



Shoulder to Shoulder

2020 Annual Report
Royal Swinkels Family Brewers Holding N.V.



Royal Swinkels
family brewers

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SUSTAINABLE GROWTH



Habesha focuses on growth with fresh, optimistic brands

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CIRCULAR ENTREPRENEURSHIP



Better reuse of heat via special battery

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RESPONSIBLE DRINKING



Brewing for the future: The new generation 0.0%





SHOULDER TO SHOULDER

The past year has made one thing clear. Even in a time of distance you can still stand side-by-side. More than ever our strong family culture, solid direction and working with long-term partnerships are proving their worth. By being agile within a culture of trust, we can be decisive, creative and enterprising.

That's why we, and everyone who belongs to our family, stand shoulder to shoulder.

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LOCAL INVOLVEMENT




Healthcare institutions happy with hand sanitiser extracted from our beer

The full annual report, including the financial statements and appendices can be found on www.swinkelsfamilybrewers.com. Here you will also find our policy documents.



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 and three hundred years. As the Swinkels family, we now lead a group of companies.

This group includes various brewery locations; brewery Bavaria in Lieshout (The Netherlands), brewery De Molen in Bodegraven (The Netherlands), brewery Palm and brewery De Hoorn in Steenhuffel (Belgium), brewery Rodenbach in Roeselare (Belgium) and brewery Habesha in Debre Birhan (Ethiopia). The family also collaborates closely with beer brewery De Koningshoeven in Berkel-Enschot (The Netherlands). We also have a minority stake in the Georgian brewery Argo. Combined, these breweries accounted for the production of 7.2 million hectolitres beer and 600,000 hectolitres soft drinks in 2020.

In addition to these breweries, the malting plants of Holland Malt in Lieshout and Eemshaven also form part of the group. In 2020, these malting plants accounted for the production of 397,000 tons of malt. In addition, business unit CereX produces around 3,000 tons of malt extracts and compounds each year. The focus of CereX is on upgrading residual flows. Bier&cO, distributor of specialty beers, adds a large portfolio of traditionally brewed specialty beers to our range.

As an independent family of brewers and maltsters we now employ more than 1,800 people worldwide. Our aim is to continue doing business in an increasingly smarter and more sustainable way. In doing so, we add lasting value for the consumer, our employees, our business partners, our shareholders and the world around us. This is how we pass on an even more beautiful family business to future generations.

We received the Royal designation at the beginning of 2019. Since then we proudly refer to our company as Royal Swinkels Family Brewers.

Geert van Iwaarden

Peer Swinkels



SHOULDER TO SHOULDER



2020

Stronger emergence from the crisis

After 2019, a year full of celebratory highlights for our company, 2020 became a year we won't soon forget for very different reasons. The impact of the COVID-19 pandemic hit our business hard in virtually every country in which we operate. Due to lockdown measures such as closing on-trade establishments, cancelling festivals and a curfew in several countries, a large part of the turnover evaporated.

This made 2020 into a year in which we, as a family business, were challenged to show our resilience. And we did exactly that. With the aim of emerging stronger from the crisis, we immediately, in collaboration with all the divisions, came up with an action plan. Although the impact of COVID-19 on our employees was substantial and still is, we are now all demonstrating the fact that our company really deserved the Royal designation. At the same time, we developed plans for the future.

Quite a shock

Peer: 'It was quite a shock to hear that people were not allowed to meet for a long time. After all, a large part of our products is consumed at places where people gather. Right from the start of the crisis, we set three priorities; the health of our employees and business partners, the continuity of business processes and the financial health of the company.'

The measures taken to contain COVID-19 required and still continue to require an incredible amount of adjustment by our staff. Some of them had to work from home, some had to work harder, others suddenly had hardly any work at all or were given other tasks. For employees in production and logistics or other work tied to a specific workplace, keeping a distance of one and a half metres is not always possible. For them it was a challenge to keep doing their work safely. We had to say goodbye to many flextime colleagues. Because of the virus, absenteeism due to illness increased substantially in some departments. It sometimes required our utmost effort, but fortunately the continuity of business processes was not compromised at any time. Thanks to the flexibility and resilience of many. And I greatly appreciate that.

I would like to mention our Belgian colleagues in particular. The employees who no longer had work during lockdown received temporary unemployment benefits in Belgium. Our staff opted for mutual solidarity by working a little less and earning less. We truly applaud such spontaneous acts of solidarity. It has definitely further increased our confidence in the Belgian operation. It says a lot about these employees.'

Success in 2020

Peer: 'Our biggest success this year is definitely that we have been able to navigate well through the crisis without losing sight of the long term. This is mainly due to the drastic measures we have taken. And because we, as a family business, have always kept the focus on continuity and the long term. In addition, despite everything, we have succeeded in achieving good results

Our biggest success this year is definitely that we have been able to navigate well through the crisis without losing sight of the long term.

Peer Swinkels

with our beer as well as our malt production in many countries of the world. We have also been able to cushion the decline in sales somewhat through rapid innovations and adjustments in the market.' 'We have invested in our growth brands which have a solid market position,' adds Geert. 'Furthermore, we took a close look at our portfolio strategy. We have greatly accelerated our e-commerce activities as increasingly more people decided to shop digitally. For example, we have made our specialty beers more readily available to consumers through our Bier&zO and S-Hop webshops.'

They both list some new products that have been introduced in 2020 and that fire the imagination. Examples are the new Bavaria 0.0%, the Cornet Smoked specialty beer and Kidame, a new, light and refreshing beer from our brewery Habesha in Ethiopia. In line with the "better for you" trend, we have launched a hard seltzer under the brand name Spijked&. This isn't just an innovative product for our company, it also means that we have entered a brand new segment in 2020.

Peer: 'In 2020, the value of partnerships became more clear than ever before. We have helped our on-trade business partners by taking back and reimbursing barrels of beer with a limited shelf life. At the same time, retailers met us halfway by paying invoices earlier than the payment deadline. Moreover, we have temporarily relaxed our rental conditions for premises to meet our on-trade business partners halfway. At the beginning of the crisis, many healthcare institutions were faced with

acute shortages of disinfectant. We used the reclaimed tank beer from the on-trade sector in the Netherlands for the production of alcohol-based hand sanitiser, and through this managed to support 1,200 healthcare institutions throughout the Netherlands. This is an example of an initiative that came straight from the heart and was also perfectly in line with our circularity philosophy. The Brainport Eindhoven partnership is also worth mentioning, as it led to the further expansion of our collaboration with PSV and other companies in the region. Together we ensure, among other things, that the region remains attractive.'

The reorganisation in 2019 from a collegiate governance model to a CEO governance model with a small Executive Board and three divisions proved to have provided a solid foundation that was indispensable in this crisis. Peer: 'In the new governance model, we work on the basis of an optimal combination of centralised decision-making where it is required and decentralised decision-making where it is not. We saw the first results of that in efficiency and effectiveness in 2020.'

Financially sound

For CFO Geert van Iwaarden it was his first year at Swinkels Family Brewers. And for him it was immediately a case of all hands on deck. 'We ended up in the biggest crisis in decades. And instead of having direct contact with my new colleagues in the office, I was working from home like many of them. Meanwhile, financial decisions with great impact had to be made. The crisis forced us to accelerate cost savings and initiatives to improve the cash flow. This helped us maintain our financial results. Nevertheless, COVID-19 has

The crisis has not prevented us from **continuing with transformations** that prepare the company for the future.

Geert van Iwaarden

had an incredible financial impact but it hasn't stopped us from continuing with transformations that prepare the company for the future, such as the Intelligent Brewery programme and investments in the field of circularity. The closure of the on-trade businesses obviously hit our business partners and turnover hard, but it does not present a threat to the continuity of the company. Volumes may have dropped substantially, but the operational profit margin could be reasonably maintained thanks to all the cost savings. An impressive achievement by all of us. We were even able to improve our cash position through new programmes, which allowed us to significantly reduce our net debt position. It's been an exceptional year, but all these actions have kept the company financially sound.'

Ready for the future

In addition to the continuity of our company, we also worked on the long term and our growth strategy.

Analyses and benchmark studies clearly showed that our cost level was too high. Peer: 'We were out of step with our competitors causing a stop in our growth. And growth is precisely what's important for the future of the company and, therefore, also for the employees.' 'Focusing on costs and cash is especially

important in a crisis,' adds Geert. 'Our Fit for Growth programme literally means getting our company ready for growth by freeing up resources to invest.'

Before the COVID-19 crisis, we had already started reviewing our cost structure. We looked at optimal staffing levels, also after our digital transformation later on, and to the right cost level to be competitive within our industry. What we observed was that staff costs had to be reduced. The need to achieve a lower level of costs has increased by the impact of the COVID-19 crisis on our business. That's why we had to have difficult conversations with some of our employees in 2020. We obviously approached this process with care and went through it together with the Works Council. Ultimately, this will ensure that with a better foundation and a cost-conscious and more efficient organisation we are ready for the post COVID-19 era.

'It's typical for family businesses, that usually have something saved up for a rainy day, to think counter-cyclically,' adds Peer. 'It is precisely when things are going less well that it is interesting to invest in growth. And our cash position certainly allows for it. In 2020, we put our investments on hold for a while, but in the coming year we want to invest more in growth. We distinguish three pillars of growth; organic growth by division, mergers and acquisitions and greenfield development.'

The Intelligent Brewery

The Intelligent Brewery is a multi-year programme for the digital transformation of the company, which we presented in 2019. We again took steps in 2020. The first major segment, the HR system SuccessFactors, went live in January 2021. This includes personnel administra-

Thanks to the **flexibility and resilience of our people** the continuity of our business processes was never in danger.

Peer Swinkels





tion and recruitment, giving us a better insight into all our employees. We are also building a new customer database, which will allow us to be of even better service to our customers. Geert: 'The next really big step within the programme is scheduled for the end of 2021. Our entire location in Lieshout will then switch to one system. That really is a mega leap towards the Intelligent Brewery we've envisioned.'

Winning family culture

In order to do justice to everyone, we are going for a winning family culture. This means an organisation that is safe, but at the same time can demand a lot from people. That way we can win together. We stick to our DNA, but we also evolve. To be decisive, it's important that people speak directly to each other, ask questions and thus check assumptions, have the ability to take decisions and keep their promises. The year 2020 was the first full year that our new CPCO Angelique Heckman was part of our executive team. This gives the HR agenda more attention at the highest level. Peer: 'Based on our core values of entrepreneurship, collaboration and focus on results, we go for concrete

results. We're working to create a culture where you dare to take risks, where you work together like a family, but where you judge and manage based on facts rather than perception.'

Circularity

We aim for stable but also sustainable growth. After all, as a family business we wish to pass on an even more beautiful business to future generations. We have a huge ambition in this respect; we want to pass on our company to future generations in the most circular state possible. Corporate social responsibility has long had our attention. In 2019, we chose to concentrate on circularity as we believe this will have the greatest impact on society.

We aim to be a 75% circular enterprise according to our own calculation methodology by 2025. This ambitious goal gives our employees and business partners a very clear indication of where we want to go. Using the Swinkels Circularity Index, which we introduced last year, we measure our activities and make the results tangible. This inspires and makes sustainability less optional.

Peer: 'It's great to see how formulating our ambitious goal sets all sorts of cogs in motion. An example is the mapping of residual flows and purposeful thinking about reuse. In 2020, we completed a major heat recovery project at the brewery, malting plant and bottling plant in Lieshout. This has enabled us to achieve energy savings of over 15%. In addition and in collaboration with TU/e, we have proven that it is possible to provide our brewery with heat for our brewing process by burning fine iron powder, a fairly new, circular energy carrier. Ensuring that raw materials do not go to waste and retain their value requires a lot, also from our suppliers. We have noticed that suppliers and partners are also increasingly involved in sustainability. Together we can take steps in the area of circularity.'

Geert: 'Circularity also comes with great business results. Using residual flows and reusing heat generates extra income or cost savings. Of course we want to take very good care of the planet, but a circular business model also makes good business sense. Sustainability is not necessarily expensive. We challenge employees to think and act on this. And we lead the way; our CSR information, including that on circularity, is subject to assurance by our auditor. We hope that this will inspire other companies in taking steps in the field of circularity as well. In any case, we will continue to make investments that will make our company more circular allowing us to emerge from the crisis a lot greener.'

Peer Swinkels
Geert van Iwaarden,

2 April 2021

We will continue to make investments that will make our business more circular, allowing us to emerge from the crisis a lot greener.

Geert van Iwaarden

Purpose, vision and strategy

In 2019, we moved from a collegiate governance model to a CEO model with a small Executive Board and three divisions, each with its own Management Team. We also formulated three pillars to bring focus to our strategy. In 2020, we have taken steps to further put our strategy house in order. Thanks to the formulated vision and purpose we now also have a “roof” on our strategy house. It helps us to make the right choices and to future-proof our family business for next generations.

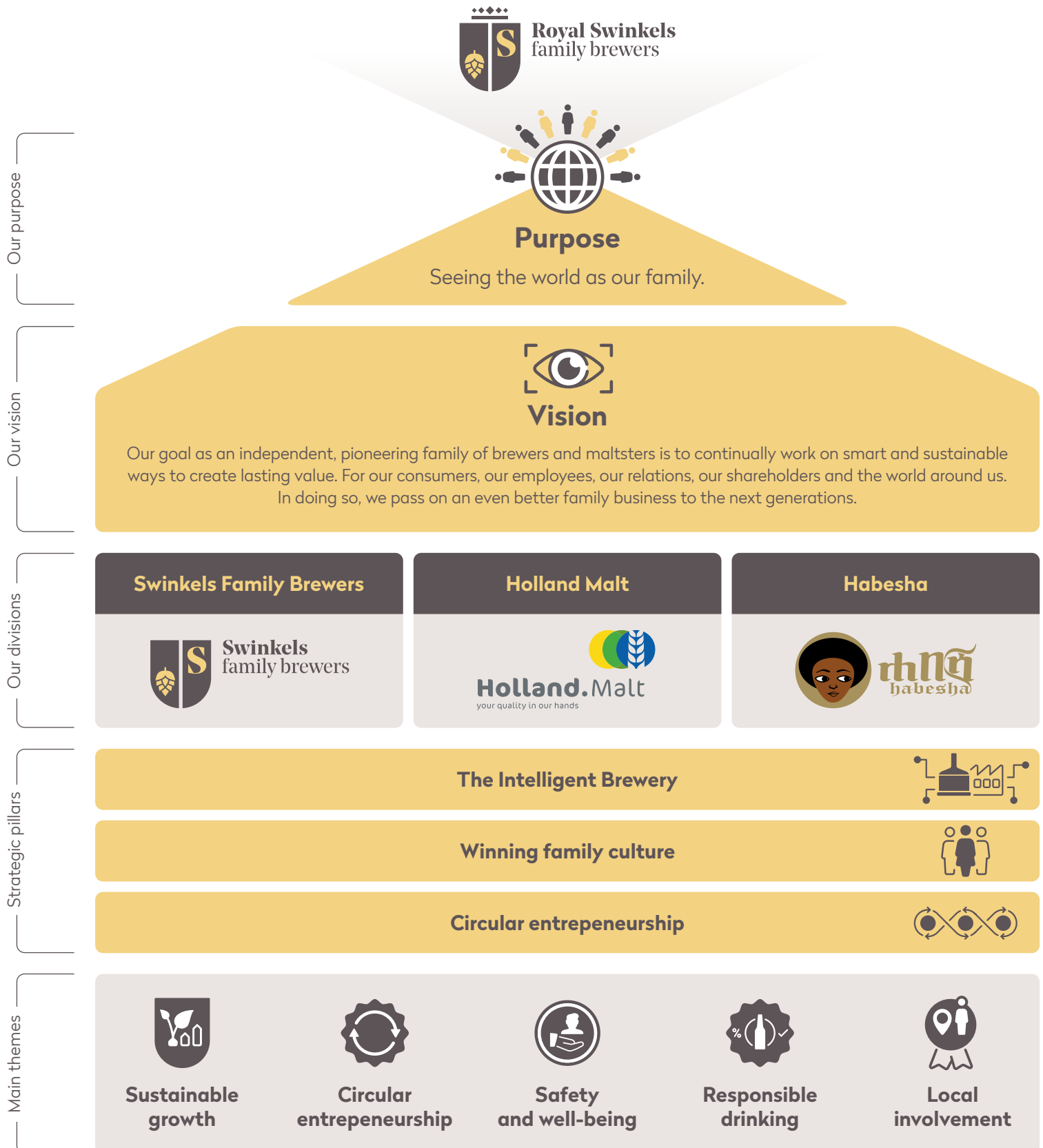


Figure: Our strategy house

Our financial key figures

Net turnover **773.2**

(in millions of euros)

897.0 (2019)	854.4 (2018)	792.3 (2017)	750.3 (2016)
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EBITDA **70.0**

(in millions of euros)

94.2 (2019)	99.7 (2018)	84.8 (2017)	86.5 (2016)
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Investments in tangible fixed assets **31.0**

(in millions of euros)

63.1 (2019)	63.4 (2018)	84.0 (2017)	51.1 (2016)
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Solvency **47.2**

(group equity as % of the total assets)

46.8 (2019)	51.1 (2018)	52.5 (2017)	50.8 (2016)
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Liquidity **1.04**

(Current assets/short-term liabilities)

1.52 (2019)	1.37 (2018)	1.24 (2017)	1.47 (2016)
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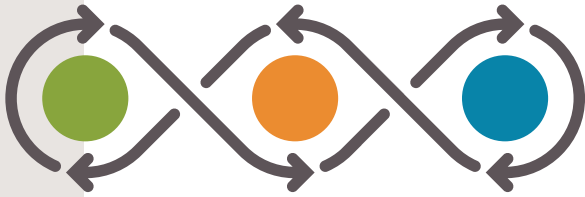
Net debt/EBITDA **0.8**

1.6 (2019)	1.1 (2018)	0.9 (2017)	0.8 (2016)
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2020

Our CSR key figures

Circularity



Circularity score **52%**

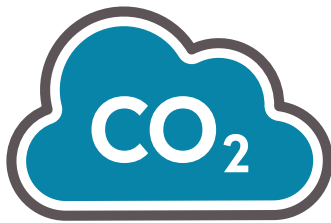
40% (2019)

30% (2018)

Energy consumption (MJ/hl) **108**

128 (2019)

123 (2018)



CO₂ emissions (kt) **82**

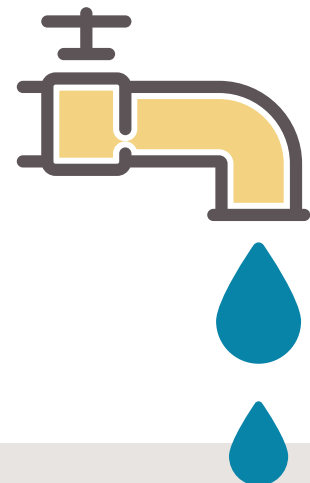
126 (2019)

118 (2018)

Water consumption (hl/hl beer) **4.1**

4.2 (2019)

4.2 (2018)



Safety and well-being

Accident frequency
(Lost time accidents per 100 FTEs) **1.00**

1.04 (2019)

1.35 (2018)

Absenteeism due to illness **3.4%**

2.7% (2019)

2.8% (2018)

Number of FTEs **1,569**

1,629 (2019)

1,615 (2018)



Responsible drinking



Percentage of non-
alcoholic or low-alcohol
($<3.5\%$) of the total volume
of beer sold

10.7%

8.7% (2019)

8.6% (2018)

One strategy, three divisions and dozens of challenges



For all three divisions, global beer consumption is leading. The fact that beer consumption dropped substantially for the first time in decades as a result of the anti-pandemic measures had a major impact on our organisation. Our products often go hand in hand with people getting together. The closing of on-trade establishments and curfew, as well as social distancing, made that impossible and thus had a direct impact in almost every country we operate in. By taking immediate action in brand offerings or distribution and by cutting costs, we were able to limit the damage and managed to end the year with a reasonably positive result. At the same time, we saw the effects of our efforts in recent years. Our divisions have proven to be stable.

We remain focused on the growth of the divisions and on strengthening the foundation of the company as a whole. For this reason 2020 was about more than just COVID-19. In each of the three divisions, our employees worked on their own strategic action programmes for more value creation, smarter working and circularity. This is how we, as an international player in the beer and malt market, ensure that we remain relevant. Even in difficult times we seize opportunities, such as new brand introductions and innovations in the field of circularity.

Swinkels Family Brewers

Business in times of crisis

The Swinkels Family Brewers division consists of several business units. Each unit faced its own challenges in 2020 due to the virus. Belgium and the Netherlands, the countries where we are most active in the on-trade sector, have been hit hard by measures to contain the virus, such as lockdowns and the closure of on-trade establishments. The virus has had a great impact on our Belgian organisation, especially on our staff. Yet our brewers in both Belgium and the Netherlands were not sitting idle; we introduced Cornet Smoked and Swinckels' 0.0%, among others.

In France and Italy, two other business units, retail is an important sales channel. In this respect we can report that these countries have done relatively well. Although the COVID-19 crisis started in Italy, by improving the product mix this business unit was able to generate more profit than we initially expected. In France, retail sales increased. By making different packaging choices, shelf presence improved. Nevertheless, the specialty beer category has been hit hard, particularly in France.

In Asia and North America, the impact of COVID-19 on the economy was less due to government choices. As a result, sales in these areas even increased compared to 2019. The profitability of the Export business unit developed well where the Middle East and Africa are concerned. Substantial cost savings and the shift to the sale of other brands and types of beer produced a satisfactory result.





Holland Malt

Strategic choices paying off

Declining beer consumption worldwide had a negative effect on the available malt volumes. Due to the commitment of employees and strategic choices made by Holland Malt at an earlier stage, the loss of volume remained very limited. Firstly, the decision to operate in many different continents and market segments helped. Secondly, the strategic location of the Eemshaven malting plant also proved to be a great advantage, both for the sale of malt and the purchasing of malting barley. Finally, Holland Malt invested in the Lieshout malting plant in 2019 for the purpose of supplying more craft and specialty malt to craft brewers. This also made for a positive contribution.

In addition to good global market penetration and the development of niches, the division has proactively safeguarded continuity with cost measures in the area of staff deployment and maintenance, and the rescheduling of non-urgent projects at the lowest possible cost. Furthermore, good inventory management enabled production to continue at full capacity.

Holland Malt has managed to improve its result for 2020 compared to 2019. The original pre-COVID-19 budget was slightly exceeded resulting in the highest result to date. The doubling of the capacity of the Eemshaven malting plant since the first quarter of 2019, has thus proven to be based on a solid foundation. Holland Malt continues to see good opportunities for further growth and will continue to commit to this in addition to further developing its sustainability ambitions.

Even in difficult times we seize opportunities.

Habesha

Great challenges and an introduction

There is unrest in Ethiopia. Political disturbances and tensions greatly affect the economic situation and the same applies to the sale of our products. Our Habesha division has had to make major adjustments in distribution in 2020 as a result of COVID-19. Drinking at home is not very common in Ethiopia. For this reason our distribution system was aimed at sales via restaurants and bars. Due to a lengthy curfew from 6:00 PM onwards, this turnover completely dropped to zero in one fell swoop. In a short period of time, we shifted distribution to small neighbourhood shops. For this we concluded a deal with small supermarkets, the so-called *order stores*. In this way Ethiopians could still buy their beer. This move enabled us to somewhat cushion the revenue decline. Moreover, we had already broadened our offerings in spring 2019 with Negus, a non-alcoholic, dark malt beverage available to Ethiopians at any time of day.

In addition to the effects of COVID-19, an almost threefold increase in excise duty resulted in a 50% increase in the selling price of beer. This of course had a major impact and our volumes suffered greatly. At the same time, we took action. In addition to the distribution change already mentioned, we also developed and introduced a new drink; Kidame. Furthermore, right at the end of 2020, we managed to market draught beer in Ethiopia. In short, here too people worked hard to respond to the crisis. We were also able to bolster the result of this division by heavy cost measures. All these actions have produced a decent result despite the major challenges.

Due to the unrest in northern Ethiopia, in Tigray, in late 2020, Swinkels Family Brewers made a donation to UNHCR, the United Nations Refugee Agency, in early 2021. This donation will provide emergency shelter, food, water and health screenings for refugees from the Tigray region.



Our focus and



In 2019, we added more detail to the subjects reported on in our annual report. We did this based on our strategy, stakeholder interests and materiality matrix. We decided to, from now on, only describe the themes where we can and want to make a real social difference. Until 2025 these are the five focus areas on these pages.

Sustainable growth

We want to be able to pass on a financially sound 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 2020

- EUR 773 million net turnover.
- EUR 70.0 million EBITDA.
- Liquidity 1.04.
- Solvency 47.2%.



Status 2020

Circular entrepreneurship

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

- 75% circular business operations by 2025 according to our own calculation method.

Achievements 2020

- 52% circular business operations achieved in 2020 (according to our own calculation method and based on the most recent data).



Status 2020

ambitions



Safety and well-being

We find it important that our people and partners can go to work and back home again safely and healthy every day but also that they feel involved and appreciated.

Ambition

→ Zero lost time accidents and less than 3% absenteeism due to illness by 2025.

Achievements 2020

→ 18 Lost time accidents.
→ 3.4% Absenteeism due to illness.



Status
2020



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 internationally responsible marketing and communication code and a growing range of non-alcoholic and low-alcohol beers by 2025.

Achievements 2020

→ 10.7% non-alcoholic and low-alcohol beers <3.5%.



Status
2020



Local involvement

Everywhere in the world, the 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 2020

→ All brewery locations have local projects.



Status
2020



ching habesha

ching habesha

Sustainable growth

AMBITION

We want the world to enjoy our beers, we want to offer our customers lovely malts and we want to offer our consumers the right beer at the right time. That was and remains our ambition. Even a pandemic doesn't change that. It has proven to be an advantage that we are active in so many countries, markets and segments, thereby spreading risks. By making adjustments where necessary, we managed to continue to reach our customers and consumers. Despite the crisis in which we find ourselves, we have succeeded, thanks to proactive cost management, to be in the black. By actively managing the working capital, we were also able to further strengthen the company's capital position. As a result, our growth strategy has remained intact. Swinkels Family Brewers is financially sound and we will continue to work unabated on our ambition; to pass on an even better family business to future generations.





Results 2020



Encouraging the growth of enterprises and stimulating valuable work, entrepreneurship, creativity and innovation.

Turnover 2019
EUR 897.0 million

Turnover 2020

**EUR 773.2
million**

The impact of the COVID-19 pandemic has left a mark on our 2020 financial results. Compared to 2019, turnover decreased by 14% to EUR 773.2 million, mainly due to the closure of the on-trade sector in a number of key countries. Taking into consideration that we work all over the world, in various countries, sectors and segments, the decrease in turnover was relatively limited. The increase in turnover in retail could partly compensate for the losses in the on-trade sector, but definitely not for all of it. We were, however, able to partly mitigate the financial consequences by immediately implementing large-scale cost measures. Nevertheless, EBITDA decreased from EUR 94.2 million in 2019 to EUR 70.0 million in 2020.

We see big differences between the countries in which we operate. In Belgium and the Netherlands, where we generate a lot of turnover through the on-trade sector, the volume loss as a result of the forced closure of on-trade establishments was considerable. On-trade entrepreneurs who rent premises from us have been supported with rent reductions and payment arrangements, resulting in a lower rental income than in 2019. Countries where we sell mainly via the retail sector, such as Italy and France, performed better than expected.

Our brewery Habesha had to deal with several factors that negatively affected the turnover. In addition to COVID-19, which also had a major impact in Ethiopia, political unrest, the devaluation of the Ethiopian Birr and an increase in excise duty also played a role. As a result, despite robust cost measures, Habesha's results were lower than in 2019. Our malt company Holland Malt achieved good results in challenging market conditions and proved to be excellently positioned, with strategically located production sites and exports to a large number of countries.

The effective tax rate was 26.4% in 2020, with the weighted average rate calculated based on pre-tax results in the various tax jurisdictions.

Changes in the organisation

Despite the COVID-19 crisis, we invested in two company-wide change programmes in 2020 that will pay off in the coming years.

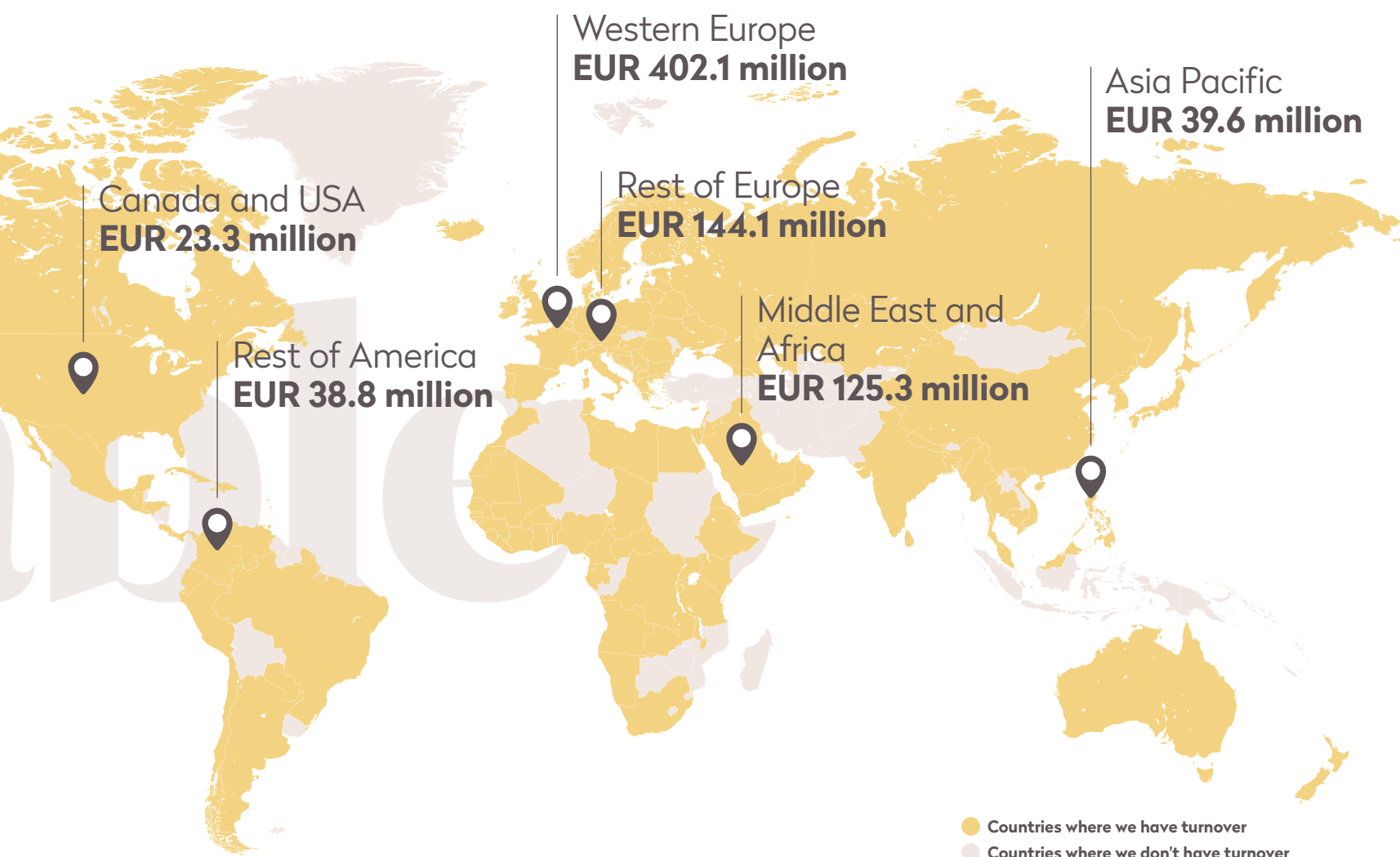
- “Design-the-base” is a restructuring programme that provides the company with an optimal foundation for future growth. A provision of EUR 3.9 million was made for the programme in 2020 in order to be able to implement a social plan in the years to come.

- “Intelligent Brewery” is a digital transformation programme aimed at developing a new digital platform, with harmonised business processes and a new way of working. In 2020, the investment amounted to EUR 7.5 million. As this is a multi-year programme, we will also invest in it in the coming years.

Liquidity

In 2020, in addition to the aforementioned cost measures, we also paid close attention to cash position enhancement measures. These measures were mainly aimed at reducing working capital, among other things by reducing outstanding amounts from our customers and by concluding new payment arrangements with our suppliers. We also reduced our stocks and postponed a number of planned investments.

At Holland Malt, we introduced a receivable finance programme to reduce payment terms for a number of customers. We also strengthened the collaboration with a number of key suppliers through a supplier finance programme, improving payment terms on both sides. Thanks in part to these new programmes, we were able to reduce our debts to credit institutions from EUR 150.4 million to EUR 69.7 million. The



liquidity ratio came to 1.04 in 2020 compared to 1.52 in 2019.

Cash flow

The net cash flow of the company was positive (EUR 16.6 million). The incoming cash flow from operating activities (EUR 137.3 million) was substantially higher and the outgoing cash flow from investing activities (EUR 32.0 million) lower than in 2019 (EUR 55.8 million and EUR 79.3 million respectively). The outgoing cash flow from financing activities was EUR 88.7 million.

The net cash flow for 2020 was positive, mainly as a result of three developments:

- The cash flow from operating activities was higher than in 2019 due to an increased focus on working capital management in 2020.
- The cash flow from investment activities was lower than in 2019. As all the focus was on keeping the company healthy, investments were postponed.
- The cash flow from financing activities in 2020 was lower than in 2019 due to loan repayments and share repurchases.

Taxes

In 2020, we paid the following taxes (in millions of euros):

Corporate income tax	2020
Western Europe	4.1
Rest of Europe	0.2
Middle East and Africa	1.5
Canada and USA	-
Total	5.8

Excise duties	2020
Western Europe	74.8
Rest of Europe	16.8
Middle East and Africa	16.4
Canada and USA	2.3
Total	110.3

Other taxes	2020
Western Europe	39.5
Rest of Europe	12.3
Middle East and Africa	10.3
Canada and USA	1.0
Total	63.1

Other taxes amount to EUR 37.7 million from VAT and EUR 25.3 million from payroll taxes and social security charges.



License partners: Striving for the best for both

Not in all countries where we sell our beer, does it come from one of our own production units. We export many of our beers, but in some countries that is not possible nor commercially of interest. In those countries we collaborate with local breweries. These so-called license partners brew according to our recipes and for our brands. In addition to agreements in areas such as finance, operations and control through audits, we also enter into agreements on corporate social responsibility.

Currently, we have licensees in Russia, Georgia, Serbia and Kazakhstan. The reasons for opting for this form of collaboration vary from country to country. For example, Russia has high import duties, making exports to that country commercially less interesting. We also run a lower currency risk in Russia, because we buy, produce and sell in roubles. Another reason may be that an area is difficult to reach. Or that it is not possible for us, as a foreign company, to organise the distribution in a country in the way that we want. In Serbia, for example, we collaborate with a partner who is market leader in the Balkan countries, so that a broad distribution is guaranteed. Then there is the fact that we are sure there is a market for beers in these countries and that our brands meet consumers' needs. Sufficient capacity in the market is a firm prerequisite to make a collaboration with licensees profitable. In 2020, COVID-19 also had a negative effect on sales through licensees. This applied mainly to the Balkan countries, where much of our beer is sold via the on-trade sector.





Collaboration with license partners is only possible if there is a close relationship of trust.



— Win win

The condition for entering into a collaboration with a license partner is, first of all, that they supply good quality beer. Our highest priority is that our brands remain strong and market value is maintained or increased. The continuity of the quality of our products is very important in this respect, and we aim for this in all countries. Samples of each batch produced by our licensees are sent to our lab in Lieshout where the quality is tested. Another important aspect in the collaboration is that our brand is as profitable for our partner.

We expanded our partnership with Moscow Brewing Company (MBC) at the end of 2020. Besides Hollandia, this party will also brew Bavaria lager and Bavaria 0.0% for us. Important here is that MBC has the most modern brewery in Russia. In principle, licensees provide their own raw materials, but because of our expertise in brewing non-alcoholic beer, we will be supplying the raw materials for Bavaria 0.0% beer.



— Trust

Trust forms the foundation for the collaboration with license partners. Our partner breweries brew our product according to our recipe and are, therefore, familiar with our "brewing secrets". Besides the fact that sufficient capacity and quality is important, it also matters that licensees are well organised and have their operational affairs, such as distribution and marketing, well in order. They must be prepared to keep us informed where operations and finances are concerned. By auditing on volumes, for example, we verify the correctness of the data.

We've noticed in practice that an optimal collaboration totally depends on licensees feeling confident about our products and are more than willing to invest in them. Unfortunately, due to COVID-19 we were not able to visit our licensees this year.



— Corporate Social Responsibility

Brewing on-site substantially limits CO₂ emissions as many kilometres of transport are avoided. To ensure that our license partners also brew in a responsible manner, we are engaging in conversations with them on corporate social responsibility. We ask all our license partners to actively reduce their energy and water consumption and create the safest possible working environment. We also ask them to carefully consider CSR risks and control measures within their chain. This means that we talk to them about consciously choosing their suppliers and working with certain certificates that guarantee good environmental and safety conditions.

When concluding new collaboration agreements, such as the one with the Moscow Brewing Company, we enter into agreements in the field of sustainability in the form of contractual requirements. We lay these agreements down in writing, so we can do more than just discuss CSR. Our ambition is to create a situation in which licensees, like us, fully commit themselves to sustainable business practices. Unfortunately, we've not yet achieved our goal. In Georgia, we've increased our close collaboration with licensee Argo. We have held a minority interest in this company since 2019. This will enable us to conduct a more explicit dialogue on our circularity standards.

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 2020, we introduced these new products to the market.



Bavaria 0.0%

The new Bavaria 0.0% is brewed according to a new brewing method, and has a new design and recipe.



Bavaria IPA, Bavaria Herbstbok 2020 and Bavaria Lentebok

Introduced to the Netherlands. Bavaria Herbstbok 2020 is a Special Edition beer where oatmeal was added in addition to the 5 regular malts. Bavaria IPA and Bavaria Lentebok have been introduced exclusively through Jumbo Supermarkets.



Bavaria 0.0% Radler Apple, Bavaria 0.0% Radler Strawberry

Introduced in export countries.



Swinckels' 0.0%

Exclusively introduced to the Dutch on-trade sector.



Palm 0.0%

Brewed in our new 0.0% brewing installation, refined compared to the previous Palm 0.0%.



Cornet Smoked

Heavy blond beer with a smoky touch.



Vibrant P'Ocean

A collaboration between Rodenbach and the American Dogfish Head Brewery.

Rodenbach FruitAge

Introduced to the Dutch on-trade sector and supermarkets.



The Bavaria redesign was also rolled out in export countries in 2020.



De Molen Water & Vuur

New England IPA.



Landerbräu

Introduced to the Netherlands and export.

New design



Steenbrugge Quadrupel

Introduced through Aldi Netherlands.



Kidame

Blonde beer, introduced in Ethiopia.

SPIKED

Spiked& Hard Seltzer

Lemon, Seaweed, Wild Berries and Cherry



In collaboration with The Seaweed Company.



New design 8.6 and 8.6 in bottle



Introduced to all countries where 8.6 is available.

Awards

That the range of beers in the Swinkels Family Brewers portfolio is of a high quality is evident from the awards we have won.



- Silver Medal**
Bavaria Pilsner
- Bronze Medal**
Bavaria 0.0% Wit
- Country Winner**
Swinkels' Superior Pilsner

Bavaria 0.0% IPA

Chosen product of the year
The Netherlands

Distrifood
Wheel of Retail category Bier Nederland



- Silver Medal**
La Trappe Puur
(specialty beer less than 7 ABV)



- Gold Medal**
La Trappe Blond



Gold Medal
 Bavaria 0.0% Wit
 Brewery De Molen
 Bold & Brash BBA Blackberry
 La Trappe Blond



Bronze Medal
 Brewery De Molen
 Hel & Verdoemenis and
 Hel & Verdoemenis Hazelnoot

RateBeer
 Brewery De Molen



— Overall Product of the Year

Cornet wooden crates

Chosen as
 Overall Product
 of the Year
 in Belgium



**ASIA BEER
 CHALLENGE
 2020**



Double Gold Medal
 La Trappe Witte Trappist
 La Trappe Dubbel



Gold Medal
 La Trappe Blond
 La Trappe Tripel
 La Trappe Quadrupel
 Rodenbach Classic
 Rodenbach Grand Cru
 Rodenbach Alexander



Silver Medal
 Rodenbach
 FruitAge



Highest Points
 La Trappe Dubbel



Bronze Medal
 Bavaria 0.0% Wit
 Palm Original



Maurice Rijnen



Rick van de Mortel



SHOULDER TO SHOULDER

Well on the way to one **Intelligent Brewery**

Over the past few years, we have invested in our processes and in a single central platform that allows us to collect data in a smarter manner. In 2020, we steadily continued building on this, although the pandemic did cause some delay. Nevertheless, we saw good results at the end of the year. Which is good, because in the end it's all about working (even) smarter.

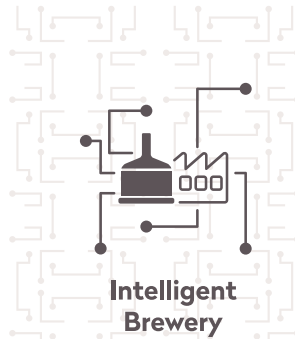


The internal Intelligent Brewery programme in brief: It will give us an overview of all our processes at a glance. Whether it concerns the number of orders in our Belgian breweries, the purchase of new machines in Lieshout, the sale of a certain product in Italy or the United States or the number of new employees at our Ethiopian brewery. Just to name a few examples.

It should be clear that such an overview will prove incredibly advantageous. The most important advantage being that we can quickly make very specific and well-founded decisions. For generations a good “gut feeling”, a combination of knowledge and years of experience, was enough for the Swinkels family where the brewery in Lieshout was concerned.

In today's business, with breweries in several countries and hundreds of products sold in dozens of countries, it is not so easy to produce exactly the right quantities at the right time. ‘The Intelligent Brewery is used for making decisions based on data’, says Maurice Rijnen, IT/Digital Lead responsible for the programme. In 2020, together with our board and people from Deloitte, we reviewed the basis once again. How do we set up the Intelligent Brewery and thus our company as effectively as possible? The fact that COVID-19 temporarily halted this process was a bit of a shock. ‘However, taking a step back for a while turned out to be to our advantage. We went back to basics – our business processes – with a smaller team. We translated our business processes into ten vital workflows, each with its own business product owner, teams and activities. This has also made the Intelligent Brewery more practical for our employees.’

With a new tool we can predict exactly what we will be selling and where.



It will give us an overview of all our processes at a glance.

To emphasise the more direct link with the business, the responsibility for the Intelligent Brewery programme was shared with a second person, namely Business Lead Rick van de Mortel. ‘I'm here to ensure that we continue to focus on the improvement of our business,’ he shares. ‘After all, at the end of the day, it's about applying the additional data and efficiency effectively. How will we use it, what does it mean to our departments and daily activities and, above all, what's their benefit to us? Another goal is harmonisation; making sure that our working method is more or less the same all over the world, based on best practices.’

Success 2020

Concrete steps within the Intelligent Brewery programme in 2020:

Predict

A new tool enables us to predict exactly what we will be selling and where (the so-called SAP IBP demand planning).

SuccessFactors

All information of almost all* of our employees worldwide in one clear database; SuccessFactors. In this way, for example, we know exactly what talent we have in-house at any given moment. Our employees also have quick and easy access to their personal data. Furthermore, SuccessFactors is what links them to the entire system, which means that the data is immediately secure. In this respect we have also taken a step forward in security. SuccessFactors is already proving itself in recruitment, resulting in a modern and efficient recruitment process. The onboarding as well is modern and effective; new employees go through a uniform, smooth and pleasant welcome process. Maurice: ‘We were able to accelerate the construction of this segment in 2020, allowing employees of Swinkels Family Brewers to experience the benefits of the Intelligent Brewery in practice.’

Web template for customer interaction

In 2020, a template was used for a new, state-of-the-art website that took online data collection to the next level. This gives us far more insight into website visitors and allows us to make direct contact. This applies to both the on-trade customer and the consumer. The new La Trappe website went live in 2020. Other brands will follow in the coming years.

2021 and beyond

The year 2021 is another year of further development of the Intelligent Brewery. The Business Unit Nederland & Production Unit Lieshout (Bavaria) going live is planned for the end of that year. All ten workflows will then work with the new system. Rick: ‘The work will be more structured, with usable data in one efficient system. Our people will work smarter and make decisions based on data. As this is a learning system, it will take some time to experience an optimal advantage. The Intelligent Brewery will, in principle, be fully operational in Lieshout in 2022. After that, the rest of the beer division will also start working with the system. Holland Malt will follow in 2023.’

* Habesha data is still missing due to the unrest in the country in 2020. The aim is for this brewery to participate in the coming years.



SHOULDER TO SHOULDER

Substantial growth for our online channel

To be where the consumer is, that is our mission. In 2020, consumers were online more than ever before, in part because of the closing of on-trade establishments and stores. Fortunately, our organisation was already prepared for e-commerce. A quick scaling up and further development in various countries enabled us to increase our turnover fivefold.



John Mouthaan



Joris Knaapen



Pamela de Groot



In addition to the retail and on-trade sectors, with which we have had a close relationship for many years, a third channel was added in 2020. The online channel did not only grow at a phenomenal rate, but also proved to have incredible potential.

As we considered e-commerce of interest, we already had the ambition to grow online as both our on-trade customers and consumers who like to drink our beers at home were already ordering online in increasing numbers. Other channels disappearing in 2020 gave us an extra reason to accelerate the possibilities for online sales considerably. John Mouthaan, Head of Digital Marketing & E-commerce: 'Fortunately, we were well prepared. Filling our online shops correctly, however, as well as the further optimisation of ordering and payment procedures, stock information and distribution, definitely asked a lot of our organisation and the team. Particularly, when the number of customers suddenly increased enormously.' Sales took place via our own websites, such as Bier&zO, Bierkoerier Groningen and in Belgium through S-Hop, but also via marketplaces such as Amazon and webshops for beers like Beerwulf and Beer Hawk. John: 'Setting up our share of the retailers' websites also forms part of our job. Our strategy is simple; fixing the basics, ensuring that all the beers are well presented, findable and promoted in the right way.'

Gaining momentum

Through this broad landscape of consumer websites, sales increased fivefold in 2020. Many who would normally go to the store in person were now shopping online. John: 'Ordering beer online gained incredible momentum. This made it important to be easy to find on those websites. We worked on that with might and main. In the Netherlands, we managed to open a completely renewed webshop for Bierenzo.nl immediately after the first lockdown on 15 March. In the UK, the team was able to

immediately make use of Amazon, resulting in a phenomenal turnover growth. By acting quickly, consumers were able to find us and continued to drink their favourite (specialty) beers, and order beer packs for their own use or – especially around festive days such as Father's Day and Christmas – as gifts. The pressure was huge, but it also put us firmly on the map.'



Future

It is expected that many of the new customers will continue to shop online. John: 'People are creatures of habit anyway. They have now been able to experience how easy it is and gained confidence in it. The great achievement of the past year is that we can now handle large numbers of customers. We can now accelerate with the push of a button. We have learned a lot in 9 months and we will benefit from that in the years to come. After all, our growth ambitions are substantial and we will now reap what we have sown. Everything is ready for this channel to grow further in the various countries in which we operate. In addition to the two channels that we were already very good at, we have now opened a fully-fledged third business channel. We are really ready for the future.' John realises that success has a downside. 'We have been able to accelerate in this way at a time when things were very difficult for our company as a whole. We've also noticed that ourselves. The webshop for on-trade customers (www.sfbhoreca.nl) normally accounts for 75% of their orders, but came to a standstill for a long period of time due to the lockdowns. We hope that, in 2021, we will be able to continue to grow through this platform as well.'

Great examples

Bierenzo.nl

Despite the surreal situation in March, the Bier&zO project team immediately started contemplating opportunities. Within two weeks a completely modernised webshop had come into being with no less than 1,200 specialty beers. Not only up-to-date in terms of design and appearance, but also in terms of possibilities and ready for large numbers of customers.

Joris Knaapen, E-commerce Manager:

'The web shop was already there, as an extension to our physical store in the centre of Rotterdam. The user-friendliness, however, could be improved upon. In order to respond to the increasing needs of customers, we delivered the renewed webshop earlier than planned. The new webshop is faster, works well on smartphones and the communication after placing an order has been improved. We offered additional services through special promotions. The tasting package for Father's Day was a success. The use of a special code gave the consumer access to videos of beer sommelier Rick Kempen who talked about the beers, beer styles and how to taste them well. A great way to connect consumers to our different beers.'

S-hop.be

Through an internal innovation programme we challenge employees to come up with innovative ideas. 'How can we easily offer our limited edition beers, gift packs and glasses directly to consumers?', pondered Pamela de Groote, Brand Manager Rodenbach. With the help of a few colleagues she quickly developed a webshop. They discovered, after some minor experiments, which gift packs and unique beers charmed the online visitors most. Their approach was so convincing that we decided to invest in their idea. And this is how the successful webshop S-hop.be came into being. John: 'Once the foundation was in place with the right brands and packaging, we began our activation promotions. We communicated with consumers around special days like Father's Day. From within Cornet we supported sports clubs who were having a tough time due to lockdown with a special campaign. For every crate we sold online, we donated an amount to a sports club. We were also able to adapt our website to suit Black Friday and the holidays perfectly, and this as a combined Dutch and Belgian team effort. With the right approach, we expect to reach many more people in 2021.'

**Ordering
beer
online
gained huge
momentum.**



SHOULDER TO SHOULDER

New: Spijked&, hard seltzers passionate about the ocean



With the introduction of Spijked& we are the first Dutch brewer to introduce a hard seltzer to the market. This “spiked” sparkling water contains a touch of alcohol plus a hint of fruit or... seaweed. Hard seltzer is a hit, especially among young adults. And that's good, because with every can of Spijked& they contribute to restoring the ocean.

This is a typical example of how quickly we can get things done in this company when we believe in them,' says Flemming Morth, from our Centre of Innovation. In November 2020, Swinkels Family Brewers entered a completely new market with Spijked&. The project team started in March and could only meet online because of COVID-19. 'It almost seemed like we were working in an even more focused way as a result. I presented it as an experiment, so making mistakes was allowed. A great innovation mentality and creativity

emerged, the will to get this done together. And we were successful.'

The fact that the introduction and promotion also had to take place entirely online was hardly a drawback, shares Senior Brand Manager Sean Durkan. 'The consumers of Spijked& have a great presence online. They picked up our story via Instagram and other social media just fine. Of course, we would have liked to have had them taste it at festivals, for example, so we will still do that as soon as we can.'

With the taste of seaweed

Meanwhile, the cans with the cheerful colours and water designs of Spijked& are conquering the shelves in the United Kingdom, Sweden and Greece. There is also a great deal of interest in other markets. In the Netherlands it was only available online in 2020, on spijked.com, and the volumes produced are still relatively low. We expect this to change in 2021 and for Spijked& to become available in retail. Spijked& is vegan, gluten-free and contains hardly any sugar. It's a “better-for-you”



The collaboration with The Seaweed Company fits perfectly into our **sustainability strategy**.

alternative for the health- and environmentally-conscious consumer looking for a flavourful alcoholic beverage with few calories. The four flavours are also quite special: Lemon, Cherry, Wild Berries and the unique Seaweed. 'That flavour takes you to the coast,' Flemming believes. 'Like eating an oyster,' Sean agrees. A drink containing seaweed; that takes some getting used to for the consumer. 'We find that people are even more open to it when we can add our special story about seaweed.'

In the sea

Seaweed is trendy, it is one of the fastest growing ingredients in Asia, says Flemming. He decided to get in touch with The Seaweed Company, a Dutch enterprise.

The two companies soon went into business with each other. Through every purchased can of Spijked&, the consumer contributes to the well-being of the ocean by financing a chunk of seaweed the size of an A4 at one of the seaweed farms. 'In this way Spijked& creates awareness about seaweed,' shares Joost Wouters, SeaEO of The Seaweed Company. 'And that's important, because seaweed is the fastest growing biomass. It is super healthy for humans and animals and even improves their immune system. Moreover, it contributes to the recovery of the ocean, for example by absorbing CO₂. Through Spijked& we are now appealing to a large target group that does not yet opt for health drinks, but does want to contribute to a better world.'

Contribute to the water

The name Spijked& refers to the English word "spike", which means adding alcohol, in this case to sparkling water. The spelling with a "ij" refers to the Dutch roots, with a nod to our seafaring history. Sean: 'For a brewer, water is indispensable. The availability of clean water, however, cannot be taken for granted. The oceans are under pressure, the cultivation of seaweed contributes to the recovery. If we as Swinkels Family Brewers contribute to this, we will have completed the sustainability circle. The collaboration fits perfectly into our sustainability strategy.'



SHOULDER TO SHOULDER

Habesha focuses on growth with fresh, optimistic brands

You really need a lot of nerve to introduce a product in times of COVID-19. Our Ethiopian brewery Habesha introduced Kidame right after lockdown. This light and fresh beer appeals to a younger target group. The growth of the mystery malt drink Negus, which hit the market in late 2019, also shows that Ethiopians are open to our new drinks.



Afel Amberber



We are ready to go full steam ahead next year.

Kidame means Saturday. It's a nod to the sigh many people utter after a long working week. "Finally, Saturday". This immediately shows what the brand stands for, shares Afel Amberber, Marketing Manager at Habesha. 'The beer itself is airy and soft, it has the freshness similar to a white beer. What we hear a lot from consumers is that when they have drunk Kidame the night before, they wake up with a clear head. This is not the result of a special ingredient, but is related to the quality of the ingredients we use. At Habesha, we brew at a high level and with the best organic products. As it is a new product, we still produce Kidame in small quantities compared to other products.'

The Kidame brand has a refreshing and optimistic look. The freshness is reflected in the colours, light aqua blue, the packaging and the advertisements. It thus distinguishes itself from the Habesha beer, which stands for the Ethiopian tradition. Habesha is a lager beer, with a full taste and a fraction more alcohol. The look and packaging with an Ethiopian woman in traditional dress refer to the old values of the country.

Afel: 'We introduced Kidame to the market in October, just after lockdown, when the bars reopened. It was later than we had planned. But it worked; people were happy to be given more space and felt like having a beer.'

Worrying about colleagues

'Of course our brands have struggled in 2020,' Afel shares. Due to COVID-19, bars were closed between March and September. Thankfully, restaurants were open, but because of fear of contamination fewer people went out to eat. Ethiopia is a country where people don't normally drink at home. 'During lockdown, we adapted our distribution to ensure that Habesha beer was also available in small supermarkets and kiosks. This has enabled us to retain some of the turnover. Sadly, many of our customers were also drinking less because of a drop in their income. We will continue to sell beer through retail outlets after COVID-19, in addition to the on-trade.'

Ethiopia introduced an excise duty increase in 2020 on alcoholic beverages of as much as 40%. In addition, there was political unrest, with uprisings especially in northern Ethiopia. Afel: 'We don't see much of it here in Debre Birhan, in central Ethiopia where Habesha is based. But we do have many colleagues who are from that area and have family there. Our sales in the north have come to a complete standstill. And that's where more than 25% of our turnover comes from. We couldn't get in touch with our sales people there for a while as their phones were disconnected. It took a long time before we heard they were safe, which was a very scary experience. Fortunately, things are calmer now.'



Malt beverage continues to grow

The year 2020 was also the first year of Negus, the non-alcoholic malt beverage that Habesha launched in 2019. Despite all the outlined challenges, the turnover continued to grow. Especially young people between 15 and 23 – who don't drink alcohol yet – love this innovative drink that contains coffee and the local tena'adam. The unique taste kind of resembles sweet coffee or caramel, but not quite. Afel: 'It's tasty at any time of day. There are also many people who do not drink alcohol for religious reasons. One third of the 108 million Ethiopians are Muslims, the majority of the remaining two-thirds are adherents of the Ethiopian Orthodox Church. They, too, are thoroughly enjoying Negus.'

Habesha on tap

Habesha as a draught beer is the last introduction of 2020. 'With this we want to appeal to a different audience; the guests in bars and restaurants. As draught beer is cheaper to produce, we can also offer it at an inexpensive price. And serve it in a special Habesha glass, of course. We have seen the results of all our Habesha products improve again over the last quarter. We obviously hope that this trend continues. We're ready to go full steam ahead in the coming period.'



SHOULDER TO SHOULDER

We are Brainport Eindhoven: ensuring a stronger region together



Romke Swinkels

Thijs de Kort

Whoever says PSV, says Bavaria. For two decades we have been the home brewer of the Philips Stadion in Eindhoven, where we also serve beers of our other brands. The “engagement” with PSV became a marriage in 2020. Joining Brainport Eindhoven – known from the shirts of PSV players – indicates that we believe in a good collaboration, now and in the future. Not only with PSV, but also with the five other Brabant partners.



Especially in these times it is important to firmly stand in support of your partners and to look ahead together.

Romke Swinkels
Director Netherlands

PSV is at the heart of this region and the Brainport Eindhoven partnership is aimed at becoming stronger together as a region. As a Brabant family business, we should be part of this,' says Romke Swinkels, Director Netherlands at Swinkels Family Brewers. 'We operate all over the world, but our roots are here. In that sense, participation in Brainport was an easy decision. Especially in these times it is important to firmly stand in support of your partners and to look ahead together. We've given it a lot of thought, of course. But the answer was a resounding "yes".'

Brainport Eindhoven is a joint venture of leading Brabant companies (see frame) with the aim of putting the region on the map. Participation is a decision with an eye to the future. Romke: 'As a family business, we believe in the power of sustainable partnerships, working openly on the same mission; making a difference for the region. This together with the mixed group of Brainport partners, that are all top companies in their own right. We do not opt for competition, but for collaboration in the chain with the aim of putting the region on the map as a centre of knowledge, hi-tech and innovation.'

A vital region

Thanks to the Brainport partnership we can get more done for the region. 'Especially when it comes to long-term goals such as

better name recognition, pride and a greater vitality,' says Thijs de Kort. He is Director On-trade Netherlands and represents our company in the Brainport Eindhoven working group. 'Together we are already playing a role in the quality of life of the Brabant people. We are an important employer in the region. We can increase that role through this collaboration. A better reputation, for example, can help North Brabant attract and retain talent more easily.'

'We believe in the value of sharing knowledge between the largest companies,' adds Romke. 'Together we are a platform for technological development. This turns the partnership into a steppingstone. Our company's ambition regarding circularity may be quite hefty but other companies are facing the same challenge as well. Our company is the first to have a circularity index and we have noticed how important this instrument is to make sustainability concrete and measurable and to clarify exactly where we stand. In doing so, we also inspire our partners.'

Thijs: 'We also want to show how much talent is already here through TEDx talks on technological developments. At every level, so close to everyone. We do this with our colleagues from Swinkels Family Brewers. That direct involvement is important to us. After all, this belongs to all of us.'

Focus on 0.0% in sports

In addition to our participation in the Brainport partnership, we also remain the home brewer of the Philips Stadion. Football and beer are inextricably linked. Romke: 'We think it's important to show that sports and responsible drinking can go well together. We also agreed on this in the National Prevention Agreement. That is why we sponsor PSV through Bavaria 0.0%, a choice we consciously made. You can see that in all our displays at and surrounding the sports field. Incidentally, we also sponsor other sports clubs but, again, only with non-alcoholic drinks. We also ensure to have more and more 0.0% on tap.'

In the stands

During this COVID-19 year we organised some fun promotions for PSV fans. Among other things, we brought the stadium experience to people's living rooms via 8D, had dinner with players at a safe distance, organised an online beer tasting from within the stadium and delivered surprise packages to make the lonely birthdays without family a little more fun. To be able to toast at home in style, we introduced special coasters in honour of the 100-year anniversary of Supportersvereniging PSV and a beer pack, obviously filled with 0.0%, for all the attendants. In this way, we've kept in touch with the PSV public in a – match-wise – very quiet 2020. Why? Because the bond we have is special. Romke: 'As a family we also like to be in the stands at PSV. And we like to bring guests. We also use the benefits of the partnership with PSV in the form of tickets for matches to strengthen our business. We just believe in the power of relationships.'



Six partners, one ambition

Swinkels Family Brewers is the sixth partner of Brainport Eindhoven. The other five premium partners are **ASML, Philips, High Tech Campus Eindhoven, VDL Groep and Jumbo Supermarkten**. It is an initiative of the Brainport Foundation and PSV. Together they tackle innovation, vitality, entertainment, talent development and recruitment in the Brainport region.



DILEMMA

Can we emerge from the crisis greener through investments?

Swinkels Family Brewers has great ambitions for sustainability. We wish to pass on an even more beautiful family business to future generations. A crisis doesn't change that. On the other hand, the 2020 crisis hit our company hard. How responsible is it then to focus on sustainability? Shouldn't the focus temporarily be on keeping our company healthy and thus on profitability? Even if it means postponing the sustainability agenda for a while?

During a crisis, the focus is on steering our company healthily through the crisis. This includes the health of our staff and our figures. Despite the pressure on the business we continued to make investments in 2020 that will make our company more sustainable and/or make a positive contribution to the environment. Examples include our hot water buffer, the procurement of green energy and innovations in the field of packaging.

Water: Investing to keep producing

Some investments are not a choice, they are necessary to be able to continue production in the long term. That is why we again invested in the Farmer Beer Water project, which was expanded in 2020. Water is simply indispensable to our production so it is not a question of whether we want to invest in it.

Energy transition: Seeking the optimal mix together

As a brewer, two thirds of our energy needs consists of thermal energy. This is energy that cannot be generated from solar or wind sources. In order to meet the climate goals, the current gas network must be converted into a hydrogen gas network, the source of which is wind, water or the sun. For this we are dependent on government investments.

We also choose to take the lead in some areas. Iron powder combustion is an important development for us. For that matter, the government contributes to this type of investment as well. These kinds of explorations are indispensable to get our energy transition up and running. This also enables us to prepare for future laws and regulations. There is no single ready-made solution for energy transition though, so we need to find an optimal mix of energy sources and carriers to generate sufficient energy and electricity for our brewing processes.

Greenfield: Sustainability is the standard

As a family business we want to grow consciously and sustainably. If we look at greenfield investments, building new breweries, they are often more sustainable than existing locations. After all, even during construction we apply the experience we gained in sustainability and new machines are often more sustainable than old ones.

Sustainability and profit go hand in hand

In 2020, we immediately took tough cost measures because of the crisis. We also continued to innovate and invest, however, because sustainable investments will also keep our company healthy in the future. We are particularly proud that, despite the crisis, we have exceeded our goal of 50% circularity according to our own calculation methodology. We've also established that sustainable investments and cost savings can go hand in hand. Reuse, for example, is a wonderful sustainability principle that is good for our environment, but that will also, ultimately, be profitable for our company. This also explains the Executive Board's motto "we want to emerge from the crisis greener through investments".

Conclusion: Sustainability at the top of our agenda

Apparently, the crisis gave us no reason at all to postpone the sustainability agenda. Why? Because some "green" investments are necessary, but also because we, as a family business, never lose sight of the long term. This is how we give meaning to our purpose. From 2020 onwards, circular entrepreneurship has been embedded in our business model as a guiding principle. It is one of our strategic pillars and that is why we decided to continue following the chosen path. We added new sustainability developments, for example, by holding talks with our suppliers on sustainable procurement.

We also and with great enthusiasm signed "The Green Recovery Statement" in 2020. We are pleased to see that more and more companies are integrating this important theme into their daily operations. After all, together, we make the greatest impact.

Circular entrepreneurship

AMBITION

As a family business, we consider it our duty to ensure that countless future generations will still be able to enjoy everything we build and brew today. Our goal is to pass on our company to future generations in the most circular state possible. Circular business operations mean that we will not let raw materials, energy and other materials go to waste. We ensure that we will use as few raw materials as possible and that what we do use retains as much value as possible. To achieve this we focus on three core processes; circular procurement, circular production and high-quality reuse.



In order to measure our circularity, we developed our own calculation methodology; the **Swinkels Circularity Index** (SCI). We introduced this calculation methodology in 2018 and applied it for the first time to the 2019 annual figures. The Swinkels Circularity Index is part of the CSR information that KPMG, an accounting and consultancy firm, has assessed resulting in an assurance report that is included in the annual report.

We frequently used the SCI in 2020 and also developed it further. We use the SCI to explore new activities or projects through calculations, among other things. The index enables us to assess whether a project actually contributes to our goal of increasing circularity. We notice as we continue along this path how the subject is resonating throughout our organisation.

A number of subjects from the SCI could not be fully completed in 2019. In 2020, however, we managed to bring these subjects into vision and make them more concrete. The circularity of marketing materials (POS materials) can now also be assessed and are included in the calculation. In addition, we have taken a big step forward with the assessment of machines and buildings.

Within our organisation, circularity has become a household name. Colleagues come up with ideas, both requested and unrequested, and want to work on improving processes and products themselves. Internally, we organise knowledge sessions and workshops for various departments to involve employees in circularity and make them aware of all that is possible. Furthermore, we see the interest in the SCI increase significantly among our suppliers and customers. Our discussions with them sometimes lead directly to concrete results. One label supplier, for example, started looking for an adhesive with fewer chemicals after a discussion with us on the subject of circularity. It will be easier to rinse off, which saves water. A small innovation but with a big effect.

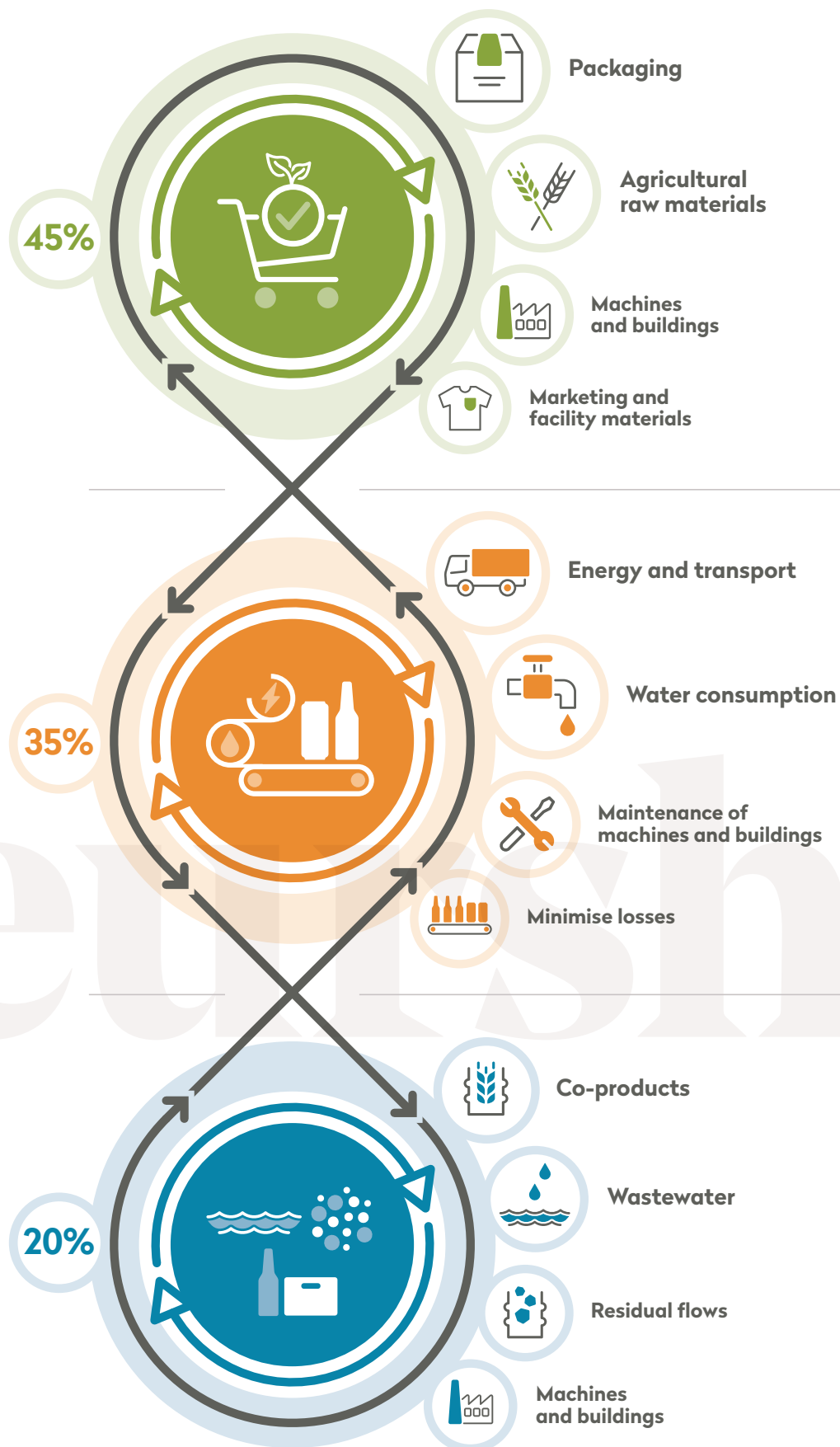
We are not only talking to our direct stakeholders. We also presented our circular approach to competing brewers and companies outside our chain resulting in positive reactions.

Sustainable three-tiered approach

Thanks to our calculation methods, we can see exactly where we are on a circular level and which areas still deserve our attention.

In order to realise our circular ambition, we focus on three core processes; circular procurement, circular production and high-quality reuse. 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.

The complete SCI model can be found in our reporting manual on our website www.swinkelsfamilybrewers.com.



Circular purchasing

In collaboration with suppliers we are working on thinner and recycled packaging. We are also increasingly procuring certified sustainable 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 lifespan of our machines and buildings.

High-quality reuse

We look for high-quality reuse of each residual flow. Brewers' grain becomes a baking ingredient and we generate biogas from our residual water.

Figure: Our Swinkels Circularity Index



STRONG - BLOND - BELGIAN

CORNET

OAKED




Results 2020

Our circularity score and performance

In accordance with our own SCI method, our business operations were 52% circular in 2020. This is a 12%-point improvement over 2019. A great achievement as 50% was our goal. This result has been achieved through the efforts of many colleagues, but certainly also through the collaboration with our suppliers. By engaging with our suppliers, a number of them have pleasantly surprised us with initiatives that help us achieve our goals.

We have made progress on the procurement of agricultural raw materials, marketing materials, machines and packaging materials. In addition, a major energy-saving project at our brewery and malting plant in Lieshout was completed in 2020. We are also increasingly able to make circular use of our co-products.

In order to achieve our ambition of 75% circularity by 2025, the focus in 2021 will be on machines, buildings, packaging, energy consumption and organic raw materials.

Circularity model further refined

In 2020, we have further developed our circularity model and made three important adjustments:

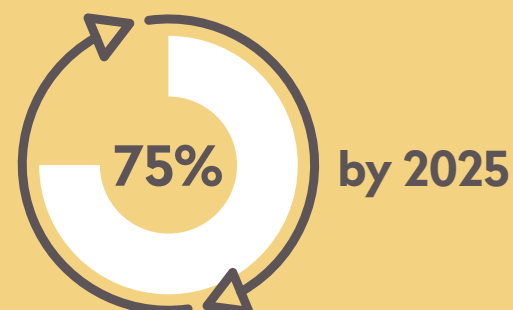
- The model was further completed. Marketing materials, machines and buildings now contribute to the SCI calculation.
- We have also tested our model against recent international developments in the field of circularity and their calculation. As a result, we are now also looking at the application of wastewater. If we discharge treated wastewater to local surface water, we assign a value to it in the calculation.
- For packaging, realized weight savings are now also reflected in the calculation. This is how we apply “reduction”. Weight savings mean that we use fewer raw materials, making this an important step towards an increased circularity.

Ambitions circularity score up to 2025

Our ambition is to improve our circularity score to 55% by 2021 and 75% by 2025. To achieve this, we must improve in all SCI segments. We have chosen to focus on packaging, machines, building materials, co-products and energy and water consumption.

We notice that the publication of our approach to circularity in the 2019 Annual Report has led to a lot of interest from numerous organisations and businesses. The reactions show that many companies are struggling with their circularity approach and regard our SCI as a valuable tool.

We opt for transparency in this respect. As was the case in 2020, we will explain our SCI to other companies in the coming years, in order to help them take steps towards circularity as well.



52%
– According to our own calculation method our business practices have already been **52%** circular in 2020, an improvement of 12%-points compared to 2019.

**DILEMMA**

A concrete circularity score: A complex matter

Defining and subsequently achieving a higher circularity score is in some areas a complex matter. Two interests are at stake:

- 1. Keeping circularity manageable for the organisation and,**
- 2. monitoring prescribed developments in the field of measuring circularity.**

1. On the one hand, we want to focus on the circular steps that are relatively easy to realise in the short term and that are within our sphere of influence. This makes our circularity targets concrete and realistic. Employees notice that they can contribute from within their own function.

2. On the other hand, we see many developments in measuring circularity in scientific literature and international think tanks. We are keen to follow and apply these to keep our method robust and reliable. Some scientific methods of measurement are more comprehensive than our own. This can clash with our interest in keeping circularity manageable for our organisation by bringing focus to it. In addition, it is impossible to chart progress properly if the measurement method is changed every year.

Circularity is a very young and developing science. That is why we want to review our model every three years. In respect of new developments on the one hand, and by asking our stakeholders what they consider to be really important on the other. We will again review this in 2021, which may mean that we will have to adjust our model in 2022 to reflect new insights. The core of the model, however, will not change. We will focus on the aspects we can influence and where we will have an impact

As we grow as a company, we remain critical of new activities and the expansion of existing activities. We will always include new local challenges in the refinement of the SCI.





Circular purchasing

AMBITION

Through procurement we can integrate the circularity of our own business model into that of our suppliers. We want to procure the goods and services we use as sustainably and circularly as possible and we apply strict sustainability requirements. By doing so, we encourage our suppliers to take steps themselves in the fields of sustainability and circularity. This is how we broaden our impact within the chain.

Results 2020

Socially responsible procurement (SRP) has been further integrated into the procurement processes in 2020. By entering into agreements with suppliers, it is ensured that they comply with SRP criteria.

Agricultural raw materials – opting for the sustainable variant

The most important agricultural raw materials for brewing beer are barley and hops. Another important raw material is sugar, which we mainly procure for the soft drinks we produce. Where possible we opt for the sustainable variant of these raw materials. Is this sustainable variant insufficiently available? Then we will talk to farmers and suppliers to see how we can work together to achieve sustainable improvements. The basic principle is that we do not want to deplete the agricultural land so that future generations can continue to grow crops.

Grains: 59% certified

Malting plant Holland Malt procures a large part of its barley in Western Europe. To make barley production more sustainable, Holland Malt will continue to talk to its barley suppliers. Currently, 59% of the barley we procure is certified sustainable according to the principles of the Sustainable Agriculture Initiative (SAI). This is a 16%-point increase over 2019.

Hops: 99% certified

We procure our hops in Germany and America. The hops we procure from our German suppliers are certified according to the Hopfening sustainability certificate. Part of the hops sourced in America carry the Global GAP certificate.

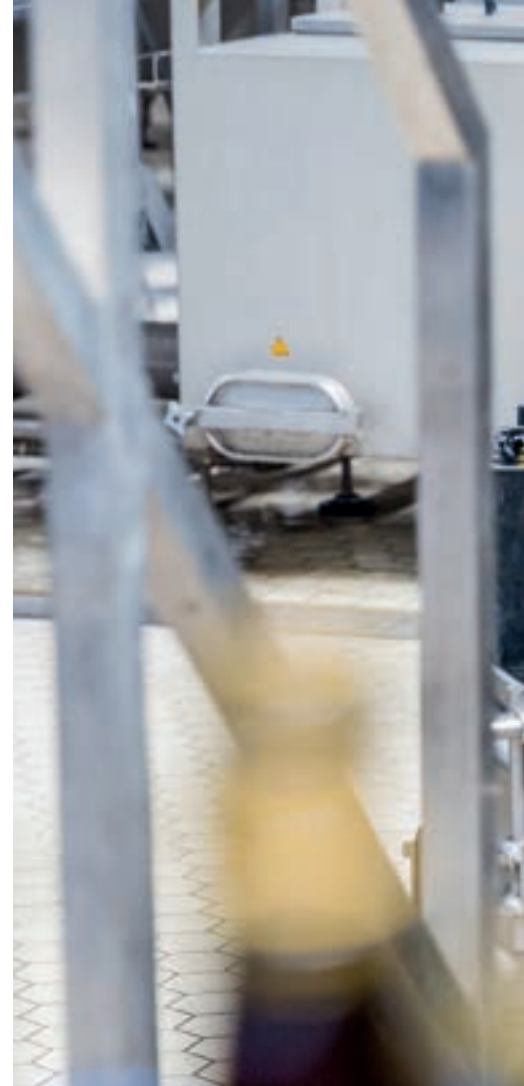
Sugar: 88% certified

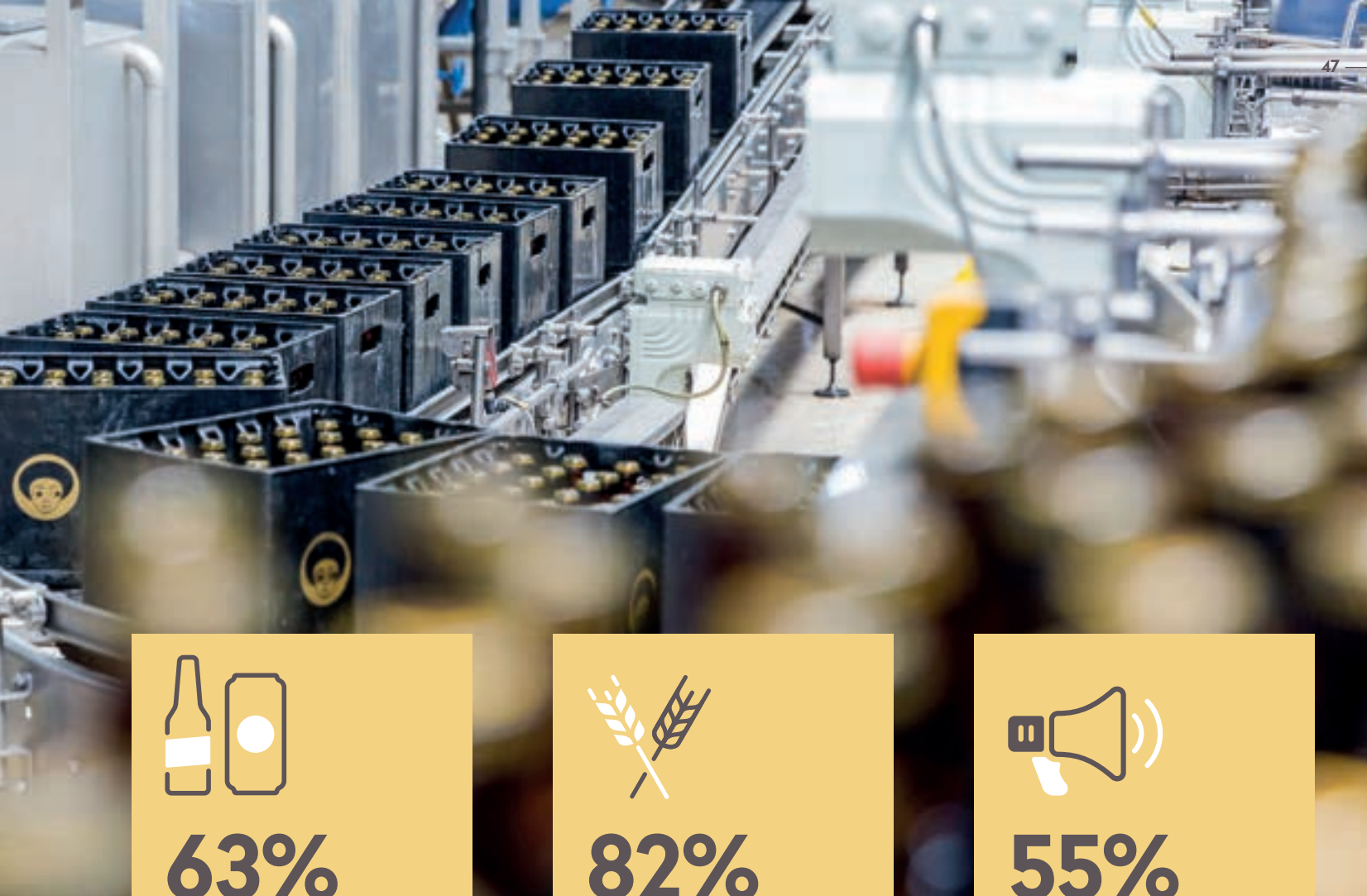
From 2020 onwards, 88% of the sugar used comes from sustainable sources. This is a 16%-point increase compared to 2019. The majority of the sugar from Europe also comes from sustainable sources.

Making marketing materials more sustainable

In addition to the raw materials for our beer, we also buy many things that are not directly related to the production of our beers. These products fall in the Non Product Related (NPR) category. These include for example coasters, company safety clothing and the displays we use in supermarkets to promote our products.

In 2020, where NPR was concerned, we focused on making our key POS (Point Of Sale) materials more sustainable. These are materials we use for marketing purposes and they vary from coasters, plastic cups and glasses to clothing and cardboard displays for supermarkets. Of these products, 55% are circular in nature, meaning they are made from recycled materials or come from sustainable sources.





63%

of our packaging comes from sustainable sources or is made from recycled material.



82%

of our agricultural raw materials is certified as being sustainable.



55%

of our advertising and marketing materials comes from sustainable sources or is made up of recycled material.

In order to really make a move in the field of circularity where these important flows are concerned, we organised a Suppliers' Day in January 2020. For this we invited our main suppliers of these marketing materials. On this day we expressed our ambition and challenged our guests to come up with circular products and ideas themselves. We noticed that many of our suppliers were already thinking about this.

Various POS materials have already been sustainably developed. Our cardboard shop displays, for example, are made from sustainably produced cardboard (FSC certified), just like all our coasters. Plastic drinking cups for festivals already consist of at least 60% recycled plastic.

From 2020 onwards, the POS material will be part of our Swinkels Circularity Index and will therefore count towards our circularity score.

In 2021, we will continue along this path and investigate as to how we can make POS materials and facility products even more sustainable.



We contribute to responsible production by procuring as many sustainable or recycled raw materials as possible.

Making packaging more sustainable: Deliberate procurement choices

Packaging guarantees the safety and quality of our products. It also determines the unique look of our brands. By also making the right sustainable choices regarding packaging raw materials, we can make a big impact.



Patrick Blom

Result 2020 and ambition 2021

If we look at the circularity index, there's been a great leap forward in the area of packaging. In 2020, the contribution of packaging to the purchasing segment has risen from 45% to 63%. Packaging, therefore, makes a larger contribution to the total index.

It is our ambition that from January 2021 onwards, all new primary, secondary and tertiary packaging we put on the market will consist of at least 50% recycled material. In addition, we will make them fully recyclable. This applies to glass, cans, plastic and cardboard.

Patrick Blom develops packaging. As a Packaging Technologist, he not only ensures that new packaging consists of recycled material, but also that it is recyclable; preferably for the full 100%.

Patrick: 'Every new bottle we put on the market contains on average 75% recycled glass. We want to make every new tray, every new box or other packaging that we design and use, completely circular according to our own index.'

The less packaging, the less waste and the lower the costs

The use of less glass, cardboard or cans is often not only more sustainable but also results in cost savings. This will create financial room to continue searching for innovative designs that will help us become even more sustainable.

General: Agreements with suppliers

Socially responsible procurement (SRP) has been the norm for us since this year. It is now better secured in all our processes. Our purchasers are aware of the importance of

this and are in a stronger position to negotiate. With great and immediate results. We are pleased to see how enthusiastic many suppliers are in sharing their thoughts and ideas and in working on our sustainability objective.

Plastic

We share the EU-wide ambition to make all plastic packaging within the European Union reusable or recyclable before 2030. Most of the plastic we use is (partly) recycled material and all our plastic packaging is already recyclable. Only our pallet film does not yet consist of recycled material.

To reinforce this ambition, 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. In 2020, all the printed shrink film we



Every new bottle we put on the market, contains on average 75% recycled glass.

processed was made of more than 50% recycled material. This saves 200,000 kilos of virgin plastic (plastic made from petroleum) a year. Our ambition is to only use shrink film consisting of 100% recycled material in 2021.

Glass

In Lieshout, we introduced a new, lighter design for our longneck bottle in 2018. In 2020, we also introduced this bottle in Bodegraven and Steenhuffel. This introduction alone, helped us save a total of 1,500,000 kilos of glass. It is not yet technically possible to make our green and brown bottles entirely from recycled glass and between 10% and 25% of the glass for these bottles is made from new “virgin” glass. The lighter longneck therefore also represents a saving of 375,000 kilos of virgin glass.

Cardboard

Since 2019, we have been placing a number of our cans in cardboard trays instead of trays with plastic foil. This saves on plastic, but requires a slightly heavier cardboard.

Since 2020, 88% of the corrugated cardboard and folding cardboard we use carries the FSC or PEFC quality mark. The cardboard is made of wood from sustainably managed forests and recycled material. Previously this was 80%.

We also switched to a different supplier in 2020, who managed to make a box using less and lighter cardboard, without compromising on strength. As a result, we use less material which we can procure more cheaply. By switching to this box we save 40,000 kilos of cardboard on an annual basis.

Pallets

We strive to only use pallets made from wood material carrying the FSC or PEFC quality mark. Our Procurement Department is discussing this with suppliers. We expect to achieve our goal in 2021.

Cans

In 2019 we made a big step in saving on tin by using lighter cans. This didn't herald the end of the savings process as our experts

also worked hard in 2020 on testing cans consisting of less material. From 2021 onwards our 25 cl cans will have a thinner lid. We also expect to save about 60,000 kilos of aluminium in the process. We apply a “world standard” (steel 30% and aluminium 72%) where the amount of recycled steel and aluminium in our cans is concerned (also see report 2019) as the exact figures are not shared by suppliers. All our cans are fully recyclable.

Ambition 2025

These innovations in packaging materials have brought us closer to the realisation of our ambition. Which is that by 2025, all of our packaging will be fully recyclable and 75% of it will be made of sustainable materials.

Making 75% of our packaging from recycled material is still a challenge as it's not always technically possible – yet. Glass, for example, cannot yet be made from 100% reused glass. If we look at tin plate, we are dependent on what happens in the market and on the supply of recyclable steel and aluminium. For the specification of our cans, we are bound to the applicable market standards. Our place in the chain and thus our dependence on other parties in the chain presents a dilemma.

**DILEMMA**

Sustainable packaging policy:

Cardboard or plastic?

Our ambition is to use packaging that is as sustainable as possible. The question we regularly ask ourselves is what is the most sustainable material?

Let's look at the life cycle analysis of cardboard and plastic production. We see the following:

Plastic is the best choice in some ways:

1. The energy and water consumption of similar quantities of plastic or cardboard is lower for plastic.
2. Trees have to be cut down for the production of cardboard.
If this is not done sustainably, it leads to a loss of biodiversity and deforestation.

Plastic, on the other hand, also has negative effects:

1. It doesn't break down. If it ends up in nature, it causes pollution of the environment and water. It creates harmful microplastics in our ecosystem and kills animals.
2. Not all plastic packaging can be recycled as yet.

This is what we do now:

We choose to leave out as much plastic as possible. Or replace it with cardboard produced as sustainably as possible and provided with PEFC and FSC certificates. For us, circularity is about limiting the use of raw materials. This means that we strive to use recycled materials. If this is not possible, we prefer to use cardboard from sustainable sources rather than virgin plastic.

The final decision has not yet been taken on what really is the most sustainable packaging. There are many different ideas and measurement methods that make this a dilemma for the time being.





Circular production

AMBITION

We have been focusing for years on the reduction of our water and energy consumption. However, in order to achieve fully circular business operations, it is important to widen our perspective. This is why we are also looking into minimising losses and making our transport more sustainable. We are also looking at possible savings in our use of (raw) materials.

Results 2020

Using iron powder as circular fuel

In 2020, we took an important step in the field of innovative energy saving; in collaboration with TU Eindhoven, we proved that fine iron powder can be used for the heating processes in our brewery. At the end of October, we demonstrated the first working iron powder combustion installation, which was linked to the steam network of our brewery Bavaria. More about this installation and its practical application in our brewing process can be found on page 62.

Reuse residual heat

We also achieved significant energy savings through the heat recovery project in 2020. This is described in detail on page 54. The crux of the matter is that by reusing residual heat, we need to use less gas in our brewing processes. As an extension to this project, we also investigated the options in this respect for brewery Palm in Steenhuffel and more in-depth for Holland Malt Eemshaven. We then decided to gradually optimise the energy consumption of our brewery in

Steenhuffel in the coming years. We also developed a detailed plan for our malting plant in Eemshaven for 2021. This project means that in the coming years we will realise savings at this malting plant. Ultimately, we are striving for a completely CO₂-neutral malting plant that is completely “off the gas”. Where Ethiopia is concerned, we are not sure whether we have enough residual heat at our disposal as brewing there is not done with gas.

Energy consumption

For the holding company, the total energy consumption was lower than in 2019. The main reason for this was the reduced production due to COVID-19. The aforementioned heat recovery project has also reduced our energy consumption. In Lieshout we currently need about 15% less energy to make one litre of beer, which is quite an improvement. In the energy management system in Lieshout, we re-allocated heat to the brewery, malting plant and soft drinks production (distribution key). These three developments influence the relative energy consumption of beer, malt and soft drinks. In our other breweries, the specific energy consumption has risen due to the strongly reduced and sometimes substantially fluctuating production. The total of CO₂ emissions has decreased, the percentage of renewable energy has increased and the relative emissions of beer, malt and soft drinks have improved. The reason being the energy

Parameter	2020	2019	2018
CO ₂ emissions (kt) ¹	82	126	118
CO ₂ emissions beer (kg/hl) ¹	5.2	7.8	7.1
CO ₂ emissions malt (kg/ton malt) ¹	123	164	193
CO ₂ emissions soft drinks (kg/hl)	2.0	3.6	-
Energy consumption (MJ)	1.71 billion	1.94 billion	1.81 billion
Energy consumption beer (MJ/hl)	108	128	105 / 123 ²
Energy consumption soft drinks (MJ/hl)	39	106	-
Energy consumption malt (MJ/t) ²	2,537	2,422	2,874 / 2,521 ²
Energy from renewable sources compared to total energy consumption (%)	14.8	3.9	5.5
Breweries and malting plants that are more efficient than the benchmark data (%)	88	71	-

Table: 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 old distribution key in Lieshout, see the 2019 report.



savings, but mainly because 2020 was the first year in which all the electricity we procured was green.

Reduce water losses

We use mainly underground water for our brewing process. Only a few Swinkels Family Brewers breweries use tap water. We already have a very low water consumption. In 2020, despite a fluctuating production due to COVID-19, we were able to maintain or even slightly reduce this low consumption. Our specific water consumption or, in other words, the number of litres of water we need to make one litre of beer, was more or less the same as in 2019. In the coming years, we will be exploring water reuse to see if we can further close the water cycle within our company. We are currently measuring how circular we are in terms of water consumption by looking at the efficiency of our usage. If our operation is more efficient than the benchmark, we regard it as circular. We use the international NIRAS and ABA benchmarks for this calculation. In 2019, we launched a pilot on membrane filtration which allows us to purify groundwater more efficiently and thus reduce the need to pump water. In 2020, we investigated whether this is a technique we can further implement. It seems to have potential, so as soon as business economics are favourable we will work on the installation.

Transport

Together with the transporters we collaborate with, we are making our logistics more sustainable. To this end, we participate in the Lean & Green programme. Of our transport locations, 33% boasts 3 Lean & Green stars. In Belgium and in collaboration with a number of logistics partners, we are going to examine how to limit CO₂ emissions by increasing collaboration and combining cargoes, for example.

Minimise losses

The reduced and hugely fluctuating production due to COVID-19 has unfortunately also affected the efficiency of our production in 2020, mainly for our breweries. Among other things, it meant that the packaging departments started and stopped more frequently, causing the machines to be set more frequently. There is a risk of product loss at each start-up. As a result, we had a poorer score in our 2020 circularity calculation for the "minimise losses" segment. Fortunately, it wasn't too bad for the malting plants.



7 BETAALBARE EN
DUURZAME
ENERGIE

We contribute to increasing the share of sustainable energy and support multiple sustainable innovation projects.



6 SCHOON WATER
EN SANITAIR

We improve sustainable water management in our own malting plants and breweries. We contribute to good water management in the area through the Farmer Beer Water project.

Parameter	2020	2019	2018
Total water consumption (x 1,000 m ³)	3,941	4,521	4,239
Water consumption specific to beer production (hl/hl)	4.1	4.2	4.2
Water consumption specific to malt production (m ³ /t)	2.7	2.8	-
Water consumption specific to soft drink production (hl/hl)	2.3	2.5	-
Breweries and malting plants that are more efficient than the benchmark data (%)	50	43	-

Table: Water consumption



SHOULDER TO SHOULDER

Heat better reused via special battery

Brewing and malting require heat. Afterwards, however, residual heat remains. How good would it be to optimally reuse that residual heat and thereby substantially reduce our energy consumption? Together with energy producer RWE, we built a heat battery especially for this purpose. The savings are already above expectations. And there's still more to come.



Marthijn Junggeburth



Jan Eurlings, RWE



Dirk Wenting



Carlo de Best, RWE



Sander Berger



Technologist and specialist in steam and hot water at the brewery: 'In everything we did, we were always looking for the optimum solution in respect of good performance and the greatest possible savings.' There were still some bumps in the road. An error in the software of two boilers, for example, caused lengthy discussions and many recalculations of the data. 'But in the end the story tallied,' Jan says.

More saved than expected

The result is above expectations. The agreed energy saving of at least 15% has been achieved and we expect it to rise to 20%. Due to COVID-19, the brewery was not always running at maximum power, so there was less residual heat available for the heat pump than anticipated. So the savings could increase even further. 'We still see potential, but we are definitely satisfied with this result,' summarises Carlo de Best, Technologist at RWE. Marthijn: 'This is a hugely important step within our company's energy transition. The creation of a hot water buffer will ensure that fewer sources of heat are needed for our brewing and malting processes and that we will therefore use less fossil fuels.'

Next step: Eemshaven and Belgium

The key to success? Bringing the best of two worlds together, according to the gents. The good process knowledge of brewing, bottling and malting on the one hand and the knowledge of energy systems on the other. Jan: 'As a power company, we see that there is still a lot of CO₂ profit to be made. By actively supporting it, we show that we have confidence in it and we take away some of the risk.' 'Without the expertise of RWE, we would not have achieved this result,' adds Sander Berger, Engineer and Project Leader at the brewery. 'This journey has also shown us that by working together as a brewery, malting plant and bottling plant, we achieve maximum synergy and savings.'

Now that we are aware that residual heat is a significant source of energy, we are also going to use it in our malting plant in Eemshaven. There we have the ambitious challenge of going off gas completely. For brewery Palm in Steenhuffel, first analyses look very promising. For both projects we are again collaborating with RWE.

Let's start with the impressive savings of no less than 15% on our energy consumption. This is approximately 4 million m³ of natural gas per year, the consumption of around 2,000 households. The innovative system we created for this purpose, uses three heat sources:

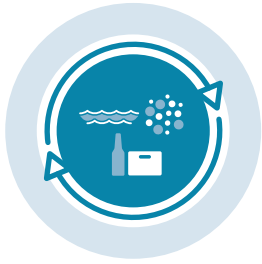
1. Residual heat from the cooling installation for the brewery and cooking fumes from the brewery house.
2. Heat from flue gases of the turbine and steam boiler.
3. A large heat pump (which we feed with residual heat from the cooling installation).

All the heat is now stored in one "heat battery", which is a large tank of hot water. This heat can be reused in the brewery, bottling plant and malting plant as soon as the production process requires it. In a very clever way the supply of and demand for heat are now matched to each other. 'This is an important step for our company on the road to full circularity,' says Sustainability

Manager Marthijn Junggeburth. 'And it helps us become one of the most energy-efficient breweries.'

Together with RWE

Since the beginning of this century, brewery Bavaria has been looking for a new way to emit less CO₂. Marthijn: 'We did manage to save a few percent a year, but we wanted to have more of an impact.' Energy producer RWE offered to take a look. Jan Eurlings, project developer of new power plants at RWE: 'There's a lot out there, from geothermal to hydrogen, but we were looking for an affordable solution. What we immediately noticed was the amount of residual heat and that it was available at different times. Plus the fact that the malting plant sometimes requires a lot or little heat. We decided to synchronise supply and demand with a buffer.' Then there was the spring water used for our beers. This is pumped cold from the ground and then heated with gas and converted into hot water and steam. It is of course much smarter to use residual heat instead of gas. And now one can. Dirk Wenting,



High-quality reuse

AMBITION

The third 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. Two points are important to us here:

1. That co-products and residual flows retain their value as far as possible.
2. And that raw materials and resources are wasted as little as possible.

Results 2020

Co-products are residual flows that are created during the brewing and malting process. Examples from our processes are brewers' grain, yeast and ethanol. Where these co-products are concerned, we are constantly looking for ways to reuse them and bring them back into the chain at the highest possible quality.

At this moment in time, we are investigating new possibilities for the use of our co-products. Brewers' grain is currently being given a second life in the Netherlands as animal feed. In addition, there is an ongoing project for the drying of brewers' grain so that it can be used in human food. More about this project can be found on page 60. We also reuse co-products from the Habesha brewing process in Ethiopia. This is described on the page opposite. In 2021, we want to focus on extracting vegetable proteins from brewers' grain and perhaps even yeast. We see that there is a huge transition from animal to vegetable protein

and the protein from brewers' grain could play an important role in this. In this way we reduce the total CO₂ footprint of protein and thus contribute to the further sustainability of protein sources in the human food chain.

We currently sell our CO₂ as CO₂ enrichment. This is CO₂ used in the cultivation of crops, for example. We are currently talking to a tomato grower near our brewery in Lieshout to see if he can use the CO₂ left over from our brewing processes for his tomato cultivation.

Part of the sludge that is released in the purification of our residual water in Lieshout and Ethiopia is reused as compost. We are also investigating whether we can immediately use the sludge as a nutrient medium for plants or whether it can be used in the production of potting soil.

Farmer Beer Water

In 2020 as well, we have returned purified residual water to the soil in Lieshout and Ethiopia for use by farmers. We do this via the Farmer Beer Water drainage system. In Lieshout we have returned a total of 700,000 m³ of water to the soil in 2020. This is an increase of 300,000 m³ of water compared to 2019. This increase is mainly due to the expansion of the programme: No less than 12 new farmers joined Farmer Beer Water in 2020. In Ethiopia, we provided neighbouring families with the same amount of water in 2020 as we did in 2019. They can use this water for irrigation purposes and as drinking water for the cattle.

We also have plans in Lieshout for this programme in 2021. The plan is to install a new intake in the Wilhelmina Canal to further increase the capacity.

Parameter	2020	2019
Circular use of co-products (%)	98	91
Circular use of residual flows (%)	83	82
Implemented measures to use residual water in a circular manner (%)	64	50

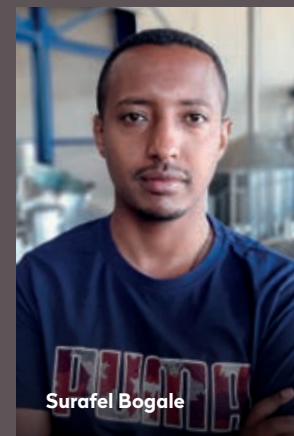
Table: Circular use



SHOULDER TO SHOULDER

Numerous applications for “brewing waste” in Ethiopia

In our brewery in Debre Birhan as well various residual flows are created naturally during the brewing process. We prefer to call them co-products, because this “brewing waste” often contains valuable nutrients or has other useful applications. Co-products from Habesha's brewing process are brewers' grain, spent yeast, wastewater effluent, sludge, CO₂ and biogas. Except for the biogas and the sludge, everything is 100% reused.



Surafel Bogale

‘We find it logical to use our co-products sustainably. This fits in with our strategy of sustainable development and circularity,’ says Henok Tsadik, Manager Quality and Assurance. He is responsible within the brewery for the circularity programme and co-products. As great examples he mentions the spent yeast and brewers’ grain, 100% of which is used as animal feed and made available free of charge to local farmers.

‘The purified wastewater from the brewing process is given a second life on the land of the farmers who live near the brewery. Thanks to this irrigation they can harvest 2 to 3 times a year, while in the past this was

only once a year. As a result, the crops of a single farmer generate extra turnover,’ Henok shares. Excess CO₂, which was previously released into the environment, is also captured in our wastewater treatment plant and used to lower the pH value. To achieve this, Habesha is collaborating with the Debre Birhan Water and Sewerage Authority, which eliminates the need to buy acid that caused the pH decrease in the first place, which is a lot more sustainable. That way you can kill two birds with one stone.

Surafel Bogale, Brewing Manager:

‘We are still working on making full use of the sludge left in the wastewater treatment

plant. We expect to be able to use all the sludge as fertiliser in 2021. For the use of sludge, we collaborate with the agricultural centre in North Shoa. They advise us on the optimal quantity and how to best use the sludge. This is being done, among other things, on test plots near the brewery.’



Circular buildings and machines

AMBITION

When it comes to our machines and buildings, we also strive for complete circularity. We cannot achieve this without looking at the whole chain around the materials we use and the machines we procure. We are also keen to see how we can arrange the maintenance of our machines and buildings in a smarter and more sustainable way and we pay attention to the lifespan of our buildings and machines.

Results 2020

Material Passport machines

We have also taken steps in this area in 2020. For example, we have designed a material passport for the purchase of machines and technical materials. When purchasing, we ask the supplier to fill in this passport. This provides us with information about the raw materials used and tells us, for example, how much recycled steel,

plastic, copper or aluminium the machine is made up of. All newly purchased machines in 2020 consisted of 27% reused material. We also use this information when we offer the machine for reuse or recycling.

Building materials

We are working on a similar project for buildings and building materials. We aim to finalise this project in the beginning of 2021, to ensure that when purchasing building materials we are also informed of the composition. We will then know, for example, how much recycled concrete has been used or how much wood is derived from sustainable sources (FSC or PEFC). Once we have a good insight into the chain of these building materials, we can initiate improvements to make the chain even more sustainable.

In addition, we've also clarified how much of our construction waste we recycled in 2020 which was 27%. By establishing this figure, we can actively manage this and continue to monitor the recycling.

Data

The item “machines and buildings” appears three times in our circularity calculation as we consider it important to look at the circularity in procurement, during use and during demolition.

In 2020, we put a lot of effort into data collection. Using this data, we hope to include the purchase of buildings and production of machines and buildings in our Swinkels Circularity Index in 2021.



Brewers' Grain drying installation

27%
— We recycled 27% of our construction waste in 2020.



20. Nu eerst een

Bavaria

10.000 JAAR

GEZUNDE
MINERAALWATER

EIGEN

MOUSTERIJ

ZEVEN GENERATIES

0.0

0/ ALC.
0 VOL.



Michel Hendriksen



Johan Keersmaekers



SHOULDER TO SHOULDER

Our brewers' grain is now used to bake something tasty

Brewers' grain is a co-product created during our brewing process and is derived from malt or barley malt. By drying and grinding this residual product, we have recently been able to turn it into a high-quality ingredient for cookies, muesli bars or bread. We built a special drying installation in Lieshout and started a partner-based pilot project. However, making the step from brewing to baking is far from easy.



In 2020, we took a big step in sustainable reuse by transforming our largest residual flow, brewers' grain, into food. We did this together with several partners. One of the innovation ideas was to turn brewers' grain into an enriched ingredient for the bakery.

Largest residual flow

'We were already investigating the possibilities to do more with our brewers' grain than just selling it as cattle feed,' shares Brewing Technologist Johan Keersmaekers. With 80,000 tonnes per year in Lieshout alone, brewers' grain accounts for 85% of our residual flows. It will be to the benefit of our circularity if we can turn it into a foodstuff, instead of animal feed as we do now. Human food is considered to be of a "higher quality" than animal feed. Moreover, there may be a surplus of brewers' grain if Dutch livestock numbers drop as a result of the nitrogen problem and the decreasing demand for animal proteins. Of course, this is also a very interesting product; full of protein and fibre, slightly sweet and yet low in sugar. So yeah, we were excited right away.'

Brewers' grain drying installation

The first important step was to dry the brewers' grain which consists of 80% moisture. When a suitable installation was not found, we decided to build it ourselves here in Lieshout. 'Because of COVID-19 we were able to free up time for the construction of the brewers' grain drying installation,' shares Michel Hendriksen, Project Manager Engineering & Maintenance. 'You obviously always run into challenges during such a completely new project, such as parts that do not appear to fit together. Thanks to the tremendous efforts of colleagues and suppliers, however, we managed to shift gears quickly and complete the installation within a few months.'

New segment

The dried brewers' grain is ground and traded as an ingredient for the baking industry. Not only is this an innovative product, with this pilot we are also entering a segment within the food industry that is very new to us. For the first time we are not making drinks, but an ingredient for food. This also presented our Quality Department with new challenges. It was their job to ensure that the production was not only technically correct, but also completely food-safe. It was a long road of analysing risks and lots of testing and measuring in particular. Operators from our brewery Bavaria were trained internally to operate

We are open to innovative ideas to elevate the usability of our co-products to an even higher level.

the installation. By now, the technology and safety are in good order and the installation dries 90 kilos of brewers' grain per hour.

Partner

The aim of the pilot project is to dry one hundred tons of brewers' grain. If the response from customers is as expected, production will be scaled up. The interest is there. The ingredient can be used in bakery products. It is sweet, but contains little sugar and plenty of fibre and protein. It therefore fits in perfectly with the current health trend. However, it remains to be seen how great the exact demand and commercial possibilities are. Johan: 'Together with our partners, we see plenty of opportunities for this product, which also fits in very well with our circularity ambition. As far as we are concerned, this pilot is certainly very moreish.'

Co-products: Residual flows filled with opportunities

Circular thinking also means; not throwing anything away. We are therefore committed to reusing everything that's left after the beer has been brewed. We've been quite successful so far and an example would be brewers' grain that has been reused as animal feed. Currently, we are testing whether we can use it to bake tasty bakery products, such as multigrain bars and cookies. We therefore prefer to speak of co-products rather than residual flows.





SHOULDER TO SHOULDER

An ironclad innovation

Beer brewed using iron powder as fuel which makes it the first ever application of that circular fuel. A world first, full of warmth, that gave us a lot of energy in 2020.



Marthijn Junggeburth



Geert Vergoossen, TU/e



Chan Botter, TU/e

In 2017, Sustainability Manager Marthijn Junggeburth received a phone call from a student at TU Eindhoven (TU/e). 'We had tested and calculated the application of iron powder as a circular fuel in the lab,' Geert Vergoossen, the student referred to, explains. 'We, together with our student team SOLID, were eager to demonstrate the workings of that type of fuel in a real production process. We had a list of all the 125,000

fossil fuel incinerators in the Netherlands, which we analysed to see where the placement of an iron powder installation could work. Swinkels Family Brewers had such an installation that burns gas to produce heat and steam for brewing. In addition, Swinkels Family Brewers also boasted a large steam network, which was an important condition for the possible connection to our system. So I got in touch with Marthijn.' Marthijn: 'They came at just

the right time. We wanted to take a step towards our ambition of full circularity. In addition, we like to collaborate with educational institutions because of their innovative capacity.'

Heat does not come from a windmill

That was the beginning of this very ironclad project. It boils down to providing energy by burning very fine iron powder, which can be made from scrap iron, for example. When burning the iron powder, no CO₂ is released and only rust powder remains. This rust can be converted into iron powder by means of solar and wind energy. Thus, a circular process is created. And that is very interesting,' says Marthijn. 'Because our brewery needs steam, heat, which you can't generate with solar panels or wind turbines, for example.' Together with the students, we built a test installation, the MP100, with a special pipe system on the





Through this innovative technology, we can make our brewing process less dependent on fossil fuels.

grounds of brewery Bavaria in Lieshout to test the iron powder technology in practice. The province provided the funding and the Metal Power Consortium any other basics (see frame). Marthijn: 'We left the technology entirely up to TU/e and were confident that it would turn out all right. It took a long time. Sometimes colleagues would ask; how are things with "those iron powder guys"?' Geert: 'We have a lot of

understanding of technology but little experience and couldn't evaluate the risks that well. What would the effect of that iron compound be on the boiler and on the cyclone in the MP100? These were exciting times. There were some parts that could not be delivered on time and COVID-19 also threw a spanner in the works.'

A world first

And then, in October, the moment was there; through the demonstration of the MP100, Swinkels Family Brewers proudly presented a world first. For the first time the world witnessed an industrial iron fuel installation that really works and is capable of producing something beautiful; 15 million glasses of beer.

'Unfortunately, the planned large-scale live demonstration could not take place because of the COVID-19 measures,' shares Chan Botter, Team Leader SOLID, in 2020.

Frontrunner

Eric de Bie, Member of the Provincial Executive for North Brabant: 'This is a world-class achievement. It is the type of collaboration that advances both companies and universities. Industry in itself is of the utmost importance for the energy transition. Huge compliments to these frontrunners.'

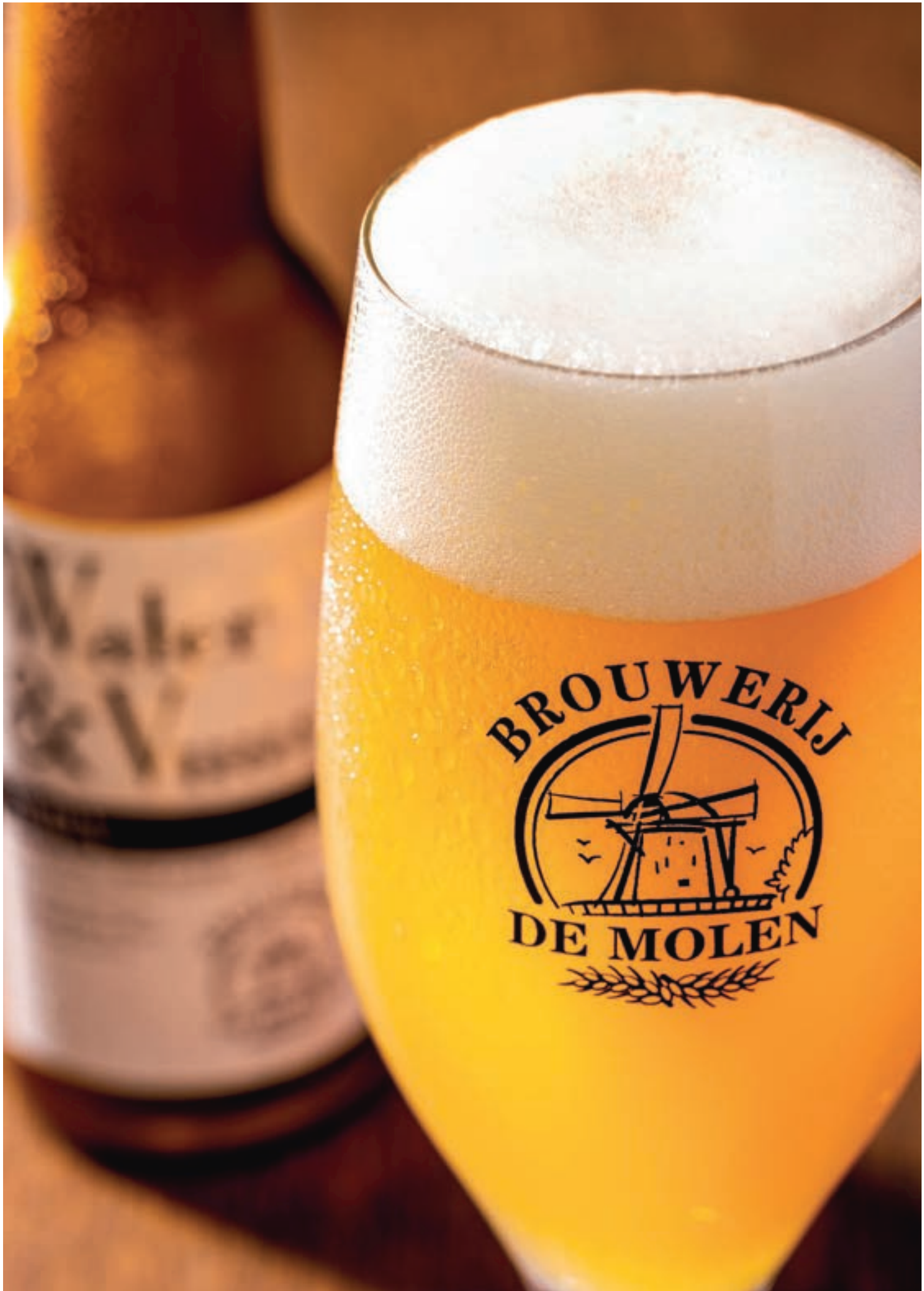
Metal Power Consortium

The Metal Power Consortium is co-funded by the Province of North Brabant and consists of the following partners: TU/e, Metalot, SOLID, Uniper, Enpuls, Nyrstar, EM Group, Heat Power and Romico.

The professional and surprising online presentation, however, on 29 October, was a great success. With a full-page article, the Volkskrant already shared the news of the innovation in the morning. In the afternoon, during an online talkshow led by science journalist Diederik Jekel, Chan, Marthijn, CEO Peer Swinkels and Professor Philip de Goey explained the importance of this new development to no less than 1,135 viewers. Peer: 'As a family business we think in generations and invest in a sustainable and circular economy. Through this innovative technology, we can make our brewing process less dependent on fossil fuels.'

We can make ironclad beer

A major milestone. And yet, it is rather a starting point than an end point, Marthijn explains. With this installation we could fully supply our brewery De Molen with energy. For brewery Bavaria, however, we would need an installation that is 150 times bigger. This will be our next step and TU Eindhoven has already started work on it; scaling up and further improving the MP100 technology. Marthijn: 'That larger installation presents us with new questions. The regeneration process, making the burnt iron powder usable again, really completes the cycle. It does however require space. Preferably nearby, of course, to avoid pollution by transport. In addition, the regeneration process must be sustainable, which is not yet entirely the case. So, there are still plenty of new challenges left. The fact remains that we can make an ironclad beer.'



BROUWERIJ
DE MOLEN

Safety and well-being

AMBITION

Taking good care of our employees runs in our blood. It is important to us that our company feels like one big family for everyone working here. In the past year, taking care of each other was more important than ever. Even before it became mandatory, we took protective measures. By paying close attention to each other, we were able to prevent any large-scale spread of infection within our company. We also gave further shape to our safety policy. We offer colleagues a safe environment in which we also challenge them to get the best out of themselves. That's what we call our winning family culture.





Preventing large-scale infection

As soon as the COVID-19 crisis arose, a Corona Crisis Team was set up in Lieshout for all company locations, consisting of the CEO and CPCO as well as colleagues from the Facility, Safety, HR and Communications Departments. The company doctor was also closely involved. Measures such as working from home, keeping a distance and closing of bars were taken by this team. Communication was a key focus, with fixed points of contact at each location and a variety of means, from personal e-mails to videos or e-mails from the CEO or the Corona Crisis Team. Sander van Pelt, responsible for QESH: 'The aim was to, first and foremost, ensure the safety of employees. We also kept a close eye on the continuity of operations. A third area of concern was the well-being of employees, which was sometimes under pressure due to the changes in work and missing colleagues due to working from home.'

"Stay at home in case of symptoms, keep one and a half metre distance from each other and wash your hands". We strictly applied the familiar basic rules, as imposed by the RIVM, also in places within the company where it was sometimes difficult to do so. It did go quite far. If it was necessary to send a whole team home as a preventive measure, that's what happened. Everything to prevent the virus from spreading within the company. Employees complied with the rules well and with good results. A few individuals were infected but, as far as we were able to determine, no groups of employees.



The aim was to, first and foremost, ensure the safety of employees. We also kept a close eye on the continuity of operations.

Sander van Pelt
Responsible for QESH

Results 2020

Safety for all

The safety approach we introduced in 2019 has been further developed in 2020. In addition, COVID-19 obviously had a major impact on our business operations in 2020. The basic idea is a good cooperation between all company locations and teams to make our company as safe as possible. We found that employees are most motivated to contribute when they can actively participate and when the focus is on what really matters. In the coming year, we will periodically share safety information regarding the organisation in Belgium and the Netherlands in order to further optimise the sharing of information.

The top priorities for 2020 in respect of safety were defined. For our company these are mainly in the areas of storage and the use of and exposure to hazardous substances. The risk assessment and evaluation as well as work permits are closely related to this. These themes play a role at each location, but we have noticed that each location is also unique.

Differences per location

Part of our strategy is, therefore, that we have moved away from the idea that all our breweries and locations need the same approach. A smaller community such as De Koningshoeven is organised differently with regard to safety than a large, complex location such as Lieshout, explains Health & Safety Manager Kasper Sanders.

An individual risk assessment and evaluation was drawn up for each location in which on-site safety risks were determined and weighed. 'We discussed various issues with the staff as in what do we, together, consider important? What is still missing? What is working well for you and why? We don't organise large safety campaigns, but tackle a theme per location together with the employees. This increases support,



We contribute to respectful work and ensure a safe and healthy working environment for all employees.



Where **safety rules** were sometimes once seen as a **necessary evil**, we now see **their importance**.

Kasper Sanders
Health & Safety Manager

employees feel more involved in the safety policy and initiatives actually get off the ground.' A good example are work permits (documents in which work activities, risks and control measures are laid down).

Kasper: 'By creating clarity, remaining pragmatic and taking the experiences of employees into account, we have noticed that some colleagues, who were initially opposed to work permits, are now cooperating constructively. It turned out to be quite contagious. Colleagues addressed us spontaneously and said: "We'd like to introduce that way of working here too, now that we see the benefit of it."

The safety culture is therefore becoming more mature, due to the personal approach and also because managers are actively participating and embracing the approach. Certain actions have not changed; we still make observation rounds with employees, communicate about safety and ensure that those responsible for safety can be easily found. Where safety rules were sometimes once seen as a necessary evil, we now see their importance. Getting and maintaining support is key here. It will improve safety step by step.'

Safety and new employees

Safety already starts on day 1, when an employee enters our company. Every new employee is instructed on how to work safely and that tailored to their workplace. This in addition to the instruction booklet "Welcome to the plant", containing all the basic rules and safety regulations of the relevant location. The manager also has an important role in propagating the safety policy and personally guiding the new employee in the workplace.

Less lost time accidents

Looking at accidents, we are pleased to see a decrease in the number of lost time accidents compared to 2019. There were 22 in 2019, 18 in 2020. In the malting plant in Eemshaven we had one lost time accident in 2020 and the malting plant in Lieshout has not had any lost time accidents for over four years. Our ambition is and remains zero accidents, because every accident is one too many. Moreover, it remains cause for concern that most accidents are unnecessary and have to do with awareness and behaviour. Attention to safe behaviour remains important. We have noticed that it is also crucial how the manager embraces

the safety policy and propagates it. Safety, like quality, is an everyday topic. In that respect it doesn't so much depend on the knowledge of safety within the company or the safety experts as it is part of the daily activities and each and every working day.

The number of days without lost time accidents says nothing about the seriousness of the accidents that did occur. That's why we introduced the “severity rate”.

Monitor safety

In addition to measuring the number of reports on lost time accidents, the need arose to be able to measure the severity of accidents. Health & Safety Manager Kasper Sanders: 'The number of days without lost time accidents says nothing about the seriousness of the accidents that did occur. That's why we introduced the “severity rate”. It calculates the number of days people have been unable to work because of an accident and thus determines the severity of major accidents. We set this number off against the number of hours worked. We also conduct better analyses of the accidents and incidents. After a measure has been introduced, we also determine, among other things, whether it has had sufficient effect on dangerous situations. Colleagues should call each other to account and reporting (near) accidents will always remain important, of course. That's why we will continue to actively promote safe behaviour within the organisation in the coming year.'

Record and share information

One area for improvement is the better sharing of safety information within the organisation, such as experience gained. In order to optimise this, we need a single system in which we can register, analyse and follow up safety reports from all our locations. In addition, we want to further break down the categories of incidents (accident pyramid) in order to be able to analyse the correct structure. Such a central system will help us to better record safety aspects and collect and share information at the right level.

We took the first steps in the realisation of a system in 2020 by compiling a programme of requirements in which we involved various stakeholders. We expect to be able to start implementation at the end of 2021, start of 2022.

Openness about policy

At Swinkels Family Brewers, we adhere to the OECD guidelines, 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 the local laws and regulations and where we find these inadequate, go beyond taking full responsibility.

Parameter	2020	2019	2018
Lost time accidents (LTA)	18	22	29
Lost time accidents by contractors (LTA)	3	1	5
Accident frequency (Lost time accidents per 100 FTEs)	1.00	1.04	1.35
Fatal accidents	0	0	0
Severity rate of accidents ¹	28		

Table: Accidents

¹ Not yet reported in 2019 and 2018.





Results 2020

Our culture

The year 2020 was also challenging in terms of HR. At a very early stage, the Province of North Brabant was one of the first regions in our country to be affected by the COVID-19 virus. This prompted us to take immediate measures to put the health and safety of our people first (also see the text on safety in the previous chapter). By installing a multidisciplinary COVID-19 Team, with our new CPCO Angelique Heckman as chair, we were able to discuss the many and various questions from our colleagues regarding COVID-19 and answer them as well and as quickly as possible. The “Corona e-mail-box” proved to be a very useful tool in this respect. The virus has spurred us into action in other areas as well. The sharp drop in turnover forced us to take various cost measures to maintain the financial health of our company. The responsibility to take swift action to safeguard the long-term continuity of our company as best we can was felt by all concerned and everyone did their bit.

Back to basics

Even before COVID-19, a comparative study showed that our personnel costs compared to other companies were too high in relation to our turnover. At an earlier stage, the need to reduce these costs had already become apparent. COVID-19 and the resulting decline in turnover made the need to address these costs even more pressing.

Together with the unit leaders, an extensive analysis was therefore carried out, enabling a clearer focus on the activities and priorities of the various teams and departments. This ensured that we could reduce the number of jobs, while our company would retain a solid and well thought out basis for the future. This resulted in the loss of 65 jobs. Some will become vacant through a natural turnover of staff, but unfortunately we will also have to say goodbye to a number of colleagues over the next two years. In consultation with the Works Council and trade unions, we have put together a social plan for these colleagues.

These are, of course, difficult decisions regarding and for colleagues who have sometimes dedicated years of their lives to our organisation and their teams. We have tried to handle the process as carefully

as possible and have chosen, for example, to be as transparent as possible in our communication. We have also chosen to inform colleagues who are not scheduled to leave our organisation until 2021. In that way everyone knows where they stand and what they can expect.

Winning family culture

Transparency and honesty are values that fit into our family culture. It is precisely because of the COVID-19 crisis that we have felt the need to discuss once again which key values bind us. We have taken a closer look at and analysed our culture. We emphasise the values and standards we hold dear. In doing so, we will not forego our DNA but continue to develop – in line with the redefined strategy. In short, we stand firm in support of winning together; we call this our winning family culture.

We emphasise the values and standards we hold dear. In doing so, we will not forego our DNA but continue to develop – in line with the redefined strategy.



The pulse measurements offer the organisation important insights, to which we can link concrete and targeted action.

Angelique Heckman
Chief People & Culture Officer

Core values further defined

In light of this, the core values as well have been further defined.



Entrepreneurship

If anything characterises us as a company, it is entrepreneurship.

You see it in all forms. Even in a year of crisis, we continue to introduce innovative products and focus on opportunities. Maintaining long-term relationships is also part of entrepreneurship. We have demonstrated this by, among other things, developing healthcare hand sanitiser from reclaimed beer and by supporting our customers in multiple areas.



Cooperation

Cooperating is typical for our company, it is in our DNA. For us, it means working together like a family. Working on our common goals and results together, with the focus on results. Our people like to work in a team; work hard, play hard. If there is something we have missed in the past period, it is being able to meet each other (off-line). The fact that we are such a close-knit community is part of our strength.



Focus on results

In 2020, we have advanced the core value "ownership" to "focus on results". That means that we choose where to spend our time. We have converted our strategy into action programmes that have been further defined into scorecards with themes, core activities and our core product range. Everything we do must have a link to such a card in the future. In this way we can better measure progress and results.

New instruments

On the way to that winning family culture, we introduced several instruments in 2020, such as:

Pulse measurements

Through these short surveys, which we will organise three times a year, we will measure employee satisfaction but also ask specific, topical questions. The first two pulse measurements in 2020 included the experience of COVID-19. On the basis of the results, we will enter into a dialogue with employees for the purpose of actively involving them in cultural aspects. These quick surveys have proven to be a very good way to get direct feedback from our employees. They often did not only opt for a rating but wrote down extensive explanations as well. This offers the organisation important insights, to which we can link concrete and targeted action.

SuccessFactors

A must-have for further development in the HR field. SuccessFactors is the HR segment of our Intelligent Brewery programme (also see page 28). Until recently, the system landscape within different countries and regions resembled a patchwork quilt; each unit or division seemed to have its own system for recording HR information.

For Swinkels Family Brewers, the transition to SuccessFactors means that we can merge those fragmented systems and that we can now start working (internationally) in the same way from within one database. In respect of the future this means that we will have a better understanding of all our employees worldwide. The centrally accessible data is the basis for programmes that we want to deploy in the coming years in the areas of talent, performance and diversity.

The impact of COVID-19

Due to COVID-19, we have had to implement personnel cost measures in several countries in which we operate. Temporary contracts could not be renewed and we had to say goodbye to external consultants. In Belgium, temporary unemployment benefits were requested for colleagues for whom there was insufficient work during lockdown.

The impact of the pandemic on our people was also big in other ways. Absenteeism due to illness was of course considerably higher than in other years. There was concern and unrest about possible infections and about the future of our company. We also demanded a high degree of flexibility from our staff; colleagues who normally worked in the office had to do so from home. Production workers were required to wear face masks and keep their distance at work.

Especially during the second lockdown, we noticed that working from home was hard, specifically during the periods when schools were closed. Colleagues were missed. Here we see a challenge for us as an organisation, because working from home is expected to remain the norm for some time to come. The strength of our organisation again showed itself this year. We implemented safety measures very quickly when COVID-19 broke out in Europe. All employees showed great flexibility during this hectic year. A good example is our internal job vacancy section; as a result of a decline in their own work, employees were able to indicate whether they had scope to help out in other departments. Many employees have temporarily worked at a different location, which has led to a (renewed) appreciation of each other's work.

Our new way of working

We are busy in establishing a “new way of working” in which we want to retain the good effects that the COVID-19 measures had on our work. We strive for the most effective combination of work on-site and working from home. Of course, we realise that the beating heart of our company lies in our malting plants, bottling plants and breweries. This means that working on-site will remain a necessity. In this regard we have asked successful teams about their approach in 2020 and want to use this information to inspire other teams.

Remuneration policy

In 2020, we also had to take cost-saving measures regarding the compensation of all employees due to the impact COVID-19 has had on our business. Although we also expect to continue to feel the effects of COVID-19 in 2021, we hope to be able to normalise our remuneration policy by then. Each quarter we will look at the results and decide what is possible.

Generation scheme

Through our generation scheme and together with our employees, we work on the improvement of their well-being and employability. In 2019, we introduced Generation Scheme 2.0. Anyone making use of this scheme will retire a year earlier by saving for leave. There are no active participants in this scheme yet. Generation Scheme 1.0 boasts 20 employees. Employees who make use of this scheme can reduce their working hours five years prior to their state pension age.

Diversity is increasing

With the appointment of two new members to the Supervisory Board in 2020, one man and one woman, 40% of the board now consists of women. With the appointment of the CPCO, a step has also been taken towards a better gender balance. Moreover, diversity has also increased in another dimension; the appointment of the CFO and the CPCO has drastically changed the ratio

of family members/non-family members within management. After these changes at management level, we will make plans in the coming year to address diversity on a broader scale within Swinkels Family Brewers.

Future plans

In the area of employee well-being, we will continue to work on the further fine-tuning of our foundation in the coming years. We will monitor information from the pulse measurements that is important for the well-being of our employees. Talent management and leadership development processes, which have been somewhat delayed by COVID-19, will get our full attention in 2021 as well.

We hope to introduce our new way of working in 2021. Attention will also be paid to making the work of our people as pleasant and efficient as possible, including at home. This not only involves an ergonomically appropriate workplace, but also an effective remote cooperation.

Processes for talent management and leadership development, which have been somewhat delayed by COVID-19, will receive our full attention in 2021.

Parameter	2020	2019	2018
FTEs (excl. sales offices, temporary staff and trainees)	1,569	1,629	1,615
Absenteeism due to illness (%)	3.4	2.7	2.8
Joined/left	110 joined/219 left	220 joined/193 left	277 joined/159 left
Women employed (%)	19	18	18

Table: Employees and well-being

Responsible drinking

AMBITION

As a family business, we feel responsible for the world around us.

The responsible use of alcohol is definitely a part of that.

The importance of responsible drinking is something we actively communicate to all our employees, business partners and customers.

In this we collaborate closely with other parties. As an innovative brewer, we also take action.



LIESHOLD
Bava
0.0
BIER

Results 2020

We are proud that we were able to translate years of research into a new brewing installation in 2020 that will allow us to brew an even better non-alcoholic beer. Research into what consumers consider important in the choice of non-alcoholic beer shows that it should resemble alcoholic beer as closely as possible. Both in smell and taste and in how it looks. Our new non-alcoholic beer meets those requirements. Also in the other countries where we are active, we invest heavily in the quality and availability of non-alcoholic and low-alcohol products. The growth of our portfolio of non-alcoholic and low-alcohol products demonstrates our ambition.

Responsible marketing and communication

We consider it a matter of course to operate in accordance with the internationally applicable Responsible Marketing and Communications Code, introduced in 2019. On 15 October 2020, the new advertising code for non-alcoholic and low-alcohol beer came into force in the Netherlands. As a member of Nederlandse Brouwers (Dutch Brewers) we were the initiator of this new code together with STIVA (Foundation for Responsible Alcohol Consumption). We have already implemented most of the agreements made, such as not targeting minors with our advertising. We are proud that these agreements have now become even more widely applicable. It's good to see that self-regulation works well in our sector. STIVA plays an important role in the provision of information and testing. We therefore regularly consult STIVA regarding our campaigns. In collaboration with STIVA, we organised another knowledge session for colleagues in 2020 on what the code entails. In this way we keep each other on our toes.

Non-alcoholic as a fully-fledged alternative

Our portfolio of non-alcoholic and low-alcohol products continues to grow. In 2020, we introduced the new Bavaria 0.0% and

Swinckels' 0.0% to the Netherlands. Thanks to major investments in a new, modern brewing installation, the taste comes even closer to that of alcoholic lager. Thanks to the amended recipe, the new Palm 0.0% is also more to the taste of today's consumers. The same goes for the non-alcoholic Estaminet 0.0%, also from our Palm brewers, which scores remarkably well in blind tastings.

Our new installation guarantees more taste and more possibilities

We want to continue to invest in non-alcoholic beverages. Our brewers spent years searching for new technologies and optimal processes. By de-alcoholising beer at a low temperature, the taste and aroma of the original beer are preserved much better. In addition, the new installation offers the possibility to brew a much wider range of non-alcoholic beers, with differences to beer type and alcohol percentage. This offers opportunities for the future to further expand our portfolio.

Non-alcoholic is the best choice for sport

We have a presence in sports channels with our 0.0% beers. Both in respect of visibility, such as through advertising and sponsoring, and availability. This is a deliberate choice, with which we give substance to the agreements made within the framework of the National Prevention Agreement in the Netherlands. We have intensified our collaboration with Football Club PSV by joining Brainport Eindhoven in 2020. In and around the Philips Stadion we offer 0.0% beer on tap at many locations. Where new contracts with amateur clubs are concerned, we only advertise non-alcoholic beer along the sports fields from 2020 onwards. For existing customers it is a matter of soft change, which means that we are replacing the advertising messages step by step.



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



France

- ✓ Offering 0.0% beers at all venues and events in France where our beers are served.
- ✓ Strictly adhering to the Evin law in all communications.
- ✓ Supporting the "Don't drink & drive" programme SAM.

Helping young people and students choose

To make non-alcoholic beer more accessible to young people and students, we actively promote it. A good example is the presentation of beer sommelier Rick Kempen at TU Delft on non-alcoholic beer, including trends & developments and types of 0.0% beers. We also provide information to sport and student associations and offer them non-alcoholic alternatives.

Responsible together

As an independent group, we promote responsible drinking. In addition, we also collaborate as a sector in the various countries in which we operate. It is important to convince people with the right message so that they themselves will make a responsible choice. By doing this as a sector our impact will be greater.



Italy

- ✓ Expansion of the Bavaria 0.0% range by adding a variety of packaging sizes.
- ✓ Expansion of the range by introducing Bavaria 0.0% IPA.
- ✓ Attention for Bavaria 0.0% through our social media channels.
- ✓ Visibility of the "Drink responsibly" disclaimer in all communications and POS materials.



Ethiopia

- ✓ Start of internal awareness campaign "Don't drink and drive", with code of conduct, posters and WhatsApp and e-mail groups with safety tips for on the road.
- ✓ Expansion of onboarding programme for new employees with "Don't drink and drive".
- ✓ Introduction of the possibility of preventive alcohol testing of drivers entering and leaving the brewery site.
- ✓ In 2021, further increasing control on alcohol in traffic in collaboration with the road transport authority in Addis Ababa.



The Netherlands

- ✓ Follow-up of and preparation for the agreements laid down in the National Prevention Agreement.
- ✓ Participation in the "Dranquilo" campaign that we initiated with the parties involved in the National Prevention Agreement, aimed at breaking drinking habits.
- ✓ Only advertising 0.0% for new partnerships with amateur sports clubs. Current contracts expire via a soft change process.
- ✓ "Beer bosses" training for our on-trade business partners will start with information on responsible drinking as standard where the Bavaria 0.0% IPA will form part of the tasting.
- ✓ Expected expenditure of 65% of our total marketing budget on 0.0% in the Netherlands in 2021.
- ✓ Participation in the "Golden Moments" campaign by Nederlandse Brouwers (Dutch Brewers), with the focus on enjoying beer.



Export other

- ✓ Spending (apart from our redesigned Bavaria) 72% of our non-working marketing budget on promotion of 0.0% beers in 2020.
- ✓ We expect to increase this percentage to 73% in 2021.



United Kingdom

- ✓ More attention for Bavaria 0.0% due to the roll-out of the redesign. This translates into higher sales via Amazon, for example.
- ✓ Increased visibility of Bavaria 0.0% through sponsorship of Derby County Football Club and use of their online channels.



Belgium

- ✓ Participation in the BOB campaign of the Federation of Belgian Brewers, for which we supplied Estaminet 0.0% and Palm 0.0% free of charge for a consumer campaign in 2020.
- ✓ Participation in the Respect 16 campaign, aimed at bar staff at festivals to emphasise that no alcohol is sold to young people under the age of 16.

Parameter	2020	2019	2018
Non-alcoholic or low-alcohol beers hl compared to total hl (<3.5 vol %) (%)	10.7	8.7	8.6

Table: Percentage of non-alcoholic or low-alcohol beers



SHOULDER TO SHOULDER

Brewing for the future: The new generation 0.0%

Making non-alcoholic beer that tastes just as good as beer with alcohol. That dream came true in November 2020, after five years of research and investments, with the presentation of our new Fenix brewing installation for non-alcoholic and low-alcohol beer. Consumers are extremely enthusiastic about the new Bavaria 0.0%, Palm 0.0% and Swinckels' 0.0%. And this is just the beginning.



Emiel Hendrikx



Michel Hendriksen



Vian Coolen



non-alcoholic beers, Emiel and his team built up a unique database. Emile: 'Always with the following question in the back of our mind: How can we improve on this? We were looking for a new way to preserve the characteristics of a beer. Our existing and once patented method of immobilised yeast cells has its limitations. There are, however, various ways of making non-alcoholic beer. We explored different methods and considered membrane filtration, for example, but that method was discarded due to its high water consumption and limited flexibility, among other things. We just wanted to market the best 0.0% beer that we have ever brewed.'

Unique composition

'When it became clear what we wanted, it turned out that the chosen installation was not available ready-for-use,' says Michel Hendriksen, Project Manager Engineering & Maintenance. 'Based on choices in the fields of flow, temperature, pressure and filtration technology to be applied, we drew a unique model. We bought separate elements which our engineers and technologists integrated into a unique installation. The biggest challenge was that we were already building, while the brewers were still tasting. After all, it can always taste better. It really is a great team achievement by our brewers, technologists and engineers that they made all that new technology work so well in the end.' Brewing Technologist Vian Coolen knows all about it. 'It was an intensive process involving the creation and integration of process descriptions, testing and, finally, the

commissioning of the entire installation. Even now, we continue to supervise everything as best we can.'

Ready for the future

In the end we succeeded in designing and building an installation that fully met our wishes and requirements. The Fenix is ready for 250,000 hectolitres of non-alcoholic and low-alcohol beer a year. She is flexible and can therefore handle a wide variety of beer types and alcohol percentages. Emile: 'We chose de-alcoholising as the basic process. By doing this at a very low temperature, the alcohol evaporates but the characteristic smell and taste remain. The original beers remain recognisable. The new non-alcoholic beers are therefore more characteristic and beer-like. We can make very cool beers with it, for example a blonde, a white beer, a sour or a trappist. This installation combines the consumer's need for more taste and healthy living. This is truly the future.'

More powerful than ever before, the mythical Fenix kept returning, again and again. And that's exactly what our new 0.0% installation does; producing 0.0% beers that are even better than the previous ones. We have a reputation to uphold, as Bavaria was the first large brewer in the Netherlands to launch non-alcoholic beer in 1978. We would like to maintain and strengthen this pioneering role, now that consumers are increasingly opting for low-alcohol or non-alcoholic beer. In addition, the range of flavours is constantly expanding and many beer drinkers like to alternate a lager with a specialty beer. We want to incorporate these trends and opportunities into our business, so that we can continue to surprise consumers with new types of low-alcohol and non-alcoholic beer.

Looking for the right method

The search for the above started with years of intensive exploring and especially... tasting. 'We visited breweries all over the world selected on the basis of their brewing technique,' says Emiel Hendriks, who as Master Brewer is also responsible for innovation of the brewing process. By tasting and analysing hundreds of



Christening the new brewing installation

By smashing a bottle of the freshly brewed new Bavaria 0.0% against it, three generations of the Swinkels family christened the new 0.0% brewing installation Fenix on 20 November, while the press watched via a live stream.



Uncle Wim Swinkels represents the sixth generation. He is the inventor of the 0.0% brewing technology of immobilised yeast cells from 1978.



Romke Swinkels was there on behalf of the seventh generation, as Managing Director Netherlands, and a big fan of the development of the Fenix.



Christophe Drouen as the representative of the eighth generation, the generation of the future, had the honour of christening the installation.

The installation is an investment for this and future generations. As a pioneer of non-alcoholic beer, we are taking the segment a big step further with the development of this brewing installation.

**DILEMMA**

Can you invest in high-alcohol beers while also committing to responsible drinking?

It is our ambition to make the world enjoy our beers and offer consumers the right beer at the right time. In the pursuit of this ambition, we encountered a practical dilemma.

Responsible

On the one hand, we are wholeheartedly committed to responsible drinking. In the Netherlands there are clear guidelines for this and as a family business we adhere to these meticulously. We not only follow the applicable guidelines, but also actively contribute to responsible drinking. For example, by influencing alcohol consumption and investing in innovations in the field of non-alcoholic beer (see page 76).

Trend in high-alcohol content

On the other hand, we're aware of the trend towards an increasingly higher alcohol percentage. A high-alcohol content in beer is not always a concern. High fermentation beers, trappist beers or craft beers, for example, are brewed and drunk for the taste. For this way of brewing, a high-alcohol percentage is part of the taste experience. These specialty beers are priced a bit higher and consumers will really take their time to enjoy such a beer. This fits in perfectly with our ambition.

Market forces

Then again, our playing field is bigger than the Netherlands. For different export markets we see a trend in so-called "super strong beer". These are often lager beers, with a high-alcohol content that is continuously on the rise. We've noticed that competitors seem to have started an "upwards race". As a result there is currently a "lager beer" with no less than 16% alcohol. In addition, this beer has a different use and the enjoyment of the beer disappears more into the background. Alcohol abuse is lurking. We have an export beer with a percentage of 12%. That's where we draw the line.

We stand in firm support of this limit, but on the other hand, we are also a company with a profit goal. A company, moreover, that has had a rough year. So what do we do if this trend persists and the market continues to grow towards increasingly higher alcohol percentages? Can we afford to stick to this limit? Even if we notice that the increasing supply of beers with an alcohol content of 14% and 16%, causes the demand for 10% and 12%, for example, to lag behind or even decrease? As a family business we take our responsibility. But at what price?

Local involvement

AMBITION

For generations, our products have been making people around the world very happy. In order to do this well, it is essential for us to know and feel what consumers and customers find important and how they experience our products. We can only grow responsibly as an organisation if we remain closely connected to the world around us. Based on information from our direct environment, we decide every year which projects and events we want to support.

COVID-19 had quite an impact on our local involvement in 2020. Many events were cancelled. It didn't, however, stop us from developing and supporting several special projects.





Results 2020



Encourage
public/private
partnerships.

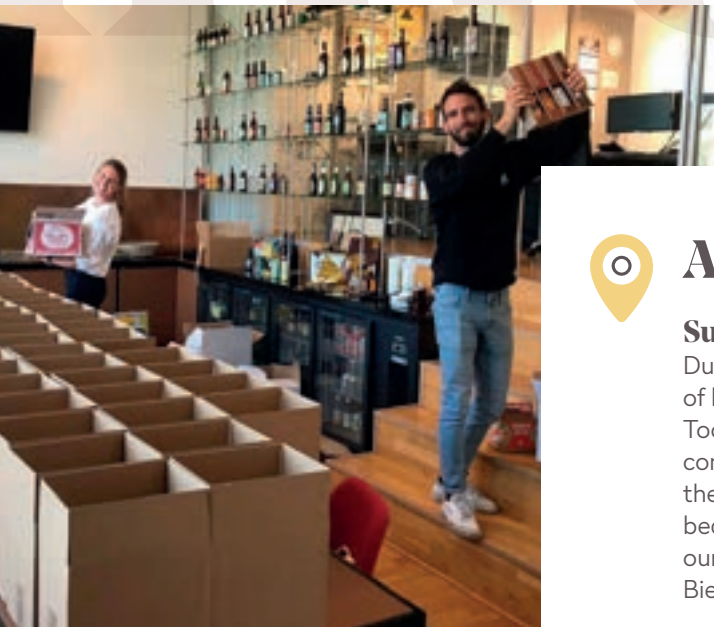
Local is in
our DNA.




Roeselare (Rodenbach) & Steenhuffel (Palm & Cornet)

Effective support for the on-trade sector

As a family business we feel it is our duty to support our partners and business connections. This certainly applies to the on-trade sector, which had a hard time as a result of lockdown. We actively looked at how we could and still can best help our partners. On-trade establishments that rent their premises in Belgium through us immediately received a two month waiver of rent as a token of support. Although the Belgian breweries were also suffering from the crisis, Palm decided to support and enhearten its tenants in this way. We also looked at other fronts to see how we could contribute. An example is that we supported the **horecacomback** (on-trade comeback) promotion in conjunction with Belgian Brewers. Through this platform, consumers could buy vouchers which they could later exchange in the on-trade sector. This gave the on-trade sector some breathing space when the crisis was at its most fierce.




Amsterdam (Bier&cO)

Surprise packages

Due to the closure of the on-trade establishments, Bier&cO was left with a surplus of beer stock. Because of the limited shelf life, Bier&cO sought to collaborate with Too Good To Go. They put together surprise packages containing 12 beers that consumers could buy via Too Good To Go and collect at the Bier&cO outlets. In this way the dumping of the beers was prevented and many consumers were able to enjoy our beautiful beers. A creative way to keep working on our mission to have the world enjoy our beer. This initiative started in the Amsterdam branch and was followed by the Bier&cO establishments in Rotterdam, Den Bosch and Groningen.

Online life in the brewery

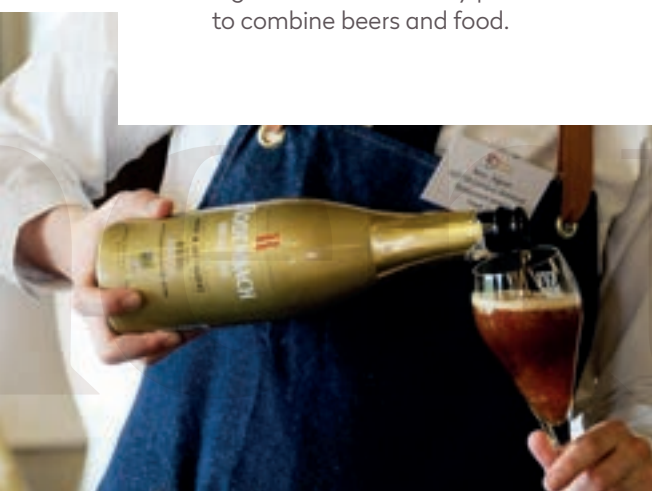
Throughout the year, we organised online beer tastings at customers' premises. A nice way to organise something while the on-trade sector was closed, and to still let the public get acquainted with various beers. Participants received a beer pack in advance. Our beer experts provided a complete experience by sharing their knowledge online while tasting the different beers.



AEHT Cornet Trophy

Sixteen students from eight hotel schools competed in Turnhout in February for the AEHT Cornet Trophy, focusing on beer-and-food pairing. This event was organised by breweries Palm, De Hoorn and Rodenbach in collaboration with the Belgian branch of the Association Européenne des Ecoles d'Hôtellerie et de Tourisme (AEHT). AEHT Belgium currently has seventeen affiliated schools. Part of this year's competition was the composition of a beer cocktail based on Rodenbach FruitAge.

Since 2011 we support this social project that offers students with an on-trade training the opportunity to improve their skills in the fields of beer and gastronomy. The students showed beer-and-food-pairing at a high level and the many possibilities to combine beers and food.



Bodegraven (De Molen)

Drive-through

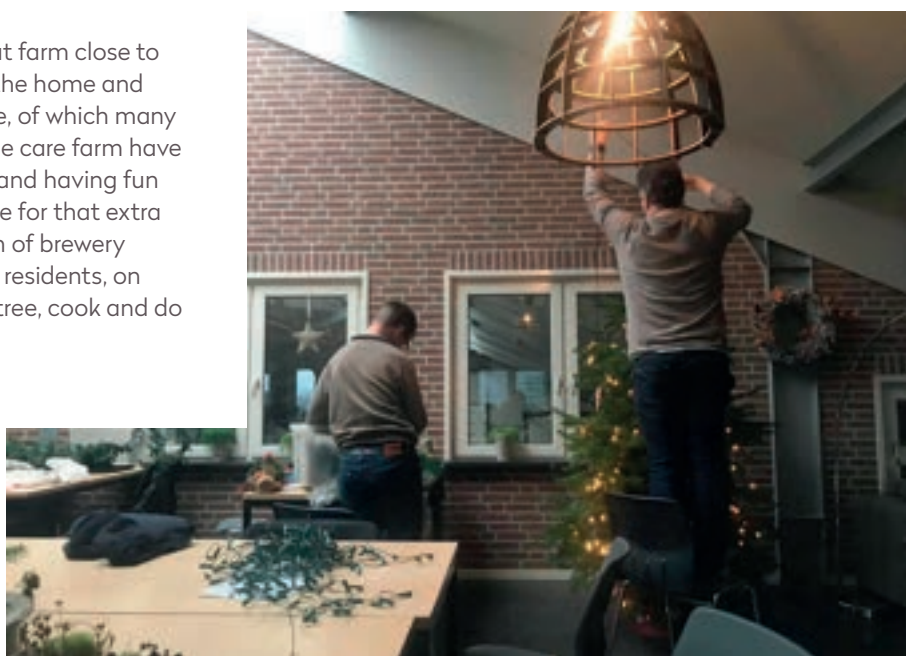
During the lockdowns brewery De Molen organised two drive-throughs. Beer lovers were given the opportunity to collect their favourite De Molen beers direct from the brewer by car. The parking lot was set up as a safe drive-through circuit, where people could stay in their cars while collecting their orders. The beer lovers paid in advance so that employees of De Molen could put the beers in the boot of the car without any contact. The brewery put together packages with different beers or one type of beer. There were also specialty beers such as cellar beers (beers that have matured further at De Molen), but also wood-ripened and other stock beers. It was even possible to receive the same beer from different vintages in one package, so that you could taste and compare them. A great way to introduce consumers to our beers in a special way.

Hugs & Kisses for healthcare

On behalf of the local shopkeepers of the Municipality of Bodegraven-Reeuwijk we made and sponsored appreciation packages for all care workers in the municipality. Of course we chose for Hugs & Kisses, our low-alcohol IPA with the appropriate name. They definitely deserved it, the care workers who have meant more than ever to our society this year.

Berkel-Enschot (Koningshoeven)

Care farm De Lingehof is an ecological goat farm close to the Heerlijkheid Mariënwaerd estate. It is the home and workplace of 25 people with a need for care, of which many with mental disabilities. The residents of the care farm have a great need for social contact, sociability and having fun together. Caregivers don't always have time for that extra attention. Every year, the commercial team of brewery Koningshoeven organises a fun day for the residents, on which they jointly decorate the Christmas tree, cook and do odd jobs in and around the house.



**SHOULDER TO SHOULDER**

Hygiene training and soap for more than **11,000 Ethiopians**

Our Ethiopian brewery Habesha has faced major challenges in 2020, both from COVID-19 and the civil war in the north of the country. Nevertheless, our Ethiopian colleagues decided to go the extra mile and fight the virus by investing in awareness and hygiene. They did this not only for the Habesha employees, but for a total of more than 11,000 Ethiopians.

**Omo Ohiwerei**



This is where we trained people in the **importance of washing hands** to prevent the **spread of the virus**.



In Ethiopia, where our brewery Habesha is located, the on-trade sector immediately closed down in March. Especially in this country, where people are not used to drinking at home, the impact on the company was huge. 'We immediately set up a task force in March. In addition to reassuring employees and arranging for protective measures such as face masks, we facilitated on-the-job testing. We also decided to organise transport for our employees to and from work. And we are still doing that today (December 2020),' says Omo Ohiwerei, Operations Director at Habesha. 'Of course we made our staff aware of the importance of regularly washing your hands to prevent the spread of the virus and provided soap. We also immediately decided to do the same in the villages in the area.'

Care for the environment

Habesha has a history of caring for the environment. Not surprising of course, for a company with no less than 8,000 local shareholders, consisting mainly of small entrepreneurs in the on-trade or distribution sectors. We buy malting barley from Ethiopian farmers. And we are committed to the water supply in the area through irrigation projects. 'In addition to supplying good quality products and providing a living

for many people in and around our company, we regard any contributions to the surrounding area as a whole and the environment as our responsibility,' says Omo. 'Habesha is not just focused on a healthy operating result. Through our stable irrigation projects, we were taking care of the community by distributing water even before the outbreak of COVID-19. That is invaluable. We responded immediately after the outbreak of the pandemic by setting up hand-washing stations. This is where we taught people the importance of washing their hands to prevent the spread of the virus. In the rural areas the knowledge about the way the virus is spread, and the role of hygiene in this respect, was less than in the city. By installing hand-washing stations, training in hygiene and distributing soap, we directly contributed to their knowledge about COVID-19 and the role of hygiene in it. This made people adhere to the prevention measures and prevented further spread of the virus.'

Bond reinforced

In total, Habesha was thus able to influence the behaviour of more than 11,000 Ethiopians in the area. Omo: 'They responded enthusiastically. The government here does not help with this kind of activity.' 'In addition, we distributed more than 25,000

bars of soap to influential farmers and church leaders,' adds Jort Crevels, then CFO of Habesha. 'Their great influence in their communities is important to changing the behaviour of everyone there when it comes to washing hands and COVID-19 prevention.' Omo: 'We are very happy that we were able to make such a positive contribution. Through this, we have strengthened Habesha's bond with the area and the community.'

Fortunately, the on-trade sector, which closed in March reopened at the end of September. Omo: 'The impact of COVID-19 is diminishing. In the first part of 2021 we will certainly still feel the effects of the virus and the war and have to recover from that, but I expect that, in the second half of next year, we will be able to return to normal operations.'

Wietse van den Boogaard



Broos Swinkels



SHOULDER TO SHOULDER

Healthcare institutions happy with hand sanitiser **extracted** **from our beer**

The demand for disinfectants was so high at the time of the COVID-19 crisis that smaller care homes in particular missed out. Swinkels Family Brewers found this unacceptable, given the vulnerability of the residents. At the same time, 600 pubs and restaurants were left with thousands of litres of unusable draught beer due to the closure of the on-trade sector. Those two facts together led to a unique innovation; our brewing installation temporarily produced disinfecting hand sanitiser instead of non-alcoholic beer, from the beer we retrieved from the on-trade sector.



I started with a message in the app group of the Swinkels family. “A care institution asks if we have any alcohol left”. Alcohol, which we consider a by-product of the production of non-alcoholic beer, suddenly became indispensable for the disinfection of hands. Broos Swinkels, Strategic Purchaser, consulted and started making phone calls. ‘Through the hospital in Helmond I received a recipe for alcohol-based hand sanitiser, approved by the World Health Organisation (WHO). In addition to our beer, we needed ingredients such as hydrogen peroxide and glycerin. We asked around in our network and a day later they were waiting at the door.’

Meanwhile, in the brewery, Wietse van den Boogaard, Head Brewer, was busy resetting the brewing installation. ‘Normally we extract alcohol from beer for non-alcoholic beer making the alcohol a by-product. For a disinfectant to meet WHO requirements, we needed a high-alcohol content, higher than what we normally distil from our beer. We remodelled the distillation column, moved valves, rerouted pipes and adapted software. The beer that we retrieved from the on-trade sector became the basis from which we extracted the alcohol to create a concentrate of 82%. We then mixed it with hydrogen peroxide and glycerin. That’s how we made alcohol-based hand sanitiser that was fully compliant with WHO requirements.’

Spontaneous help

The hand sanitiser was there, but a permit was needed for storage and special packaging had to be provided for and filled. Broos: ‘We were in a bit of a pickle.’ Through a premature message on LinkedIn, all the pieces of the puzzle fell into place. ‘Suddenly we received spontaneous offers of help from all directions. Supplier the Houweling Group supplied IBC containers, IFF helped with the filling, DUKO Grafimedia with the labels and King Nederland and Van Den Heuvel Logistiek with the distribution. All free of charge. The municipality issued an emergency permit. Broos: ‘Even the Tax Authority called: “You are exempted from excise duties for hand sanitiser because of its importance to healthcare”. Everyone helped internally, from lab assistants to couriers, even in the evenings and at weekends. Drivers drove to the pubs with empty tanks to retrieve draught beer. It worked because everyone cooperated beautifully.’

Sustainable by nature

‘People saw that this was well-meant and sincere and wanted to be a part of it,’ says Wietse. ‘I have never seen so many enthusiastic people together. This is also an example of the entrepreneurial power of our family business. Others were still contemplating while we were already marketing. Admittedly, it was harder than we thought. However, within a week the first bottles of hand sanitisers were at medical institutions in the area, ready for use in dispensers. The demand was enormous. Smaller care institutions could not obtain hand sanitiser through the usual channels. We delivered even if only one bottle. Free of charge. What also played a part for us, was that we really didn’t want to destroy our beautiful beer. In that respect circularity is in our DNA. The residual sugars were also given a use and went to a cattle feed company.’

Good partner

Broos: ‘What drove us was the need, we wanted to help our local on-trade partners and healthcare providers. The on-trade business partners where we collected the

Suddenly we received spontaneous offers of help from all directions.

beer, received a fresh stock at the moment they were allowed to open their businesses again. In this way we helped both our on-trade partners and the healthcare sector. We have received an incredible amount of grateful feedback such as photos and emails.’ During the second wave, new requests came in. Wietse: ‘But by then the medical need had ended. There was plenty of alcohol-based hand sanitiser on hand. It did, of course, come at a price as we weren’t set up for it. But, had it been necessary we would have done it again.’



From beer to hand sanitiser in numbers



650,000
litres surplus
draught beer



retrieved from
600 on-trade
outlets



converted
into **nearly**
40,000 litres of
hand sanitiser



with an
alcohol
content of
82%



countless
internal and
external
partners



Result
= **1,200 happy**
healthcare
institutions

Looking to the future

It was a year we will not soon forget. Despite the challenges, there were a lot of things that we are proud of. We would like to maintain many of these good developments.

To begin with, we want to maintain the way of working together with enormous solidarity and decisiveness. This is a model of how we want to work in the future and it also includes a new balance between working in the office and working from home. We have noticed that our organisation thrives on social contacts; working from home has really made us miss each other. The constructive way in which our employees dealt with this crisis fills us with pride above all. In spite of everything, our business processes continued at all times, and special initiatives arose spontaneously. The fact that we have passed this ultimate stress test so well is due to the commitment and resilience of our people, and that gives us great confidence in the future. As a result, we were able to strengthen the financial position of our company during this challenging year.



— 2021: Stronger emergence from the crisis

Our objective for 2021 is to emerge stronger from the COVID-19 crisis. The advent of vaccines offers a new perspective for the future and a life without the limitations we have been living with in recent times.

Nevertheless, we expect lockdowns and other COVID-19 measures to continue to have a significant impact on our market in a large number of the countries in which we operate. As in 2020, we will experience this impact primarily in countries where our products have a significant presence in the on-trade channel. We do not expect all on-trade businesses to survive the crisis, so it will take a number of years before turnover returns to its previous level. We assume that in 2021 large events will only be held on a very limited scale. From our experience in 2020, we know that total beer sales in the retail channel hardly increases during lockdowns. Cause here is forced social distancing, which means that people do not receive many visitors or throw parties at home. Specialty beers, however, did show a growth, both in the retail channel and the online channel. Nevertheless, this only helps in part to compensate for the lower turnover in the on-trade sector.

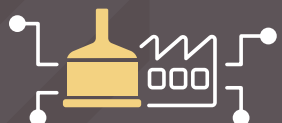
In 2021, we will continue to invest in our growth strategy, particularly in strategic priorities such as digital transformation, new business development and making our business more sustainable. We will also continue to focus on cost control and improving our cash flow. So that we can, indeed, emerge stronger from this crisis.



— Circularity

In the coming year we will further increase the focus on circularity. Our ambition is to become a fully circular company. A process that we want to see progress further in the coming year. We have already noticed how the Swinkels Circularity Index acts as our compass. We will continue to focus on partnerships with suppliers, customers and other business partners within our chain. But also with research institutes and universities, for example, to find out where we can make even more of a difference in the field of circularity.

We see great enthusiasm in our company for our circularity ambitions. We will organise more knowledge sessions with our employees to discuss issues surrounding the theme of circularity and to prioritise these on the agenda. Everyone can and should contribute to this. We want our focus on sustainability and circularity to be increasingly felt throughout the company.



— The Intelligent Brewery

Our digital transformation programme “Intelligent Brewery” will gain huge momentum. Following a phased implementation plan, we expect to be able to put the standardisation and simplification of processes with new systems into operation in Lieshout by the end of 2021. In the subsequent phases, we will transfer the entire company to the same platform. This platform will enable better and faster service for our customers. We also expect benefits for our internal business operations, as a result of improved information provision and better internal control of our business processes.



— Winning family culture

Our winning family culture is one of entrepreneurship, collaboration and focus on results. We are going to adjust the target and bonus system to bring it more in line with our strategy. In addition, by using strategy-based scorecards, we can better measure and visualise progress and results. In this way every employee will have a better idea about what he or she can contribute to the strategy. This new approach reinforces the focus on results and the implementation of the strategy.

We will continue to use the pulse measurements we started with last year alongside other instruments. We use this to monitor the satisfaction and involvement of our employees, which gives us an insight into certain bottlenecks and enables us to take concrete action. This ensures that our employees can enter into a dialogue with each other within their teams about the core values and about the subjects that are most relevant to them at that time. By immediately utilising the results of these measurements, they offer us tools to further strengthen our culture.

To achieve optimal results, we strive for our unique winning family culture; an organisation that is safe and yet asks a lot of people so that we can win together.

Governance structure

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 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

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

Swinkels Family Brewers

- 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 K. (Kennedy) Agyeman-Asiedu, Chief Financial Officer
- Mrs D. (Door) Plantenga, Chief Commercial Officer
- Mr O. (Omo) Ohiwerei, 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. It shall weigh the relevant interests of those involved in the Royal Swinkels Family Brewers Holding N.V. In 2020, the Supervisory Board consisted of the following persons:

- Mr J.W. (Jan Willem) Baud, chairman
- Mrs A.T.J. (Annemiek) van Melick
- Mr E.C.R. (Eric) Lauwers
- Mr L.J.G.M. (Louis) Swinkels (until 22 April 2020)
- Mr P.P.M.M. (Paul) Swinkels (until 22 April 2020)
- Mrs C.W.N. (Caroline) van Nieuwkerk (from 22 April 2020)
- Mr A. (Ad) Ruijs (from 22 April 2020)

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 in relation to its supervisory role regarding financial matters and financial reporting, including the financial statements of Royal Swinkels Family Brewers Holding N.V.

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. The sole shareholder of Ambrig B.V. is the Ambrig Trust Office Foundation (hereinafter referred to as “the foundation”). This foundation has issued depository receipts for all the shares it holds in Ambrig B.V. With the exception of a number of depository receipts held by Swinkels Family Brewers N.V., the depository receipts are held by (descendants of) the Swinkels family. 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. The board of the foundation consists of seven natural persons. Currently, the board consists of five members of the Swinkels family, one family representative and an 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 depository receipt holders of Ambrig 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 granting 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 have been appointed for the period up to and including the 2021 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 includes 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, customers, suppliers and competitors, good business practices and trade embargoes. The code of conduct is available to all staff on the Intranet.

Circularity and CSR

For Swinkels Family Brewers, CSR consists of various pillars, on which we provide information in this report. The strategy is set by the CEO and circularity is one of the three strategic business objectives. The CEO, Peer Swinkels, is responsible for CSR within the Executive Board. He informs the Supervisory Board about circularity and CSR. Our Head of Brewing and Sustainability chairs the circularity working group. This group meets monthly and reports to

the CEO. The steering group is responsible for monitoring and evaluating the progress of the strategy and policy. In addition, the members map the risks and financial impact of certain circular considerations. Implementation is the responsibility of the Sustainability Manager at corporate level, while project detailing takes place at local level.

Risk management

Entrepreneurship involves taking risks. In order to realise our ambitions, it is essential to identify these risks and reduce them to an acceptable level. Below is a summary of the main risks and control measures by category. The risks discussed are divided into six categories.



Market risks

Risk	Explanation	Control measure
Price risks (especially raw materials and energy)	Due to scarcity of natural resources and climate developments, raw materials and energy may become more expensive.	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.
Industry consolidation	Competitive relationships are changing as a result of the consolidation within the sector. This may put pressure on our position.	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.
Economic and socio-political instability	Reduced consumption and/or production opportunities due to economic and socio-political instability or a pandemic, such as the COVID-19 crisis.	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.
Changing customer requirement	Due to changing customer requirements, our beer portfolio may be less in line with future market demand.	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.



Compliance risks

Risk	Explanation	Control measure
Claims as a result of violations of laws and regulations or not observing contracts	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.	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.



Sustainability and circularity risks

Risk	Explanation	Control measure
Influence of climate change	Global warming can entail risks such as extreme weather changes, loss of biodiversity and natural disasters. This also entails risks for our business continuity.	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 CO ₂ objectives of Swinkels Family Brewers are still in line with this.
Scarcity of raw materials	Overcrowding and extreme weather conditions may affect the availability, quality and price of our raw materials such as barley and hops.	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.
Insufficient groundwater	The availability and quality of groundwater can be reduced by overconsumption. At the same time, it is essential for our product and the environment in which we live.	All subsidiaries have a water permit. 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.
Several, sometimes conflicting, stakeholder interests	We occasionally receive conflicting feedback from stakeholders on social themes such as responsible drinking and bottle deposits. It is not always based on facts, but may have consequences for our reputation.	To further fine-tune our CSR policy documents, we have carried out various analyses and spoken to experts to arrive at objectives and actions that are realistic and actually contribute to a positive social impact.



Financial risks

Risk	Explanation	Control measure
Currency and interest rate risks	Fluctuations in exchange rates and interest rates pose a risk to the profitability of the company.	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.
Credit risk	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. This risk increased for on-trade customers in 2020 due to the COVID-19 crisis.	For new customers, the credit risk profile is mapped out and appropriate credit limits and payment terms are set, including, for example, bank guarantees. For certain market segments we have insured the risk of default. The default risk is reduced by means of amicable settlements on the rent and custom work.
Insufficient financing capital	It is important to have sufficient financing capital available to finance the growth of our company.	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.



Safety and well-being risks

Risk	Explanation	Control measure
Business-related accidents	Accidents at work can occur during our business and production processes.	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.
Violation of labour rights at suppliers and licensees	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.	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 2021 on the basis of which additional control measures will be formulated.
Irresponsible drinking	Irresponsible drinking can cause unsafe situations and, in the long term, physical or psychological issues.	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.
Insufficient diversity in competencies and properly trained employees	Current business changes involve the risk that our workforce is no longer fully aligned with the required competencies and diversity.	Identifying the required competencies and attracting and retaining talent is a strategic priority within Swinkels Family Brewers. Within this context, a Chief People & Culture Officer has been appointed and the Learning & Development programme has been further refined.



Operational and technical risks

Risk	Explanation	Control measure
Quality fluctuations in our products and product liability	Compromising the quality of our products can lead to health risks which could damage our reputation. It could, for instance, be caused by an error in the production process, sabotage or quality deviations in ingredients.	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.
Failing strategic transformation programmes	The Intelligent Brewery programme is a greenfield ERP system implementation, with completely new business processes and is therefore crucial to making our brewery ready for the future. The programme involves substantial investment, is complex and has a profound impact on the internal organisation.	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 establishing a strong organisational change workflow that is supported by the Executive Board.
Shortage of facilities and employees	Business continuity may be jeopardised due to water, gas or electricity failure or a shortage of employees.	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.
Cyber attacks	Critical systems and company sensitive information are threatened by hackers, malware, phishing and ransomware.	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.
Economic and socio-political instability	The safety of our employees may be at risk as a result of (ethnic) conflicts in the area where they live or work.	We continuously monitor the political and socio-economic conditions in the environments in which we operate. To this effect we use national and international sources of information. We take organisational measures to protect our employees such as no longer travelling to unsafe areas.

Report of the Supervisory Board

About the governance structure

About Ambrig

Ambrig B.V. is the sole shareholder of Royal Swinkels Family Brewers Holding N.V. All Ambrig B.V. shares are held by the Ambrig Trust Office 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 Swinkels Family Brewers through those depositary receipts.

Report of the Supervisory Board

With COVID-19 taking affect throughout the year, 2020 was also a year of additional supervision. After the on-trade sector went into lockdown on 15 March, there was insufficient clarity as to what that could entail for the turnover and the future of the business. The Executive Board kept the Supervisory Board well informed through additional (online) meetings. These took place in addition to the four regular meetings.

In a crisis like this, the supervisory role comes to the fore, whereas the board normally fulfils an advisory role. The Executive Board was forced to focus on survival, on the safety of the people and on cost control and cash management.

The board set clear goals for cost and cash measures to ensure long-term continuity. These targets were amply met, which is a great compliment to the Executive Board. Despite all the setbacks, profits have been made and bank debts have been reduced which makes the company come out of this period stronger than when it went in.

Strategy

The strategy of the holding company was discussed in detail at the Supervisory Board meeting in July. In addition, the priorities for 2021 were also drawn up. The continuity of the company and the safety of its people also remain top priorities in 2021. The purpose and vision that were further developed in 2020 were discussed in December. There is appreciation for the balance in this, which shows how this family business thinks in generations rather than quarters or years. There is an inspiring guideline for the future and for the eighth and following generations. It is important to start living according to this purpose and vision now, a process which the board will supervise.

In addition, the programmes “Design the Base” and the Intelligent Brewery were also discussed by the board. The development of these programmes has laid a solid foundation for the future.

Circularity

Corporate Social Responsibility is an annually recurring topic of discussion for the Supervisory Board. The focus here is on a circular business model, one of the strategic pillars of Swinkels Family Brewers. The Swinkels Circularity Index enables the organisation to provide insight into its circularity score and to actively manage it.

Change of composition

In 2020, there was another change in the Supervisory Board. Louis and Paul Swinkels made way for two new members. We wish to sincerely thank them for their many years of commitment.

As from 22 April, Mrs Caroline van Nieuwkerk and Mr Ad Ruijs joined the board. Caroline is an expert in the field of HR, people and culture. With Ad's arrival, the family continues to be directly represented on the board. As family supervisory director and linking pin, he is also represented on the board of the shareholder Ambrig Trust Office Foundation. We are pleased with the wide range of disciplines required and with the fact that the diversity in the board is now guaranteed.

Committees

The Audit Committee, consisting of Jan Willem Baud and Annemiek van Melick (chair), dealt with subjects such as the Intelligent Brewery, IT security, COVID-19 scenarios, the budget and the financial statements in 2020. The Audit Committee convened four times.

The Remuneration Committee, consisting of Caroline van Nieuwkerk (chair) and Ad Ruijs, focused on setting targets for the Executive Board in 2020. The Remuneration Committee convened five times.

Financial statements, dividends and discharge

The Supervisory Board has discussed the 2020 Financial Statements, as prepared by the Executive Board in a meeting that was attended by the external auditor from KPMG. The financial statements were accompanied by the report of the Executive Board. We propose that the General Meeting adopt the 2020 Financial Statements as presented on www.swinkelsfamilybrewers.com. The Supervisory Board furthermore requests the General Meeting to discharge the Executive Board from liability for its management and subsequently discharge the Supervisory Board from liability for the supervision performed over the financial year under review.



Condensed financial statements ^{*}

Consolidated balance sheet as at 31 December 2020

(before profit appropriation, in thousands of euros)

		2020	2019
Assets			
Fixed assets			
Intangible fixed assets 2.			
Goodwill	16,058	17,162	
Emission allowances	328	700	
Software	13,855	10,008	
Prepayments on intangible fixed assets	2,634	3,289	
	32,875	31,159	
Tangible fixed assets 3.			
Land and buildings	143,472	147,029	
Plant and equipment	155,383	176,676	
Other fixed operating assets	30,945	39,463	
Other real estate	18,159	19,601	
Assets under construction	8,460	14,242	
	356,419	397,011	
Financial fixed assets 4.			
Participating interests	2,753	5,191	
Receivables from participating interests	2,196	59	
Deferred tax assets	3,227	1,615	
Other receivables	12,159	13,108	
	20,335	19,973	
Current assets			
Inventories 5.			
Raw materials and consumables	29,013	28,546	
Work in progress	7,359	9,358	
Finished goods and trade goods	34,266	34,792	
Other inventories	12,760	13,778	
	83,398	86,474	
Receivables and other receivables			
Trade receivables	6. 127,946	154,942	
Corporate income tax	5,665	4,197	
Taxes and social security contributions	4,224	3,664	
Other receivables and prepayments and accrued income	7. 19,861	18,450	
	157,696	181,253	
Cash and cash equivalents 8.			
	48,643	35,892	
Total Assets		699,366	751,762

* The figures in this condensed financial report were derived from the 2019 Financial statements, to be found on www.swinkelsfamilybrewers.com.

Consolidated profit and loss account for 2020

(in thousands of euros)

		2020	2019
Net turnover	16.	773,159	896,999
Changes in inventories of finished products and work in progress		-2,525	2,612
Other operating income	17.	19,346	17,731
Total operating income		789,980	917,342
Cost of raw materials and consumables		293,510	340,550
Cost of outsourced work and other external costs	18.	306,402	347,279
Wages and salaries	19.	84,260	87,676
Social security and pension charges	20.	19,035	20,166
Other personnel costs		11,532	22,445
Amortisation and depreciation of (in)tangible fixed assets	21.	50,108	56,212
Other movements in the value of (in)tangible fixed assets	2. and 3.	-	29,589
Other operating expenses		5,209	5,037
Total operating expenses		770,056	908,954
Operating result		19,924	8,388
Interest income and similar income	22.	540	396
Interest expenses and similar charges	23.	-10,932	-5,903
Net finance expenses		-10,392	-5,507
Result before tax		9,532	2,881
Tax on result	24.	2,518	5,477
Share of result of participating interests		-650	-59
Result after tax		6,364	-2,655
Minority interests		-141	-2,688
Net result		6,223	-5,343

Consolidated cash flow statement for 2020

(in thousands of euros)

			2020	2019
Cash flow from operating activities	25.			
Net result			6,223	-5,343
Minority interests			141	2,688
Adjustments for:				
Amortisation and depreciation of (in)tangible fixed assets	2. and 3.	50,108		56,212
Other movements in the value of (in)tangible fixed assets	2. and 3.	-		29,589
Book results on disposal of fixed assets		-922		-1,666
Changes in provisions	4. and 10.	8,086		1,375
Interest income and similar income	22.	-540		-396
Interest expenses and similar charges	23.	10,932		5,903
Income tax	24.	2,518		5,477
Share of result of participating interests		650		59
			70,832	96,553
Changes in working capital:				
Trade receivables		26,996		-15,248
Inventories		3,076		2,870
Accounts payable to suppliers and trade creditors		19,951		-14,891
Other receivables and other payables		25,471		-2,128
Debts to shareholders		3,200		-
Debts to credit institutions		-11,370		4,090
			67,324	-25,307
Total cash flow from business operations			144,520	68,591
Interest received		540		396
Interest paid		-2,148		-3,300
Income tax paid		-5,577		-9,892
			-7,185	-12,796
Total cash flow from operating activities			137,335	55,795
Cash flow from investing activities				
Investments in (in)tangible fixed assets		-40,887		-71,136
Income from the sale of tangible fixed assets		11,135		3,907
Loans granted		-6,739		-6,904
Payments received on loans to customers		4,536		5,524
Acquisition of group companies		-		-10,723
Total cash flow from investing activities			-31,955	-79,332
Transport			105,380	-23,537

Cash flow statement continued on next page »»

»» Continued cash flow statement for 2020

		2020	2019
Transport		105,380	-23,537
Cash flow from financing activities	25.		
Take-up of non-current debt	11.	42,632	112,711
Repayments of borrowings		-117,596	-63,494
Repurchase of own shares		-3,671	-
Dividend paid to parent company	9.	-10,654	-16,346
Dividend paid to holders of minority interests	9.	-783	-1,580
Capital contributions	9.	1,335	2,850
Total cash flow from financing activities		-88,737	34,141
Net cash flow		16,643	10,604
Exchange rate and translation differences on cash and cash equivalents		-3,892	-1,046
Change in cash and cash equivalents		12,751	9,558

Consolidated statement of comprehensive income for 2020

(in thousands of euros)

		2020	2019
Shareholders' equity as at 1 January		327,275	354,441
Net result	6,223		-5,343
Change in reserve for translation differences	-10,410		-3,372
Dilution of share capital in participating interests	-169		-2,105
Total		-4,356	-10,820
Dividend distribution	-10,654		-16,346
Repurchase of own shares	-3,671		-
Total changes in shareholders' equity in relation to depositary receipt holders		-14,325	-16,346
Shareholders' equity as at 31 December		308,594	327,275



Colophon

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