



Principles and best practice provisions

The Supervisory Board and the Management Board subscribe to the principles for good corporate governance as laid down in the Dutch Corporate Governance Code. In principle Beter Bed Holding N.V. complies with all best practice provisions with the exception of a number of provisions the company is not or partially complying with.

Below the best practice provisions from the ‘Code Tabaksblat’ are described. For the best practice provision Beter Bed Holding does not (fully) fulfil, you will find a motivation. An explanation has been given to a number of provisions in the way the company applies to this provision.

I. Compliance with and enforcement of the code

Principle	<p>The Management Board and the Supervisory Board are responsible for the corporate governance structure of the company and compliance with this code. They are accountable for this to the general meeting and will provide sound reasons for any departure from the provisions.</p> <p>Shareholders take careful note and make a thorough assessment of the reason provided by the company for any non-application of best practice provisions of this code by the company. They should avoid adopting a ‘box-ticking approach’ when assessing the corporate governance structure of the company and be willing to enter into a debate if they do not accept the company’s explanation. The basic premise is the acknowledgement that corporate governance is a matter of custom work and that departures from individual provisions can be justified by a company.</p>
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Best practice provisions

- I.1 The broad outline of the corporate governance structure of the company shall be explained in a separate chapter of the annual report, partly by reference to the principles mentioned in this code. In this chapter the company shall indicate expressly to what extent it applies the best practice provisions in this code and, if it does not do so, why and to what extent it does not apply them..
- I.2 Each substantial change in the corporate governance structure of the company and in the compliance of the company with the code shall be submitted to the general meeting for discussion under a separate agenda item.

II. The Management Board

II.1 Role and procedure

Principle The role of the Management Board is to manage the company, which means, among other things, that it is responsible for achieving the company's aims, the strategy and corresponding risk profile, the development of the results and the relevant social aspects of doing business. The Management Board is accountable for this to the Supervisory Board and to the general meeting. In discharging its role, the Management Board shall be guided by the interests of the company and its affiliated enterprise, taking into consideration the interests of the company's stakeholders. The Management Board shall provide the Supervisory Board in good time with all information necessary for the exercise of the duties of the Supervisory Board.

The Management Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with the company activities and for financing the company. The Management Board shall report related developments to and shall discuss the internal risk management and control systems with the Supervisory Board and the audit committee.

Best practice provisions

- II.1.1 A Management Board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.
- II.1.2 The Management Board shall submit to the Supervisory Board for approval:
 - a) the operational and financial objectives of the company;
 - b) the strategy designed to achieve the objectives;
 - c) the parameters to be applied in relation to the strategy, for example in respect of the financial ratios; and
 - d) the social aspects of doing business that are relevant to the company.The main elements shall be mentioned in the annual report.
- II.1.3 The company shall have an internal risk management and control system that is suitable for the company. It shall, in any event, employ as instruments of the internal risk management and control system:
 - a) risk analyses of the operational and financial objectives of the company;
 - b) a code of conduct which is published on the company's website;
 - c) guides for the layout of the financial reports and the procedures to be followed in drawing up the reports;
 - d) a system of monitoring and reporting.
- II.1.4 In the annual report, the Board shall provide the following:
 - a) a description of the main risks related to the company's strategy;
 - b) a description of the structure and performance of the internal risk management and control systems with respect to the main risks during the financial year; and
 - c) a description of any major defects in the internal risk management and control systems identified during the financial year; any significant changes that have been implemented in the systems; and any major improvements scheduled to be implemented in the systems, and shall confirm that they have been discussed with the audit committee and the Supervisory Board.

- II.1.5 As regards financial reporting risks the Management Board states in the annual report that the internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in the year under review. The Management Board shall provide clear substantiation of this.
- II.1.6 The Management Board shall, in the annual report, set out the sensitivity of the results of the company to external factors and variables.
- II.1.7 The Management Board shall ensure that employees have the possibility of reporting alleged irregularities of a general, operational and financial nature in the company to the Chairman of the Management Board or to an official designated by him, without jeopardising their legal position. Alleged irregularities concerning the performance of Management Board members shall be reported to the Chairman of the Supervisory Board. These arrangements for whistleblowers shall be posted on the company's website.
- II.1.8 A Management Board member may not be a member of the Supervisory Board of more than two listed companies. Nor may a Management Board member be the Chairman of the Supervisory Board of a listed company. Membership of the Supervisory Board of other companies within the group to which the company belongs does not count for this purpose. The acceptance by a Management Board member of membership of the Supervisory Board of a listed company requires the approval of the Supervisory Board. Other important positions held by a Management Board member shall be notified to the Supervisory Board.
- II.1.9 If the Board invokes a response time within the meaning of best practice provision IV.4.4, this period shall not exceed 180 days, calculated from the time the Management Board is advised by one or more shareholders of the decision to place the item on the agenda up to the date of the general meeting at which the draft is to be discussed. The Board shall use the response time to deliberate more closely and for constructive consultation, in any event with the relevant shareholder(s), and shall explore the alternatives. The Supervisory Board shall ensure that this is complied with. A response time is invoked only once for each general meeting, does not apply to issues for which a response time was previously invoked, and does also not apply if a shareholder owns at least 75 percent of the issued share capital following a successful public offer.
- II.1.10 During the preparation of a takeover bid for the shares or depositary receipts for shares in the company, the Management Board shall ensure that the Supervisory Board is closely involved in the acquisition process in a timely fashion.
- II.1.11 If the Management Board of a company for which a takeover bid has been announced or made receives a request from a competing bidder to inspect the company's records, the Management Board shall discuss this request with the Supervisory Board without delay.

II.2 Remuneration

Amount and composition of the remuneration

Principle The amount and structure of the remuneration which the Management Board members receive from the company for their work shall be such that qualified and expert managers can be recruited and retained. In establishing total remuneration, the impact of this remuneration on the differences in pay at the company shall be assessed. If the remuneration consists of a fixed part and a variable part, the variable part shall be linked to previously determined, assessable and influenceable targets, which are mostly of a long-term nature. The variable portion of the remuneration must be appropriate in relation to the fixed portion of the remuneration.

The remuneration structure, including severance pay, is clear and simple. It promotes the interests of the company in the medium and long term, does not encourage Management Board members to act in their own interests and neglect the interests of the company and does not ‘reward’ failing Management Board members upon termination of their employment. The Supervisory Board is responsible for the remuneration structure. The level and structure of remuneration shall be determined in the light of, among other things, the results, the share price performance and non-financial indicators that are relevant to the company’s long-term value creation.

The shares held by a Management Board member in the company on whose board he sits are long-term investments. The amount of compensation which a Management Board member may receive on termination of his employment may not exceed one year’s salary, unless this would be manifestly unreasonable in the circumstances.

Best practice provisions

- II.2.1 Prior to drafting the remuneration policy and prior to adopting the remuneration of individual Management Board members, the Supervisory Board shall analyse the possible results of the variable remuneration components and the impact they will have on the remuneration of Management Board members.
- II.2.2 The Supervisory Board shall determine the amount and structure of Management Board members’ remuneration partly on the basis of scenario analyses performed and with due regard for the differences in pay at the company.
- II.2.3 In determining the level and structure of Management Board members’ remuneration, the Supervisory Board shall consider factors such as the development of the results, movements in the share price and non-financial indicators that are relevant to the company’s long-term objectives, with due regard for the risks that variable remuneration may pose to the company.

The components included in this best practice are incorporated into the option programme that is in operation within the company.

- II.2.4 In the event that options are rewarded, they shall not be exercised during the first three years after they have been granted. The number of options to be granted shall depend on the realisation of challenging goals specified in advance.
- Options are awarded at the discretion of the Supervisory Board. The best practice provision is complied with for the options granted. Options provided up to and including 2012 may be exercised earlier than after three years providing the profit target has been met. If a Management Board member is not eligible for reappointment at the conclusion of a first appointment period, his or her options may be exercised up to three months following termination of employment. Furthermore, options can be exercised without any special restrictions should an offer for all the shares of the company be fulfilled.*
- II.2.5 Shares granted to Management Board members without financial consideration shall be retained for a period of at least five years or until at least the end of the employment, if this period is shorter. The number of shares to be granted shall be dependent on the achievement of challenging targets specified beforehand.
- Not applicable.*
- II.2.6 The option exercise price shall not be fixed at a level lower than a verifiable price or a verifiable price average in accordance with trade in the regulated market on one or more predetermined days during a period of not more than five trading days prior to and including the day on which the option is granted.
- II.2.7 Neither the exercise price nor the other conditions of the granted options shall be modified during the term of the options, except in so far as prompted by structural changes relating to the shares or the company in accordance with established market practice.
- II.2.8 The remuneration in the event of dismissal shall be equivalent to a maximum of one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a Management Board member who is dismissed during his first term of office, such Management Board member shall be eligible for a severance pay not exceeding twice the annual salary.
- The contract of employment with the Management Board member does not allow for the possibility of raising the maximum amount equal to one annual salary if dismissal during the first appointment period should appear to be unreasonable.*
- II.2.9 The company shall not grant its Management Board members any personal loans, guarantees or the like unless this is part of the normal course of business and on terms applicable to all employees, and after approval of the Supervisory Board. No remission of loans shall be granted.

Determination and disclosure of remuneration

Principle

The Supervisory Board shall determine the remuneration of the individual members of the Management Board, on a proposal by the remuneration committee, within the scope of the remuneration policy adopted by the general meeting.

The report of the Supervisory Board shall include the principal points of the remuneration report of the Supervisory Board concerning the remuneration policy of the company. The report clearly, openly and transparently accounts for the remuneration policy pursued and provides an overview of the remuneration policy to be pursued in the future. The remuneration report presents the total remuneration of the individual members, divided into the various components, in a clear and transparent manner.

Best practice provisions

II.2.10

The Supervisory Board shall be authorised to increase or reduce the value of a conditional variable remuneration component granted in a previous financial year if it believes this will lead to unfair results due to exceptional circumstances occurring during the period in which the predetermined performance criteria were realised or should have been realised.

The company applies this best practice rule as follows. Variable remuneration may be awarded to individual Management Board members according to the evaluation and (partially) at the discretion of the Supervisory Board. In 2015 the variable remuneration for the Chief Executive Officer was maximised at 60% of his fixed gross annual salary; 60% of this is related to the quantitative targets set periodically by the Supervisory Board and 40% depends on the achievement of qualitative targets. In 2014 the variable remuneration for the Chief Financial Officer was maximised at 50% of his fixed annual salary; 40% of this related to achieving quantitative targets and the remaining 60% is related to achieving qualitative targets. The Supervisory Board can, at its discretion and only in the event of special circumstances, decide to adjust the variable remuneration.

II.2.11

The Supervisory Board shall be authorised to claim back from the Management Board member the variable remuneration granted on the basis of inaccurate financial or other data (i.e. a claw-back clause).

Since the entry into force of Section 2:135 paragraph 8 of the Dutch Civil Code on 1 January 2014, the company will treat the variable remuneration of the members of the Management Board in accordance with that provision.

II.2.12

The remuneration report of the Supervisory Board shall contain an account of the manner in which the remuneration policy has been implemented in the past financial year, as well as an overview of the remuneration policy planned by the Supervisory Board for the next financial year and subsequent years. The report shall detail how the chosen remuneration policy contributes to achieving the long-term objectives of the company and its affiliates, in accordance with the risk profile. The report shall be posted on the company's website.

- II.2.13 The overview referred to in best practice provision II.2.12 shall, in any event, contain the following information:
- a) an overview of the costs incurred by the company during the financial year with regard to the remuneration of Management Board members. The overview contains a division between fixed salary, the annual cash bonus, shares, options and pension rights granted, and other perquisites. The shares, options and pension rights are valued in accordance with the standards applicable to annual reporting;
 - b) a notice that the scenario analyses referred to in best practice II.2.1 have been performed;
 - c) per individual Management Board member, the minimum and maximum bandwidths for granting conditional shares or other remuneration components based on shares at the time the Management Board member is granted these following delivery of the required performance;
 - d) a table showing for each Management Board member in office at the end of the financial year for each year for which shares, options and other remuneration components are awarded and of which the Management Board member could not freely dispose at the beginning of the financial year:
 - i) the value and number of the shares, options and/or other remuneration components based on shares at the time they were granted;
 - ii) the current status of the granted shares, options and/or other remuneration components based on shares: conditional or unconditional and the year in which the vesting period or lock-up period expires;
 - iii) the value and number of the conditional shares, options and/or remuneration components based on shares granted under i) at the time the Management Board member becomes the owner of such conditional shares, options and/or remuneration components based on shares (i.e. the end of the vesting period); and
 - iv) the value and number of the shares, options and/or remuneration components based on shares granted under i) at the time the Management Board member can freely dispose of them (i.e. the end of the lock-up period);
 - e) if applicable: the composition of the group of companies whose remuneration policy also determines the amount and structure of Management Board members' remuneration (i.e. the peer group);
 - f) a description of the performance criteria on which the portion of the variable remuneration that is linked to the performance criteria is based, to the extent that this does not conflict with competition-related considerations, and of the portion of the variable remuneration that can be established by the Supervisory Board on a discretionary basis;
 - g) a summary and an explanation of the methods that will be applied in order to determine whether the performance criteria have been fulfilled;
 - h) an explanation of the correlation between the chosen performance criteria and the strategic objectives and the correlation between remuneration and performance, on both an ex-ante and ex-post basis;
 - i) current pension schemes and the related financing costs;
 - j) agreed arrangements for the early retirement of Management Board members.
- II.2.14 The main elements of the contract of a Management Board member with the company shall be made public after it has been concluded, and in any event no later than the date of the notice calling the general meeting where the appointment of the Management Board member will be proposed. These elements shall in any event include the amount of the fixed salary, the structure and amount of the variable remuneration component, any agreed redundancy scheme and/or severance pay, any conditions of a change-of-control clause in the contract with the Management Board member and any other remuneration components promised to the Management Board member, pension arrangements and performance criteria to be applied.
- II.2.15 If a Management Board member or former Management Board member is paid a severance payment or other special remuneration during a given financial year, an account and an explanation of this remuneration shall be included in the remuneration report.

II.3 Conflicts of interest

Principle	<p>Any conflict of interest or apparent conflict of interest between the company and Management Board members shall be avoided. Decisions to enter into transactions under which Management Board members would have conflicts of interest that are of material significance to the company and/or to the relevant Management Board member require the approval of the Supervisory Board.</p>
Best practice provisions	
II.3.1	<p>A Management Board member shall:</p> <ul style="list-style-type: none">a) not enter into competition with the company;b) not demand or accept (substantial) gifts from the company for himself or for his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;c) not provide unjustified advantages to third parties to the detriment of the company;d) not take advantage of business opportunities to which the company is entitled for himself or for his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.
II.3.2	<p>A Management Board member shall immediately report any conflict of interest or potential conflict of interest that is of material significance to the company and/or to him, to the Chairman of the Supervisory Board and to the other members of the Management Board and shall provide all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Supervisory Board shall decide, without the Management Board member concerned being present, whether there is a conflict of interest. A conflict of interests exists, in any event, if the company intends to enter into a transaction with a legal entity</p> <ul style="list-style-type: none">(i) in which a Management Board member personally has a material financial interest;(ii) which has a Management Board member who has a relationship under family law with a Management Board member of the company, or(iii) in which a Management Board member of the company has a management or supervisory position.
II.3.3	<p>A Management Board member shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he or she has a conflict of interest with the company.</p>
II.3.4	<p>All transactions in which there are conflicts of interest with Management Board members shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with Management Board members that are of material significance to the company and/or to the relevant Management Board members require the approval of the Supervisory Board. Such transactions shall be published in the annual report, together with a statement of the conflict of interest and a declaration that best practice provisions II.3.2 to II.3.4 inclusive have been complied with.</p>

There were no transactions in 2015, regarding which there was a conflict of interest between Management Board members and/or Supervisory Directors, that are of material significance to the company and/or to the relevant Management Board and/or Supervisory Directors.

III. Supervisory Board

III.1 Role and procedure

Principle **The role of the Supervisory Board is to supervise the policies of the Management Board and the general affairs of the company and its affiliated enterprise, as well as to assist the Management Board by providing advice. In discharging its role, the Supervisory Board shall be guided by the interests of the company and its affiliated enterprise, and shall take into account the relevant interests of the company's stakeholders. The Supervisory Board is responsible for the quality of its own performance.**

Best practice provisions

- III.1.1 The division of duties within the Supervisory Board and the procedure of the Supervisory Board shall be laid down in a set of regulations. The Supervisory Board shall include in the regulations a paragraph dealing with its relations with the Management Board, the general meeting and the works council (or central works council), where relevant. The regulations shall, in any event, be posted on the company's website.
- III.1.2 The annual financial report of the company shall include a report of the Supervisory Board in which the Supervisory Board describes its activities in the financial year and which includes the specific statements and information required by the provisions of this code.
- III.1.3 The following information about each Supervisory Board member shall be included in the report of the Supervisory Board:
a) gender;
b) age;
c) profession;
d) principal position;
e) nationality;
f) other positions, in so far as they are relevant to the performance of the duties of the Supervisory Board member;
g) date of initial appointment;
h) the current term of office.
- III.1.4 A Supervisory Board member shall retire early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which this is deemed necessary by the Supervisory Board.
- III.1.5 Supervisory Board members who are frequently absent shall be called to account for this. The report of the Supervisory Board shall state which Supervisory Board members have been frequently absent from meetings of the Supervisory Board.
- III.1.6 The supervision of the Management Board by the Supervisory Board shall include:
a) achievement of the company's objectives;
b) corporate strategy and the risks inherent in the business activities;
c) the structure and operation of the internal risk management and control systems;
d) the financial reporting process;
e) compliance with the legislation and regulations;
f) the relationship with shareholders;
g) the social aspects of doing business that are relevant to the company.

- III.1.7 The Supervisory Board shall discuss at least once a year on its own, i.e. without the Management Board being present, its own performance, the performance of the separate committees of the Board and that of its individual members, and the conclusions that must be drawn on the basis thereof. The desired profile, composition and competence of the Supervisory Board shall also be discussed. Moreover, the Supervisory Board shall discuss at least once a year without the Management Board being present both the performance of the Management Board as an organ of the company and the performance of its individual members, and the conclusions that must be drawn on the basis thereof. The Supervisory Board's report shall detail how the Supervisory Board, the separate committees and the individual Supervisory Board members were assessed.
- III.1.8 The Supervisory Board shall discuss at least once a year the corporate strategy and the risks of the business, the result of the assessment by the Management Board of the structure and operation of the internal risk management and control systems, as well as any significant changes thereto. Reference to these discussions shall be made in the report of the Supervisory Board.
- III.1.9 The Supervisory Board and its individual members each have their own responsibility for obtaining all information from the Management Board and the external auditor that the Supervisory Board needs in order to be able to carry out its duties properly as a supervisory organ. If the Supervisory Board considers it necessary, it may obtain information from officers and external advisers of the company. The company shall provide the necessary means for this purpose. The Supervisory Board may require that certain officers and external advisers attend its meetings.

III.2 Independency

Principle The composition of the Supervisory Board shall be such that the members are able to act critically and independently of one another and of the Management Board and any particular interests.

Best practice provisions

- III.2.1 All Supervisory Board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2..
- III.2.2 A Supervisory Board member shall be deemed to be independent if the following criteria of dependence do not apply to him. The said criteria are that the Supervisory Board member concerned or his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:
- a) has been an employee or member of the Management Board of the company (including associated companies as referred to in Section 48 of Book 5 of the Financial Supervision Act) in the five years prior to the appointment;
 - b) receives personal financial compensation from the company, or a company associated with it, other than the compensation received for the work performed as a Supervisory Board member and in so far as this is not in keeping with the normal course of business;
 - c) has had an important business relationship with the company, or a company associated with it, in the year prior to the appointment. This includes the case where the Supervisory Board member, or the firm of which he is a shareholder, partner, associate or adviser, has acted as adviser to the company (consultant, external auditor, civil notary and lawyer) and the case where the Supervisory Board member is a Management Board member or an employee of any bank with which the company has a lasting and significant relationship;

- d) is a member of the Management Board of a company in which a member of the Management Board of the company which he supervises is a Supervisory Board member;
- e) holds at least ten percent of the shares in the company (including the shares held by natural persons or legal entities which cooperate with him under an express or tacit, oral or written agreement);
- f) is a member of the Management Board or Supervisory Board - or is a representative in some other way - of a legal entity which holds at least ten percent of the shares in the company, unless such entity is a member of the same group as the company;
- g) has temporarily managed the company during the previous twelve months where Management Board members have been absent or unable to discharge their duties.

III.2.3 The report of the Supervisory Board shall state that, in the view of the Supervisory Board members, best practice provision III.2.1 has been fulfilled, and shall also state which Supervisory Board member is not considered to be independent, if any.

III.3 Expertise and composition

Principle **Each Supervisory Board member shall be capable of assessing the broad outline of the overall policy. Each Supervisory Board member shall have the specific expertise required for the fulfilment of the duties assigned to the role designated to him within the framework of the Supervisory Board profile. The composition of the Supervisory Board shall be such that it is able to carry out its duties properly. The Supervisory Board aims for a balanced composition, including with respect to sex and age. A Supervisory Board member shall be reappointed only after careful consideration. The profile criteria referred to above shall also be fulfilled in the case of a reappointment.**

Best practice provisions

- III.3.1 The Supervisory Board shall prepare a profile of its size and composition, taking account of the nature of the business, its activities and the desired expertise and background of the Supervisory Board members. The profile shall discuss the aspects of diversity that are relevant to the company in terms of the composition of the Board and shall state the specific objective with respect to diversity. To the extent that the current situation deviates from the desired situation, the Supervisory Board shall account for this in the Supervisory Board's report, stating how and within what term it intends to achieve this objective. The profile shall be made generally available and shall be posted on the company's website.
- III.3.2 At least one member of the Supervisory Board shall be a financial expert, in the sense that he or she has relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.
- III.3.3 After their appointment, all Supervisory Board members shall follow an induction programme, which, in any event, covers general financial, social and legal affairs, financial reporting by the company, any specific aspects that are unique to the company and its business activities, and the responsibilities of a Supervisory Board member. The Supervisory Board shall conduct an annual review to identify any aspects with regard to which the Supervisory Board members require further training or education during their period of appointment. The company shall play a facilitating role in this respect.

- III.3.4 The number of Supervisory Boards of Dutch listed companies of which an individual may be a member shall be limited to such an extent that the proper performance of his duties is assured; the maximum number is five, for which purpose the Chairmanship of a Supervisory Board counts double.
- III.3.5 A person may be appointed to the Supervisory Board for a maximum of three 4-year terms.
- III.3.6 The Supervisory Board shall draw up a retirement schedule in order to avoid, as far as possible, a situation in which many Supervisory Board members retire at the same time. The retirement schedule shall be made generally available and shall be put on the company's website.

III.4 Chairman of the Supervisory Board and Company Secretary

Principle **The Chairman of the Supervisory Board shall ensure the proper performance of the Supervisory Board and its committees and acts on behalf of the Supervisory Board as the main contact for the Management Board and for shareholders regarding the performance of Management Board members and Supervisory Board members. As Chairman, he or she ensures the orderly and efficient conduct of the general meeting. The Chairman of the Supervisory Board is assisted in his or her role by the Company Secretary.**

Best practice provisions

- III.4.1 The Chairman of the Supervisory Board shall see to it that:
- a) the Supervisory Board members follow their induction and education or training programme;
 - b) the Supervisory Board members receive in good time all information which is necessary for the proper performance of their duties;
 - c) there is sufficient time for consultation and decision-making by the Supervisory Board;
 - d) the committees of the Supervisory Board function properly;
 - e) the performance of the Management Board members and Supervisory Board members is assessed at least once a year;
 - f) the Supervisory Board elects a Vice-chairman;
 - g) the Supervisory Board has proper contact with the Management Board and the works council (or central works council).
- III.4.2 The Chairman of the Supervisory Board shall not be a former member of the Management Board of the company.
- III.4.3 The Supervisory Board shall be assisted by the Company Secretary. The Company Secretary shall see to it that correct procedures are followed and that the Supervisory Board acts in accordance with its statutory obligations and its obligations under the articles of association. He or she shall assist the Chairman of the Supervisory Board in the actual organisation of the affairs of the Supervisory Board (information, agenda, evaluation, training programme, etc.). The Company Secretary shall, either on the recommendation of the Supervisory Board or otherwise, be appointed and dismissed by the Management Board, after the approval of the Supervisory Board has been obtained.
- The position of Secretary of the company will be fulfilled by an employee if the company, currently the Concern Controller.*
- III.4.4 The Vice-chairman of the Supervisory Board shall replace the Chairman if necessary. In addition to best practice provision III.1.7, the Vice-chairman acts as a point of contact for individual Supervisory Board members and Management Board members with respect to the Chairman's performance.

III.5 Composition and role of three key committees of the Supervisory Board

Principle If the Supervisory Board consists of more than four members, it shall appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee. The function of the committees is to prepare the decision-making of the Supervisory Board. If the Supervisory Board decides not to appoint an audit committee, remuneration committee or selection and appointment committee, best practice provisions III.5.4, III.5.5, III.5.8, III.5.9, III.5.10, III.5.14, V.1.2, V.2.3, V.3.1, V.3.2 and V.3.3 shall apply to the entire Supervisory Board. In its report, the Supervisory Board shall report on how the duties of the committees have been carried out in the financial year.

Best practice provisions

- III.5.1 The Supervisory Board shall draw up a set of regulations for each committee. The regulations shall indicate the role and responsibility of the committee concerned, its composition and the manner in which it discharges its duties. The regulations shall in any event contain a provision that a maximum of one member of each committee need not be independent within the meaning of best practice provision III.2.2. The regulations and the composition of the committees shall be posted on the company's website.
- III.5.2 The report of the Supervisory Board states the composition of the committees, the number of committee meetings and the main items discussed.
- III.5.3 The Supervisory Board shall receive from each of the committees a report of its deliberations and findings.

Audit committee

- III.5.4 The audit committee shall in any event focus on supervising the activities of the Management Board with respect to:
- a) the operation of the internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the operation of codes of conduct;
 - b) the provision of financial information by the company (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the annual accounts, forecasts, work of internal and external auditors, etc.);
 - c) compliance with recommendations and observations of internal and external auditors;
 - d) the role and performance of the internal audit function;
 - e) the policy of the company on tax planning;
 - f) relations with the external auditor, including, in particular, his independence, remuneration and any non-audit services for the company;
 - g) the financing of the company;
 - h) the applications of information and communication technology.
- III.5.5 The audit committee shall act as the principal contact for the external auditor if he discovers irregularities in the content of the financial reports.
- III.5.6 The audit committee shall not be chaired by the Chairman of the Supervisory Board or by a former member of the Management Board of the company.
- III.5.7 At least one member of the audit committee shall be a financial expert within the meaning of best practice provision III.3.2.

- III.5.8 The audit committee shall decide whether and, if so, when the Chairman of the Management Board (Chief Executive Officer), the Chief Financial Officer, the external auditor and the internal auditor, should attend its meetings.
- III.5.9 The audit committee shall meet with the external auditor as often as it considers necessary, but at least once a year, without Management Board members being present.

Remuneration committee

- III.5.10 The remuneration committee shall in any event have the following duties:
- making a proposal to the Supervisory Board for the remuneration policy to be pursued;
 - making a proposal for the remuneration of the individual members of the Management Board, for adoption by the Supervisory Board; such proposal shall, in any event, deal with:
 - the remuneration structure
 - the amount of the fixed remuneration, the shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application;
 - preparing the remuneration report as referred to in best practice provision II.2.12.
- III.5.11 The remuneration committee shall not be chaired by the Chairman of the Supervisory Board or by a former member of the Management Board of the company, or by a Supervisory Board member who is a member of the Management Board of another listed company.
- III.5.12 No more than one member of the remuneration committee shall be a member of the Management Board of another Dutch listed company.
- III.5.13 If the remuneration committee uses the services of a remuneration consultant for the performance of its duties, it shall ascertain that the consultant in question does not provide advice to the Management Board members of the company.

Selection and appointment committee

- III.5.14 The selection and appointment committee shall in any event focus on:
- drawing up selection criteria and appointment procedures for Supervisory Board members and Management Board members;
 - periodically assessing the size and composition of the Supervisory Board and the Management Board, and making a proposal for a composition profile of the Supervisory Board;
 - periodically assessing the performance of individual Supervisory Board members and Management Board members, and reporting on this to the Supervisory Board;
 - making proposals for appointments and reappointments; and
 - supervising the policy of the Management Board on the selection criteria and appointment procedures for senior management.

The Selection and Appointment committee will be formed by the entire Supervisory Board in view of the company's size.

III.6 Conflicts of interest

Principle Any conflict of interest or apparent conflict of interest between the company and Supervisory Board members shall be avoided. Decisions to enter into transactions under which Supervisory Board members would have conflicts of interest that are of material significance to the company and/or to the relevant Supervisory Board members require the approval of the Supervisory Board. The Supervisory Board is responsible for deciding on how to resolve conflicts of interest between Management Board members, Supervisory Board members, major shareholders and the external auditor on the one hand and the company on the other.

Best practice provisions

- III.6.1 A Supervisory Board member shall immediately report any conflict of interest or potential conflict of interest that is of material significance to the company and/or to him, to the Chairman of the Supervisory Board and shall provide all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. If the Chairman of the Supervisory Board has a conflict of interest or potential conflict of interest that is of material significance to the company and/or to him, he shall report this immediately to the Vice-chairman of the Supervisory Board and shall provide all relevant information, including information concerning his wife, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Supervisory Board member concerned shall not take part in the assessment by the Supervisory Board of whether a conflict of interest exists. A conflict of interest exists in any event if the company intends to enter into a transaction with a legal entity:
- (i) in which a Supervisory Board member personally has a material financial interest;
 - (ii) which has a Management Board member who has a relationship under family law with a member of the Supervisory Board of the company; or
 - (iii) in which a member of the Supervisory Board of the company has a management or supervisory position.
- III.6.2 A Supervisory Board member shall not take part in a discussion and/or decision-making on a subject or transaction in relation to which he has a conflict of interest with the company.
- III.6.3 All transactions in which there are conflicts of interest with Supervisory Board members shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with Supervisory Board members that are of material significance to the company and/or to the relevant Supervisory Board members require the approval of the Supervisory Board. Such transactions shall be published in the annual report, together with a statement of the conflict of interest and a declaration that best practice provisions III.6.1 to III.6.3 inclusive have been complied with.
- There were no transactions in 2015, regarding which there was a conflict of interest between Management Board members and/or Supervisory Directors, that are of material significance to the company and/or to the relevant Management Board and/or Supervisory Directors.*
- III.6.4 All transactions between the company and legal or natural persons who hold at least ten percent of the shares in the company shall be agreed on terms that are customary in the sector concerned. Decisions to enter into transactions in which there are conflicts of interest with such persons that are of material significance to the company and/or to such persons require the approval of the Supervisory Board. Such transactions shall be published in the annual report, together with a declaration that best practice provision III.6.4 has been observed.

There were no transactions in 2015 between the company and natural or legal persons holding at least 10% of the shares in the company that are of material significance to the company and/or the persons concerned.

- III.6.5 The regulations of the Supervisory Board shall contain rules on dealing with conflicts of interest and potential conflicts of interest between Management Board members, Supervisory Board members and the external auditor on the one hand and the company on the other. The regulations shall also stipulate which transactions require the approval of the Supervisory Board. The company will also set rules for the possession of and transaction in securities by Management Board members and Supervisory Board members other than those issued by the 'own' company.
- III.6.6 A delegated Supervisory Board member is a Supervisory Board member who has a special duty. The delegation may not extend beyond the duties of the Supervisory Board itself and may not include the management of the company. It may entail more intensive supervision and advice and more regular consultation with the Management Board. The delegation shall be of a temporary nature only. The delegation may not detract from the role and power of the Supervisory Board. The delegated Supervisory Board member remains a member of the Supervisory Board.
- III.6.7 A Supervisory Board member who temporarily takes on the management of the company, when the Management Board members are absent or unable to fulfil their duties, shall resign from the Supervisory Board.

III.7 Remuneration

- Principle** The general meeting shall determine the remuneration of Supervisory Board members. The remuneration of a Supervisory Board member is not dependent on the results of the company.

Best practice provisions

- III.7.1 A Supervisory Board member shall not be granted any shares and/or rights to shares by way of remuneration.
- III.7.2 Any shares held by a Supervisory Board member in the company on whose board he sits are long-term investments.
- III.7.3 The company shall not grant its Supervisory Board members any personal loans, guarantees or the like unless this is part of the normal course of business and after approval of the Supervisory Board. No remission of loans shall be granted.

III.8 One-tier management structure

- Principle** The composition and performance of a Management Board comprising both members having responsibility for the day-to-day running of the company (Executive Directors) and members not having such responsibility (non-executive Directors) shall be such that proper and independent supervision by the latter category of members is assured.

Best practice provisions

- III.8.1 The Chairman of the Management Board shall not also be and shall not have been an Executive Director.
- III.8.2 The Chairman of the Management Board shall check the proper composition and performance of the entire board.

- III.8.3 The Management Board shall apply chapter III.5 of this code. The committees referred to in chapter III.5 shall consist only of non-executive Management Board members.
- III.8.4 The majority of the members of the Management Board shall be non-executive Directors and are independent within the meaning of best practice provision III.2.2.

The best practice provisions III.8.1.to III.8.4.are not applicable to the company.

IV. The shareholders and general meeting of shareholders

IV.1 Powers

- Principle** Good corporate governance requires the fully-fledged participation of shareholders in the decision-making in the general meeting. It is in the interest of the company that as many shareholders as possible take part in the decision-making in the general meeting. The company shall, in so far as possible, give shareholders the opportunity to vote by proxy and to communicate with all other shareholders.
- The general meeting should be able to exert such influence on the policy of the Management Board and the Supervisory Board of the company that it plays a fully-fledged role in the system of checks and balances in the company.
- Any decisions of the Management Board on a major change in the identity or character of the company or the enterprise shall be subject to the approval of the general meeting.

Best practice provisions

- IV.1.1 The general meeting of a company not having statutory two tier status (structuurregime) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board by an absolute majority of the votes cast. It may be required that this majority should represent a given proportion of the issued capital, which proportion may not exceed one third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a Management Board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.
- IV.1.2 The voting right on financing preference shares shall be based on the fair value of the capital contribution. This shall in any event apply to the issue of financing preference shares.
- Not applicable*
- IV.1.3 If a serious private bid is made for a business unit or a participating interest and the value of the bid exceeds the threshold referred to in Article 2:107a, paragraph 1 (c), of the Dutch Civil Code, and such bid is made public, the Management Board of the company shall, at its earliest convenience, make public its position on the bid and the reasons for this position.

- IV.1.4 The policy of the company on additions to reserves and on dividends (the level and purpose of the addition to reserves, the amount of the dividend and the type of dividend) shall be dealt with and explained as a separate agenda item at the general meeting.
- IV.1.5 A resolution to pay a dividend shall be dealt with as a separate agenda item at the general meeting.
- IV.1.6 Resolutions to approve the policy of the Management Board (discharge of Management Board members from liability) and to approve the supervision exercised by the Supervisory Board (discharge of Supervisory Board members from liability) shall be voted on separately in the general meeting. Compliance with the Code is accounted for as part of the accountability for the annual report.
- IV.1.7 The company shall determine a registration date for the exercise of the voting rights and the rights relating to meetings
- IV.1.8 The chairman of the general meeting is responsible for maintaining good order during the meeting in order to facilitate a meaningful discussion.

IV.2 Depository receipts for shares

Principle Depository receipts for shares are a means of preventing a (chance) minority of shareholders from controlling the decision-making process as a result of absenteeism at a general meeting. Depository receipts for shares shall not be used as an anti-takeover measure. The Management of the trust office shall issue proxies in all circumstances and without limitation to the holders of depository receipts who so request. The holders of depository receipts thus authorised can exercise the voting right at their discretion. The Management of the trust office shall have the confidence of the holders of depository receipts. Depository receipt holders shall have the possibility of recommending candidates for the Management of the trust office. The company shall not disclose to the trust office information which has not been made public.

Best practice provisions

- IV.2.1 The Management of the trust office shall enjoy the confidence of the depository receipt holders and operate independently of the company which has issued the depository receipts. The trust conditions shall specify in what cases and subject to what conditions holders of depository receipts may request the trust office to call a meeting of holders of depository receipts.
- IV.2.2 The Managers of the trust office shall be appointed by the Management of the trust office. The meeting of holders of depository receipts may make recommendations to the Management of the trust office for the appointment of persons to the position of Manager. No Management Board members or former Management Board members, Supervisory Board members or former Supervisory Board members, employees or permanent advisers of the company should be part of the Management of the trust office.
- IV.2.3 A person may be appointed to the Management of the trust office for a maximum of three 4-year terms.
- IV.2.4 The Management of the trust office shall be present at the general meeting of shareholders and shall, if desired, make a statement about how it proposes to vote at the meeting.
- IV.2.5 In exercising its voting rights, the trust office shall be guided primarily by the interests of the depository receipt holders, taking the interests of the company and its affiliated enterprise into account.

- IV.2.6 The trust office shall report periodically, but at least once a year, on its activities. The report shall be posted on the company's website.
- IV.2.7 The report referred to in best practice provision IV.2.6 shall, in any event, set out:
- a) the number of shares for which depositary receipts have been issued and an explanation of changes in this number;
 - b) the work carried out in the year under review;
 - c) the voting behaviour in the general meetings held in the year under review;
 - d) the percentage of votes represented by the trust office during the meetings referred to at (c);
 - e) the remuneration of the members of the Management of the trust office;
 - f) the number of meetings held by the Management and the main items dealt with in them;
 - g) the costs of the activities of the trust office;
 - h) any external advice obtained by the trust office;
 - i) the positions of the Managers of the trust office;
 - j) the contact details of the trust office.

- IV.2.8 The trust office shall, without limitation and in all circumstances, issue proxies to depositary receipt holders who so request. Each depositary receipt holder may also issue binding voting instructions to the trust office in respect of the shares which the trust office holds on his behalf.

The best practice provisions IV 2.1.to IV 2.8. are not applicable to the company.

IV.3 Provision of information to and logistics of the general meeting

- Principle** The Management Board or, where appropriate, the Supervisory Board shall provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price. The contacts between the Management Board on the one hand and press and analysts on the other shall be carefully handled and structured, and the company shall not engage in any acts that compromise the independence of analysts in relation to the company and vice versa. The Management Board and the Supervisory Board shall provide the general meeting with all information that it requires for the exercise of its powers.

If price-sensitive information is provided during a general meeting, or the answering of shareholders' questions has resulted in the disclosure of price-sensitive information, this information shall be made public without delay.

Best practice provisions

- IV.3.1 Meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the company's website and by means of press releases. Arrangements shall be made for all shareholders to follow these meetings and presentations in real time, for example by means of web casting or telephone. After the meetings, the presentations shall be posted on the company's website.

Webcasting will not be used to broadcast analysts' meetings, etc. for the time being due to cost considerations. The dates of these meetings will be published on the website in advance and the presentation will be made available on the website before the meeting.

- IV.3.2 Analysts' reports and valuations shall not be assessed, commented upon or corrected, other than factually, by the company in advance.
- IV.3.3 The company shall not pay any fee(s) to parties for the carrying out of research for analysts' reports or for the production or publication of analysts' reports, with the exception of credit rating agencies.
- IV.3.4 Analysts meetings, presentations to institutional or other investors and direct discussions with the investors may not take place shortly before the publication of the regular financial information (quarterly, half-yearly or annual reports).
- IV.3.5 The Management Board and the Supervisory Board shall provide the general meeting with all requested information, unless this would be contrary to an overriding interest of the company. If the Management Board and the Supervisory Board invoke an overriding interest, they must give reasons.
- IV.3.6 The company shall place and update all information relevant to shareholders which it is required to publish or deposit pursuant to the provisions of company law and securities law applicable to it, on a separate part of the company's website.
- IV.3.7 The agenda for the general meeting shall state which points will be discussed and which points will be put to the vote.
- IV.3.8 A resolution by the general meeting to grant approval or authorisation will be explained in writing. In its explanation, the Management Board will discuss all the facts and circumstances relevant to the approval or authorisation. The notes to the agenda will be posted on the company's website.
- IV.3.9 Material changes to the company's articles of association and proposals to appoint Management Board members and Supervisory Board members will be presented separately to the general meeting.
- IV.3.10 The report of the general meeting shall be made available, on request, to shareholders no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the report in the following three months. The report shall then be adopted in the manner provided for in the articles of association.
- IV.3.11 The Management Board shall provide a survey of all existing or potential anti takeover measures in the annual report and shall also indicate in what circumstances it is expected that these measures may be used.
- The company has no outstanding or potential protection measures against a takeover of control of the company.*
- IV.3.12 The company shall provide shareholders and other persons entitled to vote with the option to provide voting proxies and voting instructions to an independent third party prior to the general meeting.
- IV.3.13 The company shall outline a policy related to bilateral contacts with shareholders and shall post this policy on its website.

IV.4 Responsibility of shareholders

Responsibility of institutional investors

Principle Institutional investors shall act primarily in the interests of the ultimate beneficiaries or investors and have a responsibility to the ultimate beneficiaries or investors and the companies in which they invest, to decide, in a careful and transparent way, whether they wish to exercise their rights as shareholder of listed companies.

Best practice provisions

- IV.4.1 Institutional investors (pension funds, insurers, investment institutions and asset managers) shall publish annually, in any event on their website, their policy on the exercise of the voting rights for shares they hold in listed companies.
- IV.4.2 Institutional investors shall report annually, on their website and/or in their annual report, on how they have implemented their policy on the exercise of the voting rights in the year under review.
- IV.4.3 Institutional investors shall report at least once a quarter, on their website, on whether and, if so, how they have voted as shareholders in the general meetings.

Responsibility of shareholders

Principle With respect to the company, its bodies and their fellow shareholders, shareholders shall conduct themselves in accordance with the standards of reasonableness and fairness. This includes the willingness to enter into a dialogue with the company and fellow shareholders.

Best practice provisions

- IV.4.4 Shareholders shall only exercise the right to place an item on the agenda after they have consulted with the Management Board. If one or more shareholders intend to request that a specific issue be added to the agenda that may result in a change of the company's strategy, e.g. through the dismissal of one or more Management Board members or Supervisory Board members, the Management Board will be given the opportunity to invoke a reasonable term to respond (i.e. response time). This also applies to the resolutions specified above whose purpose is gaining the authorisation of the court to call a general meeting pursuant to Article 110 of Book 2 of the Dutch Civil Code. The shareholder in question shall comply with the response time invoked by the Management Board within the meaning of best practice provision II.1.9.
- IV.4.5 Shareholders shall vote at their own discretion. Shareholders using voting recommendations received from third parties are expected to form their own opinion regarding the voting policy of such a third party and the voting recommendations provided by this third party.
- IV.4.6 Shareholders at whose request an item has been placed on the agenda will explain this in the meeting and will answer any questions if necessary.

Article IV.4 is not applicable to Beter Bed Holding N.V

V. The audit of the financial reports and the position of the internal audit function and of the external auditor

V.1 Financial reporting

Principle The Management Board is responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board shall see to it that the Management Board fulfils this responsibility.

The ‘Internal audit function’, do not apply to the company, as the company does not have an internal audit function in place on account of its size.

Best practice provisions

- V.1.1 The preparation and publication of the annual report, the annual accounts, the quarterly and/or half-yearly figures and ad hoc financial information require careful internal procedures. The Supervisory Board shall supervise compliance with these procedures.
- V.1.2 The audit committee shall determine how the external auditor should be involved in the content and publication of financial reports other than the annual accounts.
- V.1.3 Management Board is responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Management Board, so that the timeliness, completeness and correctness of the external financial reporting are assured. For this purpose, the Management Board ensures that the financial information from business divisions and/or subsidiaries is reported directly to it and that the integrity of the information is not compromised. The Supervisory Board shall see to it that the internal procedures are established and maintained.

V.2 Role, appointment, remuneration and assessment of the performance of the external auditor

Principle The external auditor is appointed by the general meeting. The Supervisory Board shall nominate a candidate for this appointment, for which purpose both the audit committee and the Management Board advise the Supervisory Board. The remuneration of the external auditor, and instructions to the external auditor to provide non-audit services, shall be approved by the Supervisory Board on the recommendation of the audit committee and after consultation with the Management Board.

Best practice provisions

- V.2.1 The external auditor may be questioned by the general meeting in relation to his statement on the fairness of the annual accounts. The external auditor shall therefore attend and be entitled to address this meeting.
- V.2.2 The Management Board and the audit committee shall report their dealings with the external auditor to the Supervisory Board on an annual basis, including its independence in particular (for example, the desirability of rotating the responsible partners of an external audit firm that provides audit services, and the desirability of the same audit firm providing non-audit services to the company). The Supervisory Board shall take this into account when deciding its nomination for the appointment of an external auditor, which nomination shall be submitted to the general meeting.

V.2.3 At least once every four years, the Supervisory Board and the audit committee shall conduct a thorough assessment of the performance of the external auditor within the various entities and in the different capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the general meeting for the purposes of assessing the nomination for the appointment of the external auditor.

V.3 Internal audit function

Principle **The internal auditor shall operate under the responsibility of the Management Board.**

Best practice provisions

- V.3.1 The external auditor and the audit committee shall be involved in drawing up the work schedule of the internal auditor. They shall also take cognisance of the findings of the internal auditor.
- V.3.2 The internal auditor has access to the external auditor and to the chairman of the audit committee.
- V.3.3 If no internal audit function is in place, the audit committee shall assess on an annual basis whether there is a need for an internal auditor. Based on this assessment, the Supervisory Board shall make a recommendation to the Management Board on this issue and shall include it in the Supervisory Board's report.

Article V.3. is not applicable to Beter Bed Holding N.V.

V.4 Relationship and communication of the external auditor with the organs of the company

Principle **The external auditor shall, in any event, attend the meeting of the Supervisory Board, at which the annual accounts are to be adopted or approved. The external auditor shall report his findings in relation to the audit of the annual accounts to the Management Board and the Supervisory Board simultaneously.**

Best practice provisions

- V.4.1 The external auditor shall in any event attend the meeting of the Supervisory Board at which the report of the external auditor with respect to the audit of the annual accounts is discussed, and at which annual accounts are to be approved or adopted. The external auditor shall receive the financial information underlying the adoption of the quarterly and/or half-yearly figures and other interim financial reports and shall be given the opportunity to respond to all information.
- V.4.2 When the need arises, the external auditor may request the Chairman of the audit committee to attend the meeting of the audit committee.
- V.4.3 The report of the external auditor pursuant to Article 393 of Book 2, paragraph 4 of the Dutch Civil Code shall contain the matters which the external auditor wishes to bring to the attention of the Management Board and the Supervisory Board in relation to his audit of the annual accounts and the related audits. The following examples can be given:

A. with regard to the audit:

- information about matters of importance to the assessment of the independence of the external auditor;
- information about the course of events during the audit and cooperation with internal auditors and/or any other external auditors, matters for discussion with the Management Board, a list of corrections that have not been made, etc.

B. with regard to the financial figures:

- analyses of changes in shareholders' equity and results, which do not appear in the information to be published, and which, in the view of the external auditor, contribute to an understanding of the financial position and results of the company;
- comments regarding the processing of one-off items, the effects of estimates and the manner in which they have been arrived at, the choice of accounting policies, when other choices were possible, and special effects of such policies;
- comments on the quality of forecasts and budgets.

C. with regard to the operation of the internal risk management and control systems (including the reliability and continuity of automated data processing) and the quality of the internal provision of information:

- points for improvement, gaps and quality assessments;
- comments about threats and risks to the company and the manner in which they should be reported in the particulars to be published;
- compliance with articles of association, instructions, regulations, loan covenants, requirements of external supervisors, etc.