-518</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>2,850</td>
<td>6,237</td>
</tr>
<tr>
<td><strong>Total cash flow from financing activities</strong></td>
<td>34,141</td>
<td>24,450</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td>10,604</td>
<td>1,277</td>
</tr>
<tr>
<td><strong>Currency and translation differences on cash and cash equivalents</strong></td>
<td>-1,046</td>
<td>203</td>
</tr>
<tr>
<td><strong>Change in cash and cash equivalents</strong></td>
<td>9,558</td>
<td>1,480</td>
</tr>
</tbody>
</table>

### Statement of comprehensive income for 2019

In thousands of euros.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity as at 1 January</td>
<td>354,441</td>
<td>329,449</td>
</tr>
<tr>
<td>Net result</td>
<td>-5,343</td>
<td>36,324</td>
</tr>
<tr>
<td>Change in reserve for translation differences</td>
<td>-3,372</td>
<td>406</td>
</tr>
<tr>
<td>Dilution of share capital in participating interests</td>
<td>-2,105</td>
<td>66</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>-10,820</td>
<td>36,796</td>
</tr>
<tr>
<td>Dividend distribution</td>
<td>-16,346</td>
<td>-11,804</td>
</tr>
<tr>
<td><strong>Total changes in shareholders’ equity in relation to depositary receipt holders</strong></td>
<td>-16,346</td>
<td>-11,804</td>
</tr>
<tr>
<td><strong>Shareholders’ equity as at 31 December</strong></td>
<td>327,275</td>
<td>354,441</td>
</tr>
</tbody>
</table>
Colophon

Royal Swinkels Family Brewers Holding N.V.
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