

Executive Board report

- Refresco delivers on strategic initiatives
- 6.5 billion liters of soft drinks and juices
- Gross profit margin per liter stable at 14.2 euro cents
- Net profit increased to EUR 81.5 million
- First step into North America with the acquisition of Whitlock Packaging



We are proud of our strategic accomplishments in 2016 and the foundation we have built in North America for a second growth platform, similar to Europe.



Hans Roelofs,
Chief Executive Officer



We are pleased with the progress we have made on our strategic focus areas in 2016, particularly in terms of our buy & build execution and growth of Co-Packing.

The following section highlights our recent achievements in more detail and describes how we will continue our responsible growth.



Aart Duijzer,
Chief Financial Officer

KEY ACHIEVEMENTS THROUGH EXECUTION OF OUR GROWTH STRATEGY

Our strategy is to grow alongside our customers in the markets where we currently operate, to enter new and adjacent markets, to develop new products and packaging solutions for our customers in existing and new geographies and to be a cost leader in our industry. Our size brings economies of scale, but it is the ability of our highly skilled people to seize market opportunities and streamline operational processes that makes the difference.

It was our four pillar growth strategy – customers, geographies, operations and people – that provided us with the roadmap for our activities and gave focus and consistency to our decisions.

Customers – Creating strategic relationships with Co-Packing & Private Label customers

We built on strategic relationships with our customers in the private label and co-packing markets. With customers at the heart of our business, we leveraged our knowledge of markets and consumer preferences and with our unique capabilities helped to grow their product portfolios and business.

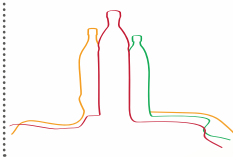
Through targeted investments we focused our efforts on best serving our customers and maximizing our growth opportunities. We saw the consumer demand shift away from fruit juices and full sugar beverages towards other lower calorie categories continue in 2016. As consumers took more care in their choice of products, we focused our innovations on consumer trends such as convenience and increased health and nutritional awareness.

Our focus is the private label and co-packing markets which are expected to outperform the overall soft drinks market development. Within private label, consumers are increasingly seeing private label products as a quality alternative to branded products. They provide an opportunity for the retailer to differentiate themselves from the competition and enhance customer loyalty. Consequently, retailers are expanding their private label shelf space to meet demand. At the same time, consolidation amongst retailers and the growth of hard discounters' share in the retail market continues.

Within co-packing, we expect that the market will continue to grow as branded beverage companies seek to outsource their manufacturing capacity as a part of their asset light strategies. When outsourcing, A-brands typically look for manufacturers who can provide high quality standards, sufficient scale and footprint to meet their geographical and service level requirements as well as requirements related to manufacturing quality, reliability and flexibility. We believe Refresco is well positioned to meet these needs.

In 2016 our strategic focus to grow Co-Packing faster than Private Label continued to pay off. In 2016 Co-Packing has grown from 19% in 2015 to 27% of total volume in 2016. The transactions this year contributed to this growth as well as contracts with existing and new Co-Packing customers.

Mineral water based products is a new growth category



We see a growing trend for more natural, lower calorie drinks across the markets and we are actively developing matching products together with our customers. Mineral water based products are one important category and our mineral water wells across Europe give us a good foundation to develop new products for our customers. In 2016 we committed to invest in our mineral water capabilities especially in Italy and Poland where we are installing a new water line to serve private label customers. Our aim is to launch several flavoured mineral waters in 2017 building a strong position in this growing category.



Although Co-Packing increased substantially, Private Label had a more challenging start of the year. This was related to our commercial decision to discontinue low margin-large volume private label contracts in Poland and Germany that continued to impact our volumes throughout the year as well as the challenging market conditions.

In Europe, we have market leading positions in each country that we are active. To maintain and strengthen these market positions, we will focus on organic and acquisitive growth and innovation.

Geographies – focus on value adding acquisitions

Since the start of the company, we have completed and successfully integrated 20 transactions. We operate in a low growth soft drinks market where cost leadership and scale provide substantial competitive advantage. Via our buy & build strategy we aim to strengthen our position in existing markets, expand into new markets and make selective investments that complement our product portfolio.

The acquisition of US-based Whitlock Packaging creates a new growth platform for further add-on acquisitions. The company is an excellent strategic and cultural fit and our aim is to create a similar platform to the one we have in Europe. Refresco has developed a market leading private label business in Europe and over time we intend to leverage this experience to further develop Whitlock Packaging's private label capabilities. By focusing on innovation, procurement, operational excellence and industry best practices, we will also contribute to Whitlock Packaging's expansion.

In the Benelux we took the opportunity to expand and complement our production capabilities in cans by acquiring co-packer DIS. We have also increased our Co-Packing capacity in Germany, where Co-Packing was relatively unrepresented, by investing in a bottling facility in Hamburg.

For more information about the transactions we refer to pages 23 – 24 of this report.

In 2016 we completed all the remaining integration tasks and realized all synergies relating to the Gerber Emig merger, which was closed in 2013. Furthermore we made good progress in markets where we already operate, such as Germany and the Benelux, and we entered a new geographical market: North America.

Going forward, we have created a strong financial and operational platform on which to build further via acquisitions. As we have done in the past, we will consider any acquisition that generates value in terms of market, geography or operational and commercial synergies. We will be very disciplined in evaluating these acquisitions, with a strong focus on acquisitions that offer a good return on investment in the medium term.



We are proud to work for Europe's leading retailers and branded beverage companies who trust their products to our people and manufacturing sites.

Operations – Continuous optimization, investments and improvement

Across our operations and supply chain, we drive operational excellence in the delivery of our products, services and processes, always with our customers' needs in mind. We must ensure the delivery of high quality products and services that are cost-effective, safe and sustainable.

At the end of 2016 our total number of manufacturing sites amounted to 29. We are continually optimizing our footprint and for this reason we closed our Nieszawa manufacturing site in Poland which will reduce the total number of sites in Poland to three.

We continued to invest in packaging formats, new technologies and our manufacturing footprint. Refresco spends on average 3-4% of revenue per annum on capital expenditures, which is key for us to stay ahead of competition. In 2016 investments included two Aseptic PET lines, one low-acid line and three PET filling lines in the Benelux, UK, Poland, Spain and Italy, respectively. In the UK the newly installed CSD line started production at the beginning of the year. The CSD category is a new addition to our UK product portfolio and it significantly strengthens our position in the UK. The new low-acid line in the UK expands our customer offering to UHT milk drinks, which is an exciting new growth category.

To identify areas of manufacturing improvement and savings, facilitate exchange of best practice across the business and drive training and development of employees we operate the Peak Excellence (PEX) program. As part of the program we assess and score each manufacturing site and issue certification to those reaching the target scores. The assessment is built around nine modules important for optimal manufacturing and supply chain. These vary from changeovers on the line through to performance management and distribution.

People – Resourcing for future

Being part of a winning team with an inspirational vision for the future makes Refresco an exciting place to work. We offer talented people a compelling combination of an international work environment with local entrepreneurship in a fast growing company. Refresco has grown from a local fruit juice manufacturer into a multicontinental operations. This accelerated growth and integration into one Group has been possible because of our organizational set up that combines global and local in a unprecedented way. In our opinion, it is not only knowledge and experience, but also the right mind-set, that are critical to good performance.

As we grow it is important that we build on our existing strengths and add some new ones to ensure we are properly resourced for the future. We are therefore giving much more attention to the people pillar in our strategy and a great deal of work is underway. We made solid progress in 2016 on building a more integrated people agenda and a more connected organization across the geographies. Mid way through the year, we launched our first annual Group-wide people survey to capture employee feedback and views on our culture, leadership style and work climate. We additionally launched LEAP, a new leadership acceleration program to attract and develop our top talent. Towards the end of the year we introduced new people processes for performance management across the Group.

Our values

- **Entrepreneurship**
- **Excellence**
- **Market Driven**
- **Innovation**
- **Responsible**

North America creates new People opportunities

With the acquisition of US-based Whitlock Packaging we took a leap from being a European company to a multicontinental organization. Although the newly acquired company is managed separately from the European business, it is important that we operate as one company, sharing one culture and set of standards. The exchange of talented people and best practices is therefore of great importance to us and throughout the year we have worked hard to facilitate this.

Employees

At the end of 2016 we employed 4,870 FTEs in Europe and 678 FTEs in the US. Excluding the US the number of employees increased by 464 FTEs compared to last year. The increase in headcount was attributable to the acquisition of DIS in the Netherlands, investments in manufacturing capacity in Germany and other business units partly offset by our decision to consolidate our production in Poland.

We report progress on the people agenda in more detail on pages 28 – 30 of this report.

Our structure

Refresco Group N.V. is the parent company of the Refresco Group. An overview of all the subsidiaries owned by Refresco Group N.V. can be found on page 116 of this report. The company is managed by the Executive Board, which is responsible for Refresco Group's overall management and performance and for the implementation of its strategy. The Executive Board is supervised by the Supervisory Board. Since the acquisition of Whitlock Packaging, we have split our organization at operational level into Europe and the United States.

Regarding our European operations, the Executive Board is advised by an Operating Board, comprising a Group Managing Director and a Group Finance Director and supported by three Group Directors representing HR, Operations and Purchasing. The Operating Board reports to and advises the Executive Board on the operational and sales matters in relation to our business units in Europe. The business units are Benelux, France, Germany, Iberia, Italy, North East Europe and the UK. Each of the business units is headed by a Managing Director. The Managing Director and local management teams are responsible for managing the manufacturing and sales operations in their respective countries. The Managing Directors report into the Group Managing Director.

PEX – a coordinated approach to drive continuous improvement across the Group



At Refresco we strive for excellence in all aspects of our end-to-end process. We have embraced Peak Excellence (PEX), a continuous improvement model which is helping to drive leadership development and to advance standardized activities and processes across the Group. The model, which encourages employees to get involved and take ownership in all that they do, is a natural fit with our company's DNA and our focus on delivering best-in-class results.

Introduced in 2014, the PEX program is shaping up nicely in all business units with UK and Poland preparing for certification in early 2017 and Benelux preparing for re-certification. Certification is awarded for a period of two years and confirms the business unit has reached the required maturity level and that performance is at or above our targets.

At the end of 2016 the PEX team was more than 25 people strong and still growing. Our PEX focus has extended beyond Operations and Finance and HR deployments are next in line. From 2017 we will incorporate professional certification of our PEX team into the program in order to raise the knowledge, experience and leadership of PEX coordinators across the business.



Progress on strategy

| | Strong customer relationships | Selective and value adding buy & build | Well invested and flexible operations | People and organizational mind-set |
|------------------|--|--|---|--|
| Initiatives 2016 | Significantly increased Co-Packing volumes. | Expanded into a new geography by acquiring Whitlock Packaging in the US. | Continued investment in improving production flexibility and cost efficiencies. | Integrated People agenda and first Group-wide employee survey. |
| | Developed new innovative products together with our customers. | Strategic acquisition of DIS in the Netherlands. | Continued optimization of the manufacturing footprint. | Launched LEAP: a leadership acceleration program to retain and develop our top talent. |
| | Expanded customer offering in the UK and the Netherlands. | Integration of acquired companies under way. | Expanded in innovative production technologies such as Aseptic PET. | Created the opportunity to exchange talent between the continents as a result of the US acquisition. |

Regarding the US operations, the US Managing Director reports directly into the Executive Board on the operational and sales matters in the United States.

FINANCIAL PERFORMANCE 2016

Volume increased 6.0% to 6,462.3 million liters (2015: 6,095.5 million liters). Co-Packing volume amounted to 1,730.8 million liters, an increase of 49.0% compared to 2015. As a percentage of total volume Co-Packing comprised 26.8% of total group volume (2015: 19.1%). On a like-for-like basis Co-Packing reported a high single digit growth of 8.3%. Private Label volume decreased 4.1% to 4,731.5 million liters or 73.2% of total volume. Private Label had a challenging start of the year as a result of our commercial decision to discontinue low margin-large volume contracts in Poland and Germany, which impacted our volumes, but did not impact our profitability. Towards the end of the year we started to regain part of those contracts.

The private label market faces competition from branded products as the price gap has decreased, which is directly linked to raw material price movements. A smaller price difference between branded and private label products makes it easier for consumers to choose branded products. In the Benelux volume growth of 24.5% was mainly driven by the DIS acquisition. In the UK the carbonated soft drinks production line, which started production in the beginning of 2016, contributed to the 14.2% volume growth year-on-year. Germany and Poland had a challenging year in terms of volume due to the reason mentioned above. Revenue in 2016 totaled EUR 2,107.4 million, an increase of 4.5% compared to EUR 2,016.4 million in 2015. Changes in revenue are mostly driven by fluctuations in input prices which are passed on to customers, and is therefore not a representative indicator for the development of our business. We focus on volume, gross profit margin per liter, EBITDA, cash flow and ROCE to analyze our performance.

Volume per region in millions of liters

| | 2016 | 2015 |
|---------------------|----------------|----------------|
| Benelux | 1,267.5 | 1,017.8 |
| Germany | 1,360.6 | 1,466.3 |
| France | 913.8 | 891.1 |
| Iberia | 581.1 | 571.5 |
| Italy | 837.4 | 860.3 |
| North East Europe* | 528.2 | 662.8 |
| UK | 714.4 | 625.7 |
| Total Europe | 6,203.0 | 6,095.5 |
| US** | 259.3 | – |
| Total Group | 6,462.3 | 6,095.5 |

Revenue per region in millions of euros

| | 2016 | 2015 |
|---------------------|----------------|----------------|
| Benelux | 506.1 | 410.2 |
| Germany | 414.2 | 439.7 |
| France | 315.4 | 312.4 |
| Iberia | 157.7 | 154.8 |
| Italy | 152.6 | 153.7 |
| North East Europe* | 135.1 | 153.5 |
| UK | 378.6 | 377.0 |
| Holding | 8.8 | 15.1 |
| Total Europe | 2,068.5 | 2,016.4 |
| US** | 38.9 | – |
| Total Group | 2,107.4 | 2,016.4 |

* Including Poland and Finland.

** The US is consolidated to the Group results as of September 7, 2016.

In 2016 gross profit margin per liter was 14.2 euro cents, unchanged compared to 2015 (14.2 euro cents). The gross profit margin per liter also includes a positive effect as a result of the discontinuation of the low margin contracts.

Input costs and operating costs

Raw materials and consumables costs amounted to EUR 1,191.8 million, an increase of 3.8%. The main input materials for us are orange juice, apple juice, sugar, aluminum cans, liquid paperboard and PET. Raw materials, consumables and product tax accounted for 68.5% (2015: 64.0%) of total spend, and packaging materials accounted for 31.5% (2015: 36.0%).

Where feasible, we have a policy of purchasing forward raw materials and packaging materials to cover sales positions with customers. Some of the raw materials we require are priced only in USD, and we mitigate the effect of exchange rate fluctuations by using USD purchase options and forward contracts.

Employee benefits expenses amounted to EUR 243.9 million, an increase of 10.0% compared to EUR 221.7 million in 2015. The increase is explained by the higher number of employees as a result of the acquisition of DIS and Whitlock Packaging.

Depreciation, amortization and impairment costs totaled EUR 87.6 million in 2016 (2015: EUR 84.5 million). Other operating expenses increased EUR 3.3 million, or 0.7%, compared to 2015 and amounted to EUR 455.2 million.

Operating profit

EBITDA in 2016 was EUR 216.9 million (2015: EUR 195.0 million). Excluding one-off items adjusted EBITDA was EUR 222.0 million, an increase of 2.7% compared to the previous year. We have incurred a total of EUR 5.1 million (2015: EUR 21.2 million) in one-off costs in the operating profit.

Reconciliation of operating profit to adjusted EBITDA

in millions of euros

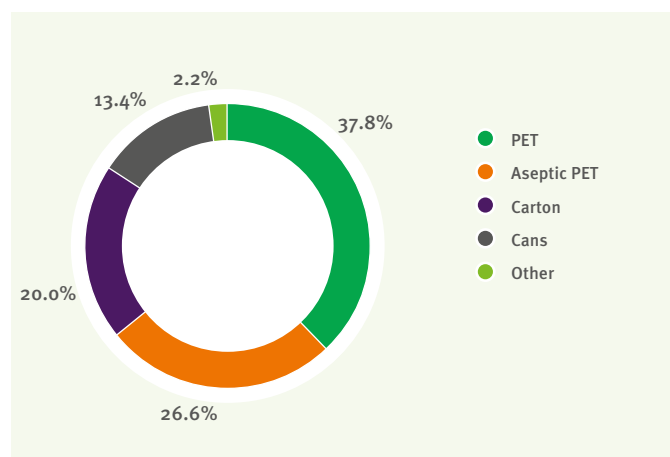
| | 2016 | 2015 |
|-------------------------------------|--------------|--------------|
| Operating profit | 129.3 | 110.5 |
| D&A and impairment costs | 87.6 | 84.5 |
| EBITDA | 216.9 | 195.0 |
| Acquisition and restructuring costs | 4.9 | 6.9 |
| IPO and refinancing related costs | – | 21.5 |
| Other | 0.2 | (7.2) |
| Adjusted EBITDA | 222.0 | 216.2 |

Finance result

The net finance result improved by 62.5% to EUR (18.7) million in 2016 (2015: EUR (49.9) million) mainly due to lower finance costs. Finance costs decreased from EUR 50.3 million in 2015 to EUR 18.8 million in 2016. The significant lower amount of finance expenses is the result of the refinancing in June 2015, partly offset by the EUR 200 million increase in the syndicated loan facility after the refinancing in July 2016.

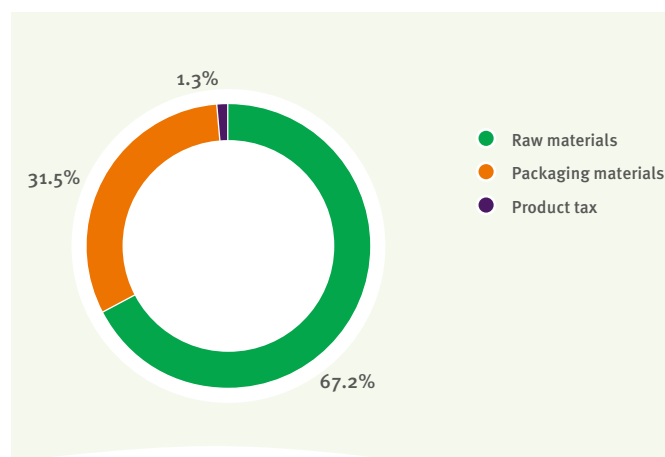
Volume per packaging type

(6,462.3 million liters in 2016; 6,095.5 million liters in 2015)



Raw materials and consumables used

(EUR 1,191.8 million in 2016; EUR 1,148.3 million in 2015)



Net profit

Net profit for 2016 was EUR 81.5 million compared to a net profit of EUR 41.8 million in 2015. The refinancing resulted in significant lower interest costs in 2016 compared to 2015. The difference in net profit between 2016 and 2015 is also explained by the one-off IPO related costs in 2015. The adjusted net profit increased 11.1% to EUR 86.4 million (2015: EUR 77.8 million).

Reconciliation of net profit to adjusted net profit

in millions of euros

| | 2016 | 2015 |
|--|-------------|-------------|
| Net profit | 81.5 | 41.8 |
| Non-controlling interest | – | 0.4 |
| Profit attributable to shareholders | 81.5 | 42.2 |
| Acquisition and restructuring costs | 4.9 | 6.9 |
| IPO & refinancing related costs | – | 43.4 |
| Other | 0.2 | (7.2) |
| Impairment | 1.1 | 4.1 |
| Tax effect | (1.3) | (11.6) |
| Adjusted net profit/(loss) | 86.4 | 77.8 |

Earnings per share

Earnings per share amounted to EUR 1.00 in 2016 compared to the pro-forma earnings per share of EUR 0.53 in 2015. Adjusted earnings per share for the year was EUR 1.06, up 8.6% compared to last year.

Dividend

The Executive Board shall propose to the Annual General Meeting of Shareholders a dividend of EUR 0.38 per share in cash, an increase of 11.8% on the dividend declared last year.

Cash flow

Net cash flow from operating activities increased compared to 2015 by 20.5% to EUR 156.5 million. It is for the largest part explained by the lower amount of interest paid in 2016.

The cash flow required for continuing investment activities in 2016 increased compared to last year by EUR 139.5 million to EUR 220.6 million mainly as a result of the acquisitions in 2016. Capital expenditures accounted for EUR 87.8 million. Capex was invested in the installation of two Aseptic PET lines, one low-acid line and three PET filling lines in the Benelux, UK, Poland, Spain and Italy, respectively.

Balance sheet

Total assets amounted to EUR 1,964.0 million at December 31, 2016 (2015: EUR 1,641.1 million). Property, plant and equipment increased EUR 105.6 million as a result of the acquisitions and asset purchases in 2016. Total non-current assets amounted to EUR 1,193.5 million (2015: EUR 983.9 million). Goodwill was EUR 529.0 million (2015: EUR 438.2 million), while total intangible fixed assets amounted to EUR 548.9 million (2015: EUR 445.7 million). The increase in goodwill was related to acquisitions which was partly offset by exchange rate differences.

Cash and cash equivalents at the end of 2016 were EUR 139.1 million, an increase of EUR 43.4 million compared to year-end 2015.

Net debt at the end of the year amounted to EUR 621.8 million (2015: EUR 457.5 million) consisting of EUR 760.9 million in loans and borrowings and EUR 139.1 million in cash and cash equivalents.

A full list of legal entities can be found on page 116 of this report.

Refinancing

Refresco increased and extended the existing unsecured syndicated term loan facility to refinance the EUR 672 million syndicated facilities which were arranged in April 2015. The aggregate size of the facilities, which consist of a term loan facility and a revolving facility, increased with EUR 200 million to a total of EUR 872 million and will mature in July 2021. Similar to the previous agreement, the size of the revolving credit facility amounts to EUR 150 million. The new unsecured syndicated term loan facility was signed on July 1, 2016 and subscribed to by a group of existing and new international banks.

Strategic acquisitions and investments in capacity

Bottling facility in Germany

On February 24, 2016 we announced the investment in a production facility from PepsiCo in Germany. The facility is located near Hamburg. This transaction enables us to strengthen our footprint in Germany and increase our Co-Packing volumes.

The transaction was closed on May 31, 2016. For more information about this purchase, we refer to the press release of February 24, 2016.

Acquisition in the Netherlands

On March 29, 2016 we announced the acquisition of DIS, located in the Netherlands. The annual production of DIS is approximately 300 million liters and the annual revenue is approximately EUR 90 million. The share purchase price was EUR 72 million, including debt the total purchase price equals 7.5x EBITDA.

DIS is focused on the filling of a wide range of cans with diverse non-alcoholic beverages such as carbonated soft drinks and energy drinks. DIS additionally fills beer in cans for regional and international brewers. Co-Packing for international brands accounts for 95% of the volume and the remaining 5% is Private Label business with European retailers.

DIS strengthens our position in Co-Packing, boosts innovation power in the canning segment and creates opportunities to further optimize our manufacturing footprint and supply chain in the Benelux.

The transaction was closed on May 11, 2016. More information can be found in the press release of March 29, 2016.

Acquisition in the United States

On July 26, 2016 we announced the acquisition of Whitlock Packaging which marked our first step into North America, the largest soft drinks market globally.

The acquisition of Whitlock Packaging enables us to create a new growth platform in North America with the potential to develop to a similar position as Refresco in Europe. Furthermore it significantly expands our addressable market and substantially grows Co-Packing volumes as a percentage of Group total. Whitlock Packaging has long-standing relationships with leading A-brands in the US soft drinks market and more than 80% of Whitlock Packaging volumes relate to customers currently being served by Refresco in Europe. Refresco will now be able to provide A-brands and private label customers with reliable supply chain solutions in both key markets.

We paid USD 127.9 million, equal to EUR 113.8 million¹, on a debt and cash free basis. This represented an EV/adjusted EBITDA multiple of 7.3x and is in line with the average multiple paid by Refresco. The transaction was closed on September 7, 2016 and it is expected to be earnings accretive in the first full year of consolidation.

More information about the acquisition of Whitlock Packaging can be found in the press release of July 26, 2016.

Subsequent events

The previously announced preliminary agreement to purchase Sanpellegrino's bottling facility in Recoaro, Italy, was finalized on March 1, 2017. Due to the relatively small size of the transaction, no financial details are disclosed.

Looking ahead


In the medium term Refresco targets an average organic volume growth in the low to mid-single digits based on current market outlook.

Gross profit margin per liter in the medium term may come down marginally due to product mix effects. For 2017, we expect the gross profit margin per liter to come down due to the change in product mix relating to the integration of the acquisitions in 2016.

We anticipate capital expenditures to increase compared to the level of 2016 as a result of the acquisitions and the continued upgrading of our manufacturing capabilities. These investments will be financed from available free cash flow.

We expect our average number of employees to increase as we progress in our buy & build strategy partly offset by ongoing optimization of our manufacturing footprint.

* At EUR/USD rate of 1.1239.



We offer a wide range
of packaging solutions
and formats: **13%**
are cans.

Our drinks on every table

Dutch co-packer and can specialist DIS joined Refresco in 2016. Together we offer a unique variety of canning solutions for A-brands and retailers.

SUSTAINABILITY AT REFRESCO

As a bottler of soft drinks and fruit juices we have a direct impact on the environment through the sourcing and production process of the products we manufacture for our customers. In doing so, we touch the lives of people in our own organization as well as in our supply chain and the communities around us. We consider this a big responsibility as well as a big opportunity for producing increasingly sustainable products and creating a positive impact.

New Group-wide framework capturing local initiatives

Whilst we have commonly defined key performance indicators in place for sustainability and a number of special initiatives focused on energy efficiency, water usage and sustainable supply chains, until now our business units have been free to pursue their own approach towards these goals. At the end of 2015 we decided to scale up our approach and define a Group-wide sustainability strategy with common standards that we could consistently apply in each country.

Over the course of 2016 a core sustainability team drawn from different functions and business units worked together to define the approach taking into account the different angles of sustainability, local initiatives already in place, and the interests of our business and stakeholders.

Focusing on what matters

It is important that the sustainability framework we develop focuses on material topics relevant to our strategic drivers and the expectations of our stakeholders. To this end, we engaged third party advisors to undertake a study which led to a long list of potentially material topics. These topics were discussed internally and ranked according to their importance, resulting in a selection of the most important topics for Refresco. To validate the choices made by internal stakeholders, we conducted an online survey with almost 40 stakeholders including customers, suppliers, employees and governmental representatives and interviewed some of our customers in person as well. The findings resulted in us adding a number of additional sustainability topics to the framework. The results are shown in the materiality matrix below.

Dialogue with stakeholders

Once the bones of the framework were in place we began by raising awareness of our intended approach with employees, took their feedback on-board and then refined it further. With the programme now ready to roll out, we have planned a comprehensive internal communications campaign for 2017 and beyond to bring the approach to life within the business. Once embedded in our organization, we will maintain active dialogue with external stakeholders.

Materiality matrix



Engaging with our internal and external stakeholders in this way has been a very valuable process. It has enabled us to establish an ongoing dialogue with stakeholders about long term business issues that matter and to build relationships based on trust and collaboration.

How do we manage sustainability?

Our Group-wide sustainability approach is coordinated centrally by a cross functional and cross business unit team. Sustainability framework, approach and ambitions are set by the Executive Board and reported to the Supervisory Board. Each business unit has a sustainability champion who coordinates the local efforts and ensures alignment with the Group-wide approach. Our newly acquired US business is not yet included in this.

In 2016 the sustainability team met on a regular basis and discussed the materiality analysis and stakeholder input, Group ambitions, definitions and measurement of material topics and stakeholder engagement going forward.

Happy People, Happy Planet, Happy Products

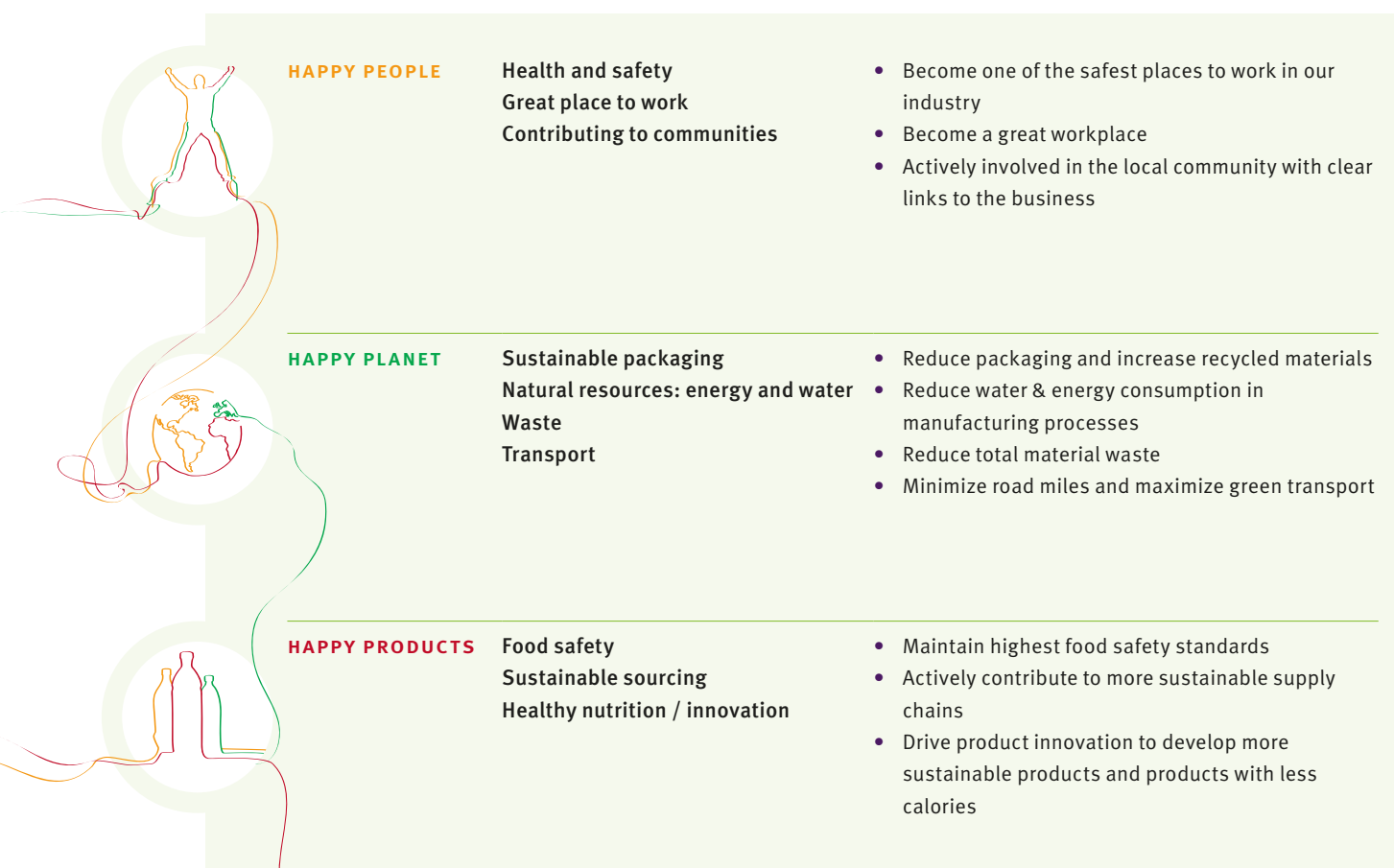
Our sustainability framework builds on three pillars, 'Happy People', 'Happy Planet' and 'Happy Products', directly aligned to the company

strategy and interests of our stakeholders. We are convinced that by contributing to our people and the communities around us, minimizing the impact of our manufacturing operations on the environment and producing high quality, sustainable products we will contribute to our company's success and create value for stakeholders.

We have identified key performance indicators (KPIs) to support us in assessing our progress on our sustainability topics. This report does not include performance data for all topics, but we are committed to obtaining, tracking and being transparent with this information in the years to come as we continue to roll-out and implement our sustainability strategy throughout the company.

We include relevant information regarding material sustainability topics and what they mean in the context of Refresco's activities on pages 28 – 36. The sustainability information on pages 30 and 32 includes employee, safety and environmental data. Sustainability information refers to all business units and the Group in Europe for the financial year January 1, 2016 – December 31, 2016. We have excluded our newly acquired US business which was consolidated into the Group results as of September 7, 2016. The performance data on pages 30 and 32 is un-audited.

Our ambitions



HAPPY PEOPLE – CONTRIBUTING TO OUR PEOPLE AND THE COMMUNITIES AROUND US

Health & safety

We want our own employees as well as our visitors, contractors and other third party workers at our manufacturing and warehouse locations to feel safe and secure in their work, day in day out, no matter where they are.

How do we manage health & safety?

Alongside the requirements set out in local legislation and third party certificates, we have developed our own safety and environmental standards that are coordinated centrally as part of our continuous improvement programme and implemented locally. The standards seek to ensure occupational safety at our manufacturing and warehouse locations. To verify each business unit's self-assessment scores and ensure a common application of the standards we have a Group-wide programme to review performance.

By the end of 2016 each business unit had performed a self-assessment and nominated a Health Safety & Environment coordinator to ensure action plans derived from the self-assessment results were implemented.

We work to improve our safety record by identifying best practices across the business and replicating these in locations where we could improve. Our firm focus on safety is paying off as our accidents ratio decreased from 2.9 per 100 employees in 2015 to 2.0 per 100 employees in 2016. This is a great achievement, but not the end of the line. We are committed to bring down the accidents ratio further by continuing to work to increase awareness and encourage positive safety behaviour amongst our employees through a mixture of communications, engagement and consultation.

Great place to work

Next to providing our people a safe place to work, we also have responsibility to build our people's capabilities and take care of our work climate.

Building on two-way communication and employee engagement

Our buy & build strategy means that we are regularly integrating new businesses into Refresco. To keep our company culture and values alive we keep our employees closely informed of what Refresco stands for and what is happening across the business through annual town hall meetings, regular communications updates and local employee communications.

We want to build on our two-way communication channels and in June 2016 we launched our first company-wide employee survey to hear what our employees think about our leadership style, our organizational culture, working environment and the way we manage, develop and recognize our people's contribution.

Improving safety performance in Italy



Our goal is for colleagues, contractors and other third party workers to be safe wherever they work. In 2016 our team in Italy worked to raise awareness on safety with increased employee communication on this topic. We initiated specific safety trainings, raising awareness of past safety performance and areas for improvement. We also started to record near misses in our operations to remind our people how important safety is. Near misses are promptly resolved incidents that could have otherwise led to accidents and are a proven tool to identify risks and ultimately prevent accidents from happening. Finally we aligned our interests with stakeholders by adding new safety related clauses in our collective agreement. Our efforts are paying off as accidents ratio in Italy came down to 2.0 accidents per 100 employees, a great result.



Ultimately we want to be a workplace where we trust each other, enjoy the people we work with and take pride in what we do. We are pleased to report that 70% of the colleagues across the European business units participated in this first survey. Trust index, which is the average of all survey responses, shows that 51% of all respondents gave a positive answer as their rating for the Great Place to Work statements. Although there is still room for us to improve this is a good result we can build upon. Insight from the survey was discussed across the business to draw improvement areas and plans during the second half of the year. We are committed to continue this process and our ultimate goal is to improve the level of pride, trust and fun across the company every year. The results will also help us make the right adjustments to company policies and practices to ensure that the talented people who work with us – and who will be joining us this year – are keen to stay.

Talented people – the essential ingredient to our continued success

As the business is growing fast, identifying employees who can step up to wider responsibilities is vital. LEAP, which was successfully launched in the second half of 2016, is our new Leadership Acceleration Programme intended to fast-track our people to grow into next generation Refresco leaders.

The programme comprises best practice sharing, understanding what it means to be a leader of the future and to work in an entrepreneurial way. There is also a greater emphasis on sustainable development, so that business leaders recognize what they need to do to develop themselves and their teams, in order to meet the longer-term aims of the business. Individuals are offered a range of experiences – including international assignments and joining international expert networks or projects – which will help create a more mobile workforce.

Contributing to communities

Each of our manufacturing sites has a role to play in the surrounding community and we seek opportunities to contribute to these communities with a clear and direct link to our business. As we continue to embed the sustainability into our business, each manufacturing site aims to initiate at least one community initiative a year with a clear and direct link to the business.

Building a great place to work together in the Benelux

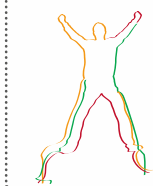


Becoming a great place to work is a process that starts from understanding our employee's views and continues by translating results into priorities and concrete action plans. With this in mind, our team in the Benelux presented local results to individual site and head office management teams in September 2016. They in turn cascaded the results to their staff in follow up town hall meetings. Although anonymous, the results were filtered by manufacturing site and department. This provides real insights for managers about the level of trust, pride, respect, feeling of fairness and satisfaction within the teams. And this is exactly what we want. We want to see what's working and what's not in the different pockets of the organization. We want to identify what we need to keep doing and what we need to change and improve.

Action planning will follow into 2017 and this will differ from site to site. In some locations this will involve straight forward discussions with works councils and representative staff. In others, for instance where results might be low, discussion of the results with a larger number of employees can help to better understand the triggers behind the scores. What's key to this whole process is that the results communication and subsequent action planning is owned at a plant level.



UK team raised funds for Movember



Movember is a foundation that is committed to raising money and awareness for prostate and testicular cancer, mental health and suicide prevention. (www.movember.org).

The idea for Refresco to get involved was suggested by our team responsible for Um Bongo, one of Refresco's own brand licensed products in the UK. This children's drink is a household name for many dads who drank it when they were young and now buy it for their kids therefore a perfect platform on which to build a targeted fundraising campaign.

For each limited edition Um Bongo pack that was purchased in the month of November 2016, Um Bongo donated 12 pence to the Movember Foundation. Including donations from the staff, customers, suppliers and the Um Bongo contribution the UK team raised £ 26,000 for the Movember Foundation.

Happy People – Key developments in 2016

- All manufacturing sites are working to improve their health & safety processes and to re-inforce this via awareness training. Safety communication cards, visualization of safety performance, training sessions and safety awards are just a few examples of our efforts to raise safety awareness and to ensure common standards and understanding across the company.
- An integrated people agenda focusing on building a more connected global organization, developing people capabilities, and improving performance and work climate under way.
- Group-wide people survey introduced in 2016 – translation of results and actions started in the second half of 2016 and continues into 2017.
- LEAP – our new Leadership Acceleration Programme was successfully launched in the second half of the year.
- Improvement of core people processes such as performance management, talent management, succession planning and remuneration and launch of a SAP-based people portal.

Employees per gender and employment type*

(5,548 FTEs at year-end including Europe and the US)

| | Total number of employees | % male employees | % female employees |
|---------------------------------|------------------------------|---------------------|-----------------------|
| Employees per gender | 5,548 | 78.6 | 21.4 |
| Employment type | | | |
| Permanent | 4,917 | 78.9 | 21.1 |
| Temporary | 632 | 76.2 | 23.8 |

* Employee data per gender and employment type is collected locally from local HR systems and consolidated at the Group level.

Accident ratio*

| | 2016 | 2015 |
|----------------|------|------|
| Accident ratio | 2.0 | 2.9 |

* The sustainability performance data is unaudited. The data excludes our US business which was consolidated to the Group as of September 7, 2016.

HAPPY PLANET – MINIMIZING OUR IMPACT ON THE ENVIRONMENT

Making sure our impact on the environment is as low as possible requires us to maximize sustainability throughout our production process from water and energy through to packaging, recycling of our waste and optimizing transportation.

Sustainable packaging

Our key packaging materials are PET preforms, liquid paper board and metal cans. We buy these packaging materials mainly from major global suppliers with some volumes purchased from smaller European manufacturers. We source packaging materials primarily for our retail customers while our A-brand customers typically deliver their packaging materials to our manufacturing sites.

How do we manage sustainable packaging?

We aim to minimize our impact on the environment by decreasing the aggregate amount of material used in our primary and secondary packaging. Besides reducing materials used we also aim for a higher degree of recycled materials in our packaging.

We work closely with our suppliers to create lighter PET bottles and aluminium cans as well as reducing weight of closures of different products such as carton packaging. Furthermore we are participating in a project for the development of sustainable PET bottle packaging from bio-materials.

Natural resources

Water

Water is a key ingredient for many of the products we manufacture for our customers. It is also an exciting growth category. We have several water wells, and protecting these is crucial in our ability to provide our customers high quality products.

Furthermore, we closely monitor the water/product ratio in our manufacturing processes, with the aim of reducing overall water consumption. Combi solutions where PET bottles are no longer rinsed with water but with air, is just one example of our tools to reduce water consumption in the manufacturing process. Water deficit is a growing problem across the globe we are working to improve our water management, especially in Spain, as the area is one of the most vulnerable in Europe.

Using old PET bottles to produce new in France



Our French team has been championing recycling since 2008 when it was among the first manufacturers to use recycled PET (R-PET) in the packaging of food and drinks in France. As a raw material, PET is globally recognized as a safe, non-toxic and flexible material that is 100% recyclable. Producing new plastic products from recycled materials does not only reduce the virgin material used but also saves energy. Today our team continues to lead the way in France where we can offer up to 50% R-PET used in preforms.



Choosing for environmental friendly options on new lines



In 2016, we increased our Aseptic PET capacity with investments in two new lines in the Benelux. This technology enables us to provide A-brands and retailers with more natural, preservative free products. Because Aseptic PET technology increases the absolute energy and water usage in our manufacturing processes, we have selected to use environmentally friendly Combi machines which compensate for the increase. Integrated blow moulding, air rinse and more efficient electric motors are just some of the machine features significantly reducing energy and water consumption compared to traditional technologies.



Energy

Energy consumption is important to us, both in maintaining our cost leadership and in minimizing the negative environmental impact of our operations. Cooling, warming, machinery, and compressed air form the bulk of our energy consumption. Our aim here is to reduce energy consumption through optimal utilization of our machinery and through investment in reduced energy equipment.

In 2016 we experienced some increases in energy and water consumption related to our product mix, for example more Aseptic PET production and chilled products and smaller packaging sizes which were only partly compensated in energy reduction measures elsewhere in the business.

Sustainability data*

| | 2016 | 2015 |
|--------------|------|------|
| Water ratio | 2.10 | 1.97 |
| Energy ratio | 0.44 | 0.43 |

* The sustainability performance data is unaudited. The data excludes our US business which was consolidated to the Group as of September 7, 2016.

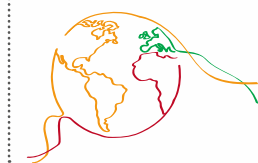
Waste

With a common definition for waste set in 2016 we are now better able to benefit from best practices and re-inforce our efforts in the area of waste management across the business.

Today all manufacturing sites separate waste (plastics, paper, metal) that is collected in special containers at each site. We work together with waste management companies and materials suppliers who collect, process and recycle our packaging waste.

Several continuous improvement (PEX) and quality projects are aimed at reducing overall waste and we are raising awareness amongst our employees to highlight the importance of recycling and the difference we can make when we manage waste correctly.

Finland is leading the way in recycling waste



Working together with a local waste management company our Finnish team has set up internal collection points for different types of waste so that it is pre-sorted by us before leaving the manufacturing site. We have also spent time talking to staff about the importance of recycling and about the difference we can all make to the company and environment by simply placing the right product in the right waste outlet.

Last year when we started the intensified process our recycling rate was 65% and like all changes, the new process took time to embed. Regular assessments have helped a lot but the biggest motivating factor was the results. At the end of 2016 close to 100% of our waste in Finland is recycled.

Our sustainability approach builds on Happy People, Happy Planet and Happy Products.

Transport

With the broad geographical spread of our manufacturing sites we can supply with short transportation lines and provide the close proximity our customers need. By combining different customer and product deliveries, we aim for fully loaded trucks and optimal pallet usage at all times. In our search for optimal efficiency transportation with minimum impact on the environment, we place a high priority on identifying suppliers that have a similar approach and can make a meaningful contribution to a sustainable supply chain.

Happy Planet – Key developments in 2016

- In new investments to production lines we opted for more environmental friendly configurations saving both water and energy.
- We are working towards improving our water usage in Spain, one of Europe's most vulnerable areas for ground water.
- Working together with our suppliers we continued our light weighting programme to reduce total material in PET bottles, aluminium cans and closures.
- We established a common definition for waste across the business allowing us to harmonize and improve our waste management.
- We have defined a common approach for transport and implementation has begun with initiatives focused on less road miles and greener transport.

HAPPY PRODUCTS – HIGH QUALITY, SUSTAINABLE AND INNOVATIVE

We deliver the highest quality and constantly improve the sustainability of the drinks we manufacture for our customers. In collaboration with our customers, we champion innovation to drive more natural products with less calories and to enhance our product range.

Food safety

Food safety encompasses actions aimed at ensuring fit for consumption by the end-user and no detraction or damage for health. All our manufacturing sites in Europe are certified to a recognized Global Food Safety Initiative Standard (GFSI) – which, depending on the country, is Global Food Standard (BRC), FSSC 22000 or the International Features Standard Food (IFS Food). To ensure food safety and quality, every manufacturing site has implemented its own quality system tailored to the critical control and quality aspects applicable to its manufacturing processes. Quality control forms part of each production line. Furthermore, the majority of our manufacturing sites in Europe were ISO14001 certified at the end of 2016. In the US our three manufacturing sites are regulated through US Food & Drug Administration (FDA) and certified under Safe Quality Food (SQF) Program. Our sites are also regularly audited by our retail and A-brand customers.

Sustainable sourcing

We align the ambition for purchasing sustainable materials with the needs of our customers and secure long-term availability of our key raw materials while working towards improving social compliance and environmental standards across our supply chains.

Our aim is to work closely with producers of raw materials and we aim to decrease our dependency on certain regions in a world where economic or political turmoil and extreme weather can severely disrupt our supply chain. When we choose to work with trading partners who buy raw and packaging materials for their own manufacturing processes we require them to ensure that their own suppliers comply with the same conditions Refresco expects from them.

Organic, Fairtrade and Rainforest Alliance are examples of the most common sustainable sourcing schemes we use for our Private Label customers. Furthermore Refresco buys its juice raw materials according to the SGF-IRMA guidelines that are generally accepted in the global fruit juices industry. SGF stands for Safe-Global-Fair and is a non-profit organization that carries out supplier audits and grants SGF-IRMA certifications that cover the vast majority of raw materials used in the European fruit juice industry. Furthermore Refresco is a member of the Fruit Juice CSR Platform designed to facilitate collaboration for a more sustainable fruit juice sector. Through its membership of Unesda – Soft drinks Europe Refresco aims to contribute to long term success of the soft drink and fruit juice industry.

Transport collaboration for less road miles



Working with customers, carriers and other Fast Moving Consumer Goods (FMCG) companies to share transport capacity is a proven way to optimize efficiencies and minimize empty kilometres ultimately resulting in lower CO₂ emissions. In the Benelux our team took part in a collaborative transport pilot platform that aims to create more efficient supply chains by exchanging information between carriers. This project, called SMiLe (Samen Minder Leeg ie. less empty together), involved combined deliveries from a number of FMCG companies and intensive information sharing between carriers. Although it is complex to realize large scale cooperation based on flexibility, trust and openness, we expect these innovative collaboration models to play a major role in our future transport plans.





We believe that sustainable drinks should be available on every table.



Our key raw materials are orange juice concentrate, apple juice concentrate and sugar. In 2016, our orange juice concentrate supply was sourced mainly from Brazil. We have our own pressing capacity of not from concentrate orange juice (NFC) at our Oliva manufacturing site in Spain. This supplements our supply of NFC orange juice sourced from Brazil and from other suppliers in Spain.

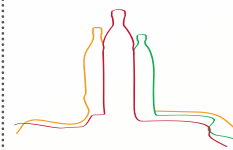
We sourced the majority of our apple juice concentrate in 2016 from Central Europe – Poland, in particular. The majority of sugar was sourced within the European Union – Germany, France, the Netherlands, Belgium and Poland in particular.

We expect every supplier in our supply chain to conduct all its business operations with honesty, integrity and transparency and in accordance with the principles set out in the Refresco Supplier Code of Conduct, which we started to roll out to our supplier base in 2016. We are committed to continue dialogue on sustainability topics with our suppliers further aligning our sustainability ambitions and goals with them.

Code of Conduct sets supplier environmental and social requirements

We expect our suppliers to commit to protect the environment in compliance with international standards relevant for their business as well as the applicable laws and regulations. We require suppliers to strive to continuously minimize the adverse environmental impacts of their activities, products and services through a responsible management of environmental aspects.

Organic products match sustainability ambitions



Consumer demand for organic products is taking off. With our well-established supply chains we are well positioned to produce matching organic beverages for our customers.

But what makes an 'organic' product? First, the sourcing of organic products from reliable suppliers with whom we can build long term relationships is important. Secondly, our manufacturing sites need to be able to demonstrate that there is no crossover between organic and conventional products during production.

In 2016, we launched three new organic products for one of our customers in France. These are 'nectars' – juice based fruit drinks with no added sugar – aimed primarily at the kids market. Product knowledge is being shared with all Business Units so that organic products can be produced in many other regions going forward. Alongside France and Italy, Germany, Benelux and the UK are particularly active in this area.



If they wish to secure long term business relationship with Refresco suppliers shall respect the UN Universal Declaration of Human Rights and the eight fundamental Conventions of the International Labour Organisation (ILO). In particular, suppliers shall ensure that in their respective organizations and supply chain:

- The minimum employment age limit defined by national law, applicable regulation and the relevant fundamental Convention of the ILO is adhered to;
- Compulsory or forced labor is prohibited;
- Wages and working hours meet or exceed the national legal standards;
- Discrimination and harassment of any kind will not be tolerated; and
- There is freedom of association.

We expect our suppliers to continuously improve their overall social performance. The supplier Code of Conduct is available at our website www.refresco.com.

Healthy nutrition / Innovation

In a fast moving and constantly changing market, we never give up on our ambition to improve and we are always searching for new ways to drive innovation. Our production processes are highly flexible, enabling us not only to develop the right products in the right volumes but also to develop new product formulas and packaging combinations in line with customers' changing needs and requirements.

It is our ambition to drive product innovation to develop more sustainable products in collaboration with our customers. Organic, low calorie / no added sugar, natural flavors and fair trade products are just a few examples of the new innovative products we launched to the market in 2016.

We continued to invest in Aseptic PET based technology, which facilitates the manufacture of soft drinks and fruit juices without additives or preservatives with two new lines installed in 2016.

Happy Products – Key developments in 2016

- We require our juice raw material suppliers to sign the AIJN Business Code of Conduct and the overall supplier base to endorse Refresco supplier Code of Conduct, which was introduced in 2016.
- We invested in two new Aseptic PET lines and one low-acid line enabling more natural, preservative free production in the years to come.
- We worked closely with our customers on new product development to match customer requirements and consumer trends in the smoothie, preservative-free sparkling drink, tonic water and flavoured water categories.