

Supervisory Board Report

Chairman's foreword

In 2019, Refresco again proved its excellence with integrating recently acquired assets. With the integration of the former Cott's bottling business being nearly complete, Refresco is well on its way to creating a cross-continental business that is able to meet new market developments and satisfy an evolving range of customer and consumer needs. The Supervisory Board fully supports Refresco in its journey to become one of the world's largest independent bottling solutions providers. Toward the end of the year, the Supervisory Board welcomed Ms. Brown as a new Member, replacing Mr. Brugère.

On behalf of the Supervisory Board, I would like to thank all of the employees and the Executive Committee for their commitment to realizing the ambitions of our 2025 strategy.

Luis Bach,
Chairman of the Supervisory Board

Supervisory Board activities in 2019

In 2019, the Supervisory Board of Refresco Group B.V. held seven in-person meetings and a number of teleconferences according to its pre-set schedule. All of the above meetings were held with the CEO and the CFO present. Depending on the agenda and location of the meeting, one or more other members of the Executive Committee were also present. None of the members of the Supervisory Board were frequently absent. The Supervisory Board visited the Group's operations in Bridgewater (UK), Wharton, NJ (US) and Caslino (Italy).

During the regular Supervisory Board meetings, the Supervisory Board was updated – where applicable – on the operational and financial performance of Refresco, any relevant activities regarding the company's 'buy & build' strategy and any CAPEX proposals above EUR 5 million. Where applicable, the Chairmen of the sub-committees were given the opportunity to report on the deliberations and findings of the sub-committee meetings held. Recurring items on the annual calendar of the Supervisory Board are the approval of the Annual Report, the three year plan, and the budget for the next calendar year.

In 2019, the Supervisory Board continued to track the integration of the former Cott's bottling activities. It approved and closely monitored the acquisition projects which completed in 2019, being the beverage concentrate facility and R&D platform in Columbus, Georgia, the Coca-Cola European Partners' Milton Keynes site in the UK and the two PepsiCo manufacturing sites in Spain. The acquisition of US-based AZPACK, which was completed at the start of 2020, as well as the intended purchase of Britvic's three juice bottling facilities in France were fully supported by the Supervisory Board as well. Another topic discussed by the Supervisory Board was the extension of the Executive Committee with the Chief Commercial Officer (CCO) and the Chief Procurement Officer (CPO). The Supervisory Board shares the view of the Executive Committee that these additions will enable Refresco to accelerate its growth strategy and its transformation from bottler to beverage solutions provider. Finally, sustainability has been an area of continuous focus for the Supervisory Board, which believes it is the Group's responsibility as a beverage solution provider to align its efforts with the sustainability needs of its customers as well as consumers.

COMMITTEES

Audit Committee

The Audit Committee comprises Messrs. Guimaraes (chairman), Golden, and Pittman, whereas Mr. Brugère was replaced during the year by Mrs. Brown.

In 2019, the Audit Committee met four times. Two of the meetings were held by teleconference. Meetings were held in the presence of the CFO and the Group Director Finance. The external auditor attended all four meetings. The internal auditor attended one meeting.

The Audit Committee reviewed and discussed the performance of the Internal Audit Plan in 2019. It was determined to continue the review regarding the exposure of the company to fraud risks as fraud remains an area of attention. In 2019 the financial impact of the acquisition of Cott's bottling activities and refinancing of the company's current debt, the increased leverage ratio as a result thereof were also areas of attention for the Audit Committee. Every quarter, the Audit Committee is informed about the developments in the market based on the data made available by a third-party market research specialist and the Audit Committee reviews press releases reporting on the results in the quarter concerned. In its final meeting in 2019, the Audit Committee discussed, among other items, 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 2019 and the internal audit plan for 2020. 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.

Mergers and Acquisitions Committee

Until the resignation of Mr. Brugère, the Mergers and Acquisitions Committee was composed of Mr. Golden as chairman and Messrs. Bach, Brugère, and Remedios as members. In 2019, Mr. Brugère was replaced by Mr. Stévenin.

The Committee had three in-person meetings in 2019. During these meetings, the Committee discussed *inter alia* the Company's strategy. The Supervisory Board approved a change in the governance allocating certain authorities to the Executive Board and the Committee, enabling shorter decision processes around smaller acquisitions.

Remuneration and Nomination Committee

The Remuneration and Nominating Committee was composed of Mr. Stévenin as chairman and Messrs. Bach, Guimaraes, and Remedios as members.

The Remuneration and Nominating Committee convened four times. There were two in-person meetings, and two meetings were held by teleconference. The meetings were attended by the CEO and Group Director of Human Resources. In the case of topics concerning the remuneration of the CEO, these were discussed without the CEO being present.

The Remuneration and Nominating Committee dedicated time to review the People Agenda and Succession Planning process for Group's Senior Management. The Remuneration and Nominating Committee also conducted (i) a Performance & Development Review for all members of the Top 20 and (ii) a benchmark of the remuneration of the Executive Committee.

Composition of the Supervisory Board

The Supervisory Board consists of Messrs. Bach, Golden, Guimaraes, Pittman, Remedios, and Stévenin, and Ms. Brown.

The Supervisory Board consists of members representing the shareholders of the Company and independent members. Relevant industry knowledge is the key appointment criterion for the independent members and will be the decisive factor in determining the most suitable candidate. In 2019, Mr. Nicolas Brugère left PAI Partners to pursue other opportunities. He was replaced by Ms. Maud Brown. The Supervisory Board would like to thank Mr. Brugère for his dedication to and work done for the Company as a member of the Supervisory Board.

The table below reflects the members of the Supervisory Board and their respective committee memberships as of December 31, 2019. Their biographies are presented on pages 45 and 46 of this Annual Report.

| Name | Position | Initial appointment | Committees |
|------------------------|----------|---------------------|--|
| Mr. Luis Bach | Chairman | July 2018 | Member of the M&A Committee Member of the Remuneration and Nomination Committee |
| Ms. Maud Brown | Member | November 2019 | Member of the Audit Committee |
| Mr. Bob Golden | Member | July 2018 | Chairman of the M&A Committee Member of the Audit Committee |
| Mr. Enderson Guimaraes | Member | July 2018 | Chairman of the Audit Committee Member of the Remuneration and Nomination Committee |
| Mr. Jim Pittman | Member | July 2018 | Member of the Audit Committee |
| Mr. Julian Remedios | Member | July 2018 | Member of the M&A Committee Member of the Remuneration and Nomination Committee |
| Mr. Frédéric Stévenin | Member | July 2018 | Chairman of the Remuneration and Nomination Committee Member of the M&A Committee |

Financial statements 2019

The Financial Statements were audited by Ernst & Young Accountants LLP. Their independent auditor's report can be found on pages 109 to 114 of this Annual Report. The Audit Committee and the Supervisory Board reviewed and discussed the Annual Report for the financial year 2019 in their respective meetings. The external auditor attended these meetings to present their audit findings. The meeting by the Audit Committee was held in the presence of the CFO. The relevant Supervisory Board meeting was held in the presence of the CEO and the CFO. The Supervisory Board endorses the financial statements.

Supervisory Board



Luis Bach
(1955, Male, Spanish)

Mr. Bach previously held various positions within Martini & Rossi, Bacardi, Orangina-Schweppes, and Suntory. His most recent executive role was Chairman and CEO of Orangina Schweppes. He is also Chairman of Samson & Surrey Holdings and a member of the board at Tous Jewelry.



Maud Brown
(1975, Female, French)

Ms. Brown is a Partner with PAI Partners and in charge of the firm's activities in North America. Prior to joining PAI, Ms. Brown spent 18 years with Investcorp, most recently as a Managing Director and Member of the firm's Investment Committee, based in New York. Prior to joining Investcorp, Ms. Brown began her career in M&A, at Merrill Lynch and Salomon Brothers in London.



Robert Golden
(1960, Male, American)

Mr. Golden is Chief Operating Officer of Continental Grain Company and a member of the company's Management Committee and Board of Directors. He retired as VP of Mergers & Acquisitions for AB InBev in January 2018 following a near-30-year career covering a range of executive responsibilities, including leadership of AB InBev's global acquisition program following the combination of Anheuser-Busch and InBev.



Enderson Guimaraes
(1959, Male, Brazilian)

Mr. Guimaraes previously held various positions within the beverage, semi-durables, and education industries. His most recent roles were President and COO of Laureate Education Inc, President of PepsiCo, CEO PepsiCo Europe and Sub-Sahara Africa, CEO of Electrolux EMEA, and member of the executive committees of Electrolux, PepsiCo, and Laureate. Mr. Guimaraes is currently an independent board member of AutoZone Inc.



Jim Pittman
(1963, Male, Canadian)

Mr. Pittman joined BCI April 2016 and currently serves as Executive Vice President of Global Private Equity. Prior to this, Mr. Pittman was Managing Director of Private Equity for PSP Investments, a position he held since 2005. Mr. Pittman is a CPA in Canada and is currently a board member for Hayfin Financial in London.



Julian Remedios
(1970, Male, Canadian)

Mr. Remedios is a Senior Portfolio Manager in the Private Equity Group of BCI. He has been involved in most all aspects of BCI's Private Equity activities over the past ten years with particular focus on the international portfolio and direct investing activities. Among other current responsibilities, he leads BCI's Private Equity Healthcare sector team.



Frédéric Stévenin
(1966, Male, French)

Mr. Stévenin is the partner in charge of the Food & Consumer and Healthcare sector teams, and Chief Investment Officer at PAI. He currently serves as member of several boards, including Froneri and Labeyrie. He first joined PAI in 1993 and spent five years in the Food & Beverage Sector Team. From 1998 to 2001, he worked for Deutsche Bank / Bankers Trust in the European Acquisition Finance Group as a Director, and subsequently as Managing Director.