

General

Period covered by your Communication on Progress (COP)

From: 01-01-2012 To: 31-12-2012

01-10-2013

To our stakeholders:

I am pleased to confirm that Beter Bed Holding reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also share this information with our stakeholders using our primary channels of communication, our Annual Report and corporate website www.beterbedholding.com.

Beter Bed Holding is listed on the Amsterdam Stock Exchange (in the Small Cap Index, AScX). Our core activity is the retail trade in the market for sleeping comfort operating in 7 countries in Western Europe. Across all of our formulas and the countries in which we operate, we offer high-quality products that we sell to consumers for the best possible 'deal' based on advice that is better than that of the competitors.

Beter Bed Holding is an organisation in which a large number of stakeholders are involved: our suppliers, our employees, and the people who purchase our products. In addition, there are our shareholders, our business associates, governments, competitors and any other parties affected by our work, from the start of the manufacturing process through to the use of the products in our customers' bedrooms. We feel it is important to maintain long-term relationships with each of these partners.

However, such long-term relationships create responsibilities. The manner in which working conditions are organised is just as important to us as the fact that our products do not damage the health of end users and are safe to the environment, humans and animals.

Accordingly, our vision the 10 principles of the Global Compact serves as a guideline for our business operations, containing as it does the core values that determine our day-to-day conduct. In addition, it serves as a blueprint for the future, for our continuous quest for sustainability, as we are aware that there is always room for improvement. Therefore

the foundation of our values for doing business is based on the 10 principles of the Global Compact.

For the internal operations we have installed an internal code of conduct in 2011. All employees working for the several store formulas' of Beter Bed have been informed and instructed how to apply the code.

To ensure the right execution of the code in the daily routines at work, employees can anonymously report violations with our whistle-blower facilities, which are implemented companywide.

In 2011 we renewed our suppliers code of conduct by including the 10 principles of the Global Compact. We have provided our suppliers a two-year period to adhere to our supplier code of conduct, or to raise a signal when they face problems living up to our standards. The percentage of signed supplier codes of conduct was approximately 68% in 2011 and has risen with 30 points in 2012.

In 2012 98% of our first tier suppliers have signed our supplier code of conduct that demands from our suppliers to respect the human rights. Therefore we recognise limited risk of violations of human rights at our direct suppliers.

We have demanded from our suppliers to comply or explain in signing up to our code of conduct. The 2% suppliers that did not sign our code until now are without restriction companies that have failed to react to our code. We will therefore stop our business activities with these companies in 2013.

When it comes to responsible and sustainable business, we set the bar high. We believe growth is about more than investing in order to increase revenue – it is also about building an organisation that respects people, animals and the earth.

Using this vision as a foundation, we can all make a contribution. We firmly believe that this both enhances our reputation and increases our work satisfaction.

Sincerely yours,
Beter Bed Holding N.V.

A handwritten signature in blue ink, appearing to read 'Ton Anbeek', written over a horizontal line.

Ton Anbeek
CEO

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Beter Bed operates in countries part of the European Union, that all signed the OECD Guidelines. Therefore we consider the risk of violations of the Human Rights in our operations as extremely limited.

Nevertheless Beter Bed has explicitly included the protection of internationally proclaimed human rights into both the

- internal code of conduct;
- supplier code of conduct.

For the status of both codes we refer to the first chapter of this Communication on Progress: General.

To ensure the right execution of the code in the daily routines at work, employees can anonymously report violations with our whistle-blower facilities, which are implemented companywide.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Beter Bed operates in countries part of the European Union, that all signed the OECD Guidelines. Therefore we consider the risk of violations of the Labour Principles as extremely limited.

Nevertheless Beter Bed has explicitly included the Labour rights into both the

- internal code of conduct;
- supplier code of conduct.

For the status of both codes we refer to the first chapter of this Communication on Progress: General.

Beter Bed intends to be a preferred employer, and therefore invests in the relationship with our employees. Therefore we regularly perform employee satisfaction surveys and invest generously in health and safety programmes and procedures.

We fully support the freedom of association and the right to collective bargaining. To effectively manage and formalise consultation with our employees we have installed an employees council.

We consider forced and child labour as an extremely low risk within the boundaries of our company, as we operate in Western Europe only. To avoid these misconducts in our supply chain, these issues are included in our supplier code of conduct.

Discrimination is a problem that we do not tolerate at Beter Bed and can be reported anonymously with help of the whistle-blower procedure. We consider it a best practice to have a diverse workforce and management. In 2012 women managed 17% of our shops, and 11% of our senior management consisted of women.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Beter Bed is active in the retail trade in the market for sleeping comfort. We consider the environmental risk of our industry as extremely limited. Obviously we have an obligation and possibilities to enlighten our pressure on the environment. Our main goals are to:

- reduce our environmental footprint;
- increase the percentage waste recycled.

Nevertheless Beter Bed has explicitly included the protection of the environment into both the

- internal code of conduct;
- supplier code of conduct.

For the status of both codes we refer to the first chapter of this Communication on Progress: General.

Our efforts to reduce our environmental footprint

In order to reduce our environmental footprint, we have invited our employees to come forward with ideas to improve our processes. Over 2012 we can report the following improvements:

- Introducing teleconferencing equipment to reduce the amount of business travel.
- Installing motion sensors in public spaces.
- The lighting of the advertising displays on the industrial sites has been significantly reduced by switching off the lights in the evening.
- Investing in user-friendly lighting, despite the slow return on investment.
- Smart energy meters to help us also become a learning organisation in terms of environmental efficiency.
- Following up on the 'Warm Jumper Day' campaign, we will be closing the front doors in winter.
- Delivery of online sales through the stores (using existing transport and no additional transport).

Our efforts to increase the percentage waste recycled

In most countries our customers themselves are transporting our goods. This does not give us the opportunity to manage the waste recycled. However in The Netherlands we deliver and install the goods we sell. Our goal is to take back packaging materials from all home-delivery customers in the Netherlands and segregate and reuse them. This goal, which will benefit both our customers and the environment, will be almost fully achieved in 2013.

Our efforts to reduce environmental risks in the supply chain

We manage the environmental risks into our supply chain, by testing the mattresses delivered at our warehouses on hazardous materials. In 2012, the number of mattresses certified and tested for hazardous materials increased from 68% to 78% in Germany and from 34% to 58% of mattresses sold in the Netherlands. The company aims to increase this rate to 70% for the company as a whole in 2013. The ultimate goal is for 80% of all mattresses in the range as a whole and for all Beter Bed Holding formulas to be tested and certified by 2016.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Beter Bed operates in countries part of the European Union, that all signed the OECD Guidelines. Therefore we consider the risk of violations of the Anti-Corruption Principles as limited.

Nevertheless Beter Bed has explicitly included the Anti-corruption principles into both the

- internal code of conduct;
- supplier code of conduct.

For the status of both codes we refer to the first chapter of this Communication on Progress: General.

Beter Bed has long term relationships with most of its business partners, reducing the chance of being corrupted. Nevertheless we understand that corruption is a problem that occurs worldwide.

We strongly condemn both corruption in business and the practices to persuade government to change its politics into our favour.