

	CSR

CSR at Beter Bed Holding

Introduction

The social value of a good night's sleep is generally recognised. People who sleep well are happier and healthier. Facilitating this may be Beter Bed Holding's most important social contribution, which is delivered by offering a broad range of good quality products with suitable advice at competitive prices. The fact that CSR forms part of the core of Beter Bed Holding's actions is reflected in the company's vision, mission, strategy and objectives that clearly set out its corporate social responsibility.

While Beter Bed Holding recently stated its wish to review its CSR policy, it will naturally continue to move forward on its chosen path in order to make further improvements relating to the following objectives:

- Optimising/reducing our ecological footprint through less energy consumption in stores and distribution centres and driving and flying fewer kilometres whenever possible.
- Complying with the code of conduct for suppliers.
- Regularly checking the safety of our mattresses and beds for our customers and employees.
- Regularly evaluating employee satisfaction.
- Realising the objective of appointing 35% women in top management positions in the period 2017-2020.

In addition, two new themes have been added to the policy through which Beter Bed Holding expressly seeks to align itself with key international developments as set out in agreements, including the United Nations Global Compact Initiative and the Paris Agreement.

Beter Bed Holding will first of all seek to ensure, with the help of the new European guideline from December 2015, that in each country in which it operates an innovation fund will be set up by the industry (manufacturers and retailers). The related objective is to promote research at the front of the chain, which will make it possible to develop mattresses that are easier to disassemble and recycle (in terms of raw materials), whilst promoting more research at the end of the chain in order to develop applications for reuse so that a recycling policy can also genuinely be applied.



In addition, it is crucially important to place emphasis on an upcycling policy, which means that raw materials will be reused as much as possible (ideally 100%), instead of giving mattresses a second life only once (for example in the form of a judo mat). The latter is also sometimes called downcyling.

While there is currently no upcycling yet, the number of applications for recycling used mattresses still remains very limited, which means that a large part of the processes still occurs through incineration. With a view to setting up an innovation fund of this type based on an eco-disposal fee for consumers, the sector (retailers and manufacturers) is entering into various dialogues in order to learn from the tyre sector, the glass sector and the home appliance sector. Beter Bed Holding is very closely involved in this endeavour in the

Beter Bed Holding is delighted that the Dutch Ministry of Economic Affairs and the Dutch Ministry of Infrastructure and Environment have explicitly stated the mattress sector as one in which the industry can collectively develop policy and achieve clear progress in the years ahead.

Beter Bed Holding is also actively studying, in association with the Netherlands Organisation for Applied Scientific Research TNO, how it can develop sustainable bed systems in the medium term based on a lease concept whereby the consumer pays a monthly fee. A similar concept is currently being applied by, for example, Philips Lighting for a number of its customers in the Netherlands whereby these customers no longer buy lighting equipment, but only purchase light. This provides them an incentive to produce lighting products that last longer, which will ultimately reduce the total amount of waste. Beter Bed Holding wishes to go even further by designing or commissioning the design of bed systems that also enable raw materials to be recycled more effectively and in larger quantities.

This is the sixth time Beter Bed Holding N.V. has presented a report on its activities and progress in the field of CSR according to the guidelines of the Global Reporting Initiative (GRI). The company is also once again reporting in accordance with the G4 reporting guidelines this year.

CSR objectives

Quantitative objectives

The updated objectives for the period until 2020 are presented in this annual report. The key figures from the past have been added whenever possible.

Subject	2016	2015		Target
				2020
Safe products	93%	83%	82%	100% Certified mattresses
Diversity in top management	29%	25%	22%	35% Women in top management
Energy consumption (GJ)	67.1	73.3	74.3	50.0 kWh/m ²
Customer satisfaction	9.0	8.8	-	eKomi

Qualitative objectives

- To formulate an approach for achieving environmental objectives that will be different for each country. This strategy must be in line with the specific local challenges and relevant legislation and regulations in each country.
- · To proactively take responsibility for the obligation to endeavour to work with its strategic suppliers to make the chain more sustainable.
- To make an active contribution in the sector and in the chain in order to attain a design for recycling. To seek to work together with both internationally recognised research centres and forerunners in the field of Research & Development.

Design for recycling

The company recognises both the urgency and importance of recycling high-quality raw materials. Progress must be made in the following areas in order to achieve results in the upcycling of primarily mattresses:

- Production using only recyclable raw materials or to the greatest extent possible.
- Creation of high-quality applications for these raw materials at the end of the lifecycle.

These are ambitious objectives that can only be achieved through active collaboration with both the sector and the chain. The Dutch Ministry of Economic Affairs and the Dutch Ministry of Infrastructure and Environment have explicitly designated the mattresses sector as a sector that must develop policy and achieve clear progress in the field of sustainability in the years ahead.

Good housekeeping

In addition to the above, Beter Bed Holding carries out an active good housekeeping policy that enables maintaining and when possible improving the scores on the different objectives that have been achieved in the past years. This relates to matters including:

- Having all strategic suppliers sign the code of conduct.
- The quality of the recycling process. This involves first of all the take-back of the packaging materials when delivering goods to customers. Waste is also separated as much as possible before being sent to waste processing companies.
- Absenteeism due to illness must be lower than the average of the comparative group that is different in each country.
- The absence of fines relating to environmental legislation, consumer interests and human rights.
- Newly purchased trucks must always be in the highest energy-efficiency category.

The company will comply with the principle global guidelines and standards in the field of CSR. The code of conduct is in line with both the OECD guidelines and the agreements made by the ILO.

CSR policy

What Beter Bed Holding stands for

For Beter Bed Holding and its subsidiaries, corporate social responsibility means they make a positive contribution to the society in which they operate. This contribution is shaped through measures including complying with the applicable legislation and regulations at all times and by always treating the interests of all stakeholders respectfully.

Beter Bed Holding is aware of its corporate social responsibility, which is attested to by the existing reports relating to compliance, the ongoing stakeholder dialogue it conducts and in the structural approach to the topic of CSR that is imbedded in the organisation.

Code of conduct

The general code of conduct issued by Beter Bed Holding further defines what corporate social responsibility means to the company. These guiding principles, which are also expressed in the culture within the company (values and norms and conduct), have been imbedded in the organisation procedurally whenever possible. The code of conduct for suppliers is a further elaboration of the general code of conduct. Both codes correspond with the United Nations Global Compact Code

The Supervisory Board and the Management Board endorse the principles for good corporate governance as included in the Dutch Corporate Governance Code. Beter Bed Holding has a whistleblower policy available for employees. Different complaints procedures for the various formats (both internally for employees and externally for customers and/or other stakeholders) have also been put in place.

A CSR steering committee, under the supervision of Beter Bed Holding, has been established within the Beter Bed organisation since 2015 and is directly involved in formulating the policy in the field of CSR and in realising its defined objectives. This team has an international focus, but concentrates primarily on the Netherlands and Germany as the largest countries within the group.

The Management Board renders accountability to the Supervisory Board for the conducted CSR policy. The specific CSR objectives are submitted by the Management Board to the Supervisory Board.

Stakeholder dialogue

The organisation has been conducting an active dialogue with its stakeholders since 2014. It will once again engage in dialogue with stakeholders, including employees, customers, shareholders, retailers, suppliers, the Council for the Dutch Retail Trade (RND) and the specialists of the Dutch Association of Investors for Sustainable Development (VBDO) and Eumedion, in 2017.

Standards and partnerships

Beter Bed Holding endorses and supports the following externally developed economic, environmental and social charters, principles and other initiatives:

- Beter Bed Holding is a participant in the United Nations Global Compact Code. The ten principles of the Global Compact Code have been included in both the general code of conduct and the code of conduct for the company's suppliers.
- The CO₂ emissions are calculated using the guidelines of the Greenhouse Gas Protocol.
- The CSR report and the GRI Index have been drawn up according to the G4 Reporting Principles. The organisation may switch to the revised 'Standards' guidelines following the 2017 stakeholder dialogue.
- Beter Bed Holding has signed the D&I Company's Charter (formerly Talent to the Top) and in doing so has committed to the principles contained in the Charter. The Charter is a public commitment, a code that sets out clear agreements for realising gender diversity at the senior and sub-senior levels of companies. Signing the Charter is voluntary, but not non-committal.

Beter Bed Holding is also a member of the INretail sector organisation and is a member of other bodies including the Council for the Dutch Retail Trade (RND).

Scope

The customer

The health and satisfaction of the customers and employees of Beter Bed Holding's different retail formats are the key starting points for the company's policy and actions. 93% of the sold mattresses were tested for hazardous substances and certified in 2016. The objective is for all mattresses from strategic suppliers to be tested and certified by 2020.

Customer satisfaction

The 'Imbedded customer interaction' customer feedback program was launched in 2016. Customers and visitors were given the opportunity to provide detailed feedback on their store and their experiences concerning the delivery. Nearly 7,000 people in the Benelux took the opportunity to post their feedback on the eKomi website. Customers give the formats a score of 9 on a scale of 1 to 10. Both positive and more critical comments are used to improve the service and range.

More than 1,000 customers gave Matratzen Concord an average score of 4.6 out of 5 on the 'Trusted Shops' website in Germany. The quality of the service at Matratzen Concord has been tested by TÜV Saarland in Germany. The inspection service asked consumers to rate the service. Matratzen Concord emerged as the best store in the bedroom furnishings retail sector with a score of 1.9 (GUT).

Beter Bed also once again succeeded in maintaining its service at a high level in the Netherlands in 2016. More than 98% of deliveries took place to the customer's satisfaction the first time. Packaging materials were collected after delivery and the old mattresses were also collected and recycled, for a small fee.

Employees

The honest and accurate advice provided by the employees to customers is a crucial key to customer satisfaction and business success. Establishing a lasting relationship between the right employees and the company requires a good employment terms policy.

Proud of our employees

The employees are our company's representatives. They ensure the provision of professional services in a pleasant store environment. Because local people are the best at serving the local market, the management positions are held by local employees in all the countries.

Quality of the employees

The commitment and quality of the employees largely determine the success of the company, with personal high-quality advice having a direct effect on the amount of revenue. Evaluation and performance interviews are carried out annually in order to ensure the quality of the employees. All the employees have these annual evaluation moments in order to assess whether there are still good working conditions and whether they are satisfied, and to explore potential development opportunities. The company began applying 360-degree assessments in 2016.

Training and education take place on a structured basis. The Beter Bed Academy has, in association with the NCOI and the Dutch National Consortium for Corporate Groups (NCvB), been developed for this purpose in 2010. Training on the job with electronic support (e-learning and e-training) was introduced in 2014 for all employees working in the stores and in logistics in the Netherlands.

The last time employee satisfaction was surveyed at Beter Bed Netherlands was in 2014. The organisation will have employee satisfaction measured again by an external agency in 2017.



Employee safety and health

The company attaches great importance to the safety and health of all its employees. The policy is aimed at further reducing work-related absenteeism by ensuring a safe and healthy working environment and by providing employees with intensive guidance.

The company's absenteeism due to illness rate stood at 3.9%. A slight rise was seen in Germany and Austria, while the absenteeism rate fell in the Netherlands.

Diversity

The company is convinced that a balanced composition of teams and management teams makes a positive contribution to its performance. Beter Bed Holding has signed the D&I Company's Charter (formerly Talent to the Top). This initiative is a code containing clear agreements and a public commitment to realising gender diversity at the top of the organisation.

The company stated in the last annual report that it will carry out additional activities aimed at increasing the number of women in management positions. The number of female managers increased by two and the number of male managers increased by three in 2016. The percentage of women in management positions has consequently risen from 24.8% to 25.4%.

Diversity	2016			2015		
	Men	Women	\$	Men	Women	\$
Supervisory Board	3	1	25.0%	3	1	25.0%
Management	100	34	25.4%	97	32	24.8%
Employees	928	2,469	72.7%	832	2,276	73.2%

Suppliers and government

Suppliers

Both the commercial and ethical sides of the relationship are important when selecting suppliers. An absolute condition in this regard is that both the suppliers and their suppliers comply with the legislation and regulations applicable in their country. The way of doing business must correspond with the norms and values of Beter Bed Holding that are based on the United Nations Global Compact Code.

The strategic suppliers have been asked to sign the code of conduct. The suppliers of all the formats of Beter Bed Holding have signed the code of conduct. All strategic suppliers are based in Europe. At least two suppliers are assessed annually to determine whether they comply with the supplier terms of Beter Bed Holding. These suppliers will also be asked to render account on the way in which they shape their CSR policy starting in 2017.

Beter Bed Holding attaches importance to the respectful treatment of animals.

The aim of deepening the relationship with strategic suppliers is to attain a better collaboration and in doing so to achieve the joint objectives in the field of sustainability. Controlling the chain will demand a joint effort on the part of the company and its suppliers.

Legislation and regulations

Beter Bed Holding expressly follows the OECD (Organisation for Economic Cooperation and Development) guidelines. The company is in this way anticipating forthcoming more stringent legislation and regulations in the field of CSR reporting. The guidelines obligate 'companies of importance to society' to be transparent about their non-financial performance relating to matters such as the strategy, the environment, working conditions, human rights, corruption and diversity at the executive level.

Honest contribution

The topic of tax evasion is and has been covered extensively in the media. The OECD also presented a series of measures in the autumn of 2015 aimed against 'Base Erosion and Profit Shifting' (BEPS). This was reason for Beter Bed Holding to formulate its tax policy more explicitly. This is founded on the principle that the organisation wants to pay a fair amount of tax in the countries in which it operates. The organisation also declares that it will not use any constructions to evade tax.

Supervision and confidence

The Netherlands Food and Consumer Product Safety Authority (NVWA) carries out product safety system inspections and audits at Beter Bed. The NVWA has confidence in the way in which Beter Bed has set up its product safety process and puts it into practice. The result of the system inspection and the audit meant that the NVWA conducted only limited supervision of Beter Bed through 2020. This is the highest mark of confidence the government can give an organisation in the field of product safety.

Environment

Reducing the ecological footprint is a key objective of Beter Bed Holding's CSR policy. The policy covers a broad spectrum of topics including saving energy, reducing CO₂ emissions, using less packaging, using less environmentally hazardous substances in the products sold and promoting the circular economy. This is in line with the ambitions formulated at the climate summit in Paris and CSR Netherlands' Ambition Report 2020.

The ecological footprint

Beter Bed Holding has made reducing the CO₂ emissions per square meter of sales floor surface a top priority since 2010 and as a result it has reduced its footprint by 20% over the past years. Energy audits were carried out successfully at eight locations in the Netherlands in 2016. The course of energy consumption over the past years is shown in the table below:

Energy consumption (TJ)	2016	2015	2014	2013	2012
Electricity	99	105	111	114	121
Natural gas	106	102	102	133	118
Fuel oil	25	24	25	30	29

The carbon footprint

Beter Bed Holding is committed to limiting the emission of greenhouse gases by efficiently using the sources of energy that are necessary for business operations. The emission of greenhouse gases is calculated using the indicators of the GHG Protocol; greenhouse gases are reported in kilogrammes of CO₂.

The CO₂ emissions

CO₂ emissions totalled 14,361 tonnes in 2016, which is a decrease of 28.1% compared to 2015. This decrease was achieved primarily through efforts in the field of electricity. The primary contribution to this reduction was made by Matratzen Concord, which switched to green electricity in October 2015 and as a result CO₂ emissions in Germany fell by 95%. Beter Bed Netherlands also made an important contribution towards achieving this result by reducing CO2 emissions in the stores by 698 tonnes since 2014 due to the remodellings.

CO ₂ emissions	2016	2015	2014	2013	2012
Natural gas	6,296	6,087	6,090	7,935	7,013
Fuel oil	1,766	1,638	1,703	2,055	2,007
Diesel	1,554	1,275	1,361	1,261	1,389
Electricity	3,013	9,153	11,741	12,066	12,731
Air travel	38	38	29	24	35
Commute travel	1,694	1,773	1,672	1,704	1,823
Total	14,361	19,964	22,596	25,045	24,998

The stores and offices of Beter Bed Holding are not located in the vicinity of nature reserves with a high level of biodiversity. The company therefore does not report on this topic.

Waste

The total amount of waste fell by 5% to 3,600 tonnes in 2016. The figures fit in with the trend whereby the amount of waste has been reduced by 39% since 2010. The objective to take back, separate and recycle packaging materials was also achieved in 2016. In order to make a better contribution to realising a circular economy, the company will remain in dialogue with its waste processors and suppliers with the aim of finding a solution that will enable used mattresses to be used in new products.

Waste (tonnes)	2016	2015	2014	2013	2012
Cardboard and paper	1,500	1,500	1,700	1,900	2,300
Other	2,100	2,300	3,000	2,500	2,900
Total	3,600	3,800	4,700	4,400	5,200

Report of the external specialist

Reporting guidelines

In its annual report, Beter Bed Holding reports for the sixth time on its activities and progress in the area of Corporate Social Responsibility (CSR) according to the guidelines of the Global Reporting Initiative (GRI). In the stakeholder dialogue, it was established that the report largely follows the G4 Reporting Principles. Detailed information will be presented in a more extensive CSR report. The digital version of the CSR report includes the GRI Index, as well as a list of definitions used. The codes of conduct of Beter Bed Holding are available on the website www.beterbedholding.com.

Scope and framework of the report

In this report on the 2016 calendar year, Beter Bed Holding reports on all its formats in all countries with the exception of France and Sweden.

Consistency in reporting process

The figures presented in this report are generated on the basis of consistent definitions and are thus comparable to the figures in previous years. These definitions are stated in the CSR report.

The information on the formats is provided by a permanent team of employees. This consistency ensures that reporting is fast and accurate. MVOplossingen is pleased to see that all reporting parties apart from Spain are included in the CSR steering group. This not only enhances the quality of the regular reporting, it provides more information on developments at the formats as well.

Strenaths

- In this annual report, the policy and the developments are related to important trends in CSR, such as the climate conference in Paris and the 'Rapport Ambitie 2020' (Ambition Report 2020) from CSR Netherlands.
- Customer satisfaction is not only measured, but also made transparent on external websites

Steps to be taken

- Beter Bed Holding will apply the latest GRI standards on CSR in its reporting in 2017.
- The decision to enter into an active dialogue with stakeholders in 2017 shows clearly that the CSR policy is firmly embedded in the organisation.

MVOplossingen believes that the report of Beter Bed Holding presents a good and accurate picture of its business operation with respect to CSR. The CSR report with GRI Index features a high level of detail and transparency, enabling stakeholders to conduct a meaningful dialogue with the company.

Arnhem, The Netherlands, 16 March 2017

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