

Supervisory Board report

CHAIRMAN'S FOREWORD

Refresco has built a successful business over 16 years creating Europe's largest independent bottler of beverages for retailers and A-brands and an unrivalled production platform. Solid growth in volumes, net profit and adjusted EPS was fuelled by the company's buy & build strategy. 2016 was another year of expansion with milestone acquisitions in the Netherlands and the United States as well as significant increase in the Co-Packing business. At the same time, the Group has continued to optimize its operations and footprint, ensuring a solid platform for future growth. The Private Label market remains challenging which was noted in the volume development throughout the year.

The Supervisory Board closely monitors the company's strategy as well as the financial and operational performance. While markets may be challenging from time to time, we believe that the Executive Board and the employees of Refresco are managing the company's performance well and that Refresco is in a solid position to continue its growth strategy.

Yiannis Petrides,
Chairman of the Supervisory Board

SUPERVISORY BOARD ACTIVITIES DURING 2016

During 2016, the Supervisory Board held seven physical meetings and one teleconference according to its pre-set schedule. In addition, there were five ad-hoc meetings held by teleconference. All of the above meetings were held with the Executive Board being present. The Supervisory Board held three additional meetings among the Supervisory Board only. The Supervisory Board believes it is important to visit the Group's operations and therefore one of the meetings was held in Le Quesnoy, France and another meeting was held in Herrath, Germany. The other physical meetings were held in the company offices in Rotterdam, the Netherlands.

None of the members of the Supervisory Board were frequently absent.

In December 2015, the Chairman of the Supervisory Board was notified that the shareholding of Ferskur Holding 1 B.V.'s (Stodir) moved below the 20% threshold and as a result Mr. Kristinsson resigned as Supervisory Board member. The Supervisory Board engaged an executive search bureau to propose candidates meeting the specific profile that was drawn up by the Supervisory Board based on the Supervisory Board Profile. Interviews with selected candidates were held by a delegated committee and the Supervisory Board proposed Mrs. Plochaet to the Annual General Meeting. With her appointment by the Annual General Meeting, Mrs. Plochaet brought an extensive knowledge of the operational side of the manufacturing industry and became the first female member of the company's Supervisory Board.

During the regular Supervisory Board meetings, the Executive Board update the Supervisory Board on the operational and financial performance of Refresco, any relevant activities regarding the company's buy and build strategy, any CAPEX proposals above EUR 1 million and the Investor Relations activities. Furthermore, the Chairmen of the sub-committees reported on the topics reviewed and discussed in the sub-committee meetings.

In 2016, the Supervisory Board considered and approved the investment in the PepsiCo bottling facility in Hamburg, Germany and the acquisition of Dutch beverage manufacturer DIS. Furthermore, the company took its first step into North America by acquiring Whitlock Packaging. Entering a new market in another continent requires careful consideration by the Supervisory Board and this step and subsequent acquisition was therefore discussed within and approved by the Supervisory Board. Another important item on the agenda in 2016 was the Group's strategy and plans for 2017 – 2019 during which the Executive Board informed the Supervisory Board about the strategy and risks the company may be facing in the three years to come. Other topics on the agenda were inter alia the market trends regarding Private Label and the Budget for 2017 including sustainability. Finally, the Supervisory Board discussed the structure and operation of the internal risk management and control systems of the Refresco Group.

As part of the continuous Supervisory Board training program, the Supervisory Board was educated about standard practices regarding Annual General Meetings held by entities listed in the Netherlands. The Supervisory Board was also updated on those parts of the new Market Abuse Regulation relevant for them.

Committees

Remuneration and Nominating Committee

In 2016, the Remuneration and Nominating Committee convened seven times. There was one physical meeting and six meetings were held by teleconference. The meetings were attended by the CEO and a HR representative. In the case of topics concerning the remuneration of the CEO, it was chosen to discuss matters without the CEO being present.

The Remuneration and Nominating Committee discussed and approved the 2016 base salaries and Long Term Incentive Plan (LTIP) and Short Term Incentive Plan (STIP) bonus pay-outs for the Group's senior management. Furthermore, the Remuneration and Nominating Committee set the targets for the STIP 2016. The Remuneration and Nominating Committee dedicated a considerable time on the implementation of the adjustments to the LTIP as outlined in the Annual General Meeting on May 12, 2016. These adjustments will apply both to the Executive Board and the Group's senior management. Finally, the Remuneration and Nominating Committee also performed a benchmark of the remuneration of the Executive Board. More details about the LTIP adjustment and the benchmark can be found in the Remuneration Report on pages 41 – 43.

Audit Committee

Until May 12, 2016, the Audit Committee was composed of Messrs. De Kool (Chairman), Kristinsson and Petrides. Mrs. Plochaet replaced Mr. Kristinsson as of May 12, 2016 for the remainder of the year. The Audit Committee met five times. Three of the meetings were held by teleconference. Meetings were held in the presence of the CFO and the Group Director Finance, with the exception of one where the performance of the management was discussed with the external auditor without the CFO and the Group Director Finance being present. The Investor Relations Manager joined the meetings during which the press releases regarding quarterly results were discussed. The external auditor attended four meetings. The internal auditor attended one meeting.

In 2016, the Audit Committee reviewed and discussed the draft Annual Report for 2015, including the auditor's report, related thereto and the report reflecting the findings by the auditors from the audit of the financial statements. Another important item on the agenda in 2016 was the performance of the Internal Audit Plan in 2016. Given the increased attention on fraud in general, it was agreed to include a review regarding the exposure of the company to fraud risks in this plan too. Every quarter, the Audit Committee was informed about the developments in the market based on the data made available by a third party market research specialist and the Audit Committee reviewed the press releases reporting on the results in the quarter concerned. In its final meeting in 2016, the Audit Committee

discussed, among others, the audit plan of the external auditor for the financial statements included in this Annual Report, the outcomes of the interim audit – including the internal control environment – performed by the external auditor. The Audit Committee also discussed the findings of the internal audits in 2016 and the internal audit plan for 2017. Some recommendations were made regarding the review on fraud risks, but it was concluded that – to date – fraud does not qualify as a major risk to the company's operations.

Board Evaluation

In June 2016, the Supervisory Board discussed various topics to increase its effectiveness, *inter alia* (i) the information provided by the Executive Board, (ii) the information provided by the committees of the Supervisory Board, (iii) the exposure of the Supervisory Board to key personnel of the Group and (iv) a more standardized annual agenda.

In November 2016, each member of the Supervisory Board and the Executive Board filled out an online questionnaire with a view to assessing the functioning of the Supervisory Board, its committees, the Chairman and the cooperation with the Executive Board. A third party will review the answers and prepare a report of the findings regarding the effectiveness of the Supervisory Board.

The functioning of the Executive Board over 2016 was assessed separately. No assessment of the individual Supervisory Board members took place in 2016.

COMPOSITION OF THE SUPERVISORY BOARD

Following the reduction of Ferskur Holding 1 B.V.'s (Stodir) shareholding in Refresco, Mr. Hilmar Kristinsson stepped down at the Annual General Meeting of Shareholders, held on May 12, 2016. The Supervisory Board is very grateful to Mr. Kristinsson for his contributions to the Supervisory Board.

The Supervisory Board is pleased that the Annual General Meeting of Shareholders appointed Mrs. Inge Plochaet as per the Supervisory Board's proposal. Mrs. Plochaet has over 25 years of experience in the beverages and FMCG sector having held various international senior management and director positions with AB Inbev.

The Supervisory Board has a diverse composition in terms of knowledge and expertise, gender, age, and nationality. The Supervisory Board will continue to strive for a diverse composition in the process of appointing and reappointing members to the Supervisory Board in the future. At the same time necessary knowledge of the company, the manufacturing industry, and the company's key market areas will stay as key appointment criteria. The Supervisory Board endeavours to ensure that the composition of the Supervisory Board is such that its members are able to act critically and independently of one another, the Executive Board and any particular interest.

Messrs. Dijkhuizen, De Kool, Petrides and Mrs. Plochaet are independent Supervisory Board members within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code. Messrs. Gorvy, de Jong and Sigurdsson are appointed as members of the Supervisory Board upon the nomination of the company's significant shareholders, being Tamoá, 3i and Ferskur Holding respectively, and are considered non-independent within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code.

At the 2017 Annual General Meeting the term of Mr. Petrides will expire. Mr. Petrides will be proposed for re-appointment for a four-year term at this meeting.

Mr. de Jong will step down from the Supervisory Board after the 2017 Annual General Meeting in line with the prevailing rotation plan.

The Supervisory Board nominated Mr. Thomas Kunz for appointment as a new member of the Supervisory Board for a term of four years, to be resolved upon and effective from the 2017 Annual General Meeting.

The table below reflects the members of the Supervisory Board and their respective committee memberships as of December 31, 2016. Each of their biographical details are presented on pages 44 – 45 of this report.

EXPANSION OF THE EXECUTIVE BOARD

The Supervisory Board analyzed the Executive Board composition. In order to achieve a more balanced focus on our European and US activities it was decided to expand the Executive Board with a Chief Operating Officer Europe. Mr. Vincent Delozière will be nominated for appointment by the General Meeting to this new position. He currently is the Group Managing Director and will continue to lead the Operating Board overseeing the European operations.

At the 2017 Annual General Meeting the term of CFO Aart Duijzer will expire. Mr. Duijzer will be proposed to the General Meeting for re-appointment for a four-year term.

FINANCIAL STATEMENTS 2016 AND DIVIDEND

The Financial Statements were audited by Ernst & Young Accountants LLP. Their independent auditor's report can be found on pages 120 – 123 of this Annual Report. The Audit Committee and the Supervisory Board reviewed and discussed the Annual Report for the financial year 2016 in their respective meetings. The external auditor attended these meetings to present their audit findings. These meetings were held in the presence of the Executive Board.

The company intends to apply a dividend pay-out policy that targets to pay out 35% to 50% of adjusted net income. The Executive Board shall propose to the General Meeting of Shareholders to declare a distribution of EUR 0.38 per common share, in cash.

The Supervisory Board endorses the financial statements and recommends that the General Meeting of Shareholders adopts the 2016 financial statements and dividend pay-out as presented and releases the Executive Board and Supervisory Board from liability for their management in the year under review and the supervision thereof, respectively.

In conclusion

We are pleased with the progress on the strategic initiatives, operational performance and financial results of the company and we believe Refresco is in a good position to continue its growth strategy in both key markets in Europe and the US.

To conclude, the Supervisory Board wants to thank the Executive Board and all Refresco employees for their performance, passion, commitment and hard work in 2016.

Rotterdam, March 8, 2017

Yiannis Petrides, Chairman

Aalt Dijkhuizen

Sean Gorvy

Pieter de Jong

Theo de Kool

Inge Plochaet

Jon Sigurdsson

Name	Position	Initial appointment	Committees	Date of possible reappointment
Mr. Yiannis Petrides	Chairman	January 2013	Member of the Audit Committee	2017
Mr. Aalt Dijkhuizen	Vice-chairman	October 2009*	Chairman of the Remuneration and Nominating Committee	2019
Mr. Sean Gorvy	Member	November 2013	Member of the Remuneration and Nominating Committee	2018
Mr. Pieter de Jong	Member	March 2010	N/A	2017
Mr. Theo de Kool	Member	March 2015	Chairman of the Audit Committee	2019
Mrs. Inge Plochaet	Member	May 2016	Member of the Audit Committee	2020
Mr. Jon Sigurdsson	Member	April 2009*	Member of the Remuneration and Nominating Committee	2018

* In March 2010, Messrs. Dijkhuizen and Sigurdsson became a member of the Supervisory Board of the company. Before that date, they were members of the Supervisory Board of Refresco Holding B.V.



27% of our volumes are produced in Aseptic PET.

Our drinks on every table

We continue to invest in growth categories. Aseptic PET technology is one example enabling us to produce more natural products for our customers.