

# Remuneration report

Refresco's remuneration policy aims to attract and retain highly qualified individuals and reward them with a remuneration package that focuses on delivering sustainable performance in line with the long-term business strategy of the company.

## EXECUTIVE BOARD REMUNERATION POLICY

The Executive Board remuneration policy was adopted by the General Meeting upon the proposal of the Supervisory Board on March 16, 2015. It is based on the principles that (i) the total 'at-target' remuneration of the members of the Executive Board (consisting of the CEO and CFO) is set between the median and upper quartile remuneration levels within a relevant employment market peer group of comparable national and international companies and (ii) the total 'at-target' remuneration also reflects the expected growth of the company pursuant to its strategy.

The remuneration of the members of the Executive Board consists of the following components:

- Annual base pay;
- Short-term incentive ("STI");
- A one-time IPO-related retention incentive to be paid out in the years 2016 and 2017, subject to continued employment;
- Long-term incentive ("LTI");
- Pensions; and
- Other benefits.

The following table summarizes the elements of remuneration as applicable to members of the Executive Board as well as the alignment of remuneration practices with the strategic objectives of the company.

Remuneration element	Description
<b>Annual base pay</b>	<ul style="list-style-type: none"> <li>• Aligned to the median and upper quartile remuneration levels of the selected peer groups.</li> </ul>
<b>Short-term incentive</b>	<ul style="list-style-type: none"> <li>• Focuses on the delivery of short-term results in line with the company's strategy.</li> <li>• Based on financial and non-financial performance conditions; the financial performance conditions for 2016 are set consistent with the strategic objectives of the company and relate to EBITDA and working capital.</li> <li>• 'At target' value of 100% of annual base pay.</li> <li>• 'At target' value of 60-65% of annual base after introduction of the Long-term incentive in 2017.</li> </ul>
<b>Retention incentive</b>	<ul style="list-style-type: none"> <li>• To promote retention of the members of the Executive Board and to safeguard the ability of the company to deliver on the growth strategy following the IPO, a retention bonus pool of EUR 1.1 million is reserved for the Executive Board.</li> <li>• Paid in two annual instalments in 2016 and 2017, subject to employment with the Group at the date of payment.</li> </ul>
<b>Long-term incentive</b>	<ul style="list-style-type: none"> <li>• Grants of conditional shares as from 2017 including lower 'at target' STI as a result.</li> <li>• 3 year vesting period.</li> <li>• Additional 2 year holding period for members of the Executive Board.</li> <li>• Financial targets and non-financial targets as well as continued employment applicable; the financial performance conditions for 2017-2019 will be set consistent with the strategic objectives of the company and relate to ROCE and EPS growth.</li> <li>• Aligns management and shareholders and drive sustainable performance.</li> <li>• 'At target' value of 60-65% of annual base pay.</li> <li>• Number of conditional shares that vest that may vary between 0%-200%.</li> </ul>
<b>Pensions</b>	<ul style="list-style-type: none"> <li>• Defined contribution pension scheme.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• The company may provide a company car to members of the Executive Board.</li> <li>• The company may also pay the premiums of a medical insurance of members of the Executive Board in line with their current employment agreements.</li> <li>• The company will arrange for and pay a directors and officers (D&amp;O) liability insurance for the members of the Executive Board.</li> </ul>

## Severance

In line with best-practice principles of the Dutch Corporate Governance Code, the maximum severance payment applicable to Mr. Roelofs amounts to one year base pay. The severance payment for Mr. Duijzer is EUR 1.0 million gross. Mr. Duijzer's severance payment is a deviation from best practice provision II.2.8 of the Dutch Corporate Governance Code, which is further explained on page 48 of this report.

## Clawback

The remuneration policy is intended to provide for an attractive, market competitive remuneration package where sustainable performance is delivered. Reward for failure should in all cases be avoided. For Executive Board members this means that the Supervisory Board has the discretionary authority to adjust actual pay-outs under both the STI and LTI where the outcomes are not considered a fair representation of actual performance delivered.

Furthermore, where pay-outs have been made based upon incorrect financial and other data, the Supervisory Board has the discretion to decide to claw-back any pay-outs made or shares delivered under the incentives schemes. If a variable remuneration component conditionally awarded in a previous financial year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards.

## Scenario analysis

The Supervisory Board analyses possible outcomes of the variable income components and the effect on Executive Board remuneration. This analysis is conducted annually. A review has been performed in 2016.

## Remuneration survey

In 2016, an external remuneration adviser was instructed to conduct a remuneration survey to establish whether the levels of remuneration for the members of the Executive Board are still aligned to the median and upper quartile remuneration levels of the selected peer groups. Given the recent developments regarding the company, it was determined to select new peer groups; one international reference group and one Dutch reference group.

The international reference group comprises a selection of a balanced group of reference companies, in terms of size/scope, geographical spread and complexity and includes Bell, Bonduelle, Britvic, Coca Cola Bottling, Cott, Cranswick, Ebro Foods, Emmi, Greenyard Foods, Hilton food group, Massimo Zanetti, MHP, Nomad Foods, Premier foods, Societe LDC and Unibel.

The national reference group comprises a selection of companies that are – on average – comparable to Refresco in terms of revenues, market capitalization, total assets and employees. This group includes Accell, AMG, Arcadis, Brunel, Corbion, ForFarmers, Fugro, IMCD, OCI, Sligro, TKH and TomTom.

The remuneration survey shows that the variable income components bring the Executive Board remuneration at around median level in the international reference group and at around the upper quartile level in the Dutch reference group.

in thousands of euros	J.H.W. Roelofs		A.C. Duijzer		Total	
	2016	2015	2016	2015	2016	2015
<b>Short term</b>						
Base salary	695.0	690.0	445.0	440.0	1,140.0	1,130.0
Short term incentive	260.6	863.0	166.9	550.0	427.5	1,413.0
Retention incentive*	300.0	225.0	250.0	188.0	550.0	413.0
Social charges	9.7	40.0	9.7	40.0	19.4	80.0
Expenses	4.2	4.2	3.3	3.3	7.5	7.5
<b>Total</b>	<b>1,269.5</b>	<b>1,822.2</b>	<b>874.9</b>	<b>1,221.3</b>	<b>2,144.4</b>	<b>3,043.5</b>
<b>Post employment</b>						
Pension cost	101.1	133.0	68.7	114.0	169.8	247.0
<b>Total</b>	<b>101.1</b>	<b>133.0</b>	<b>68.7</b>	<b>114.0</b>	<b>169.8</b>	<b>247.0</b>
<b>Total compensation</b>	<b>1,370.6</b>	<b>1,955.2</b>	<b>943.6</b>	<b>1,335.3</b>	<b>2,314.2</b>	<b>3,290.5</b>

\* In the 2015 financial year a retention incentive relating to the IPO was granted of EUR 1,100 thousand which is payable in cash in two parts in 2016 (50%) and 2017 (50%), fully conditional to being employed at the company at the time of payment. In the 2015 financial statements this amount was presented as an expense for the year 2015, as it was related to the IPO. In the 2016 financial statements this expense is allocated to the years 2015, 2016 and 2017, taking into account the total period, resulting in the following allocation: 2015: EUR 413 thousand; 2016: EUR 550 thousand and 2017: EUR 137 thousand. The comparative figures in the table above have been adjusted accordingly.

**EXECUTIVE BOARD REMUNERATION IN 2016****Executive Board remuneration**

The table on the previous page details the reported remuneration of the Executive Board in 2016.

**Short-term incentive**

Payment of the short-term incentive is subject to the attainment of predetermined financial and non-financial performance conditions. Furthermore, there is a discretionary component of the variable remuneration that can be fixed by the Supervisory Board as it considers appropriate to ensure there is pay for sustainable performance.

The financial performance conditions for 2016 are set consistent with the strategic objectives of the company and relate to EBITDA and working capital. An Executive Board member's individual performance is also taken into account in determining the annual bonus. Individual performance is assessed against personal targets. Retrospective disclosure of detailed personal targets is inappropriate as these are deemed to be commercially sensitive.

The 2016 short-term incentive pay-out amounted to 38% of base pay for the CEO and CFO.

**SUPERVISORY BOARD REMUNERATION IN 2016**

The General Meeting determines the remuneration of the members of the Supervisory Board.

The Supervisory Board periodically submits proposals to the General Meeting in respect of the remuneration of the Chairman and the other members of the Supervisory Board.

The following table details the 2016 remuneration of the Supervisory Board, no share-based incentives were awarded to Supervisory Board members during 2016.

Supervisory Board member	Role / Committees	Total remuneration 2016 (in thousands of euros)	Total remuneration 2015 (in thousands of euros)
Yiannis Petrides	Chairman, Member of the Audit Committee	97.5	410.6
Aalt Dijkhuizen	Vice-chairman, Chairman Remuneration & Nominating Committee	52.5	50.6
Sean Gorvy	Member, Member of the Remuneration & Nominating Committee	52.5	50.6
Pieter de Jong	Member	45.0	45.0
Theo de Kool <sup>1</sup>	Member, Chairman Audit Committee	52.5	39.4
Hilmar Thor Kristinsson <sup>1, 2</sup>	Member, Member of the Audit Committee	19.3	50.6
Inge Plochaet <sup>2</sup>	Member, Member of the Audit Committee	32.5	
Jon Sigurdsson	Member, Member of the Remuneration & Nominating Committee	52.5	50.6
Thorsten Jonsson <sup>3</sup>		N/A	9.4
Nicholas J. Schoenfeld <sup>3</sup>		N/A	9.4
<b>Total</b>		<b>404.3</b>	<b>716.2</b>

<sup>1</sup> Up till March 27, 2015 Mr. Kristinsson was Chairman of the Audit Committee and as of March 27, 2015 Mr. de Kool is Chairman of the Audit Committee.

<sup>2</sup> Up till May 12, 2016 Mr. Kristinsson was a member of the Supervisory Board and the Audit Committee. As of May 12, 2016 Mrs. Plochaet is a member of the Supervisory Board and the Audit Committee.

<sup>3</sup> In the first quarter of 2015 the Supervisory Board also consisted of Mr. Jonsson and Mr. Schoenfeld.