

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR at Beter Bed Holding

Within Beter Bed Holding N.V. and its operating companies, corporate social responsibility and healthy business practices go hand in hand. In Beter Bed Holding N.V.'s vision, its subsidiaries make a positive contribution to the society in which they operate. As such, corporate social responsibility is a fundamental part of our daily activities, and goes hand in hand with financially responsible operations.

Ton Anbeek: 'What we do needs to be good for people, animals and the planet, and therefore also for our customers, employees and business partners. To us, growth is much more than investing in more revenue. We firmly believe that this vision does not just benefit our results and reputation but also provides greater satisfaction in what we do. We do not only want to do things right but also and especially want to do the right things, in a financially sound manner.'

CSR is a standing agenda item in the Beter Bed Holding management meeting. With its flat, lean structure, the company can act on CSR directly. The management's open attitude ensures that CSR-related initiatives find their way into the organisation quickly and readily.

In 2012, the company committed to the United Nations' Global Compact Code. The ten principles identified within it are the foundation for all actions. These are set out in the codes of conduct for the company's own personnel and its strategic suppliers which are available on www.beterbedholding.com.

As in previous years, this report has been reviewed by MVOplossingen, an external CSR consultancy. The findings relating to CSR solutions concerning this report are described at the end of this section.

It is important for a successful CSR strategy to set ambitious goals in a modest context: they must be relevant, make a positive contribution and be attainable with our own resources within a period of three years.

This report covers the CSR activities undertaken in 2013 and the results achieved in light of the long-term (non-financial) targets formulated in 2012. The table shows what Beter Bed Holding N.V. achieved in the individual areas in 2013.

CSR targets at a glance

Subject	2013	2012	2011	Objective		
Chain management	100%	97%	52%	2013	100%	Codes of conduct signed
Diversity in management	22%	16%	13%	2016	30%	Women in management
Sickness-related absenteeism	3.5%	3.2%	3.5%	2016	3%	Germany
Sickness-related absenteeism	4.3%	4.8%	3.4%	2016	3.5%	The Netherlands
Safe products	77%	62%	49%	2016	80%	Certified mattresses
Energy consumption	275,000 GJ	270,000 GJ	255,000 GJ	2016	235,000 GJ	
Recycled waste	46%	46%	45%	2016	75%	

Over the past three years, Beter Bed Holding has made great strides in the area of CSR reporting, with the scores against the transparency benchmark being the testament to this progress as shown below.



This report closes this initial three-year period of communication on CSR, setting the stage for the new G4 directive. This means that the report limits itself to the key issues to a greater extent than in the past. The detail and background information are included in the GRI index on www.beterbedholding.com. The actual switch to G4 will be made in 2014. Going forward, the company will then be actively entering into dialogue with its stakeholders on the new reporting areas and their corresponding targets.



Consumers

The health and satisfaction of the customers of the individual store formulas of Beter Bed Holding are the most important foundations of the policy and activity of the company. This is why in 2011 the organisation formulated targets designed to improve the quality and safety of its products, as well as customer satisfaction.

Quality and safety of products

In 2013, the percentage of mattresses tested and certified for hazardous substances in our two biggest markets, Germany and the Netherlands, increased from a combined total of 62 to 77. The goal for 2016 is to ensure that 80% of the total range of mattresses and across all Beter Bed Holding formulas is tested and certified.

The Netherlands Food and Consumer Product Safety Authority (NVWA) carried out a Product Safety system inspection and Audit at Beter Bed. The NVWA has faith in the way in which Beter Bed has organised and implements its product safety process. The outcome of the system inspection and audit is that Beter Bed is only subject to limited supervision by NVWA in the next three years.

The results of the 2012 quality of service test resulted in a rating of the service of Matratzen Concord among German consumers at 1.9 (GUT). This biennial test is due to be conducted again by consumer testing agency Tüv Saarland in 2014.

Beter Bed has been appreciated by its customers extremely highly for 30 years now. The image of its stores, the price/quality ratio, the knowledgability of its sales staff, the warranties and the after-sale service are all rated consistently highly across the board. The follow-up calls to customers within a few weeks after the purchase of a mattress are found to be particularly customer-friendly. Beter Bed Holding also uses comments and suggestions that reach it via social media to improve its services.

The goal of maintaining the percentage of 'first time right deliveries' (delivery complete and to the customers' full satisfaction on the first attempt) above 95% was again achieved in 2013.

In the Netherlands, products are delivered to the customer's home. Collecting and disposing of all packaging material after delivery has been standard procedure since February 2013. For a small fee, old mattresses are now taken in and recycled by our environmental partner Van Gansewinkel.

Staff

Staff training and development

Every employee receives an individual evaluation and performance interview every year. Beter Bed Holding is highly concerned with and involved in the training and development of its employees, as evidenced by the establishment of the Beter Bed Academy in 2010 in collaboration with the NCOI and the National Consortium for Business Groups. In 2013, 128 employees began a phased entry into the programmes of the Beter Bed Academy in the Netherlands, and 171 earned a diploma or partial certificate in 2013 (a 81% success rate).

Diversity

Diversity in the composition of management and other teams is a major ambition pursued by Beter Bed Holding. The efforts in this area have led to an increase in the number of women in management positions from 19 to 28 in 2013.

Employees	2013	2012	2011
Men	819	864	881
Women	2,196	2,220	2,111
Total	3,015	3,084	2,992

Management	2013	2012	2011
Men	99	103	106
Women	28	19	16
Total	127	122	122

Safety

Alongside maintaining a high standard for safety and quality of products, the company is highly concerned with the safety and health of the people behind our logistic processes. This is why in 2013 we conducted another random survey of the distribution centres and cargo bays of our delivery trucks in the Netherlands for hazardous instances. Beter Bed Holding is pleased to report again, in line with its expectations, that no hazardous substances were found.

Sickness-related absenteeism

Sickness-related absence fell slightly from 3.7% to 3.6% across the group in 2013. The figures for 2013 include figures on absenteeism for Austria and Switzerland for the first time. More extensive and effective support in cases of work-related absence due to illness and a lower number of people with long-term illnesses in the Netherlands contributed to the decrease. Absenteeism due to illness in Germany edged up due to a higher number of people with long-term illnesses.

Suppliers

In the selection of suppliers, Beter Bed Holding is highly concerned with both the commercial and the ethical sides of the relationship. The method of doing business must be compatible with the standards and values of Beter Bed Holding with a view to long-term relationships with the business partners. One of the things this requires is that both the supplier itself and its own suppliers adhere to all applicable laws and rules in their own countries. In 2013 the company severed its relationship with one supplier that proved to be unable to sign the code of conduct. Apart from this one exception, all suppliers signed the code of conduct in 2013. The company also conducted two audits of suppliers, which revealed no violations of the code of conduct.

The code of conduct is available at our website, www.beterbedholding.com, under CSR.



Other stakeholders

A number of different stakeholders sought contact with Beter Bed Holding in 2013 in reference to the CSR policy and the reporting on it. The recommendations received from them were largely adopted.

VBDO, the Association of Investors in Sustainable Development, approached us with the request for active dialogue with stakeholders. This is very much in keeping with the policy to move towards reporting under the new GRI G4 directive, which advises companies to open this dialogue with personnel, customers, shareholders, suppliers and NGOs. In 2014, Beter Bed Holding will invite stakeholders for a dialogue session on the topics that are reported as well as the targets that will be adjusted.

New initiatives

Once again, this year the organisation received proposals with the objective of improving the performance in the field of CSR. The improvements proposed and implemented include:

- Introduction of Net Promotor Score method to measure customer satisfaction.
- Launch of active management of energy meters in order to better control energy consumption.
- Use of led lighting for illuminated shop signs in branches.
- Acquisition of new delivery trucks with the highest Euro standard (Euro6).
- Since early 2013, the staff of Beter Bed have been collecting all packaging materials following delivery and installation at the customer's home.
- As from October 2013, for a small fee customers can have any old mattresses collected by the employees of Beter Bed. The company then arranges for their disposal by the Van Gansewinkel firm.

Environment

Environmental awareness, or the strive to 'reduce our footprint,' is something that is supported and encouraged organisation-wide. Activities in this area are designed to save energy and reduce CO₂ emissions wherever possible, minimise kilometres driven and packaging waste produced, use less environmentally harmful materials and promote recycling. Also in 2013, the organisation worked very hard to improve the availability and quality of the figures reported. Despite this, the company is still unable to report exact figures on gas and fuel oil and waste as derived from supplier invoices in every case. Consequently, some elements of these figures are estimates.

Environmental burden

	2013	2012	2011
CO ₂ emissions (tonnes)	24,286	24,389	23,507
Energy consumption (GJ)	275,000	270,000	255,000
Waste (tonnes)	4,400	5,200	6,100

More detailed information can be found in the GRI Index at www.beterbedholding.com.

Beter Bed Holding's environmental footprint

CO₂ emissions in 2013 were 24,286 tonnes, up 1.5% from 2010. This increase is attributable almost in full to the increased energy consumption due to the cold winter. CO₂ emissions per FTE were unchanged at 10.2 tonnes, which is 21% higher than the CO₂ emissions of an average household in the Netherlands.

Beter Bed Holding is focusing on reducing electricity consumption and in 2013:

- introduced smart energy meters for better control of consumption;
- continually consulted with specialists to take location-specific measures;
- used energy-saving lighting systems.

Electricity consumption per FTE has been reduced by 10% since 2010.

Heating offices and stores is another major source of CO₂ emissions. Owing to the weather conditions, the reduction of natural gas consumption was slower than expected in 2013. Natural gas consumption per m² retail area decreased with 1% in comparison with 2010.

The following table shows CO₂ emissions by source:

	2013	2012	2011
Natural gas	7,935	7,013	6,458
Fuel oil	2,055	2,007	1,592
Diesel	1,261	1,389	1,239
Electricity	11,307	12,122	12,369
Air travel	24	35	38
Commute travel	1,704	1,823	1,811
Total	24,286	24,389	23,507

Recycling

The 2015 target for the Netherlands is to separate and reuse 100% of post-delivery packaging materials. The 2013 target for collection and separation of packaging was fully met.

	2013	2012	2011
Paper and cardboard (tonnes)	1,900	2,300	2,600
Other waste (tonnes)	2,500	2,900	3,500
Waste recycled	46%	46%	45%

Beter Bed Holding is aiming to achieve recycling of 75% of waste by 2016. Talks with waste processing businesses have made it clear that it is impossible for them to monitor the waste streams of individual customers. They can however report their own waste processing percentages. This target will therefore be reformulated in 2014.

In the next few years, the company will formulate its goals for the re-use and recycling of materials by the supplier (including mattresses). The aim is to reach explicit agreements on the actual recycling of all returned materials.

External Assessment

Reporting guidelines

In this report, Beter Bed Holding is reporting for the third time on its activities and progress in the field of Corporate Social Responsibility (CSR) in accordance with the guidelines of the Global Reporting Initiative (GRI). This report and the associated GRI Index are provided in anticipation of the new G4 reporting guidelines. The actual transition to G4 will take place next year.

The codes of conduct and the GRI Index including the definitions used are available on www.beterbedholding.com.

Scope and framework of the report

In this report on the calendar year 2013 Beter Bed Holding reports on all formulas in the Netherlands, Germany, Switzerland, Spain, Austria and Belgium. As in the previous year, the CSR information in this report covers 99% of the number of FTEs. Information on details in the GRI Index may depart from this standard. In that specific case, the deviation from the coverage ratio is stated explicitly.

Consistency in reporting process

The figures presented in this report have been derived on the basis of consistent definitions and are therefore comparable to those of prior years.

The group controlling staff was also closely involved in compiling and verifying the quantitative data.

Selection of topics

In line with its standard practice, the organisation is developing its CSR policy and reporting in an organic and pragmatic manner. Beter Bed Holding has determined which topics are material for it on the basis of a materiality review among industry peers. The GRI index contains a detailed version of the reporting guidelines, including the materiality matrix for Beter Bed Holding.

In selecting the topics, the choices made by industry peers have not been adopted on a one-on-one basis. Where in the judgement of Beter Bed Holding the company-specific materiality differs from that for the industry, this choice is described and discussed. The selection of topics will be discussed in a stakeholder dialogue in 2014, in which Beter Bed Holding will ask its stakeholders to critically review the selection of CSR topics and submit its new targets for assessment. This process will provide a basis for reporting for the coming period of three years.

Conclusion

In MVOplossingen's opinion, the report of Beter Bed Holding provides a good and accurate view of the business and its operations in the field of CSR. While the report is limited to the key issues, the reporting in the GRI Index is characterised by a high degree of detail.

MVOplossingen believes that this report in combination with the CSR information in the GRI Index on www.beterbedholding.com is an appropriate basis for engaging in dialogue with the stakeholders.

Arnhem, the Netherlands, 13 March 2014

Menno Kuiper, Specialist on communications on CSR in annual reports of the consultancy firm MVOplossingen