



Reporting Manual **Non-Financial information** **Royal Swinkels Family** **Breweries N.V.**

Annual Report 2019

Date: 5 April 2020



**Royal
Swinkels**
family
brewers

To the next generations!

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1. Why do we have a reporting manual?

In this document we explain the indicators we use to measure our sustainability performance. We define them and clarify their scope and any relevant assumptions we have made when collecting data.

This document is for internal use and aims to help employees understand which information they need to collect the KPIs. This document is also meant for external stakeholders, providing them with an overview of the exact details of the reported KPIs.

Royal Swinkels Family Breweries has published an integrated report since 2015. In the integrated report we disclose both financial and non-financial information. We use the standards of Global Reporting Initiative (GRI) as a guideline for our sustainability reporting. The GRI forms the basis for the selection of material topics and reporting principles. The Reporting Manual forms the basis for preparing the non-financial KPIs.

2. Scope of reporting

Operational Scope

Operations included in the reporting scope of the Annual Report:

The non-financial information includes all companies in which Royal Swinkels Family Brewers has majority ownership. These are companies that Royal Swinkels Family Brewers Holding N.V. directly or indirectly owns, in which it controls more than 50% of the voting rights or that it otherwise controls.

Table 1: Operations in scope

Country	Operation name	Ownership	Description of key activities
Breweries			
Netherlands	Brewery Bavaria	100% ownership	Brewing and production of soft drinks
Ethiopia	Brewery Habesha	62% ownership	Brewing
Belgium	Brewery Rodenbach	60% ownership	Brewing
Belgium	Brewery Palm	60% ownership	Brewing
Other operations			
Netherlands	Holland Malt (Lieshout and Eemshaven)	100% ownership	Malting
Netherlands	Distribution centre Meern	100% ownership	Logistic centre

Important changes in 2019:

No changes have been made in 2019 in the scope of reporting.

We acquired 100% ownership of Brewery De Molen in 2019. We will start reporting on the activities from 2020 onwards. No operations are excluded from the scope due to sales.

Operations excluded from the reporting scope of the Annual Report

We exclude companies which we do not control. We often have no insight in the confidential performance data that is needed to collect the data for the non-financial indicators. We also exclude participations with solely commercial activities.

List of exclusions:

1. Companies in which Royal Swinkels Family Brewers Holding has minority-ownership. Minority-ownership is defined as companies that Royal Swinkels Family Brewers Holding N.V. directly or indirectly owns, in which it controls less than 50% of the voting rights.
2. Following a merger and acquisition, information will, insofar as feasible, be recognized from the first full reporting year. This is in line with the financial reporting.

3. Licensed breweries. There are countries in which we have licensed breweries owned by others to produce our brands. For example, Bavaria beer in Russia because of the transport distance and import regulations. However, we do not own a licensed brewery and therefore have no insight into and influence on the performance data of a brewery. Due to missing reliable non-financial information, we have excluded the licensed breweries.
4. Swinkels Family Brewers Holding N.V. is head of the group with direct and indirect participations. We include participations of our group that perform operational activities of brewing, malting and soft drinks production. Commercial activities such as service, trade, local sales, wholesale hospitality establishment are not in scope, like they were in former years.

Table 2: Operations out-of-scope

Country	Operation name	Ownership	Description of key activities	Explanation out-of- scope
Breweries				
Georgia	Brewery Argo	40% ownership	Brewing	RSFB has a minority share
Other operations				
Multiple	Licensees	No ownership but agreement	Licensed Brewing	There is no ownership and the influence is limited
Multiple	Foreign sales organizations	100% ownership	Sales	Commercial activities
U.S.A.	Latis	90%	Sales	Commercial activities
Netherlands	Bier&Co*	100% ownership	Wholesale	Commercial activities
Netherlands	Out-of-home sales and distribution*	100% ownership	Sales and distribution	Commercial activities

* Please note that these operations are included in our FTE, absenteeism, staff turn-over and the subdivision men/women.

We disclose the following non-financial indicators in the Integrated Annual Report 2019

Table 3: KPIs in scope

KPI #	KPI name	KPI Operational scope	Material Topic
Sustainable and circular products and operations			
1.1	Circular performance SFB	All operations in scope	Circular economy
1.2	Total energy consumption	All operations in scope	Energy and CO ₂ emissions
1.3	Total CO ₂ emissions	All operations in scope	Energy and CO ₂ emissions
1.4	Relative energy consumption beer, soft drinks and malting	Specific scope per KPI	Energy and CO ₂ emissions
1.5	Relative CO ₂ emissions beer, soft drinks and malting	Specific scope per KPI	Energy and CO ₂ emissions
1.6	Renewable energy as % of total energy consumption	All operations in scope	Energy and CO ₂ emissions
1.7	Total water consumption	All operations in scope	Water management
1.8	Relative water consumption beer, soft drinks and malting	Specific scope per KPI	Water management
1.9	Residual flows	All operations in scope	Waste
2.0	Co-products	All operations in scope	Waste
Safety and well-being			
2.1	Lost Time Accidents (LTA)	All operations in scope	Employee safety and well-being
2.2	Lost Time Accidents Contractors	All operations in scope	Employee safety and well-being
2.3	Accident Frequency (LTAR)	All operations in scope	Employee safety and well-being
2.4	Fatalities	All operations in scope	Employee safety and well-being
2.5	Full-Time Employees (FTE)	All operations in scope	Employment and employment relationships
2.6	Absenteeism	All operations in scope	Employment and employment relationships
2.7	Joiners and leavers	All operations in scope	Employment and employment relationships
2.8	Subdivision men/women	All operations in scope	Employment and employment relationships
Responsible drinking			
3.1	Lo and No Alcohol	All Breweries in scope	Responsible drinking
Global Growth with local involvement			
4.1	No KPI		

3. Sustainability indicators

This section explains the indicators we use to measure our sustainability performance. We define them, clarify their scope, show the calculations and any relevant assumptions we have made when collecting the data.

Energy and CO₂ emissions

Indicator: Total energy consumption (#1.2)

Definition: Total thermal energy consumption used for beer, soft drinks and malt production measured in TJ. Thermal energy originates from different energy sources such as light fuel oil, heavy fuel oil, natural gas, town gas, biogas from wastewater treatment plants, coal, biomass, district heating, grid electricity, solar panels and more.

Scope: All our operations are in scope (as defined in the table 'operations in scope'). All thermal energy we buy or generate is included (invoice and meters). All energy we sell is deducted.

Calculation: (Sum of all energy sources in TJ based on invoices) – (minus sold energy in TJ).

Assumptions and extra information:

The purpose of the energy is not relevant, we include all energy bought or produced. Examples of energy that is included:

- Energy used for a batch of beer brewed for a third party
- Fuel for on-site logistic (diesel, gasoline, LPG, or other fuels)
- Heat and electricity from own generated biomass/biogas
- Electricity used by the head office or logistics centre

Please note that this scope differs from benchmark data.

Flows of electricity/heat that are exported to third parties are subtracted from the total.

Calculating the MJ or TJ

1. Often invoices or meter readings are not in MJ or TJ but in kWh or Nm³. Please attach the calculation of how the MJ is determined based on the invoices or meter readings.
2. Use the net calorific value (NCV) of Lower Heating Value (LHV).
Explanation: Some countries measure fuel according to its gross calorific value (GCV) or higher heating value (HHV), while other countries use net calorific value (NCV) or lower heating value (LHV). The

distinction between GCV and NCV arises from the possible different physical states (liquid or gaseous) of water following combustion. A commonly accepted approximation is that NCV is 95% of GCV for coal and oil and 90% of GCV for natural gas. IPCC does not provide a relationship between NCV and GCV for biomass fuels, presumably because the moisture content of biomass fuels can vary extensively. More information can be found on the website of the GHG Protocol and via this link.

3. Below you will find an overview of the most used conversion factor per country and energy source. You can use these factors to calculate the TJ Net Calorific Value.

Please note:

Natural Gas: preferred is the actual LHV provided by the supplier or 90% of the HHV on the invoice.

Biogas: The GCV and NCV of biogas should be measured at each site at least every 5 years. Because not all biogas is always used, we report the flared and released biogas. This can be included in the reporting tool.

Electricity: No other conversion factor than 3,6 can be used to calculate the MJ based on kWh.

Diesel and Gasoline: This calculation must be used to achieve uniformity between countries.

In case of a difference between meter readings and invoices, invoices are leading. Except when an explanation is provided stating why internal measurements are more accurate.

Gasoline and Diesel for cars, vehicles, trucks

Include gasoline, diesel or other fuels for company-owned vehicles/trucks. Make sure to exclude operational lease cars, because these cars are not owned by the company and diesel or gasoline is purchased by the lease company. In a situation where there is a (financial) lease contract but the diesel and gasoline are purchased by Swinkels Family Brewers, the gasoline and diesel should be included.

Most used conversion factors

Source	Country	Unit	Multiply by	Source
Natural Gas	Netherlands	MJ/Nm ³	31,65	RVO, 2006. Preferred is the actual LHV or 90% of the HHV on the invoice.
Natural Gas	Belgium	MJ/Nm ³	37,3	VREG, 2018. Preferred is the actual LHV or 90% of the HHV on the invoice.
Biogas	Netherlands	MJ/Nm ³	28,33	Measured
Electricity	All countries	MJ/kWh	kWh *3,6 = MJ	IPCC
Diesel oil	All countries	MJ/liter MJ/gal MJ/kg	L *35,8 = MJ Gal *135,5 = MJ Kg *42,8 = MJ	IPCC, 2006
Motor gasoline (also called petrol)	All countries	MJ/liter MJ/gal MJ/kg	L *32,1 = MJ Gal *121,3 = MJ Kg *43,1 = MJ	IPCC, 2006

Indicator: Total CO₂ emissions (#1.3)

Definition: Direct and indirect CO₂ emissions, produced on-site or produced off-site by the electricity supplier (scope 1 and 2 CO₂ emissions). SFB will follow the market-based method of the GHG Protocol when possible (based on invoices).

Scope 1: Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, gasoline for forklift trucks.

Scope 2: Accounts for GHG emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated (e.g. the actual emissions are at the electricity production facility).

Scope: All our operations are in scope (as defined in the table 'operations in scope')

Calculation: Total CO₂ emissions= scope 1 CO₂ emissions + scope 2 CO₂ emissions

Assumptions and extra information:

Please see the tables below to find details on the CO₂ conversion factors for key energy sources per location.

- Global Sustainability reviews the CO₂ conversion factors annually.
- Local sites can provide emission factors, these will be approved if conversion factors are based on information disclosed by countries or based on supplier information.
- In case of missing information, the latest GHG Protocol is leading. In 2019, this concerned emission factors from cross-sector tools.

Excluded:

Short Cyclic emissions are excluded
We exclude CO₂ emission released during the fermentation process of brewing. We exclude CO₂ emissions released during the usage of biogas.

Non-material

We exclude CO₂ emissions released by the Wastewater Treatment Plant (WTTTP). Because the emissions are very limited regarding the size and process of our WTTTP. We exclude GHG emissions released by air conditioning. There are almost no air conditioning systems in our facilities because of the type of locations we use.

CO₂ conversion factors

Source	Country	Unit	Factor	Source
Natural Gas	Netherlands	Kg CO ₂ /GJ	56,6	Staatscourant 2019
Natural Gas	Belgium	Kg CO ₂ /GJ	55,8	Belgium emission plan 2004
Electricity	All	Kg CO ₂ /GJ	Multiple	Preferred is local supplier information.
Motor gasoline (also called petrol)	All	Kg CO ₂ /GJ	69,3	GHG Protocol, Emission Factors from Cross-Sector Tools and IPPC, 2006
Diesel oil	All	Kg CO ₂ /GJ	74,1	GHG Protocol, Emission Factors from Cross-Sector Tools and IPPC, 2006

Indicator: Relative energy consumption beer, soft drinks and malting (#1.4)

Definition: Energy (MJ) needed to produce 1 hectolitre of beer and/or soft drinks or Energy (MJ) needed to produce 1 ton of malt.

Scope: All our operations are in scope (as defined in the table 'operations in scope'), the scope varies per indicator calculated, however. For example, only malting is included to calculate the relative malt energy consumption.

Calculation: Total energy consumption of beer and/or soft drinks and/or malt production / Total production of beer and/or soft drinks and/or malt

Assumptions and extra information:

- The relative KPI can be calculated as 3 different sub-KPIs. Relative consumption of; (1) soft drink production, (2) beer brewing, (3) malting.
- Please note that the nominator and the denominator need to be of the same production unit.
- Right calculation: malt energy consumption / malt produced.

Wrong calculation: all energy consumption / malt produced.

How is the Hectolitre beer of soft drink calculated?

(the HL brewed + HL bottled)/2

Please use this calculation to create uniformity between locations.

What is included in the energy usage?

All energy usage that is in scope in KPI Total energy consumption (#1.2) is also included for the relative KPI. This means that the head office, WWTP and the logistic centre are all included to calculate this KPI. Please note that this is different from most benchmark approaches.

How is the allocation of Soft drinks versus Beer production conducted?

If a site produces multiple products, for example beer and soft drink, the allocation of the energy (which part of energy to soft drinks which part to beer) can be decided at site/brewery level. Assumptions should be explained and documented.

If the data is not available, a rationale should be provided. In case no data is available, the allocation figures of another site should be used.

Indicator: Relative CO₂ emissions beer, soft drinks and malting (#1.5)

Definition: CO₂ emissions emitted from energy used to produce 1 hectolitre of beer and soft drinks or CO₂ emissions emitted from energy used to produce 1 ton of malt.

Scope: All our operations are in scope (as defined in the table 'operations in scope'). However, the scope varies per indicator calculated. For example, only malting is included to calculate the CO₂ emissions of maltings.

Calculation: Total CO₂ emission of beer and/or soft drinks and/or malt production / Total production of beer and/or soft drinks and/or malt

Assumptions and extra information:

- The relative KPI can be calculated as 3 different sub-KPIs. Relative consumption of; (1) Soft drink production, (2) Beer brewing, (3) Malting.
- Please note that the nominator and the denominator need to be of the same production unit.
- Right calculation: malt CO₂ emissions / malt produced.

Wrong calculation: all energy CO₂ emissions / malt produced.

For details of the CO₂ calculation see KPI 'total CO₂ emissions.'

For details of the calculation of the relative scope see KPI 'Relative energy consumption'.

Indicator: Renewable energy as % of total energy consumption (#1.6)

Definition: Renewable energy as a percentage of the total energy consumption. Renewable energy is energy from sources that are renewable such as wind, biogas, solar and more. In case of doubt, the GHG Protocol on Renewable Energy Purchases is leading. If energy is reused internally this is seen as a 'saving' not as a renewable energy source.

Scope: All our operations are in scope (as defined in the table 'operations in scope').

Calculation: (Renewable energy/total energy consumption) *100

Assumptions and extra information: n/a

Watermanagement

Indicator: Total water consumption (#1.7)

Definition: Total water withdrawal (of all sources; wells, municipal etc.). E.g. the meter that enters the site should be used (before the treatment facility).

Scope: All our operations are in scope (as defined in the table 'operations in scope').

Calculation: Sum of purchased and pumped water from all sources in m3.

Assumptions and extra information: n/a

Indicator: Relative water consumption for beer, soft drinks and malting (#1.8)

Definition: Water used to produce 1 hectolitre of beer and soft drinks. or water used to produce 1 ton of malt. Please note that this excludes filtration losses, drinking water, water provided to the community etc. E.g. the meter before the brewing kettles and malting tower should be used.

Scope: All our operations are in scope (as defined in the table 'operations in scope'). However, the scope varies per indicator calculated. For example, only malting is included to calculate the relative water consumption of maltings.

Calculation: Total water use of beer and/or soft drinks and/or malt production / Total production of beer and/or soft drinks and/or malt

Assumptions and extra information:

- The relative KPI can be calculated as 3 different sub-KPIs. Relative consumption of; (1) Soft drinks production, (2) Beer brewing, (3) Malting.
- Please note that the nominator and the denominator need to be of the same production unit.
- Right calculation: malt water consumption / malt produced.

Wrong calculation: all water consumption / malt produced.

For the details of the calculation of the relative scope see the KPI 'Relative energy consumption'. Please note that this excludes filtration losses, water for drinking, water provided to the community etc.

How is the allocation of soft drinks versus beer production organised?

If a site produces multiple products, for example beer and soft drink, the allocation of water (which part of water to soft drink which part to beer) can be decided at site/ brewery level. Assumptions should be explained and documented.

If the data is not available, a rationale should be provided. In case no data is available, the allocation figures of another site can be used.

Calibration of meters

The flow meters should be calibrated at least every five years.

Water for beer and soft drink production

Only include water that is used for production. This means that filtration losses, drinking water, water provided to the community and other water usages can be excluded.

Residual Flows (waste) and co-product management

Indicator: Co-products (#1.9)

Definition: The circular application co-products is determined by waste management. In our organisation we use the 'waste management ladder' approach (Ladder van Lansink). We prefer to prevent waste, reuse or recycling.

Circular applications: reuse, material recovery, recycling and other forms of recovery.
Non-circular forms of application: landfill and incineration.

Scope: All our operations are in scope (as defined in the table 'operations in scope').

Assumptions and extra information: n/a

Indicator: Residual flows (#2.0)

Definition: The residual flows circular application is determined by waste management. In our organisation we use the 'waste management ladder' approach (Ladder van Lansink). We prefer to prevent waste, reuse or recycling.

Circular applications: reuse, material recovery, (down) recycling and other forms of recovery.
Non-circular forms of application: landfill and incineration.

Scope: All our operations are in scope (as defined in the table 'operations in scope').

Calculation: (circular application of residual flows / total residual flows) *100

Assumptions and extra information: n/a

4. Safety and well-being indicators

This section explains the indicators we use to measure our social performance. We define them, clarify their scope, show the calculations and any relevant assumptions we have made when collecting the data.

Safety

Indicator: Lost Time Accidents (LTA) (#2.1)

Definition: A job accident that results in an employee being absent from the workplace for a minimum of one full workday (lost time). The absent day does not include the day during which the accident occurred and started counting the next shift with absence.

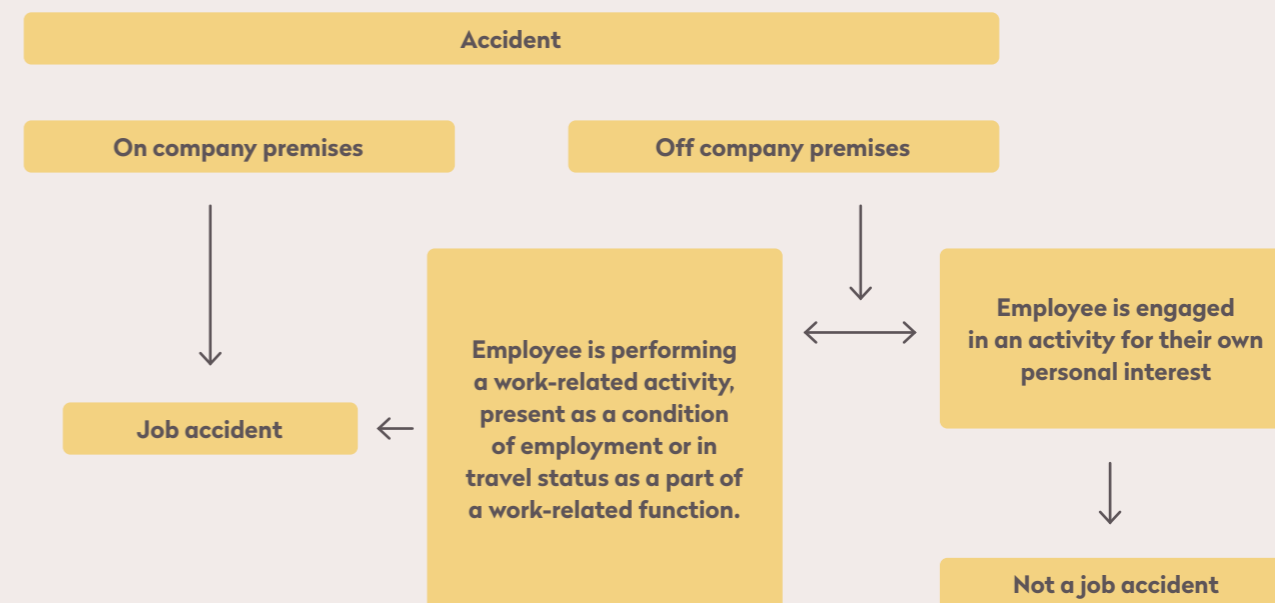
Please note: If the employee is not scheduled to work the next day the employee should indicate if they would have been able to work. If the employee indicates they would not have been able to work, it should be recorded as an accident. Please note this also includes weekends and holidays or if the employee is not scheduled to work. In all situation the diagnose of the occupational physician is leading.

Scope: All our operations are in scope (as defined in the table 'operations in scope').

Calculation: the number of lost time accidents companywide

Assumptions and extra information:
When is it a lost time accident?
Any wound or damage to the body, resulting from a brief single event or exposure that requires an employee to stop working, seek medical advice or go home (causing lost time and not been able to work the next shift).

When is it a job accident?



Who are employees?

Employees include own staff, agency workers and interns who are receiving direct orders.

Who are not employees?

Contractors: Accidents with contractors and sub-contractors will be reported separately.

Visitors: Visitors are excluded. For example, visitors of the Brewery excursions or sales representative of other companies.

In case of doubt please discuss the accident with the manager sustainability of Swinkels Family Brewery. In case of lack of clarity or disagreement, the EU-OSHA is leading.

Commuting (employees traveling from home to work and from work back home) accidents are not included in LTA reporting

Indicator: Lost Time Accidents Contractors (LTAc) (#2.2)

Definition: A job accident that results in a contractor being absent from the workplace for a minimum of one full workday. The absent day does not include the day during which the accident occurred and starts counting the next shift with absence.

Please note: If the contractor is not scheduled to work the next day (including weekends and holidays), the contractor should indicate if they would have been able to work. If the employee indicates they would not have been able to work, it should be recorded as an accident. In all situation the diagnose of the occupational physician is leading

Scope: All our operations are in scope (as defined in the table 'operations in scope'). Calculation: Number of contractor accidents companywide

Assumptions and extra information:

When is an accident?
Any wound or damage to the body, resulting from a brief single event or exposure that requires a contractor to stop working, seek medical advice or go home (causing lost time).

When is it a contractor?

Both contractors and sub-contractors should be reported by the contractor. Subcontractors are seen as contractors.

The client (or host company) = the company that outsources the task. The work is usually done at the client's premises.

The contractor (and workers) = the company that signs the contract with the client for providing services such as maintenance works.

The subcontractor (and workers) = third company contracted by the contractor, for example for specialized or minor ancillary works. This includes self-employed workers.

Indicator: Accident Frequency (#2.3)

Definition: the number of accidents resulting in absence from work per 100 FTE. This is an indicator of the state of health and safety at the workplace.

Scope: All our operations are in scope (as defined in the table 'operations in scope').

Calculation: number of accidents * 200.000 / total hours worked by employees

Assumptions and extra information:

- To determine the number of accidents please see the information of KPI 2.2
- In the calculation 200.000 is used to show the equivalent of 100 full-time employees working 40-hour weeks, 50 weeks per year.

Hours worked:

- The total hours worked is reported per operation facility based on the maximum contracted hours worked. A full-time employee works the following equivalent at our locations:

Lieshout / Berkel-Enschot/Utrecht/Eemshaven/ Bodengraven: 40-hour work week Steenhuffel/
Roeselare: 37-hour work week
Debre Berhan (Ethiopië): 44-hour workweek

Not all overtime is measured. If the overtime cannot be measured, it is excluded from the total hours worked. If the overtime is registered, it should be included. In case of challenges with the hour registration, the hours worked can be based on the FTE.

Indicator: Fatalities (#2.4)

Definition: A fatal accident at work refers to an accident at work which leads to the death of a victim within one year of the accident.

Scope: All our operations are in scope (as defined in the table 'operations in scope').

Calculation: Count the fatal accidents

Assumptions and extra information:

A fatal accident can occur both on company premises and off company premises. What is off company premises: If an employee is off company premises, performing a work-related activity, in an employment situation or in a travel status as part of a work-related function.

Commuting (employees traveling from home to work and from work back home) accidents are not included in fatality reporting.

Employment and well-being

Indicator: FTE (#2.5)

Definition: Full-time equivalent (FTE) is the ratio of the total hours worked divided by the maximum number hours in the same period. Based on an 8-hour workday and a working week of 5 days (actual data on 31 December).

Scope: All our operations are in scope (as defined in the table 'operations in scope').

All persons on the payroll are in scope (this includes both line employees and office employees). Agency workers and contractors are not on the payroll and should therefore not be included. Interns are not employees and should be excluded. Including Bier&Co and out-of- home sales and distribution

Calculation: Total hours worked by employees / number of employees * standard full-time working week

Assumptions and extra information:

Working hours

For the denominator, the following fixed 'standard full-time working week' are used

- Working day:** 8 hours
- Working week:** 40 hours
- Working month:** 174 hours

When is it a job accident?



Working year (2019 specific): 2088 hours

The full-time employee working week can differ per site (see indicator #2.3). If a site does not use the 40 hours working week global and site determine together if the site or global does the recalculation. Overtime is excluded from the total hours worked.

Indicator: Absenteeism (#2.6)

Definition: SFB Employees that are absent from work. Absenteeism of SFB employees can be caused by personal issues (sickness, accident at home and more) or an accident at one of the SFB locations.

Note: Maternity leave is not counted as absenteeism. Funerals, marriage or days for moving are not counted as absenteeism.

Scope: All our operations are in scope (as defined in the table 'operations in scope') Including Bier&Co and out-of-home sales and distribution.

Calculation: (absence days/365) *100

Assumptions and extra information:

All persons on the payroll are in scope (this includes both line employees and office employees). Excluded from absenteeism; Agency workers, contractors and interns.

If a person is sick for more than 180 days, the days following the 180 should not be counted as absent.

Indicator: Joiners and Leavers (#2.7)

Definition: Employment contracts that started and ended in one year (actual data on 31December).

Scope: All our operations are in scope (as defined in the table 'operations in scope'). Including Bier&Co and Out of Home sales and distribution

Calculation: Sum of joiners
Sum of leavers

Assumptions and extra information:

All persons on the payroll are in scope (this includes both line employees and office employees). Agency workers and contractors are not on the payroll and should therefore not be included. Interns are not employees and should be excluded. Rehires are recounted. Each time someone joins, this is counted as a joiner. Each time someone leaves, this is counted as a leaver.

Indicator: Subdivision men/women (#2.8)

Definition: Employment contracts of men and women counted separately (actual data on 31 December).

Calculation: (number of female or male employees / number of employees) * 100

Assumptions and extra information:

All persons on the payroll are in scope (this includes both line employees and office employees). Agency workers and contractors are not on the payroll and should therefore not be included. Interns are not employees and should be excluded.

5. Responsible Drinking indicators

Lo and No Alcohol

Indicator: Lo and No Alcohol (#3.1)

Definition: Percentage of beers and ciders 'free of alcohol or with low alcohol (<3,5 vol%)' as part as ratio of the total beer sales.

Note: soft drinks should be excluded from the calculation.

Scope: All our breweries are in scope (as defined in the table 'operations in scope')

Calculation: (HL free of alcohol or with low alcohol (<3,5 vol%) / HL Beer Sales (Including lo and no) *100

Assumptions and extra information:

Difference Soft drinks' and 'Lo and No Alcohol' Lo and No Alcohol products are at least partly fermented. Soft drinks are not fermented.

Bavaria Brewery also produces soft drinks, such as carbonated lemon water.

- Soft drinks should be excluded from the calculation.
- 'Bavaria 0.0' is an example of a product 'free of alcohol or with low alcohol (<3,5 vol%) branded as beer or cider', this should be included in the calculation.
- Negus is a soft drink because it is not fermented.

6. Local involvement

Local involvement

Swinkels Family Brewers will report in a qualitative manner based on local involvement.

7. Circular indicator

Royal Swinkels Family Brewers circular ambitions

Royal Swinkels Family Brewers has the ambition to achieve a 50% realisation score for a self-developed circular business model in 2020. We realise that true circularity is a significant challenge for a business like ours. We believe, however, that if we start measuring the road towards circularity this will drive our performance in that direction.

We strive to become a fully circular company. We believe this journey will change overtime and we want to take our suppliers and customers with us on this journey. With this document we provide insight and formulate the approach of Royal Swinkels Family Brewers towards measuring and monitoring our circularity ambitions.

How we measure our circular ambitions

We have developed our own circular methodology to measure our circular ambition.

There is no standard framework for circularity reporting (yet). We use a self-developed circular methodology to measure and stimulate our 'own performance/road' to circularity.

There is no uniformly accepted standard or manual for circularity (yet) that fits our business. There are, however, 'schools of thought' and management approaches which we follow. Such as the Ellen MacArthur foundation and the WBCSD.

Strengths of our approach:

- We believe that we can make the biggest impact by focussing on circularity at company-wide level, instead of a single product.
- Our circular ambition is integrated into our business strategy and therefore a strategic priority.
- Circularity is a steering mechanism for the board and management of different departments.
- It provides a clear and simple insight for our stakeholders to show what we can and cannot do at a company level and share the overall status. With a product approach all efforts and claims are related to just one product.

Limits of our approach:

- We want to contribute to a circular economy - from sourcing to waste. However, we cannot influence all elements in our value chain (yet). For example, we cannot yet steer the recycled content in our cans. For this reason, we will focus on circularity in our own company first for 2020 and extend the scope as much as possible.
- Not every sourcing or operational action has the same impact. For example, SFB sources significantly more packaging than working clothes. However, it's a challenge and time-consuming process to measure, report and substantiate the impact for each element in our business. Therefore, we work with a threshold.
- Our approach cannot be used for benchmarking
- Our model does not measure circularity to its literal meaning, because we included thresholds to make our 'high-risk' products more important. For example, in packaging, glass consist of more than 50% of the actual kg but counts for only 1/5 of the score because we do not want to lose the attention for plastics.
- We consider this methodology to be a good starting point to stimulate, steer and report on the status towards our circular ambition. However, we're also aware of the assumptions and improvement opportunities which we would like to improve on an ongoing basis.

Calculating the circularity score

Weight per category:

Our model consists of three categories and twelve sub-themes. The sub-themes are weighted and together form the circularity score.

The weight of the sub-themes is determined by:

- Finance: Impact that the sub-theme has on the operating result (linked to business information).
- Environmental Resource impact: Impact that the sub-theme has on the environment and resources (linked to environmental research).

#	Category	Financial	Environmental resource impact	Score of subcategory
1	Sustainable procurement			44,4%
1.1	Packaging	Very High (4)	Very High (4)	14,8%
1.2	Agricultural raw materials	Very High (4)	Very High (4)	14,8%
1.3	Marketing and facility materials	Low (1)	High (3)	7,4%
1.4	Machine and buildings	Medium (2)	Medium (2)	7,4%
2.	Circular production			35,19%
2.1	Energy and transport	High (3)	Very High (4)	13,0%
2.2	Water usage	Low (1)	High (3)	7,4%
2.3	Minimise losses	Low (1)	Medium (2)	5,6%
2.4	Maintenance Machine and Buildings	High (3)	Medium (2)	9,3%
3	Higher Value Re-Use			20,37%
3.1	Co-products	Medium (2)	Low (1)	5,6%
3.2	Residual flows	Low (1)	Medium (2)	5,6%
3.3	Wastewater	Low (1)	Low (1)	3,7%
3.4	Machine and buildings	Low (1)	Medium (2)	5,6%

Each of the twelve sub-themes consist of one or more KPIs. The total sum is the circularity score.

Circular KPIs

This section explains the indicators we use to measure our circular performance. We define them, clarify their scope, show the calculations and any relevant assumptions we have made when collecting the data. The KPIs of other categories, such as buildings, machines and marketing materials will be included in the reporting manual once reported in the annual report.

Indicator: Packaging (# 1.1.1)

Definition: there is currently no certification for circular packaging material. Our view on circularity is that packaging should be 1) avoided and minimised 2) come from a sustainable and/or renewable sources. We aim to avoid and minimise the kg in our packaging via different innovations. Because this often occurs in situations

where the product is not yet made from a sustainable material, it often has a positive impact on the KPI. We do not measure reduction separately because the data is not very reliable on a large scale. We measure if packaging comes from a sustainable and/or renewable source by using certificates. The certificate we use should have minimum requirements on the renewability of the source and the sustainable management of the source. If the data is not available, we use industry figures.

Paper and cardboard: recycled, FSC and PEFC certified

Plastic: recycled content in the product

Steel: our suppliers cannot (yet) provide the recycled content in the product. Therefore, we use the worldwide figure of 30% (source kidv, steel packaging)

Aluminium: our suppliers cannot (yet) provide the recycled content in the product. Therefore, we use the industry disclosed figure of 73%. (Kidv and the aluminium can advantage key sustainability performance indicators september 2019)

Glass: recycled content in the product

Wood: FSC and PEFC certified

Scope: All breweries are in scope.

Calculation: volume of circular paper/ total volume paper * 1/6
+ volume of circular plastic / total volume of plastic * 1/6
+ volume of circular steel / total volume of steel * 1/6
+ volume of circular aluminium / total volume of aluminium * 1/6
+ volume of circular glass / total volume of glass * 1/6
+ volume of circular wood / total volume of wood * 1/6

All packaging product categories have an equal impact on the circularity score in our calculation, because we want our entire business to become more circular. If we solely focus on the weight, we foresee a risk of a decreased focus on plastics.

Assumptions and extra information: n/a

Indicator: Agricultural raw materials (# 1.1.2)

Definition: standards used: there is currently no certification for circular produced barley, hops and sugar. There are international standards for good agricultural practices and sustainable agriculture. Our view on circularity is that agricultural raw materials should be sourced from regenerative production and optimised resource yields. Therefore, we use standards that have criteria on the following measures to determine circularity of our agricultural raw materials.

- soil protection
- fertilizer use
- limiting pesticide use
- waste handling

We use these international standards as a benchmark to determine if our products are circular. These certification schemes have the benefit that they can be independently verified and are well controlled. Standards we use are, but not limited to:

Standards for barley/malt: SAI, biological or small holders.

Standards for hop: hopfenring, GAP (sustainability section), SAI, biological or small holders

Standards for sugar and glucose: SAI or biological

Scope: all operations are in scope.

Calculation: volume of circular grains/ total volume barley * 1/3
+ volume of circular hop / total volume of hop * 1/3
+ volume of circular sugar / total volume of sugar * 1/3

All agricultural raw material product categories have an equal impact on the circularity score in our calculation because we want our full business to become more circular. If we would look solely at the weight, we foresee a risk of a decreased focus on hops and sugars.

Assumptions and extra information: In Habesha and in the Netherlands we work with small holders. Because of the size of their farm, certification would put a significant financial strain on their business. Small holders often have limited financial means. We do not want our circularity criteria to impact their livelihood. The criteria we use for smallholders is a maximum of 10 employees. Source: certification for small-scale producers – weighing up the pros and cons. Wur, 2015.

Indicator: Energy and transport (#1.1.3)

Definition energy: sustainable energy source: energy from sources that are renewable (wind, biogas, solar and more). In case of doubt, the GHG protocol on renewable energy purchases is leading.

Energy efficiency: we believe that energy efficiency is important to measure, because that is how you reduce the total energy demand. We measure this by using benchmark data. If the brewery or malthouse performs better than or equal to the benchmark, it is counted as 'efficient'. We use the NIRAS benchmark because the results can be compared as the scope and corrections are the same for all breweries. In the BIER benchmark the scope may differ and comparison is more difficult.

Scope energy: all operations are in scope

The NIRAS benchmark of 2019 is based on the 2018 energy data; there is always a one-year delay due to the reporting cycle. Malting facilities are not part of a benchmark. Here, we use average data from the EU.

Definition transport

Transport: we work with suppliers to transport our products (beer, soda and malt). In order to measure both the efficiency and the energy source, we use the lean and green certification scheme. This scheme sets criteria for 'green transport', annual reduction and measures the CO₂/ton transported. If a transport entity follows the criteria and is certified for 'lean and green 3 stars' we count the transport as circular.

Scope transport: all transport of sold products is in scope.

Lease trucks for hospitality (out of home distribution) is in scope.

Transport to and from work by employees is out of scope.

Transport of employees to business meetings are out of scope.

Transport of purchased products (e.g. Raw materials and packaging) are out of scope.

Lease cars are out of scope.

Calculation: circular energy consumption operations and transport =
((% sustainable energy source)*0,8 + (% energy efficiency performance above benchmark average)*0,2)*0,5
+ ((% lean and green transport)*0,5

We value both reduction and renewable energy sources. However, reduction alone is not sufficient. Therefore, we use the distribution of 20% weight for reduction and 80% for renewable energy sources. Both energy and transport contribute 50% to the KPI.

Indicator: Water (#1.1.4)

Definition: circular water usage is a complex theme. Water is circular by nature on the one hand, while on the other hand it can never be taken back to the same watershed in beverage production. There is a risk of using too much water which could damage the local water balance and cause depletion. In order to have a good local water balance, the maximum water consumption is regulated by the government. Watershed impact cannot be measured for a single company. It is therefore important to measure circular water usage in terms of efficiency. If a brewery or malthouse scores the same or better than the benchmark average data, the site will be determined as 'efficient'. This level of efficiency can only be achieved with the most stringent measures such as reusing cleaning water.

Scope water: All operations are in scope

The NIRAS benchmark of 2019 is based on water data of 2018, there is always a one-year delay due to the reporting cycle. Malting facilities are not part of a benchmark, we therefore use average data from the EU.

Calculation: % Circular water consumption = (production sites on or above benchmark / total production sites)*100

Indicator: Minimise losses (#1.1.5)

Definition: we measure production loss based on the sum of all our packaging and beer losses in production. Each brewery measures the input of packaging and beer. Losses can occur due to spills and breaks. Losses are measured via the output of the production and converted into a percentage.

Scope: all breweries are in scope.

We look at input and output of production lines. For example, if a bottle breaks in the warehouse this is not included because we only look at production. When a site does not yet monitor this data accurately, the average of a comparable site can be used.

Calculation: production loss = 100% - total packaging loss breweries (returnable, one-way and can) - total beer loss breweries.

Indicator: Co-products and residual flows (#1.1.6)

Definition: the circular application of both co-products and residual flows is determined by the application of waste management. In our organization we use the 'waste management ladder' approach (Ladder van Lansink). We prefer to prevent waste, reuse or recycling. Circular applications are reuse, material recovery, (down) recycling and other forms of recovery. Non-circular forms of application are landfill and incineration.

Scope: all operations are in scope.

Calculation: % circular residual flows = (circular application of residual flows / total residual flows)*100
% Circular Co products = (circular application of co products / total co products)*100

Indicator: Wastewater (1.1.7)

Definition: circular water usage is a complex theme. Water is circular by nature on the one hand, while on the other hand it can never be taken back to the same watershed in beverage production. There is a risk of discharging effluents with high COD, phosphate and nitrogen. This is, however, regulated by the government. Swinkels Family Brewers defines wastewater as circular if the following measures are undertaken:

1. Project or activity in which wastewater is reused in operations (wastewater is used for cleaning, cooling or brewing) or in the local environment (for example, Farmer, Beer, Water project);
2. Production and usage of biogas = biogas is extracted and used via the WTP;
3. Useful application of sludge = material is recovered from sludge, such as phosphates or energy is generated during incineration. Or composted and used for fertilizers.

Scope: all operations are in scope.

Calculation: % circular wastewater = (circular measures executed / total circular measures)*100

8. Reporting Procedures

Contact details and responsibilities

This integrated report is the responsibility of the Corporate Accounting & Compliance Manager (finance part) and the Manager Sustainability (non-financial part).

Should you have any questions regarding the non-financial reporting please contact

Marthijn Junggeburth

Manager sustainability

Marthijn.Junggeburth@swinkelsfamilybrewers.com

Royal Swinkels Family Brewers

Postbus 1, 5737 ZG Lieshout

De Stater 1, Lieshout

+31 (0)499 42 81 11

info@swinkelsfamilybrewers.com

www.swinkelsfamilybrewers.com