

BeterBed
holding



CSR report
2019

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Statement of the CEO

Statement of the CEO



Dear reader,

2019 was a very challenging year for Beter Bed Holding N.V. as a group. Despite reasonably good order intake in the Benelux, Sweden and within DBC, the business was severely affected in the first quarter suffering failing deliveries from a major part of our suppliers. This led to inefficiencies, customer complaints, higher costs and lower sales.

During the course of the first half year all these issues were managed, however it has been proven to be difficult to recover the direct and indirect costs related to these issues. At the same time the projected recovery of Matratzen Concord was too slow after a well-managed reorganisation in the second half of 2018 by which 172 stores were closed, 64 FTE were made redundant and around € 10 million of stock was reduced. The new initiatives started promising however did not deliver according expectations. Given the developments at Matratzen Concord the Group was experiencing liquidity challenges going forward. Therefore the Management Board and the Supervisory Board made a conscious and thought-through decision to divest Matratzen Concord. Incremental financing was secured in order to make a thorough divestment process of Matratzen Concord possible and to provide continuity for the other businesses in the Group.

Matratzen Concord has been sold to Magical Honour Limited, a company backed by Healthcare Co. Ltd. (a Chinese public company). Healthcare is mainly engaged in research and development, manufacturing and sales of memory sponge household products. The main products of the company are memory sponge mattresses and memory sponge pillows, among others. The company distributes its products in domestic and to overseas markets. Healthcare has factories in China, the United States, Thailand and Serbia. From a retail perspective Healthcare delivers to approximately 2,500 stores in China through a franchise partner, is running itself about 250 stores and owns a Spanish bedding manufacturer and retailer. Mlily is its international retail brand for mattresses and pillows.

The growth of Beter Bed in the Benelux continued to be strong with both revenue and order intake improving in the offline network as well as online. Furthermore developments took place in the assortment through for example the implementation of Tempur and the new Karlsson box spring range, the start of the Beter Bed Academy to train and educate all employees for their respective roles and a content upgrade of our online platforms to enable more traffic, more conversion and higher appreciation. The commercial activities have been further developed and sharpened with higher ROIs as a result.

Sängjätten delivered revenue and order intake growth in 2019, however improvement is required in order to meet the performance standards. These efforts will continue in 2020.

DBC is well underway in positioning itself as a branded international wholesale business with more content than just M line. In 2019 DBC business demonstrated very strong revenue results mainly driven by the success of M line within the Beter Bed network and with existing dealers. DBC is expanding nationally and internationally through the addition of new retailers and retail chains.

In the Netherlands DBC launched a M line web shop in the fourth quarter of 2019. This is to enable customers to purchase directly with DBC. Throughout 2020 this initiative will be further rolled out in countries abroad. M line has intensified relationships with professional athletes through partnerships with Jumbo-Visma, Olympics Team NL and KNVB national male and female teams.

We are aware that consumers might become less confident due to the current macroeconomic and political volatility especially now the impact of the COVID-19 virus on the global economy provides increased uncertainty.

2019 was a year in which a number of managerial changes took place. At the Annual General Meeting in April Mrs Gabrielle Reijnen was appointed to the Supervisory Board in the role of financial expert. In December the Supervisory Board and Mr Hugo van den Ochtend agreed that it is in the interest of Beter Bed Holding N.V. that someone else would fulfil the position of CFO and that Hugo would explore different opportunities outside the Group. We would like to thank Mr Van den Ochtend for his efforts in a for the Group very challenging period and wish him all the best for the future. Following his departure Mrs Reijnen accepted and assumed the role of CFO with immediate effect. The Group is convinced that she is very well-positioned to fulfil this role successfully and wishes her great success. In the Annual General Meeting to be held on 13 May 2020 her appointment as Statutory Director of Beter Bed Holding N.V. will be requested.

Despite the challenging phase the Group has been going through, Beter Bed Holding N.V. has been able to deliver significant milestones in order to end the year in a much healthier financial position. This fundament will be the starting position for 2020, a year in which the Group has the ambition to return to sustainable growth, to further develop its stability and to start the implementation of a refined and sharpened strategic plan.

Beter Bed Holding N.V. could have never accomplished the delivery of the key milestones in 2019 without the passionate and committed contribution of all employees and stakeholders. Huge resilience was demonstrated within the Group to stay committed to that what we believe in:

Offer best QUALITY REST @ AFFORDABLE prices

The Group consequently wishes to sincerely thank all employees and stakeholders for the contribution they have made both individually and as part of a team.

Yours sincerely,

John Kruijssen,
CEO

Uden, the Netherlands, 17 March 2020

The CSR year in brief

General

Every company that operates at the heart of society must embrace the social responsibility that comes with this. Sustainable enterprise is a key component in this respect. It is, after all, the only way to remain successful in the longer term.

Beter Bed Holding N.V. also takes its responsibility relating to CSR and initiated a continuous improvement process in this field. In line with the implemented CSR strategy important steps were taken in the development of a recyclable mattress and box springs in the past years. In 2019 the Group made further steps of improvement to realise its strategic goals.



CSR strategy

The domain of sleep is now more relevant than ever. On the one hand good quality sleep is vital for physical health, happiness, productivity, creativity and success. On the other hand stress, sleeping disorders and the work-life balance of people are constantly under pressure.

In the Group's strategy the CSR goals remain critically important. Therefore the themes as identified with the internal and external stakeholders, being circular economy, safety and quality of products and services, responsible chain management, energy & CO₂ emissions and safe working conditions, remained to be the main focus of the 2019 CSR report. These topics will be continuously used to identify possible strategic opportunities.

The challenging targets that were formulated have led to an increased embedment of CSR in the Group's daily activities. In line with the overall strategy the category management team has been instructed to develop more sustainable relationships with industry partners in order to be more proactively engaged in innovations and sustainability. In the meantime the Group is also working on its innovation pipeline to develop sustainable mattresses. In 2019 DBC, in cooperation with the Ergonomic Institute of Munich, made great progress in the development of the 100% recyclable M line Green Motion mattress, which was presented to the market on the fair in Cologne in 2019.

Box spring 'Element' was introduced in the first half of 2019. The 'Element' box spring has been developed in a completely modular fashion in close collaboration with a supplier. The box spring is easy to disassemble and all the materials are recyclable. All the parts can also be replaced separately. They are all made of mono materials rather than mixed raw materials, which means they are completely recyclable. Beter Bed Benelux engaged the services of TNO – the Netherlands Organisation for Applied Scientific Research – in order to demonstrate the circularity of the Element box spring versus box springs produced in the standard way. TNO uses its unique IMPACT (Integrated Method of sustainable Product Assessment for Circular Transition) method to measure the effects on aspects such as resources, people & planet and the economy. This renders the product's circularity score or 'green score'. The results of the research carried out by TNO provide, in addition to a sustainability score for Element, insights into the further development possibilities in the field of sustainable products in the assortment.

More sustainable initiatives on product level

Recycling used down

In most cases, discarded down duvets and pillows end up in bulky waste and are burned. A shame, of course, because products with down and feathers can easily be recycled. Beter Bed Benelux will therefore set up a duvet and pillow return in collaboration with a supplier to contribute to a better environment and less use of raw materials. The customers can return their used duvet or pillow to the store. The collected products will be returned to the supplier. There, with ingenious technologies, the materials are carefully cleaned and reused in a pillow to be sold through the businesses. It is a step forward to be able to offer this circular service and products to customers.

Products of PET bottles

Sustainability is very important to Beter Bed Holding N.V. and that is why we have developed a duvet and pillow that consists exclusively of recycled materials. The filling is made from recycled PET bottles and the cover is made from other recycled synthetic materials; PET bottles are melted into PET pellets, from which so-called filling fibres are made. Duvets and pillows are filled with these fibres. Filling and cover made out of PET bottles feel extremely natural, comfortable and soft.

Human rights, fighting bribery and corruption are social themes the Group can help address. By consciously choosing suppliers and requiring them to sign the Company's Code of Conduct, the Group obligates its suppliers to adhere to international treaties and conventions on working conditions. At year-end 82% of the suppliers has signed the Code of Conduct. At the end of 2019 two new suppliers were in the process of signing the Code of Conduct. Beter Bed Holding N.V. has entered into partnership with five of its strategic suppliers in order to develop more sustainable products.

Safety continues to be very important. Employees must be able to count on a safe working environment and customers must be able to rely on good-quality and safe products. Therefore the stores and warehouses in the Benelux were continuously involved in quality testing.



Work to be done

Although ambitious, the Group still aims to realise the CSR goals as set out in its CSR strategy. In 2019 steps have been taken in the development and introduction of recyclable box springs and mattresses. However the circular economy still presents large challenges and opportunities. There is a far-reaching social necessity to bring about a circular economy given the fact that the majority of the mattresses currently still ends up in the incinerator. Continuous development in the field of sustainable mattresses remains necessary.

There is already a well-functioning return system in the Netherlands for mattresses in the market. Great gains in the field of sustainability can theoretically be achieved through better recycling of materials at the end of the life span. Tapping into these opportunities demands above all a chain approach; only in partnership with suppliers and customers will it be possible to achieve workable and effective recycling solutions. Beter Bed Holding N.V. is focusing on collaborating with partners and customers and is part of a chain consultation with amongst others the Ministry of Infrastructure and Water, CBW and INretail.

Beter Bed Holding N.V. considers it important that all participants in the value chain take ownership of sustainable materials, production methods and recycling opportunities. Most consumers use their mattress too long. The quality of sleep improves dramatically when mattresses are regularly changed (approximately every 5-7 years). It is scientifically proven that better sleep leads to better performance, more happiness and better health. In order to ensure that the environment is not hampered by the disposal of products, the Group applies a sustainable recovery of used mattresses. Beter Bed Holding N.V. continues to be very ambitious and cooperative to work with stakeholders to make this possible.

In conclusion, Beter Bed Holding N.V. has taken steps in developing and introducing a 100% recyclable mattress and box spring in 2019 and has a collaboration with a recycling company that mechanically dismantles the mattresses in order to reuse the materials. Beter Bed Holding N.V. remains ambitious and realises that still a lot has to be done. The Group will commit itself to drive continuous innovation and development together with partners and customers in the coming years.

About 2019 CSR report

The CSR report of Beter Bed Holding N.V. provides insight in (the execution of) its CSR strategy in 2019. The CSR report 2019 is supplementary to the annual report 2019. This is the ninth time Beter Bed Holding N.V. presents this report on its activities and progress in the field of CSR. It has been drawn up in line with the GRI Standards of the Global Reporting Initiative (GRI) at the 'Core' level and the internal reporting criteria for CSR information. It has been drawn up in line with the GRI Standards of the Global Reporting Initiative (GRI) at the 'Core' level and the internal reporting criteria for CSR information. The emphasis of the report is on the five most material themes as set out in the CSR strategy.

Measures taken in view of COVID-19

The whole world is dealing with the consequences of the outbreak of the COVID-19 virus and so is Beter Bed Holding N.V. In the interest of personnel health a crisis team, composed for this purpose, has immediately taken all virus-limiting measures in accordance with guidelines from the government and RIVM. Employees stay at home when they or their family members suffer from health issues. Within the organisation there are instructions about appropriate standards of behaviour such as: not giving hands, keeping 1.5 meters distance and washing hands. Hand soap and disinfectants are available everywhere and an extra cleaning protocol has been established. Doors are open as much as possible driven by the advice to avoid touching as much as possible. Canteen facilities have been closed and employees work from home where possible. This mainly concerns office workers. The employees who are physically present at the office are at an appropriate distance from each other. Employees in warehouses have been adapted in such a way that even there everyone can stay at an appropriate distance from each other. At locations where this is not feasible, the solution was found in spreading work and break times in order to keep the required distance. For the safety of both deliverers and customers, customers have been approached prior to delivery to assess whether it is safe to enter homes and interact with customers. The customer is also requested to remain at an appropriate distance and to make the passage to the space freely accessible. Deliverers are equipped with protective equipment such as disinfectant gel, cleaning wipes and gloves.

Additional protocols have been drawn up that enables customers to enter the physical stores in a responsible manner for a purchase during this special period. In and outside the shops, in addition to personal protective equipment, several physical adjustments have also been made. So-called cough screens hang above cash registers, distance markings are placed on the floor, chairs are placed at an appropriate distance behind markings and posters with rules of engagement are visible everywhere. In order to allow a customer to safely test a pillow or mattress, specially made medicinal pillow cases and mattress covers are available, which are cleaned after use.

Outside the store, waiting areas have been created with ground markings in case there are more customers than the previously set maximum number that may be present in a store at the same time. To reassure staff and customers, Beter Bed Benelux has even reduced the number of people allowed in the store. Beter Bed Benelux enables exclusive private shopping (1:1) via an online appointment calendar.

Summary of facts

	Goal 2020	2019	2018
Circular economy			
Yearly sold mattresses collected through return system	10%	8%	7%
Sales from products with > 25% recycled content	25%	35%	12%
Share of sales from modular products	20%	0%	0%
Waste streams recycled high grade	75%	94%	71%
Safety & quality			
Products which are tested on air quality (based on sales)	100%	93%	98%
Number of incidents reported in the field of safety and quality	-	-	-
Customer satisfaction: eKomi score (score 0-10, weighted average based on sales)	9.4	9.4	8.9
Responsible chain management			
Suppliers who signed the Code of Conduct	100%	82% ¹	92%
Number of strategic suppliers with proactive cooperation to ensure CSR criteria are pursued in the purchasing process	16 ²	5	5
Tenders for products and services in the Netherlands where CSR criteria are taken into account	100%	40%	30%
Energy & CO₂ emissions³			
Purchase of renewable energy	100%	0%	0%
Energy consumption (TJ)	257	79	259
CO ₂ emissions (tonnes)	18,922	7,709	25,079
Safe working conditions			
Number of accidents with sick leave	-	-	-
Tests performed on air quality ⁴			
- DCs	Yes	Yes	Yes
- Loading docks	Yes	Yes	Yes
- Stores	Yes	Yes	Partly
Training and education attended by logistics employees (average number of hours)	4.0	2.0	2.5

1 Two new suppliers are still in the process of signing the Code of Conduct.

2 The target was still including Matratzen Concord, and will be redefined in 2020 resulting from the divestment.

3 - Decreased a.o. by energy saving solutions, such as LED lightning, taken in the Benelux; - The target was still including Matratzen Concord, and will be redefined in 2020 resulting from the divestment.

4 Tests performed in DCs (integrally) and loading docks and stores (by means of sampling).

2019 at a glance



CIRCULAR ECONOMY

32,986

mattresses collected

35%

of sales contains recycled materials



SAFETY & QUALITY

93%

of all sold mattresses tested

customer satisfaction (eKomi score)
increased to

9.4



RESPONSIBLE CHAIN MANAGEMENT

82%

of the suppliers signed the Code of Conduct

5

strategic partnerships with suppliers



ENERGY & CO₂ EMISSIONS

0%

renewable energy purchased

79 TJ

total energy consumption



7,709 tonnes

CO₂ emissions



SAFE WORKING CONDITIONS

2.0 hours

training in safety per logistic employee
in NL

air quality tested in DCs, cargo areas
and stores in NL



EMPLOYEES

36%

women in top management positions

1,095

employees as per 31-12-2019

915

FTE as per 31-12-2019

About Beter Bed Holding

Profile

Beter Bed Holding N.V. is a retail and wholesale organisation that offers its customers the best quality rest at affordable prices. The Group operates offline through physical stores and online through its own web shops for the specific brands. Simultaneously the Group is active on national and international online retail platforms.

The Group operates in the following regions:

- The Netherlands and Belgium, via the Beter Bed and Beddenreus brands (only in the Netherlands).
- Sweden, via the Sängjätten brand.

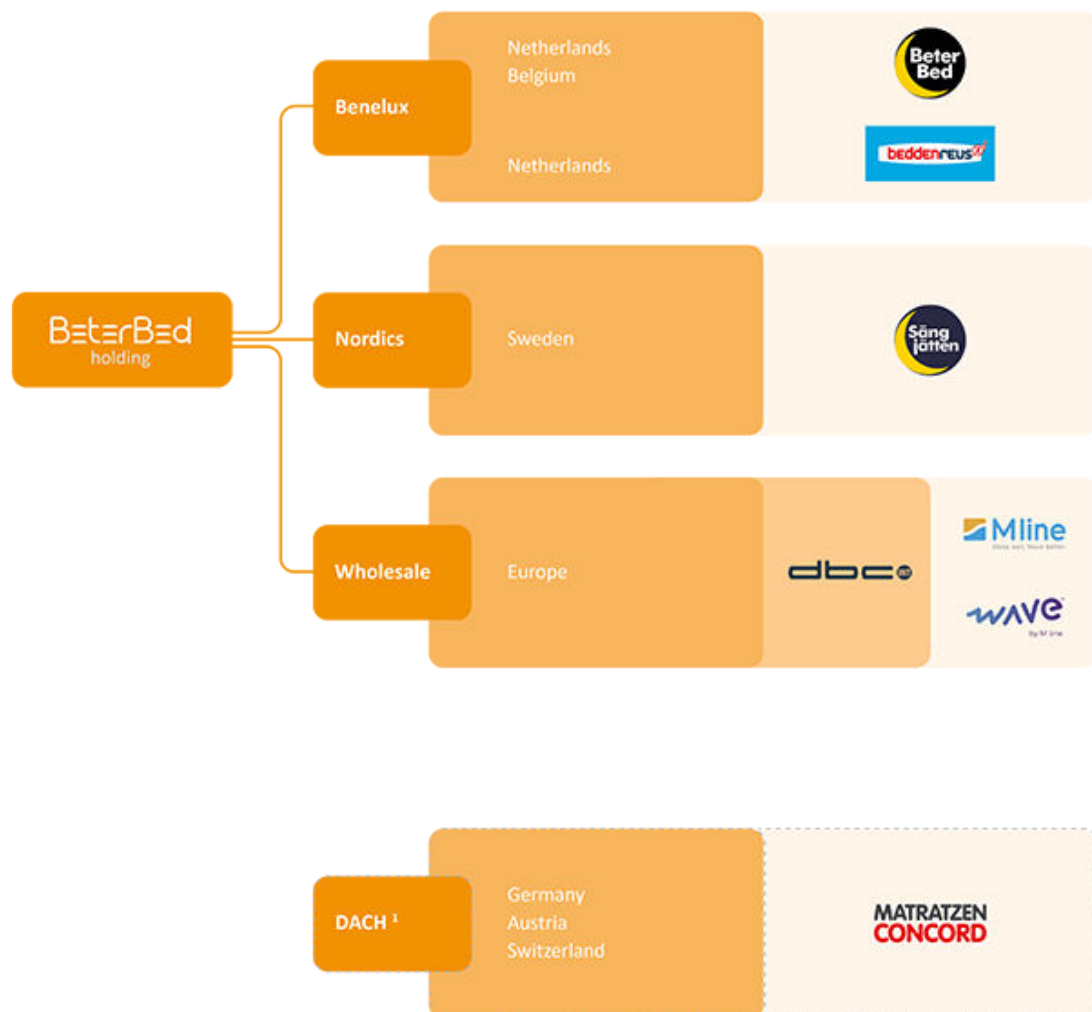
Beter Bed Holding N.V. also has, via its subsidiary DBC International, a wholesale business in branded products in the bedroom furnishings sector, including international brands such as M line and Wave.

At year-end 2019 the Group had 161 stores representing revenue of approximately € 186 million with an increasingly relevant share of online revenue.

Beter Bed Holding N.V. has been listed on Euronext Amsterdam with security code BBED NL0000339703 since December 1996.

For more information please visit www.beterbedholding.com.

Organisational structure



¹ Discontinued as per 2 December 2019.

Key figures per country

	2019	2018
The Netherlands		
Number of stores at year-end	117	117
Number of DCs at year-end	3	3
Number of employees (FTE) at year-end	794.6	755.2
Female %	42%	36%
Male %	58%	64%
Number of employees (FTE) at average	776.0	749.8
Belgium		
Number of stores at year-end	17	16
Number of employees (FTE) at year-end	32.0	22.0
Female %	66%	52%
Male %	34%	48%
Number of employees (FTE) at average	29.6	23.0
Sweden		
Number of stores at year-end	27	27
Number of DCs at year-end	1	1
Number of employees (FTE) at year-end	88.0	110.0
Female %	49%	49%
Male %	51%	51%
Number of employees (FTE) at average	108.0	94.0

Our strategy in 2019

Mission

As Beter Bed Holding N.V., we believe that everyone can sleep better than one does today. Better sleep makes us healthier, happier and makes us perform better. That is why we care for your sleep. As market leader we take ownership to provide better sleep. For everyone.

Offer best QUALITY REST @ AFFORDABLE prices

Our customer promise

Beter Bed Holding N.V. is committed to giving all its customers a better and healthier night's rest by providing them with the right sleeping solutions. The Group does this in several countries through international retail brands, products and services.

The international retail and product brands of Beter Bed Holding N.V. have been leading the way in providing solutions in the field of sleep for more than 35 years. Next to Nutrition and Exercise the Sleep domain is gaining an increasingly more prominent role in society. Customers attach more and more value to the importance of a good night's rest. Key trends within this domain include health, happiness, lifestyle, sustainability, accessibility and affordability.

Beter Bed Holding N.V. is convinced that these consumer trends and its many years of experience with international retail and product brands provide a perfect combination for a successful future as a value-for-money player.

The Group operates via physical stores and digital platforms in the following regions:

- Benelux, via the brands Beter Bed (in the Netherlands and Belgium) and Beddenreus (only in the Netherlands).
- Sweden, via the Sängjätten brand.

Beter Bed Holding N.V. promises its customers the best quality rest at affordable prices via the channel that best suits the individual customer.

Strategy

For over 35 years, Beter Bed Holding N.V. has been leading in providing sleep solutions. These days the sleep domain is more relevant than ever, with several consumer trends guiding changes in demand including health & well-being, lifestyle, sustainability, accessibility and affordability. However consumer feedback indicates that the current customer journey causes frustration and results in consumers taking shortcuts towards one-size-fits-all mattresses and online channels. Altogether, this creates a market where there is room for true value-for-money play. Therefore, our promise to our customers is as follows:

Offer best **QUALITY REST** @ **AFFORDABLE** prices



Five strategic pillars

Five strategic pillars are at the heart of our mid-term strategy, which was launched in October 2018.

Customer focused value-for-money proposition

Our retail formats with their relevant assortment and high-quality products are for each customer segment, at guaranteed affordable prices, including new and strong brands. Research & development enables us to oversee the quality and innovativeness of the products and services we offer to our customers. By structuring our assortment into a more logical Good – Better – Best price structure, we could continue to offer 'Good' entry-level assortment and drive upsell to 'Better' & 'Best'. At the 'Better' segment with the introduction of the Wave product range we further strengthened our private label to more than 85%. The 'Best' segment displayed strongest growth with newly added Tempur products already representing a solid percentage of mattress revenue and consequently the M line assortment has continued to grow revenue. All these improvements combined drove up average order value for Beter Bed Benelux.

Best sleep advice

We offer the best sleep advice throughout the full customer journey to make sure every customer finds the best sleep solution and experiences true value for money. We substantially improved the in-store advice by focusing on three key elements:

- Transforming our sales people into sleep advisors.
- A more logical assortment structure to guide the customers better to the right product for them.
- Data-driven reflection on and improvement of advice performance per store and per sleep advisor.

These three elements resulted in a reduction of product returns of almost 10% for Beter Bed Benelux.

Seamless omni-channel experience

Our ambition is to lead in offline, online and omni-channel, by providing our customers a seamless experience across channels and throughout all stages of the customer journey. We leverage our digital and online capabilities across the Group to continuously improve and to increase our online channel share.

To do so, we implemented amongst others data- and ROI-driven channel selection and media deployment (for example targeted marketing campaigns on Black Friday), we improved user experience (UX) and platform performance and added a long-tail of online-only assortment in textiles. Through these improvements, we have been able to grow the online revenue of Beter Bed Benelux with more than 20% to a channel share of approximately 11%. In addition, we have realised operational benefits with our online portal in which delivery dates can be changed by customers. This new customer feature reduced customer service calls with 30-40%.

Strong performance culture

We strive to create a performance culture that enables us to win, lead and outcompete in our market. By improving transparency, readjusting our performance cycle and further building on our succession planning, we have a clear focus on performance. We facilitated this focus with amongst others our new employee engagement app, which is actively used by 78% of the workforce. The further expansion of the Beter Bed Academy, with employee usage of its app exceeding the benchmark by +9 ppt, shows improvements on personal development. We have been able to promote 30 of our high performers to new positions, while absenteeism is reduced by over 20%.

Cost leadership

We aim to be a cost leader by leveraging our scale as market leader and increasing focus on spend reduction and operational excellence. Our senior management is in place to act as one team where we effectively centralise and capitalise on scale and resources. The Group provides a platform for retail operations across countries, for example for our supply chain and group services.

First results are visible in the supply chain where changes in the fourth quarter of 2019 - to provide more stability for the workforce by shifting from variable to more fixed salaries - resulted in approximately 10% less absenteeism, leading to potential 1.0-1.2 ppt savings on total labour costs for transport & warehousing. Moreover, we launched a should-costing initiative in the fourth quarter of 2019 to further renegotiate purchasing prices and to refine value chain strategies. Our IT platform has been strengthened throughout 2019 to further digitise our commercial operations in-store and online with for example improvements in Point of Sale (POS), Production Information Management (PIM) and Customer Relationship Management (CRM) systems. Our internal operations were enhanced through better descriptive and predictive analytics.

Human resources

To achieve strategic goals, now and in the future, the Group is in need of a performance-driven culture in all activities and countries. In order to develop and deliver this in a similar way across the Group HR has and is playing a facilitating but significant role. By focusing intensely on the development of a performance-driven culture people better develop in their current roles, the pipeline of talent is growing and it becomes easier to fill vacancies internally. This makes us grow as an employer of choice within the open market, where at the same time our current employees become more eager to continue working for Beter Bed Holding N.V.

In 2019 Beter Bed Holding N.V. has made some important steps to create an environment in which a performance-driven culture could be further developed and mature.

A proactive, transparent, performance-driven culture is necessary to be able to successfully carry out the transformation. Management at different levels in the organisation devotes a great deal of energy to this and takes the lead in order to provide a good example. One major area of focus has been the development of local teams as they form the basis of the success of the Group.

The HR department has developed into an integral Business Partner for the organisation in order

to make you feel and perform at your best

Major developments in 2019

Function House

Improving transparency across the organisation by implementing a new function house. Beter Bed Holding N.V. aspires an open communication within the organisation, departments & employee performance by developing the tools that employees can use to assess and manage their own performance within the Company. The tools facilitate individual ownership of achievements, assessments and developments. All job descriptions clearly describe *what* should be done and *how* it should be done. This transparency will allow management to evaluate employees and have an open conversation about the performance of the individual. Separate to this function house a benchmark has been done to check if the remuneration of the different roles within the Group are still competitive and in line with the market so that we do not lose the war for talent already at hiring, or even worse, losing good employees where this could be avoided.

Performance cycle

To improve the quality of the performance Beter Bed Holding N.V. has critically looked at the performance cycle in use. Beter Bed Holding N.V. aims to have a transparent and fact-based performance evaluation that will ensure employees being assessed based on their performance and development. Transparent evaluations will enable employees to see how they can further influence their own progress within the organisation. We therefore defined clear KPIs, linked to the new job descriptions, which have been developed for every role in the organisation.

Beter Bed Academy

A Beter Bed Academy has been launched. All employees can develop and learn about relevant elements of their own position. They can also use this when moving to a new position within Beter Bed Holding N.V. The Beter Bed Academy is a 100% digital platform. The Academy trains employees on broad managerial skills or allows employees to further specialise themselves in a particular area. At this point, there are almost 600 e-learning available for our employees. In addition to the Beter Bed Academy there is a process of continuous learning due to learning from best practice by creating a community of sharing experiences and expertise (across departments).

Beter Bed Holding N.V. responds to an emerging learning trend by offering various (interactive) learning solutions such as: webinars, (short) e-learning, we-learning, podcasts and scans. Beter Bed Holding N.V. offers every employee a development path based on their function. This consists of various learning solutions as indicated above. Every employee has to accomplish all learning solutions within the first two months of employment.



Talent board

We introduced the Talent board in 2019. This is a development tool that measures behavioural change over time. The Talent board includes performance cycles reports, assessment reports and feedback tooling. The Beter Bed Academy can be entered via the Talent board. Every employee receives an account for the Talent board environment. This account can also be used by employees after they have left the Group.

The Talent board visualises the employee's potential, through which it enables and supports the creation of a performance culture. The Talent board allows us to train and develop in a more targeted manner.

Training of management

All levels within the organisation will be trained to improve capabilities. Examples are: (1) motivation of employees, (2) coaching, (3) delegating of tasks, (4) providing feedback, (5) reading talent assessments and interpret the outcomes, (6) training focused on the tooling Talent board.

We aim to create an EPIC (Empowering, Purpose-driven, Inspiring and Coaching) way of working. Management has been made much more aware and capable which enables them to coach and train the staff in their areas of responsibility.

Training of employees

Within the sales department there has been a training specifically addressing customer focus and how to drive incremental sales.

Beter Bed Holding N.V. also offers career development paths which enable employees to vertically and horizontally develop themselves within the organisation. Development paths in general stimulate the performance culture. Beter Bed Holding N.V. also offers online learning solutions focused on product knowledge, sales skills, use of (store) systems, health & wellbeing and instructional videos on the use of the Beter Bed Academy (tutorials).

Improving the on-boarding process

In line with the desired performance culture, the on-boarding process is improved through:

- A uniform working mentality for new employees.
- Ensuring that employees joining the organisation feel welcome and are immediately motivated to perform well within the organisation.
- Movies that have been created to “onboard” new employees so that they experience the whole Company in a couple of minutes.
- A specific on-boarding program for new employees.

Employee engagement

A communication app (an information tool, which is contemporary and fast) has been introduced to increase the engagement of our employees. In this way, it is possible to communicate at all times and bring information about work and the organisation to our employees.

Absence

The Company aims to have a direct approach to absenteeism, which means a direct and rapid contact between managers and sick employees. HR, together with our occupational health and safety service, has supported the managers in reducing frequent absence and sustainable employability. This is increasing the employee satisfaction and engagement, which will have a positive effect on the inflow and outflow.

Apart from the above, different manuals have been developed and released; Smartdoc and Topdesk have been implemented in order to digitalise all the files within HR, HR Analytics have been activated and dashboards have been created to ensure that HR targets can be included in the objectives for managers and the satisfaction of our employees can be measured.

At 31 December 2019 the Group had 1,095 employees and 914.6 FTE, compared to 3,377 employees (2,738 FTE) at 31 December 2018. The decrease was mainly caused by the divestment of Matratzen Concord.

The development of the number of employees and FTE for the continuing operations is as follows:

	31-12-2019		31-12-2018	
	Number of staff	FTE	Number of staff	FTE
Beter Bed Holding N.V.	5	4.7	6	5.7
Netherlands	915	774.1	894	737.2
Belgium	38	32.0	27	22.0
DBC	17	15.8	13	12.3
Sweden	120	88.0	156	110.0
Total	1,095	914.6	1,096	887.2

Safety

To ensure the safety of employees, Beter Bed Holding N.V. conducted Emergency Response; an internal and external confidential adviser and an investigation to all risks and accidents in the working environment. Part of this investigation is a survey on various topics related to working conditions. The outcome of these surveys has been tested by the Company's health and safety service. These topics will be continued in 2020.

Diversity

In the organisation, Beter Bed Holding N.V. focuses on equal suitability when hiring new employees, looking at a healthy mix of male-female ratio in the various disciplines. The male-female ratio in 2019 compared to 2018 has a few notable differences. The ratio at the office is fairly balanced. Mainly men work in the supply chain department. Probably due to the physically tougher working conditions in the logistics and supply chain department. More men than women are applying for vacancies in these departments. In 2019 there were thirteen employees (1.3%) who did not have a Dutch nationality working at Beter Bed B.V. (excluding Belgium). Compared to 2018 this number increased by four employees. In the Dutch organisation this percentage is 3.8% in 2019 (source CBS, 17 May 2019).

Aging

The average age within the sales department is 43 years. This corresponds with the survey of our branch organisation INretail, where the average age is 44. The average age within the supply chain department is 34 years, which is relatively young. In INretail's research, this average is 43 years. Within supply chain the hiring policy is also primarily focused on a younger target group, given the physical activities. The average age within Beter Bed Benelux has decreased from 40 years in 2018 to 39 years in 2019.

2019 results

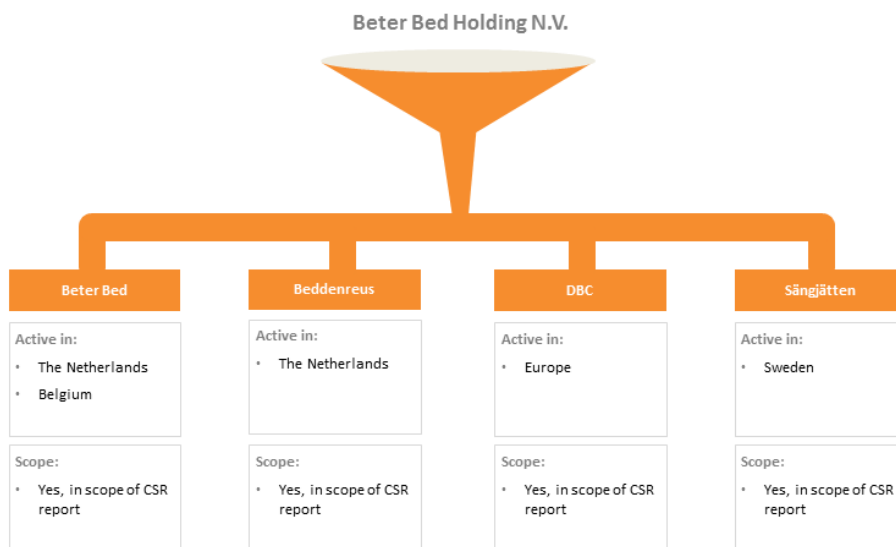
In 2019, the Group achieved € 185.8 million sales with a total of 161 stores and an increasingly relevant share of online sales.

Activities in scope of this report

This report provides insight into (the execution of) Beter Bed Holding N.V.'s CSR strategy with the exception of the retail activities in Sweden. With regard to Sweden the organisation runs all reporting and tracking, however Sweden has not yet been included in the CSR related objectives. The ambition as of 2020 is to develop the implementation of CSR related activities for the entire Group.

The business activities in the different countries are the same with the exception of a few subtle differences. For example, Beter Bed The Netherlands has its own logistics department, whilst DBC and Beter Bed Belgium are handling logistics through external parties. This means that the information from the various retail and wholesale brands is not always comparable and likewise cannot be consolidated at group level. If the scope of reporting differs from the above this will be explained for each CSR theme.

The figure below shows which retail and wholesale brands are in scope:



The social context

Social aspects

CSR to Beter Bed Holding N.V. means doing socially and ethically decent business with respect to natural aspect ratio of our environment. Next to that the Group should enable itself to quickly respond to social issues that may arise. In today's world, in our branch the CSR aspects mainly relate to CO₂ emissions, responsible waste management, liveability of neighbourhoods and all sorts of local and international environmental issues. For all these kind of issues a more responsible and active role is expected from the industry.

Within CSR it comes down to the question to which extent an organisation is able to actively respond to the ever changing environmental circumstances. These circumstances are depending on the perceptions, views, wishes and expectations that groups and individuals (stakeholders) might have in relation to Beter Bed Holding N.V. The ability to respond to these developments is becoming increasingly important. Insight into the environmental circumstances and the ability to actively respond to these circumstances require a clear strategy.

More responsible use of (raw) materials

There is an overall increasing awareness that raw materials are subject to exhaustion, whilst demand for these raw materials is increasing. The industry is obliged to increase consciousness on how to (re-)use these materials and the materials to be acquired.

The social challenge the mattress industry is facing, is obvious: within Europe, millions of mattresses are discarded every year, and in the Netherlands the majority of mattresses being returned do end up in an incinerator. This results in a loss of valuable raw materials and a waste of energy through CO₂ emissions.

Smart recycling and using natural and recycled alternatives will lead to less dependency on raw materials and reduces the impact on nature, people and environment. Through consciously considering sustainable use of raw materials or alternatives, simultaneously cost efficiency can be achieved. This potentially also results in a positive reputation.

New, innovative solutions must lead to the reduction of raw materials, increasing the lifespan of products and high-quality recycling of products. This should result in decreased demand of raw materials and an increase in value of residual products.

To provide transparent insight into the origin of the materials used, a start has been made on applying a label with a QR code on duvets. The QR code shows where raw materials exactly come from and which certifications and quality marks the products meet.

Beter Bed Benelux has started a partnership to be able to clean and reuse down. Customers can hand in old pillows and duvets in stores and both the cover and the down will professionally be cleaned for reuse.

Growing awareness of social protection

At the moment the majority of the world's population unfortunately lives without any form of social protection. The right to social security is a human right and it fundamentally contributes to social and economic goals, including economic growth, consumer confidence, the development of buying power and the reduction of inequality and poverty. Social security can also have a stabilising effect in times of (economic) crisis. The growing awareness of social protection calls for stricter policies on issues such as medical care, leave, life insurance, safety in stores and stress and well-being at work, both within and outside the boundaries of one's own organisations.

Therefore there is a lot of attention in the organisation for social as well as digital protection. Digital protection is enshrined in the General Data Protection Regulation (GDPR) and Beter Bed Holding N.V. is compliant to this regulation and acts accordingly.



Digital CSR opportunities

One of the most obvious benefits of digitalisation within the CSR context is that we are further reducing the use of paper in our marketing communication. In 2020 we will print less door-to-door advertising brochures and flyers. Going forward, this medium of communication will be subsequently substituted by its digital equivalent on online advertising brochure platforms.

Content management platforms and apps will increasingly be used as a tool to facilitate efficient and sustainable sharing and communication of information. As a first initiative, we have started with an internal communication app in which employees are able to get latest information on promotional activities. This further reduces paper waste. Furthermore the app facilitates employee engagement and communication with each other in a social context. This creates a holistic and sustainable CSR solution whilst it also improves employee satisfaction.

Publications in social media and online platforms can instantly reach a very large and international audience. Beter Bed Holding N.V. has formulated a clear response strategy to enable an effective and prompt reaction to these kind of situations. We are constantly assessing through which channels customers are looking to communicate with us. Social media also provides a huge opportunity to proactively engage with customers on commercial or service related topics. The organisation has become active on channels such as Pinterest, Whatsapp, and online chat service and will continue to evaluate communication channels to engage with valued existing customers, as well as potential future customers.

In 2020 Beter Bed Holding N.V. will continue to invest in cloud solutions that allow employees to be able to work from home resulting in a lower carbon footprint, whilst also adding flexibility to our workforce management in the future.

Focusing on tomorrow's world

Beter Bed in The Netherlands is part of a so-called chain consulting committee, which includes parties like Ikea, Swiss Sense, Auping, Tempur but also INRetail, CBW and the Ministry of Infrastructure and Water Management.

Producers and retailers are realising a system with which mattresses released by consumers are collected and recycled. The aim is to increase the amount of recycled mattresses from 35% in 2020 to 75% in 2028. With its efficient deliveries to the customer, Beter Bed Benelux has the possibility and already applies this, to take mattresses back to 1 of the distribution centers where the mattresses are collected and taken to a recycling company nearby. This saves CO₂ per mattress.

In addition to the above, a mattress tag and label are developed which inform the customers when purchasing a new mattress about the materials used and the impact those materials have on the environment. The mattress tag also informs the recyclers about the materials used inside the mattress. The tag will also be digitalised through RFID in order to automate the identification and processing of the recycling in the future. This initiative takes place in collaboration with the NEN institute and other producers and retailers.

Beter Bed Holding N.V. exerts influence on the social challenges outlined above, for example with regard to the use of (renewable) energy sources and CO₂ emissions from transport activities, and the social impact of the Group as a result.

Through co-operation with peers and branch organisations Beter Bed Holding N.V. can exert influence in the sector on themes within circular economy, such as raw material (re)use, waste management and responsible procurement.

CSR strategy

General

In 2010 the first CSR strategy was adopted, in which the emphasis was mainly on getting the basics in order – i.e. good housekeeping. From the 2011 calendar year onwards, the Group has reported on the results of its CSR efforts. In addition, in 2017 a more ambitious CSR strategy was developed and the CSR goals were reassessed. In 2019 the Beter Bed Holding N.V. has further rolled out the ambitious CSR strategy and embedded CSR deeper into the operational management. In order to enhance the signalling, communication and implementation of this strategy, a CSR team of representatives from all relevant departments within the Group has been composed.

In 2019 big steps forward have been taken in the field of safety and quality in general, especially the safety in stores and the energy consumption of the Group. With the pending initiatives on circularity, we expect to increase the scores in circular economy and responsible chain management in 2020.

The following section looks at how this process has been shaped and what the benchmarks are for 2020 and beyond.

In dialogue

Important, direction-setting discussions were held with internal and external stakeholders, in order to enable the Group to respond with the right focus on what the market demands, now and in the future. Employees, customers, shareholders and financial institutions, suppliers, governments and civil society organisations are considered to be the most important stakeholders.

Since 2017 the internal dialogue has been expressly sought on the scope of the ambition and external dialogue on the possibilities and limitations of the circular economy. Internally, the various countries have thoroughly explored the actual and possible radius of the CSR ambitions. Visions and expectations of suppliers within the mattress chain, experts in the field of circular economy and of parties from both the private and public sector were mapped out during an expert session on circular economy. The public sector pays more and more attention to the mattress sector. For example, the Ministries of Economic Affairs and of Infrastructure and Water Management explicitly designated the mattress sector as one in which clear progress is expected in the area of sustainability. Beter Bed Holding N.V. takes its responsibility and has been actively involved in discussions with parties in the mattress sector and the mattress chain for a long time. The Group therefore also regularly participates in a workforce where meetings are held with, for example, the INretail industry association and the Council of Dutch Retailers. Important items on the agendas of these meetings are, 'How are we going to organise recycling together' and, 'How are we, together, going to prevent marketing of products which are not biodegradable'. In 2019 this workforce also had intensive contact with suppliers and with the Ministry of Infrastructure and Water Management about the developments within the branch and the proposed regulations in the area of mattress recycling.

Within the mattress sector the aim is to increase the amount of recycled mattresses to 35% in 2020 and to 75% in 2028. The Minister of Infrastructure and Water Management intends to declare the system set up by producers generally binding, trying to get all producers and retailers on the Dutch market to participate. The system should be operational from 2021. The recycling capacity in the Netherlands has also been increased in collaboration between producers and other chain parties.

Chain thinking

Beter Bed Holding N.V. also conducts social dialogue on the other side of the chain, namely production. The classic supply and demand model is increasingly shifting towards strategic partnerships with suppliers in the long term. This includes an intensive dialogue on, among other things, better reusable materials, more sustainable packaging, smarter logistics and promoting the use of environmentally friendly materials. The sale of beds and mattresses is therefore gradually changing from classic product sales to sleeping as a total concept: 'sleep as a service'.



More ambition and focus

The internal and external stakeholder discussions were used as a guidance in reviewing the CSR strategy, both in terms of ambition and focus. In addition, the activities of other companies within and outside the company's own sector were critically examined. This has resulted in a clear commitment in terms of ambition, namely to approach CSR from the perspective of strategic opportunities, and in a new prioritisation of material themes which have been assessed and approved by the Management Board.

The themes to focus on at present and in future are: circular economy, safety and quality of products and services, responsible chain management, energy & CO₂ emissions and safe working conditions. The objectives formulated with the Group for each theme up to 2020 are based on ambition and reality. For the formats with no current insight into actual performance per theme, a start will be made in 2020 on catching up in terms of data collection.

Embedding CSR in the Group

Beter Bed Holding N.V. has a CSR steering committee which ensures that CSR is properly embedded in the organisation. The composition of this steering committee is in line with the formulated, core CSR themes and the members bear full responsibility per sub-theme. The steering committee consists of various employees of Beter Bed Holding N.V., Beter Bed B.V. and the Works Council and meets every quarter. The main tasks of the CSR steering committee are to formulate new objectives, to implement improvements in the field of CSR and to streamline CSR throughout the organisation and make it consistent. The members of the steering committee were actively involved in reassessing the CSR strategy. The steering committee reports on CSR progress to the Management Board of Beter Bed Holding N.V..

Material themes for Beter Bed Holding

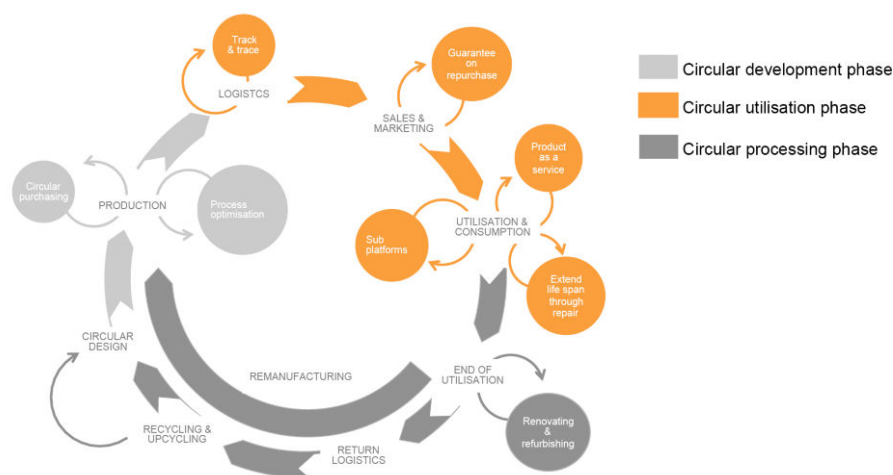
General

A theme is material to the Group if it reflects a significant economic, social or environmental impact of Beter Bed Holding N.V. and if it substantially influences the decisions of stakeholders. From this point of view, the focal themes for the Group have been determined on the basis of the following considerations, per theme.

Materiality

1. Circular economy

A circular economy revolves around countering the waste of raw materials by maximising the reusability of products and raw materials and minimising value destruction, as can be seen in the figure below.



In addition to environmental benefits such as a reduction in the ecological footprint, the circular economy can also have long-term, financial benefits by securing raw materials, reducing expenses and responding to increasing demand for sustainable and responsible products. For these reasons, circularity plays a key role in the strategy. Within the circular economy, various pillars are involved: from design, type of material and promotion of the use of environmentally friendly materials to the development of new products.

2. Safety and quality of products and services

Ensuring the safety and quality of products and services is crucial for Beter Bed Holding N.V.'s continued existence and reputation, but above all for the people who use the products which the Group sells. In order to prevent problems with safety and quality and to limit risks as much as possible, it is important that the processes are monitored, inspected and, where necessary, improved. Customer satisfaction is an important spearhead in the strategy of Beter Bed Holding N.V.

3. Responsible chain management

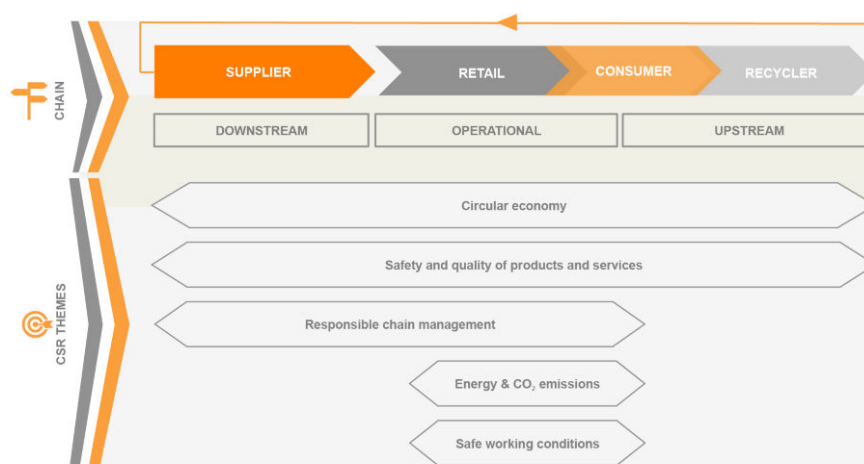
Managing the chain responsibly reduces the risks of incidents involving environmentally unfriendly substances and reduces possible human rights violations taking place at (indirect) suppliers in the chain. Beter Bed Holding N.V. considers it important for suppliers to comply with a number of basic rules and asks all its suppliers to sign the Code of Conduct, which entails considerations such as ethical and fair business practices. In the recent past Beter Bed Holding N.V. has consulted an external independent reviewer to sample check compliance with this Code of Conduct by suppliers and the Group aims to request for these consults in a structured manner in the near future.

4. Energy & CO₂ emissions

Climate change involves risks, including financial risks. Major natural disasters make it painfully clear how severe the risks and consequences can be. Recognition by shareholders and investors is increasing and they want to be able to take these risks into account in their (investment) decisions. Because of this, reducing the ecological footprint is one of the spearheads of Beter Bed Holding N.V.'s CSR policy. It covers a broad spectrum of energy saving and reduction of CO₂ emissions. Sustainability also plays an important role in its operational activities. For example, Beter Bed Holding N.V. encourages its subsidiaries to take a critical look at their operations in order to limit their impact on the environment as much as possible and, in many cases, to save costs as a result.

5. Safe working conditions

The safety of employees is paramount. Beter Bed Holding N.V. strives for a healthy and safe working environment. This creates a situation and atmosphere in which the Group can attract and retain top talent. The figure below shows how the five themes relate to the chain.



6 Pandemic

Pandemics such as SARS and COVID-19 are happening and seem to become a more realistic phenomenon. Beter Bed Holding N.V. is as responsive as possible by having an Emergency Response team as well as an emergency response script. With COVID-19 the Group is already managing the risks in a structured manner from January 2020. Virus-limiting measures taken throughout the organisation were implemented at the offices, in stores, DCs, warehousing & logistics and the Group assessed its financial stability early on.

Ethics & integrity

Doing business ethically is a fundamental principle and the Group expects this of everyone within the organisation or who does business with the organisation. Beter Bed Holding N.V. considers it natural to pay fair taxes in the countries in which it operates. In order to guarantee ethics and integrity, Beter Bed Holding N.V. has a whistleblower policy available for its staff.



Governance

The Supervisory Board and the Management Board have endorsed the Dutch Corporate Governance Code for good corporate governance. Among other things, it states that long-term value creation is a central task for management board members.

Diversity

The company is convinced that a diverse workforce enables a positive contribution to the functioning of the organisation. For this reason, Beter Bed Holding N.V. has developed a diversity policy aiming to have at least 35% of its top management positions held by women by 2020. In 2019, 36% of the positions within top management were held by women. This means that Beter Bed Holding N.V. is currently scoring above the target set for 2020. Diversity within the organisation is a material element on the agenda.

In December 2019 Mrs Reijnen has become CFO in the Management Board by which the diversity at board level amounted to 50%. Subsequently the nomination of two female Supervisory Board Directors is on the agenda for the Annual General Meeting of 13 May 2020. Upon their appointment the Supervisory Board will consist of two female members (40%) and three male members.

CSR performance per material theme

The following paragraphs set out performance and ambitions in relation to each of the five material CSR themes.

1. Circular economy

Beter Bed in The Netherlands introduced a mattress return system in recent years. Customers are given the option to return their old mattress when a new mattress is delivered so that the customer is freed from care. In 2019 32,986 (only Benelux) mattresses were taken back. This represents 8% of the total mattresses sold in the Benelux. In Sweden mattresses are being collected against an expense reimbursement and consequently offered for recycling to recycling companies.

The return system is also being developed in terms of content. At the moment it is only possible to recycle steel from mattresses. Other materials, such as foam, can only be downcycled at a low quality level. Together with industry peers and universities, Beter Bed Holding N.V. is investigating the possibilities of enabling high-quality recycling of mattresses.

This cannot be dissociated from the pursuit of recyclable products together with strategic suppliers. In this way, Beter Bed Holding N.V. can ensure that good quality and price go hand in hand with more environmentally friendly products and materials. The aim is to design products in such a way that they can be recycled more easily. By intensifying cooperation with strategic suppliers, Beter Bed Holding N.V. can improve the reusability and ecological footprint of materials in products. Every time new products are (re)launched at strategic suppliers with whom Beter Bed Holding N.V. has a partnership, circular ambitions are included and suppliers are further challenged to contribute to CSR. This is also reflected in the objectives of the reassessed CSR strategy. The goal is that by 2020 at least 35% of sales should be realised from products with more than 25% recycled content (including renewable wood FSC). A baseline measurement was carried out in 2017, which showed that the overall percentage achieved for the entire Group was 9%. In 2019 this percentage increased to 12%. In the Netherlands the 35% sales of products with 25% recycled content has already been achieved. When additional data becomes available from Sweden, it is expected that the ambition will be adjusted upwards.

The introduction of modular products on the other hand, has taken place later than anticipated, because Beter Bed Holding N.V. does not want to make concessions to the quality of its products. For 2019 the realised percentage of modular products sold compared to the total sales was 0. The Group has introduced the first modular box spring in the second quarter of 2019. With this in mind the goal of 20% (sales of modular products in relation to total sales) seems very ambitious for the year 2020, and could therefore potentially only be realised in the following years.

Improvements can also be made in the areas of waste and packaging. An important development is that with effect from this year, plastic packaging materials no longer contain any plasticisers. In the near future, Beter Bed Holding N.V. will investigate to what extent there can be switched to recycled materials and whether the consumption of packaging materials can be reduced.

In the Netherlands, after delivery and assembly at a customer's site, the waste is taken away by Beter Bed Benelux. Therefore it is possible to separate waste and thereby ensure high-quality recycling. As a result, 94% of waste in the Netherlands was recycled at a high-quality level in 2019, which is almost equal to the year 2018. In other countries, this is not possible because the customers separate waste themselves and/or waste is taken away by external logistics parties.

Circular economy	Performance	Performance	Goal 2020
	2019	2018	
Yearly sold mattresses collected through return system	8%	9%	10%
Sales from products with > 25% recycled content	35%	24%	25%
Sales from modular products	0%	0%	20%
Waste streams recycled high grade	94%	93%	75%

2. Safety and quality of products and services

Customer trust is crucial to Beter Bed Holding N.V.'s reputation and continuity. Customers must rely on being able to buy a safe, good quality product. This is one of the aspects of customer satisfaction. Beter Bed Holding N.V. monitors customer satisfaction via the eKomi website, on which customers can give feedback on the various formats and assess them on a scale of 1 to 10. The aim to achieve a score of 9.4 by 2020, is already achieved in 2019.

In 2019 no incidents were reported in the field of safety and quality. Beter Bed Holding N.V. has the ambition to test 100% (based on sales) of its sold products on air quality. The Group works closely together with suppliers to have the mattresses tested on emission standards by mainly TÜV Rheinland and if these meet the criteria as set, the products are marked as certified. Only products that have obtained the certification are included in the goal. In relation to the introduction of new assortments and the through-put time of receiving the official certificates, in practice it is noticed that not all products are tested at the moment of measuring. Nevertheless the goal remains at 100% and the Group reached 93% in 2019.

Safety & quality	Performance	Performance	Goal 2020
	2019	2018	
Products which are tested on air quality (based on sales)	93%	94%	100%
Number of incidents reported in the field of safety and quality	-	-	-
Customer satisfaction: eKomi score (score 0-10, weighted average based on sales)	9.4	9.3	9.4

3. Responsible chain management

As for consumers, NGOs and investors sustainable business practices is of great concern to Beter Bed Holding N.V. and the Group therefore strives to reduce the impact on people and the environment. This emphatically extends beyond the boundaries of the organisation itself. Indeed, it is precisely through a chain approach that the biggest results can be achieved. Responsible chain management means that the Group chooses to do business with suppliers and partners who behave responsibly and with integrity. Both the commercial and the ethical aspects are important in the selection process.

Spearheads in chain management are good terms of employment and the elimination of human rights violations throughout the chain. In order to encourage compliance with a number of basic rules, Beter Bed Holding N.V. obliges suppliers to sign the Code of Conduct before they are allowed to do business. This guideline sets requirements for the ethical and fair conduct of business by suppliers and manufacturers and can be found on the website www.beterbedholding.com.

At year-end 82% of the suppliers has signed the Code of Conduct. Suppliers that have not signed the Code of Conduct yet, were added at the end of 2019 and are in the process of signing the Code of Conduct.

Beter Bed Holding N.V. wants to enter into proactive cooperation with strategic suppliers in order to embed specific CSR criteria in the purchase of mattresses and beds. This includes involvement in design processes and contributing ideas on how to integrate CSR criteria into these processes. In 2018 Beter Bed Holding N.V. entered into a partnership to develop more sustainable products with a significant number of its strategic suppliers. In 2019, in co-operation with the Ergonomic Institute of Munich huge steps have been made in the development of the 100% recyclable M line Green Motion mattress, which was presented to the market at the fair in Cologne in January 2019. Furthermore the box spring 'Element' has been introduced in the second quarter of 2019. This box spring is completely modular, easy to disassemble, each part can be separately replaced and all materials are fully recyclable, using mono-materials rather than mixed raw materials.

In order to prove the circularity of this box spring Element compared to regular produced box springs, Beter Bed Benelux has consulted TNO - the Dutch organisation for applied scientific research. Through their unique IMPACT method (Integrated Method of sustainable Product Assessment for Circular Transition) it is measured what the effects are on aspects like resources, people and environment and economy. The result of this is the circularity score, also known as the products 'green score'. Next to the appreciation in score, the results of the research by TNO provide insights in further development possibilities in the area of sustainable products in the beds range.

In addition to being a buyer of mattresses and beds, Beter Bed Holding N.V. is also a buyer of other products and services. There are also opportunities for a more sustainable approach in this area – all the more reason to scrutinise the CSR procurement processes in the coming year. This includes further development of a sustainable procurement policy to ensure that CSR criteria are consistently referenced and taken into account. The ambition is to implement this across the whole Group.

Responsible chain management	Performance 2019	Performance 2018	Goal 2020
Suppliers who signed the Code of Conduct	82% ¹	82%	100%
Number of strategic suppliers with whom the Group cooperates proactively to ensure CSR criteria are pursued	5	5	16 ²
Tenders for products and services in the Netherlands where CSR criteria are taken into account ³	40%	30%	100%

1 Two new suppliers are still in the process of signing the Code of Conduct.

2 The target was still including Matratzen Concord, and will be redefined in 2020 resulting from the divestment.

3 Decrease is caused by the choice what exactly was tendered. In a significant number of tenders the suppliers were not able to meet relevant MVO criteria

4. Energy & CO₂ emissions

Beter Bed Holding N.V. aims to reduce energy consumption in stores and distribution centers, and to reduce car and air traffic. This reduces ecological impact and leads to lower costs.

A more efficient logistics operation can play an important role in this. The idea behind this is that deliveries from all suppliers are dropshipped from the supplier straight to the customer or collated together in one logistics center, which serves as a hub for the weekly supply of stores. The benefits cut both ways: there is an economic gain in terms of more efficient supply and a positive environmental impact in terms of reducing logistics movements and thus CO₂ emissions.

Action has also been taken in the Netherlands to organise logistics more efficiently and in a more environmentally friendly manner. Single-passenger journeys are carried out in smaller, less environmentally harmful vans. In addition, Beter Bed Holding N.V. is increasingly encouraging drop shipments (whereby the package is delivered directly from suppliers to customers without the intervention of Beter Bed Holding N.V.). More packages were also delivered via existing distribution channels, such as PostNL.

CO₂ emissions are calculated annually in order to provide insight into the efforts made in this theme. Encouraging the use of renewable energy in various countries is also in line with this theme. One of the challenges is that some retail brands have concluded long-term energy contracts, which restricts the scope for switching. This resulted in the fact that no renewable energy was purchased in 2018.

However, Beter Bed Holding N.V. strives for continuous energy-efficiency through, amongst others, using LED, which is used in all new stores. In addition all remodelled stores and two distribution centers are equipped with energy saving LED.

Energy & CO ₂ emissions ¹	Performance 2019	Performance 2018	Goal 2020
Purchase of renewable energy	0%	0%	100%
Energy consumption (TJ)	79	74	257
CO ₂ emissions scope I, II and III (tonnes CO ₂) ²	7,709	7,336	18,922
Of which CO ₂ emissions scope I	3,275	3,044	
Of which CO ₂ emissions scope II	3,672	3,528	
Of which CO ₂ emissions scope III	763	764	

1 - Decreased a.o. by energy saving solutions, such as LED lightning, taken in the Benelux; - The target was still including Matratzen Concord, and will be redefined in 2020 resulting from the divestment.

2 CO₂ based on the GHG-protocol. Emission factors and energy density based on CO₂ emission factors (2017), DEFRA (2017) and Energy Information Administration (2015).

5. Safe working conditions

The safety of employees is paramount. Beter Bed Holding N.V. strives for a healthy and safe working environment. In the short and long term, the company wants to continue attracting top talent to work for Beter Bed Holding N.V. This requires awareness of the safety and health risks associated with working in warehouses, on the road and in offices. Being a good employer entails responsibility for everyone who works for Beter Bed Holding N.V. and for those who carry out work for the Group.

Beter Bed Holding N.V. is taking specific measures to this end. In 2019, the Group's ambition was to report on the number of work-related accidents. The ambition is zero work-related accidents by 2020. In order to fulfil this ambition, investments are being made in training courses in the area of safe working conditions. In addition, air quality will be tested regularly in stores, distribution centers and truck loading areas.

Safe working conditions	Performance 2019	Performance 2018	Goal 2020
Number of accidents with sick leave	-	-	-
Air quality tests performed in: ¹			
- DCs	Yes	Yes	Yes
- Loading docks	Yes	Yes	Yes
- Stores	Yes	Partly	Yes
Training and education followed by logistics employees (average number of hours per year)	2.0	2.5	4.0

1 Tests performed in DCs (integrally) and loading docks and stores (by means of sampling).

Looking ahead

General

A CSR strategy is never finished and continues to develop. Beter Bed Holding N.V. is deeply committed to achieving its CSR ambitions. Not just because it is a must, but because it matters.

At the same time Beter Bed Holding N.V. realises that there is still a lot of work to be done and that results will not arise automatically. Together with partners to its largest extent, it will be a matter of commitment and joint forces to reduce energy consumption by developing further initiatives. In addition, the Group must be realistic about where current performance is prohibiting future ambitions.



More detailed CSR performance insights

In the last two years large steps were taken in the development of a recyclable mattress. The CSR targets as set out in the reassessed CSR strategy of 2017 will remain important. Beter Bed Holding N.V. has planned for an updated scorecard as part of the renewed strategy to be presented during 2020.

Where 2018 reassessment number of indicators had to be added to complete the CSR performance insights, in 2019 more information became available to complete these reports. The ambition is to further develop the data collection and reporting on these indicators in 2020.

Current performance in relation to future ambitions

In some respects performance is not yet in line with the objectives proposed to the Management Board by the CSR steering committee. Beter Bed Holding N.V. will further investigate in 2020 how objectives set for both circular economy and energy and CO₂ ambitions can be achieved. This within the identified constraints, such as current possibilities for recycling mattresses. In view of the fact that the majority of sales consists of mattresses, Beter Bed Holding N.V. faces the challenge of achieving 35% of sales from sold products containing at least 25% recycled content.

Further integration in key operating processes

Beter Bed Holding N.V. wants to take more explicit responsibility for its stated ambitions on responsible chain management. This is currently being organised via the Supplier Code of Conduct, among other things. Signing the Code will give an enormous boost, but monitoring compliance with this Code of Conduct will be at least as important.

In addition, Beter Bed Holding N.V. is continuously improving its sustainable procurement policy, enabling it to achieve its ambitions for responsible chain management on both commercial and non-commercial goods.

Safety as the constant aim

In the field of safety, all stores, DCs and (a sample of) truck cargo spaces are tested for air quality. At present 98% of all mattresses sold have been tested for air quality. The goal is to realise a 100% score.

Appendices

GRI tables

This report is based on the GRI Standards using 'Core' application level.

GRI table

The table below shows how Beter Bed Holding N.V. meets the requirements of the GRI Standards.

Indicator		Application level	Reference to CSR report
Strategy			
102-14	Statement from senior decision maker	CORE	Introduction
102-15	Key impacts, risks, and opportunities	COMPRE-HENSIVE	The social context
Organisational profile			
102-1	Name of the organisation	CORE	Beter Bed Holding N.V.
102-2	Activities, brands, products, and services	CORE	About Beter Bed Holding
102-3	Location of headquarters	CORE	Uden, Linie 27
102-4	Location of operations	CORE	About Beter Bed Holding
102-5	Ownership and legal form	CORE	Stock listed N.V.
102-6	Markets served	CORE	About Beter Bed Holding
102-7	Scale of the organisation	CORE	About Beter Bed Holding
102-8	Information on employees and other workers	CORE	About Beter Bed Holding and in the appendices
102-41	Collective bargaining agreements	CORE	End 2019 new master purchase agreements are introduced.
102-9	Supply chain	CORE	About Beter Bed Holding
102-10	Significant changes to the organisation and its supply chain	CORE	About Beter Bed Holding
102-11	Precautionary principle or approach	CORE	Appendices
102-12	External initiatives	CORE	CSR strategy

Next to that Beter Bed Holding has signed the Charter of D&I Company and has therefore committed herself to the principles of this Charter. The Charter is a public commitment, a code with clear agreements for realising diversity at the top of the organisation.

Beter Bed Holding is also a participant of the Global Compact Code of the United Nations. The ten principles of the Global Compact Code are included in as well the Code of Conduct General

Indicator		Application level	Reference to CSR report
			as the Code of Conduct Suppliers.
102-13	Memberships of associations	CORE	CSR strategy
102-18	Corporate Governance	CORE	CSR strategy
Identified material aspects & boundaries			
102-45	Entities included in the consolidated financial statements	CORE	About Beter Bed Holding CSR strategy
102-46	Defining report content and topic Boundaries	CORE	CSR strategy
102-47	List of material topics	CORE	CSR strategy
103-1	Explanation of the material topic and its Boundary	CORE	CSR strategy
102-48	Restatements of information	CORE	CSR strategy
102-49	Changes in reporting	CORE	About Beter Bed Holding
Stakeholder engagement			
102-40	List of stakeholder Groups	CORE	CSR strategy
102-41	Collective bargaining agreements	CORE	End 2019 new master purchase agreements are introduced.
102-42	Identifying and selecting stakeholders	CORE	CSR strategy
102-43	Approach to stakeholder engagement	CORE	<i>The Group will evaluate on a yearly basis whether the last stakeholder dialogue reflects sufficiently the insights of the different stakeholders. When deemed necessary, the dialogue will be organised again. The materiality analysis has been performed as part of the reporting process.</i>
102-44	Key topics and concerns raised	CORE	CSR strategy
Report profile			
102-50	Reporting period	CORE	Reporting year 2019
102-51	Date of most recent report	CORE	Annual report 2019 (17 March 2020) Annual report 2018 (13 March 2019) Annual report 2017 (14 March 2018) Annual report 2016 (29 March 2017) Annual report 2015 (21 March 2016)
102-52	Reporting cycle	CORE	Yearly
102-53	Contact point for questions regarding the report	CORE	Contact form on web site: www.beterbedholding.com
102-54	Claims of reporting in accordance with the GRI Standards	CORE	<i>This report is in accordance with the GRI Standards: Core</i>
102-55	GRI content index	CORE	Core
102-56	External assurance	CORE	<i>Not applicable</i>

Indicator		Application level	Reference to CSR report
102-16	Values, principles, standards, and norms of behaviour	CORE	Material themes for Beter Bed Holding
103-2	The management approach and its components	CORE	Material themes for Beter Bed Holding
103-3	Evaluation of the management approach	CORE	Introduction and CSR strategy
Materials			
301-2	Recycled input materials used	CORE	Circular economy
			<i>Indicator has been adjusted to report on both revenue with recycled content and mattresses taken return.</i>
Energy			
302-1	Energy consumption within the organisation	CORE	Energy & CO ₂ emissions and in the appendices
302-4	Reduction of energy consumption	CORE	Energy & CO ₂ emissions and in the appendices
Emissions			
305-1	Direct (Scope 1) GHG emissions	CORE	Energy & CO ₂ emissions and in the appendices
305-2	Energy indirect (Scope 2) GHG emissions	CORE	Energy & CO ₂ emissions and in the appendices
305-5	Reduction of GHG emissions	CORE	Energy & CO ₂ emissions and in the appendices
Effluents and waste			
306-2	Waste by type and disposal method	CORE	<i>Limited information is available on the processing method. In addition to the usual thermal recycling, a mechanical dismantling of mattresses is now also available. The reporting process for the other waste streams will be extended in 2020. The ambition of the Group is to report on all material Core GRI indicators in 2020.</i>
301-3	Reclaimed products and their packaging materials	CORE	Circular economy and in the appendices
Supplier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	CORE	Responsible chain management
BBH1 ¹	Strategic suppliers with whom Beter Bed Holding has a proactive cooperation to ensure CSR criteria are embedded in the purchase process	CORE	Responsible chain management

Indicator		Application level	Reference to CSR report
Health and safety at work			
BBH2 ¹	Number of accidents with and without sick leave	CORE	Safe working conditions
BBH3 ¹	Tests performed on air quality in distribution centres, loading docks of trucks and stores	CORE	Safe working conditions
Training and education			
404-1	Average hours of training per year per employee	CORE	Safe working conditions
			<i>Beter Bed Holding does not make a distinction between safety training for men and for women.</i>
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	CORE	About Beter Bed Holding and in the appendices
Supplier social assessment			
414-1	New suppliers that were screened using social criteria	CORE	Responsible chain management
BBH4 ¹	Tenders for products and services in the Netherlands where CSR criteria are taken into account	CORE	Responsible chain management
Customer health and safety			
BBH5 ¹	Safe products from store assortment which are tested on air quality	CORE	Safety & quality of products and services
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	CORE	Safety & quality of products and services

¹ BBH-indicators are indicators which are developed by BBH to monitor progress on the recalibrated CSR-strategy.

HR table

The table below provides insight into the Group's HR information (headcount), in line with GRI requirements.

	2019 ¹	2018 ¹	2017 ¹	2016 ¹	2015 ¹
Diversity					
Women	494	500	470	371	319
Men	601	596	553	474	407
Total	1,095	1,096	1,023	845	726

Age					
<30	389	340	288	225	142
30-50	453	512	480	443	396
>50	253	244	255	177	188
Total	1,095	1,096	1,023	845	726

Diversity in top management					
Women	5	4	3	6	4
Men	9	10	11	11	8
Total	14	14	14	17	12

Full-time / Part-time					
Full-time - women	85	71	80	41	39
Full-time - men	384	401	393	336	276
Part-time - women	434	429	390	330	280
Part-time - men	192	195	160	138	131
Total	1,095	1,096	1,023	845	726

Fixed / temporary contract					
Fixed - women	326	352	327	263	260
Fixed - men	356	385	374	331	323
Temporary - women	159	148	142	108	59
Temporary - men	254	211	180	143	84
Total	1,095	1,096	1,023	845	726

¹ Number of employees at year end

	2019	2018	2017	2016	2015
Per region					
The Netherlands	941	908	906	828	714
Sweden	120	156	93	0	0
Belgium	34	32	24	17	12
Total	1,095	1,096	1,023	845	726
Parental leave					
Women (number)	15	17	11	11	11
Men (number)	4	10	10	10	11
Total	19	27	21	21	22

Energy table

The table below provides insight into the Group's energy information, in line with GRI requirements.

	2019		2018	
Scope I and II	Energy (TJ)	CO₂ (tonnes)¹	Energy (TJ)	CO₂ (tonnes)
Electricity (grey)	23	3,672	22	3,528
Electricity (green)	-	-	-	-
Natural gas	28	1,583	24	1,336
Fuel oil	-	-	-	-
Diesel	28	1,692	28	1,708
Total	79	6,947	74	6,572
Energy intensity²	0.43	0.04	0.43	0.04
Scope III³	CO₂ (tonnes)		CO₂ (tonnes)	
Air travel	89		43	
Commute travel	674		721	
Total	763		764	

1 CO₂ based on the GHG-protocol. Emission factors and energy density based on www.CO₂emissiefactoren.nl (2017), DEFRA (2017) and Energy Information Administration (2015).

2 Based on sales in TJ and CO₂ in tonnes per € 1,000.

3 The available information on energy consumption in the supply chain is reported as part of the scope I emissions.

These tables refer to information of the international retail brands from The Netherlands, Belgium and Sweden. The scope is determined based on operational control.

Waste table

The table below provides insight into the Group's waste information, in line with GRI requirements.

Waste (tonnes)	2019	2018	2017	2016	2015
Cardboard and paper	543	541	583	629	623
Plastic	241	222	271		
Other	1,051	918	1,009	1,247	1,127
Total	1,835	1,682	1,864	1,876	1,750
Recycled waste	94%	93%	93%	84%	60%

Precautionary principle

Substances that are not permitted by European standards and regulations will not be used in products sold by Beter Bed Holding N.V. If and as soon as it is established that a substance does not comply with European standards and regulations, the use of this substance by suppliers must be discontinued. In such cases, the organisation will consult with the supplier in order to jointly and actively look for better alternatives. Suppliers must comply with the REACH regulations when manufacturing goods. A feature of REACH is that if an operation takes place or is about to take place for which there are strong indications that it will have serious effects on the environment, measures must then be taken, even if scientific uncertainty persists.

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