

Remuneration report

Remuneration policy

The remuneration policy was approved by the Annual General Meeting on 23 April 2009 and was amended in part at the Annual General Meetings in 2013 and 2016. The complete text is published on the company's website. The Remuneration Committee advises the Supervisory Board when it is formulating the remuneration policy and determining the individual remuneration of the Management Board. The objective of the remuneration policy is to recruit, motivate and retain qualified persons as Management Board members, who enable Beter Bed Holding N.V. to achieve its strategic and operational objectives. The remuneration policy is enterprising in nature, but it also must be reasonably in ratio with the other members of management, all of the foregoing taking into consideration the social context, corporate governance structure and the interests of the stakeholders in Beter Bed Holding N.V.

Remuneration of the Management Board

The remunerations of the Management Board consist of the following competitive elements:

- a fixed salary;
- a pension scheme;
- a variable remuneration;
- options on shares;
- other employment benefits.

Competitive fixed salary

The market terms are determined on the basis of knowledge and experience of the individual Supervisory Directors by means of a benchmark that the Supervisory Board conducts once every three years with a reference group of approximately ten comparable companies. At the beginning of 2015, that assessment was carried out once again, after which the fixed salaries of both Management Board members were adjusted.

Competitive pension scheme

The pension scheme is a defined contribution scheme. The percentage of the contribution is determined by investigating the situation at other companies, in which context the members of the Supervisory Board are involved, in addition to the maximum permitted for tax purposes in that respect. The Chief Executive Officer and the Finance Director received a contribution for 2016 equal to 30% and 25% of the fixed salary, respectively.

Variable remuneration

The variable remuneration is largely profit related and is partially at the Supervisory Board's discretion.

In 2016, the maximum variable remuneration for the Chief Executive Officer was equal to 60% of the gross fixed annual salary (split into 50% for quantitative objectives and 50% for qualitative objectives), and for the Finance Director it was equal to 50% of the gross fixed annual salary (split into 40% for quantitative objectives and 60% for qualitative objectives).

The following table summarises the quantitative (including variables such as turnover and EBITDA) and qualitative objectives that are aligned to the strategy and the results achieved by the Management Board, which shows that the Management Board partially realised both the quantitative and qualitative objectives.

	CEO			CFO		
	Max	Score	Reward	Max	Score	Reward
Score quantitative goals	50%	25%	12.5%	40%	25%	10%
Qualitative goals						
Like-for-like growth	10%	100%	10%			
Net Promotor Score	10%	100%	10%			
Expansion	10%	50%	5%			
E-commerce	10%	50%	5%			
Team effectiveness	10%	100%	10%	12%	100%	12%
IT				12%	100%	12%
Logistics				12%	100%	12%
Business Support				12%	50%	6%
CSR				12%	50%	6%
Score qualitative goals	50%	80%	40%	60%	80%	48%
Total	100%		52.5%	100%		58%
Amount			€ 110,250			€ 72,500

The individual objectives stipulate clear strategic trigger points, which cannot be explained in more detail for competitiveness reasons.

The budget is set at a level that the Supervisory Board considers challenging but achievable at the time at which it is set. The evaluation of the extent to which the quantitative objectives have been met has taken into consideration – and will take into consideration in the future – the extent to which there can be deemed to be normal market conditions and the extent to which there has been sound business practice.

The following chart provides an overview of the remuneration of Messrs Anbeek and Koops for 2016.

in thousand €	Total	Salary	Pension	Variable remuneration	Employee stock options ¹
A.H. Anbeek	686	350	105	110	121
B.F. Koops	482	250	63	73	96

¹ Number of options granted multiplied by the value of the option at the time of granting.

Options on shares

Options on shares are used as a long-term incentive. Options are granted not only to the Management Board, but also to the management teams in the various formats.

'Change of control' clauses have not been included in the Management Board members' contracts. However, when a bid for all the shares in the company is declared unconditional all options may be exercised, regardless of the status of the realisation of the objectives.

In 2016 the Remuneration Committee evaluated the effect of the option program, which led to a modification of the program. The most important adjustments (outlined broadly) relate to:

- vesting at one time, three years after the date of issue.
- vesting in the event that the TSR (Total Shareholder Return) of Beter Bed Holding N.V. has exceeded the TSR of a Peer Group.
- when it exercises the option right the Management Board must use the financial benefit it has acquired to acquire shares in Beter Bed Holding, which subsequently may not be converted to cash for a term of four years.

The amended program was approved by the Annual General Meeting of 19 May 2016.

The Remuneration Committee used the scenario analyses referred to in Corporate Governance Code best practice II.2.1 when it formulated the remuneration policy and determined the individual remuneration.

At the end of 2016, Messrs Anbeek (CEO) and Koops (CFO) held the following options on shares in Beter Bed Holding N.V.:

	2016		2015		2014		2011
	CEO	CFO	CEO	CFO	CEO	CFO	CEO
Number (in 1,000)	50	40	33	27	27	21	50
Value of each option at time of awarding	€ 2.41		€ 2.45		€ 1.84		€ 1.58
Exercise price	€ 19.99		€ 22.79		€ 17.37		€ 14.67
Expiry date	18 May 2021		19 May 2020		19 May 2019		28 April 2017
Profit target in millions of €	-		-		-		32
Target	TSR compared to peer group		TSR>AScX		TSR>AScX		-
Target achieved	-		No		Partly (33.3%)		No

The value at the time of the grant for the 2011 series was determined by means of an actuarial calculation with the aid of the Black & Scholes model. Black & Scholes in combination with Monte Carlo simulations were used for the series as from 2014.

Other employment benefits

Both Management Board members have a lease car at their disposal.

Remuneration of the Supervisory Board

The following remunerations have applied since 19 May 2015:

- Supervisory Directors' fee: € 21,000.
- Remuneration for participation in a committee: € 4,500.
- Extra remuneration for the chairmanship: € 10,000.

The remuneration of the Supervisory Board is evaluated every three years. In 2016 the remuneration (in euros) was as follows:

Supervisory Director	Supervisory Board	Audit Committee	Remuneration Committee	Chairman	Total 2016	Total 2015
D.R. Goeminne	21,000	4,500	4,500	10,000	40,000	40,000
A.J.L. Slippens	21,000	-	4,500	-	25,500	25,500
E.A. de Groot	21,000	4,500	4,500	-	30,000	30,000
W.T.C. van der Vis	21,000	4,500	4,500	-	30,000	30,000