

# Corporate Social Responsibility

In 2011, we began reporting on Beter Bed Holding's Corporate Social Responsibility (CSR) policy. In our 2010 annual report, we also published our vision statement: 'In every country in which we operate, we intend to become the market leader in the value-for-money segment of the bed and mattress market, in a socially responsible manner'. When we adopted this vision statement, we also provided transparency in the 2010 annual report on the Beter Bed Holding Code of Conduct.

GRI 4.8

In this annual report, we are taking reporting on our CSR activities and results one step further. For 2011, we account, in an integrated report, for the manner in which we have implemented CSR in our company. We do this by reporting both on our performance in 2011 and on our objectives for the next years, in accordance with the guidelines of the Global Reporting Initiative (GRI) at application level C.

We feel it is important to report on CSR because it allows us to express our conviction that the future growth of Beter Bed Holding can only be secured in a sustainable manner if we achieve some important non-financial objectives in addition to the standard annual financial targets. We have accordingly started to formulate several specific, measurable goals in terms of people and planet in this report.

GRI 1.1

We have for instance decided internally that in addition to meeting European directives, we will have more mattresses tested by independent research institutes for hazardous substances. To minimise both health risks for our customers and environmental risks, we are aiming for testing and certification of 80% of our mattresses by 2016. Another specific CSR activity and goal is to recover all packaging materials from our customers' premises after product delivery. This enables us to recycle the material while raising customer satisfaction at the same time. In 2012 we will formulate additional, measurable goals and initiate new activities in the area of energy savings. We intend to continue to report annually on the progress we achieve. The results in this report will serve as a baseline for that purpose.

GRI PR1  
GRI PR3

GRI EN7; PR5

I personally feel it is important for all links in the chain to work even more closely together to also implement the cradle-to-cradle principles ('waste equals food') in the bed and mattress industry, in order to significantly reduce the ever-growing waste stream and quantities of hazardous substances in our industry in the long term. We are therefore pleased to announce that a number of our suppliers announced their commitment to the cradle-to-cradle philosophy in 2011. I am also strongly in favour of greater representation of women in management positions at our retail formulas in the various countries, not least because the vast majority of our customers is female.

Growth therefore goes far beyond investing in more revenue for us. For us, growth also means working towards a diverse organisation that respects humans and animals and our planet. On the basis of this vision, everyone involved in the company can contribute. We firmly believe that this will not just benefit our results and reputation, but also lead to greater satisfaction in our work.

Ton Anbeek,  
Chief Executive Officer

## Consumers

The health and satisfaction of the customers of the various retail formulas of Beter Bed Holding is the key guiding principle, each and every day, for the company's policies and conduct.

### Quality and safety of products

Beter Bed Holding sets great store by the health and safety of its customers and employees. The goal is to deliver demonstrably high quality and safe products and services. One thing this means, for instance, is that in a few years' time, a concise but clear description of the applied materials and production and transport processes must be available for the principal products.

GRI PR1

Testing mattresses for hazardous substances is an important element in guaranteeing safe products. The majority of suppliers to the company already do so themselves for the production processes and end products, and the company of course also demands guarantees for this. Over and above this, all products meet all European directives. But Beter Bed Holding wants to take this further by increasingly having the large majority of its mattresses tested and certified for hazardous substances by independent institutes. Performing those tests will further minimise the risks for our customers' and employees' health as well as environmental damage.

In 2011, the company began taking stock of the number of certified mattresses. The survey showed that in Germany, 68% of mattresses are certified, while 13% are currently being tested. In the Netherlands, 34% of all mattresses sold are currently certified; this rate is expected to increase to 55% in 2012. The goal for 2012 is for all Beter Bed Holding formulas to report on certification rates. Changes to the current range and the launch of new mattresses in the range will be used in the coming years to set higher standards for mattresses and test and certify a larger number of mattresses. In 2012, the company will take additional steps to ensure that, by 2016, 80% of mattresses included in the range of all Beter Bed Holding formulas are tested and certified.

GRI PR3

In addition to high quality and safety standards for products of the company, very high importance is accorded to the safety and health of the people working in the logistical processes. Deliveries of products in shipping containers are therefore accompanied as standard by inspections for the presence of hazardous gases performed by an outside certified institution. Also, audits are performed on a sample basis at suppliers in high-risk countries, for instance, to ensure that no hazardous substances and/or gases were used in the production process. Moreover, once every two years distribution centres and load bays of trucks in the Netherlands are tested for hazardous substances.



### **Customer satisfaction as the key to success**

Delivering good service and complaint resolution are important elements in expanding the company's retail marketing excellence. Further initiatives will be undertaken in the coming years to improve and expand procedures to raise customer satisfaction. In addition to the call centre in the Netherlands, for instance, where we respond to and handle complaints and questions from customers, new methods are being used to improve and safeguard customer satisfaction. Since the start of 2011, a more proactive approach of customers, which uses the internet and social media, has been adopted with a view to quicker and better complaints resolution. Complaints provide the company with a great deal of knowledge about customers' wishes and where to target improvements. Complaints are therefore increasingly being viewed as opportunities, and our policy has been adapted accordingly.

GRI PR5

Managerial staff also needs a proper understanding of customers' and employees' views and concerns. A start was made in 2011 in the Netherlands on ensuring that managers and supervisory staff occasionally accompany the delivery and assembly of products or visits by customer service staff to customers. They also sit alongside staff in the call centre on a more regular basis. This enables them to listen closely to what customers and employees have to say and to set up more efficient and better processes. It ultimately also provides a more secure grasp of the social and environmental aspects that play a part in business operations.

Customer satisfaction is measured by reference to the numbers of both positive and negative responses received. In addition, internal standards are applied to measure and raise customer satisfaction. An example is the 'first time right' principle, under which track is kept of the number of cases in which deliveries of products to our customers are performed correctly and completely on first delivery. The idea behind this principle is that correct and complete deliveries considerably increase the likelihood of having a satisfied customer. The goal is therefore to continually maintain the 'first time right' percentage at a high level.

## Employees

The company has worked hard and successfully in the past few years to build a high degree of operational and promotional excellence, while maintaining strong cost control. Building retail marketing excellence has been added to this as a third pillar. This centres on a clear focus on the customer and the principle that "the customer is always king". The well-trained and committed employees of Beter Bed Holding make the difference in every country, again and again, year in year out.

### **Training and development of employees**

An element in building retail marketing excellence is an even better advice and needs-driven approach to customers. Diversity, qualifications, training and development of all employees are essential to successfully pursuing the company's strategy. With that in mind, all sales staff in the Netherlands, for instance, will receive several days' training over the next few years to enable them to provide even better advice to customers.

GRI LA11

GRI LA10

The Beter Bed Academy was developed in conjunction with the NCOI Training Group and the National Consortium for Business Groups (NCvB). This gives employees of Beter Bed in the Netherlands an opportunity to take senior secondary vocational education courses and to obtain a nationally recognised senior secondary vocational education diploma (mbo). The courses offered by the Beter

Bed Academy are mbo-2 Logistics Staff (Logistiek Medewerker), mbo-3 Principal Salesperson (Eerste Verkoper) or Logistics Team Leader (Logistiek Teamleider) and mbo-4 Trade Manager (Manager Handel). Over the course of last year, 77 employees started at the Beter Bed Academy. The first participants received their diplomas in 2011. These courses referred to above improve the knowledge base of employees and the quality of the company. They also offer employees opportunities for personal development, obtaining (submodule) certificates and strengthening their position in the labour market. In the future, the courses at the Beter Bed Academy will also be provided in conjunction with other businesses, for instance, in the case of logistics courses, with Sligro Food Group.

As part of the development of our managers, annual meetings are organised to present the policy of the company or of the retail formula and exchange knowledge and experience. The intention is to focus more closely during these meetings on knowledge and activities regarding social and environmental aspects of business operations.

### Diversity

Diversity in the composition of (management) teams partly determines the company's success. In principle, internal candidates are given priority in filling vacancies that arise in management positions in the organisation. These candidates are given an opportunity to acquire the necessary knowledge via selective training courses. The company also aims to increase the number of women in management positions. Women obviously have, as do men, excellent purchasing, sales and management skills, and a very good understanding of what our customers (the majority of whom are female!) are looking for. The aim is to have appointed at least 25% women in management positions by 2016.

GRI EC7; LA13

	2011		2010	
	Men	Women	Men	Women
Store management	87%	13%	87%	13%
Senior management	88%	12%	92%	8%

In Germany two women were recently appointed as sales manager (25%). In all countries we aim to hire local people for managerial roles because, as the company firmly believes, they know best what is relevant to their customers in their markets. Consequently, the retail chain El Gigante del Colchón has been headed by a Spaniard since early 2011. At present all retail chains within Beter Bed Holding are led by local managers.

The majority of employees within the Beter Bed Holding organisation are women. Many of these are sales employees at our stores. Also, many people work part-time within the various formulas. Most employees have a contract for an indefinite period. In the Netherlands and Spain, the formulas have their own logistics operation, and as a result the percentage of male employees is slightly higher in relative terms in those countries.

GRI LA1; LA13

	2011		2010	
Number of FTEs	2,451		2,353	
	Men 34%	Women 66%	Men 34%	Women 66%
Number of employees	3,038		2,876	
	Men 29%	Women 71%	Men 29%	Women 71%
Diversity	Full-time 25%	Part-time 75%	Full-time 27%	Part-time 73%
	Indefinite period 91%	Flexible 9%	Indefinite period 91%	Flexible 9%

GRI LA1; LA13

### Employee health and satisfaction

We set great store not just by the development and training of our employees but by good working conditions and the satisfaction of employees as well. Promoting the health and satisfaction of the employees are important basic principles in determining, improving and expanding all of the company's plans and activities.

Various criteria and standards are applied for creating appropriate working conditions. These are premised on compliance with statutory and regulatory requirements in all countries in which Beter Bed Holding operates. In addition, our Code of Conduct includes basic principles for creating appropriate working conditions (see Code of Conduct on [www.beterbedholding.com](http://www.beterbedholding.com)). All employees have received a copy of this Code of Conduct and consequently know what is expected of them and what they can expect from the company.

### Percentage of signed Codes of Conduct

All business partners are likewise expected to comply with the Code of Conduct. The Code of Conduct was therefore sent to all suppliers in 2011. 66,5% of suppliers to Beter Bed Holding have already signed and returned the Code of Conduct.

GRI HR2; 4.8

In the table below the percentage of signed Codes of Conduct of the two most important countries is mentioned.

	Returned
Netherlands	70%
Germany	63%

There are annual appraisal and evaluation discussions with all employees. These are important moments to assess, for instance, the appropriateness of working conditions, whether an employee is satisfied and possible development and improvement opportunities.

GRI LA12

The last survey of employee satisfaction in the Netherlands was carried out in 2008. Beter Bed Holding intends to perform a new survey in the Netherlands for 2012.

### Absenteeism due to illness

Absenteeism due to illness is below the local national average in all countries in which Beter Bed Holding operates. Changes in absenteeism due to illness are carefully monitored. This is supported by work on measures to prevent illness and absenteeism of employees and to promote employees' return to work following a period of illness.

GRI LA7

Percentage of absenteeism due to illness	2011	2010
The Netherlands	3.4%	3.8%
Germany	3.5%	3.0%

## Environment

The environment is considered in all activities of the company. We are working hard to save energy, to reduce CO<sub>2</sub> emissions, mileages driven and packaging waste, use progressively less environmentally hazardous substances and to promote recycling wherever possible.

GRI EN18

### Reducing our footprint

During the year under review a start was made on collecting and collating data on the ecological footprint of Beter Bed Holding. The reports on data for flight mileages, fuel, electricity and gas consumption in this document will serve as a baseline to assess our performance in the coming years. Both near and long-term goals will be formulated in the coming year on the basis of these reports. The aim is to further improve and, where possible, standardise and expand our data collection in 2012.

GRI EN7

At the same time, new activities will be looked at in 2012 that contribute to reducing the company's footprint. An appropriate balance is sought in all energy saving initiatives between environmental aspects, cost aspects and customer satisfaction. For instance, specific ways will be considered this year to reduce electricity and gas consumption by using different lighting, switching lights off earlier in the evenings, discussing the subject of better insulation with landlords etc. An Energy Performance Advice plan was recently drawn up for the distribution centre in Uden and the head office. The actions it designated as having cost pay-back periods of less than five years will be carried out.

Another way in which the company is seeking to reduce its impact on the environment is by optimising the design of logistics processes. More efficient routes and more addresses on a route translate into fewer kilometres and therefore less fuel, for instance. This benefits the environment and also presents costs savings. It is a major challenge to take this further in the next few years while at the same time continuing to work on ensuring that customer deliveries are as swift and flexible as possible.

	2011	2010
Electricity	32,900 MWh	33,450 MWh
Natural gas	2,220,000 m <sup>3</sup>	2,140,000 m <sup>3</sup>
Diesel	1,090,000 litres	1,040,000 litres
Gasoline	50,000 litres	59,000 litres

Total electricity consumption in 2011 was 32,900 MWh. Electricity consumption at the stores was 76 kWh per square metre of floor space.



According to Milieu Centraal the electricity consumption of a Dutch household equals 3,500 kWh. The electricity consumption of Beter Bed Holding is therefore equal to that of 9,400 households, or all inhabitants of the town of Castricum in the province North Holland (the Netherlands).

GRI EN3

Total gas consumption for 2011 was 2,220,000 m<sup>3</sup>. Gas consumption at the stores totalled 5 m<sup>3</sup> per square metre of floor space.



According to Milieu Centraal the gas consumption of a Dutch household equals 1,600 m<sup>3</sup>. The gas consumption of Beter Bed Holding is therefore equal to that of 1,400 households or all inhabitants of the town of Baarle-Nassau in the province North Brabant (the Netherlands).

GRI EN4

In 2011, Beter Bed Holding emitted a total of 22.7 million kilos of carbon dioxide. Carbon emissions at the stores totalled 55 kilos per square metre of floor space.



According to Milieu Centraal the CO<sub>2</sub> emissions of a Dutch household equal 9,000 kilograms CO<sub>2</sub>. The emissions of Beter Bed Holding are therefore equal to those of 2,500 households or all inhabitants of the town of Ruurlo in the province Gelderland (the Netherlands).

GRI EN16

	2011	2010
CO <sub>2</sub> emissions	22,700 tonnes	22,600 tonnes
<b>Scope 1: Direct emissions</b>		
Gas consumption	4,000 tonnes	3,900 tonnes
Freight transport	1,500 tonnes	1,500 tonnes
<b>Scope 2: Indirect emissions</b>		
Electricity	15,000 tonnes	15,200 tonnes
<b>Scope 3: Other emissions</b>		
Flight transport	70 tonnes	70 tonnes
Home-work commuting	2,100 tonnes	2,000 tonnes

## Recovering and recycling packaging materials

In many of the countries in which Beter Bed Holding operates, customers themselves take the products back to their home from the store (cash & carry-formula). In the Netherlands and Spain, the products are delivered to customers' homes. At present the packaging materials are mostly left with the customer. The company has recently decided to change this and to recover the waste after delivery. This provides it with greater control over where the waste, mainly plastic and cardboard, ends up and gives us an opportunity to separate the waste. In addition, and this is certainly not unimportant, many customers will be happy to see the packaging materials being removed from their premises.

GRI EN22

GRI EN27

The goal for both the Netherlands and Spain is to remove and separate 100% of the packaging materials after delivery by 2015. This will impact the organisation of the logistical processes. The possible extra costs do not outweigh the results, however; better waste separation, recycling and a higher degree of customer satisfaction.

	2011	2010
Paper and cardboard	2,600 tonnes	2,500 tonnes
Other waste	3,500 tonnes	3,400 tonnes
Recycled waste	30%	31%

In the years ahead the company will also report on progress in the areas of waste collection and recycling. In addition we will select a waste processing company that is able to guarantee that as much as possible of the material is actually recycled.

GRI EN22

The company is seeking to transition in the coming years from environmentally benign to environmentally beneficial operations.

## Reporting standards

This is Beter Bed Holding's first report on its activities and progress in the field of Corporate Social Responsibility (CSR). As is the case for its CSR policy and CSR performance, the company is a learning organisation in the field of reporting as well. This report presents both qualitative and quantitative information on the 2011 calendar year. Where possible the information is integrated into the financial chapters. To structure content and to present the issues concerned in a cohesive manner, it has been decided to consolidate a major portion of the information in the chapter Corporate Social Responsibility.

GRI 3.5

The report is supplemented by extra information on [www.beterbedholding.com](http://www.beterbedholding.com), where the Code of Conduct of Beter Bed Holding and the GRI table are also available.

GRI 4.8

## Compliance with GRI guidelines

Beter Bed Holding has opted to report in conformity with the Global Reporting Initiative (GRI). This aligns our reporting with the GRI G3 standard, currently the most widely used standard throughout the world. Beter Bed Holding aims to grow in an organic and pragmatic manner in reporting on CSR. On the company's request, the consulting firm MVOplossingen has confirmed that the CSR report reports at the application level C. The basis on which it has been verified by a third party is described in the next chapter.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* Indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\* Sector supplement final version

## Selection of topics

It has been decided to implement the selection of the performance indicators in a practical manner for this first report. This means that the availability of data provided a basis for the selection of the performance indicators. This report will be discussed with various groups of stakeholders in the coming year, including shareholders, the Dutch Association of Investors for Sustainable Development (VBDO) and our own management teams. The discussions with these stakeholders will clarify whether the selection needs to be extended.

GRI 4.14; 4.15  
GRI 4.16; 4.17

## Scope of the report

In this report for the 2011 calendar year, Beter Bed Holding reports on all formulas in the Netherlands, Germany, Switzerland, Spain, Austria and Belgium. Departures from this basis are explicitly designated in this report.

GRI 2.9; 3.1;  
3.6; 3.7

## External assessment of the report by MVOplossingen

In the judgement of MVOplossingen, the report of Beter Bed Holding comfortably meets the application level C. The GRI table (see website [www.beterbedholding.com](http://www.beterbedholding.com)) shows where the profile and performance indicators are reported. MVOplossingen has stated in that table whether the indicator concerned is reported on in full or in part. The GRI table also refers to the page where the information is to be found. Lastly, the report states the place in the text where the indicator is discussed. Overall, Beter Bed Holding has reported on 22 performance indicators of which 15 in full and 7 in part.

In addition to this assessment in terms of transparency and quantity, MVOplossingen has qualitatively assessed the report in terms of relevance and materiality.

## Relevance

The relevance of the information depends on the need of stakeholders for the information provided. Beter Bed Holding did not engage in stakeholder dialogue ahead of its first integrated report.

GRI 4.14; 4.15

The relevance assessment therefore focuses on a comparison of the report with annual reports of other Dutch retail organisations. In addition the topics as published by the VBDO on the internet have also been taken into account in the assessment. On the basis of that information, the following topics are considered to be the most relevant:

- The importance of safe products and good services delivered to customers.
- Training and development opportunities for employees including the subject of diversity.
- Health and satisfaction of employees.
- The ecological footprint, represented as the CO<sub>2</sub> emissions of the organisation.
- Compliance with the Code of Conduct, as published on [www.beterbedholding.com](http://www.beterbedholding.com).

GRI 4.8

Accordingly, in the judgement of MVOplossingen, Beter Bed Holding reports on all relevant topics.

MVOplossingen has urgently advised Beter Bed Holding to engage in dialogue with the various stakeholder groups, particularly the shareholders, the VBDO and employees, on the topics in the annual report.

GRI 4.16; 4.17

## Materiality

The materiality of the information is determined by the importance of the information provided for the organisation as a whole. In terms of the organisation, all major business units are included in the report. Only the activities in Poland, whose share in revenue is negligible, have not been included.

For the continued existence of the organisation in the longer term, it is crucially important for Beter Bed Holding that its products do not cause any harm to its customers. The subject of consumer safety is therefore not only described but also accompanied by a goal.

The ecological footprint, the impact of the organisation on the environment, of a retail chain consists mainly in its electricity and gas consumption. Both sources of energy are reported on. Beter Bed Holding has logistical operations of its own in both the Netherlands and Spain, and litres of fuel consumed are reported as well in both countries.

In the judgement of MVOplossingen, the report of Beter Bed Holding meets the materiality requirements to be set for a GRI report at the application level C.

Arnhem, the Netherlands, 1 March 2012

Menno Kuiper,  
Specialist in sustainability reporting at the consulting firm MVOplossingen

# GRI Table

Legend	
 Fully reported	
 Partly reported	
N.r.	Not reported
N.a.	Not applicable
→	Reference to chapter or paragraph in the annual report
www	

Strategy and analysis		Report
1.1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy. → Introduction → Introduction of chapter Corporate Social Responsibility	 35 5
1.2	Description of key impacts, risks and opportunities.	N.r.

Organisational profile		Report
2.1	Name of the reporting organisation. Beter Bed Holding	 Cover
2.2	Primary brands, products, and/or services. → Formulas	 Cover 10-12
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	 13 22
2.4	Location of the organisation's headquarters.	 Cover
2.5	Number of countries where the organisation operates and, names of countries with either major operations or that are specifically relevant for the sustainability issues covered in the annual report.	 Cover 13
2.6	Nature of ownership and legal form.	 Cover
2.7	Markets (geographic breakdown, sectors served and types of customers/beneficiaries).	 13 10-12
2.8	Scale of the reporting organisation.	 9 26-30
2.9	Significant changes during the reporting period regarding to size, structure, or ownership.	 43 4 13 14 17
2.10	Awards received in the reporting period.	N.r.

Report Parameters		Report	
3.1	Reporting period (e.g., fiscal/calendar year) for information provided. Calendar year 2011	GRI	Cover
3.2	Date of the most recent previous report (if any). 17-03-2011	GRI	Cover
3.3	Reporting cycle (annual, biennial, etc.) Annual	GRI	5
3.4	Contact point for questions regarding the report or its contents.	GRI	Cover
3.5	Process for defining report content. → Reporting guidelines		42
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). → Scope and limitations of the report	GRI	43
3.7	State any specific limitations on the scope or boundary of the report → Scope and limitations of the report	GRI	43
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	N.a.	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	N.r.	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	N.a.	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	N.a.	
3.12	Table identifying the location of the Standard Disclosures in the report.  www.beterbedholding.com	GRI Index www	
3.13	Policy and current practice with regard to seeking external assurance for the report.	N.a.	

Governance, Commitments and Engagement		Report	
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. → Personal profiles	GRI	49-52 24-25
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).  The Supervisory Board has an independent and non-managerial position within Beter Bed Holding. www.beterbedholding.com	GRI	49-52 24-25 www
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	N.a.	

Governance, Commitments and Engagement		Report
4.4	Mechanisms for shareholders and employees to provide recommendations or directions to the highest governance body.  → Investor Relations policy → Corporate Governance <a href="http://www.beterbedholding.com">www.beterbedholding.com</a>	GRI 51 17 www
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance). Remuneration report	GRI 53-55
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided. → Corporate Governance <a href="http://www.beterbedholding.com">www.beterbedholding.com</a>	GRI 46-47 www
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics. <a href="http://www.beterbedholding.com">www.beterbedholding.com</a>	GRI 49-52 www
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.  <a href="http://www.beterbedholding.com">www.beterbedholding.com</a>	GRI 35 19 21 42 39 44 www
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	N.r.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. → Report of the Supervisory Board	GRI 48
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	N.r.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	N.r.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	N.r.

Governance, Commitments and Engagement		Report
4.14	List of stakeholder groups engaged by the organisation.	GRI 43 44 17
	Shareholders, VBDO, Management Beter Bed Holding	
4.15	Basis for identification and selection of stakeholders with whom to engage.	GRI 43 44
	Pragmatic selection, with check after report by dialogue.	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	GRI 43 44
	→ Selection of the subjects	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	GRI 43 44
	→ Selection of the subjects	
Economic Performance Indicators		Report
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	GRI 9 8 48
	→ Financial Statements	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	N.r.
EC3	Coverage of the organisation's defined benefit plan obligations.	GRI 70
	→ Financial Statements	
EC4	Significant financial assistance received from government.	N.r.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	N.r.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	N.r.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	GRI 38 30
	→ Employee - Diversity	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	N.a.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	N.r.
Environmental Performance Indicators		Report
EN1	Materials used by weight or volume.	N.r.
EN2	Percentage of materials used that are recycled input materials.	N.r.
EN3	Direct energy consumption by primary energy source.	GRI 41
	Gas: 2,220,000 m <sup>3</sup>	
	Diesel: 1,090,000 litres	
	Gasoline: 50,000 litres	

Environmental Performance Indicators		Report
EN4	Indirect energy consumption by primary source. Electricity: 32,900 MWh	GRI 41
EN5	Energy saved due to conservation and efficiency improvements.	N.r.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	N.r.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	GRI 40 35 20 21
	→ Environment - Reducing of footprint	
EN8	Total water withdrawal by source.	N.a.
EN9	Water sources significantly affected by withdrawal of water.	N.a.
EN10	Percentage and total volume of water recycled and reused.	N.r.
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected.	N.r.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	N.r.
EN13	Habitats protected or restored.	N.a.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	N.a.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N.a.
EN16	Total direct and indirect greenhouse gas emissions by weight. Total CO <sub>2</sub> emissions 22,700 ton CO <sub>2</sub> Scope 1: 5,500 ton CO <sub>2</sub> Scope 2: 15,000 ton CO <sub>2</sub> Scope 3: 2,170 ton CO <sub>2</sub>	GRI 41
EN17	Other relevant indirect greenhouse gas emissions by weight.	N.r.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. → Environment - Reducing of footprint	GRI 40
EN19	Emissions of ozone-depleting substances by weight.	N.r.
EN20	NO, SO, and other significant air emissions by type and weight.	N.r.
EN21	Total water discharge by quality and destination.	N.r.
EN22	Total weight of waste by type and disposal method. Waste = 6,100 ton, of which 2,600 ton consists of paper and cardboard Recycled waste: 30%	GRI 42
EN23	Total number and volume of significant spills.	N.a.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	N.a.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	N.r.

Environmental Performance Indicators		Report	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	N.r.	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category. → Environment - Recovering and recycling packaging materials	GRI	42 5
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	N.r.	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	N.r.	
EN30	Total environmental protection expenditures and investments by type.	N.r.	

Labor Practices and Decent Work Performance Indicators		Report	
LA1	Total workforce by employment type, employment contract, and region. → Employees - Diversity	GRI	38-39
LA2	Total number and rate of employee turnover by age group, gender, and region.	N.r.	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	N.r.	
LA4	Percentage of employees covered by collective bargaining agreements.	N.r.	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	N.r.	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	N.r.	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. → Employees - Absenteeism	GRI	40
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	N.r.	
LA9	Health and safety topics covered in formal agreements with trade unions.	N.r.	
LA10	Average hours of training per year per employee by employee category. → Employees - Education and development	GRI	37 30
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. → Employees - Education and development	GRI	37-38
LA12	Percentage of employees receiving regular performance and career development reviews. 100%	GRI	39
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. Supervisory Board 24, 48 Management 25, 38 Employees 38-39	GRI	24-25 48 38-39
LA14	Ratio of basic salary of men to women by employee category.	N.r.	

Human Rights Performance Indicators		Report
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	N.r.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions. 60% of the suppliers has signed the code of conduct.	GRI 39
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	N.r.
HR4	Total number of incidents of discrimination and actions taken.	N.r.
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	N.r.
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	N.r.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	N.r.
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	N.a.
HR9	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	N.a.

Society Performance Indicators		Report
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	N.r.
S02	Percentage and total number of business units analysed for risks related to corruption.	N.r.
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures.	N.r.
S04	Actions taken in response to incidents of corruption.	N.r.
S05	Public policy positions and participation in public policy development and lobbying. → Code of conduct - How do we deal with political issues?	GRI www
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. € 0 → Code of conduct - How do we deal with political issues?	GRI www
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	N.r.
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	N.r.

Product Responsibility Performance Indicators		Report	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	GRI	36 32 20 35 5
	→ Customer - Quality of our products		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	N.r.	
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	GRI	36 35
	68% of the mattresses in Germany has been tested and certified. 34% of the mattresses in the Netherlands has been tested and certified. Objective: 80% in 2016		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	N.r.	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	GRI	37 4 5 35
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	N.r.	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	N.r.	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	N.r.	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	N.r.	

# Code of Conduct

## Code of Conduct

### **What are our basic criteria?**

- Beter Bed Holding N.V. complies with the laws and regulations applicable in all countries in which we operate.
- We support and honour human rights in accordance with the Universal Declaration of Human Rights.
- We do not cooperate with any organisations that violate human rights or make use of child labour.
- We also expect our business partners to compensate their employees in accordance with the laws and regulations applicable in the country concerned. Under no circumstances may employees be discriminated against or exploited, nor may they be required to perform forced labour. Employees must enjoy freedom of association, including the right to form and join trade unions.
- Our partners will provide healthy workplaces and a healthy working environment.
- Justice, honesty, integrity and transparency are inherent to all the relationships we establish with others.

### **What do we expect from our employees, and what can they expect from us?**

- We aim to provide our employees with a working environment that fosters and promotes continuous improvement, commitment, flexibility, trust and enterprise.
- All employees must work in a safe and healthy environment and be offered the opportunity to develop.
- Every individual counts and is respected.
- All employees have access to information and consultation processes.
- We comply with privacy laws and regulations. Any personal data relating to our employees are treated with care. We expect the same from our employees in relation to the privacy of their colleagues or employers.
- In the workplace, our employees are expected to conduct themselves in an honest, ethical and fair manner, in accordance with the applicable laws and regulations and with accepted standards of decency.
- Our products, brands and company name are discussed in social media on a daily basis, including on networks used by our employees. Here, too, we expect them to comply with accepted standards of decency and conduct themselves online in the same manner as in the workplace. Business-critical and confidential information must not be shared. Customers, shareholders, colleagues and competitors may not be compromised by any information relating to our employees.
- Leadership, enterprise, trust and excellence are the core values of the Beter Bed company culture.

### **What can consumers expect from us?**

- We would like to build long-term, personal relationships with as many customers as possible, based on honest and sound advice. Our products always provide good value for money. We must not disappoint our customers as regards the sustainability, usefulness and safety of our products.
- We value service, flexibility and custom work very highly. Labels, quality labels, advertisements and our communications regarding our products and services must not be misleading. Beter Bed therefore complies with the rules prescribed by the Advertising Code.

- In the event of any complaints, we are always willing to engage in dialogue with our customers, and we will handle these complaints in a fair and reasonable manner in order to reach a solution.

#### **How do we like to conduct business?**

- Beter Bed works with international suppliers. In selecting these suppliers, both the commercial and the ethical aspects of the relationship are important. Our way of conducting business must be compatible with our standards and values.
- With our business partners, too, we aim to build long-term relationships, based on the condition that both the supplier and its suppliers and subcontractors comply with the laws and regulations applicable in their country.
- We neither offer nor accept bribes or other improper inducements for the purpose of business gains. Employees are prohibited from offering gifts or payments that might be interpreted as bribes. Any request or offer for bribes must be reported to the management.
- It is important to us that all transactions are recorded accurately, completely and in a timely manner, in accordance with the accounting principles applicable at the company. This improves transparency throughout the organisation. All funds and operating assets must be correctly administered.
- In addition, we assume that our competitors operate in a similarly honest and ethical manner. Accordingly, employees of Beter Bed are not permitted to discredit any of our competitors or disadvantage them by illegal means.
- We do not abuse any economic power position we might enjoy, nor do we make (secret) arrangements with third parties that violate the applicable competition laws.
- We aim to prepare our financial statements such that they are as transparent as possible, as well as to continuously improve our accountability to the Supervisory Board. We respect the voice and the protection of our shareholders. In our annual report, we account for our implementation of the Dutch Corporate Governance Code.

#### **What are our requirements for the manufacture and transport of our products?**

- We comply with strict rules for the import and transport of our products. For example, products imported from overseas must be transported in containers that have been confirmed to be gas-free by an independent agency in the port of, for example, Rotterdam. We do not accept any containers that have not been officially confirmed to be gas-free. In addition, we regularly test products transported in these containers for the presence of hazardous substances.
- We aim to provide safe products and services at all times. This means that for all products, a full description must be provided of the materials, production processes and transport processes utilised, and we aim to have safety tests in place for all our products.
- If it is established that a particular substance is hazardous to health or harmful to the environment, we immediately bar this substance and actively search for better alternatives, in partnership with our suppliers. Substances that are banned in Europe are prohibited from use. We closely monitor the positions of, and developments at, non-governmental organisations in order to stay ahead of regulations.
- Our products are not available in stores until we and our suppliers have tested them extensively for safety (including public health and construction), sustainability, and compliance with European regulations. For these tests, we work together with our suppliers, and, increasingly, with independent agencies. If a product does not comply, we find acceptable alternatives instead.

#### **How do we consider the environment?**

- We are mindful of the environment in all our practices, both in the manufacturing process and in relation to the products themselves. To the extent possible, we make an effort to save energy and reduce carbon emissions, our mileage and the amount of packaging waste produced, as well as to gradually reduce our use of environmentally harmful substances and promote recycling (based on biodegradable and technically reusable materials).
- The wood used in our products is legal and its origin is documented. We do not purchase any types of wood listed in appendix I of the CITES list (Convention on International Trade in Endangered Species).
- We also expect our suppliers to contribute positively to the well-being of humans, animals and the environment. We reject any form of violation of animal welfare at all times. We only use down and feathers from animals that were killed before the down and feathers were removed. Furthermore, we do not use products from suppliers that use ingredients derived from animals that were abused for the production of foie gras.

#### **How do we deal with political issues?**

- While we respect the political views of our employees, their opinions must never be presented as reflecting those of Beter Bed as an organisation.
- As a rule, Beter Bed does not become involved in politics and does not express any value judgments regarding political systems, parties or opinions.
- Employees are prohibited from using Beter Bed funds, property or services in order to contribute to political parties or their representatives. We, for our part, will never exert pressure in order to induce employees to provide political or financial support to any political party or its representatives.

#### **Compliance with our Code of Conduct**

As the Code of Conduct contains general rules, it cannot provide for every situation.

We expect that all our employees, as well as our business associates, are able to assume their responsibility and act in compliance with this Code of Conduct.

We conduct tests on a random basis and request that our business associates permit the performance of unannounced tests. Any necessary changes are inspected after two months; if, upon re-inspection, it emerges that they still do not comply, we terminate the partnership.