

# Remuneration report

## Remuneration policy

The current remuneration policy was approved by the Annual General Meeting in 2016. The complete text is published on the company's website as part of the Remuneration Report. 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.

## Remuneration of the Management Board

The remuneration 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.

### Fixed salary

The market terms are determined on the basis of knowledge, insight 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. That assessment was carried out most recently at the beginning of 2015, after which the fixed salaries of both Management Board members were adjusted.

### 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 CEO and the CFO received a contribution for 2017 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 2017, the maximum variable remuneration for the CEO was equal to 60% of the gross fixed annual salary (split into 50% for quantitative objectives and 50% for qualitative objectives). For the CFO the maximum variable remuneration was equal to 50% of the gross fixed annual salary (split into 40% for quantitative objectives and 60% for qualitative objectives). Owing to the CEO's departure during the financial year, no variable remuneration was awarded to him.

The following table summarises the quantitative (including variables such as revenue and EBITDA) and qualitative objectives that are aligned to the strategy and the results achieved by the CFO, which shows that the quantitative objectives have not been realised and that the qualitative objectives have been realised partially.

		CFO	
	Max	Score	Reward
<b>Score quantitative goals</b>	<b>40%</b>	<b>0%</b>	<b>0%</b>
Logistics	15%	100%	15%
Compliance	15%	100%	15%
IT	15%	100%	15%
Business Support	15%	0%	0%
<b>Score qualitative goals</b>	<b>60%</b>	<b>75%</b>	<b>45%</b>
<b>Total</b>	<b>100%</b>		<b>45%</b>
<b>Amount</b>			<b>€ 56,250</b>

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 table provides an overview of the remuneration of Messrs Anbeek and Koops for 2017.

in thousand €	Total	Salary	Pension	Variable remuneration	Employee stock options <sup>1</sup>
A.H. Anbeek <sup>2</sup>	436	297	89	-	50 <sup>3</sup>
B.F. Koops	415	255	64	56	40

<sup>1</sup> Number of options granted multiplied by the value of the option at the time of granting.

<sup>2</sup> Up to and including 31 October 2017.

<sup>3</sup> The options granted to Mr Anbeek lapsed in connection with his departure.

### 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. For the share option scheme rules, see the company's corporate website.

If option rights under options series as from 2016 are exercised, the members of the Management Board must use the proceeds obtained in doing so to purchase shares in Beter Bed Holding. Those shares are subsequently required to be held for a period of four years by the members of the Management Board. This ensures that a portion of the variable remuneration is linked to long-term value creation.

'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.

The Remuneration Committee used the scenario analyses referred to in Corporate Governance Code best practice 3.4.1 when it formulated the remuneration policy and determined the individual remuneration.

At the end of 2017, Mr Koops (CFO) held the following options on shares in Beter Bed Holding:

	2017	2016	2015	2014
	<b>CFO</b>	CFO	CFO	CFO
Number (in 1,000)	<b>30</b>	40	13	11
Value of each option at time of awarding	<b>€ 1.33</b>	€ 2.41	€ 2.45	€ 1.84
Exercise price	<b>€ 15.53</b>	€ 19.99	€ 22.79	€ 17.37
Expiry date	<b>17 May 2022</b>	18 May 2021	19 May 2020	19 May 2019
Target	<b>TSR compared to peer group</b>	TSR compared to peer group	TSR>AScX	TSR>AScX
Target achieved	-	-	No	Partly (33.3%)

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

#### Other employment benefits

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 2017 the remuneration (in euros) was as follows:

Supervisory Director	Supervisory Board	Audit Committee	Remuneration Committee	Chairman	Total 2017	Total 2016
D.R. Goeminne	21,000	4,500	4,500	10,000	<b>40,000</b>	40,000
A.J.L. Slippens	21,000	-	4,500	-	<b>25,500</b>	25,500
E.A. de Groot	21,000	4,500	4,500	-	<b>30,000</b>	30,000
W.T.C. van der Vis	21,000	4,500	4,500	-	<b>30,000</b>	30,000