

Remuneration report

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 2022.

This remuneration report is intended to reflect the reporting requirements as stated in article 2:135b of the Dutch Civil Code (DCC), which came into effect on 1 December 2019, and implements the EU Shareholder Rights Directive II (SRD II), which came into effect on 3 April 2017. One of the key objectives of SRD II is to provide greater transparency for company stakeholders, which is something BBH fully supports and strives to achieve at all times.

Key considerations

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

2021 was another extraordinary year during which many retailers such as BBH faced considerable challenges. Despite overall company results being negatively impacted by the lockdowns, management moved quickly to reduce costs, preserve cash, and manage the liquidity, which strengthened our capacity to work through the uncertainties triggered by the pandemic. BBH proved to be resilient as a result of formulating effective responses to the COVID-19 crisis, with the efforts of BBH's dedicated employees, supported in their work by committed suppliers, earning the continued loyalty of existing customers and attracting many new customers. Throughout the pandemic, the Management Board has shown decisive and proactive leadership by taking actions across the Company to maintain continuity, manage risks and proactively mitigate the adverse financial impacts of COVID-19. While market conditions during 2021 were challenging, the Company articulated an ambitious new company strategy, arranged a refinancing of its banking facilities, repaid the perpetual loan, and developed a new sustainability strategy.

At Beter Bed Holding N.V.'s Extraordinary General Meeting (EGM) of 16 December 2021, John Kruijsen was reappointed as Chief Executive Officer (CEO) and member of the Management Board of Beter Bed Holding N.V. (the Company or BBH), for a period up and until the end of the Annual General Meeting to be held in 2026. In total 99.86% of the votes were in favour of the reappointment.

During 2021, 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 exercised its discretionary power to temporarily derogate from the policy by granting a one-time equity performance grant.

Primary remuneration elements for 2021

The table below outlines the primary elements of our Management Board remuneration programme. In 2020, the remuneration policy was approved, replacing the share option plan with a performance share unit (PSU) plan.

	Salary	Bonus	PSUs - annually	PSUs - One-time equity performance grant
Who receives it	Management Board members			CEO
When granted	Reviewed every 12 months	Annually, for reported financial year	In general on an annual basis in Q1	16 December 2021
Form of delivery	Cash		Equity	
Type of performance	Short-term emphasis		Long-term emphasis	
Performance period	Ongoing	1 year	3 years + 2 years additional holding period	Tranche 1: 2 years + 2 years holding period Tranche 2: 4 years
How payout is determined	Committee judgement	Formulaic & Committee judgement	Formulaic; committee verifies performance before payout	Formulaic; committee verifies performance of the Company before payout
Most recent performance measures	N/A	Financial KPIs: Revenue growth (30%), Gross margin (20%), EBITDA (30%), Free cash flow (20%); and qualitative objectives not driven by financial KPIs	ROCE (50%), Customer satisfaction-NPS (50%)	Both Revenues and EBITDA-margin

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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 the Management Board's remuneration. The selection of the peer group is discussed and approved by the Supervisory Board. For 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. Assisted by the external strategic advisory firm Focus Orange, the Remuneration Committee in 2020 adopted a peer group for compensation benchmarking purposes. This resulted in a benchmark comparison of Beter Bed Holding N.V.'s remuneration with that of a peer group of other Dutch small-cap companies.

Summary of Management Board's remuneration

During 2021, the Management Board was composed of Mr John Kruijssen - CEO, and Mrs Gabrielle Reijnen - CFO. The table at the bottom provides a summary of the Management Board's remuneration.

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 Management Board members' remuneration consists of short-term incentives (STIs) and long-term incentives (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.

Short-term variable remuneration

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

	Base salary		Other benefits		Pension		Total fixed remuneration		Short-term incentives		Long-term incentives ¹		Total variable remuneration		Total remuneration		Fixed vs variable remuneration	
<i>in thousand €</i>	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
John Kruijssen																		
Costs (IFRS)	472	472	79	81	142	142	693	695	368	368	233	187	601	555	1,294	1,250	54%-46%	56%-44%
Grant date fair value											2,593	236	2,961	604	3,654	1,299	19%-81%	54%-46%
Gabrielle Reijnen																		
Costs (IFRS)	300	300	94	91	75	75	469	466	195	195	123	68	318	263	787	729	60%-40%	64%-36%
Grant date fair value											150	219	345	414	814	880	58%-42%	53%-47%

¹ The long-term incentives granted expense over time conform IFRS and are as such presented both on the grant date fair value and the costs recognised during the year

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Long-term variable remuneration

The amounts reported in the table on the prior page represent both the costs recognised during the year and the aggregate grant date fair value of share awards in the form of PSUs (and historically options awards) 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 and stock options received is different from the accounting expense as it is dependent on performance.

Implementation of remuneration policy in 2021

This section provides an overview of the application of the remuneration policy in 2021, additional remuneration information to ensure reporting transparency, and important contract terms of the members of the Management Board.

Base salary

Management Board members' salaries were assessed against the market environment and adjustments in the salaries of the Company's employees in the Netherlands.

While the policy allows for an annual review of base salaries, the Supervisory Board refrained from an adjustment in 2021 due to the uncertainties associated with the global pandemic at that time.

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 payout is granted, and a maximum performance level where maximum payout 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.

2021 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 2021, the performance criteria selected reflect the challenges that the Company faced as a result of the COVID-19 pandemic and the resulting global economic downturn, while maintaining the focus on executing the Company's strategy, overseeing day-to-day business operations and optimising profitability. These criteria are: revenue growth for the key business and EBITDA, each weighted at 30%; and gross margin and free cash flow, each weighted at 20%. To improve the quality and sustainability of the organisation, two additional qualitative criteria targets also apply: developing BBH's sustainability strategy, with a scorecard over a three-year period; and completing the refinancing of the Company before year-end.

	Performance Period	Threshold (80%)	Target (100%)	Maximum (130%)	Weighting	Result	Variable pay-out
QUANTITATIVE PERFORMANCE CRITERIA							
Sales growth	FY 2021			3.3%	30%	Above Maximum	
Operating margin	FY 2021			55.1%	20%	Above Maximum	
EBITDA	FY 2021			€ 33.2 mln	30%	Above Maximum	130%
Free Cash Flow	FY 2021			€ 16.2 mln	20%	Above Maximum	
QUALITATIVE PERFORMANCE CRITERIA							
Sustainability strategy including a 3-year period scorecard						✓	
Completing the refinancing of the Company before year-end						✓	

Management Board
John Kruijsen (CEO)
Gabrielle Reijnen (CFO)

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The performance of each member of the Management Board 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 the achievement of performance goals for the Company. The Supervisory Board applies an element of judgement in assessing alignment between calculated payout and overall business performance.

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

Target variable pay:

€ 472,364	x	outcome	=	€ 368,444
(base salary) * 60% =		130%		(78% of base salary)
€ 283,418				

G.E.A. Reijnen (CFO)

Target variable pay:

€ 300,000	x	outcome	=	€ 195,000
(base salary) * 50% =		130%		(65% of base salary)
€ 150,000				

In light of the unprecedented challenges that the Company faced in 2021 as a consequence of the COVID-19 pandemic and the resulting global economic downturn, together with the fact that the Company exceeded 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

Annual PSUs

Beter Bed Holding N.V.'s LTI plan is based on performance share units (PSUs). This LTI rewards members of the Management Board and senior leadership team 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 performance with sustainability objectives and the long-term interests 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; and
- 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 assessments 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. Shares are not awarded in the event that performance is under the threshold level.

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 change in control of the Company, 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.

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Long-term incentives in 2021

Annual PSUs

The annual grants are set as a percentage of the base salary of the members of the Management Board. Members of the Management Board were granted PSUs in 2021 that are converted into shares of Beter Bed Holding N.V. at the end of the three-year performance period 2021-2023 subject to meeting the performance criteria. Each of these awards was approved under the remuneration policy, which was approved at the 2020 AGM.

Name	Year of Grant	Award type	Estimated Future Payouts Under Performance Share Units (#)			Grant date fair value of awards	subject to 2-year holding period
			Threshold	Target	Maximum		
John Kruijssen (CEO)	2021	Annual equity	26,542	44,237	61,932	236,181	✓
	2021	PSUs - one-time performance grant		240,261		1,178,480	✓
	2021	PSUs - one-time performance grant		240,261		1,178,480	
Gabrielle Reijnen (CFO)	2021	Annual equity	16,857	28,095	39,333	149,999	✓

One-time performance grant

In recognition of the essential role undertaken by Mr Kruijssen in leading the ongoing execution of BBH's growth strategy, the Supervisory Board recommended the reappointment of Mr Kruijssen as CEO and as a member of the Management Board of Beter Bed Holding N.V., with effect from 16 December 2021 for a period ending immediately after the Annual General Meeting (AGM) of the Company to be held in 2026. This was approved at the EGM held on 16 December 2021. In connection with the reappointment, the EGM also approved a one-time equity performance grant to Mr Kruijssen, with the intention of incentivising Mr Kruijssen to continue serving as CEO of the Company during the same period covered by the assignment agreement so as to provide continuity of leadership, and reward performance provided that the Company successfully delivers on key targets outlined in the new Company strategy announced at the 2021 AGM.

Background

Led by the Remuneration Committee, the Supervisory Board engaged in a process to develop an incentive award that it believed to be in the best interest of the Company, and all of its stakeholders, including the Company's shareholders, with the goal of extending Mr Kruijssen's tenure as CEO. The Supervisory Board believes that the performance share grant will promote the alignment to Mr Kruijssen's compensation with sustainability and long-term interests of the Company, and the intended long-term value creation.

Award mechanics

The one-time equity performance reward is in the form of performance shares, with 50% of the performance shares to vest based on performance delivered on revenue and EBITDA-margin over a two-year performance period up to and including 31 December 2023, and 50% of the performance shares to vest based on performance delivered on revenue and EBITDA-margin over a four-year performance period up to and including 31 December 2025, both of which are subject to continued employment. The number of performance shares conditionally granted was based upon a value equivalent to € 2.5m divided by the volume weighted average share price (VWAP) of BBH on Euronext Amsterdam over the period of 60 consecutive trading days up to and including the EGM of 16 December 2021. No shares will be awarded if the pre-set performance criteria are not met during the performance period and in the event the CEO leaves the Company before vesting. Any shares that do vest are under lock up until the end of the extended appointment period. Mr Kruijssen may, however, sell shares to cover applicable taxes due at vesting ('sell to cover'). Vested shares are entitled to dividends in shares during the performance period. In the event of Mr Kruijssen leaving the Company before vesting due to permanent disability or death, all unvested performance shares are vested in full. In the event of a change in control of the Company, 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 unvested conditional shares are forfeited.

The following table shows the number of PSUs outstanding with members of the Management Board:

Name of director, position	Specification of plan	Performance Period	Award date	Vesting date	End of holding period	Opening PSUs at beginning of year	Movement during the year		PSUs subject to performance condition	Closing	
							PSUs awarded in 2021	PSUs vested		PSUs awarded and unvested at year end	PSUs subject to holding period
Management Board John Kruijssen (CEO)	PSUs	2020-2022	1-1-2020	31-12-2022	31-12-2024	142,039	-	-	142,039	142,039	142,039
	PSUs	2021-2023	1-1-2021	31-12-2023	31-12-2025	-	44,237	-	44,237	44,237	44,237
	PSUs - one-time performance grant	2021-2023	16-12-2021	31-12-2023	31-12-2025	-	240,261	-	240,261	240,261	240,261
	PSUs - one-time performance grant	2021-2025	16-12-2021	31-12-2025	31-12-2025	-	240,261	-	240,261	240,261	-
Management Board Gabrielle Reijnen (CFO)	PSUs	2020-2022	1-1-2020	31-12-2022	31-12-2024	90,209	-	-	90,209	90,209	90,209
	PSUs	2021-2023	1-1-2021	31-12-2023	31-12-2025	-	28,095	-	28,095	28,095	28,095

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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 2021.

	Year of grant	Award type	Outstanding	Exercisable	Exercise Price	Expiration Date	Market Value ¹ (€)	Vesting Schedule
John Kruijsen (CEO)	2019	Options	50,000	-	4.34	24-4-2024	34,500	100% on 24-4-2022
	2020	PSUs	142,039	-			714,456	100% in 2023, subject to performance
	2021	PSUs	44,237	-			222,512	100% in 2024, subject to performance
	2021	PSUs	480,522	-			2,417,026	50% in 2024 and 50% in 2026, subject to performance
Gabrielle Reijnen (CFO)	2020	Options	100,000	-	1.66	1-1-2024	337,000	100% on 1-1-2023
	2020	PSUs	90,209	-			453,751	100% in 2023, subject to performance
	2021	PSUs	28,095	-			141,318	100% in 2024, subject to performance

¹ The market value of PSUs is calculated by multiplying the closing price of BBH stock as of 31 December 2021 (€ 5.03) (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 2021.

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.'s 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:

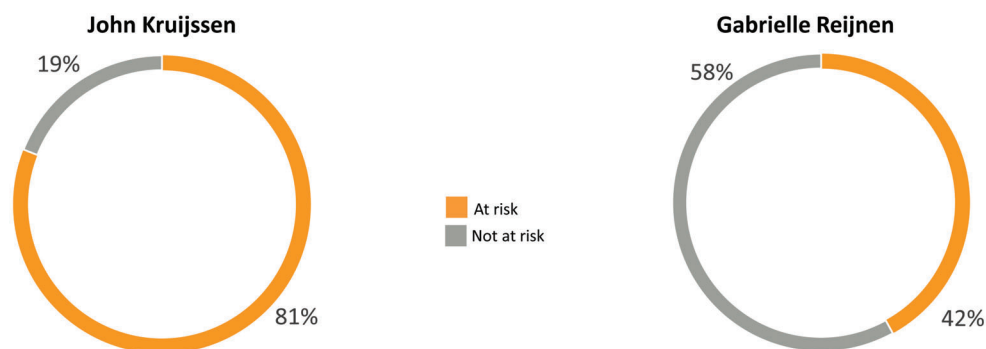
in thousand €	2021	2020	2019	2018	2017
Management Board					
Average number of FTE	2.0	2.0	2.0	1.7	1.8
Remuneration for individual MB members					
- A.J.G.P.M. Kruijsen	1,293	1,265	1,081	597	-
- G.E.A. Reijnen	787	721	-	-	-
- H.G. van den Ochtend	-	-	351	152	-
- A.H. Anbeek	-	-	-	-	452
- B.F. Koops	-	-	-	216	456
Total MB remuneration	2,080	1,986	1,432	965	908
Average remuneration (A)	1,040	993	716	579	495
Other employees					
Average number of FTE	935	1,025	1,003	2,805	2,726
Employee expenses	41,813	45,767	45,632	109,290	104,912
Average remuneration (B)	45	45	45	39	38
Total					
Average number of FTE	937	1,027	1,005	2,807	2,728
Employee expenses	43,893	47,753	47,064	110,255	105,820
Average remuneration	47	47	47	39	39
A/B pay ratio	23.3	22.2	15.3	14.9	12.9

Year-on-year changes in average BBH's employee compensation are partially attributable to changes in our employee mix, including following divestments.

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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 percentage of the target pay that is at risk for the respective members of the Management Board.



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 2021 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 payout 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 2021.

Deviation and derogation from remuneration policy

The Remuneration Committee did not deviate from its decision-making process in relation to the implementation of the remuneration policy.

Under Dutch law and the Dutch Corporate Governance Code, the Supervisory Board has the discretionary power in determining the remuneration of the members of the Management Board in accordance with the remuneration policy and to temporarily derogate from the Company's remuneration policy for the Management Board in exceptional circumstances. The remuneration policy for the Management Board of BBH, as adopted in 2020, also includes such discretionary power.

The Supervisory Board exercised its discretionary power by granting a one-time equity performance grant as a temporary derogation from the current remuneration policy. This derogation was necessary to align the grant with the extended term of appointment of Mr Kruijssen, targeting a delivery of the growth strategy in order to safeguard the long-term interest and sustainability of the Company. Given his achievements during his period with the Company, his current performance and his dedication to BBH's future, the Supervisory Board wishes to ensure that Mr Kruijssen continues to serve in his role as CEO in order to execute the ambitious growth strategy of BBH, and considers this an exceptional circumstance that justifies the temporary derogation from the remuneration policy of the Management Board.

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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 management services agreements with the respective members of the Management Board.

Severance compensation

In the event that a member of the Management Board's agreement 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.'s Management Board remuneration policy for adoption to the General Meeting once every four years, the next time being at the AGM in the first half 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 reappointment of Mr A.J.G.P.M. Kruijsen as CEO and member of the Management Board in accordance with article 2:135a sub 3 DCC before it was proposed to the EGM at 16 December 2021, and this advice was positive. The proposal to reappoint the CEO was adopted by the 2021 EGM with 99.86% votes cast in favour.

The Remuneration Committee considered shareholders' feedback during the 2021 AGM in relation to the remuneration policy and remuneration report, and the 2021 EGM. This included the Supervisory Board's rationale regarding: (i) the timing of the reappointment of the CEO and (ii) the award mechanics of the related one-time equity performance grant.

With regards to (i) and (ii), the Supervisory Board is of the view that management continuity is important in order to successfully execute BBH's growth strategy. In order to avoid uncertainty about the reappointment, the Supervisory Board considered it important to submit this to the shareholders on 16 December 2021. The Supervisory Board considered reappointment and a related incentive in the shape of performance shares to be connected. So as to ensure shareholders were fully informed, this was included in the explanatory notes to the agenda as transparently as possible.

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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 2021.

in thousand €

Supervisory Board member	Supervisory Board	Chair	Total 2021	Total 2020
B.E. Karis	40	10	50	50
B.M.A. van Hussen	40	-	40	25
A. Beyens	40	-	40	40
M.C. Schipperheijn	40	-	40	25
P.C. Boone ¹	40	-	40	40
H.C.M. Vermeulen ²	-	-	-	15
Total	200	10	210	195

¹ Stepped down as Supervisory Board member as per 31-12-2021.

² Stepped down as Supervisory Board member as per 13-05-2020.

Outlook 2022

The salaries of members of the Management Board were assessed against the market environment and the adjustments for other employees, and will be adjusted by 4.32% in line with the two-year market movement for employees in the Netherlands. For the 2022 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: sourcing of 100% renewable energy for BBH's operations by the end of 2022; and the implementation of more than 20 Beter Slapen ID configurations at strategic locations in BBH's store network. 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 2022 remuneration report. For the 2022 long-term incentive scheme, in addition to ROCE and NPS, the Supervisory Board introduced a KPI related to sustainability: 'Reduction of BBH's absolute Scope 1 and 2 GHG emissions below 2020 baseline levels by 2024'.