

ANNUAL REPORT
**Sleep better,
live better.**

2023

CSR Report

Beter Bed Holding B.V.



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Our mission

Our mission describes the very essence of our business:

We believe that the better we sleep, the **happier, healthier and more productive** we are. And we won't rest until everyone gets the high-quality sleep they deserve.

This goes to the very heart of what we do, and is the lens through which we examine challenges and opportunities, and make strategic decisions about the future.





Our purpose

As part of our strategy, we developed **our purpose**, which encapsulates the spirit of our mission in a simple and customer-friendly way:

Sleep better, live better.

Our strategy

Our strategy pivots around three strategic business avenues for growth, and includes three strategic corporate social responsibility pillars as a key enabler for our Sleep better, live better mission.

Strategic avenues for growth



Bricks-and-Mortar

Our physical stores of Beter Bed in the Netherlands and Belgium and Beddenreus in the Netherlands remain crucially important to offer our customers a unique experience through an omni-channel journey. As we see customer journeys and therefore the role of stores continuing to change, we are adapting the format of our stores on a continuous basis. A key element of our strategic roadmap is to refit our existing stores and create a new look & feel by providing innovative new technology and easy-to-shop tooling such as in-store kiosks for self service, in addition to improving energy efficiency.

In addition, we are testing a number of new store formats, such as our experience stores and city store format. Following the launch and successful pilot of the Beter Bed Experience stores in Groningen and Eindhoven, we opened our third Beter Bed Experience store in Baarn in 2023. The Beter Bed Experience stores with its larger size, modern look & feel and broad sleep assortment, embodies what our *Sleep better, live better* strategy is all about.



Online

Our main online sales priority is to further drive business in our own webshops such as beterbed.nl, beterbed.be, beddenreus.nl and mline.nl. Through these channels, we are also able to tap into the online growth potential of customers increasingly purchasing online. In addition to this, we aim to inform customers and a broader public about the importance of sleep and facilitate their omnichannel journey. What is more, this channel enables us to learn more about consumer behaviour, continuously develop innovative products and services, and engage with our customers on a personal level.

Different customer groups are today increasingly shopping online in different ways. For this reason, we are also continuing to raise our brand presence on third-party platforms to further extend our online market position in our existing and new markets.



New business

We are expanding our reach both in existing markets and new geographies via our wholesale channel through DBC International.

The M line brand is our strongest brand in this channel. It continues to strengthen its position in the sleep retail domain – in part thanks to the positive brand exposure resulting from high-profile athletes and sports teams that choose M line as their preferred sleep supplier. To increase our relevance in international wholesale, we are expanding our assortment to include more brands such as Simmons and our private label Kårlsson collection. Next to additional brands, we are introducing innovative and sustainable sleep solutions to the market.

Scalable backbone

While pursuing these growth avenues, we continue to ensure that we have a scalable and efficient backbone, and operate as sustainably as possible.

Our strategy

Sustainability pillars



Promise

We will enable everyone to have the best quality sleep, improving their health and well-being, by offering innovative solutions and stimulating sustainable choices. Through the introduction of the Beter Slapen ID we are able to advise our customer based on data. As we collect data from our customers through technical measures and quality of sleep, our aim is to provide the best advice currently available on the market. This helps us to continue enhancing our customers' sleep experience.

Our promise also includes that we act sustainable and responsible with our own operation as well. In order to reach our sustainable goals for example, we upgrade more stores to efficient use of electricity, expand our electrical vehicle fleet and start with electrically powered trucks in our transport department.



People

We will deliver social impact by focusing on employees' safety and well-being, striving to become an employer of choice, and working together with our suppliers to ensure that they align with our goals and standards. Currently all our suppliers have signed our Suppliers Code of Conduct. These standards and values are also very important to us in connection with our choice of suppliers. In that context, in addition to financial and commercial considerations we also value business ethical factors with respect to working conditions, health, the environment, sustainability and animal welfare. With our renewed risk analysis and audit programme we are in close contact with our suppliers to identify and mitigate potential risks.



Product

We will minimise our environmental impact by using more sustainably sourced materials, and by collaborating with our suppliers to increase the reuse and recycling of our products and packaging, thereby driving the transition towards more circular product propositions.

To achieve a fully circular economy, many steps still need to be taken by individuals, companies and other organisations – the precise nature of some of which is still yet unknown. We do know, however, what our eventual goal is, and it is for this reason that we are taking the steps described. Moreover, as we continue our journey towards becoming a circular business, we are examining the market for new materials and developments that would help ensure that our products can be reused even more effectively.

To help us reach our goal towards fully circular products, we have defined a number of sustainable product categories: circular, modular, certified natural and certified recycled. We have adopted these categories in our tender criteria for the development of new products, and we report the percentage of sustainable products as a KPI.

Scalable backbone

While pursuing these growth avenues, we continue to ensure that we have a scalable and efficient backbone, and operate as sustainably as possible.

Trends



Trends shaping our business

As a market leader in sleep we are helping millions of people sleep better and with that we are helping them to improve their quality of life. To make sure we continue doing so the best way possible, we have identified seven trends that are impacting the way we do business today as well as in the future.

- 1 Omni-channel**
 Customer journeys are changing with transactions done anywhere anytime. Traffic numbers are decreasing, but we do see that people visit physical stores rather for experience or convenience. Therefore bricks-and-mortar retailers are rationalising their store footprint and online players seek physical presence. The format of physical stores does change along with this changing customer journey. More diverse store formats arise, for example focused on providing a richer experience or smaller stores with a more focused assortment at high-traffic locations.
- 2 Doubling down on digital**
 Companies are boosting investments in online marketing, extending digital presence and engagement. We see in the sleep market that online is there to stay, yet online-only specialists with a narrow assortment are struggling to keep up growth. They miss the assortment width and omni-channel journey required to offer a rich and complete experience and are overly dependent on costly growth drivers, like performance marketing and price while coping with higher return rates. Therefore, we believe omni-channel retailers that offer the full domain of sleep will flourish.
- 3 From ownership to service**
 Across industries, consumers also look at other options of ownership than traditional products. In the sleep market, subscription models allow consumers to choose a sleep solution truly right for them which they otherwise could not afford. Moreover, it enables for complementary services focused on further improving sleep. For retailers through such subscription models they can maintain lifetime relations with their customers and gain real-time insights in customer preferences and behaviours.

Trends



4 Health awareness

Across all levels in society the focus on health has been increasing. The pandemic in recent years has further underlined that our health is not always a given. Nutrition and exercise have already been recognised for a long time as key drivers for health. In the last ten years, however, sleep has taken its place as a ‘third pillar of health’. This is illustrated by the yearly amount of published scientific articles with ‘sleep’ as keyword doubling in the past ten years. Despite the importance of sleep being recognised more and more, the quality of sleep is under pressure. In 2019, multiple brain researchers warned about the lack of sleep becoming a public health crisis. Improving sleep is also mentioned as one of the top priorities in research conducted by Trimbos Institute in the Netherlands, advising the government to increase public awareness about the effects of insufficient qualitative sleep.

5 Sustainability

Sustainability is a prerequisite for any company to be successful on the long term. It has grown into a license to operate in consumer as well as wholesale and B2B markets. Considering in the Netherlands alone already an approximate amount of 1.6 million mattresses are disposed annually, the bedding market will specifically need to take its responsibility in reducing waste and increase circularity. This includes shifting among others to eco-friendly textiles and to box springs that are designed for disassembly and moving towards the use of recycled materials.

6 Vertical integration

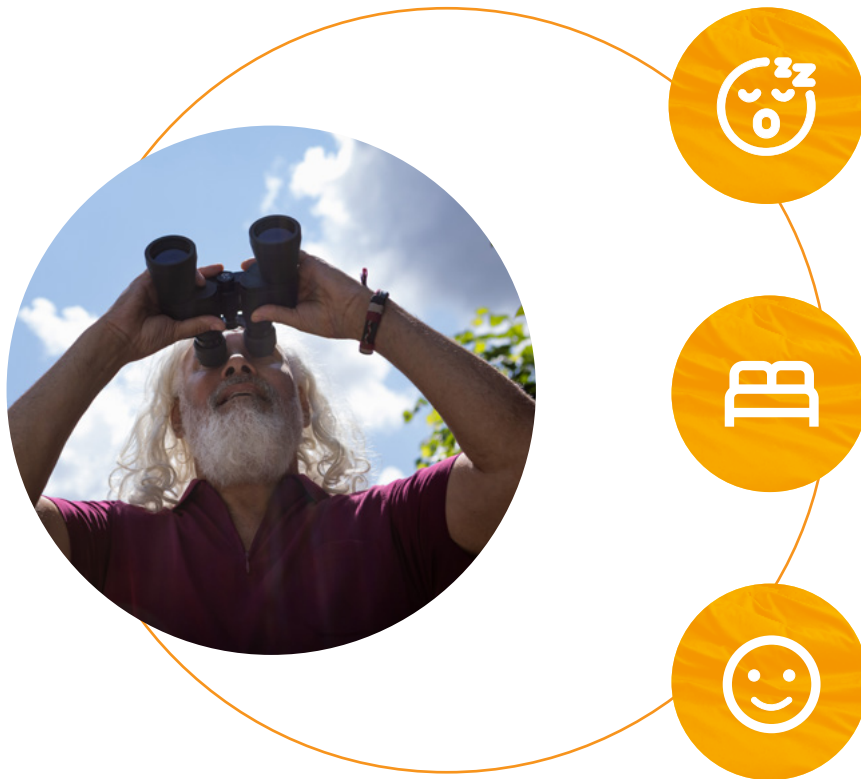
Product brands are increasingly seeking direct access to consumers to build direct customer relations, acquire first-party customer data and realise cost efficiencies by eliminating the middleman. We see this happening by either producers acquiring retailers or product brands opening own stores. At the same time retailers are getting involved in manufacturing to increase control on product quality, sustainability and innovation. In this changing dynamic the retailers have the edge as they are having the relationship with the end consumer. To stay ahead it will be key to build up and increasingly leverage customer data.

7 Geographic expansion

The European retail bedding market is highly fragmented. In each country a different player is the biggest. Most retailers that tried to cross borders under their own banner did not succeed as they enjoyed little brand value outside the home country and creating cross-border synergies proved challenging. Product brands allow for more focused and distinctive marketing than retail brands.

Our strategic objectives

To continue helping millions of people sleep better, live better, we have formulated three strategic objectives:



Raise awareness about sleep as the third pillar of health

There is a clear scientific consensus about the importance of sleep. Our priority is to help increase awareness of this in society as a whole. This will result in customers investing more time and energy into finding the best sleep solutions for them. Our aim is to be the trusted sleep partner that they choose again and again for their sleep products and services.

Become a brand of choice

As the leading sleep retailer in the Netherlands, we enjoy high brand awareness. As a result, BBH has already established a leading role and strong relationship based on trust with customers in this domain.

In recent years, we have further strengthened our position as the value-for-money retailer of choice. A cornerstone of our growth strategy to build on this with our purpose *Sleep better, live better*.

The more specialist domain of sleep also offers significant growth opportunities. This is because a high-quality sleep solution represents the largest part of anyone's investment in sleep. This means higher margins, which in turn create more value. As a sleep specialist retailer, BBH is uniquely positioned to claim its position in this market due to its ability to provide data-driven sleep advice and high-quality products with sustainable choices and services to all customers.

Become an employer of choice

We are in the business of taking care of people, and that starts with our employees. This means aiming to become an employer of choice with a mission and purpose that resonates with everyone at our company. It means being able to learn and develop through our award-winning academy. And it means providing a safe, secure and above all fun workplace for all.

Our physical footprint

The Netherlands

Drenthe

Assen
Emmen
Hoogeveen
Meppel

Flevoland

Almere
Emmeloord

Friesland

Drachten
Heerenveen
Leeuwarden
Sneek

Gelderland

Apeldoorn
Culemborg
Doetinchem
Duiven
Elst
Nijmegen
Zutphen

Groningen

Groningen
Hoogezand
Leek
Stadskanaal

Limburg

Geleen
Heerlen
Maastricht
Roermond
Venlo
Venray
Weert

North Brabant

Bergen op Zoom
Breda
Den Bosch
Eindhoven
Helmond
Oosterhout
Oss
Roosendaal
Tilburg
Uden

North Holland

Alkmaar
Amsterdam
Beverwijk
Cruquius
Den Helder
Heerhugowaard
Hoorn
Schagen
Zaandam

Overijssel

Almelo
Deventer
Enschede
Hengelo
Zwolle

Utrecht

Amersfoort
Baarn
Utrecht
Veenendaal
Woerden

Zeeland

Goes
Hulst
Middelburg

South Holland

Barendrecht
Capelle aan den IJssel
Delft
Dordrecht
Gorinchem
Gouda
Hazerswoude/Rijndijk
Katwijk
Leiderdorp
Naaldwijk
Rotterdam
Sliedrecht
Spijkenisse
The Hague
Vlaardingen
Zoetermeer
Zoeterwoude

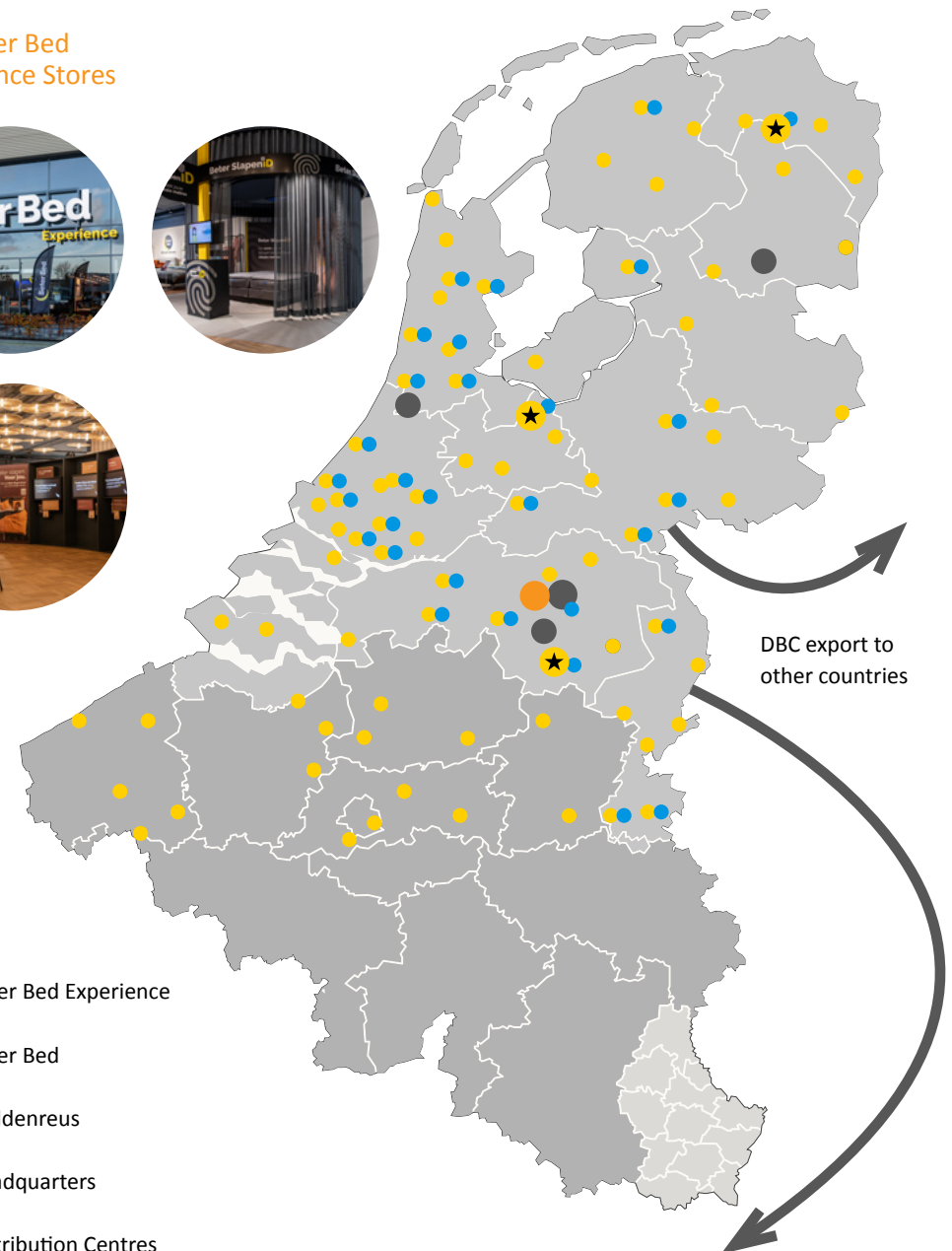
Belgium

Aartselaar
Brugge
Dendermonde
Genk
Kampenhout
Lommel
Merksem
Olen
Oostende
Roeselare
Sint-Niklaas
Sint-Pieters-Leeuw
Sint-Stevens-Woluwe
Tielt-Winge
Waregem
Wevelgem

Beter Bed Experience Stores



- ★ Beter Bed Experience
- Beter Bed
- Beddenreus
- Headquarters
- Distribution Centres



Integrated value creation model

Input

Human capital
1,054 employees
13 average training hours per employee

Omni-channel network capital
129 retail stores
4 owned webshops + market places presence
4 distribution centres

Financial capital
Maintain sustainable mix of debt and equity and sound financial position

Natural capital
Aim to make it easier for customers to buy more sustainably sourced products while we continue to build a sustainable business:

- using renewable electricity for own operations
- the electrification of our fleet

Intellectual and social capital
Our knowledge, experience and leading product & retail brands ensure that our customers get the high-quality sleep they deserve.

Added value



Output

Human capital
44% women and 56% men in our workforce, and 13,174 total hours of training completed

Omni-channel network capital
Seamless omni-channel customer experience
Online sales € 40.6 million
Online channel share of 17.2%

Financial capital
Revenue € 236.0 million
Underlying EBITDA € 35.2 million

Natural capital
% of mattresses returned for recycling 14%
Recycled waste 89%
Energy consumption 73 Tj
CO₂ emissions 3,035 tonnes

Intellectual and social capital
300,000+ customers
Net Promoter Score 65

Outcome

Promise
Innovation for better sleep
Accessibility & affordability
Climate change impact
Data privacy & security
Responsible business conduct
Waste management
Energy use & efficiency

People
Occupational health & safety
Diversity, equity & inclusion
Human rights
Talent attraction & development

Product
Responsible sourcing
Circular product development

Impact



Responsible and innovative sleeping solutions for millions of people



Positive social impact for everyone across the BBH value chain



All products launched are circular by design

Sleep better, live better.

Sustainability strategy

Our sustainable focus

Beter Bed was founded 40 years ago with the purpose of providing a good night’s sleep at a price that everyone can afford. By offering good-quality mattresses, beds and pillows at a reasonable price, we have helped to make a good night’s sleep possible for millions of people across Europe and beyond. While our company has evolved over the years, the essence of what we do has remained the same, and this is reflected in our purpose: *Sleep better, live better.*

The world around us is, of course, changing fast, and we continue to change to meet new customer needs. The pace of life, in particular, has accelerated. With that has come added pressure for many people, which has impacted on their quality of life. As demand for what we do has grown, so too has our business and our supply chain, which is today larger and more complex than when our company was founded. Legislation has also changed, bringing with it an ever-greater responsibility as to how we as a company must act at all times, whether it be our impact on the life of our customers, the environment, or society as a whole.

For many years, this responsibility was manifested in developing high-quality products available to all that added value for a good night’s sleep, in addition to striving to minimise our environmental impact, and participating in activities that contributed to improving our society. More recently, awareness of the impact of sleep as an enabler for a better life has grown among our customers, the market for raw materials has changed, and the demand for transparency and accountability has risen – both from stakeholders and in terms of legislation.

In recent years we launched a corporate strategy that incorporated our sustainability goals. Having conducted a materiality assessment with our key stakeholders, we determined three focus areas:

Promise

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People

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Product

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Our sustainable strategy

Our sustainable strategy

Our progress to date

To ensure that our sustainability strategy is fully integrated into our company, clear goals were set for all departments involved so as to gain commitment throughout the company. These goals were translated into KPIs for the Management Board and into personal goals for every employee to secure commitment and create momentum. The KPIs are supported by quarterly reports across the company to secure progress. During monthly meetings, the Group Leadership Team discusses developments and actions required to achieve positive outcomes.

Sustainability criteria are embedded in BBH’s strategy and organisational structure. Material themes are defined and approved by the Management Board. These are then translated into goals and KPIs as part of the long-term incentive scheme for the Management Board, and into personal goals for every employee to secure commitment and create momentum. The senior lead for Sustainability & Innovation, who reports directly to the CEO, chairs various committees, which are made up of departmental managers who oversee work relevant to a given theme, in addition to updating the reports on progress, approach and planning on a monthly basis. On a quarterly basis, sustainability data is included in the overall set of business KPIs that is reported to and discussed with the Group Leadership Team. To ensure that external perspectives are fully taken into account, stakeholder dialogues are held with external experts to advise BBH both on its approach to sustainability in general, and in greater depth on its sustainability themes. Climate-related risks and opportunities are considered integral to the governance of operations and sustainability themes. Further details on governance and risk can be found in the chapter ‘Risk management’ (see page 57).

In addition to focusing on our KPIs, we also examined wider developments, as the world around us is constantly evolving in terms of new technologies, the availability of sustainable raw materials, and new legislation. We closely monitor these changes, further information about which is outlined later in this chapter. In addition, we encourage our employees to share any ideas they may have to make us a more sustainable company.

Basis for preparation of sustainability statement

The consolidated sustainability statement, like the consolidated financial statements, comprises the sustainability statement of the company itself and that of our subsidiaries (referred to together as ‘the Group’). The list of subsidiaries is presented in the note Principles of consolidation (see page 70) .

We have made a number of changes to the preparation and presentation of our sustainability statement due to the upcoming Corporate Sustainability Reporting Directive (CSRD) (EU) 2022/2464. These changes consist of aligning our materiality assessment, structure, qualitative and quantitative sustainability statement with CSRD requirements. We also disclose our sustainability statement according to the Taxonomy regulation Directive (EU) 2020/852.

In last year’s annual report, we used the materiality definition based on the 2016 GRI standards. For this year’s report, in line with the 2021 GRI standards, we report on material topics identified through our double materiality assessment. We also report on progress made on the related KPIs, in addition to highlighting the United Nations Sustainable Development Goals (SDGs) on which we have had the most significant impact.

The sustainability statement primarily covers BBH’s operational activities related to policies, actions, targets and metrics, while our materiality assessment extends to our upstream, operational and downstream activities.



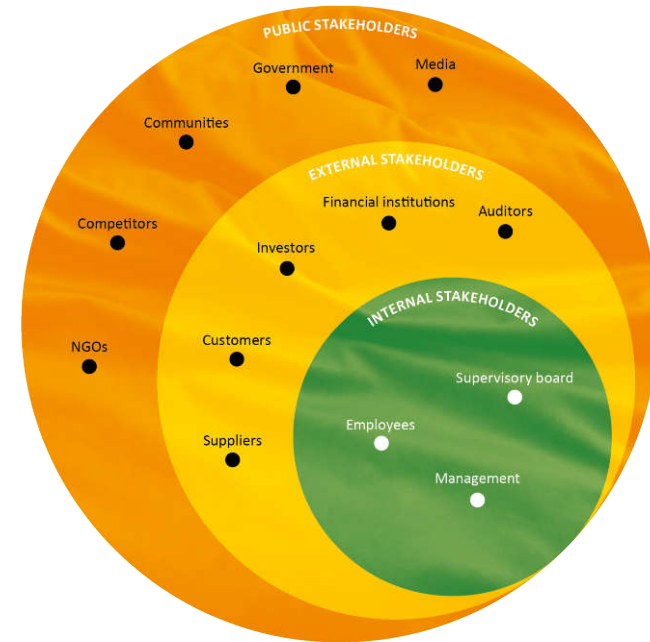
Our stakeholders

Interests of stakeholders

Stakeholder engagement

We map our various stakeholders and proactively involve them in developments that relate to our strategic vision, work in the community, workforce and organisation, together with product development and risk management.

To achieve our sustainable and responsible commitments, we believe it is essential to proactively inform and engage with our stakeholders. Through active stakeholder engagement and management, we are able to consider the diverse range of opinions and values of our different stakeholders. In doing so, we aim to build valuable long-term partnerships on the basis of trust and transparency. This is important as trust and transparency are fundamental to people working efficiently and effectively together, which in turn helps to minimise uncertainty and leads to better-informed decision-making. We have for example, involved our stakeholders extensively this year in our double materiality process assessment. At the core of this process is the input from our key stakeholders regarding the impacts, risks and opportunities associated with our material topics.



Our stakeholders

Our key stakeholders

Our customers

How we make choices within our company and how we shape our strategy are largely determined by the wishes of our customers. This also applies to the sustainable development of the products and services that we offer. Over the past decade, many customers have increasingly started to give greater consideration to the impact their behaviour and the products they purchase has on the environment. This change in behaviour is influenced by the visible changes in the climate that they have observed with their own eyes and in the media, through education, and as a result of public debates.

We believe that it is important to include customers' points of view in our strategy and business models. We do this by actively collecting and analysing customer feedback through direct communication, market research and brand websites. This information is used to make informed decisions about product development, marketing strategies, customer service enhancements, and our overall strategy and business models.

How we have responded:

- We always strive to provide our customers with more sustainable products and services.
- We facilitate post-consumer mattress returns and maintain having a collection point for textiles in every Beter Bed store.
- We have taken further measures to protect the privacy and security of customers' personal information.
- We have updated our Beter Slapen ID processes according to customer needs to improve our advice to customers.

Our employees

Our team plays a vital role in our company executing our business strategy, including meeting our sustainability objectives. We are convinced that having an effective strategy also contributes to the well-being of our employees, and therefore retention across our company. Feedback about our business model and strategy is taken into account through team meetings, consultation meetings with our works council, our biennial employee engagement survey, one-on-one conversations, internal communications and job interviews.

How we have responded:

- Our employees value working in a diverse and inclusive workplace. For this reason, we have invested in diversity and inclusion programmes. To this end, in 2023, additional attention was paid to our recruitment process, focusing on diversity & inclusion.
- We also prioritise the safety of our employees, and therefore we conduct a range of measures including Risk Inventory and Evaluation (RI&E), and have appointed emergency response (BHV) and prevention officers.

Our suppliers

Many sustainable product developments can only be achieved through intensive collaboration with our suppliers. In addition, suppliers are often aware of international developments in materials, and are required to work together to ensure compliance with international regulations in regards to human rights and emissions both within their own organisation and that of their subcontractors.

For several years, we have discussed our sustainability business strategy developments as part of our regular and annual meetings with all suppliers. In addition, as part of our annual suppliers' day, we engage with suppliers about relevant business and sustainability updates. All feedback from our suppliers acquired on this day is handled with great care.

How we have responded:

- We continue to introduce innovations that enable us to create a range of circular and more durable products.
- We have established and participated in a sector-wide group to increase the recycling of mattresses.
- We also engage in regular meetings to exchange knowledge between BBH and our suppliers about regulations and developments.
- We regularly visit suppliers, assess compliance with our Code of Conduct, and have drawn up corrective action plans together when necessary.
- We have obtained 50% of the shares of Bovelli Bedding Sp. z o. o. and Velborn Investments Sp. z o. o., allowing further vertical integration in the supply chain. This accelerates and facilitates the sustainable transition of our operations and products.

Our stakeholders

Our investors

Sustainable organisations are attractive to investors as they are more likely to generate attractive long-term returns. Such organisations typically have strong environmental, social and governance practices, and are more transparent, which makes it easier to assess the company's future performance and stability. In addition, being sustainable can lead to a better reputation, cost savings, improved customer loyalty, and enhanced access to capital, which can all contribute to long-term returns. Furthermore, sustainable organisations are more attractive to a growing number of investors who are looking to make investments that align with their own values.

In 2023 we have communicated and discussed our business and sustainability strategy during meetings with investors on a quarterly and ad hoc basis. Information from other stakeholders – such as government, competitors, financial institutions and auditors – is collected through desk research and through various discussions with the relevant organisations.

How we have responded:

- We have increased the use of renewable energy and are further reducing CO₂ emissions.
- We are creating more durable choices in every product category.
- We have enhanced the online visibility of our more durable product range.
- We have ensured that the BBH supplier's Code of Conduct is signed by 100% of our suppliers and that we monitor and mitigate material risks across our value chain.
- We have a valid audit in place with all our high-risk suppliers.

Our Management Board and Supervisory Board

Through regular meetings, in 2023, with and reports from the sustainability team, the Management Board and Supervisory Board remained informed about the views of stakeholders with regards to BBH's sustainability impacts. This helps to ensure that concerns are addressed in a timely way. Feedback on the progress of sustainability initiatives is also shared with the Boards. BBH's administrative, management and supervisory bodies are also informed about sustainability impacts affecting stakeholders after the completion of the double materiality assessment.

How we have responded:

- We regularly inform the Management Board and Supervisory Board about our progress on the sustainability goals and ensure a coordinated sustainability strategy across the company, and set associated goals.

All information with regards to sustainability is made available to all employees in Dutch, and to external stakeholders in English, so that the information is accessible and available to all. Language, cultural barriers and privacy are all taken into account.

Material impacts, risks and opportunities

Material impacts, risks and opportunities and their interaction with strategy and business model

In 2023, BBH performed a double materiality assessment to prepare for alignment with the upcoming CSRD requirements. A double materiality assessment has two dimensions: impact materiality and financial materiality. A sustainability topic is identified as meeting the criterion of double materiality if it i) relates to BBH’s material impacts or ii) if it either generates or could generate material financial effects i.e., risks or opportunities, or both.

The outcomes of the double materiality assessment inform our strategy and decision-making regarding the management of our most material impacts, risks, and opportunities related to sustainability matters. As part of this process, a number of internal and external stakeholders were asked to provide input on sustainability topics and their related impacts and potential impacts, risks and potential risks, and opportunities and potential opportunities. The following sustainability topics and definitions are included in the double materiality assessment.

Definition

Occupational health & safety

The impact that BBH has on its own workforce, in addition to the financial risks and opportunities related to this topic for BBH in relation to protecting employees’ physical and mental health and ensuring a safe working environment.

Talent attraction & development

The impact that BBH has on its own workforce by investing in professional development (i.e. the up- and re-skilling of employees) and undertaking programmes to retain existing employees and attract new talent, in addition to the financial risks and opportunities related to this topic for BBH, e.g. a fast-changing landscape and the war for talent.

Responsible sourcing

The impact that BBH has on the environment (emissions, water resources, soil health, and biodiversity) through the sourcing and selection of sustainable and certified raw materials, and conducting due diligence across the value chain, in addition to the financial risks and opportunities arising from this, e.g. the availability of sustainable and certified materials in the market, and the level of transparency in the value chain.

Definition

Diversity, equity & inclusion

The impact that BBH has on its own workforce by safeguarding a diverse and inclusive business culture and promoting fair treatment and equal opportunities, in addition to the financial risks and opportunities related to this, e.g. new legislation and changing societal expectations.

Human rights

The impact that BBH has on the rights of its own workers and workers in the value chain, and the financial impact that this has on BBH, in relation to complying with international labour standards, such as ensuring good working conditions, fair labour standards, equal opportunities, and safeguarding human rights.

Circular product development

The impact that BBH has as a result of its approach to product development (including the packaging of products); the making of products that are circular by design, meaning that materials are renewable, recycled, recyclable, or can be reused to a significant extent, and the financial risks and opportunities arising from this approach, e.g. a dependency on raw materials and impacts on the value chain.

Material impacts, risks and opportunities

Definition

Climate change impact

The impact that BBH has on climate change through the emission (or removal and avoidance) of greenhouse gas emissions from its own operations, products, services, and solutions, and the value chain; and the impact that these topics have on BBH by considering climate-related risks and opportunities, such as interruptions to value chains, in addition to business opportunities to decarbonise.

Energy use & efficiency

The impact that BBH has through its own operations, products, services, and solutions on reducing energy consumption, increasing energy efficiency, and purchasing renewable energy, in addition to the financial risks and opportunities that arise from this approach to energy use, e.g. rising energy prices.

Waste management

The impact that BBH has through the minimisation, collection, and disposal of waste in a way that stimulates the reuse and recycling of those products that are not yet fully circular, and through engagement in partnerships and collaborations with recycling partners, in addition to the financial risks and opportunities related to this approach to waste management, e.g. upcoming legislation and partner agreements.

Community engagement

The impact that BBH has as a result of collaborating with scientists and other organisations to improve people's health and well-being by addressing issues that affect the quality of their sleep, and through engaging in sponsorship activities, in addition to the financial risks and opportunities for BBH related to community engagement, e.g. advances in science.

Definition

Data privacy & security

The impact that BBH has through the undertaking of cybersecurity and other measures to protect the data and privacy of personal and corporate data, and the intellectual property associated with it, in addition to the financial risks and opportunities for BBH related to data privacy & security, e.g. stricter privacy laws, the increase in cyberattacks, and the rise of e-commerce.

Accessibility & affordability

The impact that BBH has as a result of making its products and services accessible and affordable to all customers, in addition to the financial risks and opportunities related to this for BBH, e.g. rising energy prices and value chain constraints.

Responsible business conduct

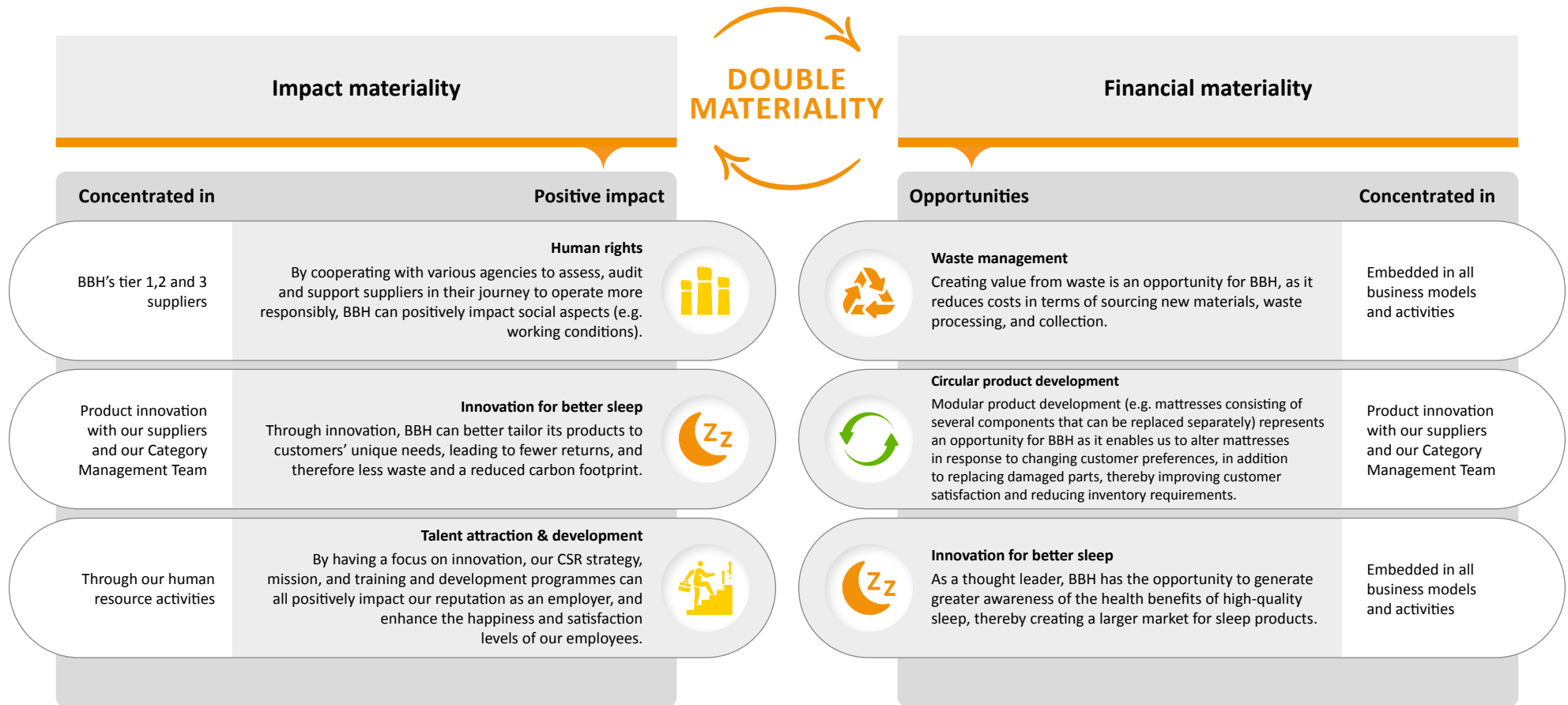
The impact that BBH has by enforcing a good corporate governance system, by respecting national laws and regulations, and by upholding BBH's ethical principles in selecting business relationships. We also have an impact through the financial risks and opportunities related to BBH's compliance with laws and regulations when defining its values, beliefs, and ethics, and business relationships.

Innovation for better sleep

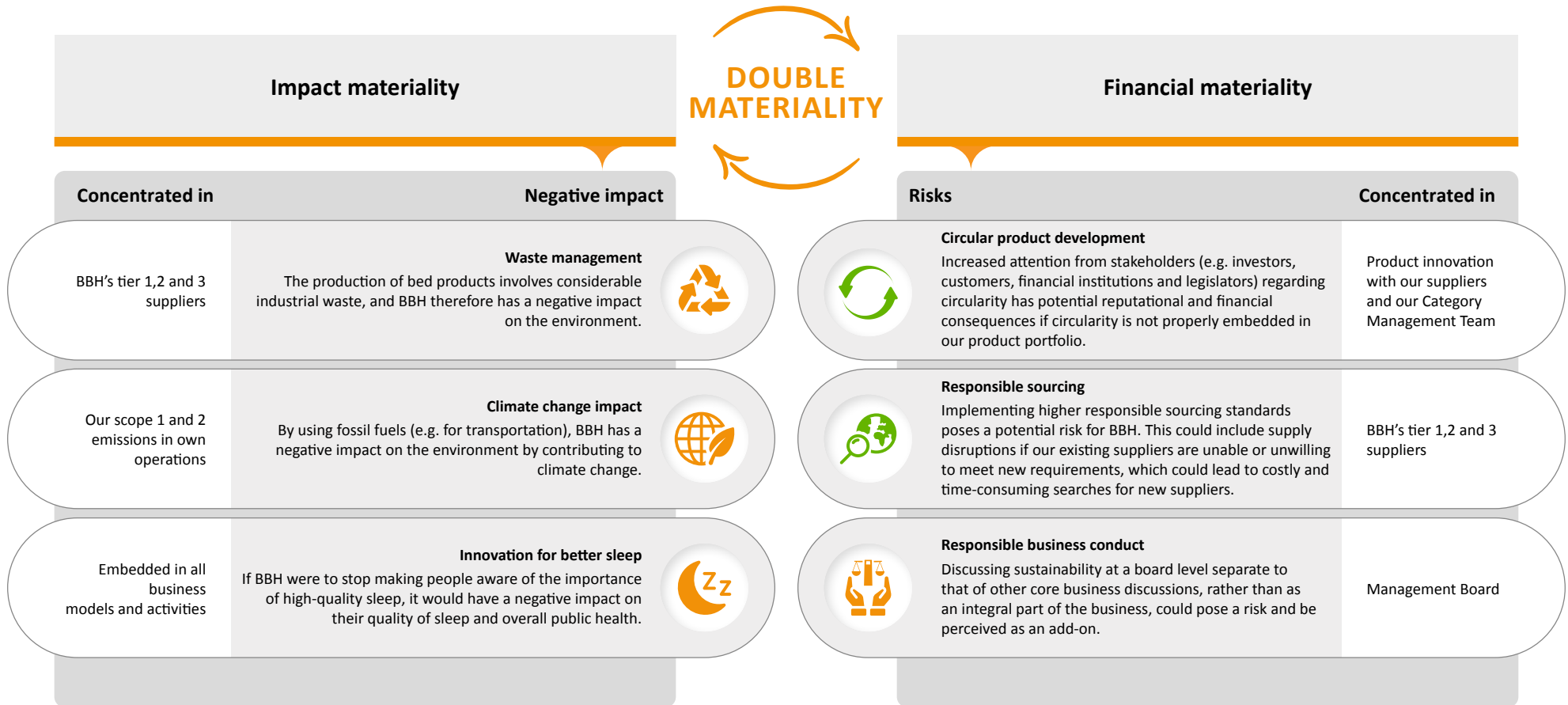
The impact that BBH has through continuous innovation and digitalisation to enhance the quality of sleep of its customers, and to create new ways of conducting business, such as e-commerce, in addition to the financial risks and opportunities related to this topic for BBH. The definition of this material matter includes activities that help contribute to customer satisfaction.

Material impacts, risks and opportunities

Material impacts, risks and opportunities resulting from materiality assessment



Material impacts, risks and opportunities



Material impacts, risks and opportunities

Material impacts

Our biggest impact on people is improving the quality of their sleep, thereby helping to address and improve public health and well-being. As a result, we offer products that may not be explicitly designed to have a positive impact on the environment. We try to make a positive difference by continuously improving our products, services and processes to make them more sustainable.

Our impacts are directly linked to our strategy and business model, with several positive and negative impacts that are indirectly related or caused by our core business such as:

- By cooperating with various agencies to assess, audit and support suppliers in their journey to operate more responsibly, BBH could positively impact social aspects (e.g. working conditions).
- By collecting end-of-life products and other drop-out materials from customers, BBH could have a positive impact on the environment by taking control of the dismantling of products and the way in which certain components are recycled.
- If BBH were to fail to live up to its values and treat employees fairly, BBH could potentially have a negative impact on other companies and wider society. This in turn could lead to a negative perceptions of the labour market by potential employees, other companies and society as a whole.

Present financial effects

We experience a number of positive financial effects from our business models and strategy, including increased customer satisfaction and reduced costs due to fewer returns. To adapt to the needs, demands and expectations of both potential and existing customers, we ensure that we offer sustainable options for all customer, while also maintaining a good price-quality ratio so as to retain customers.

Some factors that might have negative financial effects present challenges to BBH in meeting its sustainability goals. These could ultimately include competitive disadvantages resulting in a loss of market share, higher product development costs, and margin implications due to less control over the supply chain and a potential increase of the prices of more durable raw materials.

Expected financial effects

Positive impacts on our financial position include creating new products that are constructed out of waste materials, which will lead to a considerably stronger product portfolio and might lead to cost savings.

As we look towards operating on a 100% sustainable basis in the future, we are cognisant of possible negative impacts on our financial position that this could entail – for instance if suppliers might seem to be unable to meet new requirements or in case they raise prices as a result of making sustainable choices and investments, such as investing in solar panels, or offering more durable products at a higher cost. Nevertheless, for us it is of great importance to select suppliers that meet our vision of a sustainable future.

In the unlikely event we fail to adopt to a sustainable future, this could possibly lead to criticism from NGOs, which might in turn result in potential reputational and financial consequences. The same results are expected in case we lag behind technologically and in terms of product development relative to our competitors.

The resilience of BBH's strategy and business model

To assess the resilience of our strategy and business model, we take several key factors into account:

Adaptability: our ability to provide a diverse range of sleep-related products and meet evolving customer demands.

Sourcing and resilience: our ability to source similar products from different suppliers reduces dependence on the performance of any single supplier. While our presence in the Dutch and Belgian markets exposes us to regional economic developments, prioritising customer satisfaction and loyalty enhances our resilience.

Customer centricity: our ability to understand customer needs, adjust our offerings accordingly, and foster a loyal customer base.

Our business model: our ability to adapt to market changes, customer preferences and industry trends through a multi- and omni-channel approach.

Innovation: our ability to enhance our competitiveness and readiness for future changes in the market by investing in innovation and new technologies.

Robust financial foundation: our ability to withstand economic downturns or unforeseen disruptions through having a strengthened shareholder base.

Description of the double materiality process

Description of the process to identify and assess material impacts, risks and opportunities

We conducted our double materiality assessment in four phases. This methodological framework not only involves the evaluation of our organisation's impact on the external environment but also considers external factors that shape our internal landscape. Evaluating our impact in this way underscores our commitment to transparent and comprehensive sustainability reporting, together aligned with the standards set forth in the CSRD.

Phase 1 – Current State Assessment

Conducting desk research

The analysis focused initially on identifying issues and sustainability matters that were of potential relevance to BBH. Comprehensive desk assessment was conducted in which several sources were considered, including sector-specific information and company-specific information. In doing so, sources such as internal documents, international standards and frameworks, peer reviews, sector trends and media analysis were all used.

Consolidated shortlist, including definition

The European Sustainability Reporting Standards topics and sub-topics were mapped against the longlist to establish the extent to which the identified longlist aligned with the European Sustainability Reporting Standards topics, and which topics were still missing. We then critically analysed the longlist, including, combining and excluding a number of topics. Based on discussions during weekly meetings and the number of sources covering the topics in the longlist, a selection was made for the shortlist.

Input from several sources about the shortlisted topics was processed and definitions were validated during a validation session.

Phase 2 – Identification and prioritisation of impacts, risks and opportunities

Following the completion of the final shortlist of material topics, a thorough stakeholder consultation was undertaken with a comprehensive range of internal and external stakeholders.

Stakeholder mapping

For external stakeholders, we considered suppliers, banks and other financial institutions, investors and sector organisations as they all have a broad understanding of sustainability topics. We chose internal stakeholders to represent the voice of customers. For internal stakeholders, we interviewed members of our Management Board and Supervisory Board, in addition to heads of our human resources department, risk and legal department, business development department, and category management department.

Interviews – engagement with stakeholders

These stakeholders provided qualitative input about positive and negative impacts, and risks and opportunities with regards to the shortlisted sustainability topics. All stakeholders prioritised three to five topics that were most material to their function. These topics were then discussed from both the inside-out and outside-in perspective of the double materiality concept.

Stakeholders also scored each topic based on the impact parameters 'severity' and 'likelihood'. 'Severity' relates to the respective scale, scope and irremediability character of the impact, whereas 'likelihood' simply indicates the relative probability of an impact occurring. In addition, financial parameters were incorporated in terms of the size of potential financial effect(s) and the likelihood of the impact occurring.

Description of the double materiality process

Impact, risks and opportunities consolidation

Given that several interviews mentioned similar impacts, risks and opportunities (IROs), these were consolidated into individual topics. Furthermore, we undertook a number of checks on outlier and missing scores to ensure that all scores were comparable and within the same reference framework.

The total score per topic was calculated by taking the average of the impact and financial materiality, with the different topics then plotted on a double materiality matrix, as per in the figure in the column on the right.

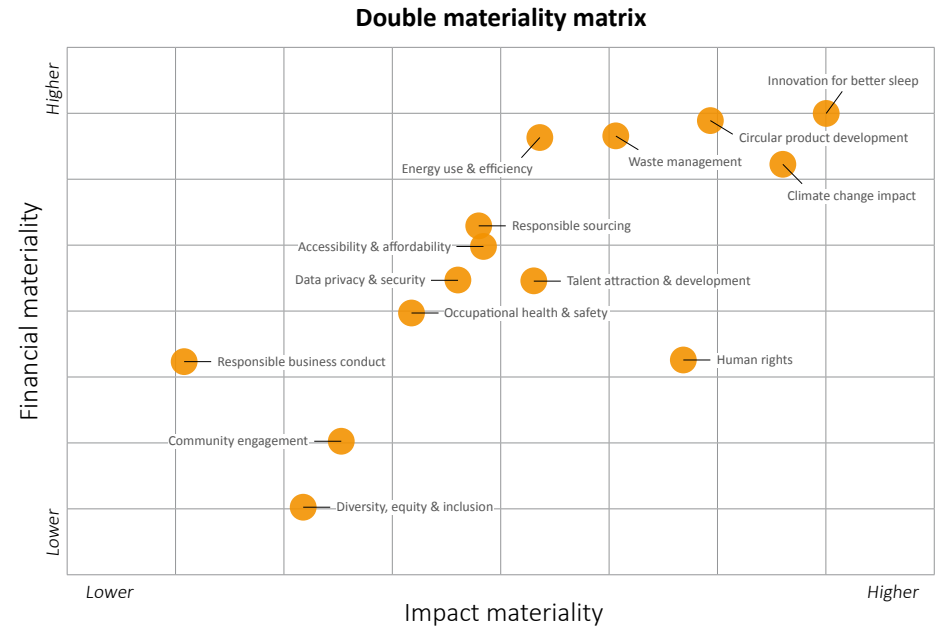
In addition to the double materiality matrix, an impact matrix and a risk and opportunity matrix were also undertaken. These provide insights into which of the IROs had the highest overall score and should therefore be monitored closely.

Phase 3 – Validation of prioritised sustainability topics

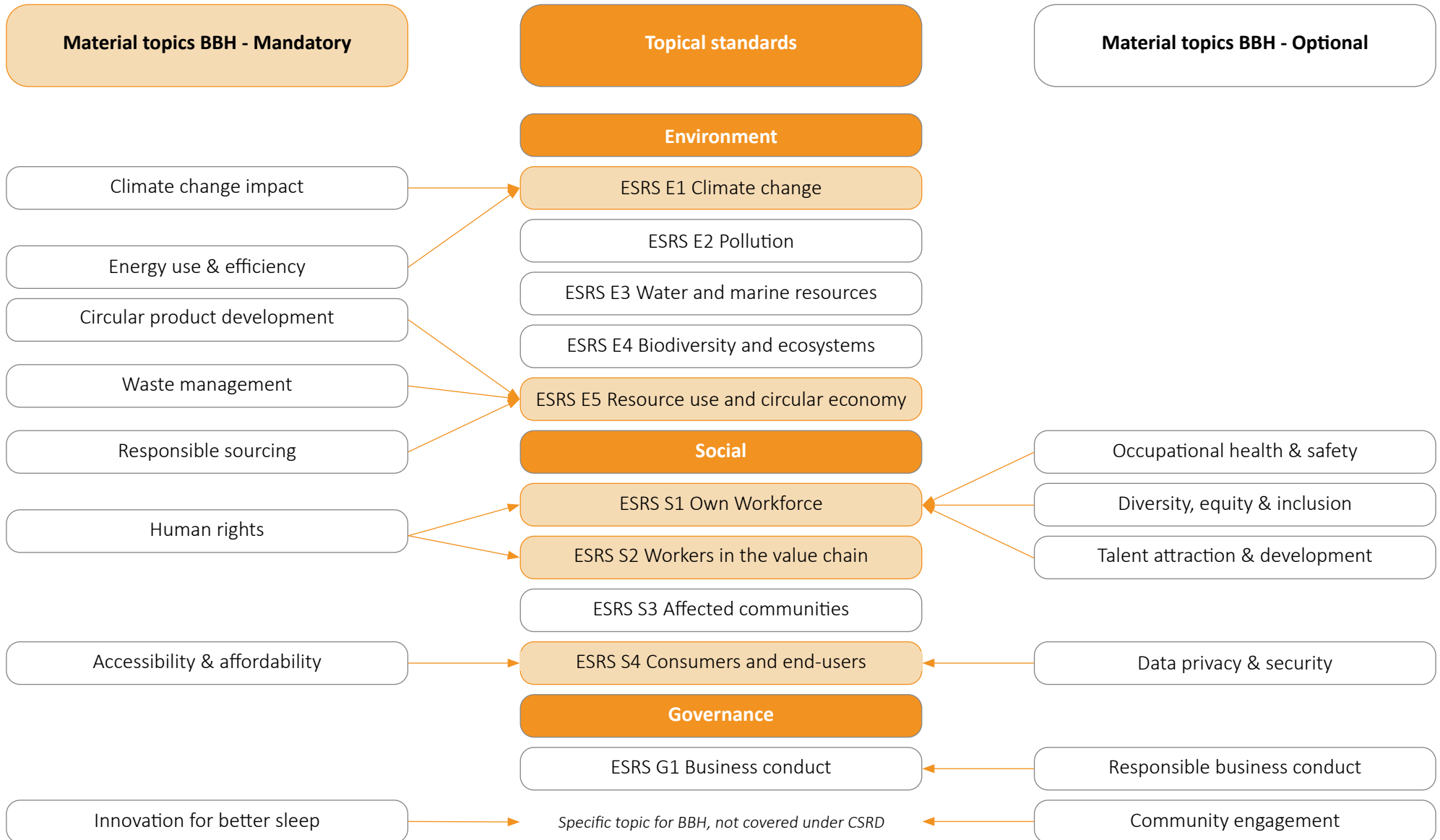
As the CSRD requires that a certain threshold should be determined as to which sustainability matters are material for reporting purposes, the decision was made to set the threshold at the average materiality score. Topics that have either a financial or impact materiality score equal to or higher than the average were therefore deemed material in terms of being reported.

Phase 4 – Concluding on materiality

Following the validation session, the results of the materiality assessment were discussed internally in the Group Leadership Team. Through this discussion, and discussions in the previous two validation sessions, to the definite outcome of the double materiality assessment was agreed.



Description of the double materiality process



Our value chain

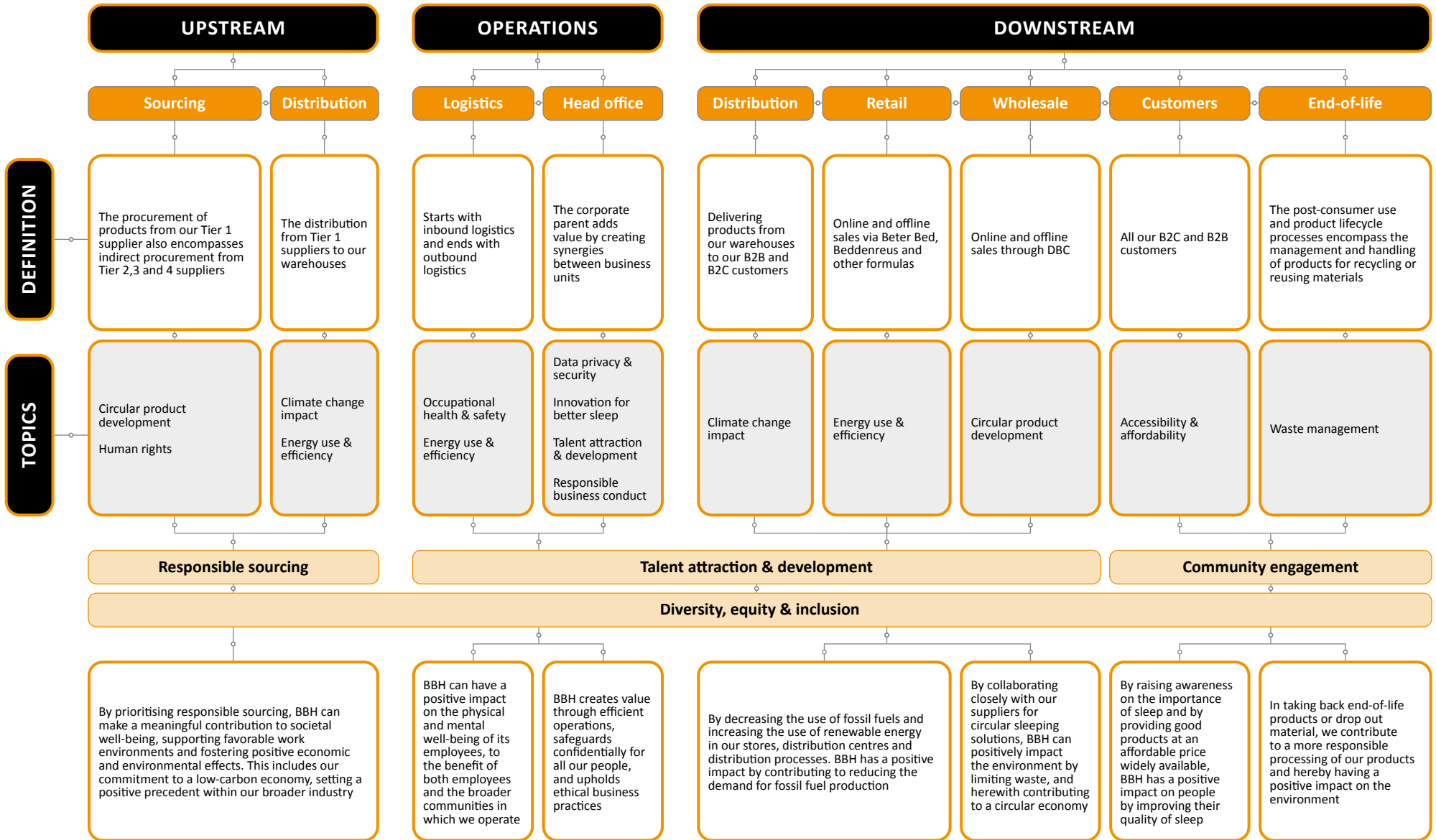
Our value chain

Our materiality process drives how we engage internally and externally, how we invest our resources, and how we adapt our strategy on environmental, social and governance topics across our value chain.

Our position in the value chain is that of a retailer, and through DBC International as a wholesale company, offering a wide range of products, services, and experiences to our customers. BBH also has a presence in the e-commerce market, which enables our customers to purchase products online. Across all markets, we work closely with our suppliers and partners to ensure the quality and safety of our products.

Our activities, resources, distribution channels, customer segments within our organisation and our relationship with them is visualised and described in our value chain model. We create value at each stage to deliver the final product to customers. Our material topics are connected to our value chain, and by describing the impact of those that are most material, we are able to provide insight into how our value chain model functions. Our value chain model can be found on the next page.

Our value chain



KPI scorecard

KPI scorecard highlights

Our KPI scorecard outlines the key actions we have taken to help ensure the successful execution of our strategy. In 2023, we focused on the topics identified as being ‘material’ in our double materiality analysis. By doing so, our aim was to prevent, mitigate and remediate actual and potential impacts, and to address risks and opportunities.

Promise

We exist to enable everyone to benefit from high-quality sleep by offering innovative solutions and sustainable choices, thereby improving their health and well-being. We do this by focusing on several material topics. In 2023, these were: i) Innovation for better sleep; ii) Waste management, Climate change impact and Energy use & efficiency; and iii) Data privacy & security.

Innovation for better sleep

In 2023, we completed the roll-out of our Beter Slapen ID in all Beter Bed stores in the Netherlands and Belgium. This technology provides customers with advice to help them choose the most suitable mattress for them, based on data that we collect from the sale of our products and the technical properties of the different mattresses that we offer. In 2023, the Beter Slapen ID helped 46% of our customers to select the best mattress for their unique sleep needs. The decrease in this percentage is due to the organisation-wide roll-out of the system. We see that it takes some time to be able to work with the system.

We exchange information and insights about sleep with our elite sports partners, leveraging their experiences and research. This collaboration proves advantageous not only for the athletes involved but also enables us to enhance our support for social partners, like the Princess Maxima Center for pediatric oncology, by developing targeted sleep solutions.

Waste management

To reduce our impact on the waste economy, we have continued our mattress return policy, with 14% of mattresses now returned. Improving on this figure will be a priority from the beginning of 2024 for our specific sales channels, which will be supported by marketing and communication teams.

By the end of 2023, our material waste, comprising cardboard, wood, plastics and post-consumer mattresses, amounts to 2,089 tonnes. For identified waste streams, 50% is used for new raw materials, 19% for green energy, and 19% is utilised in grey energy. Post-consumer mattresses we collect are recycled by ‘Retour Matras’.

Commissioned by the Ministry of Infrastructure and Water Management we have actively participated in setting up extensive producer responsibility. This has led to the setting up and participating in the board of the foundation Matras Recycling Nederland, whose aim is to collect as many mattresses as possible that are placed on the market at the end of their lifespan and to recycle them, so that the majority of the materials can be usefully reused again. We remind our customers to hand in their old mattress at the collaborating return points, or offer the option of returning the mattress to us.

Climate change impact

In 2024, we plan to finalise our baseline analyses for scope 3 emissions by conducting a material-based calculation method to calculate the impact of our products. This process will require extensive and careful preparation. We anticipate that the CO₂ impact on purchased goods will be considerable. With this baseline set, we will be able to set our targets for 2030 to reduce our impact. An important practical change is that the packaging of all our online orders will consist of recycled material.

Energy use & efficiency

As part of our promise, we are also committed to operating in a sustainable and responsible way. To meet our sustainable goals, we have upgraded more stores to be more energy efficient, in addition to expanding our electrical vehicle fleet and launching the use of electrically powered trucks in our transport department.

KPI scorecard

By the end of 2023, 13.1% of our fleet (cars and new trucks) was electrically powered. In addition to two existing electrically powered service vans, we piloted our first delivery vehicle. A total of six commercial vehicles will be part of this pilot within our transport department. We anticipate the biggest challenges will relate to driving range, daily use and charging infrastructure. To facilitate this, investments will be made in charging facilities for both commercial and passenger cars at the locations in Nieuw-Vennep and Uden.

In addition, we have invested again this year in making our stores even more sustainable. In the coming years, we will continue to work with the real estate owners of our properties to further implement sustainability in our stores and distribution centres. Further explanation of our CO₂ emissions can be found on page 35.

Data privacy & security

In 2023, an updated privacy information management system has been introduced. The privacy policy and procedures are implemented and monitored on the basis of a plan-do-check-act circle. This governance structure and management system contributes to increasing the integration of IT Security and Privacy matters within the various departments of BBH.

To further strengthen our ability to protect both personal and corporate data, we established a new IT security and privacy team responsible for security and privacy controls across our business. One member of the Group Leadership Team is responsible for IT Security and the Privacy Officer is responsible for the privacy element.

People

We will deliver social impact by always focusing on our employees' safety and well-being, striving to become an employer of choice, and working together with our suppliers to ensure that they align with our goals and standards. We do this by focusing on several material topics. For 2023, these were: i) Human rights; ii) Diversity, equity & inclusion; iii) Talent attraction & development; and iv) Occupational health & safety.

Human rights

After all our suppliers endorsed our Supplier Code of Conduct in 2022, we started our audit programme to monitor adherence. To facilitate this, we have a collaboration with amfori Business Social Compliance Initiative (BSCI). For suppliers that do not use this platform, we conducted our own audits. Going forward, this approach will also apply to new suppliers.

In 2023, all high-risk suppliers were audited by BSCI and/or as part of one of our own factory visits. Corrective action plans were drawn up if and when necessary.

Diversity, equity & inclusion

Our diversity, equity & inclusion policy is a strategic framework that we use to foster a workplace culture that values and respects differences among employees. It aims to create an environment where individuals of diverse backgrounds, including but not limited to race, gender, ethnicity, sexual orientation, abilities, and age, feel included, equal, and empowered. Examples of our policy are: our recruitment and selection procedures, which are inclusive, open and transparent; and our commitment to striving to achieve gender and cultural diversity in recruitment and selection, from a Management Board level to right across our company.

Talent attraction & development

To attract and retain talent for our organisation, we offer a wide range of options, such as a Beter Bed academy, which features a wide variety of e-learnings, other specific trainings launched in 2023 with specific groups of employees, and a senior leadership development course.

We also recognise the importance of creating an environment that is attractive to potential employees. We actively promote the benefits of working at BBH and emphasise our commitment to creating a positive and supportive workplace. We also strive to ensure that our benefits and compensation packages remain competitive so that we can attract and retain top talent.

KPI scorecard

Occupational health & safety

As an employer, we do all we can to foster a safe, happy and respectful working environment. Safety within our own organisation is maintained by our team of safety prevention employees throughout the company, and we have regular meetings to improve and adjust safety facilities and regulations. During 2023, we took a number of actions to improve safety. As a result of these improvements, safety risks will be detected and signalled earlier. In 2023, no concerns were reported through our malpractice policy.

Product

We will minimise our environmental impact by using more sustainably sourced materials, and by collaborating with our suppliers to increase the reuse and recycling of our products and packaging, thereby driving the transition towards more circular product propositions. We do this by focusing on several material topics. In 2023, these were: i) Circular product development; and ii) Responsible sourcing.

Circular product development

In 2023, 12% of our products offered were classified more durable products. This represents a modest decrease compared with the previous year due to lack of availability of sustainable materials in the market, and the challenge of finding an attractive price point. The right price point is important as it is key to making our more sustainable products accessible to all customers. To this end, we are currently performing a material sourcing survey with our suppliers to calculate the CO₂ impact of our products. This will not only serve our CO₂ calculation for scope 3 emissions, but also provide information about which products have the most significant impact on the environment. As a result, we will be able to communicate the impact per product to our customers, in addition to informing us about which products we want in our product portfolio in the future.

Responsible sourcing

To improve awareness about the use of raw materials, we are sharing our knowledge in this area with suppliers during our supplier days. To ensure that we can communicate in a clear and simple way, we have divided our more sustainable products into four distinct categories: natural; circular; recycled; and modular materials and products. All categories have a lower impact on the environment than traditional products.

Suppliers can work with our category management department to determine which option is best suited to a given product, the aim of which is to limit the use of high impact raw materials, minimise the use of virgin materials, and make it possible to reuse the materials again at the end of the product lifetime. In addition, we ask our suppliers to be more transparent about suppliers further in our downstream value chain. This enables us to investigate further if necessary, to establish effective agreements through our Supplier Code of Conduct, and to monitor compliance with it.

KPI scorecard

| Material topic | KPI's | Unit | KPI score 2022 | KPI score 2023 | Target year 2025 ³ | Status |
|---------------------------------|--|--------|----------------|----------------|-------------------------------|--------|
| Promise | | | | | | |
| Innovation for better sleep | % purchase of mattresses using Beter Slapen ID | % | 58% | 46% | >70% | ● |
| Waste management | Resource outflows - waste | Tonnes | 2,119 | 2,089 | no target yet | ● |
| | % waste recycled | % | 89% | 89% | >95% | ● |
| | % mattresses returned for recycling | % | 13% | 14% | >25% | ● |
| Climate change impact | Scope 1 and 2 GHG emission | Tonnes | 3,252 | 3,035 | -75% (base year: 2020) | ● |
| Energy use & efficiency | Energy consumption | TJ | 78 | 73 | -20% | ● |
| | % renewable electricity | % | 100% | 100% | >75% | ● |
| | % electrical fleet | % | 5.1% | 13.1% | >30% | ● |
| People | | | | | | |
| Human rights | % suppliers who have signed code of conduct ¹ | % | 100% | 100% | 100% | ● |
| | % suppliers audited | % | n.a. | 100% | 100% ² | ● |
| Diversity, equity & inclusion | Gender diversity staff | % | 43% | 44% | >40% | ● |
| | Gender diversity extended management team | % | 30% | 38% | >33% | ● |
| | Gender diversity Management Board | % | 50% | 50% | >33% | ● |
| Talent attraction & development | Number of hours training per employee | h | 14 | 13 | no target applicable | ● |
| | Employee turnover rate | % | 36% | 30.4% | no target applicable | ● |
| Occupational health & safety | Sick leave | % | 5.3% | 4.9% | <5.3% | ● |
| | Accidents | # | 12 | 12 | 0 | ● |
| Product | | | | | | |
| Circular product development | More sustainable products | % | 16% | 12% | 45-52% | ● |
| | % of packing recycled | % | 96% | 96% | >95% | ● |

1) Suppliers with >€20k purchase value in reported year

2) High risk suppliers

3) Base year: 2021

- New
- Maintained & to be defined
- Work to be done & maintained

Environmental

Climate change

Material impacts, risks and opportunities

The following material climate-related risks were identified during the double materiality assessment, all of which represent climate-related transition risks. No climate-related physical risks were identified.

- The use of less environment friendly materials and products inherent to the bedding industry can present a reputational risk to BBH as these products are less friendly to the environment, cannot be recycled, and are likely to end up as waste.
- Investing in the generation and storing of renewable energy (such as sun, wind & hydrogen) can lead to a risk to BBH as such investments represent a considerable initial investment and the payback period takes a number of years. Furthermore, the availability of critical materials for the building of infrastructure to generate and store renewable energy is currently challenging.
- Unable to reach the requested goals of climate change mitigation activities and report on them can represent a financial risk as investors and financial institutions may attenuate their support, in addition to it potentially leading to negative publicity and a response from the public and or government.

The materiality topics: i) Climate change impact and ii) Energy use & efficiency have a significant impact on and are closely connected with our business, which is why these topics are considered material for BBH.

Policies related to climate change mitigation and adaptation

Offset policy

As part of our 2025 strategy, we will first focus on reducing our impact on the environment by changing our own operations, in addition to our upstream and downstream value chain, as much as possible before implementing any offset activities. As investing in offset can delay the reduction potential over time. We believe a well-designed CO₂ offset policy will create a balance between economic development and environmental sustainability, providing a framework to reduce overall carbon emissions while allowing flexibility for our company to adapt to cleaner practices.

Our progress in 2023

Due to the electrification of our fleet, making our buildings more sustainable and using green electricity, we achieved a CO₂ reduction of 57% in 2023 compared with the baseline year, 2020. We now only offer electric company cars, and we have also started the first pilot for electrically powered commercial vehicles for our truck fleet.

In 2023, based on the EU taxonomy definitions, we invested and spend a total of 12% of our capital expenditure and 12% of our operational expenses in the electrification of our fleet and the energy efficiency of our buildings.

Targets related to climate change

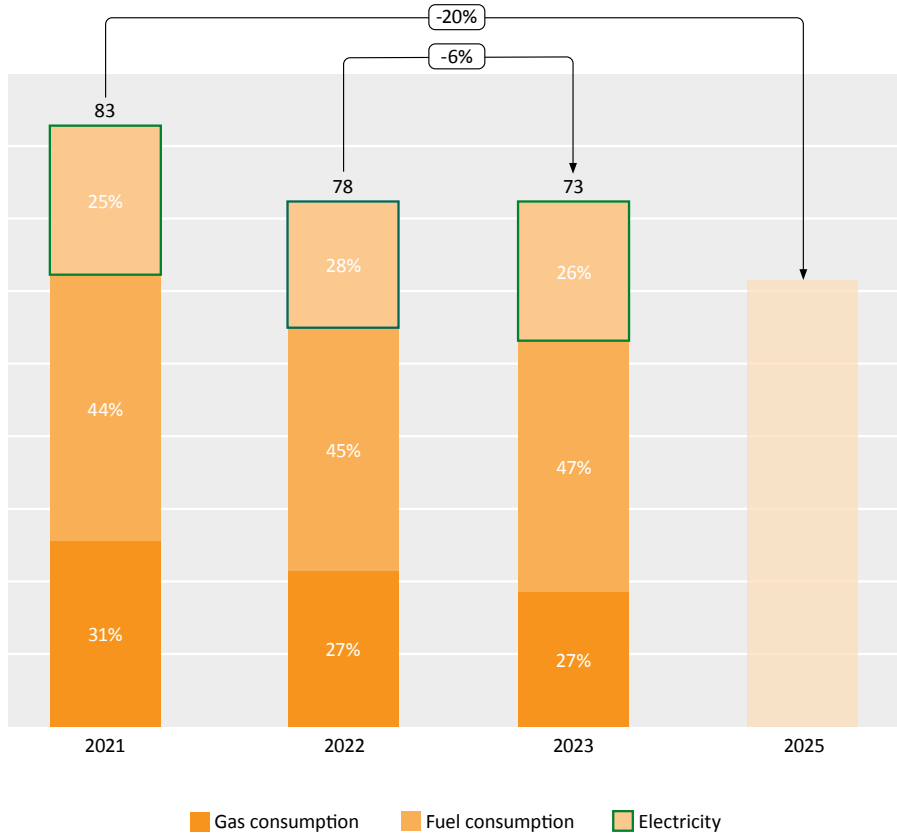
We strive to achieve an absolute reduction of 75% of our scope 1 and 2 CO₂ emissions by 2025, with the base year being 2020. To achieve this, we aim to use 100% green electricity and have an entirely electric vehicle fleet. Once we have insight in our scope 3 emissions, an appropriate target is being set.

Gross scopes 1,2,3 and Total GHG emissions

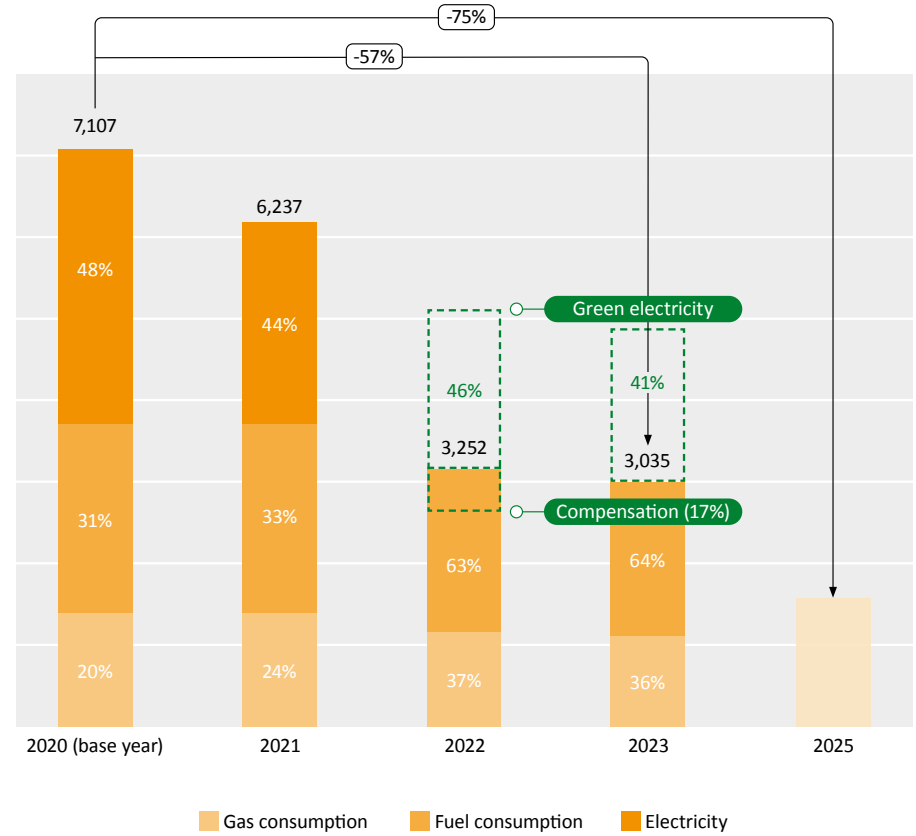
As of 2023, our fuel consumption decreased with 6% compared to 2022 and our gas consumption decreased with 9% compared with 2022. We continued our transition to 100% green electricity in 2022 to 2023 for all of our in-house operations, which is purchased within Europe. This resulted in a savings of 2,100 tonnes of CO₂ in 2023, eventually leading to an emission of 3,035 tonnes of CO₂ for our scope 1 and 2. In 2022, our participation in the Afforestation Project led to the offsetting of 1,000 tonnes of CO₂ emissions. This year we choose to first invest in reducing CO₂ by making our own operations more energy efficient and reducing the use of fossil fuels.

Environmental

Energy consumption (Tj)



Direct CO₂ emissions (TCO₂)



EU taxonomy

EU taxonomy

Reporting framework

The European Green Deal addresses climate change challenges, introducing the EU taxonomy to combat greenwashing and define sustainability. This classification system distinguishes between taxonomy eligible and taxonomy aligned activities. Eligibility, determined by delegated acts, signifies potentially significant environmental impact. Alignment requires meeting 'substantial contribution' criteria, avoiding harm to other environmental goals, and adhering to social safeguards. The EU taxonomy aims to enhance understanding of sustainable finance, fostering a climate-neutral future while preventing misleading claims. In November 2023, the Taxonomy Environmental Delegated Act, together with a number of amendments that clarify reporting obligations for additional activities, were officially adopted by the European Commission.

For the financial year 2023, we are no longer subject to the obligation to publish non-financial information. We choose to still report on our taxonomy eligibility and alignment for the two climate objectives. For the eligibility and alignment reporting on these activities we made use of the 'Climate Delegated Act', 'Complementary Climate Delegated Act' and the 'Disclosure Delegated Act'. In addition to these, the reporting utilised the most recent information available from FAQ documents published by the EU Commission. We have acted in good conscience and have rigorously followed the scope and the definitions provided by the delegated acts and the information provided in the FAQ published by the EU Commission.

Results

In 2023, our sustainability team reported on BBH's revenue, capital expenditure and operating expenses to identify the extent to which any activities within BBH's business should be considered eligible. The eligible activities were then screened and examined in line with the technical screening criteria of the EU taxonomy to determine whether the activities made a substantial contribution to one or more of the environmental objectives. A full reconciliation was then made to the total reported revenue, capital expenditure and operating expenses.

Revenue

For the revenue, the numerator of each of the activities was compiled by taking the total eligible revenue for that activity for the reporting year 2023. The total denominator was equal to the combined total revenue of our delivered products and services. Our revenue is detailed in the consolidated financial statements - Note 15 (see page 86).

None of our revenue generating activities are described in the delegated acts on climate change mitigation and climate change adaptation. They are therefore not currently considered to be 'eligible', and for this reason there is no alignment analysis on the revenue KPI in this year's report.

Capital expenditure

For the capital expenditure, the total denominator was equal to the total capital expenditure of BBH. Our capital expenditures are detailed in the consolidated cash flow statement - Notes 1 and 2 (see page 64). A reconciliation of the additions included in the denominator of capital expenditure under the EU taxonomy is provided in the following table.

| in thousand € | 2023 | 2022 |
|---|--------------|--------------|
| Additions to intangible assets | 1,880 | 2,166 |
| Additions to property, plant, and equipment | 2,785 | 4,163 |
| Total capital expenditure for EU taxonomy purposes | 4,665 | 6,329 |

EU taxonomy

The numerator was compiled by taking the total eligible and aligned capital expenditure for the reporting year 2023. This is capital expenditure that is:

- Related to assets or processes that are associated with taxonomy eligible and/or aligned economic activities.
- Part of a 'capital expenditure-plan' to expand taxonomy aligned economic activities or to allow taxonomy eligible economic activities to become taxonomy aligned within a period of five years and meeting certain conditions.¹
- Related to the purchase of output from taxonomy aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in the delegated acts and provided that such measures are implemented and operational within 18 months.

The following expenditures are covered under the delegated acts, and are therefore eligible in accordance with the environmental objective 'climate change mitigation'.

| Activity number | in thousand € | 2023 | 2022 |
|--|---|------------|------------|
| 7.3 | Installation of energy efficient light sources | 399 | 606 |
| 7.3 | Installation of heating, ventilation, and air-conditioning (HVAC) | 150 | 105 |
| Total eligible capital expenditures | | 549 | 711 |

12% of BBH's capital expenditure in 2023 was eligible but not aligned. We analysed these investments to determine whether they meet the substantial contribution criteria set out by the EU taxonomy. The capital expenditure with regards to the installation of energy efficient equipment satisfied the 'substantial contribution' criteria.

¹ Disclosure Delegated Act, Annex I, 1.1.2.2, second subparagraph

As BBH does not have any operational control, nor any information over the compliance of its suppliers with the 'Do no significant harm' and 'minimum safeguards' criteria set out by the EU taxonomy for these energy efficient light sources, BBH will not claim any alignment for this financial year. Whether alignment under capital expenditure category (c) of the taxonomy only refers to compliance with the substantial contribution criterium or also requires companies to comply with the 'do no significant harm' and 'minimum safeguards' is ambiguous at this stage. BBH choose to take a conservative stance and decides not to report any alignment.

The full EU taxonomy capital expenditure table is shown in the section 'Other information' (see page 95).

Operating expenses

The delegated act uses a narrower definition of operating expenses than used in accounting definitions. For the operating expenses, the total denominator includes costs relating to Research & Development, renovation, short term leases, maintenance, renovation, and any other direct expenditures relating to the day- to-day servicing of assets of property, plant and equipment both by the undertaking itself or any third party linked to the operations. No research and development expenses were incurred in 2023, and we had no lease contracts shorter than 12 months. A reconciliation of the denominator operating expenses under the EU taxonomy is provided below, and represents 0.6% (2022: 0.5%) compared to our total accounted for operating expenses.

| in thousand € | 2023 | % | 2022 | % |
|--|----------------|-------------|---------|------|
| Maintenance and repair costs | 723 | | 645 | |
| Total operating expenses for EU taxonomy purposes | 723 | 0.6% | 645 | 0.5% |
| Total operating expenses | 124,063 | 100% | 117,715 | 100% |

EU taxonomy

For the operating expenses, the numerator of each of the activities was compiled by taking the total eligible and/or aligned operating expenses for the reporting year 2022. These are operating expenses which are:

- Related to assets or processes associated with taxonomy eligible and/or aligned economic activities.
- Part of the capital expenditure plan to expand taxonomy aligned economic activities or allow taxonomy eligible economic activities to become taxonomy aligned within a five-year period and meeting certain conditions.¹
- Related to the purchase of output from taxonomy aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures as identified in the delegated acts and provided that such measures are implemented and operational within 18 months.

The following expenses are covered under the delegated acts, and are therefore eligible in accordance with the environmental objective ‘climate change mitigation’.

| Activity number | in thousand € | 2023 | 2022 |
|--|--|-----------|------------|
| 7.3 | Maintenance and repair of energy efficient light sources | 7 | 24 |
| 7.3 | Maintenance and repair of energy efficient equipment (heating, ventilation, and airconditioning) | 71 | 78 |
| 7.4 | Installation, maintenance and repair of charging stations for electric vehicles | 1 | 15 |
| Total eligible operating expenses | | 79 | 117 |

11% of BBH’s operating expenses in 2023 were eligible but not aligned. The activity 7.4 ‘installation, maintenance and repair of charging stations for electric vehicles’ satisfied the ‘substantial contribution’ criteria.

The full EU taxonomy operating expenses table is shown in the section ‘Other information’ (see page 95)

Change during the reporting period

In 2022, 11.2% of the capital expenditure and 18.1% of the operating expenses qualified as eligible. By establishing ‘EU Taxonomy’ general ledger accounts, internal processes have been enhanced, resulting in analyses that were more accurate than in previous reporting years.

Disclaimer

We note that while the EU taxonomy regulation entered into force in August, 2021, common practices are still being identified that affect its application. Our findings are based on known practices and the most recently updated taxonomy.

¹ Disclosure Delegated Act, Annex I, 1.1.2.2, second subparagraph

EU taxonomy

| | Revenue | Capital expenditure | Operating expenses |
|------------------------------|--|---|--|
| Total scope of activities | Revenue accounted for in the Consolidated Profit and Loss Statement under IFRS derived from the sale of products and the provision of services. | Additions to tangible and intangible assets accounted for in the Consolidated Financial Statements under IFRS during the financial year, considered before depreciation, amortisation and any remeasurements, excluding Goodwill. | Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS that relate to research and development, building renovation measures, short-term lease, maintenance and repair (excluding expenses reported as raw materials and consumables used), and any other direct expenses relating to the day-to-day servicing of assets or Property, Plant, and Equipment. |
| Total scope of activity | € 235,956 Thousand | € 4,665 Thousand | € 723 Thousand |
| Taxonomy eligible activities | Revenue derived from products or services that are associated with taxonomy-eligible activities. | The part of the capital expenditure that is any of the following: <ul style="list-style-type: none"> • Related to assets or processes that are associated with taxonomy-eligible activities • Part of a plan to expand taxonomy-eligible activities • Related to the output of taxonomy-aligned, enabling or transitional activities as well as activities related to the installation, renovation and repair of building or renewable energy solutions. | The part of the operating expenses that is any of the following: <ul style="list-style-type: none"> • Related to assets or processes that are associated with taxonomy-aligned economic activities • Part of a plan to expand taxonomy-eligible activities • Related to the output of taxonomy-aligned, enabling or transitional activities as well as renovating activities. |
| Taxonomy-eligible percentage | N/A | 12% | 11% |
| Aligned activities | Revenue generating activities that are eligible and make a substantial contribution to one of the environmental objectives by meeting the technical screening criteria of that activity and objective. | Capital expenditure that is eligible and makes a substantial contribution to one of the environmental objectives by meeting the technical screening criteria of that activity and objective. | Operating expenses that are eligible that make a substantial contribution to one of the environmental objectives by meeting the technical screening criteria of that activity and objective. |
| Taxonomy-aligned percentage | N/A | 0% | 0% |

Social

Own workforce

BBH seeks to create an inspiring, respectful and sustainable working environment in which our employees feel valued and are motivated to promote our strategy with passion and pleasure. Learning and development are central to what we do, and our employees are challenged to utilise their skills and talents to the best of their abilities. We do this by connecting, challenging, innovating and achieving.

To further implement our vision of becoming an employer of choice, we formulated three human resources pillars so that:

1. Our employees are proud and enthusiastic about working for BBH, and embody and fully live and breathe our mission. We strive to be the most attractive employer in the sleep market due to who we are and what we do for our people.
2. We offer a respectful, safe, pleasant and sustainable working environment where employees are 'fit for the job' and can perform together whoever they are. We strive for equal opportunities and to have an inclusive culture in which every employee feels equal, valued and involved – not in spite of but because of their differences.
3. We provide clear career paths for our employees, proper attention is always paid to our people in a performance and development-oriented environment, and we offer competency-oriented training and modules that reflect and build on individual employees' strengths and help to develop their talents.

Interests and views of our workforce

As part of our commitment to fostering a corporate culture that values the voices and insights of our dedicated workforce, we place great importance on the perspectives shared by our employees. This collaborative approach not only enhances employee engagement but also fortifies our foundation for sustained growth and success. BBH's works council advocates for the interests of our employees.

Through monthly meetings, in addition to both permanent and ad-hoc committees within the works council that focus on specific issues, we are able to better understand our employees, perspectives, viewpoints and opinions.

Changes made in response to views expressed by our employees include adjustments to our bonus systems, modifications to departmental structures, the conducting of a Risk Inventory and Evaluation (RI&E), the appointment of emergency response (BHV) and prevention officers, issues related to confidential advisors and our malpractice policy, and modifications to the employee handbook.



Social

Material impacts, risks and opportunities and their interaction with strategy and business model

How we as a company articulate our *Sleep better, live better* purpose internally with our employees is every bit as important as how we communicate it externally. We believe this mission is something our employees can be both proud of and passionate about, in addition to being something that can help them make the right choices for our customers at work.

One of BBH's strategic objectives is that our commitment to enhancing people's overall sleep quality begins with our dedicated employees. We strive to be an employer of choice, where our collective purpose resonates with each individual in our organisation. This includes offering opportunities for growth and advancement through our academy, and ensuring a safe, secure, and enjoyable workspace for all. Our vision of being an employer of choice is to create an inspiring, respectful and sustainable work environment in which all our employees feel valued and are passionate about what they do as individuals and what we accomplish together as a team, living our strategy through their work. At BBH, learning and development take centre stage, and employees are encouraged to harness all their talents.

By prioritising health & safety measures such as training, process improvements, coaching, and awareness-raising, we can have a significant positive impact on the physical and mental well-being of our employees. This focus also extends more widely to society, as it leads to reduced absenteeism and sickness costs, which is beneficial to both our own workforce and the broader communities in which we operate. We also understand that were we to mismanage health & safety, we would fail to meet our desire of fulfilling an exemplary role in our sector or in society. This would have a negative impact on the physical and mental health & safety of employees, increasing the likelihood of absenteeism and sickness costs, which in turn have an impact on wider society.

Everyone at our company who could potentially be materially impacted by BBH is included in the scope of this chapter. 'Employees' are defined as full-time employees and part-time employees, whereas the term 'non-employees' relates to both individual contractors (self-employed) and agency workers.

The materiality topic: i) Human rights has a significant impact on and is closely connected to our own workforce, which is why this topic is considered material for BBH.

Policies related to own workforce

BBH attaches great importance to safeguarding the occupational health & safety of its employees, and complies with all European, Dutch and Belgian legislation related to human rights. Accordingly, BBH never participates in human trafficking, slavery, forced labour and child labour. BBH has a zero-tolerance policy to discrimination in any form. This includes preserving and protecting the freedom of expression of all employees. In addition, we ensure that safe working conditions exist for all employees to perform their work. Furthermore, BBH complies with European legislation with regards to privacy and data protection. To ensure full compliance, we established various internal policies and procedures. These are documented in the employee handbook for all employees at BBH Netherlands, and in the employment regulations for all employees at BBH Belgium.

Respectful business conduct

BBH fosters an inclusive work culture in which equal opportunities are provided to all employees, regardless of gender, ethnicity, race, colour, sexual orientation, gender identity, religion, age, political opinion, national origin, social origin, disability or any other characteristic protected by European, Dutch and Belgian legislation. Discrimination of any form is not tolerated and is actively combatted. Our vulnerable populations policy and Code of Conduct are key to achieving this.

BBH Code of Conduct

Our Code of Conduct outlines various forms of undesirable behaviour and states our zero-tolerance policy towards them. BBH employees are expected to behave honestly and ethically at all times. The code also specifically and explicitly states that discrimination during recruitment and selection will not be tolerated. Our BBH Code of Conduct is available on our corporate website (<https://www.beterbedholding.com>).

BBH vulnerable populations policy

This policy identifies specific groups, such as pregnant employees, employees involved in nursing, expats, persons with disabilities, older adults, volunteers, temporary workers and other flexible workers, who may be vulnerable for any reason. It outlines specific measures to help alleviate the unique challenges faced by the different vulnerable target groups, such as adjusted working hours for those employees within 10 years of having a state pension.

Social

Our HR department is responsible for formulating policies regarding diversity, equity & inclusion and monitoring these processes. In addition to senior managers, the HR department has the responsibility for ensuring compliance with such policies, and for implementing sanctions in any cases in which the standards laid out in the policies are not met.

Absenteeism policy

Our employees are our most valuable asset. It is therefore important that our employees are healthy and vital, as this contributes to a healthy, inspiring and innovative work environment. To help achieve this, we established the BBH absenteeism policy. This outlines how any sick leave notification is processed and the subsequent reintegration process is initiated. For employees working at BBH Netherlands, we act in line with the '*Wet Verbetering Poortwachter*', whereas for employees at BBH Belgium we act in accordance with Belgian legislation regarding disability and reintegration. In addition, a Risk Inventory and Evaluation (RI&E) is undertaken every two years to examine absenteeism prevention. This examines how and when BBH tackles risks to health & safety.

Our HR department is responsible for formulating the absenteeism policy and monitoring the related processes. In collaboration with the Occupational Health Service, the absenteeism policy for Beter Bed Netherlands is evaluated on an annual basis and adjusted if and when necessary. For this purpose, Beter Bed Belgium collaborates with the external prevention service.

Privacy

Protecting the privacy of employees is crucial and forms an integral part of our internal privacy policy at BBH. For this reason, we only request strictly necessary information from employees. Furthermore, access to our employees' personal data is restricted to authorised personnel, and systems and processes are designed to ensure compliance with the EU general data protection regulation (GDPR) to respect the privacy of applicants. The privacy statement is an integral part of the employee handbook, which new employees sign up to on commencing their employment at BBH.

Process for engaging with our workforce about impacts

We strive to communicate openly and transparently with our employees and the works council about important decisions that may impact our employees, and recognise how important this is to a well-functioning organisation. Maintaining high-quality communication and employee involvement has a positive impact on the individual performance of employees, in addition to improving turnover and absenteeism rates. Conversely, were we to fail to engage properly with employees, negative impacts could be experienced, leading to inefficiency and employee dissatisfaction.

Our Group Leadership Team plays an important role in terms of employee communications. The team, which consists of the individuals responsible for a range of different disciplines, share relevant information with their respective departments about BBH's vision, strategy, goals and developments at our organisation once every three weeks. Our extended management team, which includes the Management Board, as well as the Group Leadership Team and all department managers who report directly to the Group Leadership Team. Twice a year, a strategy event is organised for this group during which we discuss developments, plans, strategic directions and choices that our organisation faces.

Through one-on-one meetings, which take place at least twice a year, individual employees and their direct managers discuss the employees' respective development. Both the employee and their direct manager are responsible for the follow-up steps. In addition to these individual meetings, regular team meetings take place, during which the manager and reporting team discuss commercial progress achieved. The frequency of these meetings is decided upon jointly between managers and their teams. To support team building across our organisation, a number of different informal team events are organised throughout the year.

Every two years, BBH conducts an employee engagement survey to assess the level of employee engagement. Action items are then derived from this for every department, and periodically presented to the Group Leadership Team to monitor progress.

In the Netherlands, BBH informs the works council and seeks advice or approval when required to under employment law. A bi-monthly consultation meeting is attended by the CEO and the HR manager. Both the employees in the works council and the Group Leadership Team can request that issues, questions and ideas are added to the agenda. In Belgium, the threshold for establishing a works council has not yet been met.

Our Happy@Work app is a platform specifically aimed for and used by BBH employees. This technology not only ensures employees stay informed on a weekly basis about developments within our organisation, but also allows them to post messages themselves. The app is managed and monitored by the internal communications team, and currently has a participation rate above 80%.

Social

Processes to remediate negative impacts and channels for own workers to raise concerns

To facilitate direct expression of employee concerns and the communication of needs, we have introduced a number of communication channels for employees to raise concerns.

We have a longstanding open-door policy, whereby all employees, managers and Group Leadership Team members are free to approach their supervisor at any given time, be it by email, telephone or in person. As part of our open-door policy, employees can contact our HR department on a confidential or non-confidential basis to make a complaint or report inappropriate behaviour, serious or suspected incidence of fraud or industrial accidents. Steps are then taken to ensure that the issue is resolved in line with our Code of Conduct, HR policies and relevant employment law.

BBH also has two additional formal processes for employees to express concerns and/or complaints.

Firstly, four confidential advisors, can be contacted by email or telephone about issues ranging from sexual and non-sexual intimidation, to bullying, discrimination, aggression and violence. In evaluating the next steps to take, the individual who reported the issue remains in charge and under no pressure regarding next steps at all times, and the confidential advisor is there to provide support and counsel. To inform our employees about the role performed by the confidential advisors, our Happy@Work app is used to share videos about what they do, and posters at various work locations promote their work. A future change, set to be implemented in 2024, is that in the event that discussing the undesirable behaviour with a direct manager, HR Business Partner or confidential advisor does not result in a satisfactory solution, it will be possible to file a complaint with a dedicated BBH complaints committee.

The complaints committee will be impartial, independent and skilled, with a clear purpose to handle complaints in a fair and professional way. Once fully implemented, this development will be brought to the attention of all BBH employees.

Secondly, in 2020, BBH introduced a malpractice policy for the reporting of incidents, wrongdoings and/or suspected or actual irregularities that may have a negative impact on the activities and performance of the Group in violation of legislation or internal rules, or that pose a danger to the health & safety of individuals.

This policy consists of a number of steps to be followed for those issues that, given their very nature, cannot be reported through the normal channels. The malpractice policy is available to both employees and non-employees.

Both the use of confidential advisors and the malpractice policy were established at BBH's own instigation, and their respective effectiveness is scrutinised as part of our biennial Employee Engagement Survey.

Our progress in 2023

We believe it is essential to have an effective approach to health & safety management so as to deliver a positive impact on the physical and mental well-being of BBH's employees – such as doing all we can to eliminate any work associated accidents or illnesses – which in turn can reduce absenteeism and costs for medical treatment and insurance. Employees that feel secure at work are better able to concentrate on their work and experience fewer worries about their personal safety. To this end, we pay attention at all times to any possible risks and strive to reduce them wherever possible.

Despite all the safety measures we take, it is not possible to always prevent incidents or accidents from occurring. We therefore have a policy in place to address any negative impacts on employees. This includes implementing recovery measures, such as offering appropriate rehabilitation and support. As part of the policy, we provide reintegration programmes to support employees following their recovery.

It is important to implement preventive measures to avoid the recurrence of any incidents or accidents. In 2023, we undertook a Risk Inventory and Evaluation (RI&E) to identify potential safety risks. Based on the results of this Risk Inventory and Evaluation (RI&E), a plan of action has been developed and implemented by BBH's safety team. This team discusses progress and incidents on a monthly basis, and takes actions to enhance safety across all disciplines and locations across our company. In addition to the safety team, prevention officers have been appointed, and are responsible for supporting and undertaking various tasks related to establishing a safe and healthy work environment.

We also carried out a safety assessment in all our distribution centres that updated our safety protocols, and improved the layout of the distribution centres. All company emergency plans were also updated, and an extensive training programme was established to ensure that our team of first responders is adequately trained.

Social

We engage directly with employees across our company to ensure that we maintain a healthy and safe work environment by offering regular training in areas such as emergency response, fire safety, safe lifting and ergonomics, in addition to conducting thorough evacuation drills.

BBH provides a range of safety equipment and facilities that are necessary to reduce risk. This includes: the signalling and shielding of hazards in our distribution centres; the use of surveillance cameras, alarm systems and traffic plans at our distribution centres; and fire extinguishers, AEDs, first aid kits, and safety instructions and warnings at strategic locations. Furthermore, we provide ergonomic office equipment in our offices.

In addition to these preventive measures, we also aim to have a positive impact on our employees' lives through the provision of healthy living programmes, particularly with regards to how high-quality sleep contributes to overall health.

Targets related to our workers

To manage any negative impact and enhance the positive impact that we have on our employees, we have established a number of targets as part of a multi-year 2025 plan. This builds on our sustainability strategy, which was launched in 2021 and contained several targets related to our employees. The multi-year plan features targets related to turnover, absenteeism, industrial accidents, diversity, equity & inclusion, and internal progression. These targets are evaluated on a quarterly basis by our human resource and sustainability teams, in addition to the Group Leadership Team.

First HR pillar – attractive employer

To measure the results of the first pillar of making BBH known within the market as an employer of choice, targets have been formulated to reduce turnover in the future. These targets were set in 2020 over a five-year timeframe. We ensure this by paying considerable attention to our onboarding programme, implementing a new employee training programme and implementing a senior leadership programme.

Second HR pillar – respectful, safe, pleasant and sustainable working environment

To measure the results of our second pillar, three areas of attention were formulated.

The first one is based on achieving an absenteeism rate lower than 5.3%, based on average figures within the retail sector. We aim to achieve this by taking more actions based on results from the employee involvement survey.

The second area is that we always strive for zero occupational accidents. To this end, we are focusing even more on health and safety by training prevention employees to identify safety risks and improving safety plans.

The third area relates to diversity & inclusion, with our aim being to achieve step 1 of the Social Entrepreneurship Performance Ladder by 2024. By linking a recognised standard in this way, our organisation can strive towards a clear goal. To this end, in 2023, additional attention was paid to our recruitment process, focussing on diversity, equity & inclusion.

Third HR pillar – Attention to growth and development

Our aim is to provide further internal training and guidance so as to further enable as many employees as possible. All vacancies are posted internally, and internal candidates are prioritised during the application process. A fleet review is also carried out every year to identify internal talent and to create development programmes to further opportunities at BBH. In addition, an extensive onboarding programme, including 'Welcome to Beter Bed day', was implemented this year. We also developed a senior leadership programme for a number of employees, and provided training for branch managers and team leaders on leadership, planning and organising skills, and communication. Furthermore, the sales programme initiated in 2022 continued to support our strategic business shift from selling products to being a sleep advisor.

Social

Characteristics of BBH employees

Employee breakdown by gender and country

| in number of employees | 2023 | 2022 |
|-------------------------|--------------|--------------|
| Gender diversity | | |
| Women | 461 | 457 |
| Men | 593 | 590 |
| Other | - | - |
| Not reported | - | - |
| Total employees | 1,054 | 1,047 |
| Country | | |
| The Netherlands | 995 | 991 |
| Belgium | 59 | 56 |
| Total employees | 1,054 | 1,047 |

Permanent, temporary and non-guaranteed hours contracts

| in number of employees | 2023 | 2022 |
|--|--------------|--------------|
| Permanent, temporary and non-guaranteed contracts | | |
| Permanent, women | 310 | 299 |
| Permanent, men | 428 | 404 |
| Permanent, other | - | - |
| Temporary, women | 110 | 124 |
| Temporary, men | 113 | 141 |
| Temporary, other | - | - |
| Non-guaranteed hours employees, women | 41 | 34 |
| Non-guaranteed hours employees, men | 52 | 45 |
| Non-guaranteed hours employees, other | - | - |
| Total | 1,054 | 1,047 |

All employees in Belgium, including those with flexi-jobs and interns, have designated contractual hours. On-call workers can also have a permanent contract, which are included in the category of 'non-guaranteed hours employees'.

Employee turnover

| | 2023 | 2022 |
|--------------------------------------|--------------|--------------|
| Employee turnover | | |
| Head count outflow in reporting year | 318 | 380 |
| Head count at begin reporting year | 1,047 | 1,084 |
| Head count at end reporting year | 1,054 | 1,047 |
| Turnover rate | 30.3% | 35.7% |

All characteristics of BBH employees are reported in number of people with reference date 31 December 2023 and before the transfer of activities.

Social

Characteristics of BBH’s non-employee workers

Total number of non-employees

The total number of non-employees in BBH own workforce, i.e. either people with contracts with BBH to supply labour (“self-employed people) or people provided by BBH, primarily engaged in “employment activities”, equals to 96. This is an estimate reported with reference date 31 December 2023 and before the transfer of activities.

Collective bargaining coverage and social dialogue

For employees in the Netherlands, the housing module of the retail non-food collective labour agreement applies. This is in accordance with existing employment legislation. In addition to the collective labour agreement, we have an employment conditions policy in place.

For employees in Belgium, the Joint Committee 201 is applicable. In extend, non-employees are covered by PC 201 agreements. The collective bargaining coverage ratio of non-employees in the Netherlands and Belgium is estimated to range between 80% and 100%.

All employees in the Netherlands have an assigned employee representative on the BBH works council. Changes to employment conditions must be agreed to by employees.

Diversity metrics

Gender distribution in the extended management team, in addition to the distribution of employees by age group across the entire company, is as follows:

| | 2023 | 2022 |
|----------------------------|------|------|
| Gender distribution | | |
| Women | 21 | 16 |
| Men | 35 | 37 |
| Other | - | - |
| Women | 38% | 30% |
| Men | 62% | 70% |
| Other | 0% | 0% |

| | 2023 | 2022 |
|-------------------------|--------------|--------------|
| Age distribution | | |
| <30 | 303 | 306 |
| 30-50 | 361 | 402 |
| >50 | 390 | 339 |
| Total | 1,054 | 1,047 |

All diversity metrics are reported in number of people (unless otherwise stated) with reference date 31 December 2023 and before the transfer of activities.

Training and skill development metrics

The work environment at BBH is engaging and stimulating, and we offer a variety of different growth and career development opportunities. We have developed a culture of learning, investing almost 12,000 payroll hours into training our team members every year. This includes extensive programmes to enhance skills aimed at all levels, including specialised skill development, leadership opportunities, coaching and mentoring.

Employee development is not only key to an individual’s future prospects but also to the future success of BBH. We therefore strongly believe in the importance of employees having clear career paths in which they can grow, discover their talents, follow their ambitions, and have the opportunity to either receive a promotion or a horizontal move within our company.

In 2023, the senior leadership programme developed further with the introduction of knowledge modules, skill training in personal effectiveness, strategic leadership, team development, and active participation in several projects. Developments in the group of participants are closely monitored. After all, we train employees to be able to take a step in the organisation in the future. In 2023, on average, the number of training hours offered to and completed by employees was 13. For women the average was 14 hours of training and for men this was 12.

Through one-on-one meetings, individual employees and their direct managers discuss the employees’ respective development. In 2023, 100% of our employees participated in at least one performance and career development review (2022: 100%).

Social

Health & safety metrics

As an employer, we strive to provide a safe, happy and respectful working environment. During 2023, we took a number of actions to improve safety. As a result of these improvements, safety incidents are detected and signalled earlier. All our workers are covered by our health & safety management system. Unfortunately, over the course of the year, a total of 12 work-related accidents were reported. In all cases, appropriate action was taken immediately. As a result, a total number of 278 days were lost (of which a few are responsible for the majority of these days lost) to work-related injuries from these accidents. Our zero-tolerance statement emphasises that all employees must feel safe at BBH, and must be treated with respect at all times. In 2023, all employees and non-employees are covered by our health and safety system (2022: 100%).

| | 2023 | 2022 |
|---|------|------|
| Number of fatalities | | |
| Work-related injuries | - | - |
| Work-related ill health | - | - |
| Work-related accidents | | |
| Number of accidents | 12 | 12 |
| Rate of accidents | 9% | 9% |
| Cases of work-related ill health | | |
| Number of cases | - | - |
| Days lost to injuries | | |
| Number of days | 278 | 347 |

Social

Workers in the value chain

BBH strives to create a collaborative, empowered, and sustainable work environment that cares for the lives of all workers in the value chain. In that way everyone in our supply chain should be able to work under favourable and secure conditions. This vision encompasses various aspects including fair labour practices, employee well-being, collaboration and inclusion, ethical practices and transparency and communication.

All workers are viewed as essential partners in the success of the company, and their rights and dignity are upheld at all times. Additionally, the company is committed to promoting fair trade and ethical sourcing, ensuring that workers in the supply chain are treated fairly and with dignity. Finally, transparency helps build trust and ensures that all stakeholders are well-informed and aligned.

Our value chain includes several additional layers beyond our direct suppliers. Our suppliers collaborate with their direct suppliers, who we refer to as our Tier 2 suppliers. Further in the supply chain are suppliers of raw materials, such as wood, foam and fabrics, as well as manufacturers of furniture and bedding. By prioritising fair treatment, well-being, skill development, collaboration, sustainability, empowerment, and transparent communication, we aim to create a thriving and harmonious ecosystem that benefits everyone involved.

Material impacts, risks and opportunities and their interaction with strategy and business model

At BBH, collection, purchasing price, selling price, quality, inventory, and margins are all overseen by the category management department. Our procurement processes therefore directly impact the sustainability performance of our organisation. By placing sustainable purchasing at the heart of our business operations, we can lead by example in our industry, in addition to positively impacting society in a number of ways, such as through good working conditions, boosting the local economy, helping to improve living standards, and supporting local businesses and communities.

Legal and cultural differences vary significantly between the countries in which our suppliers operate, for instance with regards to human rights and labour practices. The complexity of our supply chain, which has multiple tiers of suppliers and subcontractors, makes it challenging to monitor and ensure compliance with labour and safety standards across the entire value chain. Human rights violations related to the health, safety and well-being or labour practices could lead to negative publicity and cause negative reputational damage for BBH.

The materiality topic i) Human rights has a significant impact on and is closely connected to the workers in our value chain, which is why this topic is considered material for BBH.

Policies related to our value chain workers

The sustainability of our suppliers is an integral part of our circular business operations. To ensure our suppliers meet our CSR standards, we have implemented a procurement policy that guides us in sourcing, contracting and managing our relationships with suppliers. Central to our procurement process is how we identify low, medium and high-risk suppliers by comparing them based on economic and technical criteria.

To safeguard our value chain workers, it is our policy that all suppliers must have signed our Suppliers Code of Conduct before we do business together.

The BBH Suppliers Code of Conduct, supports key suppliers in evolving their approach towards continuous improvement. Suppliers are required to comply with the laws and regulations that apply in all the countries in which they operate.

In addition, suppliers are obliged at all times to comply with international agreements that govern working conditions, public health, hazardous materials, animal welfare and the environment, even if they do not apply in the country in which the supplier operates. In particular, this includes the conventions of the United Nations (UN), the International Labour Organisation and the European Union, such as:

- The Universal Declaration of Human Rights.
- The International Labour Organisation conventions, which contain standards with respect to working conditions, such as the right to organise and collectively bargain, the right to protection against child labour, forced labour and discrimination, and standards with respect to working hours and remuneration.
- UN conventions with respect to children's rights, discrimination and women's rights.
- European directives with respect to waste processing, animal welfare, hazardous substances and the environment (including the REACH Regulations).

Social

Our suppliers are required to possess all relevant permits. Should a relevant permit not yet have been obtained at the time of signing the BBH Suppliers Code of Conduct, the supplier must ensure that it receives it within three months of signing. Our suppliers Code of Conduct is available on our corporate website (<https://www.beterbedholding.com>).

Process for engaging with value chain workers about impacts

After undertaking the necessary audits of our suppliers, it is important to engage with value chain workers and their representatives about actual and potential material impacts on them. This involves a systematic approach that prioritises communication, collaboration, and addressing their concerns.

Our progress in 2023

We verify compliance with our Suppliers Code of Conduct, through factory inspection, on-site assessments, corrective action plan development, capability building, and training in collaboration with the Business Social Compliance Initiative (BSCI) platform. In the event of a problem related to human rights violations, we commit to working with third-party experts to develop, execute and oversee appropriate remediation programmes.

To date, our Suppliers Code of Conduct has led to us engaging with 62 suppliers in 15 countries, which should lead to an increase in worker satisfaction at these organisations with respect to working conditions, in addition to an increase in worker engagement.

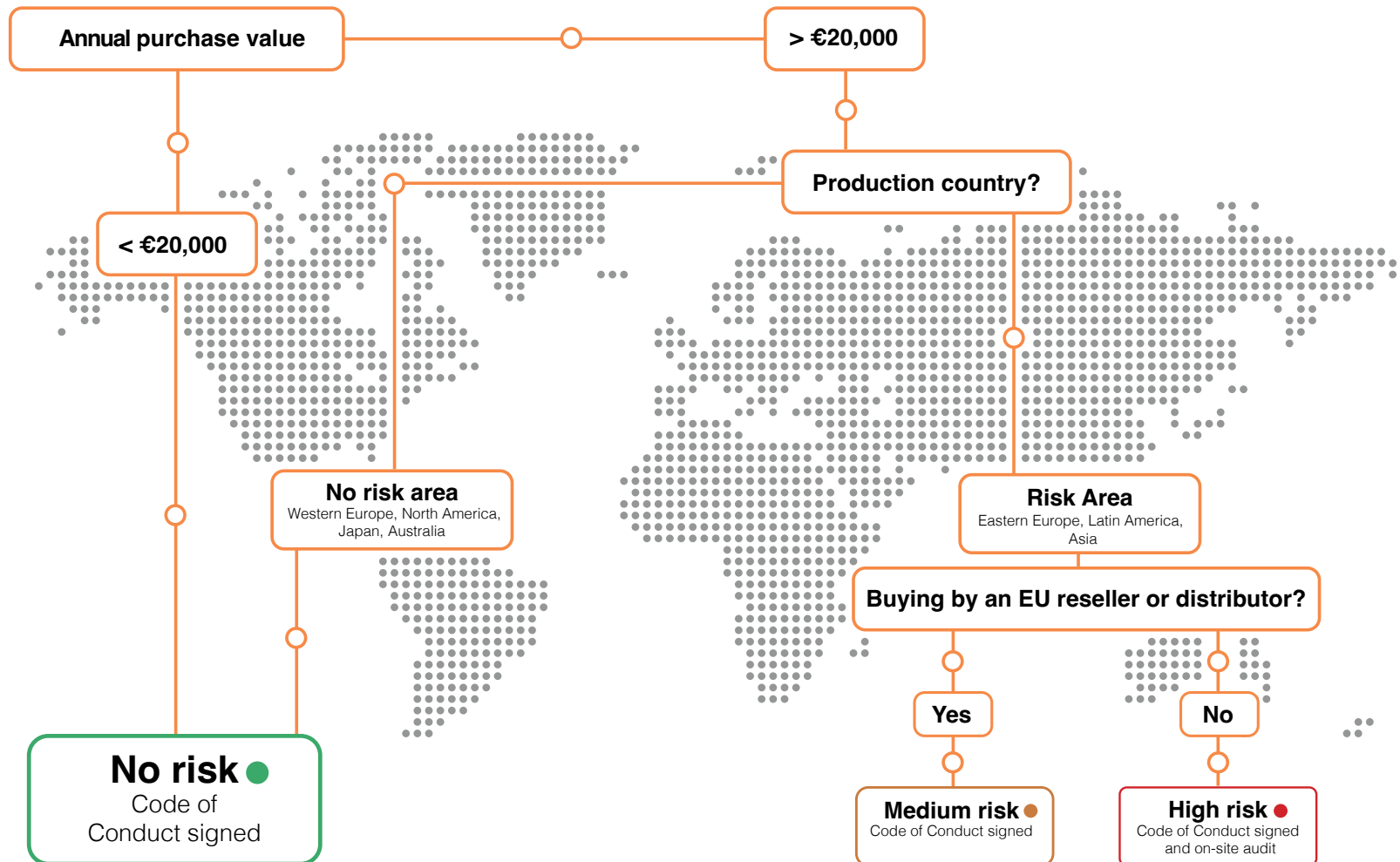
Supplier risk management

We classify suppliers that we have selected according to the impact they may have on the environment and the communities in which they operate, in addition to the working conditions of their employees. We assess this risk based on production country, annual purchase value, and potential environmental or social impact of a supplier's respective operations, products or services.

In 2023, we had a total of 62 unique Tier 1 suppliers with an annual spend of more than € 20.000, of which we classified 13 as high risk. 12 of these 13 suppliers had a valid audit by BSCI in 2023. The results of this audit are discussed with the supplier and action plans drawn up to ensure requisite changes are made in the future. We parted ways with one of the high-risk suppliers as we concluded that insufficient action has been taken to resolve issues in the future.

We believe that the two most powerful accelerators of change in our industry are collaboration and alignment. In 2023, we started our partnership with amfori BSCI (Business Social Compliance Initiative) in line with the ambition to measure our suppliers' supply chain performance and drive continuous improvement across our global manufacturing footprint. In today's fast-changing global marketplace, companies have to address a growing number of challenges and concerns in operations and supply chain. At the same time, demands for greater transparency and accountability from wider society have grown. Amfori BSCI is a leading business-driven initiative for companies committed to improving working conditions in their supply chains worldwide. It provides a framework to help companies monitor and improve social performance within their supplier networks. Suppliers who participate in this initiative commit to regular audits and assessments of their facilities to ensure compliance with the established standards.

Social



Social

Audits by BBH

If we plan to work with a new supplier and the supplier is not affiliated with the amfori BSCI network, we undertake our own on-site audit. This includes the following areas: organisation; quality systems; labour condition system; environmental, social and governance; safety & well-being; and material handling.

The situation on site is assessed based on a number of scores per area, resulting in an overall score. In the event that the overall score is insufficient, it is deemed necessary to draw up a corrective action plan. To ensure that performance improves, this plan is discussed on a regular basis with the relevant supplier.

Targets related to our value chain workers

In 2022, we achieved our 2025 target to ensure that all our suppliers signed our Suppliers Code of Conduct, which we repeated again in 2023. As a result, we started the risk inventory and audit of suppliers at the beginning of 2023 for which we set the goal to have a valid audit in place with all our high-risk suppliers by 2025. Partly because of the collaboration with BSCI we were able to achieve this for 2023 and we aim to keep up with this every year.

Social

Our customers

Interests and views of stakeholders

In our pursuit of customer-centric excellence, we prioritise perspectives and preferences voiced by our valued customer base. This dedicated commitment to understanding and integrating customer viewpoints not only strengthens our brand-customer relationship but also positions us strategically for enduring success and growth in the market.

At BBH, we communicate both directly and indirectly with our customers. Direct communications include our Customer Experience Centre (CEC) and in our physical stores and during the delivery, whereas indirect communications include our Net Promotor Score (NPS) mechanism and Beter Slapen ID.

Through our NPS review programme, customers share their experiences regarding interactions with our teams, such as our delivery personnel. As a result of this feedback, we have invested in delivery training and quality improvements, which has led to improvements in our logistic processes. Customers have also shared their experiences of using our online platforms, such as highlighting the importance of making it easy to find specific products. Recent changes and improvements to our website is in part in response to this feedback. Beter Slapen ID also provides valuable insights into our customers' individual and collective needs, which is allowing us to refine our product assortment in a strategic way, ensuring a better alignment with our customer base.

Material impacts, risks and opportunities and their interaction with strategy and business model

Through our core business of providing customers with high-quality products, we are able to have a broad-positive impact beyond our organisation by improving customers' sleep and overall health. This broader function is at the heart of our business model and strategy. Improving customer satisfaction (e.g. through delivering high-quality and tailor-made sleep products and services) represents an opportunity for BBH, as high customer satisfaction has the potential to drive longer-term customer lifetime value, and create more repeat purchases.

Conversely, if we were to fail to raise awareness about the importance of sleep and our customers were to choose poor-quality and/or unsustainable bed products (i.e. unsuitable products or products that do not improve the quality of their sleep), this would decrease quality of sleep and the overall level of public health. This would represent both a reputational risk for BBH in terms of how our company is viewed as a thought leadership, and a risk in terms of any negative impact on our market share.

The impacts, risks and opportunities described in this report apply to all customers served by our B2C and B2B businesses. As a result of conducting our double materiality assessment, we have gained a better understanding of which customers may be at greater risk of harm. We have gained this insight by, among other things, involving our quality manager, who is responsible for investigating the risks and consequences that customers may face. In 2023, no such potential negative effects and risks were noted.

The definition of customers in this part of the report includes our direct business to consumer channels and the consumers through our B2B and B2B2C channels. Impacts on customers who misuse or unlawfully use BBH's products and services are not included in the scope of this disclosure.

The materiality topic i) Accessibility & affordability has a significant impact on and is closely connected to our customers, which is why this topic is considered material for BBH.

Policies related to our customers

Robust quality control of goods

Our customers could be negatively impacted if they were to choose poor-quality and/or unsustainable bed products (i.e. unsuitable products or products that do not improve the quality of their sleep), which would decrease quality of sleep and the overall level of public health. To manage and remediate this impact on customers, BBH has both a guarantee and a return policy.

Social

Guarantee policy

Our guarantee policy outlines the terms and procedures for addressing issues with a product post purchase, the aim of which is to protect customers from faulty products and to reassure them that we always take responsibility for the quality of any goods sold, in the event of their being a problem.

In addition to the legal warranty (for the Netherlands and Belgium), we are affiliated with the *'Centrale Branchevereniging Wonen (CBW)'*, which means that the terms and conditions outlined in the CBW conditions apply to all of our customers. Furthermore, we are certified by the *'Thuiswinkel Waarborg Certification Foundation'* and offer additional Beter Bed and Beddenreus guarantees.

Return policy

Our return policy outlines terms and procedures for the returning of products. This includes the return period, the choice between refund or exchange, product conditions, exceptions, and the refund method and timelines, in addition to any return costs. Its purpose is twofold: to enhance customer confidence, satisfaction and trust; and to provide clarity to customers. These terms and procedures vary for online and offline customers, as well as for certain products, and adhere to both the *'Wet verkoop op afstand'* (distance selling directive) and the *'Wet consumentenrechten'* (consumer protection law).

Details of our guarantee policy and our return policy can be found on our commercial websites and in both our online and offline sales terms and conditions.

Privacy and data protection of customers

By working in a data-driven way, our company has the opportunity to offer unique products and services to customers. Doing so requires the use of customers' personal data, which brings with its considerable responsibilities. As a company, we therefore always strive to take great care of this information, and to recognise that any data breach could have a negative impact on the privacy of our customers.

Privacy Policy

BBH's privacy policy complies with all applicable laws and regulations with regards to the protection of personal data, including the General Data Protection Regulation (GDPR) and the Dutch Implementation Act (UAVG). This means, among other things, that BBH upholds the principle of data minimisation, and, in line with this, collects and retains the minimum amount of personal data possible. Users of the privacy policy include all employees, whether they be permanent or temporary, and all suppliers working on behalf of BBH. The privacy policy is an internal document. Its key aspects are communicated to customers and, which are published on our website.

Information security policy

The protection of personal data is part of our information security policy. This policy implements appropriate organisational and/or technical measures, with the aim of securing the processing of personal data against unauthorised or unlawful processing, accidental loss, destruction, or damage (integrity and confidentiality), in accordance with Article 5(1)(f) of the GDPR and Article 32 of the GDPR.

Retention policy

Our retention policy outlines that the legal basis for processing customer data is the execution of a contract, for example when processing an order, or with the consent of the customer, for example sending a newsletter. In addition, there is a legal obligation to retain a segment of the data within BBH's administration. Implementing an effective retention policy helps us to manage data in a responsible and compliant way, reducing the risks associated with unnecessary data storage and potential privacy breaches, and thereby helping to ensure that we comply with all relevant legal requirements.

Our processes for engaging with customers

At BBH, we believe that engaging closely with our customers is an invaluable part of the customer experience. Central to our customer promise is to deliver products and services that significantly improve the sleep of our customers. We engage with our customers through the following mechanisms.

Net Promoter Score

Through our online Net Promoter Score tool, we measure customer loyalty, satisfaction and enthusiasm. All customers are asked to provide feedback immediately after the ordering and delivering of the product(s). The feedback questions focus on how satisfied they are, the likelihood of returning any goods, and the likelihood that they will recommend us to friends and family, in addition to rating us with regards to several service standards for their online and/or offline shopping and delivery experience.

To gather this information, we collaborate with an external party, ensuring that the data provided is both representative and informative. This yields valuable feedback for both our employees in BBH's physical stores and for our delivery teams, as well as strategic insights for management.

The NPS feedback mechanism is evaluated several times throughout the year, during evaluation sessions involving Group Leadership Team members and other internal stakeholders. During these evaluation sessions, we examine progress and future improvement of our NPS tool. In 2023, we achieved a Net Promoter Score of 65, which represents a one-point improvement compared with 2022.

Social

Sleep KPI

We aim to significantly improve the quality of life of our customers by improving the quality of their sleep. To measure this, we ask customers that have purchased a mattress or bed to rate the quality of their sleep. This enables us to quantify the positive impact that we have on our customers' sleep experience, and to continue improving our products and services based on this feedback.

Reviews on online platforms

Customers are able to post reviews on online platforms such as Trustpilot and Google reviews. This enables them to share their experiences with our products and services in a transparent and open way. Prospective customers therefore have access to a wealth of reliable information about these products and services. We actively engage with customers that provide feedback, whether it be positive or negative, and take our customers' feedback very seriously. The most senior member of our team with operational responsibility for customer engagement is the senior lead for strategic business development.

Our processes to remediate negative impacts and channels for customers to raise concerns

We recognise that despite our best efforts, it is possible that the customer experience does not always meet the customer's or our high expectations. This could relate to a number of factors, such as a product issue, a service disruption, or a customer service lapse. Acknowledging and addressing these negative impacts with urgency and empathy is crucial to our long-term success.

We view every such customer interaction as an opportunity to turn a negative experience into a positive one. We strive to handle negative impacts on customers to the very best of our ability so that they get the best possible sleep experience. Any unsatisfactory or negative experiences and concerns can be raised through our Customer Experience Centre channel. Customers can also address negative experiences or issues in person in our physical stores or while products are being delivered. All such problems related to BBH products and services are carefully handled with a view to always providing the best possible solution.

Beter Bed's Customer Experience Centre

Our Customer Experience Centre (CEC) is committed to providing unparalleled service, driving customer satisfaction, and fostering long-term customer loyalty. Accessible by telephone, in addition to on WhatsApp, Facebook, Twitter, Webchat, Instagram and through our Webcare team, every message received from a customer is assessed and assigned to a relevant member of our Salesforce team. This enables us to engage further with customers and provide timely follow-up actions.

If a concern relates to the safety of a product, an emergency response team is immediately established. This team determines and implements appropriate internal and external actions to remediate any negative impact. Every action is documented, and the incident is evaluated afterwards.

To ensure the effectiveness of our CEC, we actively involve users – our customers – by communicating about the after-sales process. This is achieved through a Customer Satisfaction (CSAT) and Customer Effort Score (CES) review, through which they can discuss the issue and effectiveness of the given solution. Feedback is continuously implemented by our CEC.

Our progress in 2023

At BBH, we recognise the importance of safeguarding the interests and well-being of our customers. For this reason, we have implemented a comprehensive range of measures to identify, assess, and address potential risks, ensuring their impact is minimised and managed effectively.

Robust quality control of goods

Quality control is an integral part of our operations as it is our responsibility that our products are safe to use and do not cause harm. For this reason, we have established stringent quality assurance processes to monitor and assess the performance, reliability and safety of our products and services.

We conduct regular audits, inspections and tests to identify and rectify any potential issues. These measures ensure that our customers receive products and services of the highest standards. We evaluate the air quality of our distribution centres on an annual basis, in addition to conducting assessments at a number of our stores. In the event that air quality does not meet the required standard, appropriate measures are implemented.

Social

As a part of our quality-control processes, we invest in ongoing employee training and development to mitigate any negative impact on our customers during the delivery of our products and/or while we are providing a service to them. Product and assembly trainings are provided to our service technicians and delivery drivers to enhance their knowledge and skills, in addition to ensuring that they reflect our customer-centric way of working and culture in all that they do. Trainings such as these help our employees to provide a high-quality service to our customers, both during assembly and in their communications and interactions with them. Topics covered in the training include assembly skills, damage-free lifting of products, and important information about product features, functionality and standards.

Privacy and data protection of customers

To safeguard our customer's privacy, we take a number of steps to handle personal information in a safe and secure way. This involves using procedures or technical solutions to reduce risks. Before adopting any new method of handling personal data, we assess how it might impact our customer's privacy. To this end, our system for managing risks focuses on recognising, evaluating, and ensuring the proper handling of privacy risks. As part of our risk management processes, and to ensure that data processing meets necessary standards and organisational rules, we conduct Data Protection Impact Assessment procedures at the earliest moment possible.

By doing so, we aim to reduce costs, avoiding outcomes such as the need to make compensation payments or the necessity to create new technology systems. As part of our risk prevention efforts, we only retain personal data that is relevant and is limited to specific defined purposes.

To mitigate identified risks through our risk management, in 2023 we implemented a number of procedures and updated our privacy policy. By complying with all legal requirements, the privacy rights of our customers are safeguarded to the best extent possible, thereby mitigating and limiting negative impacts.

Our privacy policy is executed by our privacy team, the primary responsibility of which is the effective processing of personal data. Within the team, our information security and privacy coordinator is responsible for managing our activities to protect personal data and develop privacy policies. They report to the ICT manager, who is part of the Group Leadership Team.

Targets related to our customers

We aim to achieve several goals in relation to material impacts, risks and opportunities related to our customers. Our mission is encapsulated in four words: *Sleep better, live better*. This means that we do all that we can to ensure our customers have the high-quality sleeping solutions they need to live healthier lives.

To measure this positive impact, we gain insights into overall levels of customer loyalty. By using NPS, we are able to examine overall changes in customer loyalty, satisfaction and enthusiasm over time. Our goal is to maintain an NPS score of 65.

By executing our quality control processes effectively and complying with all relevant health & safety rules and regulations, we always strive for zero health & safety-related issues related to our products and services. Furthermore, by complying with legal requirements and robustly monitoring our internal processes, we strive for zero data breaches of the personal information of our customers.

The roll-out of Beter Slapen ID across our stores enables us to share more personal, data-driven sleep advice with every customer, helping to improve the quality of their sleep. This will enable us to strategically refine our product assortment, ensuring a better alignment with our customers. In 2025, we aim to use the Beter Slapen ID with 70% of our customers to select the best mattress for their unique sleep needs. As part of our overarching strategy and to gain a clearer insight into our positive impact, we measured customers' quality of sleep before and after purchase this year going forward.

EU taxonomy - tables

Capex

| Economic activities | Code(s) | Absolute Capex In thousand € | Proportion of Capex % | Substantial contribution criteria | | | | DNSH criteria | | | | | Minimum safeguards | Taxonomy-aligned proportion of Capex, 2023 % | Taxonomy-aligned proportion of Capex, 2022 % | Category (enabling activity) E | Category (transitional activity) T |
|--|---------|---------------------------------|--------------------------|-----------------------------------|--------------------------------|----------------------------------|----------------------------------|-----------------------------------|-------------------------|------------------|------------------------------------|---|--------------------|---|---|-----------------------------------|---------------------------------------|
| | | | | Climate change mitigation % | Climate change adaptation % | Climate change mitigation Y/N | Climate change adaptation Y/N | Water and marine resources Y/N | Circular economy Y/N | Pollution Y/N | Biodiversity and ecosystems Y/N | | | | | | |
| A. Taxonomy-eligible activities | | | | | | | | | | | | | | | | | |
| A.1. Environmental sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | |
| No taxonomy-aligned activities yet | | | | | | | | | | | | | | 0% | | | |
| Capex of environmentally sustainable activities (Taxonomy aligned) (A.1) | | 0 | 0% | 0% | 0% | | | | | | | | | | | | |
| A.2. Taxonomy-Eligible but not environmentally sustainable activities | | | | | | | | | | | | | | | | | |
| Capital expenditure on energy efficient light sources and equipment | | 7.3 | 549 | 12% | 27% | 0% | N | N | N | N | N | N | N | | | | T |
| Capex of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (A.2) | | 549 | 12% | | | | | | | | | | | | | | |
| Total (A.1 + A.2) | | 549 | 12% | | | | | | | | | | | | 11% | | |
| B. Taxonomy-non-eligible activities | | | | | | | | | | | | | | | | | |
| Capex from Taxonomy-non-eligible activities (B) | | 4,116 | 88% | | | | | | | | | | | | | | |
| Total (A + B) | | 4,665 | 100% | | | | | | | | | | | | | | |

EU taxonomy - tables

Opex

| Economic activities | Code(s) | Absolute Opex In thousand € | Proportion of Opex % | Substantial contribution criteria | | | | DNSH criteria | | | | | Minimum safeguards | Taxonomy-aligned proportion of Opex, 2023 % | Taxonomy-aligned proportion of Opex, 2022 % | Category (enabling activity) E | Category (transitional activity) T |
|---|---------|--------------------------------|-------------------------|-----------------------------------|--------------------------------|----------------------------------|----------------------------------|-----------------------------------|-------------------------|------------------|------------------------------------|---|--------------------|--|--|-----------------------------------|---------------------------------------|
| | | | | Climate change mitigation % | Climate change adaptation % | Climate change mitigation Y/N | Climate change adaptation Y/N | Water and marine resources Y/N | Circular economy Y/N | Pollution Y/N | Biodiversity and ecosystems Y/N | | | | | | |
| A. Taxonomy-eligible activities | | | | | | | | | | | | | | | | | |
| A.1. Environmental sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | |
| No taxonomy-aligned activities yet | | | | | | | | | | | | | | | | | |
| Opex of environmentally sustainable activities (Taxonomy aligned) (A.1) | | 0 | 0% | 0% | 0% | | | | | | | | | 0% | | | |
| A.2. Taxonomy-Eligible but not environmentally sustainable activities | | | | | | | | | | | | | | | | | |
| Maintenance and repair of energy efficiency equipment | | | | | | | | | | | | | | | | | |
| | 7.3 | 78 | 11% | 0% | 0% | N | N | N | N | N | N | N | N | | | | T |
| Maintenance and repair of charging stations for electric vehicles | | | | | | | | | | | | | | | | | |
| | 7.4 | 1 | 0,1% | 100% | 0% | N | N | N | N | N | N | N | N | | | | T |
| Opex of Taxonomy-eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (A.2) | | 79 | 11% | | | | | | | | | | | | | | |
| Total (A.1 + A.2) | | 79 | 11% | | | | | | | | | | | | 18% | | |
| B. Taxonomy-non-eligible activities | | | | | | | | | | | | | | | | | |
| Opex from Taxonomy-non-eligible activities (B) | | 644 | 89% | | | | | | | | | | | | | | |
| Total (A + B) | | 723 | 100% | | | | | | | | | | | | | | |

GRI table

| Indicator | Description | Reference |
|---|--|--|
| GRI 102: General Disclosures | | |
| The organisation and reporting practices | | |
| 102-1 | Organisational details | |
| | a Legal name of the organisation; | Cover page (see page 0) |
| | b Nature of ownership and legal form; | Public to private transaction (see page 66) |
| | c Location of the headquarters; | Our physical footprint (see page 11) |
| | d Countries of operation. | Our physical footprint (see page 11) |
| 102-2 | Entities included in the organisation's sustainability reporting | |
| | a Entities included in sustainability reporting; | Principles of consolidation (see page 69) |
| | b Differences between entities in financial and sustainability reporting; | Our sustainable strategy (see page 17) |
| | c Approach used for consolidating the information; | Principles of consolidation (see page 69) |
| | Whether the approach involves adjustments to information for minority interests; how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities; | Principles of consolidation (see page 69) |
| | ii Whether and how the approach differs across the disclosures in this Standard and across material topics. | Our sustainable strategy (see page 17) |
| 102-3 | Reporting period, frequency and contact point | |
| | a The reporting period for, and the frequency of, sustainability reporting; | 1 January 2023 to 31 December 2023 |
| | b Reason why financial reporting does not align with the period for sustainability reporting; | N/A |
| | c Publication date report; | 13 March 2024 |
| | d Contact point for questions regarding the report. | Send questions or comments to: bbholding@beterbed.nl |

| Indicator | Description | Reference |
|-------------------------------|---|---|
| 102-4 | Restatements of information | |
| | i Reasons for the restatements; | KPI Scorecard highlights (see page 31) |
| | ii Effect of the restatements. | KPI Scorecard highlights (see page 31) |
| 102-5 | External assurance | |
| | a Policy and practice for seeking external assurance, whether and how governance body and senior executives are involved; | Independent auditor's report (see page 104) |
| | b If the sustainability reporting has been externally assured; | Independent auditor's report (see page 104) |
| | i External assurance report(s) or statement(s); | Independent auditor's report (see page 104) |
| | ii What is assured and on what basis, assurance standards used, level of assurance obtained, limitations of process; | Independent auditor's report (see page 104) |
| | iii Relationship with assurance provider. | Independent auditor's report (see page 104) |
| Activities and workers | | |
| 102-6 | Activities, value chain and other business relationships | |
| | a Active sector(s); | Our value chain (see page 29) |
| | b Value chain description: | Our value chain (see page 29) |
| | i Activities, products, services and market served; | Our value chain (see page 29) |
| | ii Supply chain; | Our value chain (see page 29) |
| | iii Downstream entities and activities; | Our value chain (see page 29) |
| | c Relevant business relationships; | Our value chain (see page 29) |
| | d Significant changes in 2-6-a, b and c compared to previous reporting period. | No significant changes |

GRI table

| Indicator | Description | Reference | Indicator | Description | Reference |
|-----------|---|---|-----------|---|--|
| | iv Whether the commitments stipulate respecting human rights; | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) | 102-24 | Embedding policy commitments | |
| | b Describe its specific policy commitment to respect human rights, including: | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) | | a How it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) |
| | i The internationally recognised human rights that the commitment covers; | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) | 102-25 | Processes to remediate negative impacts | |
| | ii The categories of stakeholders, including at-risk or vulnerable groups, that the organisation gives particular attention to in the commitment; | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) | | a Its commitments to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to; | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) |
| | c Provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this; | https://www.beterbedholding.com/csr/code-of-conduct | | b Its approach to identify and address grievances, including the grievance mechanisms that the organisation has established or participates in; | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) |
| | d Report the level at which each of the policy commitments was approved within the organisation, including whether this is the most senior level; | Board level | | c Other processes by which the organisation provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to; | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) |
| | e Report the extent to which the policy commitments apply to the organisation's activities and to its business relationships; | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) | | d How the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms; | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) |
| | f Describe how the policy commitments are communicated to workers, business partners, and other relevant parties. | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) | | | |

GRI table

| Indicator | Description | Reference | Indicator | Description | Reference |
|---|--|--|---|--|--|
| 102-26 | e How the organisation tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback. | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) | 102-28 | ii Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods; | None |
| | a Mechanisms for seeking advice and raising concerns | | | c Describe the significant instances of non-compliance; | Risk management (see page 57) |
| | i The mechanisms for individuals to: | | | d Describe how it has determined significant instances of non-compliance. | Risk management (see page 57) |
| | ii Seek advice on implementing the organisation's policies and practices for responsible business conduct; | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) | | a Industry associations, other membership associations, and national or international advocacy organisations in which it participates in a significant role. | KPI scorecard highlights (see page 31) |
| 102-27 | ii Raise concerns about the organisation's business conduct. | Workers in the value chain (see page 49) Own workforce (see page 41) Our customers (see page 53) | Stakeholder engagement | | |
| | Compliance with laws and regulations | | 102-29 | Approach to stakeholder engagement | |
| | a The total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by: | None | a Describe its approach to engaging with stakeholders, including: | Stakeholder engagement (see page 18) | |
| | i Instances for which fines were incurred; | None | i The categories of stakeholders it engages with, and how they are identified; | Stakeholder engagement (see page 18) Description of the process to identify and assess material impacts, risks and opportunities (see page 26) | |
| | ii Instances for which non-monetary sanctions were incurred; | None | ii The purpose of the stakeholder engagement; | Stakeholder engagement (see page 18) | |
| b The total number and the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by: | None | iii How the organisation seeks to ensure meaningful engagement with stakeholders. | Stakeholder engagement (see page 18) | | |
| i Fines for instances of non-compliance with laws and regulations that occurred in the current reporting period; | None | 102-30 | Collective bargaining agreements | | |
| | | | a Report the percentage of total employees covered by collective bargaining agreements; | Own workforce (see page 41) | |

GRI table

| Indicator | Description | Reference | Indicator | Description | Reference |
|---------------------------------|--|--|-----------|---|--|
| | b For employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms on deployment based on collective bargaining agreements from other organisations. | Own workforce (see page 41) | | b Changes to the list of material topics compared to the previous reporting period. | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |
| GRI 103: Material topics | | | | | |
| 103-1 | Process to determine material topics | | 103-3 | Management of material topics | |
| | a The process it has followed to determine its material topics, including: | Description of the process to identify and assess material impacts, risks and opportunities (see page 26) | a | Describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |
| | i How it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships; | Description of the process to identify and assess material impacts, risks and opportunities (see page 26) | b | Report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |
| | ii How it has prioritised the impacts for reporting based on their significance; | Description of the process to identify and assess material impacts, risks and opportunities (see page 26) | c | Describe its policies or commitments regarding the material topic; | KPI scorecard highlights (see page 31) |
| | b Specify the stakeholders and experts whose views have informed the process of determining its material topics. | Description of the process to identify and assess material impacts, risks and opportunities (see page 26) | i | Actions to prevent or mitigate potential negative impacts; | KPI scorecard highlights (see page 31) |
| 103-2 | List of material topics | | ii | Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; | KPI scorecard highlights (see page 31) |
| | a List material topics; | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) | iii | Actions to manage actual and potential positive impacts; | KPI scorecard highlights (see page 31) |
| | | | e | Report the following information about tracking the effectiveness of the actions taken: | KPI scorecard highlights (see page 31) |
| | | | i | Processes used to track the effectiveness of the actions; | KPI scorecard highlights (see page 31) |

GRI table

| Indicator | Description | Reference |
|--------------------------------|---|---|
| ii | Goals, targets, and indicators used to evaluate progress; | Targets related to climate change (see page 35) Targets related to our own workforce (see page 41) Targets related to our customers (see page 53) |
| iii | The effectiveness of the actions, including progress toward the goals and targets; | Our progress in 2023 (see page 35) Our progress in 2023 (see page 35) Our progress in 2023 (see page 35) |
| iv | Lessons learned and how these have been incorporated into the organization's operational policies and procedures; | Interests of stakeholders (see page 18) |
| f | Describe how engagement with stakeholders has informed the actions taken (103-3-d) and how it has informed whether the actions have been effective (103-3-e). | Interests of stakeholders (see page 18) |
| GRI 305: Emissions 2016 | | |
| 305-1 | Direct (scope 1) GHG emissions | Climate change (see page 35) KPI scorecard highlights (see page 31) |
| 305-2 | Energy indirect (scope 2) GHG emissions | Climate change (see page 35) KPI scorecard highlights (see page 31) |
| 305-5 | Reduction of Greenhouse Gas emissions | Climate change (see page 35) KPI scorecard highlights (see page 31) |

| Indicator | Description | Reference |
|---|--|--|
| GRI 302: Energy | | |
| 302-1 | Energy consumption within the organisation | Climate change (see page 35) KPI scorecard highlights (see page 31) |
| 302-4 | Reduction of energy consumption | Climate change (see page 35) KPI scorecard highlights (see page 31) |
| GRI 306: Waste | | |
| 306-1 | Waste generation and significant waste-related impacts | KPI scorecard highlights (see page 31) Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |
| 306-3 | Waste generated | KPI scorecard highlights (see page 31) |
| GRI 401: Employment | | |
| 401-2 | Labour/management relations | Own workforce (see page 41) |
| 401-3 | Health and safety at work | Own workforce (see page 41) |
| 404-2 | Programmes for improvement of employee skills | Own workforce (see page 41) |
| 405-1 | Diversity of management and employees | Own workforce (see page 41) KPI scorecard (see page 34) |
| GRI 418: Customer privacy | | |
| 418-1 | Data security, privacy and cyber security | Risk management (see page 57) Our customers (see page 53) |
| Product - Circular product development | | |
| 103-2 | Management approach: How is this material topic managed? | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |

GRI table

| Indicator | Description | Reference |
|--|---|--|
| 103-3 | Management approach: How is this material topic evaluated? | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |
| Own indicator | # of more sustainable products (circular, modular, naturally) | KPI Scorecard (see page 34) |
| Promise - Innovation for better sleep | | |
| 103-2 | Management approach: How is this material topic managed? | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |
| 103-3 | Management approach: How is this material topic evaluated? | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |
| Own indicator | % of mattresses purchased after using Beter Slapen ID | KPI Scorecard (see page 34) |
| People - Occupational health & safety | | |
| 103-2 | Management approach: How is this material topic managed? | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |
| 103-3 | Management approach: How is this material topic evaluated? | Material impacts, risks and opportunities and their interaction with strategy and business model (see page 21) |
| Own indicator | Accidents | KPI Scorecard (see page 34) |

Sleep better,
live better.

