

Remuneration report

This report provides an overview of the **Remuneration policy** as approved by the Annual General Meeting of Beter Bed Holding N.V. in 2020 (“Remuneration policy”) and explains how this policy has been put into practice over the past financial year. The first section details remuneration of the individual members of the Management Board. The second section describes the remuneration of the Supervisory Board. This is followed by an outlook for 2021.

This remuneration report is intended to reflect the reporting requirements as provided by article 2:135b of the Dutch Civil Code (DCC), effective on 1 December 2019, and implements the EU Shareholder Rights Directive II (SRD II), effective on 3 April 2017. One of the key objectives of SRD II is to provide greater transparency for company stakeholders.

Highlights

This section describes the key considerations that the Remuneration Committee takes into account when designing pay programs and making compensation decisions.

2020 was an extraordinary year during which the Company faced unique circumstances as a result of COVID-19. The Company nonetheless proved to be resilient as a result of formulating very effective responses to the COVID-19 crisis, with the hard work of dedicated employees and support of committed suppliers leading to many loyal and new customers. Throughout the pandemic, the Management Board has shown decisive and proactive leadership in which pragmatic and commercial actions were key to guiding the organisation through uncertain times. The Company arranged a refinancing of its banking facilities, converted part of the shareholder loan to equity, and developed a new company strategy. While market conditions during 2020 were challenging, our businesses performed very well, both commercially and organisationally, with results that significantly exceeded our expectations.

At Beter Bed Holding N.V.’s Annual General Meeting of 13 May 2020, the composition of the Management Board changed with the appointment of Mrs Reijnen as Statutory Director in the position of CFO. Mrs Reijnen joined the Company as CFO in December 2019, having up to that time served as a member of the Supervisory Board.

In order to amend the Remuneration policy to align with the new legislation as provided by article 2:135a and b DCC implementing SRD II, a new remuneration policy for the Management Board was proposed and approved by 99.99% at the Annual General Meeting of 13 May 2020. For the same reason, the Remuneration Committee had also drawn up a new remuneration policy for the Supervisory Board. This policy was proposed and also approved by 99.99% at the Annual General Meeting of 13 May 2020. The **Remuneration policy** is published on the website of the Company. Under the normal four-year renewal cycle, an updated policy will be presented to shareholders for approval at the 2024 AGM.

During 2020, the Management Board’s remuneration was implemented in accordance with the Remuneration policy. To ensure that remuneration is linked to performance, a proportion of the remuneration package is variable and dependent on the short-term and long-term performance of the individual member of the Management Board and the Company. The Supervisory Board did not deviate from the Remuneration policy.

Primary remuneration elements for 2020

The table below outlines the primary elements of our Management Board remuneration program. In 2020, the Remuneration Committee decided to amend the Remuneration policy, replacing the share option plan with a performance share unit (PSU) plan.

	Salary	Bonus	PSUs	Options
Who receives	Members of the Management Board			
When granted	Reviewed every 12 months	Annually for reported financial year	In general annually in Q1	<i>Replaced by PSU plan as of AGM 2020</i>
Form of delivery	Cash		Equity	
Type of performance	Short-term emphasis		Long-term emphasis	
Performance period	Ongoing	1 year	3 year + 2 year additional holding period	In general 3-year vesting period + 2-year holding period
How payout is determined	Committee judgment	Formulaic & Committee judgment	Formulaic; Committee verifies performance before pay-out	Formulaic; depends on share price on exercise/ vesting date
Most recent performance measures	N/A	Financial KPIs: Revenue growth (25%), Gross margin (15%), EBITDA (25%), Operational cash flow (15%); and qualitative objectives (20%) not driven by financial KPIs	ROCE (50%) and Customer satisfaction-NPS (50%)	Share price appreciation

Peer group

In principle, the remuneration level is validated by a benchmark comparison once every three years, and reviewed annually. This helps to determine the overall competitiveness of our Management Board remuneration. The selection of the peer group is discussed and approved by the Supervisory Board. In the years during which no benchmark is performed, the Supervisory Board considers the appropriateness of any changes to the base salary based on the market environment, in addition to the average salary adjustments of the Company's employees in the Netherlands.

In 2020, the Remuneration Committee adopted a peer group for compensation benchmarking purposes. This benchmark comparison of the remuneration of Beter Bed Holding N.V. with that of a peer group of Dutch small cap companies showed that while the base salary and the short-term incentive (STI) were in line with market practice, the variable long-term remuneration was far below the median. The existing long-term incentive (LTI) paid out in share options did not fully reflect the need to incentivise achieving Beter Bed Holding N.V.'s ambitious strategic objectives over the long term. The Supervisory Board therefore proposed to replace the share option plan and introduce a performance share unit (PSU) plan in the remuneration package, and replacing the share option plan. This PSU plan is a conditional award of 50% of the base salary, as part of a balanced remuneration package. It offers an approximately 50:50 ratio of fixed and variable remuneration, with comparable portions of STI and LTI.

A similar PSU plan was also introduced in 2020 for a select number of senior managers in order to safeguard internal alignment. In consultation with shareholders and their representatives, support was received for the direction of this policy. The proposed policy had been presented to the Works Council, which rendered a positive advice.

Summary of Management Board remuneration

During 2020, the Management Board was composed of Mr John Kruijssen - CEO, and Mrs Gabrielle Reijnen - CFO.

The table below provides a summary remuneration of the Management Board.

in thousand euros	A.J.G.P.M. Kruijssen		G.E.A. Reijnen ¹		H.G. van den Ochtend ²	
	2020	2019	2020	2019	2020	2019
Base salary	472	450	300	-	-	255
Benefits	81	54	91	-	-	24
Pension	142	135	75	-	-	64
Total fixed remuneration	695	639	466	-	-	343
<i>Proportion %</i>	<i>54%</i>	<i>59%</i>	<i>53%</i>	-	-	<i>48%</i>
Annual bonus	368	351	195	-	-	-
PSUs	236	-	150	-	-	-
Stock options	-	91	69	-	-	8
Total variable remuneration	604	442	414	-	-	8
<i>Proportion %</i>	<i>46%</i>	<i>41%</i>	<i>47%</i>	-	-	<i>1%</i>
Extraordinary items	-	-	-	-	-	362
Total	1,299	1,081	880	-	-	713

¹ Appointed CFO as of 12 December 2019 and member of the Management Board as of 13 May 2020.

² CFO until 12 December 2019.

Base salary

Base salaries for members of the Management Board depend on the scope of their responsibilities, and are based on the knowledge, insight and experience of the individual. The Supervisory Board sets a market competitive base salary for each member of the Management Board. Salary levels are reviewed annually, taking the market environment and average salary adjustments for employees in the Netherlands into account, without any commitment to increase. The remuneration is validated by a benchmark comparison every three years.

Benefits

Benefits include social security charges and remuneration for items such as medical insurance, death and disability insurance, and car allowances. Members of the Management Board also benefit from directors' and officers' liability insurance coverage. These benefits are in line with market practice.

Pension

Members of the Management Board receive a contribution to their pension plan. The contribution is defined as a percentage of base salary, and is capped at 30% of base salary for the CEO and 25% of base salary for the CFO.

Variable remuneration

The variable income part of the remuneration consists of STIs and LTIs. The distribution between STIs and LTIs for on-target performance aims to achieve a proper balance between short-term results and long-term value creation. The parameters relating to the various elements of the variable income part of the remuneration are established and – where necessary – adjusted at the discretion of the Supervisory Board, taking into consideration the general rules and principles of the Remuneration policy itself. The STIs and LTIs relate to the performance in the respective year.

One-year variable remuneration

Amounts earned under the annual STI plan and paid out in cash.

PSUs

The amount, reported above, represents the aggregate grant date fair value of share awards in the form of PSUs granted in the year shown. In general, the aggregate grant date fair value is the amount that the Company expects to expense for accounting purposes over the award's vesting schedule, and does not correspond to the actual value that the members of the Management Board will realise from the award. In particular, the actual value of PSUs received is different from the accounting expense as it is dependent on performance.

Stock options

The amount, reported aforementioned, represents the aggregate grant date fair value of option awards granted in the years shown. These amounts reflect the Company's accounting expense and do not correspond to the actual value that members of the Management Board will realise. On being appointed as CFO, and in line with Remuneration policy of the Company, Mrs Reijnen was awarded a single granting of 100,000 signing options as approved by the AGM in 2020.

Extraordinary items

Severance compensation to Mr Van den Ochtend consisted of the payment of six months' notice period and nine months fixed salary, in line with the management contract.

Implementation of remuneration policy in 2020

This section provides an overview of the application of the Remuneration policy in 2020, other remuneration information to ensure reporting transparency, and important contract terms of the members of the Management Board.

Base salary

The base salary level benchmark was considered for 2020. The base salary for the CEO was increased to € 472,364 in line with the agreed collective wage agreement (CAO) wage increases for employees in the Netherlands since his appointment in 2018. The annual base salary of the new CFO was set at € 300,000.

Short-term variable remuneration

Members of the Management Board participate in the short-term annual incentive plan, which rewards achievement of predefined operational objectives considered crucial to achieving the strategic goals of the Company over a one-year period. At the beginning of each year, the Supervisory Board selects specific performance indicators, reflecting current operational priorities, and assigns a weighting and a target level to each indicator.







Performance targets must be realistic and sufficiently challenging. In addition to a specific target level for each performance indicator, the Supervisory Board sets a threshold performance level below which no pay-out is granted, and a maximum performance level where maximum pay-out is reached. Specific short-term target levels are not published ex-ante, as they are considered commercially sensitive. These targets are, however, reviewed appropriately and accounted for ex-post.

Performance at the predefined target levels on all indicators results in target payout in cash of 60% of base salary for the CEO and 50% for the CFO. Depending on performance, the actual payout may range from a threshold level of 80% to a maximum of 130% of target payout. Performance below threshold level is not rewarded.

The benchmark conducted in 2020 indicated that the target STI levels as a percentage of base salary provided to members of the Management Board were in line with the market median.

2020 Performance criteria and outcomes

On an annual basis, the Supervisory Board determines the most relevant performance criteria for the Management Board with regards to the STI plan. In addition, the Supervisory Board sets realistic and sufficiently challenging target levels for each performance criteria. For 2020, the performance criteria selected reflect the operational focus on growing the business and optimising profitability. These criteria are: revenue growth for the key business and EBITDA, each weighted at 25%; and gross margin and operational cash flow, each weighted at 15%. To improve the quality and predictability of the organisation, two additional qualitative criteria targets also apply: improving the corporate governance structure; and completing the refinancing of the Company before mid-July of 2020, each weighted at 10%.

	Performance period	Threshold (80%)	Target (100%)	Maximum (130%)	Weighting	Result	Variable payout
QUANTITATIVE PERFORMANCE CRITERIA							
Management Board A.J.G.P.M. Kruijssen (CEO) G.E.A. Reijnen (CFO)	Revenue growth ¹	FY 2020		-19.6%	25%	Above maximum	130%
	Gross margin ²	FY 2020		-54.9%	15%	Above maximum	
	EBITDA ³	FY 2020		€ 19.2 min	25%	Above maximum	
	Operational cash flow ⁴	FY 2020		€ 27.9 min	15%	Above maximum	
QUALITATIVE PERFORMANCE CRITERIA							
	Improving the corporate governance structure	FY 2020			10%		
	Completing the refinancing of the Company before the summer	FY 2020			10%		

1 (Sales Act YTD - Sales LY YTD) / Sales LY YTD.

2 Gross profit as percentage of revenue.

3 EBITDA (excluding IFRS16).

4 Adjusted operational cash flow (excluding IFRS16).

Each member of the Management Board's performance was determined against these criteria. The assessment of performance under the STI plan is undertaken by the Remuneration Committee. A proposal is then made to the Supervisory Board. This proposal for approval includes an assessment of the coherence between the proposed payment and overall business performance. For members of the Management Board, the STIs were evaluated based upon achievement of performance goals for the Company. The Supervisory Board applies an element of judgment in assessing alignment between calculated payout and overall business performance.

A.J.G.P.M. Kruijssen (CEO)

Target variable pay:

$$\begin{array}{rclclcl} \text{€ 472,364} & & & & \text{€ 368,444} & & \\ \text{(base salary)* 60\% =} & \times & \text{outcome} & = & \text{(78\% of base salary)} & & \\ \text{€ 283,418} & & 130\% & & & & \end{array}$$

G.E.A. Reijnen (CFO)

Target variable pay:

$$\begin{array}{rclclcl} \text{€ 300,000} & & & & \text{€ 195,000} & & \\ \text{(base salary)* 50\% =} & \times & \text{outcome} & = & \text{(65\% of base salary)} & & \\ \text{€ 150,000} & & 130\% & & & & \end{array}$$

With the business performing strongly in 2020 and the Company exceeding its annual targets for all performance metrics, the bonus pool was funded at 130% of the target. The Supervisory Board deemed the payout fair and reflective of the Company's overall performance.

Long-term variable remuneration

In 2020, Beter Bed Holding N.V. replaced its LTI plan based on stock options with performance share units (PSUs). This LTI rewards members of the Management Board and senior management for achieving the Company's strategic objectives over a three-year period. The incentive is awarded in both PSUs and facilitates share ownership. Participation aligns management with sustainability and long-term interest of the Company, together with value creation for shareholders.

Members of the Management Board receive a conditional granting of shares on an annual basis to a value equivalent to 50% of base salary. The award is conditional, and is based on:

- Performance delivered on predefined targets over a three-year period.
- Continued employment until vesting date.

Each year when granting shares, the Supervisory Board sets performance conditions that reflect the intended long-term value creation and targets for the required performance levels. The performance conditions selected and their weighting in performance assessment is published in the Remuneration report for the respective year that the conditional award is made.

At vesting, the performance delivered on each of the performance targets is assessed. If the targets are fully met, 100% of the conditionally granted number of shares will vest. Depending on the actual performance delivered, vesting may range from 60% of the conditional award at threshold level to a maximum of 140%. Vested shares are entitled to dividends in shares during the performance period. In the event of a performance under threshold level, the shares are not awarded.

After vesting of the shares, a further two-year holding period applies. Board members may sell shares to cover applicable taxes due at vesting ('sell to cover').

In the event of a member of the Management Board leaving the Company before vesting due to retirement, permanent disability or death, all unvested performance shares are vested in full. In the event of a resignation due to business disposition, collective dismissal or compromise agreement, the vesting is prorated for the period between award and termination date. In the event of voluntary resignation, all conditional shares are forfeited.

Long-term incentives in 2020

The annual grants are set as a percentage of the base salary of the members of the Management Board. The following overview shows the number of PSUs and stock options granted to each member of the Management Board in 2020. Each of these awards was approved under the 2020 Remuneration policy, which was approved at the 2020 AGM.

Management Board	Grant date	Award type	Estimated future payouts under Performance Share Units (#)			Stock options (#)	Stock option exercise price (€)	Grant date fair value of awards (€)	Subject to 2-year holding period
			Threshold	Target	Maximum				
A.J.G.P.M. Kruijssen (CEO)	13-05-2020	Annual equity	85,223	142,039	198,855			-	✓
G.E.A. Reijnen (CFO)	13-05-2020	New hire				100,000	1,6628	69,310	
	13-05-2020	Annual equity	54,124	90,209	126,293			-	✓

Grant date fair value of awards

In general, the aggregate grant date fair value is the amount that the Company expects to expense in its financial statements over the award's vesting schedule.

- For stock options, fair value is calculated using the Black-Scholes value of each option on the grant date.

- For PSUs, the actual value of the units received will depend on the Company's performance, as described above.

Fair value is calculated by multiplying the per unit value of the award by the number of units at target. The per unit value is based on the closing price of the Company's stock on the grant date, adjusted to reflect the probability of achieving the performance conditions, using a Monte Carlo simulation that includes multiple inputs such as stock price, performance period, volatility and dividend yield.

PSUs

Members of the Management Board were granted PSUs in 2020 that could convert into shares of Beter Bed Holding N.V. at the end of the three-year performance period 2020-2022.

The following table shows the number of PSUs granted to our members of the Management Board in 2020.

Management Board	Specification of plan	Performance period	Award date	Vesting date	End of holding period	PSUs awarded at beginning of year	PSUs awarded in 2020	PSUs vested	PSUs subject to performance condition	PSUs awarded and invested at year-end	PSUs subject to holding period
A.J.G.P.M. Kruijssen (CEO)	PSUs	2020-2022	13-05-2020	31-12-2022	31-12-2024	-	142,039	-	142,039	142,039	142,039
G.E.A. Reijnen (CFO)	PSUs	2020-2022	13-05-2020	31-12-2022	31-12-2024	-	90,209	-	90,209	90,209	90,209

- PSUs have a 3-year performance period between 1 January 2020 and 31 December 2022.
- PSUs pay out in stock, based upon the achievement of certain performance metrics.
- PSUs vest at the beginning of 2023 when the Remuneration Committee certifies that the performance conditions have been achieved.
- The 2020 PSUs are subject to a 2-year holding period.

Outstanding equity awards

The following table summarises the information about outstanding options and PSUs awards as of year-end. It includes unexercised stock options (vested and unvested) and PSUs for which vesting conditions were not yet satisfied as at 31 December 2020.

Management Board	Year of grant	Award type	Number outstanding	Portion exercisable	Exercise price (€)	Expiration date	Market value (€)	Vesting schedule
A.J.G.P.M. Kruijssen (CEO)	2019	Options	300,000	-	4.34	24-04-2022	-	100% on 24-4-2021
	2019	Options	50,000	-	4.34	24-04-2024	-	100% on 24-4-2022
	2020	PSUs	142,039	-			610,768	100% in 2023, subject to performance
G.E.A. Reijnen (CFO)	2020	Options	100,000	-	1.66	01-01-2024	264,000	100% on 1-1-2023
	2020	PSUs	90,209	-			387,899	100% in 2023, subject to performance

Market value

The market value of PSUs is calculated by multiplying the closing price of BBH stock as of 31 December 2020 (€ 4.30) (the last trading day of the year) by the number of shares underlying each award and assuming satisfaction of the target levels for the applicable performance conditions. For options, the market value is calculated by multiplying the number of shares underlying each award by the spread between the award's exercise price and the closing price of BBH stock as of 31 December 2020.

Other information

Pay ratio

Both the Supervisory Board and the Management Board are committed to balanced internal pay ratios. An overall ratio compares the average pay of members of the Management Board with the average pay of all Beter Bed Holding N.V. employees. The average pay of employees is calculated on a full-time basis and encompasses the total remuneration, comprising base salary, benefits including social security paid, pension expenses, variable remuneration, PSUs and share options.

The table below shows the pay ratio over the last five years and how it is calculated:

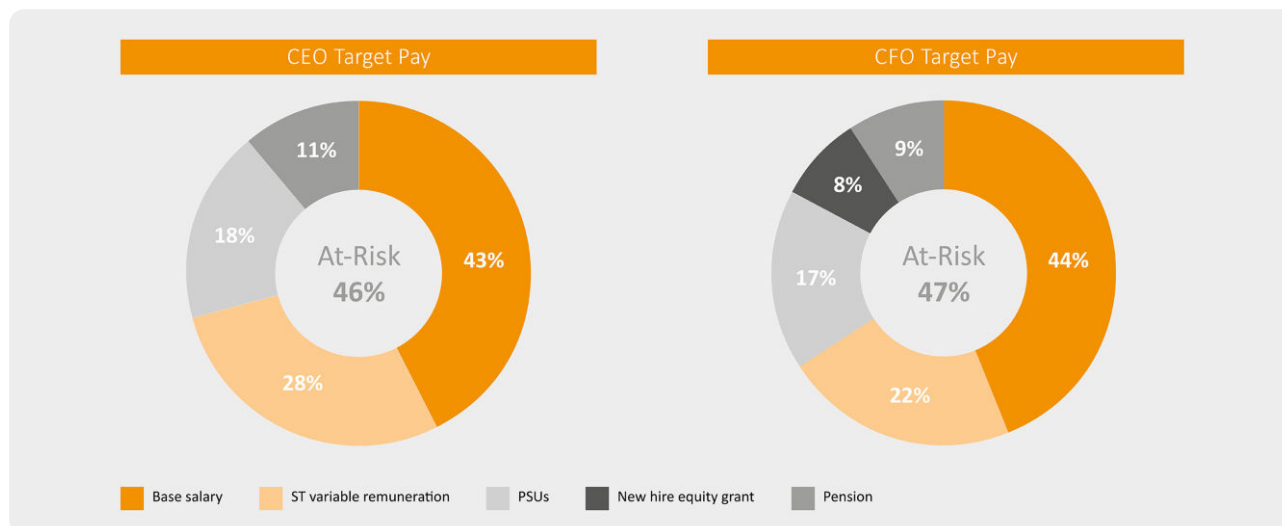
in thousand €	2020	2019	2018	2017	2016
Management Board¹					
Average number of FTE	2.0	2.0	1.7	1.8	2.0
Remuneration for individual MB members					
- A.J.G.P.M. Kruijssen	1,265	1,081	597	-	-
- G.E.A. Reijnen	721	-	-	-	-
- H.G. van den Ochtend	-	351	152	-	-
- A.H. Anbeek	-	-	-	452	659
- B.F. Koops	-	-	216	456	459
Total MB remuneration	1,986	1,432	965	908	1,118
Average remuneration (A)	993	716	579	495	559
Other employees					
Average number of FTE	1,025	1,003	2,805	2,726	2,619
Employee expenses	45,767	45,632	109,290	104,912	99,405
Average remuneration (B)	45	45	39	38	38
Total					
Average number of FTE	1,027	1,005	2,807	2,728	2,621
Employee expenses	47,753	47,064	110,255	105,820	100,523
Average remuneration	47	47	39	39	38
A/B pay ratio	22.2	15.3	14.9	12.9	14.7

¹ The Management Board remuneration relates to the expenses recognised in the year.

Year-on-year changes in our average employee pay are partially attributable to changes in our employee mix, including following divestments.

Target compensation mix

The Remuneration Committee believes that the target compensation mix for members of the Management Board aligns with the long-term interests of the shareholders. The charts below illustrate the target pay that is at risk for the respective members of the Management Board, represented as percentage of total remuneration. For further information see the [summary remuneration](#). (see page 3)



Scenario analysis

A scenario analysis of the possible outcomes of the variable components, together with the impact these have on the Management Board members' remuneration, is conducted annually to minimise the risk that the performance criteria lead to inappropriate outcomes. The effect of different performance scenarios on the level and composition of remuneration for the year 2020 was analysed and the outcome taken into consideration by the Supervisory Board when reviewing the Management Board members' remuneration.

Share participation

The remuneration structure promotes the long-term ownership of shares by executives. The Supervisory Board encourages members of the Management Board to retain vested shares, and encourages investment in the Company's shares.

Management Board	Current shares
A.J.G.P.M. Kruijssen	10,000
G.E.A. Reijnen	-
Total	10,000

Other policy information and contract terms

Any use of right to reclaim

The Supervisory Board has the authority to adjust the pay-out or vesting of variable remuneration of the Management Board if the result, as calculated under the Policy, is not reasonable or fair under the prevailing circumstances. In the event of force majeure, serious illness, long-term absence or incapacity for work, the Supervisory Board decides how the STI and the LTI are applied. The Supervisory Board can reclaim in whole, or in part, any variable remuneration that has vested or has been paid out on the basis of incorrect information on the underlying performance achievement. Any such value adjustment or claw back is at the discretion of the Supervisory Board, and is accounted for in the Remuneration report submitted to the AGM.

No variable remuneration was clawed back in 2020.

Deviation from Remuneration policy

The Remuneration Committee did not deviate from its decision-making process in relation to the implementation of the Remuneration policy. Furthermore, it did not derogate from the Remuneration policy itself.

Change of control

In the event of change of control, any variable remuneration granted to a member of the Management Board, shall be (deemed to be) vested, regardless as to the status of the realisation of the objectives, and exercisable, if applicable, upon such change of control.

Term of appointment

The term of appointment for all members of the Management Board is four years. Members of the Management Board are employed under management services agreement for the duration of their appointment, after which time the agreement terminates automatically. Members of the Management Board may be reappointed for additional term(s) of four years.

Notice period

All members of the Management Board have a notice period of three months. For the Company, the notice period is six months for termination without cause under the applicable employment agreements with the respective members of the Management Board.

Severance compensation

In the event that a member of the Management Board's employment is terminated by, or at the initiative of, the Company, the member of the Management Board in question is entitled to a severance payment that will not exceed one year's base salary.

Governance

The Remuneration Committee prepares the Supervisory Board's decisions regarding the remuneration of individual members of the Management Board, within the scope of the applicable Remuneration policy.

In accordance with article 2:135a sub 2 DCC, the Supervisory Board proposes the Beter Bed Holding N.V. Management Board Remuneration policy for adoption to the General Meeting once every four years, the next time being at the AGM in the spring of 2024 at the latest. The decision for adoption of the Remuneration policy requires at least 75% of the cast votes in favour.

The Remuneration report describes the process that has been followed by the Remuneration Committee in relation to the implementation of the Remuneration policy over the given financial year, and, if applicable, any proposed revision of the Remuneration policy. Every year, the implementation of the Remuneration policy, through the Remuneration report, is put to an advisory vote at the AGM (in line with article 2:135b sub 2 DCC).

Alignment with long-term value creation

The remuneration of members of the Management Board is intended to encourage behaviours that focus on performance. This is to ensure that the Management Board reaches the annual expected level of performance, while also taking long-term sustainable value creation into consideration. These include building a scalable and data-driven backbone to support customer relationships, improving the offering, increasing efficiency and creating new business models.

The introduction of PSUs in 2020 further promotes share ownership and alignment with the Company's long-term value creation and shareholder interests. The Remuneration policy is also internally aligned, following remuneration principles that apply more broadly within the Company. This provides a shared sense of purpose and direction at the different management levels, together with a shared reward, when success is achieved. Internal consistency is assured by assessing internal pay ratios to reflect the required competencies and responsibilities at each level.

Stakeholder engagement and feedback

Both the Management Board and the Supervisory Board have a transparent relationship with the Works Council in the Netherlands. The Works Council was given the opportunity to share its advice with regards to the Remuneration policy in accordance with article 2:135a sub 3 DCC before it was proposed to the AGM 2020, and this advice was positive.

In preparation for the 2020 AGM, members of the Remuneration Committee engaged with several shareholders to explain the rationale of the new Remuneration policy, and received support for the adjustments. The proposal to adjust the Remuneration policy was adopted by the 2020 AGM with 99.99% votes cast in favour.

The Remuneration Committee considered shareholders' feedback in the AGM 2020 in relation to the Remuneration policy and the Remuneration report. This included: (i) the Supervisory Board's rationale to adjust the pay-out of the Management Board's variable remuneration of under the prevailing circumstances in relation to the adjusted performance criteria; (ii) severance compensation of the former CFO; and (iii) the Supervisory Board's rationale to replace the option plan with a PSU plan.

With regards to (i) and (ii), the Supervisory Board is of the view that these were the result of the extreme circumstances experienced in 2019. This underscores the importance of the Supervisory Board's discretion to have the authority to adjust the payout or vesting of variable remuneration of the Management Board if the result calculated under the new Remuneration policy is not reasonable or fair under the prevailing circumstances. With respect to (iii), the Supervisory Board is of the view that the PSU plan sharpens the focus on strategic targets and long-term value creation.

Remuneration of the Supervisory Board

This section provides an overview of the Remuneration policy for the Supervisory Board of Beter Bed Holding N.V., which was last amended at the 2020 AGM. The objective of the Remuneration policy for the Supervisory Board is to attract, motivate and retain qualified people as Supervisory Board members who can supervise and support Beter Bed Holding N.V. in the achievement of its strategic objectives, and in doing so realise the sustainable value creation for which the Company strives. To this end, the Policy offers Supervisory Board members a remuneration package that reflects the time spent and the responsibility of the role. A reference point for an adequate remuneration level and fitting remuneration structure is derived from a benchmark of Dutch listed companies of comparable size and complexity with a two-tier board structure. In preparing the 2020 Remuneration policy for the Supervisory Board, a benchmark comparison was performed using a reference group of fifteen Dutch small cap companies with a two-tier board structure. This indicated that an increase in the remuneration levels was warranted.

Composition of the remuneration package

Remuneration of the Supervisory Board is not dependent on the results of the Company. The policy offers fixed annual fees in cash only. Members of the Supervisory Board receive an annual base fee as shown in the table below, and there are no additional meeting fees. The Chair of the Supervisory Board receives an additional base fee due to the workload and broad responsibilities of this position. Travel expenses and facilities for members of the Supervisory Board are borne by the Company and reviewed by the Audit Committee. The Company does not provide loans, advance payments or guarantees to members of the Supervisory Board.

All members of the Supervisory Board	€ 40,000
Additional fee Chair	€ 10,000

Members of the Supervisory Board also benefit from directors' and officers' liability insurance coverage. These benefits are in line with market practice.

Summary compensation

The table below shows the remuneration for each member of the Supervisory Board during the financial year 2020. Amounts reflect the fact that Mr Vermeulen, who retired from the Supervisory Board in May 2020, and Mrs Schipperheijn and Mrs Van Hussen, who both joined the Supervisory Board in May 2020, did not serve for the entire year.

in thousand €

Supervisory Director	Supervisory Board	Chair	Total 2020	Total 2019
A. Beyens	40.0	-	40.0	30.0
P.C. Boone	40.0	-	40.0	30.0
B.M.A. van Hussen	25.0	-	25.0	-
B.E. Karis	40.0	10.0	50.0	36.7
M.C. Schipperheijn	25.0	-	25.0	-
H.C.M. Vermeulen	15.0	-	15.0	21.0
D.R. Goeminne	-	-	-	13.3
G.E.A. Reijnen	-	-	-	18.2
Total	185.0	10.0	195.0	149.2

Outlook 2021

Management Board salaries were assessed against the market environment and the adjustments for other employees. For 2021, no changes will be made. For the 2021 STI scheme, the Supervisory Board believes that the following four quantitative KPIs are appropriate: revenue growth and EBITDA, both of which weighted at 30%; and gross margin and free cash flow both of which weighted at 20%. To improve the quality and predictability of the organisation, two additional qualitative targets will also apply: development of the CSR strategy, with a scorecard for three-year period; and completion of the refinancing of the Company before year-end. While the Company does not disclose the exact targets as they qualify as commercially sensitive information, these targets and the performance related to them will be accounted for in the 2021 Remuneration report. No changes are anticipated for the 2021 long-term incentive scheme.