

**Beter Bed** Holding



HARD AT WORK ON A  
GOOD NIGHT'S REST

# CSR REPORT 2015

# PROFILE

Beter Bed Holding is a European retail organisation that strives to offer its customers a comfortable and healthy night's rest every night at an affordable price. The company does this via stores and its own webshops through the formulas:

- Matratzen Concord, located in Germany, Switzerland and Austria.
- Beter Bed, located in the Netherlands and Belgium.
- Beddenreus, located in the Netherlands.
- El Gigante del Colchón, located in Spain.
- Literie Concorde, located in France.

The retail formulas ensure products of good quality, offer better advice to customers than their competitors and always offer the best possible deal.

Beter Bed Holding is also active as a wholesaler of branded products in the bedroom furnishing sector via its subsidiary DBC International. The international brand M Line is sold in the Netherlands, Germany, Belgium, Austria, Switzerland, Spain and France.

In 2015, the company achieved net revenue of € 385.4 million with a total of 1,159 stores. 70.1% of this figure was realised outside the Netherlands.

Beter Bed Holding N.V. has been listed on the Euronext Amsterdam since December 1996 and its shares (BBED NL0000339703) have been included in the AScX Index.

For more information please visit [www.beterbedholding.com](http://www.beterbedholding.com).

A Dutch language version of this report is also available on [www.beterbedholding.nl](http://www.beterbedholding.nl). In case of textual contradictions between the Dutch and the English version the first shall prevail.



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# ABOUT US

## INTRODUCTION

The social value of a good night's rest is generally recognised. People who sleep well are happier and healthier. Facilitating this may be Beter Bed Holding's most important social contribution, which is delivered by offering a broad range of good quality products with suitable advice at competitive prices, and is described as follows in the mission: *'Each day, there is nothing that inspires and motivates us more than ensuring that all our customers can sleep soundly and comfortably at an affordable price.'*

Further steps were taken in 2015 to translate the vision for corporate social responsibility ('CSR') into targeted policies. After the stakeholder dialogue took place in 2014, the CSR steering group was set up in 2015, which was tasked at management level with defining and achieving new CSR targets for the period 2016-2020, in line with the vision stated by Ton Anbeek: *'What we do needs to be good for people, animals and the planet, and therefore also for our customers, employees and business partners. To us, growth is much more than investing in more revenue. We firmly believe that this vision does not just benefit our results and reputation but also provides greater satisfaction in what we do. We do not only want to do things right but also and especially want to do the right things, in a financially sound and socially responsible manner.'*

The CSR report is intended to compliment the annual report. This marks the fifth time that Beter Bed Holding N.V. is reporting on its activities and progress in the field of CSR, in line with the Global Reporting Initiative (GRI) guidelines. The stakeholder dialogue has revealed the issues on which the company should report. MVOplossingen, an external consultant to the company, has established that this report also largely meets the G4 CORE application level. Since 2013, the company has been issuing reports in accordance with G4 reporting guidelines, opting for the basic or rather CORE reporting form (in contrast with the more elaborate COMPREHENSIVE reporting form). These and other definitions can be found in the list of definitions.

**Starting this year, Beter Bed Holding will introduce an eco-version of the annual report and the CSR report on its websites.**

# ORGANIGRAM

## Matratzen Concord

Germany  
Austria  
Switzerland



## Beter Bed

The Netherlands  
Belgium



## El Gigante del Colchón

Spain



## Beddenreus

The Netherlands



## DBC International

The Netherlands    Austria    France  
Germany            Switzerland  
Belgium             Spain



## Literie Concorde

France



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# STRATEGY

## VISION AND MISSION

The fact that CSR forms a core part of Beter Bed Holding's business is evident from the company's vision, mission, strategy and targets, in which social responsibility is explicitly mentioned.

### Vision

Beter Bed Holding is an active player, as an omnichannel retailer, in the retail and wholesale markets for beds and mattresses. Europe, in the broadest sense, is its playing field. All retail formulas have, to a greater or lesser degree, a 'value-for-money' positioning, supported by extensive customer service, regardless of the market in which the individual chain operates. The group strives for market leadership in all countries in which it is active.

The essence of its vision statement can be formulated as follows:

**In every country in which we operate, we intend to become the market leader in the 'value-for-money' segment in the bed and mattress market, in a socially responsible manner.**

### Mission

Beter Bed Holding's raison d'être and drivers can be expressed in the following mission statement:

**Each day, there is nothing that inspires and motivates us more than ensuring that all our customers can sleep soundly and comfortably at an affordable price:**

**'Hard at work on a good night's rest'**

# STRATEGY AND OBJECTIVES

## CSR targets 2015

We report for the last time on performance in view of the current targets, determined in 2012, in this report:

Subject <sup>1</sup>	2015	2014	2013	2012	Target		
Chain management	100%	100%	100%	97%	2013	100%	Codes of conduct signed
Diversity in management	25%	22%	22%	16%	2016	30%	Women in management
Sickness-related absenteeism	3.4%	2.6%	3.5%	3.2%	2016	3.0%	Germany
Sickness-related absenteeism	4.9%	4.2%	4.3%	4.8%	2016	3.5%	The Netherlands
Safe products	83%	82%	81%	78%	2016	80%	Certified mattresses
Energy consumption (TJ)	231	238	277	268	2016	235	
Recycled waste	52%	48%	46%	46%	2016	75%	

<sup>1</sup> The quantities reported in this CSR report are rounded figures. Calculated ratio's and percentages are based on the exact figures.

Beter Bed Holding believes reporting on CSR is important within an economic context. This choice is reflected in the inclusion of a brief CSR report in the annual report. CSR is a crucial pillar in strategic business management, in which the long-term interests of people, the environment and financial targets should reinforce each other. The most relevant CSR topics are also included in the key figures in the annual report.

## Strategy and ambition 2016-2020

Building on the results of the measures put in place in the past few years, steps will be taken to continue like-for-like growth and to ensure that the formulas remain contemporary. To achieve this, a new strategic plan was formulated in 2015 for the period 2016-2020, named 'From good to great'. The primary focus in that plan will be on innovation and maximum customer satisfaction in an omnichannel environment. Expansion will also be a priority, in order to further strengthen the position of our formulas in the various countries. All of this is considered within a socially-responsible context.



In the annual report, Beter Bed Holding has set targets for the period from 2016 to 2020 that form part of the strategic plan '*From good to great*'. Specifically with regard to CSR the following is included:

**Beter Bed Holding and its subsidiaries consciously and conscientiously act in their stakeholders' interests, combining healthy entrepreneurship with respect for people and environment.**

Beter Bed Holding is aware of its social responsibility, as attested in its existing compliance reporting, the stakeholder dialogue in which it engages and the structural approach to CSR embedded within the organisation. The stakeholder dialogue showed that Beter Bed Holding is expected to know and share information about the origin (and environmental pressure) of the raw materials, semi-manufactured products and manufactured products used by its suppliers. In addition to requiring all suppliers to sign the code of conduct as standard, Beter Bed Holding must demonstrate how it can play a proactive role in ensuring that the materials used by suppliers also comply with the relevant requirements in terms of CSR.

**For the coming years, Beter Bed Holding has the ambition to launch initiatives within the sector and in consultation with strategic suppliers to promote circular economy.**

In 2016, Beter Bed Holding intends to participate in the EMBED ('European Models for Bedding End-of-life Decisions') initiative, organised by EBIA (European Bedding Industries Association) in response to the European Commission's action plan for circular economy and the EU directive on recycling in particular.

In 2016, the company will also set out CSR targets for 2016-2020 in relation to its strategy and ambition.

# CSR GOVERNANCE

## STONE AT THE TOP

**For Beter Bed Holding and its subsidiaries, corporate social responsibility means making a positive contribution to the society in which they operate. This contribution will be shaped by factors such as compliance with legislation and regulations, and a conscious and respectful approach to stakeholders' concerns at all times.**

The general code of conduct goes into further detail about what corporate responsibility means for Beter Bed Holding. These principles are reflected in the company's culture, meaning standards and values as well as conduct, and are enshrined in procedure within the organisation where possible. Every employee must commit to the rules stipulated in this code of conduct. The supplier code of conduct is a more elaborate version of the general code of conduct. Both codes of conduct are aligned with the United Nations Global Compact Code.

The general principles are as follows:

- Beter Bed Holding adheres to all legislation and regulations in force in every country in which it operates.
- We support and respect human rights in accordance with the Universal Declaration of Human Rights.
- We do not work with organisations that breach human rights or allow child labour.
- We also expect our business partners to pay their employees in accordance with the legislation and regulations in force in their country. Under no circumstances may employees be discriminated against, exploited or perform forced labour. Freedom of association of employees must be ensured.
- Our partners must ensure a safe workplace and healthy working environment is provided.
- Every relationship that we maintain with third parties is built on fairness, honesty, integrity and openness.

The Supervisory Board and Management Board endorse the principles for good corporate governance, as described in the Dutch Corporate Governance Code that sets out the best practice provisions from the Tabaksblad Code. In Beter Bed Holding's Corporate Governance Code the company states for each best practice provision whether Beter Bed Holding complies with it. If the company does not comply or only partially complies with a best practice provision, it is accompanied by an explanation (in the last column).

Beter Bed Holding has a whistleblowers policy in place for its staff. There are also different complaints procedures within the organisation for the various formulas (both internally for employees and externally for customers and/or other stakeholders).

## CSR STEERING GROUP

On the back of the conclusions from the stakeholder dialogue, a CSR steering group was set up in October 2015. The steering group comprises several employees of Beter Bed B.V., Matratzen Concord GmbH and the Works Council. The steering group meets every quarter and its key duties include establishing new medium-term targets, setting out improvements to CSR and streamlining CSR, ensuring it is consistent throughout the entire organisation.

The Management Board of Beter Bed Holding is ultimately responsible for both defining and implementing the CSR policy. The Chief Financial Officer is the chair of the steering group, guided by the consultancy firm MVOplossingen. The Management Board consists of the Chief Executive Officer and the Chief Financial Officer, and is accountable to the Supervisory Board for the policy it implements in which CSR plays a part. The specific CSR targets are presented by the Management Board to the Supervisory Board at the recommendation of the CSR steering group. Performance in view of the targets in general is periodically reported to the Supervisory Board.

## STAKEHOLDER DIALOGUE

At the end of 2014, the organisation actively pursued dialogue with its stakeholders. In consultation with MVOplossingen, stakeholder categories have been determined in order to facilitate stakeholder dialogue. It has been agreed to invite stakeholders who have actively sought contact with the company in previous years to help shape CSR policy.

Stakeholders who have been thoroughly involved in the dialogue are:

- **Employees**, including a member of the Works Council and two managers from the Matratzen Concord formula in Germany.
- **Customers** who have been carefully selected for their thorough knowledge of CSR.
- **Shareholders**: two substantial holdings, each represented by two employees delegated to participate in the dialogue, one of whom being a specialist in CSR.
- **Members of the retail sector**, including a CSR manager of a partner retailer and the secretary of the Dutch Retail Council.
- **Suppliers**, including a manufacturer from Belgium.
- **Non-governmental organisations (NGOs)**: specialists from the Dutch Association of Investors for Sustainable Development (VBD0) and Eumedion.

The dialogue took place by surveying stakeholders beforehand on what priorities they believed Beter Bed Holding should set. Then, in three sessions lasting around three hours each with no more than five to a group, stakeholders elaborated their vision for CSR at Beter Bed Holding and discussed the results of the survey. The Chief Financial Officer and an employee from Group Controlling represented the company in the dialogue in order to listen to the stakeholders' views and provide insights by answering their questions. Stakeholders had the opportunity to revisit the CSR priorities at Beter Bed Holding named in the survey during the dialogue session. The process was overseen by the consultancy firm MVOplossingen, a specialist on CSR communication in annual reports.

During the dialogue, the following topics and issues were raised and discussed:

- **Selection of topics:** the extensive list of GRI G4 topics was discussed, whereby stakeholders suggested which topics were important to them and why. The company then decided to combine certain topics (see section on Materiality).
- **Style of reporting:** it has been discussed what stakeholders thought of the tone of voice used in reporting and to what extent the content is in line with the company's image.
- **Reporting strategy:** the company is looking to publish a concise and easy-to-read annual report. That is why Beter Bed Holding reports briefly and succinctly on CSR in its annual report, and goes into detail in the CSR Report. The company believes this meets the need for information of all its stakeholders.

The three most important conclusions of the stakeholder dialogue are:

- The pragmatic approach has formed a sound basis for CSR within the organisation. Now it is vital to embed this topic even deeper into the organisation.
- Beter Bed Holding has its own business affairs in order and should now give more priority to responsibility in the chain.
- The reporting structure of a compact annual report with a more detailed CSR report (including GRI Index) is valued.

The priorities that came out of the stakeholder dialogue can be found in the Materiality section.

Stakeholders may contact the company by email at [bbholding@beterbed.nl](mailto:bbholding@beterbed.nl). The right person within the company will contact the stakeholder according to the topic or question. It is also possible to reach the company at [www.beterbedholding.com](http://www.beterbedholding.com) by filling in the contact form. Finally, the company may also be in direct contact with shareholders and NGOs as part of Investor Relations. This is primarily done through the Management Board. The company did not initiate any new dialogue sessions in 2015, given the recent dialogue (at the end of 2014), of which the findings are currently being elaborated, and the fact that there were no significant developments in the nature of the organisation in 2015. There has therefore been no cause to review material topics, as stated in the Materiality section.



# STANDARDS AND PARTNERSHIPS

Beter Bed Holding endorses and supports the following externally-developed economic, environmental and social charters, principles or other initiatives:

- Beter Bed Holding is a party to the UN Global Compact Code. The ten principles contained in the Global Compact Code are incorporated into the company's general code of conduct and the supplier code of conduct.
- CO<sub>2</sub> emissions are calculated using the Greenhouse Gas Protocol guidelines.
- The CSR report and the GRI Index have been compiled according to G4 reporting guidelines on CSR reporting from the Global Reporting Initiative.
- Beter Bed Holding is a signatory to the Talent to the Top Charter, thereby committing to the Charter's principles. The Talent to the Top Charter is an open commitment, a code with clear agreements to ensure gender diversity at a middle and senior management level. Signing the charter is voluntary, but binding.

Beter Bed Holding is an affiliate of the INretail sector organisation and a member of associations including the Dutch Retail Council.

# MATERIALITY

## MATERIAL TOPICS

In 2013, Beter Bed Holding commissioned consultancy firm MVOplossingen, a specialist in CSR reporting, to carry out a materiality analysis. In 2014, a dialogue took place with 14 stakeholders, including staff, shareholders, suppliers, sector members and NGOs. The dialogue did not result in any significant alterations to the list of material topics.

The list of GRI G4 topics is so detailed that in some cases the company has merged a number of related topics. Stakeholders agree with this consolidation, which resulted in the following topics and weightings.

Subject	Impact	Relevance	Total
Customer health & safety	5	4	9
Materials	4	4	8
Occupational health & safety	4	4	8
Compliance	4	4	8
Procurement practices	4	4	8
Grievance mechanisms	4	4	8
Energy	4	4	8
Emissions	3	4	7
Products & Services	4	3	7
Fair communications	4	3	7
Diversity	3	4	7
Labor - management relations	4	3	7
Economic performance	4	3	7
Human rights	4	3	7
Effluents & Waste	3	4	7
Training & Education	4	3	7
Employment opportunities	3	3	6
Fair business	3	3	6
Market presence	3	3	6
Transport	2	3	5
Local communities	3	2	5
Environmental protection	3	2	5
Indirect economic benefits	3	2	5
Water	2	2	4
Biodiversity	1	2	3

Topics were evaluated on a scale from two to ten, whereby the features impact (impact of the topic on the organisation, or vice versa), and relevance (relevance of the topic to the organisation) could be allocated between one and five points. If an indicator received a combined score of impact and relevance of five points or less, stakeholders did not consider this to be material, i.e. unimportant. If an indicator received a combined score of more than five, the indicator was deemed to be material, either important or crucial:

- Important: the combined score of impact and relevance is six or seven points.
- Crucial: the combined score of impact and relevance is eight points or more.

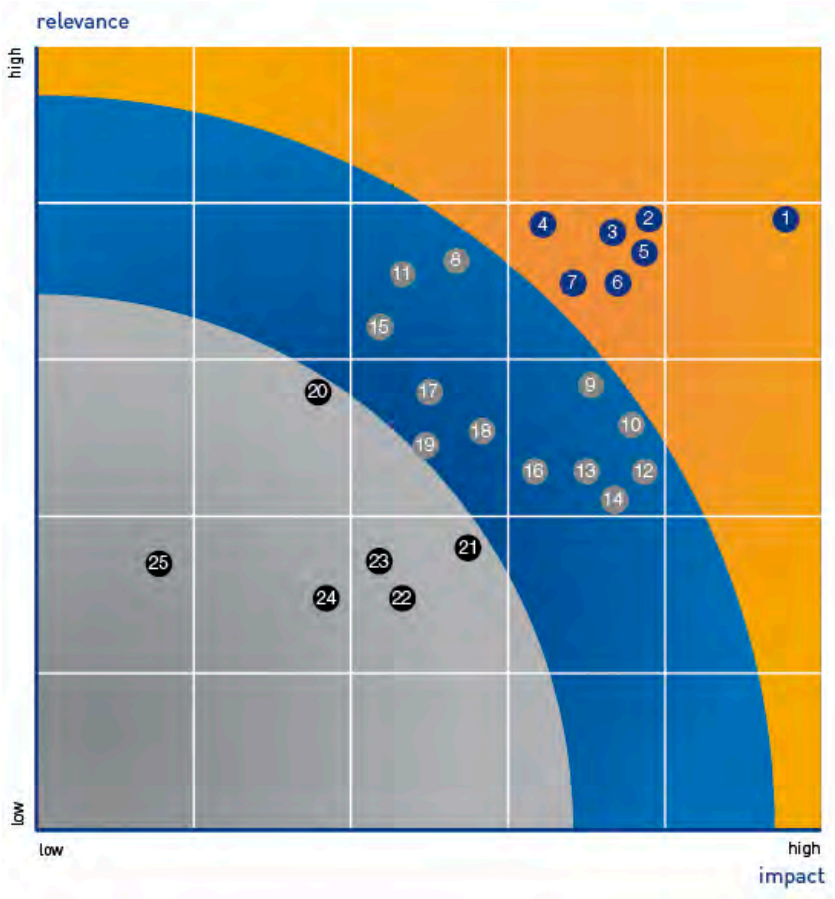
The annual report explains all topics with a combined weighting of seven or more. Topics with a weighting of six or more are reported in this CSR report. Topics that were not deemed to be material are only reported if the information is easily available. For each topic deemed to be material, whether crucial or important, the organisation will report on at least one indicator, according to GRI.



# MATERIALITY MATRIX

The matrix, based on the materiality analysis, is included in the 2013 report and determines 50% of the materiality matrix, as revealed in 2014 and 2015. The importance that stakeholders attach to the topics accounts for the remaining 50% of the current materiality matrix. There were no significant developments in the (nature of the) organisation in 2015. This means there has been no cause to review material topics.

The aforementioned topics can be represented in the materiality matrix as follows:



## High

1. Customer health & safety
2. Materials
3. Occupational health & safety
4. Compliance
5. Procurement practices
6. Grievance mechanisms
7. Energy

## Medium

8. Emissions
9. Products & Services
10. Fair communications
11. Diversity
12. Labor - management relations
13. Economic performance
14. Human rights
15. Effluents & Waste
16. Training & Education
17. Employment opportunities
18. Fair business
19. Market presence

## Low

20. Transport
21. Local communities
22. Environmental protection
23. Indirect economic benefits
24. Water
25. Biodiversity



# SCOPE

The report covers Beter Bed Holding as a whole with the exception of the activities in France. Any deviations from this principle will be expressly pointed out. With regard to the relevance or impact of the material topics, no distinction is made between the business units given that the formulas are very similar to each other.

Beter Bed Holding is a trading company and does not manufacture anything. When selecting sustainable and other materials, the company relies heavily on its suppliers. Beter Bed Holding is therefore talking to its (strategic) suppliers in order to have (more of) an influence on making the raw materials used and in turn the products sold more sustainable. As to prevent abuse within the supply chain, the supplier code of conduct includes a provision that companies must observe human rights. Also when selecting service suppliers (e.g. waste management companies), the company ensures that sustainability forms a part of the service provision, for example processing waste sustainably and recycling.

# STAKEHOLDERS

## CONSUMERS

**The trust of customers is of vital concern to the reputation and raison d'être of Beter Bed Holding. Customers should be able to trust that the products they buy are safe and that any advice and after-care is fair and accurate.**

### Customers' health and safety

The health and satisfaction of the customers of the individual store formulas of Beter Bed Holding are the foundations of the policy and activity of the company. The aim is for 80% of the mattresses in the total range and at all formulas of Beter Bed Holding to have been tested and certified in 2016. In 2015, 83% of mattresses in terms of revenue was tested for hazardous substances and certified. The target will be raised further.

Beter Bed Holding has concluded a contract with the consumer testing agency TÜV Saarland so as to further professionalise the testing and certification process and increase the reliability of its results.



### Customer satisfaction

In Germany, the quality of services provided by Matratzen Concord was tested by TÜV Saarland, which asked consumers to rate them. With a rating of 1.9 (GUT), Matratzen Concord was ranked first in the bedroom furnishings retail sector.

Since mid-2014, customer satisfaction in the Netherlands is measured on the basis of the Net Promoter Score (NPS), as part of which customers are asked to rate the service provided by Beter Bed. They are also invited to state their opinions in brief reviews.

Beter Bed sets great store by honest communication in sales processes. Highly motivated and trained staff provide expert advice. Customers also highly appreciate the image of the stores, the price/quality ratio, the service and guarantees.

The company again managed to maintain the high level of its services in the Netherlands in 2015. More than 98% of 'first time right' deliveries were made, i.e. deliveries were complete

and to customers' full satisfaction on the first attempt. Packaging material is collected after delivery and for a small fee, old mattresses are taken in and recycled by Van Gansewinkel.

The higher the quality of advice, products and customer after-care, the smaller the chance of any complaints. Whenever a customer is not fully satisfied despite our best endeavours, they may make a complaint to the formula's service desk (by phone, email or Facebook). Every complaint received by a Beter Bed Holding formula is treated seriously. There have been no complaints about breach of privacy since Beter Bed Holding does not share confidential customer data with third parties without the customer's consent.

## EMPLOYEES

**Honest and accurate advice from our employees to customers is key to customer satisfaction and the success of the business. Keeping the right employees at the company in the long term calls for a sound employment conditions policy.**

### Proud of our staff

The employees are the calling card of the company. They ensure not only honest services but also a pleasant shopping environment. Partly for that reason, the formula Matratzen Concord has decided to invite its employees to figure in its marketing campaigns.

Beter Bed has an outstanding relationship with its employees, not least demonstrated by its active Works Council.

Because local people are best placed to serve the local market, the company strives to fill management positions with local staff in every country. All management positions are occupied by local people in the year under review, as well as in 2013 and 2014.



## Quality of our staff

The involvement and quality of employees largely determines the success of the company; high-level personal advice has a direct effect on the level of revenue. To safeguard staff quality, evaluation and performance interviews take place every year. Every employee receives an annual evaluation so as to ascertain whether the working conditions are favourable, the employee is satisfied and what opportunities for development may exist.

Training and education are provided on a systematic basis. The Beter Bed Academy was founded for this purpose in partnership with NCOI and the NCvB (National Consortium for Business Groups) in 2010. In 2014, 'on the job' training with electronic support (e-learning and e-training) was introduced in the Netherlands for staff in the stores and in logistics.

Effortory surveyed employee satisfaction at Beter Bed Nederland in 2014. With a score of 7.4, Beter Bed was ranked third in the retail sector and could therefore call itself 'Best Employer' in 2015. Beter Bed Holding intends to have this survey carried out biennially.

## Health and safety of employees

The company sets great store by the safety and health of all employees. The policy is aimed to (further) reduce work-related absenteeism by ensuring a safe and healthy working environment and intensive supervision of employees.

In view of the nature of the occupational risks, there is a special focus on the staff behind our logistic processes. This is why in 2015 we conducted another random survey of the distribution centres and cargo bays of our delivery trucks in the Netherlands for hazardous substances. Beter Bed Holding is pleased to report again, in line with its expectations, that no hazardous substances were found. Certain logistical activities are physically demanding. As employer, Beter Bed Holding takes its responsibility towards the health of its logistics employees by exerting to optimise the process and output of these employees. This means that workers in physically demanding logistics functions are accompanied timely to another function in- or outside of Beter Bed Holding, which requires less physical effort from the employee.

The absence rate increased in 2015. The rise in the number of absent days was primarily observed in Germany as a result of the widespread influenza virus. The proportion of long-term illness cases rose slightly. The policy is aimed at reducing work-related absences further by providing more intensive support of the employees involved.

<b>Sickness-related absenteeism</b>	2015	2014	2013	2012
Lost days	28,163	21,394	26,701	24,565
Sickness-related absenteeism	3.7%	3.5%	3.6%	3.7%
Coverage ratio <sup>1</sup>	98%	98%	97%	87%

<sup>1</sup> The coverage ratio relates to the percentage of employees for whom sickness-related absenteeism is reported in this CSR report. In 2015 and 2014 no data on sickness-related absenteeism in Belgium was available. Also, in 2015 the sickness-related absenteeism of the acquired BettenMax is not taken into account.

There are no work-related fatalities and special occupational diseases to be reported.

## Employment opportunities

Beter Bed Holding creates employment opportunities. Work is not merely a source of income, but a way for people to develop and contribute to society.

The group had 2,513 employees (FTEs) as of 31 December 2015, compared to 2,369 employees at year-end 2014. The increase was attributable to the acquisition of BettenMax and organic growth especially at Matratzen Concord in Germany and Beter Bed. On average Beter Bed Holding had 2.427 employees (FTE) during 2015 (2014: 2.388).

More information is provided in this CSR report on the number of employees in service on 31 December 2015, as well as the composition of the workforce on that date and staff turnover throughout the calendar year. The employees in France are not included in these key figures..

### Inflow and outflow

Staff turnover in 2015 was as follows:

<b>Employee turnover<sup>1</sup></b>	<b>In</b>		<b>Out</b>	
<b>Employee turnover by gender</b>				
Men	158	20%	147	18%
Women	399	18%	355	16%
<b>Employee turnover by age</b>				
Younger than 30	123	52%	89	38%
From 30 to 50	305	20%	240	16%
Older than 50	129	10%	173	14%
<b>Employee turnover by origin</b>				
Local	510	18%	448	16%
Foreign	47	31%	54	35%
<b>Total</b>	<b>557</b>	<b>19%</b>	<b>502</b>	<b>17%</b>

<sup>1</sup> Inflow and outflow refers to actual cases where an employee has joined or left the company. These are expressed as a percentage of the number of employees at the start of the year. The increase of the number of employees as a result of the acquisition of BettenMax is not considered an inflow. Moves between categories within a specification, for example due to ageing or contract amendments, are also not included. As a result and due to changes to the coverage and definitions, there is no conclusive turnover per categorie and therefore no final total is given. Staff on-call (in the Netherlands) are not included in the number of employees.

The Beter Bed Holding annual report includes notes on the average number of FTE over the year under review and the number of FTE by the end of that year under review. In this CSR report, additional information is mainly provided on the number of employees.

In the year under review, 19% of staff were new employees and 17% of the workforce left the company. The notice period for employment contracts varies from country to country (in accordance with local legislation) and sometimes also depends on the employee's function.

Below are some cross-sections of the workforce at the end of the year under review.

### Employees by type of contract

Contract type	2015			2014		
	Men	Women	Total	Men	Women	Total
Fulltime	480	291	771	469	270	739
Parttime	352	1,985	2,337	327	1,907	2,234
	0	0	0	0	0	0
Employees - permanent contracts	619	1,828	2,447	624	1,742	2,366
Employees - temporary contracts	213	448	661	172	435	607
Temporary workers	<i>not reported</i>			<i>not reported</i>		
<b>Total</b>	<b>832</b>	<b>2,276</b>	<b>3,108</b>	<b>796</b>	<b>2,177</b>	<b>2,973</b>

### Employees by country

Country	2015			2014		
	Men	Women	Total	Men	Women	Total
Germany	357	1,665	2,022	346	1,642	1,988
The Netherlands	404	310	714	384	295	679
Austria	14	173	187	14	128	142
Switzerland	29	84	113	29	75	104
Spain	25	35	60	20	31	51
Belgium	3	9	12	3	6	9
<b>Total</b>	<b>832</b>	<b>2,276</b>	<b>3,108</b>	<b>796</b>	<b>2,177</b>	<b>2,973</b>

## Diversity

Diversity in the composition of management and other teams is a major ambition pursued by Beter Bed Holding. The company believes that an equal balance on management and other teams makes a positive contribution to the organisation's functioning. In Beter Bed Holding's view, women tend to have the final say in decisions on purchases. The company signed the Charter Talent to the Top in 2014. This initiative is a code with clear agreements and a public commitment for achieving diversity at the top of the company.

### Diversity based on gender

In the previous annual report, the organisation stated that it would undertake additional efforts to increase the number of women in managerial positions. This resulted in a rise in the number of female managers from 27 to 32 (+19%) in 2015. In Germany, a female marketing manager joined the management team. Additionally, three women were added to sales management in Germany.

Diversity	2015			2014		
	Men	Women	♀	Men	Women	♀
Supervisory Board	3	1	25%	3	1	25%
Management	97	32	25%	98	27	22%
Employees	832	2,276	73%	796	2,177	73%

### Diversity based on age

Where possible, the company makes no distinction on the basis of age, which means that every employee given the same capabilities may enjoy the same opportunities regardless of age. The health and safety of employees comes first: certain logistics work is more physically-demanding and as a result the company does take age into account for these tasks. Employees in these logistics roles are guided in a timely manner towards another position within or outside of Beter Bed Holding, which is less physically-demanding on the employee.

Employees in agegroups	2015	2014
Younger than 30	288	237
From 30 to 50	1,479	1,500
Older than 50	1,341	1,236
<b>Total</b>	<b>3,108</b>	2,973

### Diversity based on origin

Beter Bed Holding does not discriminate on the basis of origin or ethnicity. As origin, religion and other such factors are not considered during recruitment, they are not recorded and are therefore not reported.

# SUPPLIERS

**In the selection of suppliers, Beter Bed Holding is highly concerned with both the commercial and the ethical side of the relationship. The absolute precondition is that both the supplier and its suppliers adhere to all applicable laws and rules in their countries. The way of doing business must be compatible with the standards and values of Beter Bed Holding, which are based on the United Nations Global Compact Code.**

Strategic suppliers are asked to sign the supplier code of conduct. All suppliers of all Beter Bed Holding formulas with whom the organisation has a long-standing relationship have signed the code of conduct. All strategic suppliers are based in Europe. At least two suppliers are audited every year to determine whether they are conforming to the Beter Bed Holding's supplier conditions.

Stakeholders have stated that they expect large market parties such as Beter Bed Holding to play a pro-active role in chain management and focus within it mainly on the materials used, or to be used (wood, iron, down and cotton). The next evident step on the way to a circular economy is that the hazardous substances in mattresses, in particular, need to be phased out. This point is raised in regular meetings with suppliers. It is important for Beter Bed Holding that animals are treated with respect. What this means for the organisation is, for instance, that sheep are shorn in an animal-friendly manner for bed textiles and that down is not plucked from live birds.



One of our strategic targets for 2016-2020 is to achieve fewer suppliers with fewer SKUs, but more strategic suppliers. The aim of strengthening relationships with strategic suppliers is to build better collaboration and achieve common goals in fields including sustainability. Managing the supply chain will be a joint effort between the company and its suppliers, which makes strategic alliances with suppliers so important. This is why Beter Bed Holding intends to participate in EMBED (see Strategy and objectives), an initiative of the EBIA which is affiliated to one of the strategic suppliers of the company.



# GOVERNMENT

## Legislation and regulations

Beter Bed Holding wants to do business successfully in an honest manner. This means neither corruption nor non-compliance with legislation and regulations will be tolerated, and there will be no attempts to influence government or treat competitors unfairly: 'Fair Business' in the materiality matrix.

In 2015, Beter Bed Holding opted to adhere to OECD guidelines more closely. In doing so the company responds to upcoming, more stringent legislation and regulations on CSR reporting. The guideline stipulates that 'companies of social interest' must be transparent about non-financial performance, such as strategy, performance and risks in the fields of environment, working conditions, human rights, corruption and diversity in senior management.

Continued compliance with legislation and regulations, which forms part of the company's everyday business, is also demonstrated by the fact that there were no fines or penalties imposed for non-compliance with legislation and regulations (including in the fields of environment, working conditions and product responsibility) in 2015.

## Fair contributions

Tax avoidance received widespread media coverage in 2015. In addition, the OECD announced a series of measures in the autumn of 2015 to combat Base Erosion and Profit Shifting (BEPS). This was one of the reasons for Beter Bed Holding to formulate its tax policy more clearly. The fundamental principle is that the organisation wishes to pay its fair share of taxes in the countries in which it operates. The organisation also wishes to make it clear that it will not set up any structure in order to avoid tax.

Beter Bed Holding believes that it contributes fairly to the countries in which it operates by paying various taxes and social security contributions. These can be broken down as follows (in €1,000s):

	2015	2014
Income tax	7,945	6,038
Value added tax	35,246	32,604
Wage tax and social security contributions	35,006	32,705
Dividend tax	1,427	441
Other taxes	450	358
<b>Total</b>	<b>80,074</b>	72,146

The amounts above are based on amounts that have actually been paid. That means that the income tax reported above is the total amount paid to the relevant governments (based on the net profit determined for taxation purposes). Value added tax refers to the net tax paid less withholding tax, and wage tax and social security contributions refer to the tax paid by group companies on wages plus employer and employee contributions. Dividend tax also relates only to the 15% tax that Beter Bed Holding has withheld from the payment of dividends.

No contributions are made to political parties, politicians or related institutions; employees may not make any contributions from the funds, property or services of Beter Bed Holding to political parties or their representatives, nor may the organisation exert any pressure on employees to lend any political or financial support.

## Supervision and trust

Trust in products and advice is essential to Beter Bed Holding's raison d'être. Regular audits by government agencies and other bodies are drawn on to strengthen processes where possible.

The Netherlands Food and Consumer Product Safety Authority (NVWA) carries out product safety system inspections and audits at Beter Bed. The NVWA has confidence in the way Beter Bed has organised and implements its product safety process. The outcome of the system inspection and audit is that until the end of 2016, Beter Bed is only subject to limited supervision by the NVWA on these aspects. That is the highest mark of trust that the government can assign to an organisation in the area of product safety.

Beter Bed Holding seeks to act in an honest and ethical manner towards competitors. Company employees are not permitted to discredit any competitor or disadvantage them by illegal means. Beter Bed Holding does not abuse any position of authority or make any agreements, confidential or otherwise, with third parties that breach the competition regulations in force.

# ENVIRONMENT

## GENERAL

**Reducing the environmental footprint is one of the spearheads of the CSR policy of Beter Bed Holding, encompassing a broad spectrum: energy savings, reducing CO<sub>2</sub> emissions, reducing the use of packaging material, using less environmentally harmful materials and promoting circular economy.**

In line with the ambitions formulated at the climate summit in Paris and the Ambition 2020 report of CSR Netherlands, the topics 'energy and climate' and 'circular economy' will be covered extensively in this report.

## THE ENVIRONMENTAL FOOTPRINT

The organisation has been aware for a considerable number of years that the environmental footprint of Beter Bed Holding contributes to global warming. Beter Bed Holding has already been working successfully for many years to reduce its environmental footprint. An energy audit was carried out at Matratzen Concord in Germany in 2015. Lessons from this audit will be put into practice throughout the organisation. Following implementation of the *lessons learned*, these audits will also be performed in the other business units.

Since 2012, the organisation has put forward proposals to improve performance in CSR. Some improvements proposed and implemented in an effort to save energy include:

- The central and timer-managed lighting.
- The management of energy meters to take specific location-based measures.
- The use of LED lighting in electronic signs at sites.
- The purchase of new lorries to the higher European standard (Euro 6).

Beter Bed Holding does not measure the direct effects of energy-saving projects or investments in energy-saving devices.

The largest sources of energy of Beter Bed Holding are electricity and natural gas, using 105 terajoules (2014: 111) and 102 terajoules (2014: 102) respectively. The trend in energy consumption over the past few years is as follows:

Energy consumption (TJ)	2015	2014	2013	2012	2011	2010
Electricity	105	111	114	121	122	123
Natural gas	102	102	133	118	109	113
Oil fuel	24	25	30	29	23	24
<b>Total</b>	<b>231</b>	<b>238</b>	<b>277</b>	<b>268</b>	<b>254</b>	<b>260</b>

## Electricity

### Comparison with EU targets

The European Parliament has set the goal that 30% of energy should be generated from renewables by 2030. Matratzen Concord in Germany switched to green electricity in October 2015. As Germany accounts for almost 70% of the organisation's energy consumption, the target set by the European Parliament is comfortably achieved.

### Electricity consumption

Electricity consumption has been trending down for many years due to numerous energy-saving measures. Consumption totalled 29,000 megawatt hours (MWh), which represents 85% of the 34,200 MWh consumed in 2010. A major contribution to the savings is attributable to the remodelling of Beter Bed Netherland's stores in 2015. Energy-saving measures were put in place during the refurbishment, such as the fitting of timer switches in the stores and smart energy meters that can be centrally controlled. The organisation managed to reduce energy consumption by over 1,600 megawatts in the past year.

Electricity <sup>1</sup>	2015	2014	2013	2012	2011	2010
MWh	29,163	30,771	31,747	33,809	33,953	34,208
compared to 2010	85%	90%	93%	99%	99%	100%

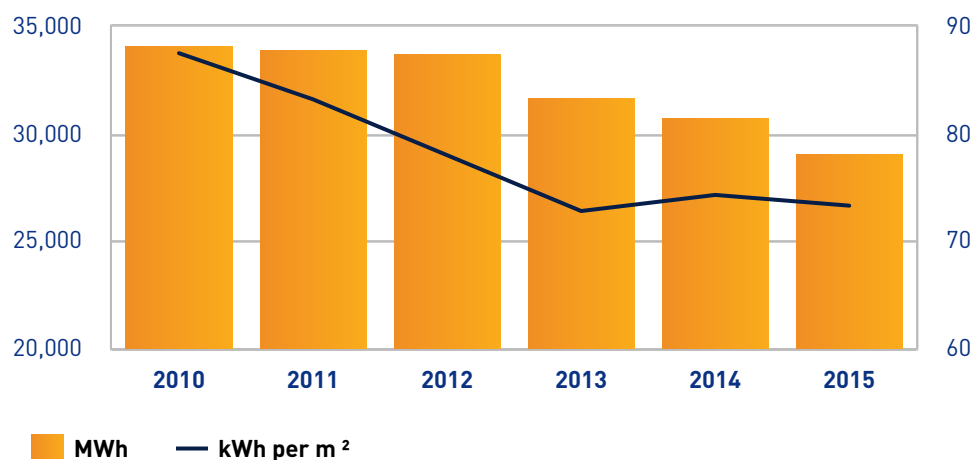
<sup>1</sup> The use of electricity is being measured.

### Electricity energy intensity

Relative electricity consumption per m<sup>2</sup> floor surface is an important measure. Since 2010, electricity consumption per m<sup>2</sup> has been reduced by 16% from 87.5 kWh to 73.3 kWh.

Electricity	2015	2014	2013	2012	2011	2010
kWh per m <sup>2</sup>	73.3	74.3	72.8	78.0	83.2	87.5
compared to 2010	84%	85%	83%	89%	95%	100%

The above-mentioned can be represented as follows:



## Natural gas

### Natural gas consumption

Another relevant source of energy is natural gas, which is used to heat offices and stores. It has become clear in the past few years that natural gas consumption depends mainly on weather conditions and that the organisation can only influence changes in consumption to a limited extent. Gas consumption remained level in 2015 at 3.2 million m<sup>3</sup>, which represents 91% of consumption in 2010.

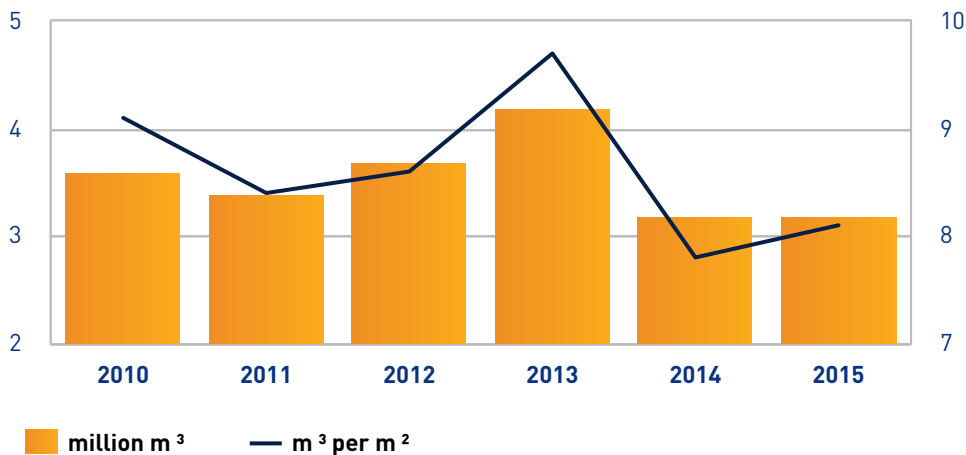
Natural gas	2015	2014	2013	2012	2011	2010
million m <sup>3</sup>	3.2	3.2	4.2	3.7	3.4	3.5
compared to 2010	91%	91%	119%	105%	97%	100%

### Gas energy intensity

More importantly, relative natural gas consumption per m<sup>2</sup> floor surface has been reduced by 11% to 8.1 m<sup>3</sup> since 2010.

Natural gas	2015	2014	2013	2012	2011	2010
m <sup>3</sup> per m <sup>2</sup>	8.1	7.8	9.7	8.6	8.4	9.1
compared to 2010	89%	86%	106%	95%	93%	100%

The above-mentioned can be represented as follows:



## Transport

Beter Bed Holding aims to keep the transport of goods and staff to a minimum, relative to turnover, in an effort to protect the environment. Fuel consumption is taken into consideration when choosing its lorries and company cars. In general newly acquired lorries have the highest Euro standard, now Euro 6.

Beter Bed Holding has a fleet of more than 50 lorries and vans in the Netherlands. Fuel consumption is stated as follows:

<b>Fuel consumption (x 1,000 liters)</b>	<b>2015</b>	2014	2013	2012	2011	2010
Petrol	1	6	4	19	26	24
Diesel	1,138	1,129	1,104	1,184	1,118	1,076
<b>Total</b>	<b>1,139</b>	<b>1,135</b>	<b>1,108</b>	<b>1,203</b>	<b>1,144</b>	<b>1,100</b>



Newly-selected large goods vehicles are divided into Euro categories, which also stipulate the emission standards. In 2015, Beter Bed Holding's fleet was characterised as follows:

<b>Goods and delivery vehicles</b>	<b>2015</b>	2014	2013
Euro 6	34%	18%	0%
Euro 5	40%	46%	60%
EEV	16%	23%	27%
Not registered	10%	13%	13%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Air travel over the past few years has been registered as follows:

<b>Air travel (x 1,000 km)</b>	<b>2015</b>	2014	2013	2012	2011	2010
Local	99	42	45	76	70	47
Continental	214	232	168	210	165	132
Intercontinental	12	9	13	24	135	51
<b>Total</b>	<b>325</b>	<b>283</b>	<b>226</b>	<b>310</b>	<b>370</b>	<b>230</b>

## Water

The availability of clean water is a growing concern within society. That is why Beter Bed Holding will reduce its water consumption as much as possible. Given the low consumption of water, the organisation will give priority to other areas.

Water usage is limited to typical usage in stores and the head office. In the Netherlands water is also used to wash lorries. The water used to wash vehicles in Uden is re-used. Beter Bed Holding uses only mains water and does not use water from any other sources.

## Biodiversity

Beter Bed Holding stores and offices are not located in or near nature reserves with a high degree of biodiversity. The company therefore does not report on this topic.

# THE CO<sub>2</sub> FOOTPRINT

## Relation to the climate summit in Paris

At the climate summit in Paris, the world's political leaders agreed that greenhouse gas emissions must be reduced by 40% by 2030. Heads of government and the United Nations stated that businesses in particular had a significant role to play in achieving those targets.

Beter Bed Holding aims to reduce greenhouse gas emissions by using energy sources necessary for its operations sparingly. Greenhouse gas emissions are calculated using indicators from the GHG Protocol; greenhouse gases are reported in kg of CO<sub>2</sub>. As the tables with conversion factors from the GHG Protocol are only completed for CO<sub>2</sub>, the company has opted not to report on other greenhouse gases such as CH<sub>4</sub> and N<sub>2</sub>O.

## CO<sub>2</sub> emissions

CO<sub>2</sub> emissions totalled 19,964 tonnes in 2015; a decrease of over 11% compared with 2014. The decrease was achieved primarily through efforts in the field of electricity. The main contribution was provided by Matratzen Concord which switched to green electricity in Germany in October 2015, resulting in a 24% decrease in CO<sub>2</sub> emissions in that country. The second significant contribution came from Beter Bed The Netherlands, where CO<sub>2</sub> emissions attributable to stores were reduced by 574 tonnes in 2015 due to the remodelling referred to earlier.

CO <sub>2</sub> emissions (tonnes)	2015	2014	2013	2012
Natural gas	<b>6,087</b>	6,090	7,935	7,013
Fuel oil	<b>1,638</b>	1,703	2,055	2,007
Diesel	<b>1,275</b>	1,361	1,261	1,389
Electricity	<b>9,153</b>	11,741	12,066	12,731
Air travel	<b>38</b>	29	24	35
Commute travel	<b>1,773</b>	1,672	1,704	1,823
<b>Total</b>	<b>19,964</b>	22,596	25,045	24,998

<b>CO<sub>2</sub> emissions (tonnes)</b>	<b>2015</b>	2014	2013	2012	2011	2010
Direct emissions (scope 1)	9,000	9,154	11,251	10,409	9,289	9,625
Indirect emissions (scope 2)	9,153	11,741	12,066	12,731	12,819	13,053
Other emissions (scope 3)	1,811	1,701	1,728	1,858	1,849	1,717
<b>Total</b>	<b>19,964</b>	<b>22,596</b>	<b>25,045</b>	<b>24,998</b>	<b>23,957</b>	<b>24,395</b>

### Scope 1: Direct emissions

The CO<sub>2</sub> emissions directly produced by Beter Bed Holding amount to 9,000 tonnes. This is approximately 45% of the total emissions. Direct emissions are primarily caused by heating buildings using natural gas.

<b>Scope 1 (tonnes of CO<sub>2</sub>)</b>	<b>2015</b>	2014	2013	2012	2011	2010
Natural gas	6,087	6,090	7,935	7,013	6,458	6,690
Fuel oil	1,638	1,703	2,055	2,007	1,592	1,686
Diesel	1,275	1,361	1,261	1,389	1,239	1,249
	0	0	0	0	0	0
<b>Total</b>	<b>9,000</b>	<b>9,154</b>	<b>11,251</b>	<b>10,409</b>	<b>9,289</b>	<b>9,625</b>

Some stores in Germany, Austria and Switzerland are heated using fuel oil. Data on fuel oil is only a rough estimate. This is due, on the one hand, to the fact that stores do not purchase fuel oil themselves, rather it is included in the rent. On the other hand, periodic consumption is difficult to measure as large tanks are filled with oil without the use of gauges. For the sake of completeness, it has been decided to report CO<sub>2</sub> emissions on the basis of estimated fuel oil consumption.

CO<sub>2</sub> emissions from diesel can be attributed to the delivery of goods in the Netherlands.

### Scope 2: Indirect emissions related to electricity

Indirect CO<sub>2</sub> emissions are emissions for which the organisation is responsible but which it does not produce itself. Scope 2 emissions refer to CO<sub>2</sub> emissions produced by electricity suppliers. Electricity consumption is responsible for 9,153 tonnes of CO<sub>2</sub>, which amounts to 45% of the total carbon footprint.

<b>Scope 2 (tonnes of CO<sub>2</sub>)</b>	<b>2015</b>	2014	2013	2012	2011	2010
Electricity	9,153	11,741	12,066	12,731	12,819	13,053

In calculating CO<sub>2</sub> emissions, consumption by the head office in Uden has been mistakenly omitted over the past few years. Scope 2 emissions for the past five years have therefore been undervalued.



<b>Correction CO<sub>2</sub> emissions (tonnes)</b>	<b>2015</b>	2014	2013	2012	2011	2010
Reported in 2014	n/a	11,369	11,674	12,297	12,368	12,595
Reported in 2015	n/a	11,741	12,066	12,731	12,819	13,053
<b>Correction</b>	n/a	372	392	434	451	458

### Scope 3: Other indirect greenhouse gas emissions

Other indirect emissions are caused by staff transport. These are responsible for 1,811 tonnes of CO<sub>2</sub>, which is equal to 9% of the total carbon footprint.

<b>Scope 3 (tonnes of CO<sub>2</sub>)</b>	<b>2015</b>	2014	2013	2012	2011	2010
Air travel	38	29	24	35	38	31
Commute travel	1,773	1,672	1,704	1,823	1,811	1,686
<b>Total</b>	1,811	1,701	1,728	1,858	1,849	1,717

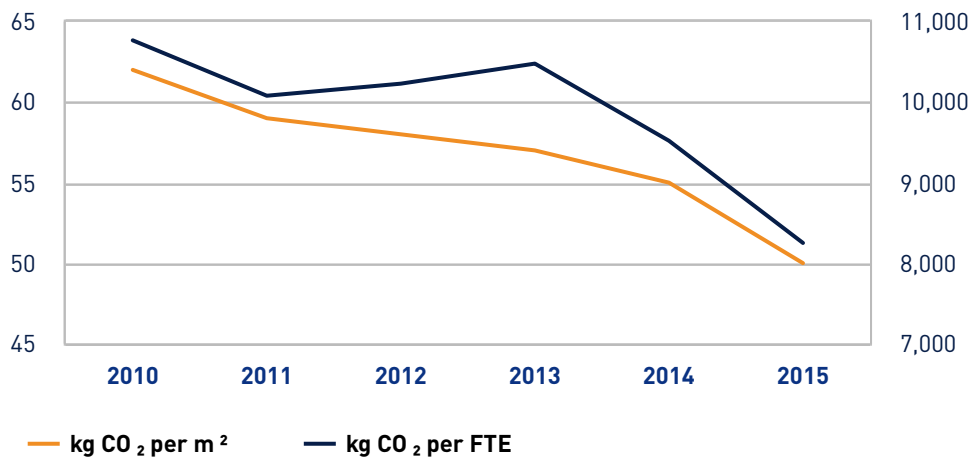
### CO<sub>2</sub> intensity

CO<sub>2</sub> emissions per FTE have fallen by 24% over the past five years, from 10,767 kg to 8,179 kg per FTE. The emissions per FTE are equal to 98% of the emissions of a Dutch household.

CO<sub>2</sub> emissions per m<sup>2</sup> of store floor surface has decreased by 19% since 2010, from 62 kg to 50 kg per m<sup>2</sup>.

<b>CO<sub>2</sub> intensity</b>	<b>2015</b>	2014	2013	2012	2011	2010
Kg CO <sub>2</sub> per FTE	8,251	9,520	10,478	10,229	10,079	10,767
Kg CO <sub>2</sub> per m <sup>2</sup>	50	55	57	58	59	62

The aforementioned can be represented as follows:



# MATERIALS AND CIRCULAR ECONOMY

## Vision for a circular economy

The circular economy is a topic that is high on the agenda of Beter Bed Holding. It is however also a topic on which success will not be readily achieved. Mattresses in the mainstream market are manufactured on the basis of chemical products and petroleum. Also, collection of mattresses takes place in a range of completely different ways locally and in each country. That makes it difficult for the organisation to make its mark on the return of mattresses and other bedroom furnishings.

The key step that needs to be taken is for the most hazardous raw materials to be phased out. Beter Bed Holding engages in continual dialogue with its strategic suppliers to reduce the environmental impact of mattresses. In the period ahead, the organisation will itself state clearly which materials need to be replaced most urgently with environmentally benign components.

## Waste

The company attaches importance to reducing its amount of waste and recycling where possible.

The total volume of waste fell by 18% to 3,800 tonnes in the past year. The decrease was attributable to the relatively large volume of waste in the preceding year, during which extensive remodelling of stores was carried out at Beter Bed. The figures are in line with the trend; waste volumes have decreased by 35% since 2010. The target to collect, separate and reuse all packaging material in the Netherlands after delivery was again achieved in 2015. In order to improve its contribution to circular economy, the organisation will continue its dialogue with waste-processing companies to find a solution in which used mattresses can be recycled into new products.

Waste (tonnes)	2015	2014	2013	2012	2011	2010
Cardboard and paper	1,500	1,700	1,900	2,300	2,600	2,500
Other	2,300	3,000	2,500	2,900	3,500	3,400
<b>Total</b>	<b>3,800</b>	<b>4,700</b>	<b>4,400</b>	<b>5,200</b>	<b>6,100</b>	<b>5,900</b>

When it comes to the actual processing of waste, Beter Bed Holding is dependent on its service providers. In procuring waste management services, a guarantee is sought to ensure the proportion of waste recycled is as high as possible. Beter Bed Holding has set itself a target of achieving a recycling rate of 75% in 2016. The percentage of recycled waste has risen slightly. Yet without targeted action by the waste industry, it does not seem that this target will be achieved in the short term. Based on discussions with waste management companies, it appears that they are not able to monitor waste streams for individual customers. Accordingly, the figure reported to Beter Bed Holding by the waste management company is the recycling percentage of the whole waste management company. Beter Bed Holding therefore considers the recycling rates to have little value. The CSR steering group will propose how it can report on waste in a meaningful manner in the future.

### **Application of the precautionary principle**

Substances that are not permitted according to European standards and regulations may not be used in products sold by Beter Bed Holding. If and when it is determined that a substance does not comply with European standards and regulations, suppliers must discontinue its usage. In such cases, the organisation will discuss with the supplier what joint action can be taken to find better alternatives. Suppliers must conform with the REACH regulations in manufacturing their goods. One characteristic of REACH is that if an event takes place or will take place while there is strong evidence suggesting this event will have severe effects on the environment, measures must be taken, despite scientific uncertainty.

# OTHER INFORMATION

## PROGRESS IN CSR

### History

Corporate social responsibility is inherent in the DNA of Beter Bed Holding. Since 2010, this responsibility has been increasingly made more explicit by incorporating it into the vision and subsequently reporting on performance in this area. The company attempts to progress in the area of CSR every year.

In **2010** the vision for corporate social responsibility was launched: 'In every country in which we operate, we intend to become the market leader in the 'value-for-money' segment in the bed and mattress market, in a socially responsible manner.' The CSR principles are defined in more detail in the general code of conduct and are reflected in the company's culture (standards and values as well as conduct) that form the basis for the way Beter Bed Holding does business.

Beter Bed Holding reported on CSR extensively for the first time in **2011**, in accordance with the GRI's G3 guidelines.

The company committed to the UN Global Compact Code in **2012**. The ten principles contained therein are seamlessly incorporated into the code of conduct at Beter Bed Holding. Moreover, the company has set itself targets for the medium term.

The CSR report was modified in line with the fourth generation of the GRI guidelines in **2013**. This especially affected the detailed report that is published in addition to the Annual Report (then: GRI index). In 2013, Beter Bed Holding also started to define visions for the wide range of topics under CSR. The first step towards improving prioritisation was also taken in the form of a materiality study in the sector.

In **2014**, the organisation actively pursued dialogue with its stakeholders.

In **2015** Beter Bed Holding has set up the CSR steering group which is actively involved in CSR issues and CSR objectives.

### Outlook

In 2016, the company will formulate CSR targets for 2016-2020. Those targets will reflect the ambition to launch initiatives within the sector and in consultation with strategic suppliers to promote 'circular economy'.

One of the initiatives in which Beter Bed Holding intends to participate in 2016 is EMBED ('European Models for Bedding End-of-life Decisions'). EMBED is an initiative of the EBIA (European Bedding Industries' Association for mattress and foam products) in response to the European Commission's action plan for circular economy and the EU directive concerning recycling in particular.

In addition to the standard requirement for all suppliers to sign the code of conduct, the ways in which Beter Bed Holding can assume a pro-active role to ensure that materials used by suppliers also meet the applicable requirements from a CSR perspective need to be considered. Strengthening relationships with strategic suppliers is aimed at improving

cooperation with them and consequently achieving joint objectives in fields such as sustainability. Management of the supply chain will be a joint effort by the company and its suppliers, which is why the strategic alliances with the suppliers are so important.

Responding to stakeholders' wishes to take on more responsibility in the supply chain, the company has also decided to increasingly handle testing of the products sold itself. The organisation has signed a contract with TÜV/LGA for that purpose.

## **GRI INDEX**

The GRI Index with references to the standard information and the specific information is only available online.

# CONCLUSION BY THE EXTERNAL EXPERT

## Reporting guidelines

In this report, Beter Bed Holding is reporting for the fifth time on its activities and progress in the field of Corporate Social Responsibility (CSR) in accordance with the guidelines of the Global Reporting Initiative (GRI). In the stakeholder dialogue, the report was found to be largely compliant with the G4 guidelines.

The annual report is presented in a clear format and is compact and readable. Detailed information is reported in a more extensive CSR report. The CSR report also contains a list of the definitions applied. The codes of conduct of Beter Bed Holding are available on the website [www.beterbedholding.com](http://www.beterbedholding.com).

## Scope and framework of the report

In this report on the calendar year 2015 Beter Bed Holding reports on all formulas in the Netherlands, Germany, Switzerland, Spain and Austria. The information from Belgium is limited, but owing to the limited size of the operations in Belgium, MVOplossingen does not consider this to be material. As in the previous year, the CSR information in this report covers 99% of the total number of FTEs. Information on details in the separate CSR report may depart from this standard. In that specific case, the deviation from the coverage ratio is stated explicitly.

## Consistency in reporting process

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

The information from the formulas is provided by a fixed team of employees. This stability has led to swifter and better reporting. MVOplossingen is very pleased that all reporting staff, with the exception of Spain, have been included in the CSR steering group. This will not only improve the quality of regular reporting, but also provide more information on developments at the formulas.

Group Controlling was closely involved in compiling and verifying the quantitative data. MVOplossingen is tasked with collecting the broad stream of information from within the group. The aggregations of quantitative data and changes in figures have been discussed and verified by Group Controlling.

## Conclusion

Beter Bed Holding has taken a major step forward in 2014 by implementing the stakeholder dialogue. The results of the dialogue have confirmed that the chosen reporting structure and the selection of topics are appropriate. CSR was further embedded within the Beter Bed Holding organisation in 2015.

## Strengths

- In this annual report, the policy and developments are linked to significant trends in CSR, such as the climate summit in Paris and the Ambition 2020 report of CSR Netherlands.
- Increasingly, initiatives are originating 'bottom up' in the formulas. The decision to provide green electricity for the stores in Germany as from October is an example of this.
- Several diagrams have been included in the annual report, which help in interpreting developments over time.
- The implementation of the stakeholder dialogue has shown that both the reporting strategy and the selection of topics are in line with expectations.
- Due to the clear and consistent allocation of duties between the Group Controlling staff and MVOplossingen, the quality of information has again improved.

## Steps to be taken

- A number of standard indicators have not been reported, while they should be expected to be covered in reporting in conformity with G4 at the CORE level.
- The CSR steering group met in November for the first time. Accordingly the steering group was not yet able to make its mark on this report, and consequently the targets formulated have not been updated yet. MVOplossingen has recommended to the organisation that the steering committee should meet every quarter from now on.
- Reporting on complaints procedures and incidents diverges for each formula. In the opinion of MVOplossingen, the CSR steering group must ensure that this topic is managed and reported more consistently.

In MVOplossingen's opinion, the report of Beter Bed Holding provides a good and accurate view of the business and its operations in the field of CSR. The CSR report including GRI Index is characterised by a high degree of detail and transparency, which enables stakeholders to engage in dialogue with the company on a solid basis.

Arnhem, the Netherlands, 10 March 2016

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

# DEFINITIONS

Key terms	Definition
Anti-corruption	Actions and measures to combat corruption. According to <a href="http://www.corruptie.org">www.corruptie.org</a> corruption is defined as the misuse of entrusted power for private gain.
Aspect	Subject from the GRI guidelines. Aspects may be composed of several indicators.
CO <sub>2</sub> emissions	The emission of greenhouse gases as a result of the burning of fossil fuels.
Core	Standard application level of G4, whereby at least one indicator of all material aspects is reported.
Comprehensive	Extended application level of G4, whereby all indicators of all material aspects are reported.
Diversity	Describes the composition of personnel, management and the governance bodies subdivided into employee categories on the basis of gender, age group and minorities.
Emissions	Emissions of greenhouse gases.
GHG protocol	The <u>Greenhouse Gas Protocol</u> is a means of quantifying and managing greenhouse gas emissions.
GRI	The <u>Global Reporting Initiative</u> is the organisation that issues the global guideline for reporting on Corporate Social Responsibility.
G4	G4 is the fourth generation of the <u>GRI guidelines</u> that was published in 2013.
Impact	The degree to which according to specialists and generally accepted guidelines an aspect affects economic, environmental and social issues.
Indicator	Part of the GRI guideline on which reporting can be made in a defined way.
Material aspects	Material aspects are issues for which the combination of impact and relevance is so great that the company decides to report on them.
NGO	Non-governmental organisation, an organisation that is independent of the government and focuses on issues of public interest in one way or another.
Relevance	The extent to which stakeholders attach importance to an aspect in their assessments and decisions.
Stakeholders	Organisations or groups of people that can reasonably be expected to experience significant effect from the activities and products of Beter Bed Holding. Stakeholders include employees, shareholders, suppliers, the government and NGO's. A summary of the stakeholders of the organisation is available in the section Stakeholderdialogue.
Training & Education	Relates to: a) all occupational training and instructions; b) educational leave for employees paid for by the company; c) external training courses and education paid for wholly or partially by the company.



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**Beter Bed Holding N.V.**

Linie 27  
5405 AR Uden  
The Netherlands

P.O. Box 716  
5400 AS Uden  
The Netherlands

T: +31 413 338 819  
E: [bbholding@beterbed.nl](mailto:bbholding@beterbed.nl)  
W: [www.beterbedholding.com](http://www.beterbedholding.com)  
W: [www.mvo.annualreportbeterbedholding.com](http://www.mvo.annualreportbeterbedholding.com)

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