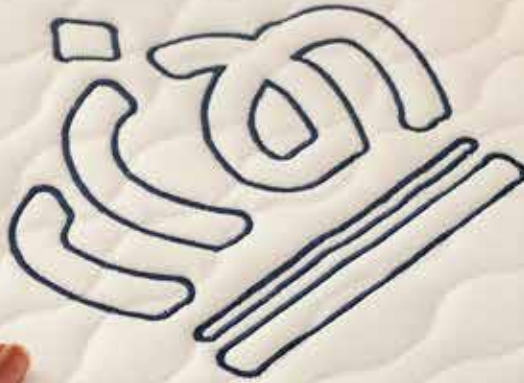


Royal Auping

Corporate Social Responsibility Report 2020
Our sustainable dreams



auping

Management Team Royal Auping, May 2021



Jan-Joost Bosman
Chief Executive Officer



Linda Hoebe
Chief Financial Officer



Martijn van Haaf
Director of Operations



Joris Broekmans
Director CX &
Marketing



Morten Lund Petersen
Director Innovation &
Sustainability

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Preface

This is the second edition of the Auping Corporate Social Responsibility (CSR) Report. It gives an insight into our ambitions, goals and dreams in the field of sustainability, well-being and people's health and it describes our achievements in 2020. There were a number of important milestones in the past year. They bring our primary goal - fully circular product propositions by 2030 - closer.

First of all, this CSR Report is about collaboration. Circularity and a minimal - or even no - carbon footprint can only be achieved by joining forces with parties that have the same ambitions and who convert them into concrete action. In addition, dedication and drive are characteristics that can be recognized throughout this report. Royal Auping employs people with a genuine drive to contribute to a better world. From bringing rest to people to protecting the planet: we want to do good and want to get better at doing good.

The world has changed dramatically since we published our first CSR Report last year. In some respects, even in a structural way. In this report we will of course discuss the impact of COVID-19 on our

organization and business operations and explain how we have responded to this development. An important observation is that the pandemic has left our CSR goals and ambitions fully intact. And more than ever, it has emphasized our responsibility and shown how we can make a real contribution to health and well-being. As a B Corp our stakeholder focus is strongly anchored in the organization.

Auping is a company where the primary focus is to make beautiful, innovative and high-quality beds and mattresses that bring rest to people and to the world. This makes us commercially successful. Financial stability is a precondition for being a socially responsible organization that makes a difference for current and future generations.

In this report, we proudly look back on what we have achieved over the past year. With our partners - and thanks to our customers.

Deventer, May 2021

Jan-Joost Bosman, Chief Executive Officer
Ine Stultjens, Manager Marketing & Communication

About Auping

For more than 130 years, we have been working on the best ways to bring people rest and sleep. After all, a well-rested world is a better and more beautiful world. A world with more love. That conviction is reflected in our brand promise: *Auping, with love*. Our brand values - *attention, reliable, open and social* - are visible in the choices that we make as a company.

Since our founding, we have been developing innovative handmade products that have changed the world of sleep and rest. All our products are made with great care and attention to detail.

And, moreover, with a focus on the environment and the future of current and future generations. In addition to beds and bed bases, our portfolio consists of mattresses, beds, box springs beds, bedding textiles and accessories.

Royal Auping has 303 employees. Including our flex workers, we are 625 people in total to help on a mission to bring rest to the world. Auping serves customers in over 40 countries and sells products in stores and online. We also provide boutique hotels, hotel chains and vacation parks with our design beds and mattresses.



Highlights 2020

Sustainability, craftsmanship, design and innovation

Sustainability, craftsmanship, design and innovation are leading in everything we do. Where possible, we work with leading partners in technology and product development. In 2020 we introduced the first fully circular mattress for consumers: Auping Evolve. This groundbreaking product is the result of a collaboration with DSM-Niaga. A year earlier, we co-developed the sleep robot Somnox with a start-up from TU Delft. We collaborate with prominent designers, such as the Danish architect Eva Harlou. Last year she designed the beautiful Auping Noa, a bed that is made from natural materials.

Every Auping product consists of high-quality materials such as aluminum, wood and fabrics. One of the characteristics is a clear design, with an interplay of clean horizontal lines and soft, rounded corners. An Auping is the result of manual work, craftsmanship and customization. In our sustainable factory we work with a balanced mix of man and machine, human hands and robotic arms, professionals and smart technology.



Auping was founded in 1888. Johannes Auping, owner of a blacksmith shop in Deventer, was commissioned by a local hospital to deliver hygienic beds as an alternative for regular straw mattresses. He then designed the famous mesh base - which has an excellent ventilation due to its open structure. In doing so, he laid the foundation for our current company. The Auping family still holds a large majority stake to this day. In addition, regional private equity firm Wadinko has been a shareholder since 2017. In 1988, we became *Royal Auping*.

Corporate Social Responsibility

Auping is perceived as a frontrunner in the field of sustainability and corporate social responsibility and we are grateful for that. We always raise the bar and are critical of our results and achievements. Our CSR policy has three pillars, which we discuss in more detail in this report:

- I Sustainable business operations with circular product propositions
- II A supply chain and production process with respect for the climate
- III Attention for people and culture

Up and running

The biggest highlight of 2020 might be that we managed to continue to make beautiful beds and mattresses and to serve our customers under challenging circumstances. We adapted very quickly to the reality of the six feet economy for example, by implementing practical corona measures in our factory. That enabled us to stay up and running despite the pandemic. With the cooperation of the Works Council, we were able to introduce - sometimes drastic - measures smoothly. After our turnover virtually came to a hold in the

second quarter of 2020, sales picked up again in the following months and we closed the year fairly well. We therefore decided to repay the government's corona support - a total of 1.2 million euros. A decision we announced when we were finalizing this report. It received an incredible amount of attention and appreciation from society, politics and the business community. It wasn't the rule, but the spirit of the support measure that determined how we acted, and in doing so we inspired other companies to do the same.

Certified B Corp

After an intensive assessment and certification process, we officially became a certified B Corp on March 30, 2020. This means that we belong to a group of companies with an explicit and, above all,

measurable focus on people, the environment and society. This CSR Report goes into detail about our B Corp status and our efforts and ambitions in this area.

"Solving a global problem through your product: then you really are an impact organization in my opinion. With its circular mattress, Auping shows in an inspiring way how you can make a difference as a company."

Jelmer van der Meulen, Strategy Consultant and Partner at Synergie

'The story of 1.5 million mattresses' and Auping Evolve

In the Netherlands, every year 1.5 million mattresses are being thrown away. A large part of this ends up on landfills or is incinerated. This causes a lot of damage to the environment. At the beginning of June 2020, we launched the striking 'The story of 1.5 million mattresses' campaign to raise awareness for this enormous - and relatively unknown - waste problem. We have reached millions of people with an online video, TV commercial a 'making of' film and a dedicated website.

In the campaign, the problem we address - discarded mattresses - was literally used as a carrier of the message. For example, there is a leading role for some four hundred old mattresses, which are painted by hand with the special water-based lacquer that Auping also uses when making beds. Frame by frame, each mattress depicts a fragment of the film. And all stop-motion images played one after the other tell the life story of a mattress with recognizable moments from the life of a family that take place in bed. The message is as simple as it is relevant: it is logical that a mattress will need to be replaced at some point - but please consider the environment when picking a new one.

In line with 'The story of 1.5 million mattresses', we launched Auping Evolve: the world's first circular mattress for consumers. Auping Evolve consists of only two materials: steel and polyester. Thanks to the special Niaga^{®1} click-unclick, all parts of this mattress can easily be disassembled at the end of its lifecycle. The materials can be recycled repeatedly at a high-quality level into new mattress parts. We do not keep the invention we have made together with Niaga[®] for our circular mattress to ourselves, but open it up to third parties. We also set up a special team in 2020 to market our circular mattress technology under license.

The first pilots are now underway. Because a mattress is only circular if it is returned for high-quality reuse of all materials, the circular mattresses are recognizable by an orange Niaga[®] label. This indicates how the mattresses can be returned. The label also gives access to a special Circularity Passport.



In 2020, we also succeeded in turning used Auping Evolve mattress ticking into new Evolve ticking. In previous tests, we have managed to recycle Evolve trim scraps into raw materials and then make new yarns from them. Now we are able to knit a ticking of these yarns and thus make a completely new Auping Evolve mattress of the same high quality. And so, the circle is completed.

¹ Niaga is part of Covestro AG since April 2021.

Face masks

In 2020 - at the start of the corona pandemic - we became aware of the serious shortages of protective equipment for healthcare professionals who come into contact with corona patients. We immediately decided to help. Together with design studio Panton and some medical experts, and later also DSM and machine builder Duflex, we devoted ourselves to the large-scale production of medical mouth-nose masks on behalf of the Ministry of Health, Welfare and Sport (VWS). All of this was completely new to us and therefore also very educational. Raw materials were scarce, we had no production line, no machines and we had to train, retrain and hire people. Quite a challenge for a bed and mattress maker and it gave us quite some headaches.

But, also a lot of energy and satisfaction. We started production manually at the time and were able to hand over the first copies to Secretary Van Rijn of Medical Care and Sport at the end of April. We now produce 600,000 face masks per week on four machines 24/7, fully automatic. We are very grateful that we were able to use our network, knowledge and expertise to help society. The speed and effectiveness with which the large-scale production of face masks got underway is a wonderful example of intensive cooperation between organizations that see the need for rapid action and implement it in a very pragmatic way.



"When we saw with how much energy and vigor the company and its partners were committed to the large-scale production of face masks in April 2020, we immediately offered our assistance. This was an unparalleled operation and we advised, among other things, on the possible liability risks. CMS has been working with Auping for years, but it was very special to collaborate in this context with such a relevant goal."

Nicole Kuijer, Attorney at CMS law firm

Side by side with Tony's Choclonely

At the end of June 2020, we joined an important initiative by Tony's Choclonely. The fellow B Corp company sent a letter on behalf of Auping and 48 other companies to the then Secretary of Foreign Trade and Development Cooperation, Sigrid Kaag. In this letter, we expressed our support for a legal framework for due diligence in the field of corporate social responsibility. Legislation provides more transparency and equality in the supply chain, and that is sorely needed. We are in good company.



For example, ASN Bank, Innocent Drinks, Kings Of Indigo, Moyee Coffee, Mud Jeans, Suit Supply, The Student Hotel, Triodos Bank and WakaWaka also signed the letter.

A good employer

We want to keep the world livable, healthy and safe for future generations. That starts with solidarity towards employees, partners and customers. Together, you can make a difference. Together you can really change.

An initiative that is a great match with our values and vision of cooperation and good employment practices is the open platform WieZetJijOpEen.nu. It unites companies that embrace solidarity, with the purpose of finding solutions together with employees, suppliers and customers, even in times of crisis. So, people first. WieZetJijOpEen calls on every organization to show solidarity. This means, for instance, treating others the way you want to be treated yourself.

B Corp organizations are not only tested on their environmental performance, but also on their social performance. B Lab - the non-profit organization that issues the B Corp certificates - has therefore embraced WieZetJijOpEen. Twelve B Corp organizations - including Auping, WeTransfer, Triodos Bank and Mud Jeans - have also registered with the platform. In total, some 220 organizations are affiliated. WieZetJijOpEen is supported by Great Place To Work, an organization that helps companies in 60 countries to optimize their (good) employment practices.



Purpose Day Award 2020

Auping was proud to receive the Purpose Day Award 2020. Since 2016, the prize has been awarded annually on Purpose Day - the third Friday of November - to a Dutch organization 'that is extremely committed to a better world' and is an initiative of Friends for Brands, which organizes public events to promote the transition to a *purpose driven economy*. We received this prize for the contribution we make to the circular economy with

the development of our circular mattress Auping Evolve. The jury praised our decision not to keep innovative knowledge to ourselves. We have the ambition to transform our industry and, in that context, we want to help and encourage other manufacturers to use the technology and raw materials of our circular mattress on a large scale in order to get the systemic change that is needed started.

"Auping is a change maker and frontrunner in the manufacturing industry. The decision to share knowledge and insights with the competition shows enormous guts and it proves that the company really aims to bring about structural change."

Leen Zevenbergen, Co-Founder and Board Member at B Lab

Auping in the picture

Every year, business magazine M /Sprout asks thousands of entrepreneurs, managers and administrators about the reputation of competitors in the market. This results in the leading *MT500*, a ranking of the 500 companies with the best reputation.

In 2020 we entered the list at #49. We were also named the 2020 sector winner in the Textile and Furniture Manufacturers category due to our excellent scores on customer focus, excellent execution, employership and sustainability - the pillars of a strong reputation.

MT/Sprout, together with financial services provider CFI Netherlands, also charts the one hundred best performing manufacturing companies each year (up to a turnover of 500 million euros). This involves looking at turnover, turnover growth, profit growth and return on invested capital (roic). The list - *Maak100* - consists of manufacturing companies with a Dutch parent company and a B2B and B2C focus. In 2020 we entered at #100.

We are in good company, with iconic Dutch companies such as Brabantia, Royal Ahrend, Royal Huisman, Hartman and Bolsius also on the list.

In 2020, the *Inspiring 40* was compiled for the 10th time, based on representative market research from Dynata into the most inspiring organizations in the country. This is done on behalf of strategic consultancy firm Synergie. As the initiators themselves describe it, a trend is visible in which more and more organizations are taking their own responsibility while no longer wondering who is behind the wheel. They take action themselves and create change. It is a characterization in which we recognize ourselves.

We are also proud of our second place in the *German-Dutch Prize for Economy 2020*. The jury selected Auping from more than thirty entries because of the innovative and bi-national collaboration with partners for the launch of Auping Evolve.



Hotel Heppie

The annual shopping circus Black Friday would almost make you forget which things are really important. That is why we supported Het Vergeten Kind ('The Forgotten Child') in 2020 and donated 10% of our proceeds during Black Friday to this wonderful organization. We believe that every child should be able to sleep soundly and safely. But of course, we also did not want to forget the consumer. He received a 10% discount when purchasing an Auping bed or mattress.

With our donation we help Het Vergeten Kind with the realization of Hotel Heppie, which will be built in 2021

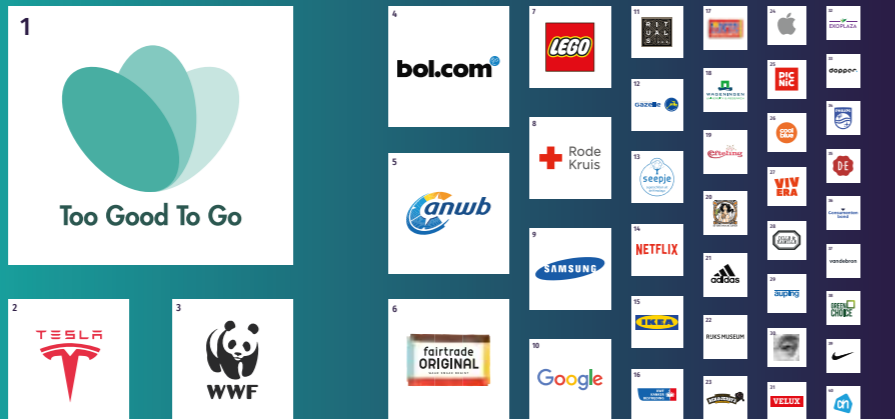
at the Veluwe, a nature reserve in the Netherlands. Children who are going through a difficult time at home can come here for a well-deserved holiday. They can romp and relax with their peers, make new friends and be a carefree child for a while.

The response to our initiative has been overwhelming. The final amount raised was an amazing € 92,000, which we will donate in the form of beds and mattresses. This means that we can provide Hotel Heppie with everything they need where it comes to sleep.

THE INSPIRING 40 IN 2020

REMARKABLE RESULTS IN 2020

- In 2020, Too Good To Go was the most inspiring organization for the 2nd consecutive year.
- Tesla has been in the top 3 since 2016 (with the exception of 2019) and for the 5th time in 2nd place.
- Fairtrade Original is in 6th place for the 3rd time.
- Auping is the fastest runner up, followed by Google, Rijksoverheid, Adidas and WWF.
- New are Seppie, Auping (back in Inspiring 40 since 2017), Follow the Money and Verdoelend.
- New 'No One to Watch'.
- In 2020, Dier 24, Starbucks (NL), Booking.com (NL) and BSN (NL) were no longer listed in the Inspiring 40.
- There are 21 impact organizations in the Inspiring 40 - an increase of more than 20% compared to 2019.





Auping Noa

In October 2020, we launched Auping Noa, a bed designed by Danish designer and architect Eva Harlou. Auping and Harlou share the same philosophy: we want to design products that are good for the world, sustainable and beautiful at the same time. With Noa we have added a new model to a long line of iconic designs. In keeping with the

Scandinavian design tradition, Harlou has designed a bed with a simple shape, smart details and natural materials. The natural material wood blends well with the round shapes of the design. Beech wood was deliberately chosen because of its sustainable character. Auping Noa is designed to last, as is the rest of our assortment.

"I think it is important that employees are involved in important decisions and issues that affect their daily work. On the Works Council, you learn to listen, negotiate and cooperate. Fortunately, there is room for that in a people-oriented company such as Auping, where critical questions can also be raised at all times."

Inga Arling, Category Manager and Chair of the Works Council at Royal Auping

Working together as one Auping

We have opted for an omnichannel strategy. Physical stores are important, but so is the possibility to order online. That is why in 2019 and 2020, together with our 220 dealers in the Netherlands, we designed a new way of collaborating that puts consumer needs first. For example, the online consumer selects a physical store when placing his order, that takes care of the handling and delivery of the purchase. Our franchise partners have fully embraced this win-win model. We made new contractual agreements with all partners and drafted *retail guidelines*.

Auping's central marketing provides for traffic and sales and we offer powerful product innovations and clear propositions. In addition, we continuously provide all our franchisers with thorough education and training through our own Auping Academy. In doing so, we work together as one Auping. As one of the first manufacturers in the industry we share our profit with our partners. A fast majority of the Auping points of sale embraced this new form of collaboration.



Take back program and recycling of pillows and duvets

In 2020, we took the first steps towards a unique take-back and recycling program for pillows and duvets that is a perfect fit with the Auping vision on circularity.



Together with Ducky Dons - we completed a successful pilot that aimed to set up an efficient return program for used pillows and duvets and in doing so, get the consumer on board. Ducky Dons - the only company in the Netherlands that fully recycles duvets and pillows filled with down and feathers - not only took back products with down, but also products with synthetic materials. They then ensured that the materials ended up in the right place to be reused for new (bed) products.

The pilot was continued in April 2021 with the official introduction of a new range of pillows and duvets. Our goal is a program in which our range is fully taken back and recycled.

Collaboration with Schepers Bosman

During Dutch Design Week 2020, we presented 'Consumption Quarantine' with fashion designer duo Schepers Bosman: a capsule collection made from residues from our factory, such as duvet covers, mattress ticking and box spring fabrics. With this project we underlined that 'consuming' something new is not always necessary to create new value. A simple object such as a duvet cover can be processed and given a new, valuable purpose.

Schepers Bosman
X
auping



CHAPTER IV

Vision on corporate social responsibility

A well-rested world is a better world. It is the foundation of everything we do at Auping. That is why we make high-quality and beautiful products that contribute to people's well-being. We also try to make these products in such a way that they do as little damage to the planet as possible, and in the end even have a positive impact on the planet. For instance by using raw materials and energy in a responsible way.

We opt for measures that have an impact on our business operations and often require a - substantial - investment. The starting point is always that there is a balance between profit and purpose. Financial stability and continuity are preconditions for the successful implementation of our social efforts.

For 2030, we have set ourselves two fundamental goals in the field of corporate social responsibility:

- operate a fully circular product range in a CO₂ neutral manner
- bring rest to people and planet

We have made significant progress in recent years and we are proud of that. We therefore continue to work hard on our ideal: a world in which we can bring rest without waste.

"You can't change the world in one day. It starts with a vision, which then translates into strategy, programs and projects. But even with a clear goal and manageable activities, you are still exploring the unknown. Things always turn out differently than expected. Innovation means skipping endless discussions. Just do it!"

Wouter Dijkman, Manager Research, Innovation & Product Development at Royal Auping

The three pillars of our CSR policy



“Through the game of hockey, we want to make a positive contribution to society and Auping helps us live up to that ambition. For example, thanks to Auping, we can make the game available to children for whom that is normally not the case. Whether it concerns sustainability, the production of face masks or a contribution to sports: Auping fulfils its social responsibility in the broadest sense.”

Erik Gerritsen, Managing Director at the Royal Dutch Hockey Federation

CSR pillar #1: Sustainable business operations with circular product propositions

The first pillar of our CSR policy focusses on circularity. We aim to have sustainable business operations with circular product propositions by 2030. In doing so, we strive to ensure that all raw materials in our products are renewable or recycled.

Our journey to circularity started in 2010. We then decided to embrace the cradle-to-cradle philosophy. This means that all products and processes are the foundation for something new. We call it *closing the loop*: products become raw materials for new products. In our design choices we already take the impact of a product - for instance a mattress - on the waste flow into account.

A lot has happened since 2010. Some highlights of the past years:

- In 2011 we were the first bed manufacturer in the world to receive a cradle-to-cradle Silver certificate for one of our products. This certificate is awarded to a product that consists for more than 50% of recycled materials or materials that can be reused after use.

- We developed aluminum legs for the Auping Essential bed, which can be recycled endlessly. For example, new chair legs can be made without any loss of quality.
- With the Auping Take Back System (ATBS) - launched in 2011 - we offer customers the option of returning their old mattress when purchasing a new one. After recycling, old mattresses get a new life as a judo mat or underlay. 90% of the raw materials in Auping mattresses are now reused.
- In 2015, we took our current sustainable production location into use, reducing the number of locations from three to one.
- With partner Niaga®, we had a world premiere in December 2018 with the development and introduction of the first fully circular mattress for the hotel market. Each part of this modular design is easy to separate from the rest thanks to the Niaga® click-unclick adhesive and is fully and high-quality recyclable for reuse in a new mattress. The composition makes it possible to replace the various parts, guaranteeing constant hygiene and quality. We received the Circular Award Business 2019 from the Dutch government for this groundbreaking innovation.
- In 2019, we founded a start-up for pay-per-use and subscription models for circular mattresses under the name *bedzzy*.

Developments in 2020

In 2020, we again took a number of significant steps in the field of circularity.

For example, Auping Evolve has been in stores since May 1st, 2020 (it won a prestigious Red Dot Design Award) and we launched the campaign ‘The Story of 1.5 Million Mattresses’, which raises awareness for the waste problem created by used mattresses.

An important focus in 2020 was to improve and expand the measurability and analysis of our efforts and to define specific targets. In the absence of clear KPIs, it is difficult to indicate where a company is in the field of circular transition and which steps need to be taken. An organization that helps companies in this respect is the World Business Council for Sustainable Development (WBCSD).



The WBCSD operates across the globe. Over 200 leading companies and more than 70 business associations are affiliated to the organization. They work together to accelerate the transition to a sustainable world. The WBCSD focuses on maximum positive impact for shareholders, the environment and society.

In 2020, the WBCSD, together with KPMG Sustainability, introduced the Circular Transition Indicators (CTI) framework. This allows companies to measure their circularity, identify risks and opportunities and set priorities in a universal and consistent manner.

In addition to the CTI framework, the WBCSD teamed up with knowledge platform Circular IQ to develop the CTI tool, which Auping also uses. With this Circular Transition Indicator tool incoming and outgoing material flows can be analyzed. Material in the incoming flow qualifies as circular if it has previously been used in a product (recycled content), or if it is of renewable origin, such as sustainably harvested wood. When it comes to the outgoing material flow, the CTI tool provides insight into the extent to which a delivered product can be reused and whether this actually happens.

The CTI tool provides us with quick and efficient insights about existing products, which can be evaluated and improved. In addition, new products can be more explicitly assessed for circularity during the development process, which contributes to a faster transition to full circularity. In 2020 we used the CTI tool to analyze our beds. In 2021 we will do the same for our mesh bases and mattresses.

The circularity score of five of our bed models is shown below.

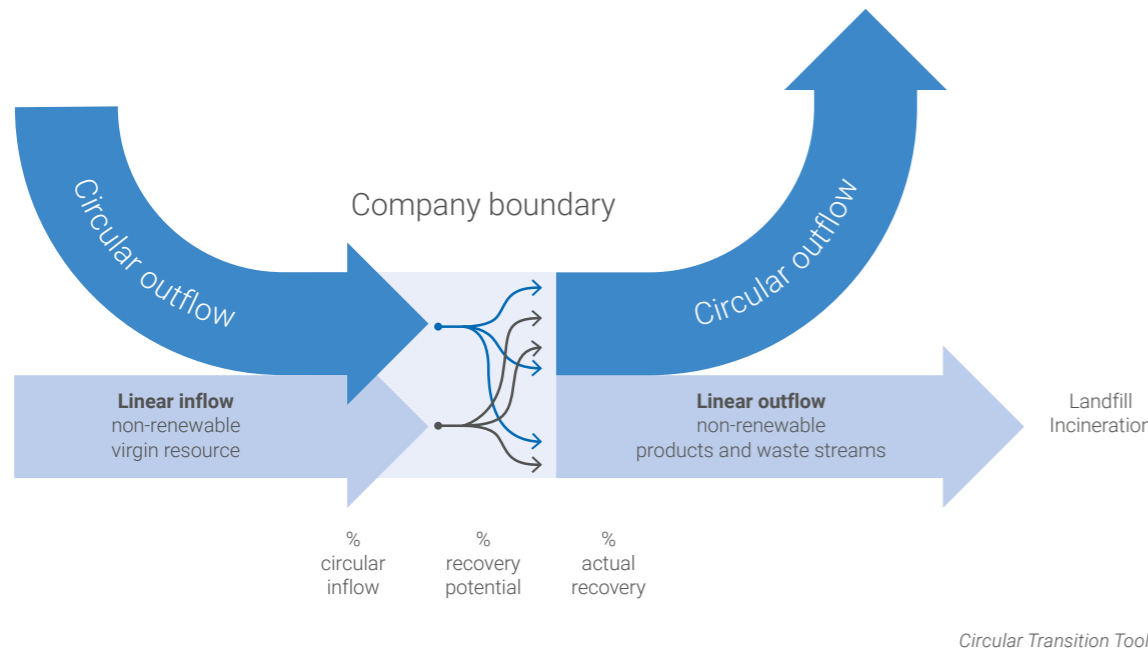
Product	Circulariteit	% circulaire inflow	% circulaire outflow
Essential	50,5%	9%	92%
Original	66,5%	39%	94%
Auronde	48,5%	89%	8%
Dublin head board for Original boxspring	37,5%	60%	15%
Original Boxspring	16,6%	0%	33%

CSR pillar #2: A supply chain and production process with respect for the climate

We want to be completely CO₂e neutral by 2030. This means that the company’s carbon footprint (in short: the total amount of CO₂ equivalent emission) becomes zero.

on a turnover of 64 million euros in 2014 to around 27,700 tons of CO₂ emissions on a turnover of 76.5 million euros. This is mainly the result of improvements made to business processes and significant investments in a new production location. As an organization, we also purchase green electricity, use heat-cold storage and have solar panels.

Significant steps have been taken in recent years. For example, between 2014 and 2019, a modest decrease in Auping’s CO₂ emissions can be seen, namely from almost 23,917 tons of CO₂ emissions

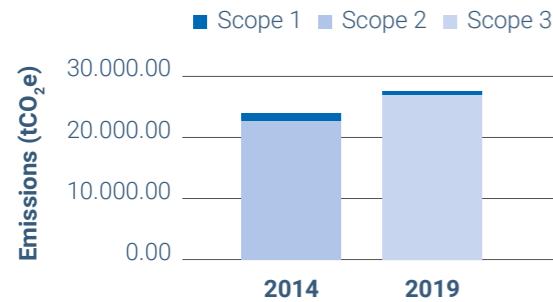


Developments 2020

In order to be fully CO₂ neutral as a company by 2030, we need a clear picture of where we stand and which steps need to be taken. In 2020, we therefore started working with leading international consultancy firm South Pole to determine

Auping's carbon footprint and formulate a feasible reduction strategy.

South Pole uses three emission scopes, which describe the sources and causes of CO₂ emission.



Emissions (tCO ₂ e)		
Scope	2014	2019
Scope 1	531.95	471.71
Scope 2	0.00	2.27
Scope 3	23,385.83	27,226.62

Scope 1 comprises parts of our company and business operations that have a direct CO₂ impact. For example, the emissions from buildings (f.i. because heat is generated) and from commercial vehicles. Scope 2 concerns indirect impact through purchased and used energy, for example for heating and cooling. Scope 3 also relates to activities with an indirect impact and includes travel movements, purchased raw materials, services and waste.

As is customary at a production company, this third scope has the greatest impact at Auping, which also means that the greatest gains can be made in terms of reduction. Our strategy to be CO₂ neutral by 2030 focuses primarily on incoming and outgoing raw materials and our retail footprint. This fits in perfectly with our circular strategy.

Based on the most recent recommendations from Southpole, we have formulated the following objectives:

- When it comes to Scope 1, we will abandon the use of natural gas within nine years and opt for CO₂-neutral biogas or hydrogen. Diesel trucks are being replaced by electrically powered models.
- As part of Scope 3, we aim for more recycled raw materials (especially steel, polyester and aluminum). In addition, we expect our suppliers to perform better in terms of CO₂ emissions in 2030. For example, we have KPI's for our retail partners in the field of electricity consumption and heating.

Across the board, we expect an estimated 50% reduction in our CO₂ emissions in Scope 1, 2 and 3. We will strive to offset the rest of our CO₂ emissions until we become CO₂ neutral in 2030.

CSR pillar #3: Attention for people and culture

Our third CSR pillar is a focus on people and culture. An important starting point is that we want to offer our employees a safe and healthy working environment. For example, we have invested in improving the air quality in our welding shop.

It already met all official standards, but for us that was not enough. In a general sense, our ambition to bring rest to the world reflects a focus on the well-being of people. We simply believe that a well-rested world is a better world.



"Auping and De Hoge Veluwe National Park have a close relationship. For many years now, the company has contributed to the preservation of the beautiful 5,400 hectares of natural land and there is a historical connection with our Kröller-Möller museum. Social involvement and love for nature and culture are really part of the Auping DNA."

Harald de Boer, Managing Director Hoge Veluwe Foundation at De Hoge Veluwe National Park



Working on the sleep of the future

At Auping we bring rest to the world and therefore a thorough understanding and in-depth knowledge of sleep is essential. With our partners, we conduct a lot of research to gain insights into the contribution of sleep to physical and mental recovery.

Team DSM and physical recovery

In March 2019 we started to conduct sleep studies in the Keep Challenging Center of Team DSM (the former Team Sunweb cycling team) in Sittard (located in the southern part of the Netherlands). We work closely with sports scientists who supervise the riders. The team recognizes that rest and recovery have a strong impact on the performance of riders.

The primary goal of the research is therefore to arrive at the optimal recovery of each individual rider through sleep. The study examines sleep patterns, habits and other factors that contribute to rest and recovery. The starting point is that for a top performance, rest, recovery and recharge are just as important as training.

The riders involved in the study sleep on special Auping beds with sensors. These sensors measure, among other things, their breathing and the - regularity of their - heartbeat. In addition, the riders keep track of how they feel during the day, and also indicate whether it was a tough training day or a more relaxed day.

This gives insight into patterns associated with more or less physical recovery. During the sleep study, the so-called parasympathetic process is measured, which occurs when a body is at rest and recharging.

Since the summer of 2016, we have been a partner of this cycling team, which has also been based in Deventer since their founding in 2015. We provide the riders and crew with mattresses, duvets and pillows that are specially tailored to their individual wishes and needs.

During major international cycling events, the team obviously brings our products along.



"Given the physical and travel demands of professional cycling, quality sleep and recovery routines are crucial to ensure that our athletes can continue to perform at the highest levels, day after day. And night after night. Our partnership with Auping focuses on sleep and recovery to improve performance. The combination of innovative research, practical advice and high-quality Auping products gives Team DSM another advantage over our competitors."

Jente Rijpstra, Commercial Manager at Team DSM



Core values

Our culture is based on the following core values: the customer is king, aim for joint success, trust each other, be innovative, groundbreaking and meaningful. These core values are inextricably linked to our strategy. They emphasize how we promote trust, openness and professionalism and create value for stakeholders.

As a company, we want to actively contribute to nature conservation and art and culture. We are a proud partner of, among others, the Deventer Schouwburg and National Park De Hoge Veluwe.



Research on mental recovery

Between 2018 and 2020, we conducted fundamental research in collaboration with the University of Amsterdam (UvA) on the impact of sleep on mental recovery. At the UvA Sleep and Memory Lab dr. Lucia Talamini has, among other things, researched the connection between the cognitive and emotional function of sleep and wake time.

The laboratory is furnished as a cozy apartment with a number of bedrooms. It is soundproof, the temperature is regulated for optimal sleeping conditions and by blocking daylight it can become a 'time-free' space. We have equipped the rooms with Auping beds and mattresses, sleeping materials and furnishing.

The sleep research of the UvA scientists is groundbreaking. For example, they developed a new neurostimulation technique that makes it possible to deepen sleep and influence memories during sleep. In some cases, this resulted in a memory improvement of as much as 10%.

In the course of the survey, more insights were gathered on the role of sleeping problems in post-traumatic stress disorders.

Sustainability goals

Developments 2020

Acting with integrity in business is an important precondition for all our activities. Setting a good example is essential to gaining and maintaining a strong reputation and the confidence of consumers, dealers, suppliers, other partners and employees.

In that context, an important development and step forward in 2020 was the drafting and implementation of our Code of Conduct. It focuses on four components:

- Dealing with the environment
- Dealing with business partners and competitors
- Dealings within the organization
- Dealing with each other

Also worth mentioning is our focus on education and training in 2020. We have intensified our collaboration with various professional training courses and universities of applied sciences and we offer interns a place to learn in all parts of our organization. We are committed to sharing our knowledge and experience in this way.

In 2020 we took the first steps towards more focus on diversity and inclusion, both on a policy as well as an implementation level. We hope to make progress in these areas in the coming years. For example, 94 women and 209 men currently work at Auping. We believe that this ratio can and must be more balanced.

The average age of our employees is 48 years. The youngest is 21, the oldest 66. We also strive for as much diversity as possible within the organization in terms of background and origins. We currently employ people of Dutch, Polish, German, Belgian, Spanish, Turkish, Danish, Swedish, Bosnian, Croatian, Syrian, Montenegrin, Indonesian, Guinean, Afghan and Indian descent.



In line with the high quality of our products, we have set specific sustainability goals. Real impact not only requires dedication and collaboration, but also measurability and care.

Our sustainability ambitions and efforts are based on two fundamental manifestos of the United Nations: the UN Global Compact (UNGC) and the Sustainable Development Goals (SDG).



UN Global Compact

In June 2020, we again expressed our support for the Ten Principles of the UN Global Compact. This is an initiative of the United Nations to encourage

companies worldwide to implement sustainable and socially responsible policies and to report on their implementation.

The ten principles of the UN Global Compact are based on the Universal Declaration of Human Rights (1948), the ILO Declaration on Fundamental Principles and Rights at Work (1998), the Rio Declaration on Environment and Development (1992) and the United Nations Convention against Corruption (2003).

We give an overview of what we have done so far to integrate the principles of the UN Global Compact into our strategy, culture and operations. The measuring point was June of 2020.



Section 1

Human rights

Principle 1: Businesses should support and respect internationally accepted human rights.

(Principle 2) Should always ensure that they are not complicit in human rights violations.

Policy: We endorse the importance of and support the UN Human Rights Charter.

Actions / result:

- We provide a pleasant and safe working environment for our employees.
- We have incorporated the UN Global Code

of Business Principles into our own Code of Conduct and into the Code of Conduct for our suppliers.

- We have successfully implemented flexible working within our organization, which helps our employees find a better work-life balance.
- We give employees the opportunity to plan their own activities, including holidays and leave.

“At Auping we want to offer people a safe, pleasant and interesting working environment. We will continue to work hard to ensure that our people are in the right place and actively participate in development and growth opportunities. When recruiting new colleagues, one of the important aspects is the extent to which they can identify with the Auping culture.”

Samira Swensen, HR Advisor at Royal Auping

Section 2

Labor and working conditions

Principle 3: Businesses should support freedom of association and the effective recognition of the right to collective bargaining and work towards **(Principle 4)** the elimination of all forms of compulsory and forced labor, **(Principle 5)** the effective elimination of child labor and **(Principle 6)** the elimination of discrimination in employment and profession.

Policy: We have incorporated the ILO Core Conventions into our Supplier Code of Conduct. The International Labor Organization (ILO) is part of the United Nations. Its Core Conventions are international treaties that relate to, among other things, fundamental human rights and themes such as wages and working conditions.

Actions / result:

- All our employees have an employment contract that clearly states their terms of employment, including wages, working hours, days off, et cetera.

- We have an active Works Council and encourage employees to participate in it.
- We have signed the Talent to the Top Charter, a treaty regarding diversity within organizations.
- We have an active Health and Safety program, in which employees are, for example, invited to report any safety issues.
- We have not received any complaints from employees regarding working conditions.
- We are not in any way involved in investigations or legal proceedings under the Global Compact principles in the field of labor or working conditions.
- Employee satisfaction within our organization is high.



Section 3

Environment

Principle 7: Businesses should act diligently when it comes to environmental challenges, **(Principle 8)** take greater responsibility for the environment and **(Principle 9)** encourage the development and diffusion of environmentally friendly technologies.

Policy: Auping is a B Corp. This means that we work according to the highest standards of social and environmental performance, social responsibility and transparency. We also value a lasting relationship with stakeholders. We want our product propositions to be fully circular by 2030.

Actions / result:

- We measure the carbon footprint of our factory every year.
- We have taken numerous environmental measures in our factory. For example, we use geothermal heat and cooling and have a large number of solar panels.

- We try to have the production of parts for our production take place in the Netherlands as much as possible, within the framework of our circular approach.
- We develop new products based on the principles of circularity.
- We ask our strategic partners to sign our Code of Conduct, which is based on the ten principles of the UN Global Compact.
- With our factory, we have a high score (more than 8) on all components in the so-called GDR Building Assessment, which measures the performance of a building in terms of environmental impact, energy consumption and design.
- We have launched products using recycled PET.
- We have launched products using recycled clothing.
- We have set a target for our products to be 100% recyclable by 2023.
- In 2019, the Dutch government awarded us the Circular Award Business.



Section 4

Anti-corruption

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

Policy: At Auping, conducting fair business is a top priority and we reject any form of corruption. We are also compliant with laws and regulations.

Actions / result:

- We have included an anti-corruption statement in our Supplier Code of Conduct.
- We undergo a complete financial audit every year.
- We have made a clear internal separation between the power to buy and the power to pay.



Sustainable Development Goals

In addition to the UN Global Compact, we endorse the seventeen Sustainable Development Goals (SDGs) of the United Nations. The SDGs were drafted in 2015 and signed by the UN member states. They are considered a global agenda for sustainable development and as an organization we have embraced them. This means that we strongly believe that:

- there should be no poverty
- people should not be hungry
- everyone has the right to well-being and a good health
- high-quality education is a precondition
- men and women are equal
- access to clean drinking water and sanitation are a basic right
- there must be clean and affordable energy
- employment and economic growth are important objectives
- high-quality industry, innovation and infrastructure are preconditions for the realization of sustainable solutions
- we must strive for equality at all levels
- we have to work collectively on sustainable cities and societies
- production and consumption must be done in a responsible manner
- the climate requires our full attention and action
- we have to protect life underwater
- we have to protect life on land
- peace, justice and strong institutions are preconditions for every society
- partnerships are crucial to achieve real results

Because we are Auping, we added an eighteenth objective: everyone must have a safe place to sleep.



Embracing a significant number of goals means that you have to make choices. In order to make progress, focusing on areas where we can have the biggest impact is essential. That is why we have identified six SDGs on which to focus to date. These are discussed below, whereby our score (on a scale of 0 - 100%) is indicated for each objective. The score for each objective is determined by the B Corp SDG Action Manager and is therefore partly determined by B Corp and partly on the basis of self-evaluation. Several specific targets have been added to each SDG. That is why we have provided examples for our focus objectives of targets on which we clearly score well, but also of targets where there is room for improvement.

SDG #3 The right to good health and well-being

This development goal focusses on our efforts to contribute to good health and well-being for all, including health and safety programs for our employees.

- + Our score on this theme is largely the result of our business model, which has a strong focus on actively contributing to well-being and good health. After all, we develop and make products and services intended to rest people. We also pay a lot of attention to reducing the amount of toxins and hazardous waste in our supply chain, for instance by working closely with suppliers.
- There is room for improvement when it comes to our collaboration with policymakers on this theme.

Score: 47,2%

SDG #5 Gender equality

This SDG focusses on our efforts to guarantee and improve equality between men and women. This includes the extent to which women are represented within (the management of) our organization, but also how complaints about discrimination are handled.

- + We have invested time and resources in improving our performance in this area.
- We will actively pursue balanced gender equality (in senior positions) at Auping.

Score: 21%

SDG #7 Affordable and clean energy

With regard to this goal, the question is what steps Auping is taking in the field of affordable and clean energy, such as the use of sustainable energy with a low environmental impact and improving energy efficiency.

- + Our carbon intensity (CO₂ emission) is very low across the board.
- We can set stricter requirements for our suppliers when it comes to the use of affordable and clean energy.

Score: 34,6%

International CSR trends in 2020

In recent years, corporate Social Responsibility has become an increasingly prominent theme on the agendas of companies, governments and international organizations. We have listed a number

of trends that stood out in 2020 and which we also identify with ourselves. These trends are expected to become even more relevant in the (near) future.

SDG #9 High-quality industry, innovation and infrastructure as preconditions for realizing sustainable solutions

This SDG focusses on what we do to promote the sustainable development of the sector, for example in the field of research and collaboration.

- + We share our knowledge with the rest of the industry (including our competitors), with the development of the Auping Evolve mattress as a striking example. In addition, we support and endorse sector initiatives in the field of sustainability, such as the Extended Producer Responsibility (EPR), which relates to the management of waste from mattresses on the market.
- We aim for fully circular product propositions by 2030.

Score: 36,7%

SDG #12 Responsible production and consumption

For this objective, the question is what our efforts are to realize responsible consumption and production, such as applying the principles of circularity and assessing the impact of suppliers on the consumption of raw materials.

- + Circularity is an important part of our operations. Take, for example, the development of circular mattresses. We actively share our knowledge in this area with the market.
- We share our social and environmental impact guidelines and conditions with suppliers, but we don't have a verification process in place yet.

Score: 58,2%

SDG #13 Climate action

For this goal, the question is what action we take in the field of climate (change), such as applying climate risk assessments and applying a climate policy.

- + In 2014-2015, the production facilities of Auping were centralized in Deventer. That means that everything is produced under one roof. By merging three factories into one modern location with smart sustainable solutions, only 50% of the company surface is needed. A large number of climate measures have been taken in and around the factory, including the installation of solar panels. This resulted in energy cost savings of nearly EUR 60,000 in 2020.
- In the field of climate (change), we can work even closer with various stakeholders, including our suppliers.

Score: 35,1%

1 Transparency and accountability

We live in a time where information is easily available and in unimaginable amounts. In line with this, more is expected from organizations when it comes to insight and information provision. Consumers want to be able to 'look under the hood' to see if an organization is living up to its promises. And rightly so. In 2020, the need for - and the call for - transparency and accountability increased across the board. The regrettable rise of 'fake news' makes it even more important to communicate facts, to be accurate and to be open to critical questions. An important goal of this CSR Report is to show how we fulfill our need to do good and how we contribute to a better world.

And, also to provide insight into the progress we are making and where there is room for improvement. We believe that transparency should not (only) be motivated by legislation and compliance requirements, but above all by an intrinsic need for openness. That suits us. An example is the Circularity Passport that we developed with our partner Niaga. This platform provides insight into the circular chain of the Auping Evolve. All suppliers who provide us with materials for this mattress are identified. The passport shows exactly which materials have been used and what their origin is.

2 CO₂ neutrality and circularity

In 2020, more and more (manufacturing) organizations have expressed the wish to (further) reduce their CO₂ emissions. A number of them have the ambition to become fully circular or are now working on this. In this CSR report we mention our own ambitions on these two themes. By sharing experiences and insights, we hope to inspire other organizations to set the bar as high as possible.

3 Need for *purpose* and moral leadership

Organizations were also held accountable in 2020 for their social contribution and involvement. Turnover and profit are important and even preconditions, but customers, shareholders and certainly employees must be able to answer the question: what is the higher goal, the purpose of a company? They also expect moral leadership: they want to belong to an organization that really does something to make society better. Moreover, there is an increasing number of employees for whom the social involvement of their employer is important, but who also want to make a personal contribution to a better world.



"The willingness to share the know-how behind circular innovation with the entire industry practically for free makes the Auping family business special: state of the art! It means that the company does not want to make a quick buck from its own invention, but really wants the full recycling of mattresses to become the only - because sustainable - standard."

Jeroen Smit, Investigative Journalist and Author of i.e. *The Great Fight* and *The Perfect Prey*



4 Focus on diversity and inclusion

The call for more diversity and inclusivity is growing worldwide, also in the workplace. We have therefore signed the Talent to the Top Charter, a treaty with regard to diversity within organizations. In the coming years, we will give more concrete substance to our ambitions on this theme.

5 Green technology

Green technology - technology that aims to reduce the impact on the environment – became even more relevant in 2020. As a manufacturing company, technology is an indispensable driver behind our sustainability efforts at Auping, with the technology we use for the production of circular mattresses as an example.

Auping is a B Corp

In March 2020, Auping was officially awarded the B Corp status. This was preceded by an intensive process of assessments by B Lab - the organization that awards B Corp certifications.

The motto of the B Corp movement - 'Using business as a force for good' - is significant and fits Auping well. As a B Corp, we are part of a group of companies that operate according to the highest standards of social and environmental performance, social responsibility and transparency. B Corp companies are not just focused on profitability - they are also committed to people and the planet. In order to be able to see where we stand in our efforts to create a better world, we needed an objective method. We chose B Corp, the most demanding assessment there is.

The principles of B Corp inspire us. They also provide concrete and measurable guidelines and assistance to get an insight in progress in the field of corporate social responsibility.

B Corp shows how 'well our company is doing good'. And it also shows that business for good is simply good for business.

Worldwide there are more than 3,900 certified B corporations in more than 74 countries and 150 industries. Well-known names are Tony's Chocolonely, Dopper, Ben & Jerry's, Patagonia, Mud Jeans, Seepje, Innocent Drinks and Triodos Bank. Each and every one of them proves that making a profit and making a positive contribution to society go well together.

B Corp organizations are part of an international network and that offers the opportunity to inspire and help each other. It underlines that together we can be even more impactful.

"Despite the great hardship that Covid has brought, it has simultaneously highlighted the strength and opportunity in circularity. Now more than ever the purpose of a successful business goes beyond profit, but encompasses people and the planet."

Laura Vicaria, CSR Manager at Mud Jeans International

Where we are

To achieve B Corp status, companies go through a strict assessment, consisting of an evaluation of the operational management and the business model. Five core areas are considered: the environment, employees, customers, community and policy.

In order to become certified, it is necessary to obtain at least 80 out of 200 points. An average company that completes the assessment scores about 50 points. We scored 86 points in March of 2020 and we are proud of that. In comparison, the top 10% of all B Corp companies scores 131 points. So, there is still a lot of room for improvement and we are working hard on it.

We score well in the core area of the environment. For a large part, this is a result of the large number of

sustainability measures we took at our production site, such as installing over 2,800 solar panels. They supply 30% of our total power consumption. We also have heat and cold storage, there is heat and cold exchange between buildings. Residual heat is reused and there are heat pipes on the roof for heating water, but also toilets that flush with rainwater. In addition, we have very strict targets in the field of circularity and CO2 emissions and are making great progress in both areas.

As a B Corp, we are also very much (socially) involved in our immediate environment. In 2020, for example, we made a donation to the Deventer Food Bank Foundation.

Where we want to go

Every B Corp has to pass B Lab's rigorous assessment every three years. This makes it easy to see where and how much progress is being made. The scores in the five core areas provide a clear insight into where there is room for improvement.

With our current B Corp strategy, we expect to achieve more than 100 points at the next certification in March 2023. In this context, we have set

ourselves concrete goals, several of which have already been achieved by 2021.

In 2026 - with our third certification - we will meet our goal of an *Impact Business Model Circular Economy* and we also expect to be among the top 10% of the B Corp community.



Conclusion

In 2020, Auping again took some major steps in the field of corporate social responsibility. Our dream of a fully circular product range, CO₂-neutral business operations and a well-rested world is one step closer.

Last year, we showed more than ever how we want to contribute to a better world and the well-being of people. And what we are capable of when there is a great need for help. We are particularly proud of the efforts that our people have made together with various partners to rapidly increase the availability of medical face masks in the Netherlands.

We have officially become a B Corp and are therefore part of the major league of organizations for which making a positive impact is a spearhead. The B Corp status is more than just a certification. Achieving and maintaining this status is inspiring and challenging.

With this Corporate Social Responsibility Report 2020, we hope to have given an insight into what drives us, what the choices we make are and what progress we are making. Unfortunately, there is greenwashing and miscommunication in our sector. That is why we remain committed to making a difference, to inspire and to ensure structural and fundamental change and optimal transparency.

In 2020, we once again received several awards. At the conclusion of this report, there were new nominations. Winning awards and entries on prestigious lists is honorable and cathartic.

But at the same time, we are very aware that these are pleasant side effects of what we really do: providing people with beautiful and high-quality beds and mattresses that contribute to well-being and happiness. Products that bring rest to the world and protect the planet. We plan to do this even better and more sustainable in 2021.

Sources

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Colophon

This report covers the period from April 2020 to April 2021, it was written in February to April, 2021. We value gender diversity and do not want to put a label of "masculine" or "feminine" on people, things or characteristics, so that everyone feels fully addressed. Where unintentionally the word 'he' or 'she' is used in this report, we mean that inclusive and with room for differences between people.

