

CSR report



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Overview

Beter Bed Holding N.V.'s stores offer products that contribute to a good night's sleep, and thereby the well-being of our customers. We do this in a socially responsible and sustainable way, and are transparent about our way of working.

Corporate Social Responsibility (CSR) objectives are central to Beter Bed Holding N.V.'s strategy. For this reason, the circular economy, the safety and quality of our products and services, responsible store management, energy and CO₂ emissions, and safe working conditions, are important topics material to our Company's activities in the coming years.

In order to be able to operate in a socially and environmentally responsible way, Beter Bed Holding N.V. is focussed on creating a healthy and stimulating environment for employees, developing sustainable products, and ensuring a responsible supply and waste chain.

Our Group makes a conscious effort to take the impact of business operations on people, the environment and society into account, and is focused on new market opportunities, growth and innovation. In this way, we take an active role in developing sustainable products and responsible disposal methods in the furniture industry.

In addition, Beter Bed Holding N.V. continuously examines new opportunities both within, and outside the organisation, to improve its sustainability performance, together with questioning which sustainable services and products really add value. We are always looking for appropriate solutions, preferably in collaboration with strategic players in the chain.

2020 at a glance



CIRCULAR ECONOMY

17,238

mattresses collected

38%

of sales contains recycled materials



SAFETY & QUALITY

94%

of all sold mattresses tested

customer satisfaction (eKomi score)

9.3



RESPONSIBLE CHAIN MANAGEMENT

85%

of the suppliers signed the Code of Conduct

5

strategic partnerships with suppliers



ENERGY & CO₂ EMISSIONS

0%

renewable energy purchased

75 TJ

total energy consumption



7,107 tonnes

CO₂ emissions



SAFE WORKING CONDITIONS

2.0 hours

safety training per logistic employee in NL

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



EMPLOYEES

36%

women in senior management positions

1,221

employees as per 31-12-2020

1,027

FTE as per 31-12-2020

Summary of facts

| | 2020 | 2019 |
|---|-------|-------|
| Circular economy | | |
| Yearly sold mattresses collected through return system | 7% | 8% |
| Sales from products with > 25% recycled content | 38% | 35% |
| Share of sales from modular products | 6% | 0% |
| Waste streams recycled high grade | 94% | 94% |
| Safety & quality | | |
| Products that are tested on air quality (based on sales) | 94% | 93% |
| Number of incidents reported in the field of safety and quality | - | - |
| Customer satisfaction: eKomi score (score 0-10, weighted average based on sales) | 9.3 | 9.4 |
| Responsible chain management | | |
| Suppliers that have signed the Code of Conduct | 85% | 82% |
| Number of strategic suppliers with proactive cooperation to ensure CSR criteria are pursued in the purchasing process | 5 | 5 |
| Tenders for products and services in the Netherlands where CSR criteria are taken into account | 50% | 40% |
| Energy & CO₂ emissions | | |
| Purchase of renewable energy | 0% | 0% |
| Energy consumption (TJ) | 75 | 79 |
| CO ₂ emissions (tonnes) | 7,107 | 7,709 |
| Safe working conditions | | |
| Number of accidents with sick leave | - | - |
| Tests performed on air quality ¹ | | |
| - DCs | Yes | Yes |
| - Loading docks | Yes | Yes |
| - Stores | Yes | Yes |
| Training and education attended by logistics employees (average number of hours) | 2.0 | 2.0 |

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

The CSR year in brief

The CSR objectives we formulated in 2017 led to CSR being better embedded in the daily activities of the Group over the past three years. In addition, in line with the strategy, a category management team was created in order to improve and proactively collaborate with suppliers of sustainable innovations in the bedding industry.

Sustainable solutions are traditionally focused on the back-end of the chain. In 2020, we made significant strides in terms of offering circular and sustainable solutions. Customers now have the option, for instance, to hand in their old mattress to be recycled. In the reporting year, more than 17,000 mattresses that would have otherwise been burned were collected, resulting in a positive effect in terms of CO₂ emissions.

Our Group is currently working on its innovation pipeline for sustainable mattresses. In 2020, we developed, in collaboration with suppliers and the Ergonomic Institute of Munich, a complete range of sustainable products with, for example, natural materials, or modular construction, often in combination with the use of recycled materials.

We have already included a large number of sustainable products into different collections. From a modular box spring made from recyclable materials, to pillows and duvets made from recycled PET bottles. Beter Bed Holding N.V. has entered into an agreement with five strategic suppliers to develop more sustainable products. Together with our suppliers, we are also creating better ways of processing and collecting goods at the end of their life cycle, responsibly disassembling them and reusing the remaining materials.



Human rights and the fight against corruption are two further areas in which we believe we can make a positive difference. By entering into agreements about codes of conducts with our suppliers, we as a Group can respect international agreements and conventions on working conditions. At the end of 2020, 85% of our suppliers had signed the Code of Conduct. By ensuring that suppliers adhere to this code, we will reduce the risk of violating legislation pertaining to human rights, bribery and corruption. In our new CSR strategy, we will not only ensure these agreements are signed, but also ensure compliance by carrying out audits of our suppliers.

Health and safety on the work floor and in our stores remains an important topic. Employees must have confidence in the safety of their working conditions, and our customers must have confidence in the high quality and safety of products. In order to ensure this, we continually carry out quality tests in our stores and warehouses in the Benelux.

COVID-19 measures

The whole world is experiencing the effects of the COVID-19 pandemic. Beter Bed Holding N.V. is no exception, and in the interest of the health of our employees, the crisis team immediately took all necessary measures as advised by the Government of the Netherlands and the RIVM to reduce the spread of the virus.

Operational

1. Circular economy

A circular economy reduces the waste of resources by maximising the reuse of products and natural resources, and minimising those thrown away and destroyed.

In addition to environmental benefits such as reducing our ecological footprint, the circular economy can also help reap long-term financial benefits by safeguarding natural resources, reducing costs, and responding to the increasing demand for sustainable and responsible products. For this reason, circularity plays a key role in our Group's strategy.

Within the circular economy, a number of relevant topics exist: from design, type of material and promoting the use of environmentally friendly materials, to the development of new products.

We have established the following key performance indicators (KPIs) in relation to circular economy.

Proportion of returned mattresses versus the number sold

At the point of purchasing a new mattress, customers are asked whether they would like to make use of our disposal service for their old mattress. Prior to the collection, customers receive a bag in which they can put the old mattress, and then give this to the delivery team from Beter Bed Holding N.V. The returned mattresses are placed in a specially designed storage container located at one of our three distribution centres. In order to dispose of the returned mattresses, we have in the Netherlands and Belgium partnered with waste disposal company Renewi, which in turn recycles mattresses in partnership with RetourMatras B.V. This service is beneficial to both customers and the environment alike, with the old mattresses taken away and dismantled.

At RetourMatras B.V., which is located in the vicinity of the distribution centre in Uden, mattresses are first scanned to determine the contents, before the mattress cover is removed by machine. The covers are then compressed into a bale and offered to the textile industry, before being used to make furniture blankets and dusting cloths.



The metal springs are reused in the steel industry and fully recycled for a wide variety of uses. The foam, which comprises the majority of the mattress, is shredded, steamed and compressed. The resulting material can then be used, for example, for insulation. This is an effective form of downcycling. By following this disposal and dismantling process, we limit CO₂ emissions that result from burning mattresses, and the majority of the remaining materials are reused.

5 REASONS TO RECYCLE MATTRESSES



It ensures that a **high proportion are recycled**



It delivers wonderful **new products** made from textile, metal, latex and polyurethane



It saves on **residual waste**



It fits into the government-wide program **VANG (waste to raw material)**



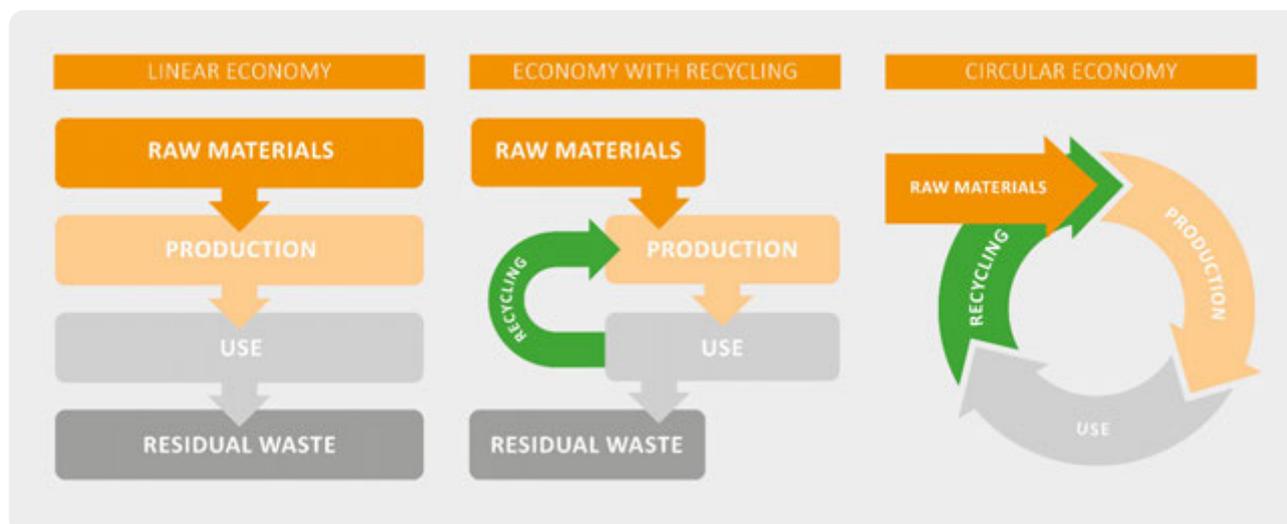
It **reduces CO₂ emissions** compared with combustion

Sales from products with >25% recycled content

We urge suppliers developing products for our Company to use materials that: are easily recyclable; have been obtained in a responsible way; or are made of recycled material. For box springs, we insist that only FSC-certified wood be used. This quality certification helps protect and promote sustainable forestry, conserving wildlife habitats and safeguarding the rights of local people and forest workers, while also providing timber for industry.

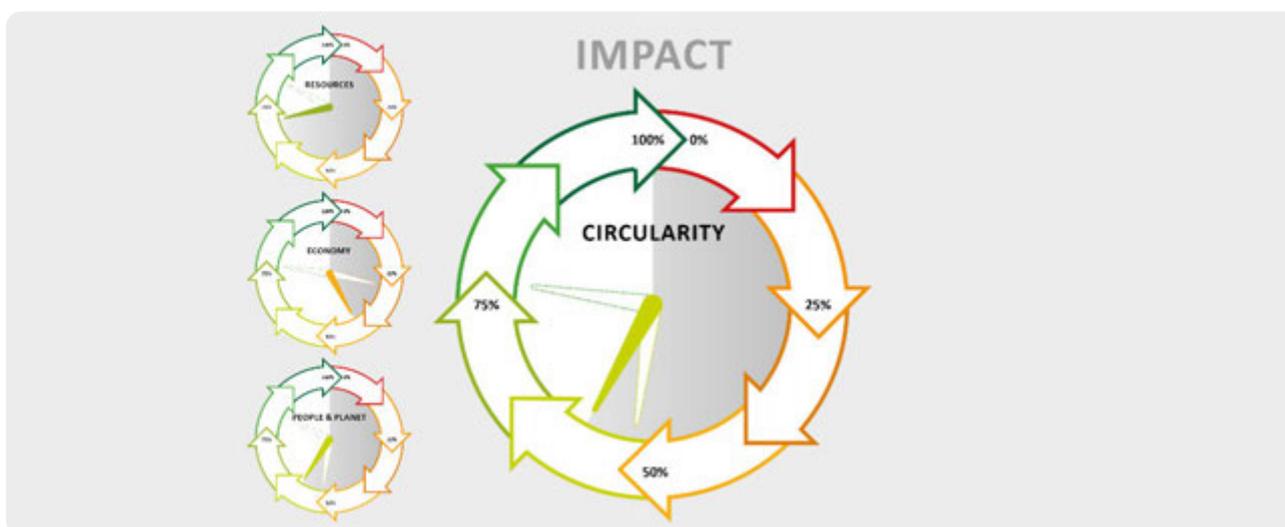
Special attention is paid during the procurement process of box springs and mattress covers, to the availability and suitability of materials from recycled PET bottles or recycled textiles, such as jeans. Examples of products that utilise these materials are the box spring Element, bed base Bædd, synthetic pillows, and duvets. We now have a complete collection of sustainable products, some of which can be offered through a lease model. By leasing, the lifespan of the articles can be extended, and we can ensure the responsible disposal of the products when returned.

Share of sales from modular products



We are able to extend product lifespan and simplify the disassembly process into a single homogenous waste stream by constructing products in a modular way. An example of such a product from Beter Bed's collection is the 100% modular constructed box spring Element, which is easily dissembled and consists of 100% recyclable materials, with no staples, glue or screws used.

Together with TNO, we have determined the precise level of sustainability of the box spring Element. The so-called 'circular character' of the innovative design has been confirmed in several tests and measurements. One of the means to determine the level of circularity is the IMPACT valuation method.



The Element bed system achieves circularity for a number of reasons: a weight reduction of more than 20% (29 kg) has been primarily achieved by using less polyester textile in the top mattresses, and wood in the headboard; in the mattress more pocket springs are used instead of PU-foam; and 90% of the wooden parts and 95% of the steel parts are reused. In addition, the materials from the top mattress and the mattress are recycled into higher-quality raw materials.

High-recyclable value waste stream

All waste at our distribution centres and headquarters is separated into four main categories: mattresses, paper/cardboard, plastic and residual waste. Special containers have been placed at the distribution centres, and waste is collected from our headquarters, distribution centres and the stores by Renewi, a waste-to-product company with which we have agreed to partner. Renewi's ambition is to become the leading company in its sector, focussing exclusively on creating value from waste rather than burning or dumping waste.

Of the 14 million tonnes of waste that Renewi processes every year, 89% is recycled or used for energy production. This unique waste-to-product approach is in line with social and legal developments, and provides the most capital efficient solution for effective recycling and waste management. Every quarter, an overview of the processed waste and the recyclable value of our Company's waste is generated.

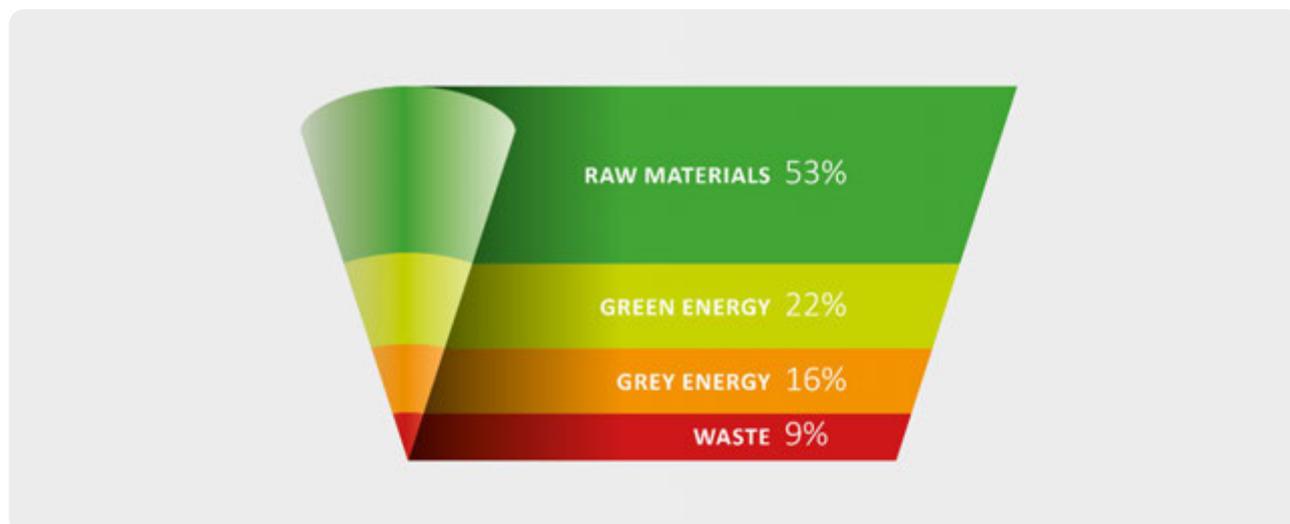
Total overview of weight per waste flow

| Waste flow | TNO certified | Weight (kg) | % |
|----------------------|---------------|------------------|-------------|
| Waste/residual waste | Yes | 426,681 | 24% |
| Foil/plastics | Yes | 214,961 | 12% |
| Hazardous waste | No | 80 | 0% |
| Wood | Yes | 100,040 | 5% |
| Mattresses | No | 490,140 | 27% |
| Other | No | - | 0% |
| Paper/cardboard | Yes | 577,860 | 32% |
| Breakstone | Yes | 3,800 | 0% |
| Confidential paper | Yes | 804 | 0% |
| Total | | 1,814,366 | 100% |

Recycling per waste flow (based on TNO certified flows)

| TNO certified | Waste flow | Weight (kg) | Raw materials | Green energy | Grey energy | Waste |
|---------------|----------------------|------------------|----------------|----------------|----------------|----------------|
| Yes | Waste/residual waste | 426,681 | 21,334 | 153,605 | 157,872 | 93,870 |
| Yes | Foil/plastics | 214,961 | 210,661 | - | 2,150 | 2,150 |
| Yes | Wood | 100,040 | 8,003 | 92,037 | - | - |
| Yes | Paper/cardboard | 577,860 | 456,509 | 46,229 | 46,229 | 28,893 |
| Yes | Breakstone | 3,800 | 3,762 | - | - | 38 |
| Yes | Confidential paper | 804 | 675 | 129 | - | - |
| Total | | 1,324,146 | 700,944 | 292,000 | 206,251 | 124,951 |

By recycling our waste flow in this way, we avoid 440,877 kg of CO₂ emissions. This is comparable to driving 2.2 million kilometres in a diesel car. If we had to compensate this quantity of CO₂ emissions, we would need 22,044 trees to grow for 1 year.



2. Safety and quality

Products that are tested on air quality (based on sales)

We take the safety of our customers and employees very seriously. It is therefore very important that we provide a safe environment for customers choosing products, and for employees working in stores, distribution centres and delivery teams. Mattresses sold by Beter Bed Holding N.V. are tested by TÜV Rheinland in Arnhem to ensure that they do not contain any hazardous substances, and must comply with strict quality standards before they are brought to market.

Number of reported incidents in the field of safety and quality

Our quality department undertakes annual risk assessments in order to determine whether the general working conditions are safe. Close attention is paid, for example, to the accessibility to and use of safety devices, the load carried by employees, and air quality. By ensuring healthy working conditions, we can reduce employee absenteeism related to safety- and quality-related incidents. Any incidents that do occur are recorded and followed up on to prevent any future occurrences.

Customer satisfaction: eKomi-score (score 0-10, weighted average based on sales)

We want to not only know whether our customers are completely satisfied – be it in our stores, online or during a delivery – but also know how to improve our services in the future. Customers are therefore asked for feedback at multiple times: after placing an order, after delivery and via product reviews by email.

For our online sales, we measure customer satisfaction using eKomi. After the data is collected in eKomi, it is reviewed by the eKomi Feedback Management team, and then published online and linked to all large search engines. All reviews are then integrated into the website. Through our Customer Experience department, we can continuously track performance through eKomi's real-time statistics.



In 2020, we achieved a positive eKomi-score of 9.3. Despite the improvements that have been made to our services, the impact of the COVID-19 pandemic on planning and our suppliers' supply chains, in addition to the shortage of raw materials, has led to a longer delivery time for customers. The lack of reliable information, in particular, led to a lower level of satisfaction among some of our customers in the second half of the year. This resulted in a score that was 0.1 lower than in 2019.

3. Responsible Supply Chain Management

Suppliers that have signed the Code of Conduct

We are committed, as an organisation, to operating in a responsible way and to creating a sustainable future from an economic, social and ecological perspective. In this context, the working conditions of all employees involved in the production process are every bit as important as other vital factors, such as customer safety and environmental concerns.

These principles and values are central in choosing our suppliers. In addition to financial and commercial terms, we also take ethical considerations with regards to working conditions, health, environment, sustainability and animal welfare into account, and expect our suppliers to conduct their business in a way that is aligned with our principles and values. In this Code of Conduct, we have clearly defined our expectations for our suppliers. This will contribute to the further development of a sustainable purchasing policy, in which supply chain responsibility is the very foundation.

Suppliers are required to comply with the laws and regulations in all the countries in which they operate. In addition, suppliers are obliged to comply with international treaties and conventions with respect to working conditions, public health, hazardous substances, animal welfare and environment, even if these are not applicable to the country in which the supplier is active. Examples include treaties and conventions drawn up by the United Nations (UN), International Labour Organization (ILO) and the European Union (EU).

Our suppliers must possess all applicable permits. In the event of one or more of these being outstanding at the point of signing the Code of Conduct, the supplier must ensure that they receive these within three months of signing.

Number of strategic suppliers that we proactively collaborate with to ensure CSR criteria are pursued in the procurement process

We have agreed on a strategic collaboration with a number of suppliers that are responsible for the supply of a large proportion of goods purchased from us. In addition to collaborating for an extended period, agreements are made to work together on meeting joint CSR objectives.

Tenders for products and services in the Netherlands in which CSR criteria are taken into account

During all product tenders, we take product-specific requirements linked to our CSR objectives into consideration: suppliers are required subscribe to the Code of Conduct, and materials must meet the international requirements and have the necessary certificates. We are working on adding elements linked to our CSR objectives in tenders for services. For example, the use of non-hazardous cleaning materials cleaning companies, and the use of local maintenance services for buildings to limit distances travelled.

4. Energy and CO₂ emissions

Climate change presents a number of risks, including financial risks. This is particularly apparent with large-scale natural disasters, which underline the severity of the risks and consequences. Shareholders and investors increasingly recognise the importance of these issues and want to be able to take them into account in their investment decisions. Through our new CSR policy, we wish to be able to provide relevant and timely sustainability information to all our stakeholders, and clearly outline our priority of reducing our ecological footprint.

Our CSR policy contains a broad range of measures to conserve energy and reduce CO₂ emissions. Sustainability plays an important role at an operational level, with Beter Bed Holding N.V. encouraging its subsidiaries to examine their activities in a critical way, and limit their impact on the environment as much as possible, which in turn saves business costs in the long term.

Procurement of renewable energy

The procurement of renewable energy is undertaken centrally for our Benelux businesses. Energy for our headquarters, distribution centres and the stores are purchased from a single organisation. In doing so, Beter Bed Holding N.V. is one of a number of large companies in the Netherlands that tenders the procurement of energy centrally.

Energy consumption

Every year, steps are taken to reduce our energy consumption: all stores are equipped with temperature control systems that limit the maximum temperature during opening times. At night, the minimum temperature is set at the most efficient level so as to avoid needing to use elevated energy consumption when opening in the morning. Furthermore, all halls and/or sections of the distribution centres and the headquarters have movement sensors to control the lighting, and the lighting units switch to an energy-efficient system during opening hours.

Extended store opening times, increased delivery services (due to increased number of orders and customer requests), and the need to cool our stores during exceptionally long or warm summers all have a negative impact on energy consumption.

In addition, while the extra charging stations that we have installed for electric and hybrid vehicles have a positive effect on CO₂ emissions, they also contribute to increased energy consumption.

CO₂ emissions

Action has been taken across the Group to improve the efficiency and environmental friendliness of logistics processes. Journeys with only one member of our delivery teams are undertaken in smaller delivery vans so as to be more environmentally friendly. In addition, Beter Bed Holding N.V. encourages more drop shipments (in which the package or parcel is delivered directly from the supplier to the customer, as opposed to with Beter Bed Holding N.V.'s involvement). More packages are also being delivered through existing channels, such as PostNL.

CO₂ emissions are calculated on an annual basis using www.CO2emissiefactoren.nl in order to acquire insights as to progress being made. The list of the respective emissions factors forms a basis on which to examine and compare our CO₂ footprint on an activity-by-activity basis. Companies, customers and CO₂ instruments can all use this CO₂ emission factors. The seven different categories provide a broad basis on which to better understand our full CO₂ footprint.

5. Safe working conditions

The safety of our employees is our number one concern and Beter Bed Holding N.V. always strives to maintain healthy and safe working conditions. In the short and long term, we wish to continue to attract outstanding employees to work for Beter Bed Holding N.V. We require that all employees fully understand the health and safety risks associated with working in warehouses, on the road, and in offices in order to help prevent any incidents that would impact on their safety or the safety of others. We believe that being a good employer means taking responsibility for everyone that works at Beter Bed Holding N.V., and for everyone carrying out work for the Group.

Since 2019, we have had the ambition to report on the number of work-related accidents. In order to help prevent accidents, we invest in a number of safety trainings. In addition, air quality is routinely tested in stores, distribution centres and truck loading points.

As would be expected in a company of our size, accidents do on occasion occur. Fortunately, no such accident during the reporting year had a significant material or physical consequence.

Number of accidents with sick leave

We are committed to reducing and further removing the risk of serious injury to our employees by:

- Undertaking a risk assessment and evaluation;
- Carrying out activities according to health and safety rules;
- Paying added attention to size and weight of packages when purchasing goods; and
- Providing safety training to logistics workers.

We are supported in this work by several professional organisations, such as the Dutch health and safety service (De Arbodienst), which shares advice and research. The activities are supervised by our works council, which also oversees compliance.

Tests performed on air quality

Air quality is measured on an annual basis at various locations in distribution centres, and in stores and truck spaces to guarantee a safe and healthy environment for our employees. The test involves placing capsules in a specific location and is carried out by TÜV Rheinland. After these capsules have absorbed the air in the room, they are analysed by TÜV Rheinland for hazardous substances.

Training undertaken by logistics employees (average number of hours)

The Quality department provides trainings in the areas of safety, working conditions and product knowledge. Two examples of such trainings are:

- Code 95 U19 (lifestyle training): in this training, employees gain helpful insights into their personal physical health, such as BMI and body fat percentage, together with an understanding of recommended safe lifting loads. Through a personal action plan, employees learn which areas they can work on to improve their health, and best way to do so.
- Emergency response training (BHV): in this training, employees learn how to respond in the event of a fire or evacuation, and the basics of first aid. A follow-up training is required for all trained employees every two years.

COVID-19 measures

To provide employees with as much security as possible in these uncertain times, we have undertaken a wide range of employee communications about how colleagues should interact with one another, how we can continue to provide an optimal level of service to our customers during the COVID-19 pandemic, and the safety measures that have been taken to achieve this.

Throughout the pandemic, the necessary adjustments have been made to our stores, distribution centre, transportation, and offices to create as safe a working and retail environment as possible, and to continue to provide optimal level of service to our customers.

Employees are required to stay at home should they or any member of their family exhibit any symptoms of COVID-19. Within the organisation, all employees follow a number of rules on behavioural norms, including no shaking of hands, maintaining 1.5 metres distance from one another, and washing their hands appropriately. Soap and disinfectant are readily available throughout the premises, and an extra cleaning protocol has been developed. Doors are kept open as much as possible so as to reduce the touching of door handles. Furthermore, our canteen facilities have been closed, and where possible, employees work from home, which is mainly applicable to office workers.

The layout of our warehouses has been adjusted so as to make it possible for our employees to social distance. At locations where this would not be possible, we have amended work and break times to enable social distancing by having fewer people in one place at any one time. For the safety of both our customers and our delivery teams, customers are contacted beforehand to determine whether it is safe to perform the delivery. Customers are also asked to maintain a safe distance and to clear the entrance space in advance. All delivery personnel are equipped with protective products and equipment such as disinfectant gel, cleaning clothes and masks.

In addition, extra protocols have been developed to enable customers to continue visiting our stores in a responsible way. Protective products and equipment have been made available both inside and outside our stores, in addition to physical adjustments.

Cough screens have been installed at checkouts, together with clear distance markers on the floor. Furthermore, chairs have been placed at appropriate marked distances from one another, and information posters placed in prominent places to explain the safety protocols. To enable customers to safely test pillows and mattresses, we have used special pillow and mattress covers, which are thoroughly cleaned after use.

Outside our stores, distance markings have been placed on the ground so that customers can safely queue in the event that the maximum legally permitted number of customers in the stores has already been reached. We subsequently took the decision to reduce the maximum number of people allowed in our stores even further for the comfort and reassurance of both our employees and customers alike.

Social involvement

As a responsible corporate citizen, we believe it is important to play a role in the communities in which we operate. In order to decide how and where we can use our resources to help good causes, we use two simple criteria: proximity and relevance.

Proximity

Sports clubs play crucial roles in local communities, bringing people together and promoting healthy lifestyles. We are proud to have sponsored local sport clubs, such as Udi '19 and RKS V Volkel for many years.

In 2020, Beter Bed joined Xpress, a project launched across North Brabant. This collaboration between local art centres helps identify talented youngsters, and develops their creative and teamworking skills. Transferable skills such as these will in turn help not only those who have participated in the project, but also the businesses of the future. To help promote the project's work and provide assistance, Erik Weerts (second on the left), Financial Director of Beter Bed, has taken on an ambassadorial role.



Relevance

We have also been proud supporters of the Princess Máxima Centre in Utrecht, the Netherlands, since its foundation in 2014, supplying and maintaining all the beds and mattresses used in their parent-child rooms, so that children can be close by their parents during treatment for cancer. The annual PinZes campaign every November and December raises a considerable sum through customer donations for the Princess Máxima Centre, which we then double.

We also support a range of ad hoc initiatives related to our mission of helping everyone get high-quality sleep, for example, providing fold-up beds and mattresses to healthcare workers in various locations during the COVID-19 pandemic, in addition to investing in research and sponsorship.

Our premium mattress brand M line's slogan is: 'In order to deliver top performance throughout the day, you need a good night's sleep'. It is therefore with good reason that M line is the official sleep supplier of various elite sports teams. TeamNL, the Royal Dutch Football Association (KNVB) and Jumbo-Visma, the professional cycling and skating team, never travel without their own M line mattresses. Elite level sport involves not only rigorous training regimes and meticulous diets, but also high-quality sleep, as the body recovers best at night from exertion during the day. It is no surprise that athletes looking for the best results place so much value on having a good mattress. From Olympic gold medallist gymnast Epke Zonderland and speed skater Kjeld Nuis, to Dutch footballer Shanice van de Sanden to Belgian cyclist Wout van Aert, they all sleep on M line.

To support our mission, we are playing an important role in research conducted by various sports physicians and physiotherapists on the effects of a good night's sleep on elite athletes' performance. By doing so, we can better understand the science of sleep.

National child help funds (Nationaal Fonds Kinderhulp)

Unfortunately, a good night's sleep is not a given for everyone. 1 in 12 children in the Netherlands lives in poverty, and every year the national child help funds receives around 3,200 requests related to improving children's bedrooms. As a proud partner of the National child help funds, we are able to help children in need by donating returned M line mattresses, which are cleaned and fully checked, having been returned during the 100-day trial period.

A good night's sleep is particularly important for children and their development. Children that sleep well perform better cognitively, and are less likely to suffer from depression. In 2020, in order to highlight the importance of a good night's sleep for children, we gave away free picture books during children's book week (Kinderboekenweek), in which people were urged to donate to the national child help funds.

CSR strategy 2021

An insight into our CSR strategy

Current status

While Beter Bed Holding N.V. has in recent years established a variety of CSR-related initiatives, we understand much work remains to be done, and we are committed to conducting business in an ever more sustainable way. To give sustainability the priority it requires, and ensure it is fully integrated into our renewed strategy, we appointed a senior CSR & Sustainability lead, effective as of October 2020. The lead will report to the Management Board, which will oversee the Group's integrated sustainability strategy. As our non-financial targets expired in 2020 and needed to be updated, it is a logical moment to simultaneously assess both our current CSR activities and strategy.

Beter Bed Holding N.V. has been a leader in providing sleep solutions in the Netherlands since the 1980s. Today, the sleep domain - as an important factor in health & well-being - is more relevant than ever. Customers are increasingly interested in learning more about the products they buy, not only in terms of how a mattress is produced or what it is made of, but also how it can be recycled responsibly. To adequately address such sustainability concerns, now and in the future, we wish and need to enhance our sustainability performance.

Quick Scan

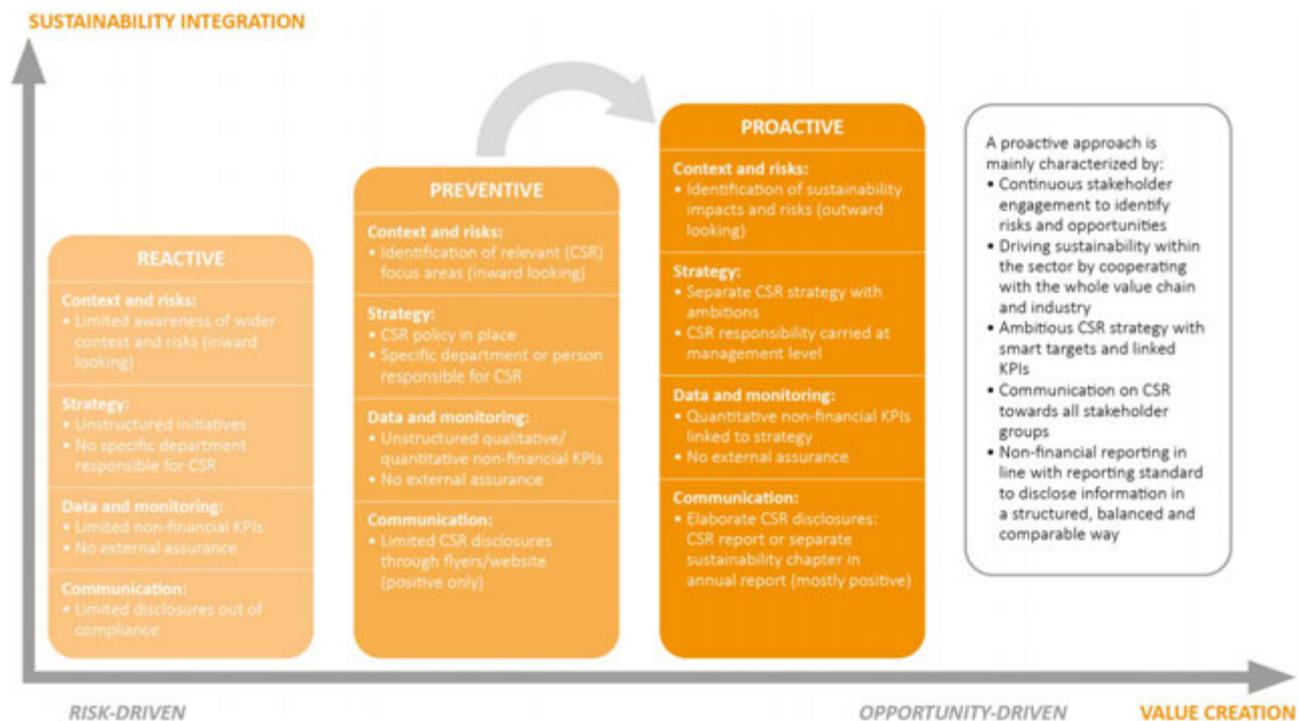
In order to get a clear, independent view of our efforts on sustainability and our position in the industry, we consulted an external party to conduct a Quick Scan of our CSR activities. Starting with an analysis of our environment, CSR trends and developments, they identified highly relevant legislative trends where we can improve. Secondly, our CSR strategy and disclosures were analysed against the performance of peers, selected customers and other listed companies. Together with the outcome of several interviews that were conducted with internal and external stakeholders, the analysis demonstrated our current position in the sustainability journey.

Assessment of our current CSR strategy

The analysis of the business context showed that several legislative trends have a direct or indirect effect on our business, such as the EU Non-Financial Reporting Directive (NFRD), EU Taxonomy, and Dutch climate agreement. An analysis of Beter Bed Holding N.V.'s current CSR disclosures and internal CSR management evidenced that Beter Bed Holding N.V. acts in compliance with relevant legislation, discloses information in line with relevant reporting standards, and is recognised as being active on sustainability. That notwithstanding, the analysis showed that Beter Bed Holding N.V.'s current approach, based on the CSR maturity model, is preventive in nature.

Transparency

As we believe transparency and honesty are paramount in such processes, as well as highly valued by our stakeholders, we have included a number of the insights gained and provide guidance on how we plan to follow up on them.



By systematically analysing non-financial risks and linking CSR with business strategy and goals, Beter Bed Holding N.V. can move towards a more proactive approach. In order to measure progress against our targets, we need to improve the quality of our non-financial data by reviewing our KPIs and current reporting processes. This will help us to set both ambitious and realistic goals from 2020 onwards.

Peer analysis

A similar assessment, based on publicly available information, was conducted of our peers, customers and a number of selected listed companies. The objective was to gain a clear understanding of both how they are reporting on CSR, and the steps they have taken to date. This provided clear insights on how Beter Bed Holding N.V. is positioned in the sector, where we are performing ahead of our peers, and the elements that require further attention.

Stakeholder engagement

We recognise the importance of engaging with stakeholders in the journey towards a renewed strategy. During the current process, we have been in talks with many stakeholders, and we will continue to going forwards. Our first talks included interviews with business partners in the value chain and various shareholders, in addition to conducting an employee survey. Topics discussed included opportunities and challenges that exist in our industry, our current positioning among peers, and the anticipated next steps that Beter Bed Holding N.V. should take in its sustainability journey.



Lessons learned

During the interviews with suppliers and customers – our partners in the value chain – the need to be more engaged in creating new sustainable product innovations or tackling sustainability across the supply chain was clearly evident. We realise that an enhanced dialogue and cooperation is key to driving sustainability within our industry.

The results of the employee survey showed that there is also an appetite for more engagement within the organisation. Almost 57% of respondents indicated that they would like to actively contribute to sustainability at Beter Bed Holding N.V., and over 84% stated that they believe sustainability to be an important business opportunity for Beter Bed Holding N.V. These represent encouraging results that we believe are important to take into consideration as part of our renewed strategy.

Next steps

The outcomes of the Quick Scan provided the opportunity to examine our strategy and CSR activities from a new perspective. Based on the recommendations resulting from the aforementioned analyses, new objectives and ambitions are currently being formulated. We will reassess and define our material topics, and report on these in a quantitative way, with clearly defined KPIs that measure progress against smart targets. All ingredients which will lead to a proactive approach by the standards of the CSR maturity model.

Our renewed CSR Strategy

We aspire to become a sustainability leader in the bed and mattress industry. To achieve this ambition, we have defined a plan of action that includes various steps, both for the short, medium and long term. Short-term steps include renewing our CSR strategy.

During this process, we will both set clear focus areas and formulate smart ambitions covering all relevant entities. To define these focus areas, we will conduct a new materiality assessment. This will result in a more focussed and structured approach to our reporting. Through our new strategy, we aim to take a more proactive attitude towards sustainability by cooperating with stakeholders across our whole value chain and the industry as a whole.

Sustainable Development Goals

An important element in defining the medium- and long-term steps, is our impact on society. At present, we are already actively involved in our communities and seek to have a positive impact through our products. Nonetheless, to take this a step further we will turn our focus towards the Sustainable Development Goals (SDGs), and examine which goals apply to our operations.

Sustainable Development Goal 12, Responsible Consumption and Production, will form part of this work, as it is an important driver towards a circular economy.

Circularity is one of our key focus areas and represents the end goal of many of our innovations, as we continuously examine for new ways to further reduce our waste generation by either reduction or recycling. Informing customers and creating greater awareness about this theme is an important success factor. As we move forward, we will continue to review the SDGs and select the most relevant goals and sub-targets. This will enhance how we measure our impact and thereby enable Beter Bed Holding N.V. to improve its reporting, while also contributing positively to society as a whole.

| | Short-term/mid-term | Long-term |
|-------------------|---|--|
| CONTEXT AND RISKS | <ul style="list-style-type: none"> Conduct a new materiality assessment by engaging stakeholders in order to use this for reporting as well as strategic purposes Start assessing non-financial risks systematically | <ul style="list-style-type: none"> Set up continuous stakeholder engagement management to involve them in understanding impacts, risks and opportunities Assess and report non-financial risks in line with TCFD |
| STRATEGY | <ul style="list-style-type: none"> Redefine CSR strategy to further focus and be able to show the sustainability positioning of Beter Bed Holding N.V. Formulate a purpose and ambitions Identify relevant SDG's Operationalise strategic pillars and set (new) non-financial, smart targets | <ul style="list-style-type: none"> Start measuring and reporting contribution to the SDG's Review and update CSR policies (like whistleblowers policy, SCoC) |
| DATA & MONITORING | <ul style="list-style-type: none"> Review existing KPI's and set up new KPI's that match CSR strategy Set up a reporting manual to define KPI's clearly incl. scope, reporting process, etc. Improve performance management by increasing automatisisation of data collection and implementing internal controls | <ul style="list-style-type: none"> Conduct a pre-assurance to have a critical look at data quality and prepare for future assurance |
| COMMUNICATION | <ul style="list-style-type: none"> Create a storyline and use material topics to structure CSR report, with increased alignment with GRI Set the path for integrated reporting by building a value creation model | <ul style="list-style-type: none"> Integrate CSR into annual report in alignment with IIRC guidelines to keep up with listed companies |

CSR tables

GRI tables

| Indicator | | Application level | Reference to annual report |
|---|--|-------------------|--|
| Strategy | | | |
| 102-14 | Statement from senior decision maker | CORE | Overview |
| 102-15 | Key impacts, risks, and opportunities | COMPREHENSIVE | Operational |
| 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 N.V. |
| 102-3 | Location of headquarters | CORE | Uden, Linie 27 |
| 102-4 | Location of operations | CORE | About Beter Bed Holding N.V. |
| 102-5 | Ownership and legal form | CORE | Stock listed N.V. |
| 102-6 | Markets served | CORE | About Beter Bed Holding N.V. |
| 102-7 | Scale of the organisation | CORE | About Beter Bed Holding N.V. |
| 102-8 | Information on employees and other workers | CORE | About Beter Bed Holding N.V. - People, Culture and Leadership - HR table |
| 102-41 | Collective bargaining agreements | CORE | End 2019 new master purchase agreements are introduced. |
| 102-9 | Supply chain | CORE | About Beter Bed Holding N.V. |
| 102-10 | Significant changes to the organisation and its supply chain | CORE | About Beter Bed Holding N.V. |
| 102-11 | Precautionary principle or approach | CORE | CSR |
| 102-12 | External initiatives | CORE | CSR strategy |
| | | | In addition, Beter Bed Holding N.V. has signed the Charter of D&I Company and has therefore committed itself to the principles of this Charter. The Charter is a public commitment with clear agreements for realising diversity at the top of the organisation. |
| | | | Beter Bed Holding N.V. is also a participant of the Global Compact Code of the United Nations. The ten principles of the Global Compact Code are also included in both the general Code of Conduct and the Code of Conduct for suppliers. |
| 102-13 | Memberships of associations | CORE | CSR strategy |
| 102-18 | Corporate Governance | CORE | CSR strategy, Corporate Governance |
| Identified material aspects & boundaries | | | |
| 102-45 | Entities included in the consolidated financial statements | CORE | About Beter Bed Holding N.V. CSR strategy |
| 102-46 | Defining report content and topic Boundaries | CORE | CSR strategy |
| 102-47 | List of material topics | CORE | Operational, 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 N.V. |
| 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. |

| Indicator | | Application level | Reference to annual report |
|--|---|-------------------|---|
| 102-42 | Identifying and selecting stakeholders | CORE | CSR strategy |
| 102-43 | Approach to stakeholder engagement | CORE | The Group will evaluate on a yearly basis whether the last stakeholder dialogue sufficiently reflects the insights of the different stakeholders. The stakeholders were interviewed in preparation for the development of the 2021-2024 CSR strategy. The materiality analysis has been performed as part of the reporting process. |
| 102-44 | Key topics and concerns raised | CORE | CSR strategy |
| Report profile | | | |
| 102-50 | Reporting period | CORE | Reporting year 2020 |
| 102-51 | Date of most recent report | CORE | Annual report 2020 (11 March 2021) Annual report 2019 (17 March 2020) Annual report 2018 (13 March 2019) |
| 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 | This report is in accordance with the GRI Standards: Core |
| 102-55 | GRI content index | CORE | Core |
| 102-56 | External assurance | CORE | Not applicable |
| 102-16 | Values, principles, standards, and norms of behaviour | CORE | Material themes for Beter Bed Holding N.V. |
| 103-2 | The management approach and its components | CORE | Material themes for Beter Bed Holding N.V. |
| 103-3 | Evaluation of the management approach | CORE | Introduction and CSR strategy |
| Materials | | | |
| 301-2 | Recycled input materials used | CORE | Circular economy |
| Energy | | | |
| 302-1 | Energy consumption within the organisation | CORE | Energy & CO ₂ emissions and Energy table |
| 302-4 | Reduction of energy consumption | CORE | Energy & CO ₂ emissions and Energy table |
| Emissions | | | |
| 305-1 | Direct (Scope 1) GHG emissions | CORE | Energy & CO ₂ emissions and Energy table |
| 305-2 | Energy indirect (Scope 2) GHG emissions | CORE | Energy & CO ₂ emissions and Energy table |
| 305-5 | Reduction of GHG emissions | CORE | Energy & CO ₂ emissions and Energy table |
| Effluents and waste | | | |
| 306-2 | Waste by type and disposal method | CORE | Circular economy |
| 301-3 | Reclaimed products and their packaging materials | CORE | Circular economy and Waste table |
| 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 |
| Health and safety at work | | | |

| Indicator | | Application level | Reference to annual report |
|--|--|-------------------|--|
| 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 |
| Diversity and equal opportunity | | | |
| 405-1 | Diversity of governance bodies and employees | CORE | About Beter Bed Holding N.V. - People, Culture and Leadership - HR table |
| 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.

Energy table

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

| | 2020 | | 2019 | |
|-------------------------------------|--------------------|--|-------------|--------------------------|
| Scope I and II | Energy (TJ) | CO₂ (tonnes)¹ | Energy (TJ) | CO ₂ (tonnes) |
| Electricity (grey) | 22 | 3,415 | 23 | 3,672 |
| Electricity (green) | - | - | - | - |
| Natural gas | 26 | 1,431 | 28 | 1,583 |
| Fuel oil | - | - | - | - |
| Diesel | 27 | 1,627 | 28 | 1,692 |
| Total | 75 | 6,473 | 79 | 6,947 |
| Energy intensity² | 0.34 | 0.03 | 0.43 | 0.04 |
| Scope III³ | | CO₂ (tonnes) | | CO ₂ (tonnes) |
| Air travel | | 33 | | 89 |
| Commute travel | | 601 | | 674 |
| Total | | 634 | | 763 |

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.

Waste table

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

| Waste (tonnes) | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------------|--------------|-------|-------|-------|-------|
| Cardboard and paper | 578 | 543 | 541 | 583 | 629 |
| Plastic | 215 | 241 | 222 | 271 | - |
| Other | 1,021 | 1,051 | 918 | 1,009 | 1,247 |
| Total | 1,814 | 1,835 | 1,681 | 1,863 | 1,876 |
| Recycled waste | 94% | 94% | 94% | 93% | 84% |

Precautionary principle

Substances not permitted by European Union (EU) standards and regulations are not be used in products sold by Beter Bed Holding N.V. In the event it is established that a substance does not comply with EU standards and regulations, the use of this substance by suppliers must be discontinued immediately. In such instances, the organisation will consult with the supplier in order to collectively identify better alternatives. Suppliers must comply with the REACH regulations when manufacturing goods. Under REACH, if strong indications exist that an operation that is taking place or about to take place will have serious effects on the environment, measures must be taken, even in the event of scientific uncertainty.