

Internal Audit Charter

INTRODUCTION

Internal Auditing is an independent and objective assurance and consulting activity that adds value to improve the operations of Beter Bed Holding N.V. It assists Beter Bed Holding N.V. in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

ROLE

The internal audit activity is established by the Management Board¹ (hereafter referred to as the Board) and functional reports to the Chair of Audit Committee. The internal audit activity's responsibilities are defined by the Board as part of their oversight role.

PROFESSIONALISM

The internal audit activity will govern itself by adherence to the *International Standards for the Professional Practice of Internal Auditing* (IIA Standards) and the Dutch Corporate Governance Code. In addition, the internal audit activity will adhere to Beter Bed Holding N.V. relevant policies and procedures and the internal audit activity's standard operating procedures manual.

AUTHORITY

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of Beter Bed Holding N.V. records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Board and the Chair of the Audit Committee.

ORGANISATION

The internal auditor will report functionally to the Board and Audit Committee and administratively (i.e. day to day operations) to the Chief Financial Officer and the Group Controller.

The Board will approve (with ultimate approval of the Chair of Audit Committee) all decisions regarding the performance evaluation, appointment, or removal of the internal auditor as well as the internal auditor's annual compensation and salary adjustment. The internal auditor will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.

INDEPENDENCE AND OBJECTIVITY

The internal audit activity will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

¹ Consisting out of the Chief Executive Officer and the Chief Financial Officer

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Internal Auditor will confirm to the board, at least annually, the organisational independence of the internal audit activity.

RESPONSIBILITY

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. This includes:

- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Evaluating behaviour and culture of employees and management (soft controls).
- Monitoring and evaluating governance and the effectiveness of the organisation's risk management processes.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organisation.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.
- Evaluating specific operations at the request of the Board or management, as appropriate.

INTERNAL AUDIT PLAN

At least annually, the internal auditor will submit to senior management, the Board and the Audit Committee an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The internal auditor will communicate the impact of resource limitations and significant interim changes to senior management, the Board and Audit Committee.



The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the board. Any significant deviation from the approved internal audit plan will be communicated to senior management, the Board and Audit Committee through periodic activity reports.

REPORTING AND MONITORING

A written report will be prepared and issued by the internal auditor or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board and Audit Committee.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

PERIODIC ASSESSMENT

The internal auditor will periodically report to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.

In addition, the internal auditor will communicate to senior management, the Board and the Audit Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

COOPERATION EXTERNAL AUDITOR

The internal auditor and external auditor will cooperate in such a way that they are aware of each other's activities. The external auditor will not be able to fully rely on the work performed by the internal auditor.

INTERNAL AUDIT ACTIVITY CHARTER

On 14th of December, 2017 approved by

Internal Auditor

Chief Financial Officer

Chairman of the Audit Committee