Annual report 2019

FRESH

Spadel

mords de collage

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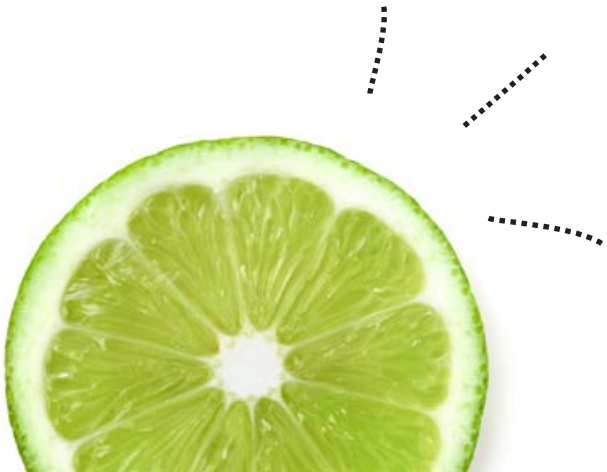


POSITION OF THE SPADEL GROUP

Spadel is a European family group that produces and markets natural mineral waters, spring waters and soft drinks based on mineral water. The company has always promoted the regional aspect: position as leader on a human scale in its field of natural drinks, regional anchorage of its brands, total respect for the area in which its springs are found and the naturalness of its waters, and its efforts to keep its ecological footprint as small as possible. A vision that makes more and more sense today, in a world concerned about its ecological footprint.

The group offers:

- natural mineral waters and spring waters;
- natural flavoured waters (0 calories);
- lemonades made of 100% natural ingredients.

Spadel sees innovation as a key axis and a springboard to growth. This presupposes the development of new drinks that are natural, healthy and low in calories, providing a direct response to what consumers want. Every year, the group prides itself on proposing new products for one or other of its brands, renowned for their quality. However, it also innovates with regard to its firm commitments to reduce the waste and C02 emissions generated by its activities (packaging, transport, etc.).

These strategic choices in the field of innovation, combined with a regional approach at European level backed up by a visible presence in five countries (Belgium, the Netherlands, Luxembourg, France and Bulgaria) enable the group to stand out from its competitors.

With a view to ensuring profitable, lasting growth, Spadel is continuing its strategic plan 2016 – 2020.

This revolves around seven pillars:

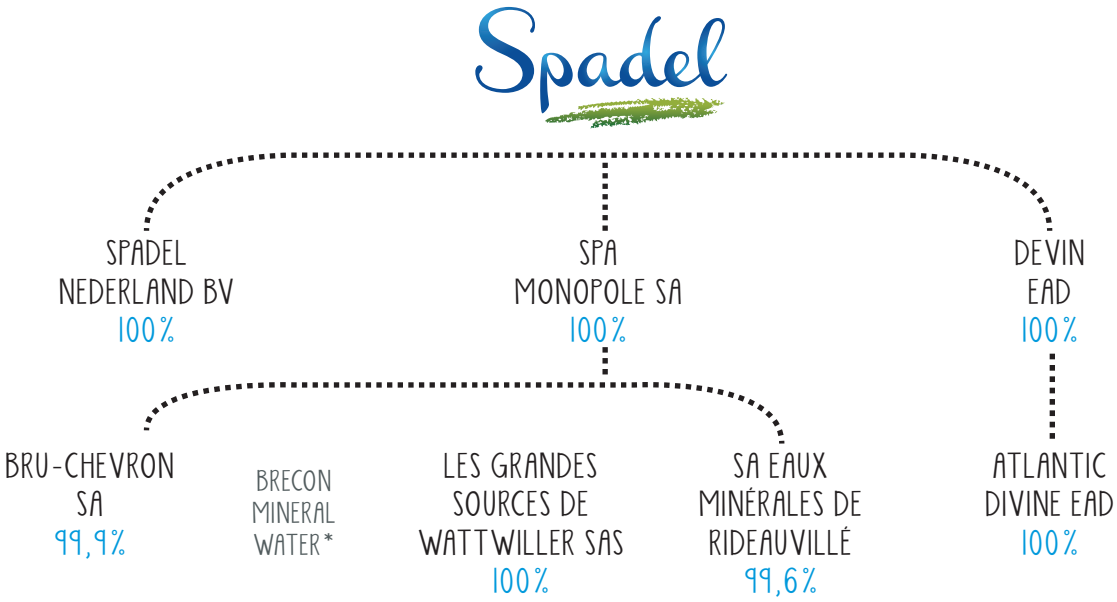
- constantly investing in its brands to strengthen their position;
- innovating to continue to flesh out its product portfolio and improve its packaging;
- producing drinks with the focus on naturalness;
- continuously improving its operating excellence;
- integrating sustainable development into its day-to-day activities;
- integrating 'digital' into its communication and business strategy;
- attracting and training motivated staff with a good corporate spirit.

A SIZEABLE CHALLENGE, MULTIPLE FIRM COMMITMENTS

In an international group made up of brands securely anchored in their regions, it is important that everyone is moving in the same direction, regardless of the country, the site and the department. Hence the importance of knowing what Spadel represents, having a clear understanding of its vision of the world and the way in which its entities work with one another. But it is also essential to understand the challenges it faces, which develop in line with the concerns that preoccupy the world.

In 2018, Spadel defined clear values so that all its stakeholders - staff, suppliers, clients and shareholders - can take the right strategic decisions together: paying increased attention to dialogue and involvement; defining bold ambitions; aspiring to offer 'best work places'; encouraging staff to become better inhabitants of the planet.

In 2019, following on from the definition of these values, the group took on two major challenges designed to safeguard the planet: targeting circular packaging (plastic or glass) and limiting its environmental impact. The 'Source of Change' project, which has been underway internally for many months, was officially launched in June. Based on specific targets and concrete actions, it lends practical shape to the deliberate commitment made by Spadel and its subsidiaries to reduce their environmental footprint. This process has mobilised all the teams and departments in the group and will continue to do so in the future.



* Company sold to local management in December 2019.

ONE MISSION

To offer natural and local products that contribute towards improving the health of consumers and making the world more sustainable, while ensuring constant and profitable growth for the group and a position as undisputed regional leader in the water-based products market.

TEN COMMITMENTS

With 'Source of Change', Spadel has created a virtuous system comprising ten 'commitments' aimed at reducing its environmental impact and that of its products.

Create strong regional brands with a low carbon footprint

2019

Was 2019 a successful year for Spadel?

It's always complicated to describe a year when the one before was exceptional. I would say that 2019 was a good year for the group, although it was more like a transition period given the successive years of growth recorded since 2012.

What do you remember about it in particular?

(MdB): We had to deal with a number of challenges, some of which were foreseeable, others not.

First of all, we started the year in tense conditions with regard to our main Benelux clients. We were forced to increase our prices following substantial rises in the costs of our raw materials (PET plastic, cardboard, etc.). That naturally put off our clients and for a time we were blocked, which weighed on the group's activity during the first four months of the year. We had anticipated some friction, but we never dreamt it would last as long as it did. As a result, the commercial momentum that we had planned to launch on 1 January last year was deferred until the second quarter.

The second challenge that we faced was self-imposed as we decided to substantially limit the promotion of our products compared with previous years. We knew that deliberately reducing the free product element of our commercial strategy would prompt a fall in our sales volume – and that is precisely what happened.

Apart from these two challenges, did external elements impact on the results in 2019?

(MdB): Yes, they did. The climate, to start with, which was less favourable to us than in the past. Despite the fact that the average annual temperature was boosted by a record temperature spike at the end of July (41.8°C in Begijnendijk), last year was far from equalling the optimal conditions of 2018, a record year along with 2014 in terms of heat.

In fact , it's the length of the hot spell that makes the difference when it comes to sales of bottled water. The temperature needs to be higher than 25 degrees for seven to ten days for its effects to be profitable for us. Quite simply because it takes time and a succession of behaviours for various links in the chain to react accordingly.

What about 'plastic bashing'?

(MdB): It impacted on our industry in 2019. But this criticism of plastic has its good side, because it prompted us to think about the issue and enter into virtuous and proactive commitments as part of our 'Source of Change' initiative.

What aspects of 2019 would you say made it a good year for Spadel, nevertheless?

(MdB): Productivity at our plants, which reached virtually record levels. This performance is due to the assiduity and intelligence of our management teams, who succeeded in obtaining maximum output.

Talking about this, it is important to stress the closure of a historic preform injection production workshop related to the bottling activity. Without any redundancies, because every member of staff has been employed elsewhere. A closure is often considered a failure, but in this case the reason is strategic. As we now call on subcontractors who are specialists in the field, we benefit from their expertise and are able to reduce the quantity of plastic used for our bottles.

And what about your clients?

(MdB): We exceeded the target of a 98.5% satisfaction rate. A feat that should also be attributed to the IT and logistics centres, both of which benefited from a change of software.

'PLASTIC BASHING' IMPACTED OUR INDUSTRY IN 2019 AND INSPIRED US TO MAKE VIRTUOUS AND PROACTIVE COMMITMENTS AS PART OF OUR SOURCE OF CHANGE INITIATIVE.

Marc du Bois
CEO Spadel Group

New references were launched in 2019, expanding the Spa Reine range.

(MdB): Spadel sees innovation as a real growth vector. I often say that the best growth, which makes most sense, is organic growth.

Every year, we seek to refresh our brands. And 2019 was no exception: Devin has a new 5-litre format Bru a new bottle and a new label, etc. But the most emblematic innovation comes from Spa, our leader brand, which, six years after having successfully launched the flavoured sparkling water Spa Touch Of, surprised the market with its still, sugar-free range, Spa Subtile. This is a very promising sector in which we are pioneers and where we are planning to continue our investments.

In terms of human resources, 2019 saw departures and arrivals. Which may either weaken or strengthen a group. What about that?

(MdB): I often compare Spadel to the village of unshakeable Gauls. Our family business faces competition from powerful international groups whose resources and ambitions differ from our own. However, over the past five years the company has become more attractive on the employment market. Because it is prosperous, its brands stand out on their respective markets, it has proved its intention to develop in Europe thanks, among other things, to the acquisition of Devin in 2017 and more. Not forgetting the strong, future-oriented positions that we have adopted as regards sustainable development. As a consequence of all this, Spadel now interests profiles that it would not have attracted ten years ago. It's an opportunity for us to raise the level of experience and excellence in house.

While some departures were what the management wanted, others were unintended. This was the case, within our executive committee, of the sales director for the Benelux and the head of human resources. These two vacant posts have been filled respectively by Bart Peeters, a formidable reinforcement whose wide experience is a real benefit for the group, and Tatiana Goemmine, who has been promoted internally. In addition to her abilities, she not only adds to the number of women on the executive committee, but also brings down the average age. We now have three women among us. And four members from within Spadel, which I see as a fine message for our employees.

Structuring your workforce at the Benelux level was a new departure in 2019...

(MdB): At the end of 2018, we set up a structure for Belgium, the Netherlands and Luxembourg which was put in place in 2019. This decision was motivated by the desire for synergies with a view to improving efficiency. But it was also taken because some of our major clients also operate at the Benelux level.

At the same time, it was fundamentally important for us to maintain distinct strategies specific to each market, the Dutch market on the one hand and the Belgian-Luxembourg market on the other.

What about the different markets on which Spadel operates? Did some stand out compared with others?

(MdB): France, very definitely, thanks to a superb breakthrough by Wattwiller, which made its mark in 2019 as the brand recording the second-best performance on the French market. The Bulgarian market exceeded itself, too. Conversely, owning to the reasons mentioned at the start of this interview, the Benelux tended rather to stabilise, or even suffered in some places.

WE AIM TO CREATE STRONG REGIONAL BRANDS WITH LOW CARBON FOOTPTINT; DYNAMIC, INNOVATIVE AND ESSENTIAL BRANDS THAT CONSUMERS PREFER.

Frank Meysman
Chairman Spadel Group

2019 saw the sale of the Welsh brand Brecon Carreg. Was this decision dictated by Brexit?

(MdB): Not at all! My father and the executive committee of the time bought the spring with a view to establishing Spa in the United Kingdom. To underpin their credibility, they felt it was advisable to buy a local spring, particularly since the labour costs there were very low at the time. In the late 1990s, I was personally in charge of the British market and I decided to stop the investments and concentrate them on a single local market.

The idea was to make Brecon Carreg the leading mineral water in Wales, which it has now succeeded in becoming. But we realised that it did not have the potential to move beyond. So that was the end of our dreams of expanding as far as the London market over a period of five to ten years. Consequently, we decided to part ways with Brecon Carreg and, as it were, return it to the Welsh. The local management took over our activities, proud to make the brand 100% Welsh. It's a great way to end the Brecon Carreg chapter.

Having offloaded the United Kingdom, is Spadel planning to extend its activities elsewhere? Or intensify them on certain markets?

Frank Meysman (FM): We have made a sizeable investment of EUR 17 million in Bulgaria with a view to financing two new production lines and a storage system. But that has nothing to do with the sale of Brecon Carreg. The country is evolving very quickly and offers us great development potential.

For the rest, we are always on the lookout for opportunities that may present themselves to us, but we have nothing particular in the pipeline at the moment.

How do you see the group developing? What are your ambitions?

(MdB): I have never been a great defender of the export potential of water. During the course of my career –

I celebrated 25 years with the company in 2019 – among other things I supervised Spadel's American subsidiary, which was closed after the events of 2001. I was faced with strategic choices aimed at making Spa a brand distributed in dozens of countries around the world. But is there any point sending water to the other side of the world? I asked myself that question ten years ago now, well before we became concerned with sustainable development. And the conclusion I came to was no, none at all. It's flattering for the company's ego, of course, but it destroys the environment and makes no economic sense. Beyond the catchment area of about 500 km around our springs – as we are legally bound to bottle our mineral waters in Spa, Ribeauvillé, Wattwiller and Devin – the logistics costs explode. Unless the usual price of the product is multiplied, the operation is not profitable.

So the Spadel brands are sold only on their respective markets?

(MdB): Yes, that's the founding principle of our expansion strategy. Spa is marketed in the Benelux, in northern France and in the west of Germany. Only a very small annual sales volume is recorded outside this zone for the purpose of prospecting other markets. Devin is sold very largely in Bulgaria. Wattwiller is available only France, Carola in the Grand Est region of France and Brecon Carreg was sold exclusively in Wales.

Our partners express their appreciation and respect for this commitment during our commercial exchanges. We aim to create strong regional brands, with a low carbon footprint, that are dynamic and innovative. Essentials. Consumers' preferred brands.

Low carbon footprint and local consumption: you are riding a very topical wave...

(FM): There is no doubt that the current context is very promising for an activity like ours. The consumption trends we advocate are more firmly fixed than even in consumers' minds: drink more water and less sugary or alcoholic drinks, prefer natural products that are good for your health, have a healthy, balanced diet, exercise, which requires good hydration. All while favouring short circuits and keeping the carbon footprint to a minimum.

Does that mean for example, that you are interested in the organic sector?

(MdB): That is not a priority for us. That said, in the interests of consistency with the values it promotes, this distribution sector should give priority to offering national and regional waters. Which is not necessarily the case.

Paradoxically, is global warming beneficial for Spadel?

(MdB): From a strictly economic point of view, rising temperatures clearly promote water consumption. But we have to be able to continue to draw on our springs. Water supplies are in danger as our winters are milder. The best way to raise the groundwater table is a succession of snowfalls. The water then seeps gently through the ground, unlike with torrential rain, when it flows down to streams and rivers. As for the other seasons, the rain that falls then is usually entirely absorbed by plants.

Don't you have sufficient resources?

(FM): We can count on 30% of resources available for bottling in advance. You have to realise that we are only permitted to puncture the renewable part of the spring. The system is based on pumping permits issued and monitored by the Walloon Region so as to protect the groundwater table. If that is not replenished because it doesn't rain enough, and especially, because not enough snow falls, what do we do then? Above and beyond the carbon footprint, global warming is catastrophic for our activities.

What do you feel about 2020? What prospects can you identify?

(FM): This will not be an easy year because there are many external and uncertain factors. First there is the COVID-19 crisis. It is difficult to assess the consequences and economic impacts that this crisis will have on the economy in general and Spadel in particular. The confinement of the population and the closing of public areas will inevitably reduce out-of-home consumption and consumption in the on-trade sector in particular.

However, part of this consumption is likely to shift to the retail sector, which could lead Spadel to strengthen its position in this market segment.

The political situation, is also very uncertain. Both in Belgium and at the European level.

HIGHLIGHTS

February

SPADEL:
The group supports 'Sign for my Future'

CAROLA:
The company obtains 'Great Place to Work' certification

March

SPA® TOUCH OF:
Launch of Watermelon-Kiwi flavoured water

April

BRU:
Launch of the campaign 'L'eau qui jaillit naturellement pétillante de notre sol'

DEVIN
Receipt of 'Best FMCG Producer Award'

May

3

SPA® REINE SUBTILE:
lemon-jasmine, orange-cardamon, raspberry-apple

CAROLA:
Launch of the 'Alsace Consigne' network

June

SOURCE OF CHANGE:
Platform kickoff

DEVIN:
Launch of new 'On The Go' format

SPA MONOPOLE:
8,000 visitors at the Journée Découverte Entreprises business open-day event

BRECON CARREG:
Company sold to local management

SPADEL:
Donation of EUR 50,000 to Viva for Life

› July

WATTWILLER:
New television commercial
'La pureté source de sérénité'

› October

› November

BRU:
Three innovations for a transition to a fully circular economy

› December

SPADEL:
Family Business Award finalist

Financial figures

KEY FIGURES

TURNOVER
298.4 MIO €
-5.1 %

EBIT
35.7 MIO €
-33.3 %

INVESTMENTS
27.1 MIO €
+38 %

NET PROFIT
27 MIO €
-29 %

EBITDA
55.4 MIO €
-24.6 %

VOLUME
916 MIO L

DIVIDEND/SHARE
1,40 €

#1

ON THE BOTTLED WATER MARKET IN THE BENELUX

REGIONAL LEADER IN ALSACE

NATIONAL LEADER IN BULGARIA

EMPLOYEES
1,336

Non-financial figures

83,276 MW

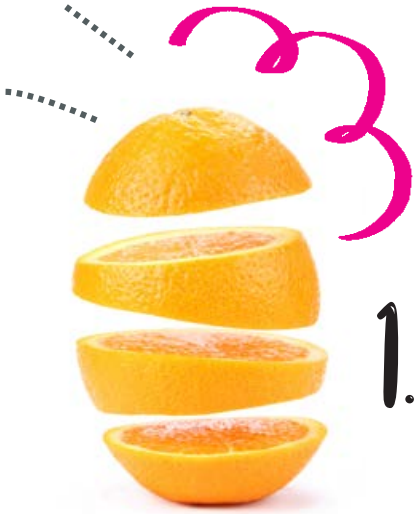
energy used (of which 35% renewable) i.e. a reduction of 50% per liter since 2010

100%

of packaging is recyclable

30,750 HA

of proteted nature



1.56l/1l

water used to bottle 1 litre of mineral water or lemonade (-56% vs 2010)

-18% CO_2/L

18% reduction in CO_2 emissions per liter of bottled mineral water/lemonade vs 2010 (incl. Devin)

WEI <4%

The WEI index indicates the relationship between the annual catchment average and the average annual water available in a given region. Spa and Bru have a WEI of less than 4% (below the 10% limit set by the United Nations).

88%

of suppliers have signed the Spadel Sustainable Procurement Policy

Certificate

European Water Stewardship Gold certificate for Spa in 2019 for the third time

Source of change

'SOURCE OF CHANGE' IS THE FRUIT OF A LONG PROCESS DURING WHICH VIRTUALLY ALL THE DEPARTMENTS IN THE GROUP REFLECTED ON THEIR IMPACT, THEIR ROLES AND THE ACTIONS TO BE TAKEN, RESULTING IN JUNE 2019, IN PUTTING FORWARD 10 FIRM COMMITMENTS.

'SOURCE OF CHANGE', FOUR PILLARS, TEN RECOMMENDATIONS

If there was one highlight for Spadel in 2019, it was the launch in September of the 'Source of Change' platform.

This is the practical implementation of its deliberate commitment to reduce its environmental footprint, particularly as regards the use of plastic. A powerful move that goes beyond the group's long-standing positions on sustainability, such as the protection of groundwater resources or the protection of biodiversity.

With the 'Source of Change' project, initiated by Franck Lecomte, the group's director of innovation and sustainable growth, Spadel has set itself two new challenges: to achieve a fully circular packaging process and to limit the environmental impact of its packaging.

Four pillars and ten commitments provide structure for this process.

NOT ONE '7TH CONTINENT', BUT FIVE

The trigger was provided by unbearable images of what the media, passing on the findings of specialists in the field, called the 7th continent: a huge pile of waste drifting at the very heart of the oceans, covering several million square kilometres (up to five times the size of France, 30 times Bulgaria, 110 times Belgium, to name but the countries where Spadel's springs are to be found), made up of old tyres, buoys, toys, bags, bottles and other plastic microwaste up to 30 metres deep!

This 7th continent, brought to the attention of the public among other things by the 'Blue Planet' documentaries, is not unique. It can be found in the five ocean gyres (North and South Pacific, North and South Atlantic and the Indian Ocean), over 2,000 km from any inhabited spot.

THE PROBLEM IS NOT PLASTIC, IT'S THE PLASTIC WASTE THAT ENDS UP IN NATURE AND IS THEREFORE NOT REUSED

Franck Lecomte
Director of Digital, Innovation and CSR

AN ABRUPT AWAKENING

This awakening stands out because of its abruptness, its immediacy. "The world has changed in the last two years," Franck Lecomte explains. "Plastic, that practical, pleasant, versatile material, has suddenly become the new poison of the planet. From one day to the next, this subject, which until then had only been a marginal concern, became a social issue of varying degrees in Europe. Ultimately, everyone felt affected. 'Plastic bashing' was born."

So Spadel decided to make this a strong, engaging corporate project. "But let us not be deceived. The problem is not plastic, it's the plastic waste that ends up in nature and is therefore not reused," he stresses.

So the issue could not be confined to simply replacing plastic by another, greener material. "The economy of tomorrow is certain to be circular," adds the director of innovation and sustainable growth. "What goes into the system does not come out. This has become our company's basic premise: striving to create a virtuous system whose environmental impact is reduced to a minimum."

Hence 'Source of Change', an ultra-symbolic name that evokes both the founding element of the group and its future.

A CORPORATE PROJECT

To tell the truth, 'Source of Change' is the fruit of a long process during which virtually all the departments in the group reflected on their impact, their roles and the actions to be taken. The results of their cogitations were analysed, gauged by external specialists and then validated by scientists and academics, NGOs and public authorities, clients and staff. This was necessary to ensure that it would be possible to complete the implementation of this process in 2025, the key date set by Spadel, but also to measure the actual effects on the basis of official performance indicators.

This consultation process resulted, in June 2019, in putting forward 10 final commitments. "There is no single solution. There's a whole series of solutions," Franck Lecomte goes on. "It's the sum of these solutions that takes us towards a virtuous model. Because we don't know whether an emblematic action will ultimately be valid tomorrow, because the system is constantly being reinvented and because it's by listening to what is happening outside, plus the capacity to anticipate this particular future that we are able to seize good opportunities."

100%

Spadel's commitment is to ensure that its plastic packagings are 100% recyclable and made entirely of recycled plastic.

-15%

Spadel aims to reduce its plastic footprint by 15% by 2025.

Bolstered by these convictions, the company has created a platform in which it has laid out its concerns, its questions and its convictions, divided into various themes. An open platform where everyone is invited to join the discussion. "Because with this issue, there are simple and complex solutions, internal and external solutions and a global responsibility that has to be recognised," the group's director of innovation and sustainable growth specifies. Hence the four pillars whose names immediately reflect a renaissance – 'Reinvent', 'Reduce', 'Recycle' and 'Restore' – each encompassing two or three recommendations, to be seen as a total of ten challenges.

FOUR PILLARS, FOUR TIMES

"By supporting initiatives that contribute to cleaning up and improving the collection system, we achieve the other three pillars" the 'Source of Change' project leader concludes. And we complete the loop. With 'Reinvent', we look to the future and extrapolate. With 'Reduce', we act in the short term with actions focused on ourselves. With 'Recycle', we move into the medium term and look outwards more. With 'Restore', we are in the present, playing a societal role."

REINVENTING: INNOVATING INTERNALLY AND FORGING PARTNERSHIPS EXTERNALLY

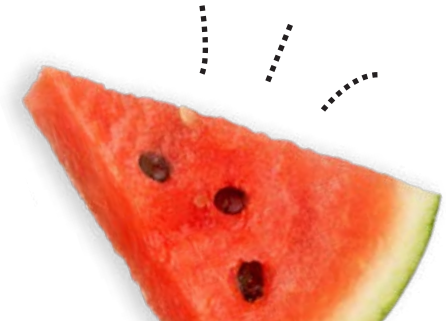
The first of the pillars, 'Reinvent', means that Spadel gives itself the means to reinvent the way in which it devises its hydration solutions. In other words, to provide quality mineral water for its consumers a different way, definitely as regards single-use containers.

Three directions have been highlighted: having an in-depth, transparent knowledge of packaging materials so as to be sure that they can be recycled and to be able to use ecodesign; increasing the share of reusable packagings to 20% (compared with 10% at the moment); and using as much recycled material as possible in the packing, aiming for 100%.

Spadel has decided to act on two fronts from the outset.

Internally, by ensuring that teams specialise in these subjects and by adopting agile innovation methods where the consumer and the client are at centre of the process and where experimentation is an important factor. "Our internal incubator, Waterhouse Lab, is the ideal place to experiment with this type of projects," adds Franck Lecomte.

Externally, the group relies on partnerships with universities, innovative ecosystems, incubators and other start-up accelerators such as the French ToasterLAB programme, which Spadel joined in early 2019.



REDUCING BOTH THE PLASTIC FOOTPRINT AND THE CARBON FOOTPRINT

"Reinventing yourself is good," Franck Lecomte goes on, "but it's something that has to be viewed in the long term, with a failure rate, or at least a high degree of uncertainty. So you have to be able to put forward short-term solutions that are more pragmatic." This is where the second pillar comes in: 'Reduce'. Here two recommendations have been made with very clear targets, since Spadel undertakes to reduce its plastic footprint by 15% and its CO_2 emissions by 42% by 2025.

The former involves a systematic revision of all its packaging components. The latter also takes account of elements related to production, energy consumption and logistics.

RECYCLING AND USING RECYCLED PRODUCTS

The third pillar, 'Recycle', is closely linked to the second. "It's good to have less plastic," Franck Lecomte confirms, "but it's even better to have less pointless plastic waste, i.e. waste that is not collected and recycled. Here, the group is working in the medium term and, especially, looking outwards."

With three commitments in its sights.

Spadel's first firm commitment: to ensure that its plastic packaging is 100% recyclable, so as not to pollute the recyclability chain, including with the secondary packaging.

To ensure that cycled materials are used properly and fully, all plastic waste must be collected and the quality of the recycled material must be good enough to be integrated in its production chains. These are Spadel's two other recycling commitments.

It is worth noting that these commitments also apply, more or less, to glass, which accounts for a significant share of the group's packaging.

"This '100% recyclable, 100% recycled' commitment can only be successfully fulfilled if we work with the outside world," the 'Source of Change' project leader maintains. In each of the countries in which Spadel produces and distributes its waters, discussions have been held with the public authorities in charge of collection to make the systems more transparent, better organised and more efficient so as to achieve a 100% collection rate.

RESTORING, PREVENTING, CLEANING

Above and beyond the discussions on how to collect waste properly, Spadel also felt that it had a wider social role to play. With the fourth pillar, 'Restore', the group has undertaken to promote zero litter and to support prevention and clean-up projects in natural or built-up areas.
And to do so at three levels: world, national and local. The financial support provided to the highly emblematic association The Seacleaners founded by French navigator, adventurer and ecologist Yves Bourgnon, is its main action at world level. Through partnerships with the IVN, the Dutch institute for environmental education and sustainability, or the Belgian association GoodPlanet, Spadel is able to take a more practical part in various sustainable projects (campaigns, events, etc.). Finally, there are the efforts made at the sites of its springs, such as Devin, Ribeauvillé (Carola), Spa, Stoumont (Bru) and Wattwiller.

WITH "SOURCE OF CHANGE" SPADEL COMPLETES THE LOOP. WITH 'REINVENT', WE LOOK TO THE FUTURE AND EXTRAPOLATE. WITH 'REDUCE', WE ACT IN THE SHORT TERM WITH ACTIONS FOCUSED ON OURSELVES. WITH 'RECYCLE', WE MOVE INTO THE MEDIUM TERM AND LOOK OUTWARDS. WITH 'RESTORE', WE ARE IN THE PRESENT, PLAYING A SOCIETAL ROLE.

Franck Lecomte
Director of Digital, Innovation and CSR

Re-invent

WE WILL REDESIGN OUR BOTTLES FOLLOWING THE CRADLE TO CRADLE® (C2C) PRINCIPLES.

INNOVATE TO REINVENT OURSELVES BETTER

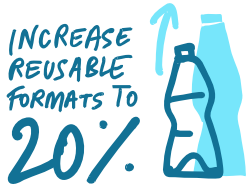
Since Spadel's prime growth vector is innovation, the group naturally opted to inaugurate the first of the four pillars chosen as part of its 'Source of Change' platform: Reinvent. "Here, we go beyond innovation focused on products and packaging alone," explains Seppe Frooninckx, Head of Business Model Innovation&PMO.

"It's a question, more widely, of thinking about innovative solutions to offer water for consumers in the near future in a way that is as environmentally responsible as possible. We aim to improve our whole economic model." To this end, Spadel has introduced a new internal structure, the 'Waterhouse LAB', a breeding ground for new ideas to speed up the innovation process. The group has also set up a partnership with ToasterLAB, a business acceleration programme of which it is, in fact, one of the founding members. Its vocation? To incubate start-ups active, among other things, in the field of sustainable packaging and healthy drinks.

CRADLE TO CRADLE

Spadel's first commitment aimed at reinventing itself is to abide by the founding principles of the 'Cradle to Cradle' approach (C2C). This philosophy of ecodesign and environmental ethics is based on two principles: zero pollution and total recycling.

In the context of Spadel's activities, the aim is to apply these principles to the packaging of the various spring waters bottled and distributed by the group. "Our products are pure," explains Ann Vandenhende, Group CSR Manager. "So we want to apply the same standards of purity and quality to the bottles and packaging that contain them, using fully recycled materials that respect the environment and the health of consumers." No substances that may be harmful to man or nature can be allowed to impair the various life cycles of Spadel bottles. To make certain of this, the group called upon the assistance of the EPEA, the research and consultancy institute set up by Michael Braungart, co-founder of the 'Cradle to Cradle' philosophy which, incidentally, is the certifying body in this area. The first results highlighted by the EPEA in December 2018 were used to draw up an inventory of the efforts to be made to achieve C2C certification for an initial range of products by 2022 and then for the group's entire production in 2025.



BY 2025, 20% OF SPADEL PACKAGING WILL BE REUSABLE, COMPARED WITH 10% AT THE MOMENT.

WE GO FOR INNOVATIVE RENEWABLE PLASTICS, SUCH AS BIOPLASTICS.

A goal that mobilised the Spadel workforce in 2019 and will continue to do so over the next few years.

MULTI-USE FORMATS

The group's second virtuous aim is its wish to reduce the use of disposable containers. "At the moment, 10% of our packaging is reusable, including glass bottles, transport boxes and pallets," Seppe Frooninckx stresses. "We want to double this achievement to reach 20% reusable packaging by 2025." The Devin brand already offers a 19-litre reusable container. But other approaches are being considered. "This is a major challenge for us, the head of innovation adds".

THE BIOSOURCED ALTERNATIVE

Again with a view to innovating while offsetting its carbon footprint, Spadel is exploring the possibilities of other materials that offer an alternative to glass and plastic. In particular, renewable materials, which include bioplastics, obtained from biosourced components. Projects are already under way, overseen by a team set up for this purpose.

IT'S ABOUT THINKING OF INNOVATIVE SOLUTIONS TO OFFER WATER FOR CONSUMERS IN THE MOST ENVIRONMENTALLY RESPONSIBLE WAY.

Seppe Frooninckx
Head of Business
Model Innovation&PMO

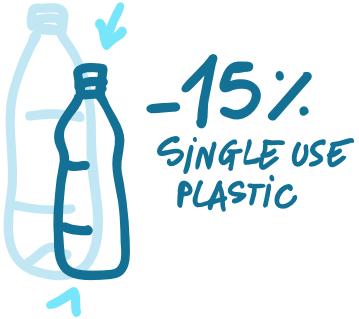
A LARGE REUSABLE FORMAT FOR DEVIN

In a spirit of sustainability, the Bulgarian brand has undertaken to drastically reduce its plastic waste production. To do this, it has decided to replace some disposable containers with packagings than can be reused, adopting an innovative principle. Its idea? Not returnable glass bottles but 19-litre polycarbonate cylinders that are delivered to the home or office. Once empty, they are collected by Devin, cleaned, refilled and redistributed. This process can be repeated up to 24 times. Spadel has calculated the CO_2 footprint (carbon emission) and the PEF score (overall environmental footprint) of the '19 l' and compared them to its other packagings. It records the best result. To such an extent that it is prompting the group to analyse the introduction of the large reusable format on its other markets.

Re-duce

-15% OF SINGLE USE PLASTIC PACKLAGING BY 2025

(SAVING 3.534 TONNES OF PLASTIC)



PLASTICS AND CARBON FOOTPRINT: CLEARLY DEFINED TARGETS

The second pillar of the 'Source of Change' platform reflects Spadel's wish to reduce both the quantity of plastic used in its packaging and the CO_2 emissions generated by its activities. And the targets it has set are draconian: 15% reduction in plastic packaging by 2025 and 42% reduction in CO_2 emissions by 2030.

15% REDUCTION IN PLASTIC PACKAGING

In 2018, the volume of plastic used by Spadel to distribute its spring water amounted to exactly 23,560 tonnes. So the challenge of a 15% reduction by 2025 therefore means saving 3,534 tonnes of plastic, with an interim stage of -5% in 2022. To achieve this, its teams have broken down the quantity of plastic used per type of packaging: primary (bottle and lid), secondary (pack) and tertiary (transport pallet). "We have established that most of the plastic is used at the primary level, which accounts for almost 90% of the plastic used," explains Philippe Henon, Group Manager Packaging. "And we have decided to concentrate on this as a priority."

The first products to benefit from reduced weight are the large formats in the Spa Reine still and sparkling range, as the small formats were reduced in 2012. "By removing the equivalent of 1.5 grams of plastic from the bottles, we have saved just over 300 tonnes of plastic in one year," says Philippe Henon. By outsourcing preform injection, an activity previously carried out in house, the weight has been optimised and an additional 250 tonnes of plastic have been saved. "Altogether, we save between 4.5 and 4.7% of plastic, almost our target for 2022."

In May 2020, it will be the turn of Devin to see its bottles lightened thanks to two new production lines. "It's an opportunity to review the design and weight of the bottles," the head of packaging acknowledges. "The 50-centiliter format will go from 12 to 11.4 grams and the 1.5-liter format from 26.2 to 24 grams. "Wattwiller will see its 1-liter format fall from 25 to 22.4 grams, saving 24 tonnes of plastic per year. Meanwhile, the shrink-wrapped cover used for the packs until now will be replaced by wrapping film, saving 36 tonnes of plastic. "Carola is awaiting a change of bottle design in 2021. The quantity of plastic used will be optimised at the same time," states Philippe Henon.

MOST PLASTIC GOES INTO THE BOTTLES AND LIDS, WHICH ACCOUNT FOR 90% OF THE PLASTIC USED.

Philippe Henon
Group Manager
Packaging

CARBON NEUTRALITY, STEP BY STEP

Spadel has been endeavouring to reduce its carbon footprint for several years, the ultimate goal being to achieve total neutrality by 2050. In 2015, it reached first two levels by targeting the emissions generated by the energy sources used for its offices and production sites and the indirect emissions from the generation of the electricity needed for its activities. In 2019, the group tackled the third and most important part of the job: the carbon neutrality of all the actions upstream and downstream of production, from transporting raw materials to the plants to the distribution of the bottles and finally their recycling. I.e. no less than 80% of its total carbon footprint. To deal with the task more effectively, in June 2019 Spadel joined the Science Based Target Initiative, with the help of which it identified 40 action points.

OUR TEAMS HAVE BROKEN DOWN THE QUANTITY OF PLASTIC USED PER TYPE OF PACKAGING: PRIMARY (BOTTLE AND LID), SECONDARY (PACK) AND TERTIARY (TRANSPORT PALLET).

330

Tonnes of plastic
By removing the equivalent of 1.5 grams of plastic from the bottles, we have saved just over 300 tonnes of plastic in one year

A FIRST 'LEAN&GREEN' STAR

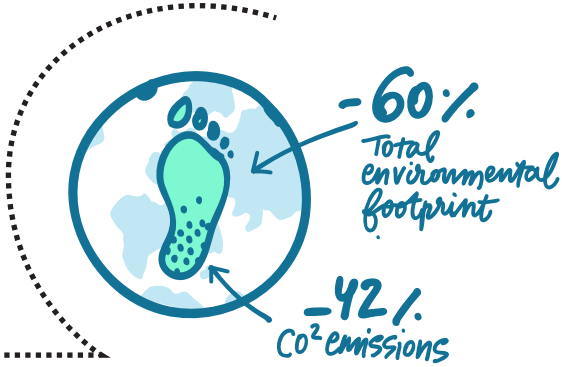
The Dutch Lean&Green programme, which encourages transport and logistics companies to improve their energy efficiency and reduce their carbon footprint, was introduced into Belgium in 2012. Spadel took an interest in this very early on, both for itself and for the carriers with which it works. These are real partners and the idea was not to leave them to bear full responsibility in this area.

The Lean&Green label is more than an award. It is a long-term commitment. It is based on a precise five-year plan put forward by the company and validated by the programme, which details the measures to be taken to reduce CO_2 emissions by at least 20%.

Spadel's plan included 11 recommendations, including more local supplies of materials (PET, fruit for flavoured waters, etc.), the introduction of 'eco-combi' super trucks, increasing the filling level of these trucks, switching certain tasks to digital and more.

At the end of 2018, the group was audited by an independent body which noted that the targets set had been exceeded: 22.9% reduction compared with the reference level of 2012! This first well-deserved start is a real incentive for the future. Because the target set under 'Source of Change' is to achieve a 42% reduction by 2030. Which will no doubt mean that the logistics process will have to be reinvented.

At the moment, the Lean&Green programme only covers the Benelux. So the Spa and Bru sites alone are concerned. Similar initiatives are being put in place in other countries and Spadel is examining these in order to have a global approach to CO_2 emissions.



60% REDUCTION OF THE ENVIRONMENTAL FOOTPRINT OF OUR PRODUCTS AND 42% LESS CO_2 EMISSIONS BY 2030.

THE SPADEL GROUP SUPPORTS THE "SIGN FOR MY FUTURE" INITIATIVE FOR A MORE AMBITIOUS CLIMATE POLICY.

Patrick Jobé
Group Environment&Water Manager

42% REDUCTION IN CO_2 EMISSIONS

When it comes to reducing CO_2 emissions, Spadel has again aimed big when making its good resolutions. "We have worked out a very ambitious plan, modelled on the commitments made at world level (Paris agreements, COP21) to keep global warming below 2 degrees," stresses Patrick Jobé, Group Environment&Water Manager. To endorse its approach and check its feasibility, the group joined the ranks of the 780 companies that support the independent international initiative Science Based Targets.

"Just 310 of them, one of which is Spadel, had their greenhouse gas reduction targets acknowledged as ambitious yet at the same time realistic and achievable. That's less than half the initial group! Belgium has seven, including Spadel, the Netherlands seven as well, France 16 and Bulgaria none. Which just shows how far ahead of others we are."

In practical terms, Spadel takes an annual emissions volume of 130,000 tonnes of CO_2 (2015 figure) as a basis to calculate the savings to be achieved, that is 54,600 tonnes (42%) by 2030. To reach this goal, it will have to roll up its sleeves... and emerge from the confines of its

Since 2015, all Spadel sites are carbon neutral (scope 1 et 2). Spadel aims to be carbon neutral for the whole group and all its activities (including scope 3) by the end of 2020. And we are on the right track.

production plants. Because most of its carbon footprint (83%), is recorded upstream and downstream of its actual activities. "It's the production of raw materials, the distribution of finished products and, to a lesser extent, the end-of-life of the packaging that account for most of the emissions," says Patrick Jobé, adding that as far as Spadel is concerned "the company has long been working to reduce energy consumption in its plants and to make use of renewable energies – only the Devin production site has not yet switched to green electricity." So now it has embarked upon a mission to challenge its suppliers and distributors more about their own carbon footprint. "We are considering a number of options: using recycled raw materials, using green energy and a more sustainable fuel, the choice of larger trucks (eco-combis) to maximise the trips, etc." It's a challenge, but it's also a source of opportunities for the group, which benefits as a result from a virtuous and... attractive image among its partners. "The dialogue has started!" smiles the Environment and Water manager.

What about the remaining emissions, which currently amount to 130,000 tonnes and, if everything goes as planned, will fall to 75,400 tonnes in 2030? "They have to be offset by investing in projects that focus on reducing carbon footprints in developing countries," Patrick Jobé goes on. Something Spadel has been doing in Rwanda since 2017 as part of the Water for Climate project. "Our action makes it possible to avoid the emission of 40,000 tonnes of CO_2 per year. Which, in 2030, will represent over half of our carbon footprint."

AND THE ENVIRONMENTAL FOOTPRINT?

Bolstered by these engaging prospects, the group has decided, more widely, to reduce the environmental footprint of its products by 60% by 2030. Making it a trailblazer in Europe. "The Product Environmental Footprint (PEF) is a rating allocated further to a scientific methodology developed in 2019 by the European Commission to give consumers an objective view of a product category," explains Patrick Jobé. "This rating can be used to compare products with one another so as to choose the one which is most environmentally friendly throughout its life cycle.

" Without this additional aim being accompanied by... an additional plan. "Our carbon reduction plan is sufficiently ambitious," he concludes. "The environmental footprint takes account of 16 indicators, including the carbon footprint, water consumption, decrease in resources, etc. But basically, it's like looking at the same plan through two different pairs of glasses."

THE "SCIENCE BASED TARGETS" ARE SOME SORT OF GPS TO REACH "NET ZERO EMISSIONS" IN 2050.

Patrick Jobé
Group Environment&Water Manager

Re-cycle

RECYCLING: MORE THAN A CORPORATE PROJECT

The third 'Source of Change' pillar involves Spadel in a new ABC of recycling. In fact, while the company is increasingly focused on the issue of packaging, it now also plans to deal with packaging waste. To this end, it has set itself the goal of using only recycled materials for all its packaging, primary, secondary and tertiary, by 2025.

This is not a new concern. Since 2017, the heat-shrinkable film used by Wattwiller has been made entirely of recycled plastic. Since 2018, the crates of returnable bottles from Bru have been made of 100% recycled materials.

But with the 'Recycle' pillar of the 'Source of Change' project, Spadel has ambitions of a totally different scope embodied by three specific commitments: to use only packaging that is 100% recyclable and made of 100% reused or recycled materials by 2025; to deploy all the means at its disposal to ensure that all packaging is collected; and yet not to ignore a certain standard required in terms of improving the quality of the recycled materials, since the recycled materials must be good quality if they are to be integrated into its production chain. This third pillar requires stringent decisions to be taken internally and also, or even above all, commitments focusing on the outside world.

BEING DEMANDING WITH OURSELVES

A proper understanding of packaging techniques which Spadel is targeting (via the 'cradle to cradle' project, the first 'Source of Change' pillar, Reinvent) enables the company to aim for 100% recyclable/100% recycled. The first steps have already been taken. "For our plastic bottles, we aim to use 30% rPET (that is PET made using recycled PET) by 2022 and 100% by 2025 – subject to the availability of sufficient good quality rPET, an issue we are committed to working on," explains Christophe Scharpé, Head of Corporate Affairs.

WE WILL BE COLLECTING 100% OF THE PACKAGING WE BRING ONTO THE MARKET BY 2025.

ALL OUR PACKAGING MATERIALS WILL BE 100% RECYCLABLE OR REUSABLE AS WELL AS CONTAIN 100% REUSED OR RECYCLED MATERIAL BY 2025.

This implies embarking on new procedures, but also taking an interest in the sector as a whole. And in particular in this new link in the chain that is becoming ever more visible, made up of start-ups, SMEs and other large groups working on emerging technologies to produce the materials of tomorrow, such as chemically recycled PET. "For that matter, partnerships could be envisaged," Christophe Scharpé adds.

PARTICIPATING IN COLLECTION EFFORTS

However, the quality of the recycled materials depends on the quality of the materials collected. Hence Spadel's wish to be able to participate in the collection strategy put in place by the markets on which its waters are distributed. "The commitments made by countries and cities, as well as the collection systems, differ," he adds. "As does our participation: here we are a member of the body in charge, there we have taken positions and the lines move, there again we are at the stage of discussing and analysing the collection systems. In each case, the market takes an individual approach, in collaboration with the sectors concerned, to find the best solution."

Knowing that people drink water at lots of different times and that work also needs to be done on waste that does not undergo selective sorting and that is therefore more often than not incinerated.

"The essence of the problem is collection outside the home," Christophe Scharpé agrees. "But the quality of the waste collected is important, too, so that there are no impurities. The ideal solution would be to have hyper-selective collections of mono-material packaging, but that is ambtious to set up."

Various approaches were studied in Belgium and the Netherlands in 2019 to increase the collection and recycling rates. Some of these took the form of pilot projects with Spadel clients or event organisers. The first concrete action will come in 2020, with the installation in canteens or even in public places of innovative machines aimed at encouraging the collection and sorting of drinks packaging.

THE ESSENCE OF THE PROBLEM IS COLLECTION OUTSIDE THE HOME.

Christophe Scharpé
Head of Corporate Affairs

CAROLA RELAUNCHES THE RETURNABLE GLASS BOTTLE

In April 2019, the French brand Carola joined forces with Lisbeth spring water, the Meteor brasserie and the association Zéro Déchet Strasbourg to launch the Alsace Consigne network. The initiative promotes the idea of returnable glass bottles, which are firmly anchored in the Alsace region. Offering an alternative to recyclable plastic and disposable glass, returnable glass records better performances in terms of reducing the carbon footprint (10% and 79% respectively). Provided that the process remains regional, because beyond a certain radius, the environmental gain is lost. The action taken by the Alsace Consigne network involves highlighting products with returnable packaging in pilot stores, creating an interactive map to identify points of sale with returnable packagings and increasing awareness among restaurant owners of the benefits of the system.

Re-store

CLEANING THE PLANET AT EVERY LEVEL

"The four pillars follow one another in a very specific order," says Ann Vandenhende, Group CSR Manager, straightaway. The company's head of corporate social responsibility is particularly aware of the close and inextricable links between the four pillars because her department is in charge of running and updating the 'Source of Change' platform. "The first three pillars direct the process of improvement that Spadel has embarked upon," she continues. "In the fourth, it's a question of repairing the damage done to nature because packaging has not been recovered. This is a holistic approach. The fourth pillar is essential to the first three and is nothing without them."

PROMOTING 'ZERO LITTER'

While Spadel does not deny its unintentional responsibility as regards polluting the planet, the company did not wish to repair the collateral damage resulting from its activity simply by writing a cheque.

This fourth pillar, called 'Restore', comprises two complementary axes: on the one hand, seeking to generate less waste and on the other, rectifying the situation as regards existing waste.

For the first axis, the solution very quickly became obvious: the consumers themselves can generate less waste. Hence the vital need to remind them each time they pick up a bottle of water. "Spring water is pure and Spadel protects it, but we need consumers for the bottle to be recycled," explains Ann Vandenhende. "With this in mind, we need to systematically promote 'zero litter' and therefore indicate it on the main source of information, our brands. They can convey a clear message to consumers about the usefulness of recycling."

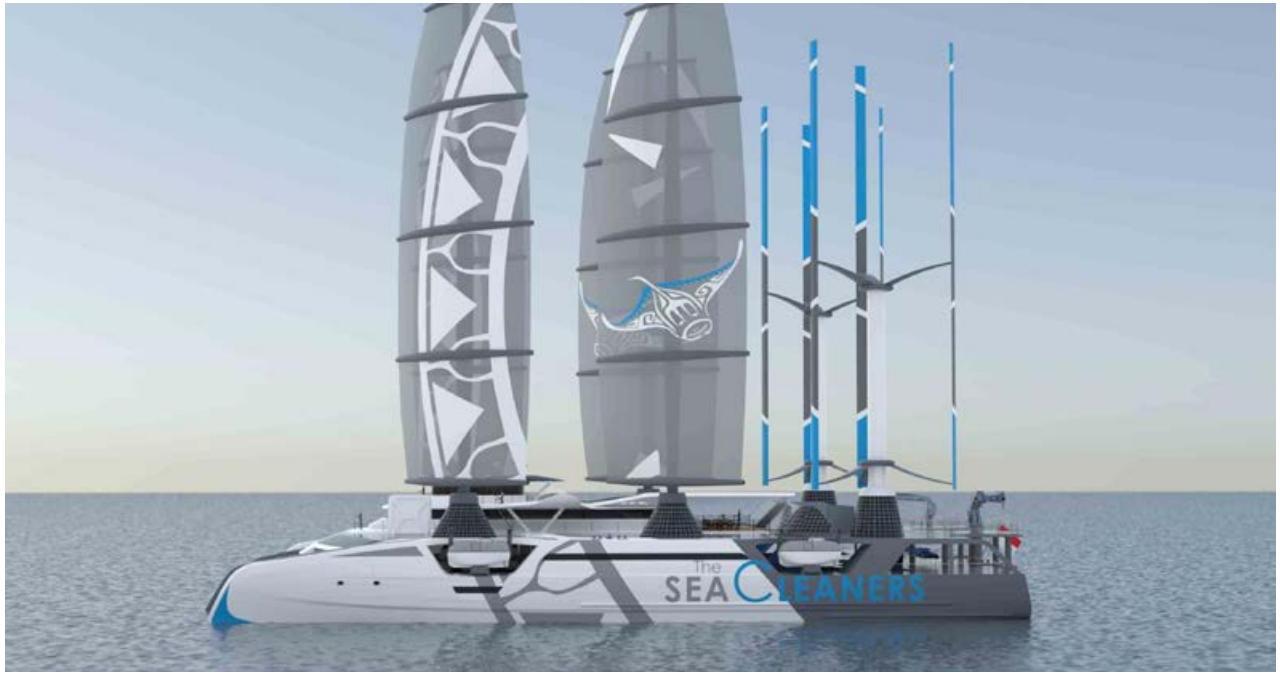
The first brand to take this up was Bru, which put the 'Recycle Together' logo on all its products, bottles and packs included. "The other brands will gradually follow with the same logo," add the group's head of CSR. "And this will apply for the group's entire production in 2022 at the latest." A message that will be supported by all the marketing departments and all the channels (online media, etc.).

WE WILL INCREASE AWARENESS AMONG EMPLOYEES AND CONSUMERS AND PROMOTE ZERO LITTERING IN SCHOOLS.

WE WANT TO USE THE 'RECYCLE TOGETHER' LOGO ON ALL OUR PACKAGING.

OUR CONSUMERS

OUR TEAM



GLOBAL ACTION AT SEA

Spadel has decided to tackle the second aspect of 'Restore', that is prevention and the fight against litter, on three fronts: global, national and local. In 2019, the company invested EUR 670,000 in the form of sponsoring and partnerships, and a similar amount is planned in 2020.

At global level, Spadel concentrated on a strong message conveyed by French navigator Yves Bourgnon. "We were touched by his plan to clean the oceans," Ann Vandenhende explains, "even though, in concrete terms, Spadel takes little part in the pollution of the seas and oceans." This actually comes mainly from Africa, Asia and South America. "But whether or not we have a direct responsibility," she continues, "that doesn't stop in the countries where our products are distributed."

And then, the Seacleaner Manta has an innovative and inventive aspect that could not fail to attract the company: a boat – a prototype – capable of collecting plastic waste drifting in the sea and processing it on board. "We were fascinated by the operation in that it is not confined to processing the waste, but also has an educational role in increasing awareness of litter among local communities, among other things via the schools," the company's director of social responsibility states.

Use of 100% recyclable PET by 2025. By 2022 Spadel wants already use 30% recyclable PET.

NATIONAL EDUCATIONAL ACTIONS

Moreover, Spadel is also taking action against litter through schools at national level in the countries where its waters are distributed and locally, mainly in the cities where a production site is located.

To date, it has taken action mainly in Belgium and the Netherlands, in the form of major drives on education in nature, respectively via the Belgian association GoodPlanet and the Dutch association IVN (Institute for environmental education and sustainability).

The former involves mainly educational actions focusing on the consequences of litter for nature, intended for young people in a school environment. With the latter, the brands Spa and Bru are working on three specific aspects: biodiversity, focusing on wild bees, the creation of tiny forests in urban environments (in Amsterdam and Brussels) and providing advice for young people on litter. A three-year partnership was signed with IVN in December 2019 and will soon yield concrete results.

LOCAL CLEANING ACTIONS

Similar partnerships with national, regional or municipal associations have also been put in place in the communes where Spadel has a plant.

"In Spa and Stoumont, again in partnership with GoodPlanet Belgium, we aim to achieve a collection rate of 100%,"Ann Vandenhende states. "This implies working on infrastructures (installation of sufficient litter bins, organisation of volunteer cleaning sessions) and awareness and prevention actions in schools and at events such as the Francofolies de Spa (banishing disposable cups, etc.)." In Ribeauvillé, the main action taken in 2019 concerned the selective collection of waste during tourist, cultural and sports events by deploying

CLEANER BRUSSELS 20 KM

For the 40th Brussels 20 km race, Spa Monopole, the long-time partner of the event, undertook to collect and recycle the 350,000 bottles of Spa Reine distributed to the runners. In collaboration with the non-profit association Syndicat d'Initiative Bruxelles Promotion, Bruxelles Propreté, Bruxelles Environnement and Fost Plus, the group doubled the number of blue PMD bins at the supply points to 100 and increased the number of volunteer scouts who collect up the bottles and lids to 400. The former were recycled, the latter given to associations. What is more, for every bottle collected, Spadel made a donation to GoodPlanet to support 'Tiny Forest', its plan to plant trees in urban environments.

GOODPLANET.be

sorting and awareness equipment. In Wattwiller, an awareness project was undertaken in ten school classes with the local 'Maison de la Nature' centre. Moreover, a project meeting and valorisation day is planned at the Wattwiller plant in the spring of 2020.

At local level, however, Spadel does not confine itself to the areas in which it is based. In Belgium, thanks to the individual commitment of staff, the group proposes to clean the planet at their level. "This is the role of our 'One Citizen Day' event when they carry out a major spring clean in various places," Ann Vandenhende concludes. In Spa or Stoumont, in Blankenberge, Ottignies or Morlanwez.

Initiatives to increase awareness among consumers of the issue of recycling are also being put in place at the other sites. In the Ribeauvillé and Wattwiller regions, both of which cover several communes, exemplary ecological selective sorting actions have been launched in public places (town halls, libraries, etc.) and schools. In Devin, awareness actions like this are taken with Ecopack, which is in charge of recovering and recycling for 88 municipalities and of which the company is one of the founding members.

OBJECTIVE 2025 AND... AFTERWARDS

As with all four 'Source of Change' pillars, 'Restore' is focusing on the year 2025, but without really stopping then. "The 'zero litter' goal and the recycling incentive will be implemented for our entire production by 2022," Ann Vandenhende confirms. "For the rest, we are moving forward day by day. We don't have specific targets or key dates, but we do have a real willingness to create partnerships and breathe life into them. And to recover packaging which has not been picked up by other sectors."

PROMOTING 'ZERO LITTER' AND ENCOURAGING CONSUMERS TO RECYCLE WILL BE IMPLEMENTED IN OUR WHOLE PRODUCTION BY 2022

Ann Vandenhende
Group CSR Manager

OUR BRANDS

SPA® ... TIMELESS PURITY

Natural mineral water in the Benelux is synonymous with ... SPA®. The SPA® natural mineral water springs gush forth in the very heart of the Fagnes region in Belgium, part of a water-related heritage that covers 13,177 ha, rigorously protected since 1889.

The position adopted by SPA® revolves around the message 'SPA®. Timeless purity. Preserve nature as pure and intact has been our message for more than 130 years. Each drop of SPA is the final stage of a great journey of purification of a rain drop. SPA protects this purity day after day, generation after generation.

SPA® REINE

SPA® Reine is the market leader among still natural mineral waters in the Benelux. It has a very low level of mineralisation and is therefore suitable for everyone, at any time of day. With a very slight mineral salts content, it is particularly recommended for infants and for low-salt diets.

The preferred brands of the Belgians, Dutch and Luxembourgers is available in several formats adapted to consumers' specific needs.

But the queen of waters could not stop at that. Subtly flavoured, it became SPA® Reine Subtile. Non sparkling, free of calories and sugar, with a hint of natural flavourings, it is available in three flavours: Apple-Raspberry, Lime-Jasmine and Orange-Cardamom.

SPA® SPARKLING

Spa water is also available with bubbles, taken from two springs with two levels of effervescence. SPA® Intense (Barisart spring) provides a refreshing flood of bubbles while SPA® Finesse (Marie-Henriette spring), bottled after an underground voyage that takes an average of 50 years, provides just a hint of natural fizz.

Like SPA® Reine, SPA® sparkling mineral water takes on various natural flavourings in the SPA® Touch Of range without added sugar or calories. The label is available in seven flavours: Grapefruit, Lemon, Mint, Apple, Peach, Coconut and, a newcomer in 2019, Watermelon-Kiwi.

SPA® LEMONADES

The SPA® lemonades are prepared using the best ingredients: pure SPA® water and fresh fruit juices. Thanks to a sanitised production process, they do not contain any artificial colouring agents or preservatives. They consist exclusively of natural ingredients and are low in calories (max. 20 kcal/100 ml).

SPA® lemonades are available in two main varieties:

- SPA® Fruit is a sparkling lemonade. It is available in five unique fruity flavours (Orange, Lemon-Cactus, Lemon, Citrus and Grenadine) in four different formats.
- SPA® DUO is the non-sparkling counterpart, in a 'duo' version, based on a combination of surprising flavours: apple and peach, lime and ginger, blackberry and raspberry, lemon and cucumber.

BRU IS AT HOME ON EVERY TABLE

The secret of Bru is concealed in the depths of the earth, at the heart of the Belgian Ardennes, in Lorcé, near Stoumont. It is one of the rare mineral waters in Europe that is 'naturally' sparkling, emerging after a long underground voyage lasting around 50 years before being bottled.

Thanks to its fine bubbles and unique mineral composition, BRU does not mar any table. Whether in restaurants, paired with dishes and wines of every kind, or in private homes. A safe choice and a shared delight reflected in both its content and its container.

BRU is also available in the Netherlands, but only in the professional circuit (hotels, restaurants, cafés).

PLASTIC BOTTLES NEED PLASTIC LABELS

Having decided to reduce its dependence on plastic and head for a fully circular economy, the sparkling water brand Bru has made its bottles totally recyclable, whether they are glass or plastic. Previously reserved for horeca professionals only, the use of glass has been extended to the mass distribution sector (Carrefour) in a one-litre format. As for plastic, it too follows a virtuous loop, provided that it can be recovered from consumers. To increase awareness and encourage consumers to recycle, all Bru products – including bottles, multipack films and advertising – now bear the 'Recycle Together' logo. The brand has taken things a step further, too: its labels are no longer paper, which complicated the recycling process, but OPP (oriented polypropylene).

DEVIN 'PURE WATER FROM THE RHODOPE MOUNTAINS'

With a market share of over 40%, DEVIN is the leading brand of bottled water in Bulgaria. It markets both natural mineral waters and spring waters. These emerge at heart of the Rhodope Mountains, in an extremely pure natural environment.

AN "AVANT-GARDE" PACKAGING

Devin On The Go is a 1 liter mineral or spring water packaging, designed for the busy urban consumer who spends most of his day on the move or away from home.

Devin research showed that active consumers in Bulgaria who drink bottled water on on the go consider the 1.5 liter packaging to be too large and carrying 2 packs of 0.5 l as too uncomfortable.

Devin "On The Go" carries the brand's core message - "from the heart of the Rhodope Mountains" – with a contemporary design and label.

With Devin "On The Go" the company is among the pioneers in Bulgaria to carry out large-scale industrial production of bottled water with asymmetric packaging design due to the distinctive "grip" in the middle provinding a comfortable hold, and with a light-weighted preform as the rest of the surface is almost fully flat in order to achieve the simplest design possible.

And with Devin "On The Go" the company took the risk by plunging the bottom 1.5 cm inward towards the cap in the bottle. The molded figure resembles the Rhodopes Mountains illustration on the bottle label turning it into a WOW effect.

WATTWILLER

WATTWILLER 'PURITY IS A SOURCE OF SERENITY'

The source of WATTWILLER natural mineral water nestles in the outstanding Ballons des Vosges regional nature reserve (in French Alsace). This lightly mineralised water is distinguished by its lack of nitrate and very low sodium content. Recommended for infants and low-sodium diets, it is ideal for every member of the family, all year round.

WATTWILLER is available as still, slightly sparkling and very sparkling water. The bottles have unique flower-shaped lid which makes them easier to open.

THE SAME WATTWILLER BUT WITH LESS PLASTIC

As of 1993, the French brand Wattwiller decided to embark upon a long-term team effort to reduce its carbon footprint. Working closely with its raw material suppliers, its Research&Development department and its operating and marketing services joined forces to resolve this issue. Various concrete actions were launched, including a reduction in the weight of the bottles by virtually one fifth, a decrease in the thickness of the packaging films and the introduction – a first in France for a water brand – of a 100% recycled packaging film. All without compromising the quality of the products. The key lay in a great overall result, since between 2010 and 2018, Wattwiller reduced its greenhouse gas emissions per litre of water across the range by 18%.

Carola

CAROLA 'LET'S SHARE MORE THAN BUBBLES'

Fifty kilometres from Wattwiller, in the same Ballons des Vosges nature reserve (French Alsace), another water makes the Alsatians proud: CAROLA. Its natural spring was rediscovered in Ribeauvillé in 1888, giving it a prominent position in the heritage of Alsace. Its very wide range of waters have graced homes and restaurants for over 125 years: non-sparkling water (blue bottle), slightly sparkling water (green bottle), sparkling water (red bottle) and flavoured sparkling water, 100% natural without added sugar (Lemon, Lime, Grape/Blood Orange, Mint, Raspberry, White Peach and Mirabelle plum).

Our Regions

BRECON CARREG*

BRECON MINERAL WATERS TRAP, WALES

- Natural mineral water

30 employees
40.5 million litres
2 production lines

*Company sold to local management in December 2019.

SPA MONOPOLE
SPA, BELGIUM

- Natural mineral water
- Flavoured water
- Lemonade

504 employees
436.9 million litres
7 production lines

BRU-CHEVRON
LORCÉ, BELGIUM

- Natural mineral water

27 employees
36.1 million litres
2 lignes de production

1. Spadel Group headquarters (Brussels, Belgium)
   Spa Benelux (Brussels, Belgium)
2. Spa Benelux (Made, Netherlands)
3. Atlantic Divine (Sofia, Bulgaria)

EAUX MINERALES DE RIBEAUVILLÉ, FRANCE

- Natural mineral water
- Flavoured water

52 employees
51.4 million litres
2 production lines

DEVIN
DEVIN, BULGARIA

- Natural mineral water
- Spring water

466 employees
283 million litres
6 production lines

GRANDES SOURCES OF WATTWILLER, FRANCE

- Natural mineral water

54 employees
68.1 million litres
1 production line

Benelux

ILL WINDS BUT WE STAYED ON COURSE

Despite tricky market conditions, Spadel recorded positive results in Belgium, the Netherlands and the Grand Duchy of Luxembourg (Benelux) in 2019.

After years of sound growth, the market segments in which Spadel operates suffered a sizeable fall in the volume of sales. Waters fell by 5.4%, flavoured waters by 3.3% and fruity lemonades by 8.8%. These poor results can be attributed to the reduction in special offers and the weather conditions, which were less favourable overall than in 2018, as well as the intensification of the 'plastic bashing' debate. It is worth noting that compared with 2017, waters and flavoured waters continue to grow, a sign of potential for these two product ranges on a market where consumers increasingly want healthy, natural, low-calorie drinks.

52,5%

Spadel in the Netherlands
Spa Reine Subtile and Spa TOUCH OF have strengthened their leadership position on the Dutch market with a market share of 52,5%.

THE SUCCESS OF FLAVOURED WATERS

In addition to this downturn, Spadel had to deal with ill winds in 2019. At the start of the year, commercial negotiations with certain major distributors in the Benelux ended with products being withdrawn from the mix temporarily or permanently. Meanwhile, increased competition from distributors' own brands and major international brands led to an influx of flavoured sparkling waters on the market, reducing the available display space in stores. However, Spadel succeeded in maintaining its leadership position with its brands, which account respectively for 24.4% and 32.9% of the market in terms of value in Belgium and the Netherlands. The flavoured waters Spa Touch Of and Spa Reine Subtile even strengthened their leadership position with a market share of 32.3% in Belgium and 52.5% in the Netherlands, thereby consolidating Spadel's dominant position on these markets. Spa Duo and the Spa Fruit lemonades are doing less well, with market shares of 4.4% in Belgium and 2.8% in the Netherlands.

These positive results are the result of a number of actions:

- By launching Spa Reine Subtile, Spadel Benelux created a new market segment from start to finish: that of flavoured still waters. Following the successful launch in 2013 of Spa Touch Of, the Spa sparkling mineral water with a hint of flavour, the group innovated by offering its still variant, called Spa Reine Subtile. Based on an analysis of consumer preferences, three varieties were concocted: Raspberry-Apple, Lime-Jasmine and Orange-Cardamom. They enjoyed considerable success, as the welcome accorded to Spa Reine Subtile exceeded expectations, with a sales volume of five million litres in its launch year.
- Although busy launching Spa Reine Subtile, Spadel continued to ensure that its innovative Spa Duo and Spa Touch Of products prospered. The focus of attention here was communication in particular, as the benefits

BY LAUNCHING SPA REINE SUBTILE, SPADEL BENELUX CREATED A NEW MARKET SEGMENT FROM START TO FINISH: THAT OF FLAVOURED STILL WATERS.

Bart Peeters
General Manager
Benelux

330 TONNES
A DESIGN THAT USES LESS PLASTIC

Given that the bottles and lids account for 80% of the plastic used by Spadel Benelux – compared with 20% in packs, crates and wrapping films – this is the area in which the company decided to act as a priority.

SPA Reine was the first to switch to the new model of bottles with a smaller neck and lids. First for the 33 cl and 50 cl formats, and then during the course of 2019, for all the other formats (75 cl, 1 l and 1.5 l).

Taking each individual bottle, the saving seems paltry: 1.5 grams of PET less per bottle and between 0.5 and 2 grams of PEHD per lid. But viewed in terms of the production for an entire year, this design leads to a saving of 327 tonnes of plastic and reduces the carbon emissions from production by 830,000 kg. A benefit for the planet which was well worth the investment of EUR 1.2 million in the production lines.

of these two products were added to the marketing campaign of the Spa umbrella brand, highlighting the benefits of natural mineral water.

- A major poster campaign for Bru also kept Spadel staff busy, in addition to a new design for the bottle and the label, strengthening awareness of the brand and consolidating its fundamentals.

A COMMERCIAL STRUCTURE FOR THE BENELUX

Despite a market that was less favourable overall, Spadel Benelux managed to maintain its volumes in the out-of-home channel thanks to robust partnerships with its existing clients and the acquisition of major new clients in the work and institutions sector and in the ethnic and health segments.

Added to this, the group has successfully implemented a marketing and trade marketing organisation for the Benelux so as to benefit from synergies and increase Spadel's efficiency on these markets. All while maintaining a firm local footing so as to meet the specificities of each market and create local rotation. Since September 2019, a new director has taken the reins for the Benelux, backed by high-quality professional experience built up in companies operating in the fast-moving consumer goods sector and top-flight consultancy firms.

However, simply offering ever more innovative and competitive products no longer suffices. The efforts made by a group like Spadel need to focus on more sustainability in its products and activities, as well. In early 2019, these efforts took concrete form with the launch of the 'Source of Change' platform, where the company announces its commitments in favour of a fully circular economy. Once again in 2019, Spadel integrated the importance of recycling into its traditional communication channels as well as at events such as the Brussels 20 km race. Numerous initiatives were taken to reduce the quantity of plastic used in the group's products, including the use of smaller necks on its large PET bottles. The mix of returnable glass bottles was increased by adding to the network of participating points of sale, thereby responding to a recent demand from consumers.

AND IN 2020?

In future, Spadel will continue its efforts as market leader for mineral waters by striving to offer consumers ever more innovative products focusing on health, hydration, natural ingredients and sustainability.

France

+3%

Wattwiller experienced a 3% volume growth and 4% in value, partly thanks to the new TV campaign.

THE YEAR 2019 UPHELD BY WATTWILLER AND OPERATIONAL EXCELLENCE

As in the Benelux, the French still mineral water market was adversely affected by the weather. Last year saw heat spikes that were high but limited in time and space, whereas in 2018, temperatures were above normal for nine months in a row. Added to that, and affecting the French market specifically, was the equally negative effect of the new regulations on special offers put in place at the start of the year. Further to this, the market as a whole fell by 6.6% in volume (compared with a rise of 3% in 2018) and by 2.6% in value*. Although Spadel France also recorded falling figures, the downturn was less pronounced: - 1.8% in volume compared with 2018, to 120 million litres.

In this depressed context, Wattwiller nevertheless succeeded in increasing its market share, posting the second-best growth on the market (+3% in volume and +4% in value*)

This progress was partly underpinned by its new television campaign 'La pureté source de sérénité'.

By comparison, 2019 was more complicated for Carola, which was harder hit by the economic effects of the new regulations on special offers. However, the brand benefited from good growth in out-of-home consumption (restaurants, takeaway, etc.), strong support from local media in the sponsored operations and a more attractive bottle for the large-format sparkling waters.

* Source IRI YTD P12 2019 HM + SM

In operational terms, Spadel France benefited from excellent productivity levels at its two plants thanks to the huge commitment of the teams and constant training efforts.

Following on from the 'Great Place to Work' award received in February 2019, the satisfaction level among staff continued to reach a high level, above 80% according to the most recent survey.

FEWER SPECIAL OFFERS, BUT MORE LOCAL CONSUMPTION

So apart from the negative effect of the weather, for Spadel France 2019 was marked by the implementation, at the start of the year, of the so-called 'Egalim' reform relating to the framework for special offers on food products. These new regulations limit special offers to 25% of the turnover and 33% of the retail sales price and raise the threshold for resale below cost price to 10%. Which leads to a rise in average prices and a fall in sales.

Added to this, 2019 was affected by the very tense 'plastic bashing' climate. This intense pressure from public opinion – especially among young people – and French politicians to reduce or even discontinue the use of plastic in daily life had a significant impact. A negative impact, as water in disposable plastic bottles was particularly disputed. But a positive impact, too, because it gave rise on the one hand to intense political debates about the need to improve the collection of drinks packaging and, on the other hand, to a powerful upswing in the demand for returnable glass bottles.

But last year will not leave only bad memories. Some trends are benefiting the water market, such as the increase in more local and more responsible consumption.

Indeed, this was one of the opportunities for Spadel to bounce back in 2019 thanks to the positive aura around natural, healthy drinks, respect for the environment and corporate social responsibility. Nevertheless, the company is not ignoring the challenges it faces, the main one of which is and remains 'plastic bashing'.

SOCIAL RESPONSIBILITY THAT GOES BEYOND PACKAGING

The CSR of Spadel France focuses above all on its commitment to sustainable packaging: 100% recyclable and 100% recycled. Several approaches are already being implemented, including reducing the weight of packaging (-20% since 1993 for Wattwiller, -15% since 2013 for Carola), the use of recycled plastics (for Wattwiller packaging films), the launch of programmes in association with local communities to improve waste sorting, etc. For example, Carola co-founded the 'Alsace Consigne' project with Zero déchets Strasbourg to promote the use of returnable glass bottles in the region.

As regards carbon, Spadel France reduced its footprint by 20% between 2010 and 2017, recovers 90% of its factory waste and makes 80% of its purchases within a perimeter of 300 kilometres.

In terms of biodiversity, its impact is also positive: biosurveillance of spring areas, eco-pasturing to naturally eradicate a specific, highly invasive plant in the Wattwiller spring area, planting flowers in vineyards to increase the number of pollinators, installing shelters for insects and more.

THE TREND AMONG CONSUMERS WITH RESPECT TO HEALTHY, NATURAL DRINKS CONTINUES TO GROW. NATURALLY PURE AND FREE OF ANY POLLUTION, OUR WATERS ARE THE BEST RESPONSE TO THE SEARCH FOR HEALTHY HYDRATION."

Valérie Siegler
General Manager
Spadel France

CAROLA, A COMPANY WHERE IT'S GOOD TO WORK

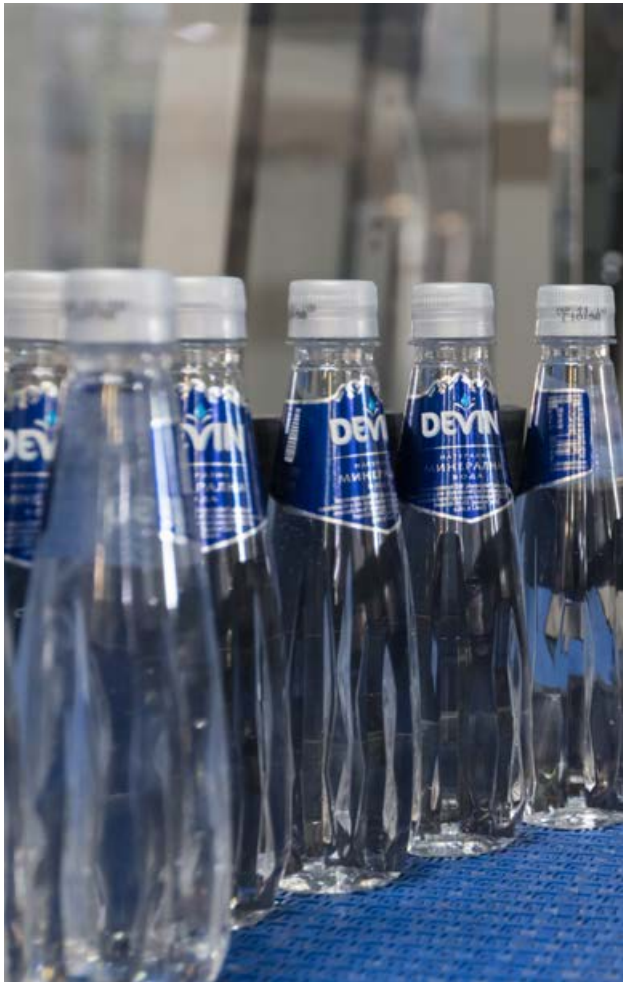
Spadel's French subsidiary joined the ranks of 'Great Places to Work', a label of excellence issued by the official body of the same name. In fact, it is the first mineral water producer to obtain this label.

According to the survey, three out of four staff members audited think Carola is a good company to work at, nine out of ten say they are proud to work there and eight out of ten would recommend it to their family or friends.

This is a far better score than the first survey conducted in 2016, which revealed various shortcomings and prompted the company to reorganise the teams, create new work areas and launch the 'Vis mon job' and 'Journées au vert' operations.

Despite the good results achieved in 2019, Carola is already working on ways to improve areas such as solidarity, responsibility and internal communication.

Bulgaria



UNDISPUTED MARKET LEADER

Devin performed creditably in 2019. Exceeding the targets set at the start of the year in a fiercely competitive and complex market, the brand further widened the gap separating it from its competitors to become the national leader. "Backed up by growth of 4.6% and rising per capita consumption, the Bulgarian bottled water market is becoming increasingly attractive for both established players and new brands aggressively endeavouring to make their mark. But despite this highly competitive environment, we continue to grow and develop our leadership," comments Devin General Manager Borislava Nalbantova.

A NEW 'ON THE GO' FORMAT

As regard the details, first of all it is worth mentioning a substantial increase in Devin's production, which rose by 5.6% in number of bottles compared with 2018, with turnover up 7%. Plus an investment of 6.6 Bulgarian levs (EUR 3.37 million) in the production site. The relocation of the Krones line, considered to be the most critical aspect of the investment master plan in 2019, proved successful. Scheduled to take 40 days, the operation was completed in 33 days. As regards innovation, an element that Spadel holds dear, Bulgaria stood out with the launch of a new 1 l 'on the go' bottle. This original format was favourably received by consumers, as the initial sales targets were exceeded by 55%.

LOCAL LIFE AND SUSTAINABILITY

Keen to take part in the life of its local community, in 2019 the brand continued to support the city of Devin by launching a vocational school programme guaranteeing the education of eight students. It also sponsored the festivities marking the national day and the local junior football team as well as renovating kindergartens.

As regards sustainability, Devin continued to reduce the amount of PET plastic in its portfolio, mainly by switching from the 6-l format to the 5-l format and continuing to lighten the weight of preforms. Finally, the target of 80% of strategic suppliers with EcoVadis certification was achieved.

OUTLOOK FOR 2020

And 2020? New corporate social responsibility initiatives will be launched, backed up by wider internal and external communication. Following the investment master plan in place, more funds will be allocated to production. Meanwhile, efforts will continue to optimise packaging in order to improve sustainability still further, in line with the aim of achieving carbon neutrality by the end of 2020.

+5,6%

Spadel in Bulgaria
substantial increase in production of Devin compared to 2018.

THE BULGARIAN BOTTLED WATER MARKET IS BECOMING INCREASINGLY ATTRACTIVE FOR BOTH ESTABLISHED PLAYERS AND NEW BRANDS AGGRESSIVELY ENDEAVOURING TO MAKE THEIR MARK. BUT DESPITE THIS HIGHLY COMPETITIVE ENVIRONMENT, WE CONTINUE TO GROW AND DEVELOP OUR LEADERSHIP.

Borislava Nalbantova
General Manager Devin

DEVIN TAKES PART IN THE CAMPAIGN TO PROMOTE SELECTIVE SORTING

When Ecopack Bulgaria, the leader in recovery and recycling in Bulgaria (19 sorting facilities serving 88 municipalities and over 2.5 million inhabitants), sent out a call as of 2017 to set up a national awareness campaign, the 40 biggest Bulgarian companies manufacturing or distributing mass consumption products responded. Including the Devin water brand. The company made available to the operation its website (33,478 unique visitors in 2019), its three Facebook accounts (over 100,000 users on Devin Mineral, Devin Spring, Devin Air and Devin Team) and even its company cars (210). It should be said that relations between Ecopack and Devin are close and historical: 15 years ago, Devin was one of the founder members of Ecopack and it currently has a seat on the Board of Directors.

OUR CSR POLICY

NON-FINANCIAL INFORMATION

The chapters 'Internal Control and Risk Management' and 'Risk Factors' describe Spadel's exposure to risks and the management systems applied. These include the following risks:

- issues relating to the environmental impact of its products;
- defects or contamination of a product marketed by the group;
- the availability and price volatility of raw materials and energy;
- the development of fees on different types of packaging.

In the specific context of non-financial disclosure, Spadel applies the GRI standards ('Global Reporting Initiative'). The materiality analysis helps to identify the main risks and issues that concern the group regarding the social, environmental and ethical aspects of its activities. These risks are then integrated into the CSR strategy and the CSR governance systems. The scope covers the company's entire value chain, including suppliers and partners as well as different clients (mass retail, out-of-home consumption, etc.) and end consumers.

This materiality exercise is repeated regularly. An initial major analysis took place in 2010, followed by an update in 2015. In 2018, Spadel again validated its CSR strategy with a selection of internal and external stakeholders. The packaging challenges were transposed into a separate strategy, called 'Source of Change', which was launched in June 2019. That same year, a new in-depth materiality analysis was started with a view to a 2025-2030 CSR strategy.

Since 2015, Spadel's societal challenges have revolved around a central objective called 'Natural hydration for a healthy tomorrow'. The CSR strategy is based on three pillars: acting together, protecting nature and healthy refreshments. The risks, actions and specific results are explained in this report under the respective themes.

The sustainable development goals (SDG) were officially adopted by the General Assembly of the United Nations in September with the 2030 Agenda for Sustainable Development. Through its CSR strategy, Spadel is helping to achieve several of these goals.

SUSTAINABILITY SPADEL 2020

ACTING TOGETHER

SUSTAINABILITY IN EVERYONE'S JOB

The goal

The goal is to help every employee in the group understand what sustainability means as Spadel sees it and how this can be reflected in their work.

A culture of sustainability can only be established within the group if each employee is able to grasp what it means at the Spadel company level. By doing so, they fully realise the personal role they are called upon to play.

2019 status

Following the launch of 'Source of Change' in June 2019, the group focused its efforts on training the sales teams with regard to sustainable packaging. Internal sessions were organised in each of our markets. During these sessions, the sales teams were given instruments and tools to help them explain Spadel's ambitions and actions in their contacts with stakeholders.

In the spring of 2019, Spadel was one of the 'Sign for my Future' ambassadors in Belgium. This initiative brings together aware citizens, NGOs and academic bodies. The aim was to support and promote their desire to undertake audacious actions to increase awareness of the environmental cause among regional, Belgian and European governments. In addition to its leading role in these external initiatives, the group launched an internal campaign based on the slogan 'a simple gesture for a world of difference'. In this context, Spadel employees made short videos to share with their colleagues all the small daily acts that they did to fight against global warming.

What's more, last year also saw the launch of a sustainable vision of mobility for Spadel. Journeys taken daily or for professional reasons are a major issue which was previously missing from the group's overall approach to sustainability.

2020 performance indicators

- 70%* of the group's employees understand the meaning of sustainability as Spadel sees it;
- 70%* of employees state that they have the skills needed to put sustainability into practice;
- These results come from the 'Great Place to Work' survey (GPTW) conducted in 2018 (see 2018 Annual Report). It should be noted that another survey is scheduled in 2020;
- Status: in line with the goals set.

2020 outlook

Spadel is continuing its efforts to increase understanding and implementation of CSR by working to:

- expand the commitments made as regards sustainable packaging to other departments;
- organise CSR training sessions for sites that achieved below average scores in the 2018 'Great Place to Work' (GPTW) survey;
- develop an on-line course to initiate new recruits into CSR;
- translate the vision of sustainable mobility into local action plans on the various markets.

ONE CITIZEN DAY PER EMPLOYEE

The goal

The goal is to motivate every member of staff at Spadel to devote one working day per year to the community.

Supporting the voluntary sector helps create a culture of sustainability in companies like Spadel. The aim of the 'One Citizen Day' initiative is for each member of staff to spend one working day participating in an activity that benefits society and is closely related to Spadel's core business.

2019 status

Staff at the Spadel head office in Brussels took part in the 'One Citizen Day' action for the third year in a row. On this occasion, having first successfully worked together in 2018, the company again joined forces with the 'Human Business' organisation. Six new projects were selected in 2019, three of which focused on collecting rubbish. In the end, no less than 60% of the group's staff took part in the various activities on offer. This is around 5% down on 2018, bringing the success rate of the operation to 70%. The situation will therefore have to be reassessed before the fourth 'One Citizen Day' is launched in 2020. However, with an appreciation rate of 4.7/5, the participants confirmed the value of this initiative in their eyes.

The Spa Monopole and Bru sites took part in 'One Citizen Day' for the second year in 2019. Successfully, as 60% of workers (out of plant) took part in the 'Big Spring Clean', almost doubling the 2018 participation level (32%) and exceeding the target set of 50%. Here again, the participants gave the initiative a fairly high appreciation score: 4.5/5.

'One Citizen Day' was organised in the Netherlands for the first time. Last year, the vast majority of staff (98%) took part in this initiative, helping out at Park Zuiderpoort, a centre for senior citizens in Teteringen, near Breda. As in Belgium, the participants reacted very positively to this action day.

In France, staff at Carola and Wattwiller took part in a 'Journée au vert' (Green Day) when workshops and activities were organised on the themes of nature and health. Yet again, the appreciation score clearly reflects the participants' enthusiasm: 4.5/5.

2020 performance indicators

- Participation in initiatives by half of Spadel staff ('out of plant') and 70% of those at the Brussels office
- Status: in line with the goals set

2020 outlook

In addition to the new initiatives in Belgium, the Netherlands and France, Bulgaria is planning to hold its first 'One Citizen Day' in 2020.

98%

of employees participated in the One Citizen Day in the Netherlands

"TO BE A BEST WORKPLACE"

The goal

The goal is to improve the working environment for staff in order to claim the 'Great Place to Work' label for each of the group's sites.

Spadel wants all its subsidiaries to offer a pleasant workplace. To this end, the group collaborates the Great Place to Work Institute, whose reputation is based on employees' perception and employers' policy.

2019 status

Every two years, Spadel organises a group-wide in-depth survey to measure and analyse staff satisfaction. The most recent was conducted in 2018 and 94% of staff took part. Spadel France obtained the 'Great Place to Work' label further to this survey and the group put in place action plans for the period 2019-2020 based on the results obtained.

However, these were held up in 2019 owing to major changes in the Spadel Human Resources department. These unforeseen events unfortunately caused delays which, with the exception of France, impacted on obtaining the 'Great Place to Work' label for the group's various sites.

2020 performance indicators

- 'Great Place to Work' certification for all sites;
- Not in line with the goals set.

2020 outlook

Spadel will continue to implement its action plans. Being a model employer is an important part of the new societal sustainable development strategy until 2025.

PROTECTING NATURE

SUSTAINABLE PACKAGING

The goal

The new Spadel packaging strategy until 2025 aims to develop packaging that is healthy for people and the environment but is also totally circular.

This sustainable packaging strategy is reflected in ten concrete commitments in the fields of product design, packaging production, collection and recycling, and the reduction and elimination of waste ('Reinvent, Reduce, Recycle, Restore'). This strategy, called 'Source of Change' and based on transparency and partnership, aims to speed up Spadel's transition to a circular economy.

2019 status

The use of packaging, and in particular plastic packaging, is no doubt one of the main challenges that Spadel will have to take up in the years to come. Like many citizens, the group is keen to preserve nature for future generations.

In June 2019, it launched 'Source of Change', setting out its sustainable packaging commitments until 2025.

2020 outlook

The various initiatives launched and the progress made in fulfilling the commitments made by Spadel are detailed in this report and can be consulted on the website https://sourceofchange.spadel.com.

80% SUSTAINABLE SUPPLIERS

The goal

The goal is to make use of the possibilities offered by the logistics chain to speed up sustainability.

Through its purchasing policies, Spadel exerts a real influence on its suppliers. The group expects them to demonstrate the same sustainability ambitions as it does.

2019 status

Spadel exercises all its activities in Europe, complying with stringent laws and regulations. These apply to both the group's staff and clients. The risk of non-compliance and an infringement of human rights is far higher in the supply chain. The main risks involve child labour, forced labour, working hours and salaries, discrimination, freedom of association and health and safety.

By relying on local purchases, Spadel reduces its exposure to the risks inherent in the supply chain. In 2019, 92% of purchases (ingredients for flavoured waters and lemonades, packaging materials, etc.) were made within a radius of 500 km around the Belgian production sites (90% of the target achieved).

Spadel also asks all its suppliers to sign the Spadel Sustainable Procurement Policy (SSPP), which lists the minimum expectations regarding ethical, environmental and social efforts (child labour, discrimination, working hours, etc.).

In addition, the group requires its strategic suppliers to participate in EcoVadis which, as a third party, assesses the efforts made by these suppliers in the field of sustainable development. In 2019, 94% of them complied with this demand from Spadel, with the exception of those supplying the Devin site (90% of the target achieved). The level of participation in EcoVadis in Bulgaria is 80% of strategic suppliers. These results are therefore in line with Spadel's expectations.

2020 performance indicators

- 80% of strategic suppliers assessed by EcoVadis;
- No strategic suppliers penalised with a red indicator (= high risk) by EcoVadis;
- In line with the goals set.

2020 outlook

Spadel will continue its efforts to make the chain more sustainable by implementing action plans intended for existing and future strategic suppliers.

100% BEE-FRIENDLY

The goal

The goal is to preserve biodiversity in the group's water collection areas and more widely, the regions in which it operates.

The efforts to promote biodiversity contribute toward preserving healthy and natural water collection areas. Bees are pollinating insects that safeguard the environment and their presence reflects the effectiveness of Spadel's initiatives.

2019 status

Spadel has been working with the association BeeOdiversity since 2014 to measure the biodiversity and effectiveness of protection measures at its sites. Together, they have established bee colonies in the Spadel water collection areas in France and Belgium. BeeOdiversity analyses the pollen that they collect by examining 22 indicators, including the quality of biodiversity, the quantity, diversity and quality of the pollen, bee health and the quality of the environment. For this last indicator, more than 500 different parameters are checked, making it possible to detect any contamination.

In 2019, it was Bulgaria's turn to have two beehives set up near the Devin spring. This is the last of the Spadel sites to receive hives. Anecdotally, the Devin beehives stand out from the others because they are surrounded by a special fence to protect them against the bears found in the region.

A total of 18 beehives have been set up on the group's sites, achieving the target for 2020.

As well as the bees, 25 black grouse were captured in Sweden in April 2019 and then released in the Belgian Hautes Fagnes. Black grouse, a species of bird also known as blackgame, live in peat bog areas characterised by a very specific biodiversity. Three years ago, Belgium recorded having just... three. By reintroducing them in its territory and thereby increasing the local population, Spadel is contributing to the natural protection of numerous other co-dependent species such as dragonflies, butterflies and plant species.

France has not been left behind. In Ribeauvillé, flowers are thriving in the vineyards around the Carola spring. For the past three years, Carola has taken part in a special seeding project intended to improve local biodiversity and in particular promote the presence of bees by increasing the number of flower- and seedbeds.

Finally, in the Netherlands Spadel concluded a three-year partnership with IVN Natuureducatie in December 2019. By increasing awareness of the virtues of nature among young and old alike and teaching them to respect and preserve it, the association hopes to strengthen the link between people and their natural environment. Through its support, Spadel aims to stimulate awareness of the importance of nature and the environment in the Netherlands. This collaboration is to focus on biodiversity and more specifically on wild bees and the creation of tiny forests in certain iconic places.

2020 performance indicators

- Installation of beehives at all sites (18 in total);
- In line with the goals set.

2020 outlook

Spadel will continue its efforts with its different partners to protect and restore biodiversity.

'GOLD' EUROPEAN WATER STEWARDSHIP

The goal

Spadel would like to obtain 'Gold' certification for its water management for all its production sites in 2020.

Spadel undertakes to rigorously protect its natural springs in order to preserve the original purity of the water and its unique qualities. The aim is for everyone to be able to benefit from this today but also, and above all, for future generations to be able to do likewise.

The EWS index (European Water Stewardship) is an indicator used by the group to assess and, if need be, improve its efforts in the field of sustainable water management.

2019 status

Climate change has already had a major impact on the availability of water, its supply and its preservation at world level. In some cases because of abundant rainfall, in others owing to water shortages. This does not pose a problem in the regions where the Spadel group operates at the moment.

Spadel abstracts only a fraction of the quantity of water that falls as rain and snow in the extraction areas every year. The water is drawn without being depleted and each site has the necessary follow-up tools. The group uses the WEI (Water Exploitation Index), which indicates the ratio between the average annual collection and the average annual quantity of water available in a given region.

The Spa, Bru and Brecon springs have a WEI lower than 4%; this figure is well below the 10% set by the European Environment Agency (EEA). Spadel also applies this principle of 'drawing without depleting' to the other springs in its network (France and Bulgaria). The group is currently working on scientific data to produce a map of the infiltration areas of these springs in order to be able to calculate their exact WEI.

The first law protecting the natural areas where mineral water is extracted dates from 1772. The protection perimeter around the Spa springs was established in 1889 - a first in Europe. Today Spadel protects a total of 21,950 hectares of nature parks (including Devin). The Spa waters protection zone alone covers 13,177 hectares (i.e. 26,000 football pitches). Moreover, 1,343 hectares of the water protection area are classified as Natura 2000 nature protection areas. The Bru springs (4,258 hectares) also fall within a water protection area, as do those of Devin (4,515 hectares). The French springs are part of protected national and regional parks (Parc naturel des Ballons des Vosges, covering a total of 292,100 hectares).

In 2019, the Spa Monopole and Devin sites underwent an audit conducted by the new 'Alliance for Water Stewardship' (AWS). The two sites received the best grade ('Core') in the AWS certification system, confirming the excellent work done by the Spadel teams to protect the natural environment.

The hygiene legislation in the food sector limits the possibilities for recycling water on the production sites. Nevertheless, in 2018, the Spadel group was able to reuse 6% of the water consumed to cool pumps and clean production lines. This represents a total volume of 57,459 m^3.

2020 performance indicators

- 'Core' certification by the AWS for all the Spadel group production sites;
- In line with the goals set.

2020 outlook

The Stoumont (Bru), Riveauvillé (Carola) and Wattwiller sites will undergo an AWS audit in 2020.

WATER USE RATIO OF 1.6 L/L

The goal

The goal is to achieve a Water Use Ratio or WUR of 1.6 l/l.

Reducing its water footprint has long been one of Spadel's priorities. Most of the water pumped by the group is bottled immediately. However, water is also used for other purposes, such as cleaning the glass bottles, for example.

Certificate

Spadel obtained the European Water Stewardship Gold certificate for the third consecutive year

WUR 1,56l/l

In 2019, 1.56 litre of water was needed for the average production of 1 litre of mineral water and lemonade. Between 2010 et 2019, Spadel achieved to reduce the Water Use Ratio by 56% per litre.

2019 status

In the past few years, Spadel has worked hard to reduce its water footprint. The company measures the results using the Water Use Ratio or WUR. The situation is monitored continuously and the trend is included in the operations dashboard so that steps can be taken quickly should a divergence arise.

In 2019, the average production of a litre of mineral water and lemonade required 1.55 litres of water, giving a WUR of 1.56 l/l. Between 2010 and 2019, Spadel managed to reduce its WUR by 56% per litre.

The group has already achieved its goal: a WUR of 1.6 l/l by 2020. It should be noted that these figures were positively influenced when Devin joined the Spadel group in 2017. Without the substantial volume of mineral water provided by Devin, the WUR in 2019 would have been 1.68 l/l.

2020 performance indicators

- The goal has already been achieved.

2020 outlook

Spadel will continue its efforts to reduce this rate.

CARBON NEUTRALITY

The goal

The goal is to be a carbon-neutral company (Scope 1, 2, 3) in 2020.

All the scientists agree: climate change is largely due to carbon emissions from human activities. One of the solutions is to significantly reduce our carbon footprint. For Spadel, this implies, in order of importance: work on packaging, transport and energy consumption.

2019 status

As a pioneer in sustainable development in Europe, Spadel has set itself the target of zero carbon emissions by 2050. Without any form of offsetting.

The group has achieved carbon neutrality, Scope 1 and Scope 2, for its production sites since 2015. Today, it is well on the way to achieving carbon neutrality across the entire value chain (Scope 1, 2 and 3) by the end of 2020.

Scope 1 emissions come from energy sources that are under the control of Spadel. That is the air conditioning, the gas boilers to disinfect materials and all the other equipment in its offices and at its bottling sites.

Scope 2 emissions target the electricity bought and used for the group's activities. These are therefore indirect emissions.

Finally, Scope 3 emissions cover all the other emissions upstream or downstream of Spadel's plants, from transporting materials to its sites to the distribution of bottles and their end-of-life recycling.

Taking account of the Scope 3 emissions, which account for almost 80% of the group's carbon footprint, the carbon neutrality goal presents an ambitious challenge. If everything goes as planned, Spadel should achieve this by early 2021, thanks to its local and global efforts but also, and above all, to the devotion of its teams, its suppliers and its distributors.

There are several ways of achieving carbon neutrality. At local level, the group has invested in improving packaging and in the use of renewable energy (such as solar energy) and 100% green energy. At a global level, it is investing in projects that offset the balance of its carbon footprint, such as the rehabilitation of 41 water wells in Rwanda.

In order to adopt a clear methodology with precise action points, Spadel joined the Science Based Targets Initiative (SBTI) in 2019. The following goals have been approved for the group:

- 40% reduction in Scope 1 greenhouse gas emissions and 80% reduction in Scope 2 emissions by 2030, as well as zero greenhouse gas emissions by 2050, taking 2015 as the reference base;
- 40% reduction in Scope 3 greenhouse gas emissions by 2030 as well as zero greenhouse gas emissions by 2050, taking 2015 as the reference base.

SCIENCE BASED TARGETS

The Science Based Targets Initiative is based on a committee of experts taking as a reference the Kyoto protocol, the Paris climate agreement and other global efforts that contribute towards keeping global warming below 1.5°C.

Spadel's carbon ambition has a major impact on its decisions and efforts with regard to packaging. The group stopped using cans and cardboard packaging in the past. Thanks to the Science Based Targets Initiative, it has been able to identify 40 action points.

2020 performance indicators

- To achieve carbon neutrality Scope 1, 2 and 3;
- To achieve the CO_2 reduction goals approved by the SBTI;
- In line with the goals set.

2020 outlook

On the basis of the global carbon footprint levels achieved by Spadel at the end of 2020, laid down in the audit conducted by the SBTI committee, the group will define its future steps. The reduction of its carbon footprint is in fact an ongoing process that it is taken step by step. Its ultimate aim is to achieve zero net emissions by 2050.

HEALTHY REFRESHMENTS

PROMOTING HYDRATION

The goal

The goal is to act as a socially responsible company and establish strategic partnerships directly linked to its core business.

When entering into partnerships, Spadel chooses to maintain the link with its core business. It has been working on hydration for a number of years now.

2019 status

In collaboration with the University of Ghent, Spadel conducted a study on the hydration of (primary school) children in Belgium. According to the results of the study, most children are not sufficiently hydrated when they arrive at school.

In Bulgaria, Devin has established partnerships with the media to broadcast (brand-free) educational campaigns promoting healthy hydration. Devin also supports a three-stage school programme in secondary schools. Undertaken in partnership with Ecopack and Bcause in the form of workshops, this focuses on healthy hydration, achieving zero litter and recycling.

In Belgium, Spadel is continuing its cooperation with GoodPlanet to promote the importance of good hydration in crèches, nursery schools and secondary schools.

In the Netherlands, the group works in partnership with JOGG (Jongeren Op Gezond Gewicht). In June 2019, it sponsored the 3x3 basketball world championship in Amsterdam. Given the city's sensitivity to the issues of recycling and sustainability, which are important pillars in its strategy, Spa was chosen as sponsor by the local authorities.

2020 outlook

The group is continuing its partnerships in the various countries.

100% NATURAL AND LOW-CALORIE DRINKS

The goal

The goal is to be a trusted supplier of natural, low-calorie drinks.

The composition of Spadel's lemonades and flavoured waters has an impact on the health of its customers. The group therefore strives constantly to reduce the calorie intake from its drinks.

2019 status

The average content of Spadel flavoured waters and lemonades was less than or equal to 8.8 kcal/100 ml in 2019.

A further reduction of 23% compared with 2018.

Spadel aims to integrate 100% natural products into its entire range by 2020. As there is no legal definition of what 'natural' means, the group and its stakeholders have together drawn up a framework for natural products. The origin and processing procedure form the basis and a matrix has been developed to define what is acceptable.

2020 performance indicators

- The average content of Spadel flavoured waters and lemonades is less than or equal to 9.7 kcal/100 ml;
- 100% of products in accordance with the naturalness framework defined by Spadel; a goal already achieved in 2018;
- In line with the goals set.

2020 outlook

The group constantly continues its efforts to optimise its drinks and thus improve consumers' health.

People, more than just a resource

PEOPLE, MORE THAN JUST A RESOURCE

It seems obvious that a company that depends so much on natural resources will pay careful attention to its own human resources. Among the other values dear to Spadel, people are in fact at the centre of its concerns.

In this respect, the daily lives of staff working in the five countries where the group operates were marked by several changes and initiatives in 2019: new commitments, reorganisation of teams, launch of participatory actions, etc.

New in the Innovation department

First of all, the workforce in the Innovation department was overhauled. With a view to fulfilling the group's ambitious commitments in terms of reducing the quantity of plastic used, the management wanted to separate the 'packaging' teams into two divisions: 'bottles (PET/glass) and lids' and 'other areas, new materials'. In addition to managing traditional projects, the second division, specifically allocated to innovation, will focus on speeding up research into biomaterials or the 'Cradle to Cradle' approach.

The Human Resources department also underwent changes with the arrival as manager of Tatiana Goemnine, who was promoted internally. She increases the number of women on the executive committee and brings down the average age. Tatiana previously held the position of General Counsel.

"Great place to work"

France has not been left behind, as Spadel was the first mineral water producer there to obtain 'Great Place to Work' certification in 2019. The 106 employees who work hard to produce Carola and Wattwiller waters expressed positive views about their working environment. Thanks to their enthusiastic feedback, in February 2019 the French branch of the Spadel group obtained the valued label of excellence from the official body of the same name, which operates in over 60 countries throughout the world. Recognition that had already been obtained in 2016, but with less weight. In 2019, 75% of the staff audited stated that Spadel France is a company where it is good to work, up 20 points compared with the results of the survey conducted in 2016.

That survey had pointed out shortcomings and efforts have been made in various areas since then, including the reorganisation of the teams, the creation of new working and break areas and the launch of the 'Vis mon job' and 'Journées au vert' operations. This is a participatory process where dialogue, collaboration and trust seem to have borne fruit since, among other conclusive figures, 91% of staff now say they are proud to work for their company, to the point where they would strongly recommend it to their friends and family (81%), 88% feel that everyone is treated equally, regardless of their age or sex, and 72% think they benefit from a good work-life balance.

SPADEL HAS ITS OWN INCUBATOR

In order to stimulate innovation within the company, Spadel has chosen to listen to its people. In all countries and at all levels.

As such, the 'Innovation Days' are born. The first edition has taken place in June 2019.

The aim is to transform ideas in projects and to develop a clear roadmap for innovative solutions in the specific areas of packaging, product and market access.

These innovations must answer a need or solve a problem, should be sustainable solutions and line up at the 10 'Source of Change' commitments.

Spadel created 'The Waterhouse LAB', its nursery for ideas, so as to help identify and manage these innovations.

With one imperative: be concrete and agile.

Every project launched results in a motivated recommendation and will be actively monitored, when the idea is validated.

SANITIZE WATER IN RWANDA

In most developing countries water needs be boiled over a fire before it is safe to drink. This necessity does not come without consequence for the environment since woodfires and deforestation cause serious quantities of greenhouse gas emissions. True to its values of sustainability and adhering to its objective of becoming 100% carbon neutral, Spadel has partnered up with the "Water for Climate" project in 2017. Over a period of 10 years, the Group and its partners, Water Access Rwanda (Rwanda), CO_2 Logic (Belgium) and Mkaarbon Safari (Germany) – will fix and protect broken and contaminated boreholes in four local Rwandan communities.

Thanks to these boreholes, more than 570 million liters of clean drinking water will be delivered to 250,000 people through hand pumps and water networks. This will help save an estimated 3,000,000 trees and 400,000 tonnes of CO_2.

This project has a positive impact on other levels: health (limiting the spreading of diseases such as cholera, diarrhea, typhoid fever, and hepatitis in children and adults), social (time gain and phasing out of expenditures which can be used for education or nutrition), economic (job creation for rehabilitating, maintaining and surveilling boreholes).

At the same time, Spadel will also organise WASH trainings in local Rwandan communities. UNICEF's Water Sanitation and hygiene (WASH) programme teaches people about diseases, effective hand washing and how to keep water, food and utensils safe and clean. Each community then sets up a WASH committee to ensure boreholes are kept clean and are protected.

"Although the results are excellent and representative (93% participation rate), there are still points in need of improvement: internal communication, voluntary work and solidarity initiatives etc." explains Rachel Donnadieu, head of Human Resources at Spadel France. "To do this, new project groups will be asked to think ways of improving things over the next few months, to make Carola and Wattwiller companies where it is even better to work." It should be noted that, seen from the outside, this label should promote interest and the arrival of new talents.

Health cover and educational sponsoring

In Bulgaria, too, 2019 was a time of new social gains. Starting with the greatly appreciated complementary health insurance for staff at Devin and Atlantic Divine as of 2020. Offering quality healthcare and thereby improving the social benefits which its workers can claim is one of Spadel's priorities.

But the quest for excellence in this area is not confined to within the company. As a committed, socially responsible company brimming with good intentions for the Rhodopes region in which it is located, Devin strives to contribute to its long-term development. At the end of 2019, it joined forces with various stakeholders – the municipality, the school, the media and other businesses – to fund

a vocational school programme and take on the education and future of eight students. The class set up in the field of the 'automation of continuous production' benefits from monthly study grants and offers of paid in-company traineeships. Once the programme has been completed, the student will, if they wish and if their grades are satisfactory, be offered a professional opportunity within the Devin teams.

Above and beyond the attention it pays to its troops and the regions in which its springs are located, Spadel also invests for the benefit of the citizens of the world. With a view to reducing its carbon footprint, the Group is involved in some developing countries, such as Rwanda, where it is engaged in a project rehabilitating boreholes for drinking water, scheduled to last about ten years.

WHEN EMPLOYEES GIVE A DAY TO THE COMMUNITY

Sustainable development is not only a commitment of a company, but also of its employees. Hence the idea has been conceived to encourage Spadel personnel to work voluntarily, one day per year, on a social or environmental project with a close link to our core business: protecting nature, collecting litter, supporting vulnerable people... It is a way to install a sustainability culture within the company and to enable each employee to team work differently with collegues.

The first 'One Citizen Day' has been launched in Belgium in 2018 and has had its second edition in 2019. Up to 60% of our Spadel employees have been taking part.

Volunteers helped clean up 'De Fonteintjes, a dune between Blankenberge and Zeebrugge, or rivers such as the Dyle in Ottignies or the Olive close to Morlanwez, in collaboration with Natuurpunt Zeebrugge, Aer Aqua Terra and the Contrat de Rivière Senne. Hundreds of cans, bottles and plastic bags, cigarette buts, diapers, and clothes have been collected and removed.

With the non profit organisation 'Habbekrats' helping children and youngsters coming from underprivileged groups Spadel teams created a warm and welcoming place for them in Antwerp.

Others went for gardening shores with the non profit organisation La Chapelle de Bourgogne in Uccle, a centre for boys between 6 and 21 suffering from conduct disorders.

In 2019, the Netherlands and France, where Spadel has teams, also got involved. In the Netherlands, around forty employees provided the residents of the Park Zuiderhout rest home in Teteringen entertainment that staff cannot always give them: accompaniments to a Christmas show, visit to a farm, a walk, hanging Christmas decorations, etc. This day, organized through Betrokken Ondernemers Breda, was felt by the staff of Spadel as a kind of team building.

In 2020, it will be the turn of Bulgaria to promote such initiatives.

Finance and IT: robots in the company

At Spadel, finance and IT are closely connected. By a single directorate, but above all by a common denominator: the importance of information.

In 2019, the two joint departments (about thirty people in the accounting department and about twelve in IT) worked on the management systems, as they do every year, to better analyse and forecast the financial results. "One of our roles is to provide the management of the group with a clear understanding of how business is going and a better view of the operational health of the group so that they can anticipate the challenges and take the right decisions," stresses Didier De Sorgher, CFO of Spadel, who is also in charge of IT.

SAM, THE NEWCOMER WHO CHECKS PURCHASE ORDERS

In practical terms, however, the year was marked by a number of highlights. These included the sale of the British subsidiary Brecon Carreg: looking for buyers (eventually it was taken over by the management), calculating the business plan, drafting the contractual and technical parts, signing the contract in November.

Another element that should be noted is the implementation of the new SAP Hana management system, an updated version of SAP, bringing added speed, modernity and efficiency. No fewer than 60 people were involved in preparing for this technical challenge for several months, culminating in April with the migration itself, which took three days and three nights. Devin (Bulgaria) is the only subsidiary not to have been integrated into the platform. This will be done in 2020.

The third challenge in 2019 was the progress in research into automation and improved productivity. "All the departments thought about this together in workshops," explains Didier De Sorgher, "in order to determine which cumbersome and repetitive tasks would be adapted first, in terms of feasibility, time saved, etc." The first trial was carried out on the follow-up of purchase orders and invoices and regular monitoring of these documents. "The test was conclusive and the robot – the computer program to be precise – is to be deployed in 2020. The teams have already given it a name: Sam," the Spadel CFO smiles. Other robots will follow, no doubt in logistics and sales. "We haven't got to artificial intelligence yet, but we're moving closer."

WE HAVEN'T GOT TO ARTIFICIAL INTELLIGENCE YET, BUT WE'RE MOVING CLOSER.

Didier De Sorgher
CFO Spadel

OUTLOOK FOR 2020

As regards specific projects for 2020, Didier De Sorgher points chiefly to the efforts that will be made when thinking about producing monthly reports by introducing efficient KPIs and relaunching the strategic five-year plan for the period 2021-2025.

Added to which, there is another challenge: moving forward with 'business intelligence', which implies reviewing IT tools and technologies, making them more efficient and ultimately capable of absorbing progress in artificial intelligence.

Logistics: an enriching year

SPADEL HAS BEEN AWARDED A THIRD PLACE IN THE BENELUX 'ADVANTAGE' SATISFACTION SURVEY AND FIRST PLACE IN THE 'INDISTRIBUTIE' SURVEY IN THE NETHERLANDS.

Jo Swennen
Group Procurement & Supply Chain Director

Despite considerable pressure on sales volumes, 2019 was a successful year for the Spadel supply chain.

Thanks, in particular, to the launch in the Benelux of an S&OP process (Sales&Operations Planning) in close cooperation with the Sales and Finance departments. As supply and demand are more evenly balanced, the best possible financial result is obtained.

But it was not a foregone conclusion. In fact, this new process is based on a specific management programme which the company had to get to grips with.
As the same time, the Logistics department was faced with numerous challenges. However, the teams were not thrown off stride, but maintained their good service levels. "They even improved them," says a delighted Jo Swennen, Group Logistic Director. "So we were able to dispose of our stocks while increasing our productivity."

With obvious positive repercussions for Spadel's clients. "Our clients are at the heart of our discussions and our action," the director stresses. "These particular service levels led to improved and more intensive collaboration with our clients."

In proof of this, these same clients rewarded Spadel by awarding it third place in the Benelux 'Advantage' satisfaction survey and first place in the 'Indistributie' survey in the Netherlands. Good results of which the group is proud.

Some operating processes – such as taking orders, planning production, logistics or planning and implementing transport – nonetheless need to be further improved to meet the increased expectations of the group's clients. "We made progress here in 2019: all the processes were analysed and compared with best practices in the industry," Jo Swennen explains.

A MASTER PLAN FOR DEVIN

In France, the logistics chain also made its mark thanks to fine results. The levels of expectation were exceeded and the number of protests from clients about timing or commercial terms and conditions fell substantially. Moreover, the invoicing process for transport partners was largely computerised, enabling better cost management. Finally, a new administrator was found for the French supply chain.

In Bulgaria, all efforts were concentrated on implementing the master plan: a comprehensive improvement of production and logistics facilities to provide lasting support for the growth of the Devin brand.

And to end, it should be noted that 2019 was also a good year for the Procurement department. As regards both direct and indirect purchases, they almost all produced good results and cost reductions.

Foolproof productivity

WE WILL CONTINUE OUR GREEN INITIATIVES, BACKED UP BY A FINANCIAL PACKAGE OF ALMOST EUR 20 MILLION TO SUPPORT OUR PRODUCT INNOVATIONS, OUR SUSTAINABLE INITIATIVES AND OUR INDUSTRIAL PROJECTS.

Amaury Collette
Group Operations Director

The production of bottled mineral water is, by its very nature, a seasonable activity – people drink more water in summer than in winter. "We are used to adapting our organisation and our production systems to these variations in volume," says Amaury Collette, Group Operations Director at Spadel. But 2019 differed from other years in this respect. "That was particularly obvious on the Benelux market, where we faced substantial fluctuations compared with the figures included in the budgets. We had to be flexible." Added to that was the difficult economic, media and environmental context.

"Nonetheless, I am particularly proud of the very good productivity of our plants, where the performances enabled us to record an exceptional financial result despite the loss of earnings in terms of volume," the head of operations stressed, highlighting the fact that this was the case across all five of the group's production sites. "France demonstrated dynamism and great flexibility too, as did Bulgaria." Quite a feat for the latter, which underwent a complete overhaul of its infrastructures following the investment master plan implemented here. "It was more than a revamp. It was the creation of a new plant for Devin," Amaury Collette explains. "It will enable us to cope with a structural increase in the production volume in the coming years."

A positive result enhanced by an excellent service level. "The goal was to achieve 98.5% client satisfaction, and we reached over 99%! That earns us the recognition and respect of our main clients."

PIONEERS IN BELGIUM

But 2019 was also the year of ambitious sustainability commitments. "We reduced the quantity of plastic used to bottle our waters. Without changing our production lines, but by redesigning the bottles," says the Group Operations Director. "As regards our carbon footprint, as well as installing a good number of solar panels on the roofs of the plants, we have optimised our cogeneration plants so that they can also run on green gas. That makes us pioneers in Belgium."

What about 2020? "We will continue our green initiatives, backed up by a financial package of almost EUR 20 million to support our product innovations, our sustainable initiatives and our industrial projects," concludes Amaury Collette.

Management Report from the Board of Directors on the 2019 financial year

In accordance with the legal and statutory requirements, we are pleased to present to you our report on the past financial year.

I. CONSOLIDATED RESULTS

DEVELOPMENT OF BUSINESS AND TURNOVER

The consolidated net turnover of the Group, excluding excises and eco taxes, amounted to EUR 298.4 million, down 5.1% compared with 2018, which was a record year.

In addition to the organic elements described per market below, this fall was heightened by a reclassification of commercial expenditure deducted from turnover in accordance with IFRS 15, without impacting on the operating result. Setting aside this reworking, the turnover fell by 2.7%.

The organic turnover recorded in the Benelux fell by 5.6% compared with the previous year (-4.3% in the Belux area and -7.7% in the Netherlands). This fall may be attributed mainly to tense commercial negotiations with certain major distributors at the start of the year which resulted in temporary or permanent exits from ranges, the deliberate reduction in special offers, weather conditions that were generally less favourable than in 2018 and the intensification of the criticism levelled at plastic packaging.

However, Spadel managed to maintain its position as leader in the Benelux. Moreover, by launching Spa Reine Subtile, the Group created a brand-new market segment, that of still flavoured waters.

In **Bulgaria**, the company Devin AD is confirming its position as the undisputed leader on a dynamic but competitive market. Its turnover rose by 7.0% compared with 2018. In terms of innovation, Bulgaria is marked by the launch of a new 1-litre 'On the go' bottle. This format, which is new on this market, has been very positively received by consumers.

In **France**, the turnover recorded an appreciable rise of by 5.3% overall (+9.3% for Wattwiller sales and +1.1% for Carola). This performance is particularly noteworthy on a French market negatively impacted by the weather and by the harmful effect of the new regulations on special offers introduced at the start of the year. The market volume as a whole fell by 6.6%. In this context, Wattwiller nevertheless succeeded in gaining market shares, recording the second-best growth on the market. Carola was more severely impacted by the economic effects of the new regulations.

In the **United Kingdom**, the Spadel Group decided to sell its Welsh subsidiary, Brecon Carreg, which had been part of the Group since 1983. A considerable amount of work has been done over the past few years to develop the brand and its profitability. However, bringing Brecon Carreg to a size similar to the other markets required substantial investments. It was therefore decided to dispose of this business in order to be able to focus efforts on the main markets. The sale was officially concluded in November.

OPERATING RESULT

The recurrent operating result (REBIT – excluding exceptional elements) amounted to EUR 38.5 million, up 5.1% on the previous year.

This improvement in the operating result, despite the fall in the turnover, is partly due to the reduction in expenditure on special offers which had been particularly heavy in 2018 to underpin the launch of the Group's innovations.

The particular focus on selling prices to restore margins and good control of production costs and overheads also contributed to the rise in the operating result. Furthermore, it is worth stressing that all the Group's plants achieved very good productivity levels.

The operating result (EBIT) stood at EUR 35.7 million, compared with EUR 53.6 million. It should be remembered that the 2018 results were positively impacted by a significant reassessment (EUR 20.2 million) of liabilities for returnable packaging.

Moreover, the 2019 operating result was affected by the disposal of the Welsh subsidiary, Brecon Carreg. The sum involved was EUR 2.8 million.

FINANCIAL RESULT

Financial income amounted to EUR 0.4 million, up on 2018 (EUR 0.1 million).

Financial costs stood at EUR 1.0 million, down compared with the previous year (EUR 1.4 million) further to the reduction of the financial debt.

TAXES

The tax burden for the financial year amounts to EUR 8.2 million, compared with EUR 14.3 million in 2018.

This fall, which is in line with the reduction in the pre-tax result, is due to the significant extraordinary profit recorded in 2018.

NET RESULT

The Group closed the financial year with a net profit of EUR 27.0 million, compared with EUR 38.0 million the previous year.

2. CONSOLIDATED BALANCE SHEET STRUCTURE

At 31 December 2019, equity, valued in accordance with IFRS standards, stood at EUR 211.5 million, compared with an amount of EUR 194.1 million at the end of 2018. Equity covers 89.0% of non-current assets.

The solvency ratio, which corresponds to the amount of equity in relation to total liabilities, amounted to 54.4%.

The Group's financial indebtedness stood at EUR 44.0 million at 31 December 2019, including EUR 38.5 million in bank loans and EUR 5.5 million in lease commitment liabilities.

Non-current liabilities fell by 13.1% to EUR 63.3 million, mainly further to the reimbursement of the debt contracted to acquire the Bulgarian subsidiary in 2017.

Operating activities before tax and investment funding generated a cash position of EUR 52.4 million in 2019, compared with EUR 52.9 million the previous year.

The Group ended the year 2019 with a cash position of EUR 80.0 million.

3. INVESTMENTS

Investments in property, plant and equipment and in intangible assets made by the Spadel Group in 2019 amounted to EUR 27.1 million (including EUR 5.4 million linked to the inclusion in the assets of leases in accordance with IFRS16), compared with EUR 19.7 million in 2018.

Investment trend over five years:

Investments per year	€ million
2015	24,8
2016	9,6
2017	21,1
2018	19,7
2019	27,1

Investments per site in 2019 can be broken down as follows:

Investment site	€ million
Spa Monopole	12,0
Devin	6,4
Spadel SA	5,2
Bru-Chevron	1,9
Ribeauvillé	1,2
Wattwiller	0,4
Spadel NL	0,0
Group total	27,1

The main investments were as follows:

- the installation of new production lines in Bulgaria to increase capacity and respond to growth;
- a new cogeneration plant at Spa Monopole;
- the purchase of glass bottles and racks for Spa, Bru and Carola;
- access control installations and modifications to the loading hall in Spa;
- a new compressor at Wattwiller;
- a crate washer for the glass line in Ribeauvillé.

4. INNOVATION

The main innovations commercialised during 2019 were as follows:

Brand	Description
Spa Reine Subtile	Launch of a new range of still, flavoured waters called 'Spa Subtile', comprising only Spa Reine natural mineral water and a subtle mix of natural ingredients, free of added sugar and therefore with zero calories.
Spa Touch of	Launch of a new flavour in the Touch of range of flavoured waters: 'Watermelon Kiwi'.
Spa Fruit	Launch of two new flavours in the Spa Fruit range of sparkling lemonades: 'Apple Kiwi' and 'Raspberry-Red Currant'.
Spa Duo	Launch of two new flavours in the Spa Duo range of still refreshing drinks: 'Lemon-Cucumber' and 'Peach-Apple'
Bru	New racks for returnable glass bottles 24 x 25 cl and 18 x 50 cl
Bru	New PET bottles, format 125 cl and 50 cl
Carola	New 125 cl PET bottle
Carola	Special edition returnable glass 1l Etoiles d'Alsace
Devin	New 1l PET bottle

5. NON-CONSOLIDATED RESULTS OF SPADEL SA

TURNOVER

The turnover of Spadel SA amounted to EUR 151.8 million at the end of 2019, compared with EUR 163.4 million in 2018, down 7.1%.

This fall may be attributed mainly to tense commercial negotiations with certain major distributors at the start of the year which resulted in temporary or permanent exits from ranges, the deliberate reduction in special offers, weather conditions that were generally less favourable than in 2018 and the intensification of the criticism levelled at plastic packaging.

However, Spadel managed to maintain its position as leader in the Belux. Moreover, by launching Spa Reine Subtile, the Group created a brand-new market segment, that of still flavoured waters.

OPERATING RESULT

The operating result amounted to EUR 12.7 million, down 3.5% compared with 2018, which ended with a result of EUR 13.2 million.

This development may be attributed to the following favourable and unfavourable elements:

Favourable elements:

- the reduction in purchases of consumables and transport costs linked to the fall in sale;
- the reduction in expenditure on advertising and special offers;
- Tthe reduction in external fees;
- the reduction in Fost+ contributions;
- the reduction in energy costs.

Unfavourable elements:

- the fall in turnover linked to the volumes sold and an unfavourable product mix;
- the rise in remuneration and severance pay costs;
- the rise in hire costs for IT applications hosted in the cloud.

FINANCIAL RESULTS

Financial income amounted to EUR 17.4 million, compared with EUR 23.1 million in 2018.

This fall is mainly due to the lack of a dividend paid in 2019 by the Bulgarian subsidiary Devin AD to enable it to self-finance major investments linked to the installation of new production lines in order to increase its capacity in response to its growing sales.

The dividends collected from Spa Monopole fell (from EUR 12.0 million to EUR 9.0 million). The same applies for those received from the two French entities, Les Grandes Sources de Wattwiller and Les Eaux Minérales de Ribeauvillé. However, the dividends from the Dutch subsidiary, Spadel Nederland, rose from EUR 5.0 million in 2018 to EUR 8.0 million in 2019.

Financial costs stood at EUR 0.5 million, down compared with the previous year (EUR 0.8 million), further to the fall in the cost of the debt contracted for the acquisition of the company Devin AD in 2017.

NET RESULT

The net result available for appropriation for the 2019 financial year amounted to EUR 24,874,010, compared with EUR 30,942,522 in 2018.

6. PROFIT SHARING OF SPADEL SA

The proposal put to you is to set the profit available for appropriation as follows (in euros):

Net profit for the financial year to be appropriated	24.874.010
Profit carried over from the previous financial year	9.313.521
Profit available for appropriation	34.187.531

We propose the following breakdown (in euros):

Distribution of a gross dividend of EUR 2.00 (EUR 1.40 net) per share to the 4,150,350 eligible shares	8.300.700
Appropriation to the reserves available	10.000.000
Profit to be carried over	15.886.831
Total	34.187.531

The gross dividend proposed is stable compared with the previous year and represents a payout ratio of 30.8% of the consolidated profit.

It will be payable on Friday, 26 June 2020 upon presentation of coupon No 21.

7. OUTLOOK

In the particular context of the coronavirus, it is difficult to assess the consequences and the impact that this crisis will have on the economy in general and on the mineral water sector in particular.

Despite the unavoidable disruption to the organisation of work, production and logistics, the Spadel Group is taking all necessary measures to guarantee the safety and well-being of its customers and ultimately the general public.

The confinement of the general public and the closure of public places will inevitably reduce out-of-home consumption in the food-service sector in particular.

However, it is probable that part of this consumption will shift towards the mass distribution sector, which could lead Spadel to strengthen its position in this market segment.

The intensity and duration of this crisis, and its macroeconomic consequences, which remain uncertain at this stage, will be decisive for the financial consequences over the financial year as a whole.

These events aside, the Group is continuing its efforts as leader on the mineral water market by endeavouring to offer consumers ever more innovative products focusing on health, hydration, natural ingredients and sustainability.

8. INTERNAL AUDITING AND RISK MANAGEMENT

The Board of Directors supervises the implementation of the reference system for internal auditing and risk management.

The Audit Committee is charged, among other things, with the following assignments:

- follow-up of the process of preparing the financial information;
- follow-up of the efficiency of the Company's internal audit and risk management systems;
- follow-up of the internal audit and its efficiency;
- follow-up of the auditing of the annual accounts of Spadel SA and the consolidated accounts, as required by law, including follow-up of the questions and recommendations from the statutory auditor responsible for auditing the consolidated accounts.

In addition, the Company recruited an Internal Auditor whose mission is to independently analyse and assess the existence and functioning of the internal auditing system and to make recommendations with a view to improving this system. The Internal Auditor reports to the Financial Director in hierarchical terms and to the Chairman of the Audit Committee in operational terms. He attends the meetings of the Audit Committee and draws up the reports on these meetings.

The Audit Committee reviews the internal audit plan annually. This review takes place on the basis of a risk cartography approved by the Committee. The Internal Auditor also reports regularly to the Audit Committee on the risks and litigation that could impact on the result. The Audit Committee reports to the Board of Directors after each meeting. A summarised copy of this report is given to the directors.

As regards the process of preparing the financial information, Spadel has put in place an internal auditing and risk management systems that makes it possible to ensure:

- that the financial information, prepared in accordance with Belgian accounting standards for Spadel SA and the International Financial Reporting Standards (IFRS) at the consolidated level, is published within the legal deadlines and faithfully reflects the assets, the financial situation and the results of the Company and at the consolidated level, as well as of the subsidiaries of the Company included in the consolidation;
- that the management report contains a faithful account of the development of business and the situation of the Company and the subsidiaries included in the consolidation as well as a description of the main risks and uncertainties facing them.

Procedures are in place to ensure that investments are made and goods and services are bought in line with the budgets adopted by the Board of Directors and under the supervision of the Executive Management. A system is in place to monitor invoices relating to these transactions.

Performance indicators have been set for the various industrial and commercial operations. Quarterly reports on market performances and transactions are produced for the Executive Committee and the Board of Directors.

The risk cartography approved by the Audit Committee identifies the significant risks. The General Management has set up a Risk Management Committee charged with:

- ensuring that the key risks are identified, that a manager who is the risk owner is given the task of managing these risks and that adequate measures are taken to attenuate them;
- creating risk awareness in all the Group's activities and in the definition of the strategy.

The Risk Management Committee has informed each manager of the risks for which he is responsible.

The main risks and uncertainties weighing on the Company's activities are described in this management report.

9. RISK FACTORS

The Spadel Group is exposed to various risk factors owing to the nature of its activities:

- Foreign exchange risk: most of the Group's activities are located in the euro zone. Only the activities of the subsidiary Devin AD are concluded in a foreign currency (BGN). However, the BGN exchange rate against the euro has until now been fixed. Very few other transactions are carried out in foreign currencies. The foreign exchange risk is therefore insignificant.
- Interest rate risk: apart from standard trade payables, most of the Group's liabilities consist of payments related to refundable guarantee deposits. These payables do not bear interest. The Group holds no significant long-term interest-bearing assets. Most of the Group's financial liabilities are contracted at a fixed rate. In general, Spadel Group's operating profit and cash flows are largely unaffected by fluctuations in market interest rates.

- Price risk: Spadel's financial assets consist of risk-free investments that are diligently made. The main risks to which the Group is exposed arise from the price of PET and ingredients for lemonades and from the energy price, which affect production and transport costs.
- Credit risk: the credit risk arises from cash and cash equivalents, deposits with financial institutions and trade receivables. As regards deposits with financial institutions, only independently rated counterparties with a minimum rating of A are accepted. The Group also makes very short-term investments in commercial papers recommended by its usual bankers. The Group's credit risk is concentrated on a few major customers.

Payments from these customers are monitored regularly. The management does not anticipate any losses arising from a default of these counterparties.

- Liquidity risk: prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funds thanks to appropriate credit facilities and the ability to close out market positions. The Group's objective is to maintain financial flexibility by keeping open but unused credit lines.
- Risks related to litigation: the Group regularly assesses its exposure to complaints and litigation arising in the normal course of its activities and establishes adequate provisions.
- Risks relates to the course of business: the main risks and uncertainties weighing on the Company's course of business are:
  - the questioning of the environmental impact of our products;
  - the defection or contamination of a product marketed by the Group;
  - the availability and price volatility of raw materials and energy prices;
  - the constantly growing concentration in the distribution sector;
  - the rise of distributor and low-cost brands;
  - the trend in taxes on various types of packaging.

10. SHAREHOLDING BODY

In 2019, the Company received a notification under Article 14, paragraph 4 of the act of 2 May 2007 on the declaration of significant holdings.

The Company received notifications pursuant to Article 74 § 8 of the act of 1 April 2007 on public takeover bids, dated 30 August 2019, from Mr Marc du Bois, Guyan SàRL, Finances & Industries SA and the Macdub Foundation. These notifications can be consulted on the Group website, www.spadel.com, under the Investor Relations tab.

Based on the notifications received, the structure of the shareholding body and final control at 31 December 2019 is as follows:

TOTAL NUMBER OF SHARES (DENOMINATOR): 4,150,350

	Number of shares	Shares representing the capital % of total
FINANCES & INDUSTRIES SA – Brussels	3.861.187	93,03
PUBLIC	289.163	6,97
TOTAL	4.150.350	100,00

Guyan Invest SPRL owns 347,260 shares in the capital of Finances & Industries SA, representing 86.81% of its company capital and voting rights.

At 31 December 2019, the shareholding body of Guyan Invest SPRL was as follows:

- the Macdub Foundation which owns 110,383 company shares, that is 55.89% of the company shares representing its capital and therefore 55.89% of the voting rights;
- Gerefis SA, which owns 87,087 company shares, that is 44.09% of the company shares representing its capital and therefore 44.09% of the voting rights;
- the two children of Marc du Bois.

The Board of Directors does not have any knowledge of elements referred to in Article 34, 3°, 5°, 7° and 8° of the Royal Decree of 14 November 2007 on the obligations of issuers of financial issuers admitted for trading on a regulated market likely to have an effect in the event of a public takeover bid.

To the knowledge of the Board of Directors, no shareholders' or directors' committees have been set up, whether or not in application of agreements among shareholders.

No transactions on securities in the Company were reported on 27 March 2020 in the context of the rules adopted by the Board of Directors on this subject.

11. INDICATIONS CONCERNING RELATIONS BETWEEN COMPANIES (ARTICLE 524 COMPANIES CODE)

No operations falling under Article 524 of the Companies Code occurred in 2019.

12. INDICATIONS CONCERNING THE PURCHASE OF TREASURY SHARES

No treasury share purchase transactions falling under Article 624 of the Companies Code occurred in 2019.

13. KEY EVENTS OCCURRING AFTER THE REPORTING DATE

In the context of the COVID 19 pandemic, it is difficult to estimate the consequences and the economic impact that this crisis will have on the Group. Attention should be drawn here and now to the huge efforts made by the Group's plants to ensure a constant supply of its products to its customers and ultimately the general public as well as possible.

The confinement of the general public and the closure of public places will inevitably reduce out-of-home consumption in the food-service sector in particular. However, it is probable that part of this consumption will shift towards the mass distribution sector.

The intensity and duration of this crisis, and its macroeconomic consequences, which remain uncertain at this stage, will be decisive for the financial consequences in the coming months.

Moreover, the Group's sound balance sheet, characterised by a low level of financial indebtedness and a comfortable cash position, strengthens our confidence to deal with this crisis calmly.

14. NON-FINANCIAL STATEMENT

The non-financial statement is included in a separate report, attached to this management report.

15. CORPORATE GOVERNANCE

The Spadel Charter of Corporate Governance defines its governance rules.

The Charter was originally adopted by the Board of Directors at its meeting on 30 March 2006. It has been revised on several occasions to reflect the modifications or adaptations that have occurred since then.

The Charter can be consulted on the Spadel Group corporate website at www.spadel.com. It is based on the stipulations of the Belgian Code of Corporate Governance (Code 2009, published on the website www.corporategovernancecommittee.be) which the Company adopted as its reference code, taking into account the size and characteristics of the Spadel Group.

The Company also publishes a statement of corporate governance in the management report of Spadel SA in accordance with Article 96, § 2 and 3 of the Companies Code.

The Board of Directors would like to thank all members of staff for the efforts made during 2019.

27 March 2020 The Board of Directors

Corporate Governance statement

1. CORPORATE GOVERNANCE CHARTER

1.1. LE CODE 2009

The Spadel Corporate Governance Charter defines the company's governance rules. It was originally adopted by the Board of Directors at its meeting held on 30 March 2006. The Charter has been revised on several occasions to reflect the modifications or adaptations that have occurred since then. The most recent modification dates from 27 March 2020.

The Charter can be consulted on the Spadel Group website at www.spadel.com. It is based on the stipulations of the Belgian Code of Corporate Governance (Code 2009, published on the website www.corporategovernancecommittee.be) which the Company adopted as its reference code for the 2019 financial year, taking into account the size and characteristics of the Spadel Group.

With this in mind, it differs from Code 2009 on the following points:

- internal regulations of the Board of Directors, the Committees established within the Board of Directors and the Executive Committee (Code 2009, principles 1.1, 5.1 and 6.1): the operating rules of the Board of Directors, the Committees established within the Board of Directors and the Executive Committee are not laid down as formal regulations but are included in the ad hoc chapters of the Corporate Governance Charter;
- length of the terms of office of the Directors (Code 2009, principle 4.6.): the Board of Directors is taking steps to gradually bring the length of the terms of office down to four years;
- composition of the Audit Committee (Code 2009, principle 5.2./4): the Audit Committee comprises four non-executive Directors including two Independent Directors.

During the 2019 financial year, which is the reference period for this statement of corporate governance, Code 2009 was the reference code applicable to the company.

As of 1 January 2020, the 2020 Belgian Code of Corporate Government will be the reference code applicable to the Company. The Board of Directors is currently analysing the 2020 Code of Corporate Governance with a view to its implementation, adopting a 'comply or explain' approach, and will report on the way in which the 2020 Code of Corporate Governance is to be applied in the corporate governance statement in the annual reports of subsequent years. The Board of Directors will review the Charter with a view to the implementation of the 2020 Code of Corporate Governance.

During the 2019 financial year, which is the reference period for this statement of corporate governance, the Companies Code was applicable to the Company. However, the new Companies and Associations Code has applied to the Company since 1 January 2020.

1.2. OTHER CORPORATE GOVERNANCE PRACTICES

Chapter 4 of the Corporate Governance Charter contains a Code of Conduct intended for the Directors (point 4.1) and the policy drawn up by the Board of Directors for the transactions and other contractual relations between the companies in the Spadel Group and the Directors and the Executive Management.

2. THE MAIN INTERNAL AUDITING AND RISK MANAGEMENT CHARACTERISTICS

2.1. INTERNAL AUDIT

The Board of Directors supervises the implementation of the reference framework for the internal audit and risk management.

The Audit Committee is charged, among other things, with the following missions:

- following up the process of preparing the financial information;
- following up the efficiency of the company's internal audit and risk management systems;
- following up the internal audit and its efficiency;

- following up the legal audit of the annual accounts of Spadel SA and the consolidated accounts, including following up questions and recommendations from the Statutory Auditor charged with the task of auditing the accounts.

In addition, in 2008 the company recruited an Internal Auditor whose mission is to independently analyse and assess the existence and functioning of the internal auditing system and to make recommendations to improve this system. In terms of the hierarchy, the Internal Auditor reports to the Group Finance Director and in operational terms to the Chairman of the Audit Committee. He attends the meetings of the Audit Committee and draws up the reports on these meetings.

The Audit Committee reviews the internal audit plan annually. Since 1 January 2012, this revision has been carried out on the basis of a risk cartography approved by the Audit Committee at its meeting on 15 November 2011. The Internal Auditor also prepares a regular report on the risks and litigation that could impact on the result. The Audit Committee reports to the Board of Directors after each meeting. A summarised copy of this report is given to the Directors.

As regards the process of preparing financial information, Spadel has put in place an internal audit and risk management system to ensure:

- that the financial information, drawn up in accordance with Belgian accounting standards for Spadel SA and the International Financial Reporting Standards (IFRS) at the consolidated level, are published within the legal deadlines and faithfully reflect the assets, the financial situation and the consolidated results of the company and of the subsidiaries of the company included in the consolidation;
- that the management report contains a faithful account of the evolution of business and the situation of the company and the subsidiaries included in the consolidation and a description of the main risks and uncertainties facing them.

Procedures are in place to ensure that investments are made and goods and services are purchased in line with the budgets adopted by the Board of Directors and under the supervision of the Executive Management. A system is in place to monitor invoices relating to these transactions.

Performance indicators have been set for the various industrial and commercial operations. Reports on market performances and transactions are prepared on a monthly basis as regards the Executive Committee and a quarterly basis as regards the Board of Directors.

The risk cartography approved by the Audit Committee identifies the significant risks. The General Management has set up a Risk Management Committee charged with the task of identifying the main risks, appointing a manager per risk and providing for adequate measures as well as taking steps to increase risk awareness throughout the Group. The Risk Management Committee has informed each manager of the risks for which he is responsible. The main risks and uncertainties weighing on the activities of the company are described in the management report from the Board of Directors to the General Meeting.

2.2. EXTERNAL AUDIT

The Statutory Auditor's mandate is exercised by PwC Réviseurs d'Entreprises SCRL, represented by Ms Griet Helsen. PwC was appointed by the Ordinary General Meeting of 13 June 2019 for a period of three years ending at the close of the Ordinary General Meeting of 2022. The amount of the fees of the Statutory Auditor is published, in accordance with Article 3: 65 of the Companies and Associations Code, as an annex to the consolidated accounts and in section C 6.18. of the company accounts.

3. SHAREHOLDING BODY

The company shares are registered or dematerialised. As at 31 December 2019, the share capital of the company was represented by 4,150,350 shares admitted for trading on the Euronext Brussels regulated market. The shares may be freely transferred. Each share grants the holder one vote.

In 2019, the company did not receive any notifications pursuant to Article 14, paragraph 4, of the act of 2 May 2007 on the declaration of major shareholdings.

The company received notifications under Article 74 § 8 of the act of 1 April 2007 on public takeover bids, dated 30 August 2019, from Mr Marc du Bois, Guyan Invest SPRL, Finances & Industries SA and the Macdub foundation. These notifications may be consulted on the Group's website, www.spadel.com, tab Investor Relations.

On the basis of the notifications received, the structure of the shareholding body and ultimate control as at 31 December 2019 was as follows:

TOTAL NUMBER OF SHARES (DENOMINATOR): 4,150,350

Shares representing the capital	Number of shares	% of total
FINANCES & INDUSTRIES SA – Brussels	3,861,187	93.03
PUBLIC	289,163	6.97
TOTAL	4,150,350	100.00

Guyan Invest SPRL, owns 347,260 shares in the capital of Finances & Industries SA representing 86.81% of its share capital and voting rights.

As at 31 December 2019, the shareholding structure of Guyan Invest SPRL was as follows:

- lthe foundation Macdub, which owns 110,383 company shares, that is 55.89% of the company shares representing its capital and therefore 55.89% of the voting rights;
- Gerefis SA, which owns 87,087 company shares, that is 44.09% of the company shares representing its capital and therefore 44.09% of the voting rights
- the two children of Marc du Bois.

The Board of Directors is not aware of any elements referred by Article 34, 3°, 5°, 7° and 8° of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted for trading on a regulated market likely to have an impact in the event of a public takeover bid.

To the knowledge of the Board of Directors, there are no shareholders' or Directors' Committees established in application of agreements between shareholders or otherwise.

No transactions involving shares in the company had been reported as at 31 December 2019 in the context of the rules adopted by the Board of Directors on this subject.

4. DIVERSITY POLICY

For Spadel, all aspects of diversity and inclusion are becoming essential at every level. In terms of staff, we aim to achieve a balanced representation of men and women. Taking the workforce as a whole at all levels of the organisation, 73% of staff are men and 27% are women.

As water is a local issue, we offer local employment in all the countries in which we operate. If possible, we also seek alternative forms of employment for those who have to contend with physical difficulties during their career and would otherwise be unable to remain in the regular work circuit.

As regards the composition of the Executive Management, we take care to welcome representatives of the various geographic areas in which we operate. We constantly check, from every angle, that the composition of the Executive Management team meets the needs of the organisation and the world in which we carry out our activities, from the point of competences, expertise and general capacities as well as education or professional experience. If necessary, we also invest in the training of our staff in order to be able to meet the challenges we face ever more effectively.

In terms of gender, we are pleased to have been able to welcome a second woman to the Executive Management team in 2019 and a third as of 1 April 2020. In less than two years, we have moved from a male/female ratio of 100%/0% to 66%/33% in the Executive Management team. We continue to apply unrestricted gender neutrality in the choice of new members. The factors underlying new recruitments are good professional managerial and cultural compatibility.

As regards the composition of the Board of Directors, please see paragraph 5.1 below.

5. THE ADMINISTRATIVE STRUCTURES AND THEIR WORKING

The rules governing the composition, the responsibilities and the working of the Board of Directors and the Committees created within the Board are described in the Spadel Corporate Governance Charter.

5.1. THE BOARD OF DIRECTORS

Composition of the Board of Directors

The Spadel Board of Directors comprised nine members as at 27 March 2020. Three of the Directors are independent and meet the general independence criterion laid down in Article 7: 87 of the Companies and Associations Code as well as the specific independence criteria laid down in Article 3.5 of the 2020 Corporate Governance Code.

Marc du Bois exercises an executive function within Spadel.

Name	Capacity	End of mandate
Baron du Bois	CEO, Chairman of the Executive Committee	2021
Finances & Industries SA, permanently represented by Mr Axel Miller	Director	2022
Cofimatra SA, permanently represented by Mr Roland Vaxelaire	Director	2020
21-22 SAS, permanently represented by Ms Anne-Charlotte Amory	Independent Director	2020
Baron Vandemoortele	Independent Director	2020
M.O.S.T. SPRL, permanently represented by Mr Frank Meysman	Chairman of the Board of Directors	2020
Familia Numerosa BV, permanently represented by Mr Roel van Neerbos	Independent Director	2021
Barbara du Bois	Director	2022
UpsilonLab BV, permanently represented by Ms Corinne Avelines	Independent Director	2020

WORKING OF THE BOARD OF DIRECTORS

The Board of Directors met five times in 2019. All the members attended all the meetings.

At its quarterly meetings, the Board considers in particular:

- the follow-up of its decisions;
- the reports and recommendations from the Audit and the Appointment and Remuneration Committees;
- the evolution of the commercial situation per market on the Group's main markets, as regards the past quarter and as at the date of the meeting, focusing in particular on points of special interest and action plans;
- the consolidated financial situation in the past quarter.

The following subjects were also included on the agenda of the quarterly meetings of the Board:

- 1st quarter: closure of the statutory accounts and approval of the accounts for the past financial year, preparation of the Ordinary General Meeting and the press release on the annual results;
- 2nd quarter: various subjects depending on the development of the situation;
- 3rd quarter: closure of the half-yearly situation and press release on the half-yearly results;
- 4th quarter: approval of the budgets and investment plans for the following year.

5.2. COMMITTEES CREATED BY THE BOARD OF DIRECTORS

Spadel has two committees established within the Board of Directors: the Audit Committee (in accordance with Article 7: 99 of the Companies and Associations Code) and the Appointment and Remuneration Committee (in accordance with Article 7:100 of the Companies and Associations Code).

The Audit Committee

The Audit Committee comprises four members who are non-executive directors. Two of them are independent. Its members are Baron Vandemoortele (Chairman), M.O.S.T. SPRL, permanently represented by Mr Frank Meysman, Cofimatra SA, permanently represented by Mr Roland Vaxelaire and Familia Numerosa BV, permanently represented by Mr Roel van Neerbos.

Baron Vandemoortele, Chairman of the Audit Committee, is competent in the field of auditing and accounting owing to his training and his long professional experience as an executive manager and a director.

The Audit Committee met three times in 2019. All the members were present.

The Statutory Auditor, the CEO and the Group Finance Director and the Internal Auditor attended the meetings of the Audit Committee. At each meeting, time was scheduled for a discussion between the Committee and the Statutory Auditor, without the presence of the Management.

At the Board of Directors meeting that followed each meeting of the Audit Committee, the Chairman of the Audit Committee submitted a report on its meeting and its decisions for ratification.

The Appointment and Remuneration Committee

The Appointment and Remuneration Committee comprises three members who are non-executive directors. They are all three independent. Its members are: M.O.S.T. SPRL, permanently represented by Mr Frank Meysman (Chairman), 21-22 SAS, permanently represented by Ms Anne-Charlotte Amory and UpsilonLab BV, permanently represented by Ms Corinne Avelines. Owing to their present or past positions as business leaders, its members possess the necessary expertise in remuneration policy.

The Committee met twice in 2019. All the members were present. The CEO attended the meetings of the Committee except for the items that concerned him personally. The Group HR Director also attended the meeting except for the items that concerned him personally.

At the Board of Directors meeting that followed each meeting of the Appointment and Remuneration Committee, the Chairman of the Appointment and Remuneration Committee submitted a report on its meeting and its decisions for ratification.

5.3. TRANSACTIONS OR OTHER CONTRACTUAL RELATIONS BETWEEN THE COMPANY, INCLUDING AFFILIATED COMPANIES, AND THE DIRECTORS NOT COVERED BY THE LEGAL PROVISIONS ON CONFLICTS OF INTEREST

There were no transactions or other contractual relations between the company, including affiliated companies, and the Directors or the members of the Executive Management not covered by the legal provisions on conflicts of interest.

5.4. ASSESSMENT OF THE WORKING OF THE BOARD OF DIRECTORS AND THE COMMITTEES CREATED WITHIN THE BOARD

The Spadel Corporate Governance Charter stipulates that the Board of Directors assesses its working and that of its committees every two years. It also assesses its composition and that of its committees.

This assessment usually covers the following points:

- the general impression of the working of the Board of Directors;
- the organisation of the Board of Directors (agenda, documentation, reports, frequency and length);
- the organisation of the Audit and Appointment and Remuneration Committees (agenda, frequency and length of the meetings, composition, information and documentation);
- the composition of the Board of Directors (number, diversity, competences, independence, rotation);
- the directors' understanding of their role and their duties;
- the involvement and commitment of the Board of Directors (knowledge of the industrial sector, relationship with the management, contacts outside meetings, strategy development);
- communication with the shareholders (reports, role of the Chairman of the Board);
- discussions regarding the future (succession planning for the executive and non-executive members, directors' development needs, compliance regarding Corporate Governance, strategic reflection);
- the overall efficiency of the Board.

The conclusions are discussed at a meeting of the Board of Directors without the management.

The Board of Directors assessed its working and that of its committees in 2019.

6. THE EXECUTIVE MANAGEMENT

The Executive Management of the Group currently consists of the CEO/Chairman of the Executive Committee - Marc du Bois – and members of the Executive Committee.

In 2019, the following persons were part of the Executive Management team:

Name	Function
Marc du Bois	CEO Country Director Benelux & Export a.i.[1]
Kingco SA, represented by Dirk Van de Walle	Country Director Benelux & Export[2]
Bart Peeters	Country Director Benelux & Export[3]
Franck Lecomte	Country Director UK[4] Head of Digital, Innovation and CSR
Thomas Krennbauer	CEO Bulgaria[5]
Borislava Nalbantova	General Manager Bulgaria[6]
Valérie Siegler	General Manager France
Amaury Collette	Group Operations Director
Didier De Sorgher	Group Finance Director
Jo Swennen	Group Procurement & Supply Chain Director
Bart Tuyls	Group HR & Communication Director[7]
Tatiana Goeminne	Group HR Director[8]

[1] 1 From 24 January 2019 until 19 August 2019.
[2] Until 24 January 2019.
[3] Since 19 August 2019.
[4] Until 2 December 2019.
[5] Until 31 March 2020.
[6] Since 1 April 2020.
[7] Until 17 May 2019.
[8] Since 16 September 2019.

The Executive Committee met 28 times in 2019.

As well as reviewing the development of the commercial situation on the various markets on which Spadel Group operates, points of special interest and action plans, the Executive Committee also expresses its opinion of the various projects affecting the activities of the Group.

At the meeting that follows a meeting of the Board of Directors, the decisions, requests and recommendations of the Board are reviewed and where necessary translated into points of action.

7. REPORT ON THE REMUNERATION OF THE DIRECTORS AND THE EXECUTIVE MANAGEMENT

7.1. INTERNAL PROCEDURE TO DRAW UP A REMUNERATION POLICY AND SET THE LEVEL OF THE REMUNERATION OF THE NON-EXECUTIVE DIRECTORS AND THE EXECUTIVE MANAGEMENT

The Directors

Article 15 of the articles of association states that the General Meeting can grant the Directors fixed emoluments and attendance fees. In addition, this article continues, the Directors will be compensated for normal and proven expenses incurred in the fulfilment of their position in the context of special mandates which they undertake on behalf of the company.

It is the task of the Appointment and Remuneration Committee to put proposals to the Board of Directors on the directors' remuneration policy and, if appropriate, on the resultant proposals which have to be submitted by the Board of Directors to the General Meeting.

The current remuneration of the Directors was adopted at the proposal of the Board of Directors by the Ordinary General Meeting of 11 June 2015. The remuneration of the members of the Board of Directors consists of the following elements:

(i) a fixed remuneration for the first five meetings of the Board of Directors;

(ii) an attendance fee per meeting as of the sixth meeting of the Board of Directors attended by the directors; and

(iii) an attendance fee per meeting of the committee which the directors attend.

The remuneration is not indexed. The level of remuneration is assessed by the Board of Directors as part of its assessment of its working. Neither the non-executive Directors nor the CEO in his capacity as a member of the Board of Directors benefit from remuneration linked to the results of the company or the Group or performance bonuses in the form of shares, options or other rights to acquire shares.

This remuneration is as follows:

MEETINGS OF THE BOARD OF DIRECTORS

For the five fixed meetings		Per additional meeting	
Remuneration	Fixed	Linked to attendance at the meetings	
Chairman of the Board of Directors	EUR 30,000	30,000 € (i.e. 6,000 € per meeting)	12,000 €
Directors (per director)	EUR 15,000	15,000 € (i.e. 3,000 € per meeting)	6,000 €

MEETINGS OF THE AUDIT AND THE APPOINTMENT AND REMUNERATION COMMITTEES

Per meeting actually attended by the Committee member	
Chairman of the Committee	5,000 €
Directors (per director)	2,500 €

The Executive Management

The remuneration policy for the members of the Executive Management is adopted by the Board of Directors at the proposal of the Appointment and Remuneration Committee. The Appointment and Remuneration Committee is charged with the task of proposing the remuneration of the Executive Management to the Board of Directors. At the proposal of the Chairman of the Executive Committee, it expresses an opinion on the fixed and variable remuneration package of the members of the Executive Committee.

The remuneration policy (basic remuneration, total cash compensation and total direct compensation) is based on the market median. In general, the remuneration lies with a range of -20 % and +20% of the market references and takes account of the individual profile of the holder of the position (experience in the position and performances). It is reviewed at regular intervals on the basis of comparative studies conducted by a specialised company. On the basis of this report, the Appointment and Remuneration Committee examines whether the remuneration of the members of the Executive Committee should be adjusted.

7.2. DIRECTORS' REMUNERATION

Name of the Director	Remuneration	
M.O.S.T. SPRL (Frank Meysman) Chairman of the Board of Directors Member of the Audit Committee Chairman of the Appointment and Remuneration Committee	• Meetings of the Board of Directors	60,000 €
	• Meetings of the Audit Committee	7,500 €
	• Meetings of the Appointment and Remuneration Committee	10,000 €
21-22 SAS (Anne-Charlotte Amory) Director Member of the Appointment and Remuneration Committee	• Meetings of the Board of Directors	30,000 €
	• Meetings of the Appointment and Remuneration Committee	5,000 €
Baron du Bois Director	• Meetings of the Board of Directors	30,000 €
Baron Vandemoortele Director Member of the Appointment and Remuneration Committee until 5 November 2019 Chairman of the Audit Committee	• Meetings of the Board of Directors	30,000 €
	• Meetings of the Appointment and Remuneration Committee	2,500 €
	• Meetings of the Audit Committee	15,000 €
Finances & Industries SA (Axel Miller) Director	• Meetings of the Board of Directors	30,000 €
Cofimatra SA (Roland Vaxelaire) Director Member of the Audit Committee	• Meetings of the Board of Directors	30,000 €
	• Meetings of the Audit Committee	7,500 €
Familia Numerosa BV (Roel van Neerbos) Director Member of the Audit Committee	• Meetings of the Board of Directors	30,000 €
	• Meetings of the Audit Committee	7,500 €
Barbara du Bois Director	• Meetings of the Board of Directors	30,000 €
UpsilonLab BV (Corinne Avelines) Director Member of the Appointment and Remuneration Committee	• Meetings of the Board of Directors	30,000 €
	• Meetings of the Appointment and Remuneration Committee	2,500 €
TOTAL		357,000 €

No other remuneration or benefits were granted or paid to the non-executive Directors.

For his directorships in the subsidiaries of the company, Marc du Bois received the following remuneration:

Managing Director Spa Monopole SA (representing Gerefis SA)	3,600 €
Managing Director Bru-Chevron SA (representing Gerefis SA)	2,600 €

7.3. REMUNERATION OF THE EXECUTIVE MANAGEMENT

As a reminder, the Executive Management of the Group consists of the Chairman of the Executive Committee and members of the Executive Committee.

Remuneration policy applied during the 2019 financial year

The annual remuneration consists of a fixed part and a variable part. The Executive Management also receive various benefits in kind: company car, fixed expenses, mobile telephone, internet connection and life and/or death benefit and/or health care insurance package. The members of the Executive Management do not necessarily all receive all the benefits referred to above.

The members of the Executive Management, with the exception of the DEVIN CEO, are affiliated to a group insurance plan.

The current members of the Executive Management, with the exception of the DEVIN CEO, benefit from a 'fixed contribution' plan.

The fixed remuneration is determined, for each member of the Executive Management, on the basis of the nature and extent of the responsibilities of the position.

The Ordinary and Extraordinary General Meeting of 14 June 2012 introduced a provision in Article 15 of the articles of association authorising the Company to deviate from the provisions of Article 520ter of the Companies Code (combined, if appropriate, with Article 525, paragraph 4 of the Companies Code) for any individual falling within the scope of application of these provisions.

The variable remuneration includes one part – described in point a) below – based on predetermined performance criteria measurable over one year (annual bonus - STI) and one part – described in point b) below – based on predetermined performance criteria measurable over three years (LTI).

a) The annual bonus represents a potential total gross annual amount, compared with the basic remuneration, of:

- 50 % for the Chairman of the Executive Committee;
- 30 % for the members of the Executive Committee (with the exception of the Devin CEO).

For the Devin CEO, the annual bonus represents a potential total gross annual amount, compared with the basic remuneration, of 60% (30% linked to the results of the group, 30% to the results of Devin). Until 30 June 2019, his annual bonus represented a potential total gross annual amount of 30%.

b) The LTI (Long Term Incentive) represents a potential total gross annual amount of 20% compared with the basic remuneration of the members of the Executive Committee.

The Chairman of the Executive Committee does not currently benefit from the LTI.
On the recommendation of the Appointment and Remuneration Committee, the Board of Directors, meeting on 15 November 2019, deemed that the entire Executive Management should benefit from the LTI, including the Chairman of the Executive Committee.
The Chairman of the Executive Committee will therefore benefit from the LTI as of the 2019-2021 plan, payable in 2022.

The potential amount of the Devin CEO stands at 40% (50% for the period prior to 30 June 2019).

The potential total gross annual amount corresponds to the gross amount which the individual concerned promerits if the Group and the individual himself fully achieve all their objectives.

7.4. ASSESSMENT CRITERIA FOR THE REMUNERATION OF THE EXECUTIVE MANAGEMENT LINKED TO PERFORMANCES

Criteria relating to annual bonus

The annual bonus of members of the Executive Committee is based on the following performance criteria relating to the year for which the annual bonus is granted:

I. CRITERIA FOR THE EXECUTIVE COMMITTEE, WITH THE EXCEPTION OF THE DEVIN CEO

Share of bonus linked to the Group results:

- Consolidated operating result (EBIT) of the Group (worth 50%);
- Market shares of the Group (worth 30%, divided up as follows: 10% for market shares in volumes and 20% for market shares in value).

Share of bonus linked to personal objectives:

- Individual performance (worth 20%).

II. CRITERIA FOR THE DEVIN CEO

- Group results

The criteria are identical to the other members of the Executive Committee, including the share of bonus linked to the personal objectives plan.

- Devin results

The criterion is based exclusively on the Devin EBITDA.

III. COMMON RULES FOR ASSESSING THE ACHIEVEMENT OF OBJECTIVES.

The annual objectives relating to the financial performance criteria are set by the Board of Directors. The individual performance objectives (personal objectives plan) of the members of the Executive Committee are set by the Chairman of the Executive Committee at the start of the year. Below the minimum consolidated operating result (EBIT) of the Spadel Group stipulated by the Board of Directors, the annual bonus is only granted on the part linked to the individual result.

Each financial performance criterion is allocated a multiplication factor on a scale of eight values (from 0 to 2) on the basis of the extent to which the performance meets the objective set. (If the objective is reached 100 %, the multiplication factor is equal to 1).

Each of the performance criteria is allocated a multiplication factor on a scale of six values, that is the score obtained during the assessment of the achievement of personal objectives or participation in various projects.

The gross annual bonus allocated for the year in question is the result of multiplying each part of the potential gross annual bonus by the multiplication factor defined above. Each part thus influenced is added together to give a gross total amount known as the actual annual bonus.

Criteria relating to LTI

The criteria for the possible granting of the LTI for members of the Executive Committee (apart from the Devin CEO) are as follows:

- 2017-2019 plans and 2018-2020 plan:
  Gross margin as regards the Group (worth 30%); Volumes of the Group (worth 30%); the ROCE of the Group (worth 40%).
- 2019-2021 plan (and future plans):
  EBITDA (100%)

The LTI of the Devin CEO is calculated separately on the basis of the Devin figures for the 2017 and 2018 financial years and the first half of 2019 and was paid cumulatively on 30 June 2019. A similar plan, payable on 30 June 2022, has been renewed.
The parameters taken into account for granting the LTI are identical to those applied for the other members of the Executive Committee, but as regards Devin only.

Each criterion is allocated a multiplication factor on a scale of five values (from 0 to 1.75) depending on the extent to which the objectives are met. (If the objective is reached 100%, the multiplication factor is equal to 1).

The objectives are set by the Board of Directors of the Company. The actual granting of the LTI is subject to reaching a minimum threshold.

Methods applied to check whether the performance assessment criteria regarding the objectives have been satisfied

The Board of Directors checks whether the financial performance criteria have been met through quarterly reports on market and transaction performances and on a consolidated basis.

The achievement of the performance criteria related to the personal plan is checked at the end of the financial year as part of the individual assessment of the member of the Executive Management team carried out by the Chairman of the Executive Committee.

Provisions on the recovery of variable remuneration granted on the basis of incorrect financial information

There are no contractual clauses on recovering variable remuneration granted on the basis of incorrect financial information.

Except for Belgium, the bonuses are paid in two stages:

- in January, a gross amount equivalent, as appropriate, to 75% for the Chairman of the Executive Committee and 25 % of the annual bonus (the individual part) for the members of the Executive Committee;
- the balance of the annual bonus and the LTI in April following a recalculation based on the annual accounts closed by the Board of Directors.

The months of January and April referred to in the previous paragraphs are the months of the year following the financial period for which the bonus is granted. The results/annual accounts referred to in the previous paragraphs are those relating to the financial period for which the bonus is granted.

The members of the Executive Management also have the option of receiving their variable remuneration in the form of warrants. In this case, the full amount is paid in one instalment at the end of the month of April following the reference period.

The calculations relating to the amounts promerited as variable remuneration are validated by the Appointment and Remuneration Committee.

7.5. REMUNERATION OF THE CHAIRMAN OF THE EXECUTIVE COMMITTEE IN 2019

Marc du Bois	Remuneration component	Amount
CEO Spadel Group Chairman of the Executive Committee	Independent	
Fixed remuneration	Gross remuneration as Executive Manager in the Company and its Belgian subsidiaries[1]	435,750 €
Variable remuneration	Actual gross annual bonus for the 2018 financial year, paid in 2019[2]	226,590 €
TOTAL	Total of the fixed and variable remuneration received in 2019	662,340 €
Group insurance	Premium paid by the Company	75,363.68 €
Other benefits	Vehicle, fixed expenses, health care insurance, mobile telephone service, annual medical check-up, europ assistance insurance, mondial assistance insurance	18,226.27 €

[1] This table does not include the remuneration indicated in point 6.2.

[2] The components of the variable remuneration and the allocation criteria are described in points 6.3. and 6.4. Provision actual annual bonus relating to the 2019 financial year and payable in 2020: 216,754.50 €

7.6. REMUNERATION OF THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE IN 2019

Type of remuneration	Remuneration component	Overall amount
Fixed remuneration	Overall remuneration and gross board fees paid in 2019 in Belgium and abroad	1,936,985.90 €
Variable remuneration	Overall actual gross annual bonus for the 2018 financial year, paid in 2019[1]	617,289.25 €
	LTI 2016-2018: plan based on predetermined performance criteria measurable over three years, paid in 2019[2]	490,783.61 €
TOTAL	Total fixed and variable remuneration	2,945,058.76 €
Group insurance	Employer's premium	64,199.05 €
Other benefits	Company car, fixed expenses, ADSL, mobile telephone, medical check-up, health care and disability insurance	83,915.13 €

[1] The components of the variable remuneration and the allocation criteria are described in points 6.3. and 6.4. Provision actual annual bonus relating to the 2019 financial year and payable in 2020: 514,887.75 € .

[2] Please refer to points 6.3. and 6.4. for a description of the LTI plan. Provision LTI 2017-2019, payable in 2020: 137,779.81 €.

7.7. SHARES, OPTIONS ON SHARES OR OTHER RIGHTS GRANTED TO OR EXERCISED BY THE MEMBERS OF THE EXECUTIVE MANAGEMENT OR EXPIRED IN 2019.

There is no stock options system. No shares, options on shares or other rights were granted to or exercised by the members of the Executive Management or expired in 2019.

7.8. CONTRACTUAL PROVISIONS RELATING TO THE SEVERANCE FEE AGREED WITH MEMBERS OF THE EXECUTIVE COMMITTEE.

Mr Amaury Collette has a minimum notice period of six months or an equivalent severance fee as long as the legal period does not exceed this amount.

The other members of the Executive Management do not benefit from special clauses in the event of their departure.

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GENERAL INFORMATION

Activities

Spadel SA and its subsidiaries (hereinafter referred to as 'Spadel') constitute a European group whose mission is to produce and market environmentally friendly quality products based on natural mineral water which provide added value for consumers.

Total staff

The Group employed 1,336 people as at 31 December 2019.

Legal status

Spadel SA is a société anonyme (limited liability company) with its registered office at Avenue des Communautés 110, 1200 Brussels. It is listed in the register of legal entities of the commercial court of Brussels under No 0405.844.436 (VAT number: BE 405.844.436). The most recent amendment of the coordinated articles of association was decided upon during the general meeting of 11 June 2015. The company is listed on the Euronext stock market in Brussels (ISIN code BE 0003798155).

The main shareholder of the company is Finances & Industries, which holds 93% of the Spadel shares.

Financial statements

The consolidated financial statements for the year ended 31 December 2019, prepared in accordance with the IFRS reference system, as endorsed by the European Union, were approved by the Board of Directors on 27 March 2020 and submitted to the Shareholder's Meeting of 11 June 2020. The figures in this document are expressed in thousands of euro (KEUR), unless expressly stated otherwise.

Board of Directors

The Board of Directors of the company is composed as follows:

BVBA M.O.S.T.

Permanently represented by Mr Frank Meysman
Chairman of the Board of Directors since 14/06/2018
End of term: 11/06/2020

Marc du Bois

CEO
End of term: 10/06/2021

Baron Vandemoortele

Director
End of term: 11/06/2020

Finances et Industries SA

Permanently represented by Mr Axel Miller
Director
End of term: 09/06/2022

SA COFIMATRA

Permanently represented by Mr Roland Vaxelaire
Director
End of term: 11/06/2020

21-22 SAS

Permanently represented by Ms Anne-Charlotte Amory
Director
End of term: 11/06/2020

Familia Numerosa BV

Permanently represented by Mr Roel van Neerbos
Director
End of term: 10/06/2021

Barbara du Bois

Director
End of term: 09/06/2022

UPSILONLAB BV

Permanently represented by Ms Corinne Avelines
Director
End of term: 11/06/2020

Statutory auditor

The statutory auditor of the company is PricewaterhouseCoopers Reviseurs d'Entreprises SCRL, with its registered office at Woluwedal 18, 1932 Zaventem, permanently represented by Ms Griet Helsen. Its term expires at the end of the ordinary general meeting to be held in 2022.

CONSOLIDATED STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/12/2019	31/12/2018**
NON-CURRENT ASSETS			
Intangible assets	7	120,818	122,645
Right-of-use assets	8	5,453	
Property, plant and equipment	8	109,009	111,590
Trade and other receivables	9	2,300	108
Deferred tax assets	17	88	460
		237,669	234,803
CURRENT ASSETS			
Inventories	10	15,477	18,222
Trade and other receivables	9	55,041	51,676
Current tax assets		327	504
Short-term financial assets	11	17	17
Cash and cash equivalents	12	79,944	82,115
		150,806	152,534
TOTAL ASSETS		388,475	387,337

** Adoption of standard IFRS 16 using the simplified method – See note 1.6 and note 9.

Notes 1 to 32 form an integral part of the IFRS consolidated financial statements for the year ended 31 December 2019.

	Note	31/12/2019	31/12/2018**
EQUITY			
Share capital and reserves attributable to the shareholders of the company			
Issued share capital	13	5,000	5,000
Translation differences		0	-615
Reserves	14	206,711	187,749
OCI branch of reserves*		-207	2,038
		211,503	194,172
Non-controlling interests		-36	-36
TOTAL EQUITY		211,467	194,136
LIABILITIES			
Non-current liabilities			
Long-term financial liabilities	15	24,500	38,500
Lease commitment liabilities	8	4,201	-
Employee benefit liabilities	16	9,153	5,988
Deferred tax liabilities	17	21,750	23,357
Provisions	20	290	140
Other payables	19	3,378	4,815
		63,273	72,800
Current liabilities			
Refundable guarantee deposits	4,1	24,764	25,865
Short-term financial liabilities	15	14,000	14,000
Lease commitment liabilities	8	1,268	-
Employee benefit liabilities	16	455	792
Trade payables	18	53,287	56,444
Advance payments received		-42	102
Social liabilities		14,862	13,681
Current tax liabilities		1,341	5,398
Provisions	20	52	165
Other payables	19	3,748	3,954
		113,735	120,401
TOTAL LIABILITIES		177,008	193,201
TOTAL EQUITY AND LIABILITIES		388,475	387,337

* Movements booked directly in the OCI branch of consolidated reserves basically concern adjustments relating to IAS19 and IAS 21.

** Adoption of standard IFRS 16 using the simplified method – See note 1.6 and note 9.

Notes 1 to 32 form an integral part of the IFRS consolidated financial statements for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2019	2018
Revenue	5	298,392	314,384
Raw materials and consumables		-67,405	-70,705
Miscellaneous goods and services		-121,050	-135,830
Employee expenses	21	-63,200	-62,321
Amortisation and impairment	7,8	-19,645	-19,848
Other operating income and expenses	22	8,635	27,891
Operating profit/(loss)		35,727	53,571
Financial income	23	423	107
Financial costs	24	-968	-1,361
Profit/(loss) before income tax		35,182	52,317
Taxes	25	-8,207	-14,320
Profit/(loss) for the year		26,975	37,997
OTHER COMPREHENSIVE INCOME:			
Actuarial profits (losses) of defined benefit plans		-3,060	985
Deferred taxes		815	-289
Total items that will not be reclassified to income statement		-2,245	696
Translation differences		615	-46
Total items that may be reclassified to income statement		615	-46
Other comprehensive income, net of tax		-1,630	650
Total comprehensive income for the year		25,345	38,647
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the company		26,975	37,997
Non-controlling interests		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the company		25,345	38,647
Non-controlling interests		-	-
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS (IN € PER SHARE)			
- basic		6.50	9.16
- diluted		6.50	9.16

Revenue excludes excise duties and packaging guarantee deposits amounting to KEUR 33,248 in 2019 and KEUR 33,070 in 2018.

Notes 1 to 32 form an integral part of the IFRS consolidated financial statements for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Translation differences	Group reserves	Total equity
BALANCE AT 1 JANUARY 2018	**5,000**	**-569**	**158,531**	**162,962**
Comprehensive income for the year 2018				
Profit			37,997	37,997
Other comprehensive income		-46		-46
Translation differences				
Revaluation of net assets or net liabilities as defined benefits (IAS 19R)			694	694
Dividends distributed			-7,471	-7,471
Non-controlling interests				
BALANCE AT 31 DECEMBER 2018	5,000	-615	189,751	194,136
BALANCE AT 1 JANUARY 2019	**5,000**	**-615**	**189,751**	**194,136**
Comprehensive income for the year 2019				
Profit			26,975	26,975
Other comprehensive income			287	287
Translation differences		615	0	615
Revaluation of net assets or net liabilities as defined benefits (IAS 19R)			-2,245	-2,245
Dividends distributed			-8,301	-8,301
Non-controlling interests				
BALANCE AT 31 DECEMBER 2019	5,000	-	206,467	211,467

Consolidated reserves are further detailed in note 14.

Notes 1 to 32 form an integral part of the IFRS consolidated financial statements for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31/12/2019	31/12/2018
PROFIT/(LOSS) FOR THE YEAR		**26,975**	**37,997**
Adjustments for:			
Income tax	25	8,207	14,320
Amortisation and impairment of value on tangible assets	8	15,390	16,669
Amortisation of intangible assets	7	3,287	3,179
(Gain)/loss on disposal of tangible and intangible assets	22	-790	-46
(Gain)/loss on disposal of Brecon		2,522	-
Out of pocket charges (IAS19 provisions and other + depreciation) excl. OCI		861	-1,239
Products and financial charges		161	691
Gross cash inflow/ (outflow) from operating activities		56,613	**71,571**
Changes in working capital			
Inventories		1,829	1,701
Trade and other receivables		-4,165	3,366
Trade payables, guarantee deposits, social liabilities, employee benefits and short-term provisions		-1,913	-23,770
Cash inflow/ (outflow) from operating activities		52,364	**52,868**
Income taxes refunded / (paid)		-13,322	-10,432
Net cash inflow/ (outflow) from operating activities		39,042	**42,436**
Cash flow from investment activities			
Payments to acquire tangible assets	8	-19,490	-18,349
Cash inflow from disposal of intangible and tangible assets		1,530	817
Payments to acquire intangible assets	7	-1,228	-1,374
Disposal of Brecon		114	-
Capital grants		-113	-103
Net cash inflow from investing activities		-19,187	**-19,009**
Cash flow from financing activities			
Proceeds from / (repayment of) borrowings		-14,000	-14,000
Proceeds from / (repayment of) borrowings of Devin		-	-
Dividends paid to shareholders	31	-8,301	-7,471
Interest received		339	9
Interest paid		-500	-700
Net cash inflow / (outflow) from financing activities		-22,462	**-22,162**
Net increase / (decrease) in cash and cash equivalents		-2,608	**1,265**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	12	82,115	**80,744**
Translation difference Fixed Assets		-178	106
Translation difference Equity		615	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	79,944	**82,115**

Notes 1 to 32 form an integral part of the IFRS consolidated financial statements for the year ended 31 December 2019.

NOTES TO THE CONSOLIDATED ACCOUNTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies adopted in the preparation of the consolidated financial statements are described below.

1.1. Basis of preparation and statement of compliance with IFRS

The consolidated financial statements were approved by the Board of Directors of Spadel SA on 27 March 2020 and have been prepared under the historical cost convention.

The consolidated financial statements of Spadel for the year ended 31 December 2019 have been prepared in accordance with the principles of the International Financial Reporting Standards (IFRS) as endorsed by the European Union and published on this date, i.e. the standards issued by the International Accounting Standards Board (IASB) as well as the interpretations published by the IFRS Interpretations Committee (IFRSIC). These principles correspond to the standards and interpretations published by the IASB on 31 December 2019.

Standards and amendments to standards published and effective in 2019

The following new standards, amendments to standards and interpretations are mandatory for the first time for the annual reporting period beginning 1 January 2019 and have been endorsed by the European Union:

- IFRS 16, 'Leases'. This standard replaces the guidance currently provided by IAS 17 and introduces substantial changes regarding the recognition of leases by lessees. Under IAS 17, lessees were required to make a distinction between finance leases (recognised in the balance sheet) and operating leases (recognised off balance sheet). IFRS 16 now requires the lessee to recognise a lease liability, which reflects future lease payments, and the 'right-to-use the asset' for virtually all leases. For lessors, recognition remains substantially unchanged. However, as the IASB has updated its definition of the finance lease (and the guidance on combining and separating leases), the new standards will also impact lessors. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The impact of adopting this new standard and the related new accounting policies are presented in note 1.6.
- Amendments to IFRS 9, 'Prepayment features with negative compensation'. These amendments allow entities to recognise certain instruments containing a prepayment option, when exercising this option entails a negative compensation, at amortised cost or at fair value by means of other comprehensive income if a specific condition is met, rather than measuring at fair value, via the income statement because they did not meet the SPPI criterion. This amendment also specifies how the modification of a financial liability should be recognised.
- IFRIC 23, 'Uncertainty over income tax treatments'. This interpretation clarifies the accounting treatment when uncertainty exists concerning the tax treatment of income tax. This interpretation will have to be applied when determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when uncertainty exists concerning the tax treatment of income tax pursuant to IAS 12.
- Amendments to IAS 28, 'Long-term interests in associates and joint ventures'. The IASB clarifies that an entity must apply IFRS 9, including its provisions on impairment, to long-term interests in an associate or a joint venture to which the equity method is not applied. More specifically, these amendments clarify whether the measurement and impairment of such interests should be undertaken using IFRS 9, IAS 28 or a combination of the two standards.
- Modifications to IAS 19 'Employment benefits', entitled 'Plan amendment, curtailment or settlement'. The modifications require the company to use updated actuarial assumptions to determine current service costs and net interest for defined benefits when a plan amendment, curtailment or settlement occurs. It is specified in particular that the entity must recognise in the income statement as past service cost or as gain or loss resulting from settlement any reduction in surplus although this was not previously recognised owing to the effect on the asset ceiling. The modifications will affect all entities that modify the conditions or composition of a defined benefit plan such that there is a past service cost or a gain or loss resulting from the settlement.

Annual improvements to IFRS 2015-2017: applicable to reporting periods as of 1 January 2019, making changes to the following standards:

- IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements', the modifications relating to IFRS 3 clarify that when an entity obtains control of an arrangement which is a joint operation, it should remeasure the interests previously held in this arrangement. The modifications relating to IFRS 11 specify that when an entity obtains joint control of an arrangement which is a joint venture, the entity is not required to remeasure the interests previously held in this arrangement.
- IFRS 11 Joint arrangements, paragraph B33CA: A party that has interests in but does not have joint control of a joint operation can obtain joint control of a joint operation whose activity constitutes a business within the meaning of IFRS 3. In this case, the interests held previously in the joint operation do not have to be remeasured.
- IAS 12 'Income Taxes' , the improvements aim to clarify that all the tax consequences relating to dividends (that is profit distribution) should be recognised in the income statement, irrespective of the nature of the tax.

- IAS 23 'Borrowing costs', the modifications state the if specific borrowings remain unpaid whereas the related asset is ready to be used or sold, this borrowing should be included in the funds that an entity usually borrows to calculate the capitalisation rate of general borrowings.

Standards and amendments to standards and interpretations already published but not yet effective

The following new standards and interpretations have been published and endorsed by the European Union but are not mandatory for the financial year beginning 1 January 2019:

- Modifications to references to the Conceptual Framework in IFRS standards (effective date: 1 January 2020). The revised conceptual framework includes a new chapter on measurement (asset valuation); guidance on the presentation of financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas such as the roles of Stewardship (management of the management), and the concepts of prudence and measurement uncertainty in financial information.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Reform of the interest rate benchmark (effective date: 1 January 2020). The modifications require information of adequate quality and quantity to enable users of financial statements to understand how the hedging relations of an entity are affected by the uncertainty resulting from the reform of the interest rate benchmark.
- Amendments to IAS 1 and IAS 8: modification of the definition of the term 'material' (effective date: 1 January 2020). The modifications clarify the definition of 'material' and guarantee that the definition is uniform in all IFRS standards. The amendments specify that the reference to obscuring information targets situations in which the effect is similar to the omission or misstatement of this information. They also state that an entity must measure materiality in relation to the financial statements as a whole. The amendments also clarify the meaning of the term 'primary users of general purpose financial reporting', those for whom these financial statements are intended, defining them as 'present and potential investors, lenders and other creditors' who use the financial statements to access the financial information they need. The modifications are not expected to have a material impact on the preparation of financial statements.

Application of the following standard has been mandatory since the financial period beginning on 1 January 2016 (however, it has not yet been endorsed by the European Union). The European Commission has decided not to launch the approval procedure for this provision standard, but to await the definitive standard.

- IFRS 14 'Regulatory deferral accounts' (effective date: 1 January 2016). This standard permits entities that are first-time adopters of IFRS to continue to apply the accounting methods in accordance with their previous GAAP for the recognition of rate regulatory activities. IFRS 14 permits first-time adopters who exercise rate regulatory activities, when they adopt the IFRS standards, to continue to recognise the amounts booked in application of their previous accounting principles as regards rate regulation and more specifically as regards the recognition, measuring and depreciation of regulatory deferral accounts. However, to enable comparability with entities that already apply the IFRS and consequently do not recognise such amounts, the standard requires the effect of rate regulation to be presented separately.

The standard and the amendment to the standard have been published but are not yet mandatory for the financial periods beginning on 1 January 2019 and have not yet been endorsed by the European Union:

- Amendments to IFRS 3, 'Business combinations', revising the definition of a business (effective date: 1 January 2020). The definition provides an application guide to assess the presence of input and a process (including for start-up businesses that have not yet generated income). To be a business without output, it will now be necessary to have an organised workforce. The modifications made to the definition of a business will probably entail a larger number of acquisitions recognised as the acquisition of assets in all sectors, in particular real estate, pharmaceutical products, oil and gas. The application of the modifications also affects the recognition of transfer transactions.
- IFRS 17, 'Insurance contracts' (effective date: 1 January 2022). This standard replaces IFRS 4, which gives rise to a great many different accounting approaches to insurance contracts. IFRS 17 will fundamentally change recognition for all entities that issue insurance contracts and investment contracts with an element of discretionary participation.
- Amendments to IAS 1, 'Presentation of financial statements: classification of liabilities as current or non-current' (effective date: 1 January 2022). These amendments only affect the presentation of liabilities in the statement of financial position, and not the amount or the time of recognition of an asset, income or charges under liabilities or the information that the entities disclose regarding these items.

The standard and amendments to standards whose application is not mandatory in 2019 are not applied in advance by Spadel.

The new IFRS 17 'Insurance contracts' and the amendments to IFRS 4 on insurance contracts 'Apply IFRS 9 Financial Instruments with IFRS 4' do not apply to Spadel.

Apart from the new standard on leases, the other standards have no impact on the Group's accounting methods and do not require any backdated adjustments.

1.2. Consolidation

The parent company together with all the subsidiaries it controls have been included in the consolidation.

1.2.1. Subsidiaries

The assets, liabilities, rights and obligations, income and expenses of the parent company and the subsidiaries it controls exclusively have been consolidated using the full consolidation method. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power to direct the activities of the entity. This control is presumed to exist when Spadel holds more than 50% of the voting rights; this presumption can be rebutted in the event of tangible evidence to the contrary. The existence of potential voting rights exercisable or convertible immediately is taken into account when assessing whether or not there is control.

A subsidiary is consolidated from the date of acquisition, that is to say, the date on which control is effectively transferred to the acquirer. From that date, the parent company (the acquirer) includes the results of the subsidiary in the consolidated income statement and recognises in the consolidated statement of financial position assets, liabilities and contingent liabilities acquired at their fair value, including any goodwill arising on acquisition. A subsidiary ceases to be consolidated from the date on which Spadel loses control. Upon consolidation, intra-group balances and transactions, as well as unrealised gains are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

The consolidated financial statements are prepared using consistent accounting policies for similar transactions or other events throughout the Spadel Group.

1.2.2. Goodwill and negative acquisition differences

Goodwill is determined as the surplus of the total consideration transferred and the amount of the non-controlling interest on the net fair value of acquired identifiable assets, liabilities and any identifiable liabilities of the acquired business. If, on the acquisition date, the net balance of the amounts of acquired identifiable assets and liabilities recognised is higher than the consideration transferred, the surplus is immediately booked in the income statement as profit on a business combination under advantageous conditions. In accordance with IFRS 3 'Business Combination', goodwill is booked at cost and is not amortised but is tested for impairment annually or more frequently if circumstances indicate that it might be impaired. Impairment losses on goodwill cannot be reversed.

1.2.3. Translation of financial statements of subsidiaries and branches denominated in foreign currencies

All monetary and non-monetary assets and liabilities are translated into the consolidated accounts at the closing rate. Income and expenses are translated at the average rate for the period under review. These exchange differences on the translation of the financial statements of foreign entities are presented in the consolidated statement of comprehensive income and represent the accumulated exchange gains (losses) resulting from net investments of the Spadel Group in foreign entities.

1.3. Business combinations

Business combinations are booked in accordance with the method of acquisition. The consideration transferred in the event of a business combination is assessed at fair value on the acquisition date as the sum of the fair values of the assets transferred, the debts contracted and the securities representing equity capital issued. On the acquisition date, the identifiable assets acquired and the liabilities recognised as well as any identifiable liabilities are booked at their fair value on this date. The surplus of the consideration transferred and of the amount of the non-controlling interest on the fair value of all the assets and liabilities identified is booked as goodwill. The allocation of the fair value of identifiable assets acquired and liabilities recognised is based on various assumptions formed in the judgement of the management. The acquisition costs are expensed when they are incurred.

1.4. Intangible assets

An intangible asset is recognised in the statement of financial position when the following conditions are met:

(1) the asset is identifiable, i.e. either separable (if it can be sold, transferred, leased individually), or resulting from contractual or legal rights,

(2) it is probable that this asset will generate economic benefits for Spadel,

(3) Spadel controls the asset,

(4) the cost of the asset can be measured reliably.

Intangible assets are measured at their acquisition cost (including costs directly attributable to the acquisition, excluding indirect costs), less accumulated amortisation and any accumulated impairment losses.

No borrowing costs are included in the acquisition cost of intangible assets.

Intangible assets are amortised over their probable useful lives using the straight-line method. The useful lives adopted are as follows:

Intangible assets	Probable useful lives
Software licences	5 years
Concessions	Concession period
Brand	Indefinite, annual impairment testing
Customer relationships	10 years
Goodwill	Indefinite, annual impairment testing or more frequently if circumstances so require

Amortisation begins from the time the asset is ready for use.

Research costs are expensed in the income statement. Development costs are capitalised when Spadel can demonstrate (1) the technical feasibility of the project (2) its intention to sell or use the asset (3) how the asset will generate future economic benefits (4) the existence of adequate resources to complete the project and (5) that these costs can be measured reliably. Maintenance costs that only maintain (rather than improve) the performance of the asset are expensed in the income statement.

The CO_2 emission rights granted by the Belgian State to Spadel are recorded at fair value under intangible assets (rights and concessions) by a corresponding credit in the income statement for the portion relating to the current financial year and a credit to other liabilities for the portion relating to future years.

The majority of the water sources are held under concessions and are therefore not recognised in the financial statements. Water sources held in ownership before the conversion to IFRS have not been recognised. The only water sources recognised in the balance sheet are those of Wattwiller, Les Eaux Minérales de Ribeauvillé and Devin, valued as part of the of the 'Purchase Price Allocation' of business combinations.

The valuation method used to assess these assets in the context of previous business combinations is the 'Discounted Cash Flows' method based on an estimated rental payment or theoretical fee per litre bottled on the assumption that the company did not own the source ('Relief from Royalty Method').

1.5. Property, plant and equipment

1.5.1. Property, plant and equipment

Property, plant and equipment are measured at their acquisition cost less accumulated amortisation and any accumulated impairment losses. The acquisition cost includes all direct costs as well as well costs necessary to bring the assets into working condition.

Repair and maintenance costs that only maintain, and do not increase, the value of the property, plant and equipment are expensed in the income statement. However, expenditure for major repairs and major maintenance, which increase the future economic benefits that will be generated by the property, plant and equipment are identified as a separate item from the acquisition cost. The acquisition cost of property, plant and equipment is then broken down into major components. These major components, which are replaced at regular intervals and consequently have a different useful life from the asset to which they belong, are amortised over their specific useful life. In the event of a replacement, the replaced asset is derecognised from the statement of financial position and the new asset is amortised over its own useful life.

The depreciable amount of property, plant and equipment is amortised over its probable useful life using the straight-line method. The amortisation amount corresponds to the acquisition cost. The useful lives adopted are as follows:

Property, plant and equipment	Probable useful lives
Land	Indefinite
Sources	Indefinite
Administrative buildings	50 years
Industrial buildings	40 years
Fixtures and fittings	20 to 25 years
Production equipment	6 to 20 years
Returnable packaging	3 to 12 years
Furniture	10 years
IT equipment	3 to 5 years
Vehicles	5 to 8 years

1.6. Lease contracts

1.6.1. Impact of the adoption of IFRS 16

On 1 January 2019, the Group adopted standard IFRS 16 which applies to open annual period as of 1 January 2019. The Group backdated the application of IFRS 16 by recognising the accumulated effect of the initial application on the date of the first application in the opening balance sheet without reworking comparative balances at 31 December 2018 ('modified backdated method').

The application of the standard mainly affects lease contracts for buildings, solar panels, company cars and industrial equipment. Concessions held on mineral water sources are excluded from the scope of application of IFRS 16.

For leases previously classified as operating leases, the Group has recognised a lease commitment assessed at the updated value of the remaining lease payments, determined using the Group's marginal borrowing rate at 1 January 2019. The Group's weighted average marginal borrowing rate applied to lease commitments at 1 January 2019 was 1.5%. A right-of-use asset with a value corresponding to a lease commitment was recognised with the exception of two building leases for which the right-of-use asset was reduced by the non-amortised balance of deferred revenue linked to incentives received by the lessor. The adoption of IFRS 16 has not had a net impact on equity. There were no loss-making leases requiring an adjustment of the right-of-use asset on the initial application date. In the consolidated income statement, the rental change is replaced by the amortisation of the right-of-use asset and by interest on the lease commitment calculated using the actual interest rate method.

Under IAS 17, a lease was classified as a finance lease when Spadel bore virtually all the risks and rewards inherent in ownership. Spadel recognised finance leases under the assets and liabilities for equal amounts at the start of the contract at the fair value of the item leased or, if this was lower, at the updated value of the minimum lease payments. Each lease payment was broken down between the financial cost and the amortisation of the amount payable. The financial cost was divided among the various periods covered by the lease so as to obtain a constant periodic interest rate for the outstanding balance in the liabilities for each period. Property, plant and equipment covered by a finance lease were amortised over the shorter of the lease term or the useful life of the asset.

A lease was classified as an operating lease if it did not transfer to the lessee substantially all the risks and rewards of ownership of the property. Payments made under operating leases were expensed to the income statement on a straight-line basis over the period of the lease. These accounting methods according to IAS 17 continue to apply for the 2018 comparisons.

In the context of the transition to IFRS 16, the Group has taken the following simplification measures:

- the Group applied IFRS 16 to leases which had previously been identified as leases in accordance with IAS 17 and IFRIC 4;
- the company applied a single discount rate to a portfolio of leases with similar features;
- the company recognised leases maturing within 12 months of the date of first application as if they were short-term leases, booking the leases in the net result on straight-line basis over the lease term; and
- the Group opted to apply the provisions of IFRS 16 to leases relating to low-value underlying assets, recognising the lease payments for these leases in the net result on a straight-line basis over the lease term.

The carrying amount of right-of-use assets on the reporting date, per category of underlying asset:

	31/12/2019	01/01/2019
Buildings	3,367	3,644
Industrial equipment	1,367	1,513
Company cars	719	1,303
TOTAL RIGHT-OF-USE ASSETS	5,453	6,461

The reconciliation of operating lease commitments disclosed in accordance with IAS 17 at 31 December 2019 and the lease commitment recognised at 1 January 2020 according to IFRS 16 is as follows:

	01/01/2019
Commitments resulting from operating leases at 31 December 2018	907
Effect of discounting at the marginal borrowing rate at 1 January 2019	-
Plus: Lease commitments from leases previously classified as finance leases	4,907
(Less): Simplification measures for leases maturing within 12 months (expensed to net result)	-
(Less): Simplification measure for leases with low-value underlying asset (expensed to net result)	-
(Plus): Evaluation of solar panel leases within the scope of IFRS 16	647
Plus/(less): Estimate of payment of variable rents according to an index or rate	-
Plus/(less): Renewal options that are reasonably certain to be renewed	-
LEASE COMMITMENTS AT 1 JANUARY 2019	6,461
Of which:	
Short term	1,075
Long term	5,386
	6,461

1.6.2. IFRS 16 accounting principles applied as of 1 January 2019

Leases – The Group as lessee

The Group has taken out several leases for buildings, industrial equipment and rolling stock. The main leases concern corporate buildings, solar panels at Spa Monopole and car leases, mainly in Belgium and the Netherlands.

The leases are recognised as right-of-use assets and a corresponding lease commitment is recognised under payables on the date on which the leased asset is ready for use by the Group. The cost of the right-of-use assets includes the amount of the lease commitments recognised, the initial direct costs incurred and the lease payments made on the start date or before this date, less any lease incentive received. The right-of-use asset is amortised on a straight-line basis over the useful life of the asset or until the end of the lease, whichever of these two periods is shorter. Right-of-use assets could suffer a capital loss.

The lease commitment is measured at the discounted value of the lease payments that have to be made during the lease term, which are discounted in line with the marginal borrowing rate on the start date of the lease if it is not possible to easily determine the interest rate implicit in the lease. The lease payments comprise fixed payments less lease incentives to be received, lease payments that vary in line with an index or a rate and sums that should be paid as guarantees of residual value. Lease payments also comprise the purchase option exercise price when the Group is reasonably certain that this will be exercised and the payment of penalties in the event of the cancellation of the lease. Each lease payment is divided between the reimbursement of the capital of the lease commitment and the interest charged. The interest charged is expensed in the income

statement over the lease term and must correspond to the application to the balance of the lease commitment of a constant interest rate for each period. Payments relating to short-term leases and leases for low-value assets are expensed to the consolidated income statement on a straight-line basis.

At 31 December 2019, leases did not present any restrictions or contingent clauses (covenants).

1.7. Impairment of assets

An impairment loss on intangible assets (including goodwill) and property, plant and equipment is recognised when the carrying amount of an asset exceeds its recoverable amount, which is the higher of:

(1) its fair value less costs of disposal (i.e. the amount that Spadel would receive if it sold the asset), and

(2) its value in use (i.e. the amount that Spadel would generate if it continued to use the asset).

Whenever possible, impairment tests are performed on each asset individually. However, where assets do not generate cash flows independently, the test is carried out at the level of the cash generating unit ('CGU') to which the asset is allocated (CGU = the smallest group of identifiable assets that generates cash flows independently of the cash flows generated by other assets/CGUs).

For a CGU to which goodwill is allocated, an impairment test must be performed annually. For a CGU to which no goodwill is allocated, an impairment test must be performed only when circumstances indicate that it might be impaired. Goodwill arising from a business combination is allocated to the acquired subsidiaries and, where applicable, allocated to CGUs which are expected to benefit from the synergies resulting from the business combination.

When an impairment loss is recognised, it is first allocated against goodwill. Any surplus is then allocated against the other fixed assets of the CGU pro rata their carrying amounts, but only to the extent that the sales value of these assets is lower than their carrying amount. An impairment loss on goodwill can never be reversed at a later date. An impairment loss on other fixed assets is reversed if circumstances justify the reversal.

1.8. Inventories

Inventories are recognised at the lower of their acquisition cost or their net realisable value.

The acquisition cost of fungible inventories is determined using the FIFO method (first in-first out). Low-value inventories whose value and composition remain stable over time are recorded in the statement of the financial position at a fixed amount.

The acquisition cost of inventories includes all the costs necessary to bring the products to their present location and condition. The cost price includes the direct and indirect production costs, excluding borrowing costs and overhead costs that do not contribute to bringing the products to their present location and condition. The allocation of fixed production costs to the cost price is based on the normal capacity of the production facilities.

An impairment is recognised if the net realisable value of an item of inventory at the balance sheet date is lower than its carrying amount.

1.9. Revenue from ordinary activities from contracts concluded with customers

In accordance with the basic principle underlying IFRS 15, the Group recognises the revenue from ordinary activities so as to show when the goods or services promised to customers are supplied and the amount of the consideration to which the entity expects to be entitled in exchange for these goods or services. The transfer is complete when the customer obtains control of the goods or services. More specifically, the revenue from ordinary activities is recognised at the time when control is transferred, whether this is progressive or at a precise point in time. The application of the indication depends on facts and circumstances relating to the contract with a customer and requires the exercising of professional judgement.

Moreover, the elements indicating the transfer of control comprise the following, among others:

- the right of the seller to a payment;
- as regards the assets transferred to the customer:
  - the customer has the title of ownership;
  - the entity has transferred material possession;
  - the customer assumes the main risks and rewards inherent in ownership;
  - the customer has accepted it.

The amount of the turnover recognised does not include the revenue linked to the value of the refundable guarantee deposits; this is expensed directly in liabilities under refundable guarantee deposits. We refer to the comments below for the measurement of the liability related to the refundable guarantee deposits at the end of the financial year.

The Group offers customers various incentive programmes, including commercial discounts and discount coupon programmes. These customer incentives involve a variable consideration. The variable considerations given to customers are estimated using the anticipated value method, taking account of historical data and sales volumes recorded during the financial year. On the basis of contracts concluded with customers, no material commitment to take back goods is made. The Group applies the estimated variable consideration deducted from revenue when it is highly probable that the

subsequent outcome of the uncertainty regarding the variable consideration will not give rise to a significant downward adjustment of the accumulated amount of revenue from ordinary activities. Free samples offered to customers are recognised as sales costs or other operating charges depending on their nature.

On the other hand, the presentation of certain considerations payable to customers, including the sums paid to end customers, was reviewed in 2019. In fact, certain commissions paid to end customers known as 'by-pass' are closely linked to the initial sale of products to the retailer and do not constitute a payment in exchange for separate goods or services. In accordance with IFRS 15 (Revenue from ordinary activities from contracts concluded with customers), these costs should be deducted from the turnover. These costs are currently booked under 'Various goods and services'. However, since the amount of these costs being reclassified was not deemed to be material as a whole (representing 2.9% of the total turnover), no reclassification was undertaken. The reclassification would have had a negative impact on the turnover amounting to KEUR 8,782 at 31 December 2019. This change in presentation would not have impacted on the income statement.

The Group opted to apply the simplification measures relating to the marginal costs of obtaining a contract and the effects of a major financing component. The marginal costs of obtaining contracts are expensed when they are incurred as the amortisation period of the asset that would have been recognised in this respect is less than 12 months. The promised considerations are not adjusted to take account of the effects of a major financing component because the interval between the time of delivery of the goods promised to customer and the moment when the customers pay for these goods does not usually exceed one year.

On the basis of these elements, Spadel therefore recognises its sales on the basis of the precise moment of delivery and not gradually on the principle of advancement.

1.10. Trade and other receivables

Classification and measurement

Receivables are initially recognised at nominal value. More precisely, trade receivables are initially recognised at their transaction price (within the meaning of IFRS 15). Receivables are subsequently measured at their amortised cost, that is the present value of future cash flows (except where the impact of discounting is insignificant).

Depreciation

The Group applies the IFRS 9 simplification measure by measuring expected credit losses over the useful life of trade receivables. In order to estimate the anticipated credit losses, trade receivables have been reclassified on the basis of their anteriority and an anticipated loss rate has been applied for each of the categories. The anticipated credit loss rates are based on the anteriority of receivables and reflect the current and forward-looking information on macroeconomic future factors affecting customers' ability to settle their debts. At the same time, an individual measurement is taken of trade receivables presenting a greater credit risk. Please see notes 3.1.4 and 9 for more information on losses and impairments on trade receivables.

Deferred charges and accrued income are also classified under this heading.

1.11. Financial assets

Classification and measurement

Financial assets are initially measured at the fair value of the consideration transferred to acquire them, including transaction costs directly attributable to the acquisition or issuing of these financial assets.

The Group classifies its financial assets in the following valuation categories:

- financial assets subsequently measured at fair value through other comprehensive income;
- financial assets subsequently measured at fair value through the net results and
- financial assets subsequently measured at the amortised cost.

The classification depends on the economic model applied by the Group for the management of financial assets and their contractual cash flow features. The classification of financial assets is determined as follows:

- financial assets subsequently measured at the amortised cost are those whose contractual cash flows represent only payment of the principal and interest on the residual value and for which the economic model applied is holding for the realisation of contractual flows;
- financial assets subsequently measured at fair value by means of other comprehensive income are those whose contractual cash flows represent only payment of the principal and interest on the residual value and for which the economic model applied is holding for the realisation of contractual flows and sale of the asset;
- financial assets subsequently measured at fair value by means of the net result are those that are not included in the above categories and those for which the fair value option has been applied to eliminate an accounting mismatch.

The Group has irrevocably opted to present in other comprehensive income the subsequent variations in the fair value of its investments in equity instruments as these investments are not held for transaction purposes. At the moment of sale, the accumulated gains or losses in the equity are not transferred to the income statement.

Regular purchases and sales of financial assets are recognised on the settlement date.

1.12. Cash and cash equivalents

This heading includes cash in hand and at bank, deposits held at call, short-term investments (with initial maturities of three months or less) and monetary funds (variable-revenue investment securities with banks with a rating better than or equal to A), highly liquid, which are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, as well as bank overdrafts. Bank overdrafts are presented as borrowings under the financial liabilities in the statement of financial position.

1.13. Share capital

Ordinary shares are classified as equity. Treasury shares are deducted from equity. Changes in treasury shares do not impact on the income statement.

1.14. Capital grants

Capital grants are booked in deferred revenue. The grants are credited to the income statement at the same rhythm as the amortisation of the fixed assets for which they were obtained.

1.15. Employee benefits

1.15.1. Short-term benefits

Short-term benefits are expensed as services are provided by employees. Benefits unpaid at the reporting date are recognised under 'social liabilities'.

1.15.2. Post-employment benefits

The Group operates a defined benefit plan which is provided for on the basis of actuarial valuation (after deducting any plan assets) to the extent that Spadel has an obligation to bear these costs related to services provided by employees. This obligation may be legal, contractual or constructive when it stems from past practices (implicit obligation).

The Group also operates a defined contribution plan under which Spadel pays a defined contribution on a mandatory, contractual or voluntary basis.

The defined contribution plans include a legal minimum guarantee. This minimum return is generally insured by an external insurance company that receives and manages all contributions to the plans. Since the return guaranteed by the insurance company may be less than the legal minimum guarantee return, these plans have certain features that are similar to the defined benefit plans given that Spadel is exposed to investment and financial risks associated with any shortfall in the return.

The obligation for both these plan types (defined benefit and defined contribution) is calculated using the projected unit credit method as included in IAS 19R.

Actuarial assumptions (concerning the discount rate, mortality rate, wage increases, inflation, etc.) are used to estimate social obligations in accordance with IAS 19. Actuarial gains and losses inevitably arise from changes in actuarial assumptions from one year to the next and differences between actual results and the actuarial assumptions used for the assessment under IAS 19. All actuarial gains and losses are recognised in other comprehensive income and are not recycled to the income statement. The amount of the liability recognised in the statement of financial position is equal to the present value of the obligation, less the market value of plan assets at the reporting date.

1.15.3. Other long-term benefits

Other long-term benefits denote benefits that fall in full due more than twelve months after the end of the reporting period in which the related services have been provided by employees. IAS 19 requires a simplified accounting method for these benefits. The amount recognised in the statement of financial position is equal to the present value of the obligation, less the market value of plan assets, if any, at the reporting date.

1.15.4. Severance pay

A liability for severance pay is recognised when Spadel terminates the employment contract for one or more employees before the normal retirement date, or when the employees accept voluntary redundancy in exchange for these benefits, to the extent that Spadel has an obligation either when the Group can no longer withdraw its offer to terminate the contract or, if this date is earlier, when restructuring costs are recognised in application of IAS 37 and severance payments are made. This liability is discounted to present value if the benefits fall due more than 12 months after the end of the reporting period.

1.16. Provisions

A provision is recognised only when the following conditions are met:

(1) Spadel has a present obligation (legal or implicit) to incur expenses as a result of a past event,

(2) it is probable that the expense will be incurred, and

(3) the amount of the obligation can be estimated reliably.

Where the impact is likely to be significant (mainly for long-term provisions), the provision is measured at the present value. The impact of the passage of time on the provision is recognised in financial costs.

A provision for site restoration is recognised when Spadel has an obligation to do so (legal or implicit).

Provisions for future operating losses are prohibited.

If Spadel has an onerous contract (Spadel will have to face an unavoidable loss that results from the performance of a contractual obligation), a provision must be established.

1.17. Income tax

Income tax comprises current and deferred taxes. Current tax is the amount of tax payable (to be recovered) on the taxable income of the year under review, as well as any adjustment to taxes paid (to be recovered) related to previous years. It is calculated using the tax rate at the reporting date.

Deferred tax is calculated using the liability method on temporary differences between the tax base of assets and liabilities and their carrying amount in the IFRS consolidated financial statements. Deferred tax is assessed on the basis of the expected tax rate when the asset will be realised or the liability settled. In practice, the rate used is that adopted or virtually adopted on the reporting date.

However, there are no deferred taxes on:

(1) goodwill whose amortisation is not tax deductible,

(2) initial recognition of an asset or a liability (other than the acquisition of subsidiaries) which affects neither the accounting nor the taxable profit and

(3) temporary differences on investments in subsidiaries, joint ventures and associates as long as it is not probable that dividends will be distributed in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences existing on the reporting date, such as those resulting for reclaimable tax losses, can be imputed. This criterion is reassessed at each reporting date.

Deferred taxes are calculated at the level of each fiscal entity. Deferred tax assets and liabilities relating to difference subsidiaries may not be offset, except where there is tax consolidation.

1.18. Amounts payable

Classification and measurement

Amounts payable are initially measured at their fair value (which usually corresponds to their nominal value) net of transaction costs. They are subsequently measured at their amortised cost, that is the present value of future cash flows, using the effective interest rate method (except where the impact of discounting is insignificant). Amounts payable are classified as other financial liabilities subsequently measured at amortised cost.

The liability related to refundable guarantee deposits is initially measured at its historical carrying amount on the basis of the sales transaction flows on the market concerned by the refundable guarantee deposits and recorded returns. The value of the refundable guarantee deposit does not go through the turnover or the sales cost but is recognised immediately in the liability related to refundable guarantee deposits on the balance sheet.

The Group updates the liability related to refundable guarantee deposits annually based on the estimated number of returnable bottles and racks held by customers at 31 December. The accounting liability is adjusted to lie within a bracket of up to 10% of the estimate.

The debt relating to the Devin concession agreements is remeasured annually on the basis of a unit price per cubic metre of the estimated quantity of water used taking account of an annual increase in the unit price of 0.5% throughout the period of the concession right.

The term of this concession is currently 35 years as of 2009, that is until 2044. The accounting liability is therefore adjusted annually to reflect these estimates. The variations in value are recorded in the income statement under the heading 'Other operating income and expenses'.

The dividends that Spadel distributes to its shareholders are recognised as other liabilities in the financial statements during the period in which they are approved by the Spadel shareholders.

Deferred revenue, or the share of income collected in advance during the financial period or previous financial years but to be linked to a previous financial year, is also classified under other liabilities.

1.19. Foreign currency transactions

Foreign currency transactions are initially translated into the functional currency of the entities concerned using the exchange rates applicable on the date of the transaction. Realised and unrealised foreign exchange gains and losses on monetary assets and liabilities are recognised in the income statement at the reporting date.

1.20. Derivative financial instruments and hedging activities

Derivative financial instruments are recognised at their fair value in the statement of financial position at each reporting date. Variations in fair value are recognised in the income statement. Special rules may apply where derivatives are designated as hedging instruments. Spadel does not trade in derivatives for speculative purposes.

1.21. Segment information

An operational segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues from ordinary activities and expenses relating to transactions with other components of the same entity);

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

(c) for which discrete financial information is available.

1.22. Statement of cash flows

Cash flows from operating activities are reported using the indirect method, whereby the net profit or loss is adjusted for the effects of transactions of a non-cash nature, changes in working capital requirements and items of income or expenditure associated with investing or financing cash flows.

2. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern by maintaining a sound financial structure while providing attractive returns for shareholders.

In order to maintain or adjust this sound financial structure, the Group may, for example, adjust the amount of the dividends paid to shareholders, return capital to shareholders, repurchase its own shares, reimburse its borrowings prematurely or, conversely, increase external financing or its equity.

The Group closely monitors its solvency ratio, which corresponds to the amount of shareholders' equity relative to total liabilities (representing the Group's overall capacity to act), and its return on equity (calculated by dividing the net result for the year by total equity).

In 2018, the Group maintained its 2018 strategy, to maintain a solvency ratio of more than 30%. The Group may temporarily deviate from this principle in the event of significant strategic investments.

At 31 December 2019 and 2018, the solvency and return on equity ratios were as follows:

	31/12/2019	31/12/2018
Total equity	211,467	194,136
Total liabilities	388,475	387,337
Net result	26,975	37,997
Solvency ratio	54%	50%
Return on equity	13%	20%

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, the risk of changes in future cash flows or the value of financial assets and liabilities due to changes in interest rates and price risk), credit risk and liquidity risk. The Group manages these risks by seeking to minimise their potential adverse effects on its profitability. Derivative financial instruments may occasionally be used for this purpose.

3.1.1. Foreign exchange risk

Most of the Group's activities are located in the euro zone. Only the activities of the Spadel UK branch and Devin AD are concluded in GBP and BGN respectively. The BGN exchange rate against the euro has until now been fixed. Given the sale of the Spadel UK branch in 2019, there are very few other transactions in foreign currencies. The foreign exchange risk is therefore insignificant and is not actively managed.

3.1.2. Interest rate risk

Apart from standard trade payables, most of the Group's liabilities consist of payments related to refundable guarantee deposits. These payables do not bear any interest charge. They therefore present no risk.

The Group holds no significant long-term interest-bearing assets.

Most of the Group's financial liabilities are contracted at a fixed rate. The fair value of these financial liabilities may therefore vary as interest rates change. The Group has no systematic interest rate hedging policy but regularly reviews its exposure to the interest rate risk and, when deemed necessary by the financial management, considers other financing options and hedging operations.

In general, Spadel Group's operating profit and cash flows are largely unaffected by fluctuations in market interest rates.

At 31 December 2019 and at 31 December 2018, the Group was not exposed to any significant interest rate risks.

3.1.3. Price risk

Spadel's financial assets consist of investments that are diligently made in risk-free instruments.

The main risks to which the Group is exposed arise from PET material prices and energy prices with their effects on transport costs.

3.1.4. Credit risk

The credit risk arises from cash and cash equivalents, deposits with financial institutions and trade receivables.

In the case of financial institutions, only independently rated counterparties with a minimum rating of A are accepted. The Group also makes very short-term investments (usually one month) in commercial papers recommended by its usual bankers.

Although the credit risk on trade receivables is low, the Group's credit risk is concentrated on a few major customers. Payments from these customers are monitored regularly. The management does not anticipate any losses arising from a default of these counterparties. On the other hand, provisions for possible credit losses are calculated in accordance with the anteriority of trade receivables for invoices issued but not due (refer to note 9).

3.1.5. Liquidity risk

The collection of guarantee deposits on reusable and returnable packaging reduces the need for financing in this area.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding thanks to appropriate credit facilities and the ability to close out market positions. The Group's objective is to maintain financial flexibility by maintaining open but unused credit lines.

The financial liabilities that will be settled when due are included in the statement of financial position. Trade payables and liabilities for refundable guarantee deposits are payable within one year. The payment schedule for financial liabilities is given in note 15.

3.1.6. Sensitivity risk analysis

No sensitivity analysis is presented as the exchange rate risk in 2019 is no longer significant following the sale of the Spadel UK branch.

3.2. Recognition and measurement of derivative financial instruments

At 31 December 2019 and at 31 December 2018, Spadel did not have any significant transactions in derivative financial instruments.

3.3. Financial instruments by category

The financial assets of the Group totalled KEUR 137,302 KEUR at 31 December 2019 and KEUR 133,916 at 31 December 2018. They are recorded under the following headings in the balance sheet:

	31/12/2019	31/12/2018
Trade receivables and other non-current receivables	2,300	108
Trade receivables and other current receivables	55,041	51,676
Short-term financial assets	17	17
Cash and cash equivalents	79,944	82,115
TOTAL FINANCIAL ASSETS	137,302	133,916

With the exception of short-term financial assets which are measured subsequently at fair value using other comprehensive income, these financial assets are measured subsequently at amortised cost, as described in note 1.9 of the annex 'Summary of significant accounting policies'.

The Group's total financial liabilities amounted to KEUR 120,710 at 31 December 2019 and KEUR 134,911 at 31 December 2018. They are recorded under the following headings in the balance sheet:

	31/12/2019	31/12/2018
Long-term financial liabilities	28,701	38,500
Refundable guarantee deposits	24,764	25,865
Short-term financial liabilities	14,000	14,000
Trade payables	53,287	56,444
Advance payments received on orders	-42	102
TOTAL FINANCIAL LIABILITIES	120,710	134,911

3.4. Fair value estimation

Due to their short-term nature, the nominal value less any impairment of trade receivables and the nominal value of trade payables are assumed to approximate their fair value as indicated in the notes.

IFRS 13 'Fair value' classifies items measured at fair value in the following three levels of fair value.

- Level 1: quoted market prices (non-adjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in level 1, that may be observed for the asset or liability either directly (e.g. prices), or indirectly (e.g. derived prices),
- Level 3: input on the asset or liability not founded on observable market data (unobservable information).

The cash investments in unit trusts (SICAV) indicated in note 12 have been measured at fair value using quoted prices in active markets (level 1).

There are no other significant assets or liabilities measured at fair value or other assets or liabilities whose fair value is indicated in the notes and differs significantly from their carrying amount.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

When measuring assets and liabilities that appear on the consolidated statement of financial position, Spadel has to make certain estimates and exercise judgement in certain areas. For example, various estimates and assumptions are used to establish long-term budgets and plans that can be used as a basis for some measurements. These estimates and assumptions are determined on the basis of the best information available at the time of the closing of the consolidated financial statements. However, estimates are by definition seldom equal the actual results; the resulting accounting measurements therefore inevitably include some degree of subjectivity.

Estimates and assumptions that may have a significant impact on the measurement of assets and liabilities are discussed below.

4.1. Measurement of revenue from the sale of goods

Revenue from the sale of goods is presented less discounts and other commercial costs. In some cases, the amounts of discounts and fees are established on the basis of assumptions founded on estimates based on the Group's past results and experience.

4.2. Refundable guarantee deposits

The amount of the liability for refundable guarantee deposits recorded as current liabilities represents an estimate of the amount to be reimbursed by Spadel to customers that send back returnable packaging. The Group adjusts this liability annually on the basis of an estimate of the number of returnable bottles and racks held by customers at 31 December. The accounting liability is adjusted to lie within a bracket of up to 10% of the estimate. The estimated liability for refundable guarantee deposits is inevitably an approximation.

4.3. Liability relating to concession agreements

The amount payable relating to concession agreements among other payables represents an estimate of the total fees payable by the Devin subsidiary in exchange for the concession right on mineral water sources. The Group reassesses this liability annually on the basis of an estimate of the metric volume of water used over the concession term. Measuring the liability relating to concession agreements requires significant accounting estimates and judgements. (see note 1.18)

4.4. Impairment of intangible assets

Bearing in mind the presence of (non-amortised) water sources and brands and goodwill recognised under intangible fixed assets, an impairment test was carried out on the assets of the CGUs 'Wattwiller', 'Ribeauvillé and 'Devin' which appear in the consolidated financial statements at 31 December 2019 in accordance with the methodology required

by IAS 36 'Impairment of assets'. This test indicated that the carrying amounts of these companies are in line with their recoverable amount; consequently, it is not necessary to record an impairment loss.

This recoverable amount was determined on the basis of the value in use of the CGU. A similar test carried out at 31 December 2018 did not give rise to the need to recognise an impairment loss in addition to the accumulated impairment losses recorded in the past.

The value in use of the CGUs consists of the present value of the future cash flows resulting from the five-year detailed business plans of these companies approved by the Board of Directors. These plans are extended by a further five years on the basis of general assumptions about market trends, market shares, prices of major raw materials, inflation, etc. Cash flows beyond the ten-year period have been extrapolated using a growth rate of 2%. The operating margin used by Spadel to determine the value in use of the CGU is estimated by the management on the basis of past performances and the outlook as regards future developments.

The discount rate ('WACC') adopted on 31 December 2019 was 5.76% for the French companies and 7.40% for Devin. These figures were respectively 6.55% and 8.18% at 31 December 2018.

The discount rate used reflects the specific risks associated with the CGU concerned.

The values in use calculated on the basis of the business plans and the various sensitivity analyses carried out on growth, the levels of operating margins and the variation in the WACC for the three companies indicate that it is not necessary to recognise an impairment in 2019. These sensitivity analyses in fact indicated that a 10% increase in the WACC combined with a fall in the terminal growth rate adopted of 1% still left substantial room for manoeuvre given the growth in the activities of the CGU in question.

4.5. Employee benefits

The carrying amount of Spadel's obligations resulting from employee benefits is determined on an actuarial basis using certain assumptions. One particularly sensitive assumption used to determine the net cost of benefits granted is the discount rate. Any change in this assumption affects the carrying amount of these benefits.

The discount rate depends on the estimated duration of the post-employment benefit obligations. On the basis of IAS 19 R, the discount rate must correspond to the rates of high-quality corporate bonds with terms to maturity approximating those of the benefits valued, denominated in the same currency as the benefits.

4.6. Income tax

In order to prepare the financial statements, the income tax and deferred tax assets and liabilities have to be estimated in accordance with the tax laws of the various regions in which the Group operates. According to IAS 12, deferred tax assets and liabilities must be measured at the tax rate expected to be applied for the period during which the asset is to be realised or the liability settled, on the basis of the tax rates (and tax laws) adopted at the end of the financial information presentation period. In July 2017, the Belgian government announced a major reform of corporate tax which would reduce the corporate tax rate in Belgium from 33.99% to 29.58% in 2018 and 25% as of 2020. The act implementing the reform was voted through by Parliament in December 2017. Consequently, deferred taxes on temporary differences generated in Belgium are calculated both on the basis of the new tax rate and the assessment of their expected recoverability. In this respect, the management uses its judgement to distinguish between temporary differences that are expected to be absorbed before 2020, and will therefore be liable for tax at 29.58%, and temporary differences that are expected to be absorbed after 2020 and will therefore be liable for tax at 25%.

4.7. Determining lease terms

In order to determine the length of a lease, the management takes account of all the relevant facts and circumstances to assess whether it is economically advantageous for the Group to exercise an option or not, including changes in the facts and circumstances expected between the option start date and exercise date. Extension options (or periods after termination options) are only included in the length of the lease if it is reasonably certain that the lease will be extended (or not terminated). Determining the economic advantage of exercising these options requires the use of assumptions and estimates such as planned use of the property leased and future market conditions. Whether or not payments relating to periods of extension, termination or purchase are taken into account can have a significant impact on the value of the right-to-use asset and the lease commitment.

5. SEGMENT INFORMATION

In accordance with IFRS 8 'Operating segments', operating segment information is derived from the internal organisation of the Group's activities.

The operating segment information reported is based on the internal information used by the Group management to make decisions about the resources to be allocated and the assessment of segment performance. The allocation of resources and the assessment of performance are carried out at the level of the different markets; mainly the Benelux market and Bulgaria. The 'other' segment includes other markets such as the United Kingdom and France that do not met the quantitative criteria for separate presentation.

Each market has a segment manager responsible for implementing decisions on the resource allocation and performance assessment. Segment inputs are measured using the same accounting policies as those used to prepare the consolidated financial statements summarised and described in the notes to the financial statements.

Inter-sector eliminations concern inter-company sales by companies in one sector to companies in another sector.

The results of the segments for the years ended 31 December 2019 and 2018 are detailed below:

2019 FINANCIAL YEAR	Benelux	Bulgaria	Other	Inter-sector elimination	Total
Ext. sales	202,193	52,991	43,208	-	298,392
Inter-sector sales	-	-		-	-
Total sales	202,193	52,991	43,208	-	298,392
Sect. result	27,180	11,241	2,333	-	40,753
Items not affected					-5,026
Operating result					35,727
NET NON-CURRENT ASSETS	82,384	119,428	37,335		239,147

2018 FINANCIAL YEAR	Benelux	Bulgaria	Other	Inter-sector elimination	Total
Ext. sales	221,916	49,525	42,943	-	314,384
Inter-sector sales	288	-		-288	-
Total sales	222,204	49,525	42,943	-288	314,384
Sect. result	44,209	9,686	2,888	-	56,783
Items not affected					-3,211
Operating result					53,572
NET NON-CURRENT ASSETS	82,065	119,286	32,884		234,235

The performance measure of each segment used by the Group's management is the segment result. The segment result includes all income and expenses directly attributable to it and the income and expenses that can reasonably be allocated to it. Given the concentration of production assets in Belgium and the (virtual) absence of external indebtedness, the Group management does not monitor assets and liabilities per operating segments internally.

Transfers or transactions between segments are carried out under customary market conditions identical to those that would be applied to unrelated third parties.

A limited number of our major distributors account for a significant portion of our revenues. Total sales to customers that individually represented more than 10% of the Group's revenues in 2019 and 2018 are broken down by segment as follows:

Total sales to customers individually representing more than 10% of consolidated sales

2019 FINANCIAL YEAR	Benelux	Other	Total of individual major customers	Total Group
TOTAL SALES	35,146	-	35,146	298,392

2018 FINANCIAL YEAR	Benelux	Other	Total of individual major customers	Total Group
TOTAL SALES	36,713	-	36,713	314,384

Number of customers and associated sales representing 10% or more in the segment considered

2019 FINANCIAL YEAR	Sector	Number of customers	Sales
	Benelux	2	58,926
	Other	2	9,750
	TOTAL	4	68,676

2018 FINANCIAL YEAR	Sector	Number of customers	Sales
	Benelux	2	64,837
	Other	2	10,326
	TOTAL	4	75,163

6. LIST OF SUBSIDIARIES AND COMPANIES INCORPORATE USING THE EQUITY METHOD

6.1. List of subsidiaries

The Spadel subsidiaries are as follows:

Name	Share of voting rights in % at 31 December		Location of registered office	VAT No
	2019	2018		
Spa Monopole SA	100	100	Belgium	BE 420.834.005
Bru-Chevron SA	99.99	99.99	Belgium	BE 403.939.672
Spadel Nederland BV	100	100	Pays-Bas	NL 007271542B01
Les Grandes Sources de Wattwiller SA	100	100	France	FR 96 383 616 307
Les Eaux Minérales de Ribeauvillé SA	99.61	99.61	France	FR 18 915 420 236
Devin AD	100	100	Bulgaria	BG040428304

Spa Monopole SA is the Group's main production company; it bottles products under the brand Spa. The sale of the branch Spadel UK (branch held by Spa Monopole SA) was concluded on 8 November 2019 for the sum of KEUR 5,610. The assets sold comprised land, buildings and industrial equipment (the net asset was valued at KEUR 6,341). The production unit bottles mineral water under the brand 'Brecon Carreg'. The impact on the income statement is indicated under the heading 'Other operating income and expenses' and represents a loss of KEUR 2,381 (including a cumulative translation adjustment (CTA) of KEUR 615).

Apart from the sale of the branch Spadel UK, there were no unusual elements that significantly affect the assets, liabilities, equity, net result or cash flows of the Group.

Bru-Chevron SA produces Bru branded products.

Spadel Nederland BV commercialises Spadel Group products on the Dutch market.

Les Grandes Sources de Wattwiller produces Wattwiller and Jouvence branded products and commercialises Spadel Group products on the French market.

Eaux Minérales de Ribeauvillé SA produces and commercialises Carola branded products. Finally, Devin AD produces and distributes mineral waters in Bulgaria.

6.2. Equity accounted interests

At 31 December 2019 and 2018, Spadel did not have any equity accounted interests.

6.3 Business combinations

No business combinations occurred during the 2019 financial year.

7. INTANGIBLE ASSETS

	Goodwill	Brands	Customer base	Software programs	Rights and concessions	Other	Total
At 1 January 2018							
Acquisition value	44,925	50,007	26,615	7,716	14,541		143,804
Accumulated amortisation and impairment	-	-3,396	-7,563	-7,311	-985		-19,256
Net carrying amount	**44,925**	**46,611**	**19,052**	**405**	**13,556**		**124,548**
2018 FINANCIAL YEAR							
Net carrying amount on opening	44,925	46,611	19,052	405	13,556		124,548
Acquisitions	-	-	-	1,374	-		1,374
Business combinations	-	-	-	-	-		-
Transfers	-	-	-	-87	-		-87
Heading transfers	-	-	-	-11	-		-11
Impairments	-	-	-	-	-		-
Amortisation for the year	-	-	-2,070	-261	-848		-3,179
Translation differences	-	-	-	-	-		-
Net carrying amount on reporting date	**44,925**	**46,611**	**16,982**	**1,420**	**12,708**		**122,645**
At 31 December 2018							
Acquisition value	44,925	50,007	26,615	8,992	14,541		145,080
Accumulated amortisation and impairment	-	-3,396	-9,633	-7,572	-1,833		-22,435
Net carrying amount	**44,925**	**46,611**	**16,982**	**1,420**	**12,708**		**122,645**
2019 FINANCIAL YEAR							
Net carrying amount on opening	44,925	46,611	16,982	1,420	12,708		122,645
Acquisitions	-	-	-	1,343	364		1,707
Transfers	-	-	-	-248	-		-248
Heading transfers	-	-	-	-	-		-
Impairments	-	-	-	-	-		-
Amortisation for the year	-	-	-2,299	-987	-		-3,287
Translation differences	-	-	-	-	-		-
Net carrying amount on reporting date	**44,925**	**46,611**	**14,683**	**1,528**	**13,072**		**120,818**
At 31 December 2019							
Acquisition value	44,925	50,007	26,615	10,087	14,905		146,539
Accumulated amortisation and impairment	-	-3,396	-11,932	-8,560	-1,833		-25,721
Net carrying amount	**44,925**	**46,611**	**14,683**	**1,528**	**13,072**		**120,818**

The line items 'Brands' and 'Customer base' reflect the fair values of the Wattwiller and Carola brands as well as the customer base of these subsidiaries on their acquisition dates, less the related accumulated amortisation and any impairment losses recognised. They also include the brands and customers associated with the subsidiary Devin. The Wattwiller and Carola brands and those associated with Devin have an indefinite useful life and are not subject to a systematic amortisation plan. An impairment test is carried out annually by the Group as part of the annual closing. These assets per CGU are broken down as follows:

NET CARRYING AMOUNT (MEUR)	Goodwill	Brands and customer base
Devin	44.9	36.9
Wattwiller	-	6.7
Ribeauville	-	3.0
TOTAL	44.9	46.6

Rights and concessions include concession rights, green certificates and CO_2 emission rights. It should be noted that since April 2017, concession rights have also included the concession rights to the Devin mineral water sources for the extraction of mineral water until 2034.

Research and development costs recognised in the income statement amounted to KEUR 1,759 in 2019 (2018: KEUR 1,863 KEUR), including KEUR 1,024 classified under 'Miscellaneous goods and services' (2018: KEUR 1,033) and KEUR 735 under 'Employee costs' (2018: KEUR 830).

Research and development mainly concerns the development and formulation of new products (flavoured waters, lemonades, etc.) and product packaging and industrialisation.

8. PROPERTY, PLANT AND EQUIPMENT AND LEASES

	Land and buildings	Industrial equipment	Furniture and rolling stock	Other tangible assets	Total
At 1 January 2018					
Acquisition value	103,622	205,303	12,357	34,293	355,574
Accumulated amortisation and impairment	-67,167	-150,411	-7,955	-19,423	-244,956
Net value	36,454	54,892	4,402	14,869	110,618
2018 FINANCIAL YEAR					
Net carrying amount on opening	36,454	54,892	4,402	14,869	110,618
Acquisitions	1,069	7,835	1,247	8,184	18,335
Transfers	-	-	-16	-660	-676
Heading transfers	1,253	9,252	14	-10,508	11
Impairments	-	-	-	-	-
Amortisation	-2,186	-11,273	-1,192	-2,019	-16,670
Translation differences	-6	-21	-	-	-27
Net carrying amount on reporting date	36,584	60,685	4,455	9,866	111,590
At 31 December 2018					
Acquisition value	105,943	222,390	13,602	31,308	373,243
Accumulated amortisation and impairment	-69,359	-161,705	-9,147	-21,442	-261,653
Net value	36,584	60,685	4,455	9,866	111,590
2019 FINANCIAL YEAR					
Net carrying amount on opening	36,584	60,685	4,455	9,866	111,590
Acquisitions	10,062	9,566	898	4,851	25,377
Transfers	-1,008	-3,154	-29	-299	-4,489
Heading transfers	-	-1,335	-	-480	-1,815
Impairments	-	-	-	-	-
Amortisation	-3,427	-9,772	-1,019	-2,163	-16,381
Translation differences	39	142	1	-	182
Net carrying amount on reporting date	42,251	56,132	4,306	11,775	114,464
At 31 December 2019					
Acquisition value	111,903	227,467	14,471	35,379	389,220
Accumulated amortisation and impairment	-69,653	-171,335	-10,165	-23,605	-274,758
Net value	42,250	56,132	4,306	11,774	114,462

New investments (KEUR 25,377) mainly related to rack purchases, lease activations and the purchase of new production lines in Bulgaria.

'Other tangible assets' mainly consist of racks and bottles as well as assets under development.

Heading transfers concern assets put into service and therefore reclassified from assets under development.

Certain bank loans and lease liabilities are secured by land and buildings and by industrial equipment (note 27).

The variation in right-of-use assets (included under other tangible assets in the table above) between 1 January 2019 and 31 December 2019 was as follows:

	Right-of-use assets
Balance at 31 December 2018	3,951
Modification of accounting policy (1 January)	6,461
Additions	
Transfers	
Transfers to other headings	-3,951
Balance at 31 December 2019	6,461
Accumulated amortisation and impairment	
Balance at 31 December 2018	3,044
Modification of accounting policy	1,008
Additions	
Transfers	
Impairments	
Transfers to other headings	-3,044
Balance at 31 December 2019	1,008
Net carrying amount	5,453

The appropriation to amortisation of right-of-use assets was as follows for the 2019 financial year:

	Buildings	Industrial equipment	Company cars	Total
Appropriation to amortisation of right-of-use assets	277	194	587	1,058

Amounts recognised in the income statement as operating leases for the year 2019 under 'Miscellaneous goods and services':

	31/12/2019	31/12/2018
Land and buildings	1,433	2,084
Production equipment	3,961	4,127
Furniture and vehicles	1,180	1,809

'Miscellaneous goods and services' also include a charge of KEUR 5,956 related to repairs and maintenance of property, plant and equipment (2018: KEUR 6,173).

The amount related to short-term leases and low-value leases totalled KEUR 1,088 for 2019.

The table below presents an analysis of the due dates of the Group's lease commitments based on planned contractual cash flows until the contractual due dates. The amounts correspond to non-discounted contractual cash flows.

Contractual due dates of lease commitments	Less than 6 months	6 to 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total cash flows	Carrying amount
At 31 December 2019	1,122	573	854	2,067	1,901	6,517	5,453

9. TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables can be broken down as follows:

	31/12/2019	31/12/2018
Gross trade receivables	48,191	46,476
Less: provisions and impairments on doubtful receivables	-817	-764
Net trade receivables	47,374	45,712
Deferred charges	1,974	980
Other receivables	7,992	5,092
TOTAL	57,340	51,784
Less: non-current portion	-2,300	-108
Current portion	55,040	51,676

Other receivables include VAT to be recovered, amounting to KEUR 4,313 (2018: KEUR 3,498) and the sum of KEUR 2,860 relating to the disposal of the Brecon activities. They also include bank deposits with third parties as guarantees to cover the future fee payment obligation relating to the concession agreements of the subsidiary Devin and its undertakings to protection water sources against depletion and the pollution of mineral resources.

All non-current receivables are recoverable within five years as of the reporting date.

The carrying amount of non-current receivables represents a good approximation of their fair value.

At 31 December 2019, the amount of provisions for expected credit losses on trade receivables issued and due was as follows:

	0 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	> 120 days	Total
Rate of expected credit losses	1%	2%	5%	10%	20%	
Carrying amount of trade receivables - gross	6,056	947	146	376	1,866	9,392
Provision for expected credit losses	61	19	7	38	373	498

At 31 December 2019, the impairment on trade receivables posing a greater credit risk, based on the individual analysis of unpaid amounts and their credit risk, stood at KEUR 395. The nominal value of individually impaired receivables amounts to a total of KEUR 2,789. According to our estimates, some of these receivables are expected to be recovered. The ageing of these receivables in given below:

	31/12/2019	31/12/2018
3 to 6 months	2,388	1,137
More than 6 months	401	364
TOTAL	2,789	1,501

Trade receivables overdue for less than three months are not considered to be at risk. At 31 December 2019, receivables amounting to KEUR 7,952 (2018: KEUR 7,940) were overdue but not impaired. These receivables relate to customers for whom there is no recent history of default. The ageing of these receivables in given below:

	31/12/2019	31/12/2018
Less than 3 months	7,004	6,726
More than 3 months	948	1,214
TOTAL	7,952	7,940

The credit quality of trade receivables that are neither overdue nor impaired can be measured by reference to the historical data of the counterparties.

Trade receivables	31/12/2019	31/12/2018
Counterparties without independent credit rating		
Group 1	-	-
Group 2	37,450	37,035
Group 3	-	-
Trade receivables that are neither overdue nor impaired	37,450	37,035

Group 1 - new customers (less than 6 months).
Group 2 - existing customers (more than 6 months) without a history of defaults.
Group 3 - existing customers (more than 6 months) with a history of defaults.

None of the unimpaired receivables was renegotiated in during the year.

The maximum exposure to credit risk at the reporting date corresponds to the carrying amount of the receivables. The Group does hold any significant collateral in relation to these receivables.

The table below shows the variations in accumulated impairments on receivables:

	2019	2018
At 1 January	764	900
Provision for impairments	53	-
Use of impairments on receivables written off as uncollectable	-	-
Reversals of impairments	-	-136
At 31 December	817	764

The creation and reversal of provisions for impaired receivables are recognised under 'Other operating income/expenses' in the income statement.

The 'Other receivables' item does not include any impaired assets.

10. INVENTORIES

Inventories can be broken down as follows:

	31/12/2019	31/12/2018
Raw materials and consumables (gross)	11,245	12,985
Inventory write-downs (mainly Spa Monopole supplies)	-1,934	-1,641
Raw materials and consumables	9,311	11,344
Finished goods and work in progress	6,096	7,163
Inventory write-downs	-313	-285
Advance payments	-	-
TOTAL	15,093	18,222

The following amounts relating to inventories impact on the income statement for the financial years 2019 and 2018:

	2019	2018
Variation in inventories of raw materials and consumables (included in Raw materials and consumables')	-1,052	-638
Business combinations	-	-
Translation differences	-	-
	-1,052	-638
Variation in inventories of finished goods and work in progress	-477	-884
Inventory write-downs (included in 'Other operating income and expenses')	268	429

11. FINANCIAL ASSETS

11.1. Financial assets

	2019	2018
Balance at 1 January	17	17
Increases/(Decreases)	-	-
Impairment	-	-
Balance at 31 December	17	17

Financial assets consist mainly of shares held in the Liège School of Management and in Fost Plus.

12. CASH AND CASH EQUIVALENTS

12.1 Cash and cash equivalents

	31/12/2019	31/12/2018
Term deposits (maximum 3 months)	22,548	25,546
Money market funds (non-fixed income investment securities)	9,034	9,034
Commercial paper	-	-
Cash at bank and in hand	48,361	47,535
TOTAL	79,944	82,115

The average effective interest rate on the term deposits is 0.0% (2018: 0.0%). These term deposits (maximum 3 months) had an average maturity of approximately 1 month in 2019 and in 2018

In the consolidated statement of cash flows, the net cash position is broken down as follows:

	31/12/2019	31/12/2018
Cash and cash equivalents	79,944	82,115
Bank overdrafts (note 15)	-	-
TOTAL	79,944	82,115

At 31 December 2019, investments in term deposits were made with banks with an independent credit rating equal to or greater than A.

12.2 Reconciliation of liabilities from financing activities

	Short-term finance lease liabilities (IAS 17)	Long-term finance lease liabilities (IAS 17)	Short-term lease liabilities (IFRS 16)	Long-term lease liabilities (IFRS16)	Short-term borrowings	Long-term borrowings	Total
Net liabilities at 1 January 2018	-	-	-	-	14,000	52,500	66,500
Acquisitions - finance lease and lease benefits	-	-	-	-	-	-	-
Cash flow	-	-	-	-	-	-14,000	-14,000
Other movements without impact on cash position	-	-	-	-	-	-	-
	-	-	-	-			
Net liabilities at 31 December 2018	-	-	-	-	**14,000**	**38,500**	**52,500**
Acquisitions - leases	-	-	-	-	-	-	-
Cash flow	-	-	-	-1,020	-	-14,000	-15,020
Other movements without impact on cash position	-	-	1.269	5.221	-	-	6,490
Net liabilities at 31 December 2019	-	-	**1,269**	**4,201**	**14,000**	**24,500**	**43,970**

13. SHARE CAPITAL

The number of shares is as follows:

	Total
At 1 January 2018	4,150,350
Movements 2018	-
At 31 December 2018	4,150,350
Movements 2019	-
At 31 December 2019	**4,150,350**

The share capital of Spadel SA at 31 December 2019 is represented by 4,150,350 ordinary shares without a designated nominal value.

The share capital remained unchanged at KEUR 5,000.

The company has not issued any preferential shares or a stock option plan.

14. CONSOLIDATED RESERVES

The Group's consolidated reserves of KEUR 206,711 at 31 December 2019 include a legal reserve of KEUR 500 relating to Spadel SA and legal reserves relating to its subsidiaries amounting to KEUR 2,219. Under the Companies Code, the legal reserve must reach a minimum of 10% of the share capital. As long as this level is not reached, at least one twentieth of the net profit from the financial year (determined in application of the Belgian Companies Code) must be allocated to the formation of this reserve fund. The current level of the legal reserve is sufficient in relation to this legal requirement. Consequently, no allocation is currently required. Legal reserves are not available for distribution.

The Group's consolidated reserves at 31 December 2019 also include other reserves not available for distribution amounting to KEUR -14,457.

The Group's consolidated reserves at 31 December 2019 also include other reserves amounting to KEUR 17,388 net of taxes relating to tax-free reserves mainly corresponding to capital gains realised previously free of tax. These tax-free reserves should give rise to a tax payment in the event of distribution. This tax is recognised in deferred tax liabilities at 31 December 2019 (note 17).

The consolidated reserves also include Group reserves amounting to KEUR 161,295 established via previous results.

15. FINANCIAL LIABILITIES

	31/12/2019	31/12/2018
Non-current		
Liabilities relating to business combinations	24,500	38,500
Lease commitment liabilities (note 1.6)	4,201	
	28,701	38,500
Current		
Finance lease	-	-
Liabilities relating to business combinations	14,000	14,000
Lease commitment liabilities (note 1.6)	1,261	-
	15,261	14,000
TOTAL FINANCIAL LIABILITIES	43,962	52,500

The liability relating to concession agreements relates to Devin's commitment concerning future fees linked to the mineral water source concession rights, which Devin is obliged to pay for a defined period.

15.1. General information

The payment schedule for non-current financial liabilities is as follows:

	31/12/2019	31/12/2018
Between 1 and 2 years	24,500	28,000
Between 2 and 5 years	-	10,500
Over 5 years	-	-
TOTAL	24,500	38,500

The effective interest rates at the reporting date are as follows:

	31/12/2019	31/12/2018
Bank overdrafts	-	-
Bank borrowings	1.05%	1.05%
Finance lease liabilities	1.50%	-

The short- and long-term financial liability is linked to the acquisition of Devin. An overall loan of KEUR 70,000 was taken out over a five-year period at a fixed rate of 1.05%.

The carrying amounts of current and non-current financial liabilities represent a good approximation of their fair value.

The carrying amounts of financial liabilities (incl. IFRS 16) are denominated in the following currencies:

	31/12/2018	31/12/2017
Euro	43,356	52,500
BGN	606	-
TOTAL	43,962	52,500

The Group's credit lines (KEUR 15,976) have an indefinite maturity. The related interest rate is determined at the time the credit line is used.

Credit lines not used by Spadel amounted to KEUR 15,494 at 31 December 2019 (2018: KEUR 16,612).

The credit lines used are guarantees granted to the administration of Customs and Excise and to a bank for KEUR 1,458.

16. EMPLOYEE BENEFIT LIABILITIES

Employees of the Belgian, Dutch and French entities are entitled to retirement benefits in the form of either annuities or capital. The benefit plans are either 'defined benefit plans' or 'defined contribution plans'.

In Belgium, Spadel SA, Spa Monopole SA (Belgian division) and Bru-Chevron SA have two types of plans for white-collar employees: (i) a defined benefit plan for all employees who joined the entity before 1 May 2000 and who chose to keep that plan, and (ii) a defined contribution plan for other employees ('plan 2000'). All blue-collar workers have a limited defined benefit plan.

In the Netherlands, there is a 'defined contribution' plan for all employees.

Finally, the French entities (Wattwiller and Carola) award service medal bonuses (long-term benefits).

Of the 1,336 employees in the Group, a total of 507 are covered by the 'defined benefit' plan (for the Belgian and French entities). This is the subject of a provision in the financial statements at 31 December 2019 based on actuarial calculations established in accordance with IAS 19R.

For Belgian employees not covered by the 'defined benefit' plan, the plan set up ('plan 2000') is a 'defined contribution' plan for which payments are made to the Group insurer. The statutory minimum guaranteed return for this plan complies with the return required by the law on supplementary pension and the related fiscal rules and certain additional social security benefits of 23 April 2003, which stipulate benchmark rates of return of 3.75% on employees' contributions and 3.25% on employers' contributions until 31 December 2015 and 1.75% since 1 January 2016 (for both employees' and employers' contributions).

Spadel assesses the pension commitment for the 'defined contribution' plan for the three Belgian entities using the actuarial method prescribed by IAS 19R ('*projected unit credit method*'). As a result of this calculation, an additional pension commitment was recognised at 31 December 2019 amounting to KEUR 1,970 (EUR -482 in 2018). This provision was recognised via the income statement for KEUR 15 and via an impact on other comprehensive income for KEUR 1,955 (mainly further to the change in the discount rate).

Both the 'defined benefit' plan and the 'defined contribution' plan are subject to an actuarial assessment using the project unit credit method prescribed by IAS 19R. At the end of 2017, called upon an external actuary to assist in the calculation of its liabilities under IAS 19R. The calculation is based on actuarial assumptions determined at different reporting dates, taking into account macroeconomic factors prevailing on the relevant dates and specific features of the different plans assessed. The assumptions represent Spadel's best estimates for the future. They are reviewed periodically in line with market trends and available statistical data.

Finally, early retirement schemes are in place in Belgium (termination benefits).

The liability for employee benefits recognised in the statement of financial position can be broken down as follows:

	31/12/2019	31/12/2018
Post-employment benefits (IAS 19R - defined benefit plans)	4,876	3,961
Post-employment benefits (IAS 19R - defined contribution plans)	2,775	805
Severance pay	1,633	1,811
Other long-term benefits	324	203
TOTAL	9,608	6,780
Less current portion	-455	-792
Non-current portion	9,153	5,988

16.1. Post-employment benefits - pension commitments

Total premiums paid under **defined contribution plans** for the Group as a whole amount to KEUR 419 (2018: KEUR 1,341). However, most of this amount covers the employees working for the Group's Belgian entities.

As regards the **defined benefit plans**, virtually all of which are in Belgium, the information is as follows:

Amounts recognised in the statement of financial position	31/12/2019	31/12/2018
Present value of the obligation at reporting date	12,374	11,763
Fair value of assets at reporting date	-7,499	-7,802
Plan deficit (surplus)	4,876	3,961
Liabilities in statement of financial position	4,876	3,961

Amounts recognised in the income statement	2019	2018
Cost of services provided during the year	715	474
Financial cost	48	48
Administrative costs	45	61
Actuarial gains and losses	33	16
Total amount included in employee benefit expenses (note 21)	842	599

Reconciliation of opening and closing balances of the present value of the obligation	2019	2018
Present value of the obligation on opening	11,763	12,500
Cost of services provided during the year	443	474
Financial cost	134	122
Contributions made by plan participants	19	22
Benefits paid	-1,192	-1,045
Actuarial gains and losses	1,274	-211
Taxes	-66	-99
Present value of the obligation at reporting date	12,374	11,763

Reconciliation of opening and closing balances of fair value of assets	2019	2018
Fair value of assets on opening	7,802	7,711
Financial income	86	73
Contributions made by the employer	731	985
Contributions made by plan participants	19	22
Benefits paid	-1,192	-1,033
Actuarial gains and losses	1,848	221
Taxes	-86	-116
Administrative costs	-45	-61
Fair value of assets at reporting date	9,162	7,802

Actual return on plan assets	2019	2018
	270	294

Variations in liabilities recognised in the statement of financial position	2019	2018
Liabilities in the statement of financial position on opening	3,961	4,789
Total expense charged to the income statement	536	599
Contributions made by the employer	-645	-954
Impact on other comprehensive income (OCI)	1,023	-473
Liabilities in the statement of financial position at reporting date	4,876	3,961

Actuarial assumptions (weighted)	2019	2018
Discount rate	0.10-0.75%	0.70-1.55%
Expected rates of return on plan assets	0.10-0.45%	0.70-1.55%
Expected salary growth (above inflation)	0.25%	0.25%-0.60%
Inflation rate	1.75%	1.75%-1.90%
Mortality tables	(MR/FR – 5 years for Belgium)	(MR/FR – 5 years for Belgium)
Expected average remaining working life	11.90	11.15

The discount rate used for employee pension plans is 0.1% (0.7% in 2018). That used for worker's pension plans is 0.45% (1.55% in 2018). If the rate used fell by 0.5%, the Group employee benefit liability would increase by KEUR 617. If the rate used rose by 0.5%, the Group employee benefit liability would fall by KEUR 571.

Contributions paid to the post-employment benefit plans for the year ended 31 December 2019 are estimated at KEUR 609.

The total amount recognised in other comprehensive income during 2019 on the IAS 19R plans amounts to KEUR 1,023.

As regards the **defined contribution plans**, all of which are in Belgium, the information is as follows:

	Assets	Liabilities	Total
01/01/2019			
Income statement			
Cost of services provided	710	-720	-9
Financial cost	197	-202	-5
Sub-total income statement	907	-922	-15
Gain/(loss) - other comprehensive income			
Impact of new provision	10,980	-11,786	-805
Taxes	-123	123	-
Changes in actuarial assumptions	180	-2,135	-1,955
Sub-total other comprehensive income	11,037	-13,798	-2,761
31/12/2019	11,944	-14,720	-2,775

Actuarial assumptions (weighted)	2019	2018
Discount rate	0.6%	1.65-1.75%
Expected rates of return on plan assets	0.6%	1.65-1.75%
Expected salary growth (above inflation)	1.40%	0.25%
Inflation rate	1.75%	1.75%
Mortality tables	(MR/FR 5 years for Belgium)	(MR/FR 5 years for Belgium)
Expected average remaining working life	15.14	13.94

Contributions paid to the **defined contribution plans** for the year ended 31 December 2020 are estimated at KEUR 1,017.

The discount rate used for the employees' **defined contribution plans** is 0.6%. That used for workers' plans is 0.6%. If the rate used fell by 0.5%, the Group employee benefit liability would increase by KEUR 1,089. If the rate used rose by 0.5%, the Group employee benefit liability would fall by KEUR 972.

16.2. Early retirement obligations

Early retirement obligations are provided for in Belgium through Collective Labour Agreements. The following liabilities relate to employees who have taken early retirement:

Early retirement obligations	31/12/2019	31/12/2018
Value of obligation for severance pay on opening	2,603	2,196
Movements in the provision (note 21)	-970	407
Value of obligation for severance pay on reporting date	1,633	2,603
Less: current portion	-455	-792
Non-current portion	1,178	1,811

16.3. Other long-term benefits

A long-term bonus is recognised at Group level (KEUR 324).

Other long-term benefits	31/12/2019	31/12/2018
Value of obligation for long-term benefits on opening	0	0
Severance provision made (paid) by the employer	324	203
Value of obligation for long-term benefits on reporting date	324	203

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes	31/12/2019	31/12/2018
- Deferred tax assets	88	460
- Deferred tax liabilities	-21,750	-23,357
TOTAL	21,662	22,897

The movements during the year can be summarised as follows:

	2019	2018
Balance at 1 January	22,897	22,611
Expense/(Credit) in the income statement	-747	-3
Direct allocation to other comprehensive income	-489	289
Balance at 31 December	21,662	22,897

Deferred tax position by nature (+ asset, - liability)	31/12/2019	31/12/2018	Variation
- Elimination of inventory margin	383	6	377
- Pension provision IAS 19R	694	76	618
- Property, plant and equipment and intangible assets	-18,602	-19,619	1,017
- Tax-free reserves	-3,679	-3,729	50
- Other (including government grants, provisions and staggered taxation)	-457	369	-826
Net deferred tax position	-21,661	-22,897	1,236

Deferred tax assets are recognised when it is probable that taxable profit will be available against which the temporary deductible differences and recoverable tax losses existing on the reporting date can be imputed.

18. TRADE PAYABLES

The trade payables position at the reporting date is as follows:

	31/12/2019	31/12/2018
Suppliers	29,995	27,087
Invoices to be received, credit notes to be issued	6,813	9,443
Municipal fees payable	1,680	2,172
Discounts and promotions to be granted	14,471	17,520
Other	328	222
TOTAL	53,287	56,444

Commercial discounts and promotions to be granted represent the amounts of the provisions established to cover Spadel's commercial commitments to its customers. These liabilities are estimated on the basis of contractual data and sales volumes recorded during the financial year, taking account of invoicing flows already established during the year.

19. OTHER PAYABLES

The other payables position at the reporting date is as follows:

	31/12/2019	31/12/2018
Capital grants	-	1.447
Deferred income	212	220
Accrued charges	445	547
Miscellaneous payables	6,339	6,555
TOTAL	6,996	8,769
Less: current portion	-3,205	-3,954
Non-current portion	3,791	4,815

Capital grants in 2018 relate to investments in property, plant and equipment on the Spa Monopole site.

Miscellaneous payables mainly include VAT (KEUR 248 in 2019 as against KEUR 395 in 2018), other taxes payable (KEUR 1,350 in 2019 as against KEUR 1,685 in 2018) and a commitment relating to the Devin concession amounting to KEUR 3,378.

20. PROVISIONS

The provisions position at the reporting date is as follows:

	Site restoration	Other	Total
At 1 January 2019	254	51	305
Recognised in the consolidated income statement			
- Increase in provisions	150	-	150
- Reversals of unused amounts	-76	-12	-88
- Used during the year	-	-25	-25
At 31 December 2019	328	14	342

	Site restoration	Other	Total
At 1 January 2018	216	164	380
Recognised in the consolidated income statement			
- Increase in provisions	38	11	49
- Reversals of unused amounts	-	-	-
- Used during the year	-	-124	-124
At 31 December 2018	254	51	305

At 31 December 2019, provisions classified as current liabilities amounted to KEUR 52 and non-current liabilities amounted to KEUR 290 (the cash outflow will occur within a period of 1 to 5 years).

The provision for site restoration relates to the rehabilitation of sites belonging to Bru-Chevron SA and Spa Monopole.

21. EMPLOYEE EXPENSES

Employee expenses can be broken down as follows:

	2019	2018
Salaries and remuneration, including severance pay of KEUR 660 (2018: KEUR 618)	45,934	45,111
Social security charges	10,866	10,647
Pensions - 'defined contribution' plans	419	1,289
Pensions - 'defined benefit' plans (note 16.1)	842	599
Early retirement charges	311	369
Usage of provision for early retirement (note 16.2)	-970	407
Other	5,798	3,899
TOTAL	63,200	62,321

The average number of employees was 1,281 in 2019 (including 794 blue-collar workers and 487 white-collar workers) and 1,208 in 2018 (including 624 blue-collar workers and 584 white-collar workers).

22. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses can be broken down as follows:

	2019	2018
Sale of advertising articles and miscellaneous	815	1,114
Waste sold	89	171
Gains on disposals of property, plant and equipment	780	152
Loss on disposal of UK branch	-2,381	-
Grants	57	157
Miscellaneous rentals	38	749
Recovered costs and other operating income	13,494	29,869
Other duties and taxes	-3,796	-3,462
Losses on disposals of property, plant and equipment	157	-106
Other operating expenses (including losses on foreign packaging, CO_2 quotas and write-downs)	-618	-753
TOTAL	8,635	27,891

The other operating income and expenses for 2019 include a loss of KEUR 2,381 relating to the sale of the UK branch by Spa Monopole (see note 6.1).

Other operating income and expenses for 2018 include a gain of KEUR 22,295 relating to a reassessment of the number of returnable bottles and racks held by customers. This reassessment had prompted the Group to recognise a loss of KEUR 136 in 2017 (note 4.2.).

23. FINANCIAL INCOME

Financial income can be broken down as follows:

	2018	2017
Interest income	339	9
Foreign exchange gains and translation differences	3	39
Other financial income	80	59
TOTAL	423	107

24. FINANCIAL COSTS

Financial costs can be broken down as follows:

	2019	2018
Interest charge on bank borrowings	500	700
Exchanges losses on transactions in foreign currencies – net	-48	56
Other financial costs		475
Financial expenses on pension obligations	436	-40
Write-downs on current assets	-	170
Negative translation differences	80	-
TOTAL	968	1,361

25. TAXES

Income tax expenses for the year can be broken down as follows:

	2019	2018
Current taxes	8,756	14,351
Deferred taxes (note 17)	-549	-31
Total tax charge	8,207	14,320

The tax charge on Spadel's pre-tax income differs from the theoretical amount that would have resulted from the application of the Belgian tax rate applicable to the parent company of the Spadel Group. The analysis is as follows:

	2019	2018
Profit/(loss) before income tax	35,182	52,317
Taxes calculated on the basis of the Belgian tax rate (29.58% in 2019 and in 2018)	10,407	15,475
Effect of notional interest	-	-7
Effect of tax rate in foreign subsidiaries	-2,437	-2,548
Tax deductions	-26	-24
Effect of non-tax-deductible expenses	509	776
Effect of double taxation of dividends from subsidiaries	-	376
Adjustment for prior period taxes (related to tax inspections)	-	-5
Deferred tax assets on Spadel UK	-	60
Impact deferred taxes on promotional inventory	-	-9
Change of rate for calculation of deferred tax liabilities (France)	-689	-
Impact reduction deferred tax rate - Belgium	-	-
Other	443	226
Total tax charge	8,207	14,320

26. CONTINGENT LIABILITIES AND ASSETS

At 31 December 2019, the Group had no significant contingent liabilities or assets.

27. RIGHTS AND COMMITMENTS

27.1. Commitments to acquire non-current assets

The Group has contracted expenses to acquire property, plant and equipment not yet undertaken at 31 December 2019 amounting to KEUR 8,912 (2018: KEUR 1,623).

27.2. Commitments arising from leases in which Spadel is the lessee

As indicated in note 1.6, Spadel has taken out several leases for buildings, industrial equipment and vehicles.

The main leases concern solar panels at Spa Monopole (which include a purchase option) and vehicle leases.

At 31 December 2019, commitments for future minimum lease payments under non-cancellable operating leases can be broken down as follows:

	31/12/2019	31/12/2018
At less than one year	2,045	3,604
From 1 to 5 years	4,328	5,550
Over 5 years	4	20
TOTAL	6,377	9,174

In 2019, leases are recognised in accordance with IFRS 16 (note 1.6). The table of maturities is given in note 1.6.2.

27.3. Guarantees provided

Bank guarantees have been given in favour of the Customs and Excise Administration and in favour of a bank amounting to KEUR 1,458 (2018: KEUR 1,532).

28. INFORMATION ON RELATED PARTIES

28.1. Remuneration of senior management

The remuneration of members of the Executive Committee amounts to:

	2019	2018
Salaries and other short-term benefits	2,888	2,316
Other long-term benefits	407	309
TOTAL	3,296	2,625

Group insurance premiums paid in 2019 amount to KEUR 64.

Total remuneration of the directors of Spadel SA amounted to KEUR 1,121 in 2019 (2018: KEUR 1,252).

Spadel Group consists of Spadel SA and the subsidiaries listed in note 6.1. above.

All the financial statements of these companies are included in the consolidated financial statements of Spadel SA, parent company, consolidating company.

All Group companies maintain or may maintain relations with the other entities as follows:

- 'Customer-supplier' relationships in the context of exchanges of services or supplies of goods in connection with the sale or distribution of Spadel products by other subsidiaries of the Group.
- 'Lender-borrower' relationships when a company has a cash need and another company is in cash surplus. The aim is to optimise cash flow for the entire Group.

Spadel SA holds 100% of all its subsidiaries that are related parties.

All transactions and all inter-company accounts between Group companies, which are related entities, are eliminated on consolidation and in the Group's consolidated financial statements.

29. EVENTS OCCURRING AFTER THE REPORTING DATE

In the context of the COVID 19 pandemic, it is difficult to estimate the consequences and the economic impact that this crisis will have on the Group. Attention should be drawn to the huge efforts made by the Group's plants to ensure a constant supply of its products to its customers and ultimately the general public as well as possible.

The confinement of the general public and the closure of public places will inevitably reduce out-of-home consumption in the food-service sector in particular. However, it is probable that part of this consumption will shift towards the mass distribution sector.

The intensity and duration of this crisis, and its macroeconomic consequences, which remain uncertain at this stage, will be decisive for the financial consequences in the coming months.

Moreover, the Group's sound balance sheet, characterised by a low level of financial indebtedness and a comfortable cash position, strengthens our confidence to deal with this crisis calmly.

30. EARNINGS PER SHARE

30.1. Basic earnings

Basic earnings per share are calculated by dividing the net profit attributable to Spadel shareholders by the weighted average number of ordinary shares outstanding during the financial year.

	2019	2018
Profit/(loss) attributable to shareholders	26,975	37,997
Weighted average number of ordinary shares outstanding (in thousands)	4,150	4,150
Basic earnings per share (EUR per share)	6,50	9,16

30.2. Diluted earnings

Diluted earnings per share are calculated by increasing the weighted average number of shares outstanding by the number of shares that would result from the conversion of all potentially dilutive ordinary shares and adjusting the numerator if necessary. Spadel has not issued any securities with a potentially dilutive effect. Consequently, diluted earnings per share correspond to basic earnings per share.

31. DIVIDEND PER SHARE

The dividends paid in 2019 and 2018 amounted to KEUR 8,300 (EUR 2 gross or EUR 1.40 net per share) and KEUR 7,471 (EUR 1.80 gross or EUR 1.26 net per share). A dividend of EUR 2.00 gross and EUR 1.40 net per share for the year ended 31 December 2019, representing a total distribution of KEUR 8,300, will be proposed to the General Meeting of Shareholders on 11 June 2020. This distribution proposal is not yet recognised as a liability in the financial statements at 31 December 2019.

32. FEES PAID TO THE STATUTORY AUDITOR AND PERSONS RELATED TO HIM

Fees paid to the statutory auditor

32.1. Consolidated fees paid to the statutory auditor for the auditing of the 2019 accounts (including EUR 70,000 for the parent company Spadel SA): 119,000

32.2. Consolidated fees for exceptional services or special assignments carried out within the Group by the statutory auditor (in EUR):

- other certification assignments: 45,264
- tax consultancy assignments: -
- other assignments outside the auditing assignment: -

Fees paid to persons related to the statutory auditor

32.3. Fees relating to the mandates of the statutory auditor or similar mandates exercised for the Group (in EUR): 20,000

32.4. Consolidated fees for exceptional services or special assignments carried out within the Group by persons related to the statutory auditor (in EUR):

- other certification assignments: -
- tax consultancy assignments: 7,089
- other assignments outside the auditing assignment: -

ABRIDGED ANNUAL ACCOUNTS OF SPADEL SA

1. 1. ABRIDGED BALANCE SHEET AT 31 DECEMBER, IN KEUR

The annual accounts of Spadel SA are presented in abridged form below.

In accordance with the Companies Code, the annual accounts of Spadel SA and the management report as well as the report from the Statutory Auditor are filed with the National Bank of Belgium.

These documents are also available upon request at:

Spadel SA, Avenue des Communautés 110, 1200 Brussels.

The Statutory Auditor has expressed an opinion without reservations on the annual accounts of Spadel SA

Abridged annual accounts	2019	2018
ASSETS		
Non-current assets	129,232	129,870
II. Intangible assets	1,427	926
III. Tangible assets	873	1,112
IV. Financial assets	126,932	127,832
Current asstes	150,136	144,879
V. Receivables payable on more than one year	-	-
VII. Receivables payable on not more than one year	93,834	83,332
VIII. Cash investments	26,582	26,580
IX. Securities	28,154	33,788
X. Adjustment accounts	1,566	1,179
TOTAL ASSETS	279,368	274,749
LIABILITIES		
Shareholders' equity	182,744	165,323
I. Share capital	5,000	5,000
IV. Reserves	161,857	151,010
V. Forward profit	15,887	9,313
Provisions and deferred taxes	273	258
VII. Provisions for risks and charges	273	258
Debts	96,351	109,168
VIII. Debts on more than one year	24,500	38,500
IX. Debts on not more than one year	71,436	70,168
X. Adjustment accounts	415	500
TOTAL LIABILITIES	279,368	274,749

2. ABBREVIATED INCOME STATEMENT IN KEUR

	2019	2018
I. Operating income	152,787	164,524
II. External operating costs	-140,065	-151,337
III. Operating earnings	12,722	13,187
IV. Financial income	17,386	23,111
V. Financial costs	525	826
VI. Current profit before taxes	29,583	35,473
VII. Non-recurring income	-	-
VIII. Non-recurring costs	-	-
IX. Profit before income tax	29,583	35,473
X. Taxes	-3,862	-3,782
XI. Profit for the year	25,721	31,691
XII. Direct debit / (transfers) from / to immune reserves	-847	-748
XIII. Profit to be allocated	24,874	30,943

3. STATEMENT OF CAPITAL

	2019	2018
A. Share capital		
1. Subscribed capital		
- At the end of the previous financial year	5,000	5,000
- Increase of capital	-	-
- At the end of the financial year	5,000	5,000
2. Representation of the capital		
Classes of existing shares		
- Membership shares without par value	5,000	5,000
2.2. Registered or dematerialised shares		
- Registered	3,891,840	3,880,625
- Dematerialised	258,510	269,725
	Number of actions	Number of actions
G. Shareholder structure on 31/12/2019		
1. Finances & Industries SA - Bruxelles		
Company controlled in law by: Financial holding company Guyan (Luxembourg)	3,861,187	3,861,187

DECLARATION OF RESPONSIBLE PERSONS

The undersigned, Marc du BOIS, Chief Executive Officer of the Spadel Group and Didier DE SORGHER, Chief Financial Officer of the Spadel Group, declare that to their knowledge:

a) the consolidated financial statements closed on December 31, 2019, drawn up in accordance with the International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, the consolidated financial position and the consolidated results of the company Spadel SA and of its subsidiaries included in the consolidation;

b) the management report contains a fair description of the development of the business, the results and the situation of the issuer and of the companies included in the consolidation, as well as a description of the main risks and uncertainties they face.

Brussels, March 27, 2020

Didier De Sorgher	Marc du Bois
Chief Financial Officer	Chief Executive Officer

STATUTORY AUDITOR'S REPORT

RAPPORT DU COMMISSAIRE A L'ASSEMBLEE GENERALE DES ACTIONNAIRES DE SPADEL SA SUR LES COMPTES CONSOLIDES POUR L'EXERCICE CLOS LE 31 DÉCEMBRE 2019

Dans le cadre du contrôle légal des comptes consolidés de Spadel SA (la « Société ») et de ses filiales (conjointement « le Groupe »), nous vous présentons notre rapport du commissaire. Celui-ci inclut notre rapport sur les comptes consolidés ainsi que les autres obligations légales et réglementaires. Ce tout constitue un ensemble et est inséparable.

Nous avons été nommés en tant que commissaire par l'assemblée générale du 13 juin 2019, conformément à la proposition du conseil d'administration émise sur recommandation du comité d'audit. Notre mandat de commissaire vient à échéance à la date de l'assemblée générale délibérant sur les comptes annuels de l'exercice clos au 31 décembre 2021. Nous avons donc exercé le contrôle légal des comptes consolidés de la Société durant un exercice.

Rapport sur les comptes consolidés

Opinion sans réserve

Nous avons procédé au contrôle légal des comptes consolidés du Groupe, comprenant l'état consolidé de la situation financière au 31 décembre 2019, ainsi que l'état consolidé du résultat global, l'état consolidé des variations des capitaux propres et le tableau consolidé des flux de trésorerie pour l'exercice clos à cette date, ainsi que des notes reprenant un résumé des principales règles d'évaluation et d'autres informations explicatives. Ces comptes consolidés font état d'un total de l'état consolidé de la situation financière qui s'élève à EUR 388.475 milliers et d'un état consolidé du résultat global qui se solde par un bénéfice de l'année attribuable aux actionnaires de la Société de EUR 26.975 milliers.

À notre avis, ces comptes consolidés donnent une image fidèle du patrimoine et de la situation financière consolidée du Groupe au 31 décembre 2019, ainsi que de ses résultats consolidés et de ses flux de trésorerie consolidés pour l'exercice clos à cette date, conformément aux normes internationales d'information financière (IFRS) telles qu'adoptées par l'Union Européenne et aux dispositions légales et réglementaires applicables en Belgique.

Fondement de l'opinion sans réserve

Nous avons effectué notre audit selon les Normes internationales d'audit (ISA) telles qu'applicables en Belgique. Par ailleurs, nous avons appliqué les normes internationales d'audit approuvées par l'IAASB et applicables à la date de clôture et non encore approuvées au niveau national. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « *Responsabilités du commissaire relatives à l'audit des comptes consolidés* » du présent rapport. Nous nous sommes conformés à toutes les exigences déontologiques qui s'appliquent à l'audit des comptes consolidés en Belgique, en ce compris celles concernant l'indépendance.

Nous avons obtenu du conseil d'administration et des préposés de la Société, les explications et informations requises pour notre audit.

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BELFIUS BE92 0689 0408 8123 - BIC GKCC BEBB

Nous estimons que les éléments probants que nous avons recueillis sont suffisants et appropriés pour fonder notre opinion.

Observation – Evénement postérieur à la date de clôture de l'exercice

En ce qui concerne la pandémie du COVID 19, nous attirons l'attention sur le point 13 du rapport de gestion et sur la note 29 ("Evénements postérieurs à la date de clôture") des comptes consolidés. Le conseil d'administration y émet son avis que, bien que les conséquences de cette pandémie pourraient avoir un impact significatif sur les activités du Groupe en 2020, ces conséquences n'ont pas d'effet significatif sur la situation financière du Groupe pour l'exercice clos au 31 décembre 2019. Notre opinion ne comporte pas de réserve concernant ce point.

Points clés de l'audit

Les points clés de l'audit sont les points qui, selon notre jugement professionnel, ont été les plus importants lors de l'audit des comptes consolidés de la période en cours. Ces points ont été traités dans le contexte de notre audit des comptes consolidés pris dans leur ensemble et lors de la formation de notre opinion sur ceux-ci. Nous n'exprimons pas une opinion distincte sur ces points.

Perte de valeur des actifs incorporels

Description du point clé de l'audit

Comme décrit dans les notes 1.7 et 4.4 relatives aux tests de perte de valeur des actifs incorporels (en ce compris les sources, marques et goodwill), la Société revoit la valeur nette comptable de ses unités génératrices de trésorerie (« UGTs ») chaque année ou lorsqu'il existe des indices de perte de valeur. Le test de perte de valeur consiste en une comparaison entre l'estimation de la valeur d'utilité de chaque UGT et sa valeur nette comptable (totalisant EUR 91,5 million pour les UGT tel que repris en note 7). L'évaluation des valeurs d'utilité est un jugement qui requiert des estimations concernant les projections des flux de trésorerie futurs associés aux UGTs, les besoins en fond de roulement, le taux d'actualisation et le taux de croissance du chiffre d'affaires à moyen et long terme.

Nous avons considéré ce point comme un point clé de l'audit en raison de l'importance des soldes au bilan, du niveau du jugement et de l'expertise technique requise pour réaliser les tests de perte de valeur des actifs incorporels.

Nos procédures d'audit relatives au point clé de l'audit

- Nous avons évalué la conception et la mise en œuvre des contrôles internes relatifs au test de perte de valeur du goodwill et autres actifs incorporels (non amortis).
- Nous avons contrôlé la validité du modèle de test de perte de valeur utilisé et évalué si les formules sont correctement appliquées aux données reprises dans le modèle.
- Nous avons testé chacune des hypothèses clés utilisées dans le test de perte de valeur. Ces hypothèses clés concernent le taux d'actualisation, les besoins en fonds de roulement, les flux de trésorerie futurs et le taux de croissance.
- Nous avons impliqué nos spécialistes internes en matière d'évaluation pour comparer et évaluer la pertinence de ces hypothèses à partir de données externes comparables.

- Nous avons testé le niveau de précision des flux de trésorerie futurs sur base des données historiques disponibles et rapproché les données prévisionnelles utilisées avec les plans d'affaires approuvés par le Conseil d'Administration.
- Nous avons conclu sur le caractère approprié d'absence de perte de valeur sur les actifs considérés.
- Nous avons évalué le caractère approprié et l'exhaustivité des informations présentées dans la note 4.4 et ce conformément à la norme IAS 36.

Dettes relatives aux cautions

Description du point clé de l'audit

Le montant des dettes relatives aux cautions est enregistré parmi les dettes courantes et il représente une estimation du montant à rembourser par le Groupe aux clients qui resitueront les emballages consignés comme les bouteilles (en verre ou PET) et les casiers, principalement sur le marché belge, et sur les marchés néerlandais et français dans une moindre mesure. Les dettes relatives aux cautions s'élèvent à EUR 24.764 milliers au 31 décembre 2019. Comme décrit dans la note 4.2, le Groupe évalue annuellement ces dettes sur base d'une estimation des parcs de bouteilles et casiers consignés en clientèle au 31 décembre de chaque année. Un ajustement est réalisé si le montant s'écarte de plus de 10% de la valeur de référence calculée de manière indépendante par la direction.

L'évaluation des dettes relatives aux cautions revêt inévitablement un caractère approximatif et est influencé par la durée des retours et l'estimation du taux de non-retour des éléments consignés. Compte tenu du montant des dettes relatives aux cautions, de la complexité des calculs et de l'impact important des hypothèses retenues sur l'estimation du montant à reprendre dans les comptes consolidés, nous avons considéré cet élément comme un point clé de l'audit.

Nos procédures d'audit relatives au point clé de l'audit

- Lors de nos procédures intérimaires, nous avons acquis une compréhension de l'environnement de contrôle interne relatif à l'estimation des dettes relatives aux cautions.
- Nous nous sommes assurés que la méthode d'évaluation des dettes relatives aux cautions appliquées pour la clôture comptable au 31 décembre 2019 correspondait à la méthode définie par le Groupe.
- Pour chaque entité importante du Groupe concernée, nous avons vérifié que les données relatives aux ventes utilisées pour l'estimation des dettes correspondaient aux données reprises dans la comptabilité.
- Nous avons contrôlé que les hypothèses clés retenues dans le modèle, à savoir l'estimation du taux de perte et du taux de rétention des bouteilles et casiers sur le marché, étaient appropriées sur base d'un historique des transactions observées sur le marché.
- Nous avons validé la caution unitaire pour chaque élément consigné sur base des données reprises dans la comptabilité.
- Nous avons validé l'exactitude arithmétique des calculs repris dans le modèle d'évaluation des dettes relatives aux cautions et avons validé la cohérence des méthodes au travers de revues analytiques.
- Nous avons réalisé une analyse de la sensibilité de l'estimation des dettes par rapport à la variation des hypothèses clés.
- Nous avons vérifié le caractère approprié et complet des informations reprises dans la note 4.2 des comptes consolidés par rapport aux exigences prévues par les normes IFRS.

Provisions relatives aux remises et promotions commerciales.

Description du point clé de l'audit

Les remises et promotions commerciales octroyées par le Groupe à ses clients sont comptabilisées en déduction du chiffre d'affaires (voir note 1.9 du rapport financier). Il existe un nombre important de contrats de vente intégrant des remises ainsi que des promotions commerciales basées sur les quantités vendues ou d'autres conditions contractuelles. En raison du nombre important de contrats et des conditions contractuelles spécifiques, l'évaluation des provisions enregistrées à la fin de l'exercice requiert une part importante d'estimation de la direction et consiste, en conséquence, un point clé de l'audit.

Nos procédures d'audit relatives au point clé de l'audit

- Nous avons acquis une compréhension de l'environnement de contrôle interne relatif aux processus liés à la reconnaissance des revenus et l'estimation des provisions pour les remises et provisions commerciales ainsi qu'évalué la conception et l'efficacité opérationnelle des dispositifs importants du contrôle interne.
- Afin d'évaluer la qualité du processus d'estimation des provisions pour les remises et provisions commerciales développé par la direction, nous avons investigué et discuté de la justification des corrections passées sur l'exercice précédent.
- Nous avons rapproché la base des données reprenant notamment les volumes vendus (exprimés en litre et en valeur) par client, servant au calcul des remises et provisions commerciales avec le chiffre d'affaires reconnu en comptabilité au 31 décembre 2019.
- Pour les contrats les plus importants ainsi qu'un échantillon de contrats statistiques, nous avons contrôlé que les dispositions contractuelles relatives aux remises et promotions commerciales étaient correctement appliquées durant l'exercice et reprises en considération pour le calcul des provisions enregistrées.
- Pour certaines remises et promotions commerciales déjà créditées à la date de nos contrôles, nous avons comparé les montants octroyés après la clôture comptable avec les provisions comptabilisées à la clôture de l'exercice. Nous avons investigué et discuté de la justification des différences constatées.
- Nous avons effectué une revue analytique en comparant le montant des remises et promotions commerciales octroyées durant l'année par rapport à l'évolution du chiffre d'affaires. Nous avons également analysé l'évolution des provisions significatives enregistrées à la fin de l'exercice par rapport à l'année précédente.
- Nous avons testé les écritures manuelles de clôture significatives impactant les comptes liés au chiffre d'affaires et aux provisions pour les remises et promotions commerciales.
- Nous avons vérifié la bonne application de la normes IFRS15 sur les dits contrats ainsi que le caractère complet des informations reprises dans le rapport financier.

Autre point

Les comptes consolidés de Spadel SA pour l'exercice clos le 31 décembre 2018 ont été audités par un autre commissaire qui a exprimé dans son rapport en date du 15 avril 2019, une opinion sans réserve sur ces comptes consolidés.

Responsabilités du conseil d'administration relatives à l'établissement des comptes consolidés

Le conseil d'administration est responsable de l'établissement des comptes consolidés donnant une image fidèle conformément aux normes internationales d'information financière (IFRS) telles qu'adoptées par l'Union Européenne et aux dispositions légales et réglementaires applicables en Belgique, ainsi que du contrôle interne qu'il estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes consolidés, il incombe au conseil d'administration d'évaluer la capacité du Groupe à poursuivre son exploitation, de fournir, le cas échéant, des informations relatives à la continuité d'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si le conseil d'administration a l'intention de mettre le Groupe en liquidation ou de cesser ses activités, ou s'il ne peut envisager une autre solution alternative réaliste.

Responsabilités du commissaire relatives à l'audit des comptes consolidés

Nos objectifs sont d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, et d'émettre un rapport du commissaire contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes ISA permettra de toujours détecter toute anomalie significative existante. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes consolidés prennent en se fondant sur ceux-ci.

Lors de l'exécution de notre contrôle, nous respectons le cadre légal, réglementaire et normatif qui s'applique à l'audit des comptes consolidés en Belgique. L'étendue du contrôle légal des comptes ne comprend pas d'assurance quant à la viabilité future du Groupe ni quant à l'efficience ou l'efficacité avec laquelle le conseil d'administration a mené ou mènera les affaires du Groupe.

Dans le cadre d'un audit réalisé conformément aux normes ISA et tout au long de celui-ci, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique. En outre :

- nous identifions et évaluons les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définissons et mettons en œuvre des procédures d'audit en réponse à ces risques, et recueillons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne;
- nous prenons connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, mais non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne du Groupe;
- nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par le conseil d'administration, de même que des informations les concernant fournies par ce dernier;
- nous concluons quant au caractère approprié de l'application par le conseil d'administration du principe comptable de continuité d'exploitation et, selon les éléments probants recueillis, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité du Groupe à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants recueillis jusqu'à la date de notre rapport du commissaire. Cependant, des situations ou événements futurs pourraient conduire le Groupe à cesser son exploitation;
- nous apprécions la présentation d'ensemble, la structure et le contenu des comptes consolidés et évaluons si ces derniers reflètent les opérations et événements sous-jacents d'une manière telle qu'ils en donnent une image fidèle;
- nous recueillons des éléments probants suffisants et appropriés concernant les informations financières des entités ou activités du Groupe pour exprimer une opinion sur les comptes consolidés. Nous sommes responsables de la direction, de la supervision et de la réalisation de l'audit au niveau du Groupe. Nous assumons l'entière responsabilité de l'opinion d'audit.

Nous communiquons au comité d'audit notamment l'étendue des travaux d'audit et le calendrier de réalisation prévus, ainsi que les constatations importantes découlant de notre audit, y compris toute faiblesse significative dans le contrôle interne.

Nous fournissons également au comité d'audit une déclaration précisant que nous nous sommes conformés aux règles déontologiques pertinentes concernant l'indépendance, et leur communiquons, le cas échéant, toutes les relations et les autres facteurs qui peuvent raisonnablement être considérés comme susceptibles d'avoir une incidence sur notre indépendance ainsi que les éventuelles mesures de sauvegarde y relatives.

Parmi les points communiqués au comité d'audit, nous déterminons les points qui ont été les plus importants lors de l'audit des comptes consolidés de la période en cours, qui sont de ce fait les points clés de l'audit. Nous décrivons ces points dans notre rapport du commissaire, sauf si la loi ou la réglementation n'en interdit la publication.

Autres obligations légales et réglementaires

Responsabilités du conseil d'administration

Le conseil d'administration est responsable de la préparation et du contenu du rapport de gestion sur les comptes consolidés, du rapport distinct sur l'information non-financière et des autres informations contenues dans le rapport annuel sur les comptes consolidés.

Responsabilités du commissaire

Dans le cadre de notre mandat et conformément à la norme belge complémentaire aux normes internationales d'audit (ISA) applicables en Belgique, notre responsabilité est de vérifier, dans leurs aspects significatifs, le rapport de gestion sur les comptes consolidés, le rapport distinct sur l'information non-financière et les autres informations contenues dans le rapport annuel sur les comptes consolidés ainsi que de faire rapport sur ces éléments.

Aspects relatifs au rapport de gestion sur les comptes consolidés et aux autres informations contenues dans le rapport annuel sur les comptes consolidés

A l'issue des vérifications spécifiques sur le rapport de gestion sur les comptes consolidés, nous sommes d'avis que celui-ci concorde avec les comptes consolidés pour le même exercice, et a été établi conformément à l'article 3:32 du Code des sociétés et des associations.

Dans le cadre de notre audit des comptes consolidés, nous devons également apprécier, en particulier sur la base de notre connaissance acquise lors de l'audit, si le rapport de gestion sur les comptes consolidés et les autres informations contenues dans le rapport annuel sur les comptes consolidés, à savoir: Profil, Message du Président et du CEO, Faits marquants, Chiffres clés, Source of Change, Nos marques, Nos régions et Nos ressources humaines et nos autres services, comportent une anomalie significative, à savoir une information incorrectement formulée ou autrement trompeuse. Sur la base de ces travaux, nous n'avons pas d'anomalie significative à vous communiquer.

L'information non-financière requise par l'article 3:32, §2 du Code des sociétés et des associations a été reprise dans un rapport distinct qui fait partie de la section « La responsabilité sociétale et environnementale de notre entreprise» du rapport annuel sur les comptes consolidés. Ce rapport sur les informations non-financières contient les informations requises par l'article 3:32, §2 du Code des sociétés et des associations et concorde avec les comptes consolidés pour le même exercice. Pour l'établissement de cette information non-financière, la Société s'est basée sur le référentiel Global Reporting Initiatives (ci-après « GRI »). Conformément à l'article 3:80, §1, 5° du Code des sociétés et des associations, nous ne nous prononçons toutefois pas sur la question de savoir si cette information non-financière est établie conformément au référentiel GRI précité.

Mentions relatives à l'indépendance

- Notre cabinet de révision et notre réseau n'ont pas effectué de missions incompatibles avec le contrôle légal des comptes consolidés et notre cabinet de révision est resté indépendant vis-à-vis du Groupe au cours de notre mandat.

- Les honoraires relatifs aux missions complémentaires compatibles avec le contrôle légal des comptes consolidés visées à l'article 3:65 du Code des sociétés et des associations ont correctement été valorisés et ventilés dans l'annexe des comptes consolidés.

Autres mentions

- Le présent rapport est conforme au contenu de notre rapport complémentaire destiné au comité d'audit visé à l'article 11 du règlement (UE) n° 537/2014.

Sint-Stevens-Woluwe, le 21 avril 2020

Le commissaire
PwC Reviseurs d'Entreprises SRL
Représenté par

Griet Helsen
Réviseur d'Entreprises

GRI tables

CSR Platform	GRI Disclosure	Subject	Unit	Data 2018	Data 2019	More information
	102-1	Organisation profile				Cf. p. 2-3
	102-2	Activities, brands, products, and services				Cf. p. 28-33; p. 34-41
	102-3	Location of headquarters				Avenue des Communautés 110 B-1200 Woluwé-Saint-Lambert
	102-4	Location of operations				Cf. p. 34-35
	102-5	Ownership and legal form				Cf. p. 65 ; p. 78
	102-6	Markets served				Cf. p. 34-41
	102-7	Scale of the organisation				Cf. p. 10
	102-8	Information on employees and other workers				Cf. p. 10; p. 35
	102-9	Supply chain				Cf. p. 57
	102-10	Significant changes to the organisation and its supply chain				Towards the end of 2019 Brecon Carreg was sold. Sustainability figures in this report still include Brecon Carreg data, unless stated otherwise.
	102-11	Precautionary principle or approach				Cf. p. 64 on risk management; cf. p. 43 financial report

CSR Platform	GRI Disclosure	Subject	Unit	Data 2018	Data 2019	More information
	102-12	External initiatives				**Global:** • Spadel signed a 3-year partnership with 'The SeaCleaners', that operates globally to clean oceans and raise awareness on marine litter. • Spadel signed up the the 'Global Commitment of the Ellen MacArthur Foundation'. This includes a yearly reporting obligation. • Spadel has approved 'Science Based Targets'. this includes a reporting obligation. **Belgium:** • Spadel is partner in the European project "Life Ardennes Liégeoises" dealing with enhacing natural sites of the Hautes Ardennes. • Spadel is a member of the Belgian Pledge, a commitment of food companies for responsible ad practices. • Spadel est fopunding partner of Goodplanet Belgium. **Bulgaria:** • Devin has ongoing media partnerships (unbranded campaigns) with educational content on healthy hydration. Devin also supports a three-stage school program (workshop) in high schools on healthy hydration, zero littering and recycling in partnership with Ecopack and BCause. **The Netherlands:** • Spadel signed a 3-year partnership with IVN Natuureducatie, focusing on topics of biodiversity and litter. • Spadel signed an agreement "Gezonde voeding op scholen", an initiative of Voedingscentrum and the JOGG organisation. **France:** • Carola is an active member of the "Initiatives Durabels (Idée Alsace)", a network of local companies favouring sustainable development. • Carola and Wattwiller are among the first French SMEs obtaining the label "Entrepreneurs + Engagés." **United Kingdom - Wales:** • Brecon Mineral Water signed the Sustainable Development Charter of the Wales' government. • Partner of Run 4 Wales and Recyle for Wales.
	102-13	Membership of associations				Cf. disclosure 102-12
	102-14	Statement from senior decision-maker				Message from Chairman and CEO: vision, values, ambitions, leadership, engagements and main priorities: p. 3; p. 5-7
	102-16	Values, principles, standards, and norms of behaviour				The Spadel values are: agility, ownership, excellence et togetherness. Cf. www.spadel.com
	102-18	Governance structure				For the CSR part: p. 41 Annual report 2018; in general: cf. p. 67

CSR Platform	GRI Disclosure	Subject	Unit	Data 2018	Data 2019	More information
	102-40	List of stakeholder groups				As part of our regular activities numerous stakeholder contacts took place. The Source of Change commitments were launched in June 2019. This was followed by indvidual meetings with main stakeholders in all our markets (see also p. 41 CSR Report 2018). The online Source of Change platform was launched featuring regular news updates and a newsletter to stakeholders was developed. A first internal stakeholder exercise was organised around the materiality of our new CSR Strategy 2025, external stakeholders will be consulted in 2020.
	102-41	Collective bargaining agreements				Belgian employees fall under collective labour agreement
	102-42	Identifying and selecting stakeholders				Cf. disclosure 102-40
	102-43	Approach to stakeholder engagement				Cf. disclosure 102-40
	102-44	Key topics and concerns raised by stakeholders				Cf. disclosure 102-40
	102-45	Entities included in the consolidated financial statements				Cf. p. 34-35; p. 99
	102-46	Defining report content and topic boundaries				Cf. p. 43 ; p. 42-43 CSR report 2018
	102-47	List of material topics				Cf. p. 43
	102-48	Restatements of information				-
	102-49	Changes in reporting				In December 2019, Brecon Carreg has been sold. The information in this CSR report will include Brecon Carreg data, unless explicitly stated otherwise.
	102-50	Reporting period				1 January 2019-31 December 2019
	102-51	Date of most recent report				April 2019 on data 2018. This report is available on www.sustainabilityspadel.com
	102-52	Reporting cycle				Annual update of basic data; ongoing update of actions and progress during the year.
	102-53	Contact point for questions regarding the report				Ann Vandenhende CSR Manager a.vandenhende@spawater.com
	102-54	Claims of reporting in accordance with the GRI Standards				This report has been prepared in accordance with the GRI Standards: Core option
	102-55	GRI content index				Cf. p. 125

CSR Platform	GRI Disclosure	Subject	Unit	Data 2018	Data 2019	More information
	102-56	External assurance				Carbon and water data have been analysed in 2018. Awaiting the topics of the new CSR Strategy 2025, no external assurance has taken place in 2019.
	103-1 G4 DMA,a	Explanation of the material topic and its boundary				Cf. p. 42. The report explains in short why each pillar of the CSR strategy consitutes a material issue. The report explains in short why each pillar of the CSR strategy consitutes a material issue.
	103-2	The management approach and its components				Cf. p. 42. The report explains in short why each pillar of the CSR strategy consitutes a material issue.
	103-3	Evaluation of the management approach				A description of the governance of the CSR strategy can be found on p. 41 of the 2018 CSR report.
Topic specific disclosures linked to CSR Strategy						
Sustainability in everyone's job	404-2	Number of trainings on sustainability for the employees of the Group Spadel	#	7	7	Cf. p. 44
1 citizen day per employee	413-1	Number of participants from the Group Spadel to the citizen days	#	94	139	Cf. p. 45
To be a best workplace	-	Trust Index score for the Group Spadel, according to the Great Place to WorkTM questionnaire	%	64	-	Cf. p. 46
	401-1	Personnel turnover	%	15.84 (incl. Brecon Carreg)	14.88 (excl. Brecon Carreg)	Staff turnover at Spadel in 2019 was 14.88% (excl. Brecon Carreg)
	403-1 (2016)	Welfare and safety of employees	%	100	100	The well-being and safety of employees and their working environment is controlled by Spadel on Group level. This is done by the CPPT ('Committee for Prevention and Protection at Work'), which assures the well-being and safety of employees.
	403-2 (2016)	Absenteeism	%	3.63 (incl. Brecon Carreg)	3.44 (excl. Brecon Carreg)	Absenteeism across the whole Spadel Group (excl. Brecon Carreg) reached 3.44% in 2019.
	404-1	Employee trainings	hours	27 (incl. Devin)		During 2018, staff were provided with an average of 27 hours of training per person. All training measures account for an € 658,638 investment.
	405-1	Distribution men/ women	%	Men: 60.8 Women: 39.2	Men: 63.1 Women: 36.9	
	406-1	Complaints concerning discrimination	#	None (incl. Devin)	None (incl. Devin)	There were no complaints concerning discrimination in 2019.

CSR Platform	GRI Disclosure	Subject	Unit	Data 2018	Data 2019	More information
	407-1 408-1 409-1 412-1	Ecovadis ranking of the Group Spadel		New edition in 2019	-	In our most recent evaluation (2017) Spadel obtained the highest, Gold, recognition level, with a global score of 65/100. The audit recorded no risk concerning the freedom of association, nor collective bargaining, child labour or forced labour.
Topic Specific disclosures not linked to CSR Strategy	204-1	Purchases within 500 km range	%	100	90	Cf. p. 46. 61 suppliers are located within a range of 500 km, on a total of 68 strategic suppliers. All suppliers are located in Western Europe within a maximum range of 1,300 km.
	308-1 414-1	Percentage of new strategic suppliers screened by Ecovadis	%	100	100	Cf. p. 46. In 2019, 2 strategic suppliers have been added, both linked to an investment program. Screening is ongoing at the time of publication.
	308-2	Evaluation of strategic suppliers (Ecovadis)	%	94	96	65 strategic suppliers are screened and followed by Ecovadis. Two suppliers responded to use another sustainibility evaluation methodology (Sedex). One supplier (maintenance) is relaunched. In Bulgaria (Devin) 80% of strategic suppliers were assessed.
	308-2	Evaluation of strategic suppliers (SSPP)	%	92	88	Cf. p. 46. All strategic suppliers were requested to sign the 'Spadel Sustainable Procurement Policy' (SSPP). 7 suppliers have not returned the SSPP. SSPP Policy was signed by 100% of Devin strategic suppliers.
	407-1 408-1 409-1 412-1	Identified risks in the supply chain	#	0	0	Cf. p. 46. During the screeing by Ecovadis, not one single strategic supplier was rated in the last 'high risk' category.
100 % bee-friendly	304-3	Protection of water resources	ha	30.750 (incl. Devin)	30.750 (incl. Devin)	21,950 hectares(excl. Brecon Carreg).
	304-3	Protective measures taken, partnerships (Beediversity), status Life+,...	%	85 % (incl. Devin)	85 % (incl. Devin)	Cf. p. 47-48
"Gold" European Water Stewardship	-	Numer of sites 'Gold' rated	#	1	1	Cf. p. 48
	303-1	Water consumption	million litres	1.483	1.411	In 2019, a total of 1,411 million litres were used for the bottling process in the Group Spadel. 100 % of the water came from ground water.
	303-2	Water exploitation index	%	<10 (Spa, Bru, Brecon)	<10 (Spa, Bru, Brecon)	Cf. p. 11; p. 48
	303-3	Water reuse	million litres	57,5	51,9	Cf. p. 49

CSR Platform	GRI Disclosure	Subject	Unit	Data 2018	Data 2019	More information
	306-1	Water discharge	million litres	702,9 (incl. Devin)	634,3 (incl. Devin)	The total volume of waste water for 2019 was 634,3 million litres, of which 86% passes through a biological and physical treatment plant or a public water purification system with the same treatment. Only in Bulgaria, the public treatment is not completed. Devin = 86187 m³, Brecon = 165,453 m³, Spa = 281,352 m³, Bru = 26,729 m³, Carola = 63,725 m³, Wattwiller = 10,903 m³
	307-1	Penalties or objections to formal procedures - environment	#	None (incl. Devin)	None (incl. Devin)	Spadel respects national, European and worldwide regulations. The Group has not received any financial nor non-financial penalty in ecological, economic or social terms.
Water use ratio 1,6 l/l	303-3	Water use ratio	litre/litre	1.58	1.56	Cf. p. 49. Between 2010 and 2019, Spadel managed to reduce its Water Use Ratio by 56% per litre.
Carbon neutral - general	305-1	Direct (Scope 1) GHG emissions	tonnes CO_2-eq	13,257 (excl. Devin) ; 11,377 *recalculation with European methodology (PEF) and (incl. Devin)	9,821 *calculation with European methodology (PEF) and (incl. Devin)	* In 2019, the European Commission defined a new methology called PEF (Product Environmental Footprint) based on 16 indicators incluidng the climate change (Carbon Footprint). All the past figures (2010) were recalculated. In 2010: 16,038
	305-2	Energy indirect (Scope 2) GHG emissions	tonnes CO_2-eq	926 (excl. Devin) ; 6,722 *recalculation with European methodology (PEF) and (incl. Devin)	7,390 *calculation with European methodology (PEF) and (incl. Devin)	* In 2019, the European Commission defined a new methology called PEF (Product Environmental Footprint) based on 16 indicators incluidng the climate change (Carbon Footprint). All the past figures (2010) were recalculated. In 2010: 4,968
	305-3	Other indirect (Scope 3) GHG emissions	tonnes CO_2-eq	91,695 (excl. Devin) ; 124,690 *recalculation with European methodology (PEF) and (incl. Devin)	117,177 *calculation with European methodology (PEF) and (incl. Devin)	* In 2019, the European Commissionn defined a new methology called PEF (Product Environmental Footprint) based on 16 indicators incluidng the climate change (Carbon Footprint). All the past figures (2010) were recalculated. In 2010: 114,419
	305-4	GHG emissions intensity	g CO_2-eq/ litre	157 (excl. Devin) ; 156 *recalculation with European methodology (PEF) and (incl. Devin)	147 *calculation with European methodology (PEF) and (incl. Devin)	* In 2019, the European Commission defined a new methology called PEF (Product Environmental Footprint) based on 16 indicators incluidng the climate change (Carbon Footprint). All the past figures (2010) were recalculated. In 2010: 179

CSR Platform	GRI Disclosure	Subject	Unit	Data 2018	Data 2019	More information
	305-5	Carbon footprint reduction	%	-26 (excl. Devin) ; -13 *recalculation with European methodology (PEF) and (incl. Devin)	-18 *calculation with European methodology (PEF) and (incl. Devin)	* In 2019, the European Commission defined a new methology called PEF (Product Environmental Footprint) based on 16 indicators incluidng the climate change (Carbon Footprint). All the past figures (2010) were recalculated. In 2010: 179
Carbon neutral by renewable energy	302-1	Energy consumption	MWh	88,029 (excl. Devin)	72,318 (excl. Devin) 92,741 (incl. Devin)	
	302-1	Renewable energy consumption	%	42 (excl. Devin)	39 (excl. Devin) 32 % (incl. Devin)	Spadel with Devin uses 32 % of renewable energy (mainly green electricity and some wood pellets in Devin).
	302-4	Energy efficiency	%	-6 (excl. Devin)	-23 (excl. Devin) *-1 % (incl. Devin)	Despite the 24% rise in sales vs 2010, energy consumption decreased by 22% excl. Devin, * and with Devin the energy consumption decreased by 1%, despite the 78% rise in sales vs 2010
	302-4	Energy reduction per bottled litre	% / litre	-28 (excl. Devin)	-37 (excl. Devin) *-44 % (incl. Devin)	With a consumption at 0,114 kWh per bottled litre, Spadel achieved a reduction of 37% vs 2010 (excl. Devin), * and with Devin, a reduction of 44 %
Carbon neutral by sustainable packaging	301-1	Total material use	tonnes	23,662 (excl. Devin)	21,261 (excl. Devin)	In 2019, Spadel used 21,261 tonnes of raw materials. This figure includes all primary, secondary and tertiary packaging materials (excluding reusable packaging, such as reusable pallets). The decrease compared to 2018 is due to a reduction of PET plastic use.
	301-2	Total recycled material use	%	20 (excl. Devin)	10.3 (excl. Devin)	In 2019, the fraction of recycled material in the products amounts to 10.3%. Spadel is constantly looking to innovate products and processes. This lower percentage compared to recent years is due to a changing product offer. Spadel temporarily reduced the use of recycled PET, because the avai lability of high quality recycled PET could not be guaranteed by the market because of increased demand. With our Source of Change commitments we aim to dramatically increase these percentages in the coming years.
Carbon neutral by green logistics	305-3	Achievements Lean and Green plan			Lean and Green 'Star' obtained by Spadel Benelux	Cf. p. 20
To promote hydration	413-1	Strategic partnerships in each market	#	4 (incl. Brecon Carreg)	3 (excl. Brecon Carreg)	Cf. p. 51

CSR Platform	GRI Disclosure	Subject	Unit	Data 2018	Data 2019	More information
100 % natural & low caloric drinks	416-1	Average calorie content of flavoured waters and lemonades	kcal/ 100 ml	11,4	8,8	Cf. p. 51
	416-1	Products according to Spadel naturality framework	%	100	100	Cf. p. 51
Topic Specific disclosures not linked to CSR Strategy						
	201-1	Turnover (before tax)	million euro			Cf. p. 10
	206-1	Legal anti-competition actions	#	0	0	In 2019, no legal action has been taken against Spadel for anti-competitive behaviour.
	415-1	Political contributions	#	0	0	Spadel gives any political support.
	416-2	Number of takebacks	#	0	0	Any takeback in 2019.
	417-1	Information on the label				Spadel follows directive (EU) 1169/2011 of the European Parliament and European Council of 25 October 2011 relating to labelling, presentation and advertising of foodstuffs. For all waters and soft drinks (non-alcoholic beverages) the ingredients are stated on the label. Information concerning disposal of the container is optional and given in 35% of the range. Our one way packaging has to be recycled: Iin Belgium appears the Green Dot (Fostplus) on all the one way packaging; in the Netherlands, the waste bin; in France, we refer to the TRIMAN logo on our packaging or our websites as permitted by the current regulations. The products of Brecon Carreg respect the EU regulation 1169/2011. Devin products are not yet integrated in the Group procedures.
	417-2	Violations of label information	#	0	0	There have been no violations in 2019.
	417-3	Violations of voluntary marketing codes	#	0	0	There have been no violations in 2019.
	418-1	Violations of confidentiality of information	#	0	0	There have been no violations in 2019.
	419-1	Fines and non-monetary sanctions	#	0	0	There have been no fines in 2019.

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