



# Our sustainable dreams

2021 Corporate Social Responsibility Report  
**Royal Auping**



# Our blue heart

From as far back as 1888, Royal Dutch Auping has been working on ways to help people rest and sleep well. And with good reason, because we believe that a well-rested world is a better and more beautiful world. Every single bed and mattress we make is made with attention to detail, to the environment, and to the future.

In fact, Auping has been B Corp certified since March 2020 and is a front runner in sustainability in the Netherlands. Our CSR policy is made up of a combination of the following integrated topics:

 Circular value chain

 Energy-efficient operations

 Care for people

 Governance and risk management



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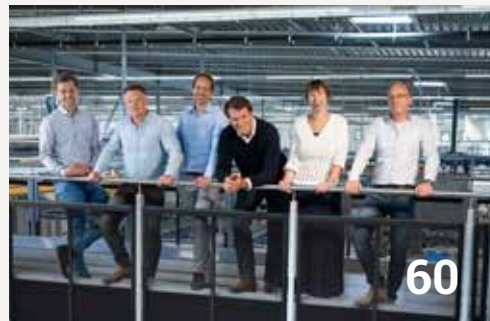
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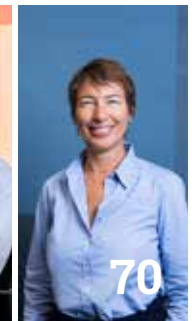
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## Care for people

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## Preface

# Our goal: a fully circular product range by 2030

This report, the third edition of the Auping Corporate Social Responsibility (CSR) Report, provides insights into our ambitions, goals and dreams when it comes to sustainability and people's health and well-being. It describes what we have accomplished in 2021. We have achieved yet more significant milestones over the past year, which brings our main goal of a fully circular product range by 2030 another step closer. In a transparent way, we will take you on an even more detailed tour of these milestones this year.

Being a family-run business operating out of the Dutch town of Deventer, we have been developing sustainable and personalised sleep and rest solutions since 1888. In 1988, we were awarded the designation 'Royal'. It is our firm belief that a well-rested world is a more beautiful world, a world with more love, rest and attention. It is Auping's mission, therefore, to bring rest to the world. This is reflected in everything we do here at Auping, as we do everything 'with love'. And we show that a bedroom is so much more than just a place to sleep.

## Circular business models are the future

We like to show ambition. As far as our ambitions were concerned, 2021 was no different from 2020. Local production, customisation and made to order are things we have been prioritising for years. By 2030, we want to have a positive impact on the world around us. Since March 2020, we have been B Corp certified, which means that we consider the interests of all our stakeholders in our decisions. In order to qualify for a B Corp certificate, a company needs to focus not only on turning a profit, but also on benefitting people, the environment and society. We have included this in our company's articles of association. At Auping, we consider it our responsibility to keep the world liveable, healthy and safe. We believe that the best way to take that responsibility is by adopting a circular business model that leaves no room for waste, pollution and the incineration of materials.



'Since March 2020, we have been B Corp certified, which means that we consider the interests of all our stakeholders in our decisions.'

‘At Auping, we consider it our responsibility to keep the world liveable, healthy and safe. We believe that the best way to take that responsibility is by adopting a circular business model.’

### Corporate Social Responsibility

The pandemic kept rearing its head in 2021 and did not give us a break. At the same time, quality of sleep became a trending topic, as many people decided to invest in it. We felt that boost and acted accordingly, taking an open-minded approach towards the world around us, as befits a B Corp. Throughout 2021, we continued our nationwide production of medical face masks for the Dutch government, which we started at the height of the pandemic in April 2020. Together with the Sheltersuit Foundation, we developed a sleeping bag made of circular materials from our mattresses, offering the homeless protection against the elements and preventing them from having to sleep on the hard pavement. One key observation is that the pandemic left our corporate social responsibility goals and ambitions intact. More than ever before, we felt our responsibility and how to contribute to people's health and well-being.

### New reporting framework

Nevertheless, we asked ourselves where we actually stand when it comes to attaining our sustainability goals. And how to bring transparency to our results. This drove us to introduce a new reporting framework in this report and to illustrate the impact we have as an organisation. This all revolves around how we, as a company, create value for all our stakeholders. Our starting point in this respect is that we want to help people get rest. A good night's sleep is something that many people value greatly, but in today's 24/7 society where we are always on, getting the rest we need is not always a given. We develop and innovate with that in mind.

### Healthy finances

Auping is a company with a profit motive that has as its primary focus the making of attractive and high-quality beds and mattresses that help people and the world find rest. We have achieved commercial success doing so. We make sure our finances are in order and our margins are good. These are the requisites for our continued and future-proof fulfilment of our role as a socially committed organisation that makes a difference for the generations of today and tomorrow.

### Joining forces and working together

This is why this CSR Report starts off by looking at collaboration. Circularity, carbon footprint reduction and a long-term focus are possible only when you join forces with partners who not only share your ambitions, but who also turn these ambitions into actions. On top of that, dedication, drive and entrepreneurial spirit are terms that return throughout this report as common themes. Sustainability is not only important when it comes to the products we make, it is also crucial for us as human beings. The people who work at Royal Auping genuinely want to help make the world a better place. From bringing rest to people to protecting the planet, we want to do good. We work to ensure that every tomorrow is better than yesterday.

We hope that this 2021 CSR Report will provide inspiring insights into our efforts in this respect. With justifiable pride, we look back on what we have achieved over the past year with our partners, suppliers and colleagues, and thanks to all those consumers who chose Auping.

**Jan-Joost Bosman**, Chief Executive Officer

Deventer, 31 August 2022

# Our DNA

## Sustainable family business

As a family business operating out of the Dutch town of Deventer, we are fully aware of our role and responsibilities in a changing world. Sustainability is part of the fabric of who we are, which is why more and more of our mattresses are made entirely of reusable parts. This is how we work towards a world without waste, and how we strive for an even more beautiful world every day. This is how we make our dreams – and those of future generations – come true, so that everyone can go to bed with peace in their minds. This is how we bring rest to the world.



B Corp certified:  
'business as a force for good'

**86** B Corp points (2020),  
next assessment 2023

**52** suppliers

**1** production site,  
sustainable and demand-driven

**Since 1888**  
133 years' experience

**370** FTEs

**402** employees



**Since 1988**  
Royal Auping

**Turnover**  
**€124.3** million

**229** retail outlets  
in the Netherlands

**2** online stores  
(Netherlands and Germany)

**EBITDA**  
**€19.3** million

**314** retail outlets  
in core markets

**30** export markets

# Our impact in 2021

**100,000**

new sleepers rested  
in 2021

## Circular value chain

Energy (%) used that we generated ourselves **27%**

Mattresses (%) sold that are circular **16%**

## Circular Transition Indicator

Minimum **4%**  
Maximum **47%**  
2030 target **90%**

## Auping brand awareness (in the Netherlands)

Aided **75%**  
Unaided **32%**  
TOMA<sup>1</sup> **20%**

## Energy-efficient operations

### Emissions

87 tCO<sub>2</sub>e per employee<sup>2</sup> **-4%**  
258 tCO<sub>2</sub>e per € million of turnover<sup>2</sup> **-34%**

**Scope 1, 2 and 3 emissions (tCO<sub>2</sub>e)** **32,083**  
Scope 3 **98%**

## Waste **1,596,919**

Processed sustainably **76.2%**

Biomass **20.8%**  
Recycled **55.4%**

## Care for people

### Employees

Diversity (% female) **36%**  
Management Team **17%**

Sickness absence<sup>3</sup> **7.9%**  
Accidents **0**

### Suppliers

Number of suppliers > 10 years **77%**  
Suppliers < 300km distance **65%**

**Retail outlets**  
In the Netherlands **229**  
In core markets **314**

<sup>1</sup> Top-of-mind awareness.

<sup>2</sup> Including additional emissions from the production of medical face masks during the Covid-19 pandemic (compared to 2019).

<sup>3</sup> Including increased sickness absence due to the Covid-19 pandemic.





## Purpose

Auping brings rest to the world

**auping**

## Vision

A well-rested world is a more beautiful world

## Mission

100% circular product range by 2030

# Our values

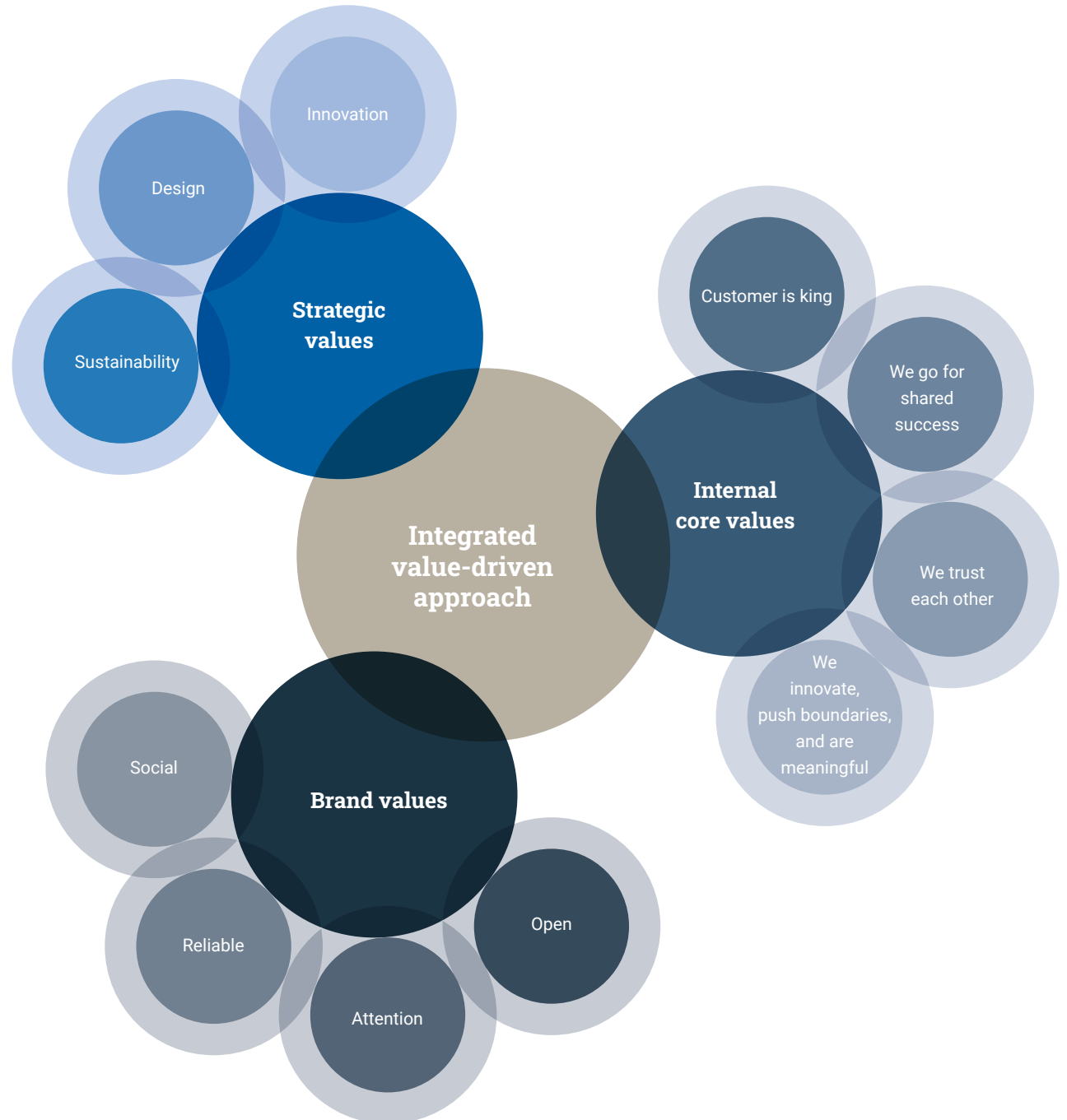
Sustainability, design and innovation drive everything we do. An Auping is the result of handmade craftsmanship and customisation, for which our employees work together with leading partners in technology and product development.

In order to keep this process on track at all times, we have adopted an integrated value-driven approach that turns every single Auping into a unique product.

Strategic values

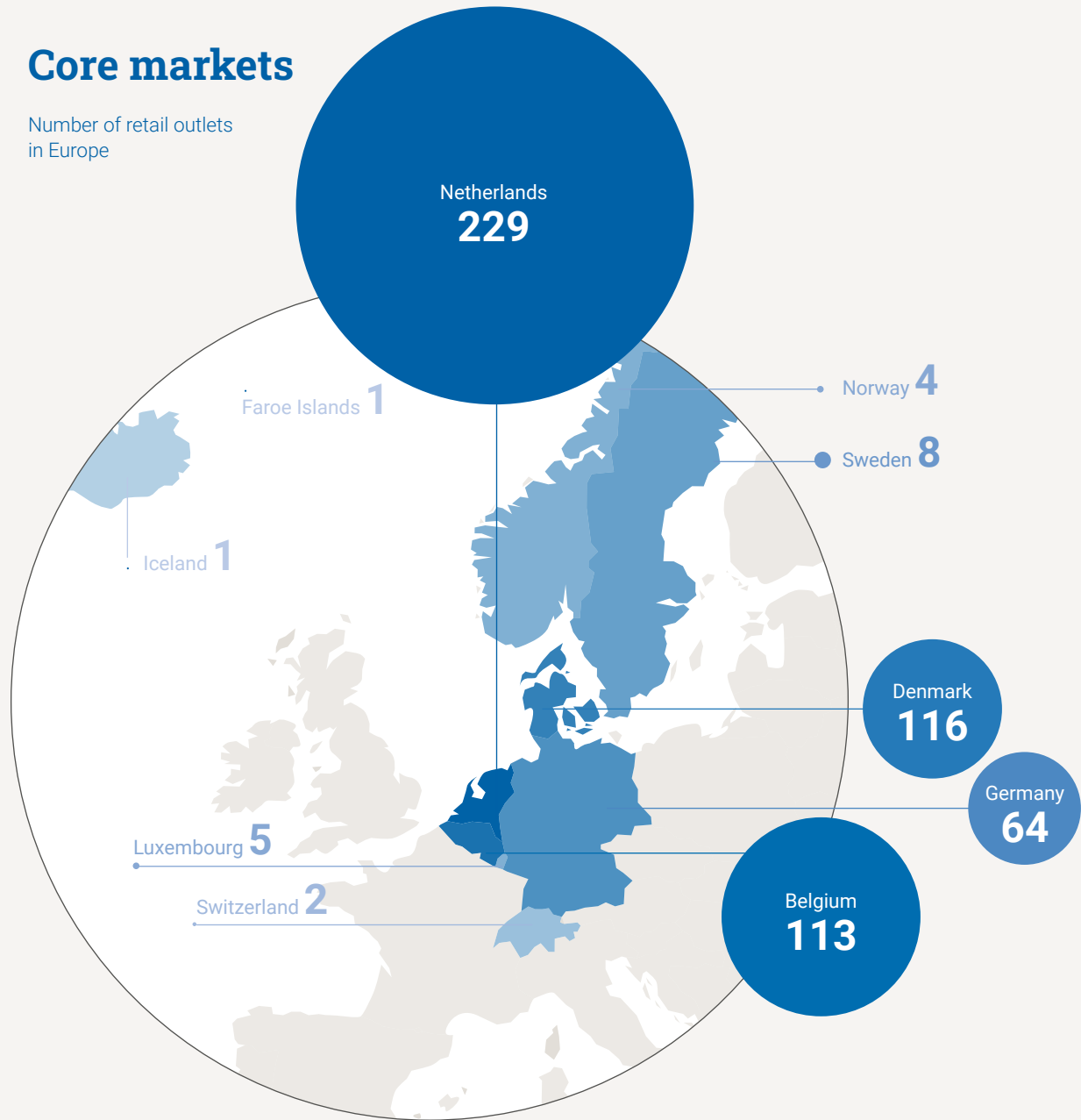
Internal core values

Brand values



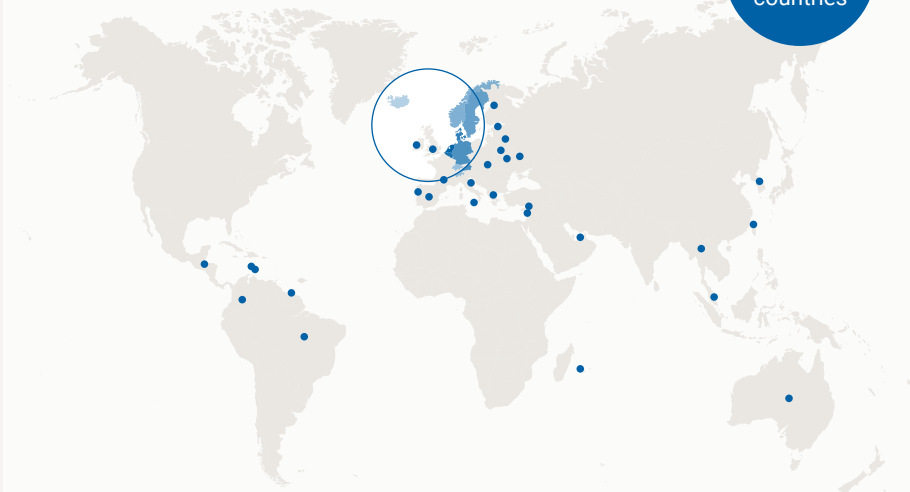
## Core markets

Number of retail outlets in Europe



## Export markets

**30**  
countries



- |            |          |                      |
|------------|----------|----------------------|
| Andorra    | Hungary  | Singapore            |
| Aruba      | Ireland  | Slovakia             |
| Australia  | Israel   | Spain                |
| Brazil     | Italy    | Suriname             |
| Colombia   | Lebanon  | Taiwan               |
| Costa Rica | Malta    | Thailand             |
| Curaçao    | Poland   | Ukraine              |
| Estonia    | Portugal | United Arab Emirates |
| Finland    | Réunion  | United Kingdom       |
| Greece     | Romania  | South Korea          |

## Omnichannel strategy

# Working together as one Auping

We have opted for an omnichannel strategy. We are essentially a manufacturer that partners with independent retailers for sales. Physical stores are a key part of our sales operation, as is ordering online. We have, therefore, designed new ways of collaborating that put consumer needs first. When ordering online, for example, consumers select a physical store that will take care of order processing and delivery. Our franchise partners have fully embraced this powerful win-win model. Auping's centralised marketing operation generates traffic and sales and we offer powerful product innovations and clear propositions. In addition, we continuously provide all our franchisees with training opportunities through our very own Auping Academy. This is how we all work together as one Auping.



# 130 years of innovation



## Johannes Auping starts his own business

In 1868, Johannes Auping opened a forge in the centre of Deventer, primarily making stoves and cookers. This forge was the seed that ultimately grew into modern-day Auping.

1868

## Good quality, fair prices

After Johannes Auping's death, his son Willem expanded his father's life's work, staying true to a promise he made to his father: he maintained an honest balance between sustainable quality and fair prices.

1907



## Bauhaus on the IJssel

In the early 1930s, we started designing furniture. Sleek Bauhaus-style furniture was a firm favourite with consumers and our factory was ideally equipped to make it. The very last tube model rolled off the production line in 1956. Nowadays, they are much sought after by furniture enthusiasts.

1933

1888

## The founding of Auping

Johannes Auping was commissioned by a local hospital to supply hygienic beds, as an alternative to the regular straw mattresses. He designed the now famous spring mattress, which thanks to its open structure offers excellent ventilation. With this innovation, he laid the foundation for the company as we know it today.

1898

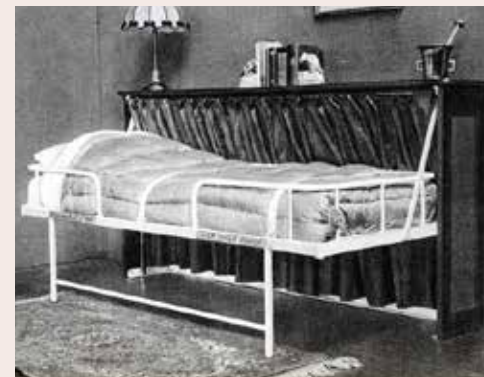
## An order from Amsterdam

Back in 1898, we were already supplying beds to the Royal Palace on Amsterdam's Dam Square, especially for guests attending Queen Wilhelmina's coronation. This delivery marked the start of a special bond between Auping and the Dutch royal family that still exists today.

1925

## Auping folding bed

Given the scarcity of space in Dutch homes, we innovated the concept of the bed and introduced a folding Auping bed. It was an instant hit.



# 130 years of innovation



### The birth of a design classic

In 1953, we ceased the laborious manufacture of dozens of different products and switched to mass production. This was when the Cleopatra, designed by Dick Cordemeijer, was born, which was a resounding success. We had found our niche in rapidly changing post-war Dutch society.

1953

### Front runner in sustainability

We are the first bed manufacturer to be awarded the silver Cradle to Cradle certificate for our new line of mattresses. Later this same year, our bed base and the Essential bed were also certified to this standard.

2012

### New framework

We introduced a new framework for reporting on sustainability efforts and the company's impact.

2021



1988

### Auping becomes Royal Auping

This was the year we were awarded the designation 'Royal'. To mark the occasion, Marte Röling made a sculpture called Draperie that stands outside Auping's offices in Deventer as a lasting reminder of Auping's 100<sup>th</sup> anniversary.

2000

### Centralisation and relocation

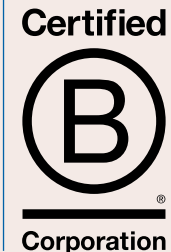
With the construction of a new sewing workshop, mattress production building and distribution centre, we laid the basis for our current sustainable central office and production site on Maagdenburgstraat in the eastern part of Deventer.



2020

### B Corp certification

Having been awarded this certification puts us in a group of companies with a specific and, in particular, measurable focus on people, the environment and society.



# Highlights of 2021

Apuping received numerous prizes and nominations last year. And we expanded our sustainable product range, optimised the working process and the air in our factory, and hosted a royal visit. Since we always like to share our success with others, we donated as many as 1,800 Dream Days to vulnerable children in 2021.

## German Sustainability Award for Apuping Evolve

The Apuping Evolve mattress won **2021 Product of the Year** at the German Sustainability Awards.



## Apuping wins Esprix Award

On 8 July 2021, nominated marketing professionals, strategists and creatives convened at the newly renovated Felix Meritis building in Amsterdam for the Esprix Awards ceremony. At this special live awards ceremony, the winners of these marketing communication awards were announced. **Apuping won bronze in the Durables category** with 'The story of 1.5 million mattresses'. The jury praised Apuping's campaign because of the unique story it tells.

## Apuping partners with Dopper Wave

Every year, 8 million tonnes of plastic waste end up in our oceans. This plastic never decomposes. Never. It merely disintegrates into small pieces and that is very harmful. And so, we support our B Corp friends at Dopper in their mission to stop plastic pollution and promote the drinking of tap water.



July

## April

### Circular mattress production

30 April was the first official production day at our new site at Bergweidedijk 7 in Deventer. **This is where we will be manufacturing our circular mattresses over the coming years.** The manufacturing of these mattresses requires the use of different techniques, different machines and different raw materials compared to what we use for conventional mattresses. We have also set up a disassembly area where colleagues from our Product Development department further test and develop the recycling process for our circular mattresses. In the long term, we will re-integrate these activities into our Apuping factory on Maagdenburgstraat.

## May

### Two prizes for Apuping

The Apuping brand was awarded two prestigious prizes. Stichting Adverteerdersjury Nederland (SAN) awarded us the accolade of **Advertiser of the Year** and recognised our awareness-raising campaign entitled 'The story of 1.5 million mattresses' with the coveted **SAN Accent Award** in the Durables category.



## June

### #17 on the MT500

Every year, business magazine MT/Sprout surveys thousands of entrepreneurs, managers and directors on the reputation of their competitors in the market, resulting in the leading MT500 list of the 500 companies with the best reputation. In 2021, **we moved up the ranking from 49<sup>th</sup> to 17<sup>th</sup> place.**



We were also named the 2021 sector winner in the Textile and Furniture Manufacturers category because of our outstanding scores on customer focus, excellent operations, employment practices and sustainability – the mainstays of a strong reputation. We are very proud of this jump up the rankings.

## Highlights of 2021

### Auping becomes Team DSM's partner

Given the importance of a good night's sleep for the racing cyclists of the Team DSM pro cycling team, they now take their own **personal Auping mattresses, pillows and duvets** to the three Grand Tours, i.e. the Giro d'Italia, Tour de France and the Vuelta a España, for optimum rest and recovery. Due to the great physical effort and all the travelling, rest and recovery are crucial to be able to keep performing at the highest level day after day over a three-week period.



### Visit from Royal couple

'Fantastic,' said **King Willem-Alexander** when asked what he thought about the visit to Deventer, Raalte and Olst-Wijhe, which saw him and **Queen Máxima** visit our factory and learn about the challenges you come up against as a leader in the circular economy. During the factory tour, the Royal couple showed a real interest in the manufacturing process of our circular mattresses and talked to our colleagues at the sewing workshop.



July

September

August

### Summer sleeping bag for the homeless

Together with the Sheltersuit Foundation, we work for the homeless and hand out the 'Shelterbag' across the Netherlands. This summer version of the Sheltersuit, made of reused materials, offers **homeless people** protection against the elements and prevents them from having to sleep on the hard pavement.



### A golden close to the Tokyo Olympics

With a medal tally of 36, the Dutch team pulverised its previous record of 25 from the 2000 Olympics in Sydney. The Netherlands came seventh on the medal table, **its highest ranking ever**. As a proud partner of the Royal Dutch Field Hockey Association and fan of Dutch field hockey, we followed the field hockey matches particularly closely. While the men's side was unfortunately knocked out in the quarter finals, the women's team lived up to the high expectations by bringing home the gold.



### Back with the Eagles as Sponsor of Rest

As a new business partner, we are putting our **sleep expertise** at the disposal of Deventer's local football club, Go Ahead Eagles, to help them realise their sporting ambitions. The full squad and coaching staff all received circular Auping Evolve mattresses and Auping organises sleep workshops for them.





## Highlights of 2021

### Amsterdam hotels choose Auping beds

Two more of Amsterdam's finest hotels opted for Auping designer beds. We supplied Auping beds for every single one of **Park Centraal Amsterdam's** 149 rooms. In all their suites, you can now get a good night's rest on our Original bed, while the other rooms offer our Essential bed for you to relax on. **Hotel Plant** is a boutique hotel in one of the city's oldest buildings. After a total make-over, all 27 rooms now have an Auping Revive, Essential or Royal bed with special headboards and Inizio mattresses.

September



### Design Award for Auping Noa

Our Auping Noa bed won the **Archiproducts Design Award** in the Furniture category. With over 230,000 products, 3,500 design brands, and 2.7 million users, Archiproducts is the world's largest architecture and design information and inspiration network.

November

### Dream Days for vulnerable children

We want to share our success with others, and so we donated part of the turnover from our 1,800 Dream Days Black Friday campaign to **Het Vergeten Kind (The Forgotten Child Foundation)**. A Dream Day is an all-expenses-paid day out for children at an amusement park or zoo, intended especially for vulnerable children who would otherwise not be able to go on such a day out.



October

### Material suppliers and Auping strengthen partnership

Since going on sale in March 2020, the Auping Evolve circular mattress has been enjoying growing popularity among our dealers and customers. The time has now come to take the next step, which is why our material suppliers came together in Deventer.

During a **circularity-themed event**, we discussed Auping's sustainability ambitions and plans for the future of our range of mattresses. Topics such as material recycling, return flows, and closing loops were all addressed, as was everyone's role in the supply chain.

### Dutch Design Week

During Dutch Design Week in Eindhoven, the Embassy of Rethinking Plastic showcased the **Rethinking Plastic House** at Yksi Expo. In this fully equipped 50m<sup>2</sup> home, you will only find building materials and interior products made of reused and recycled plastic, made of bioplastics, or made of alternatives to plastic. This includes an Auping Evolve mattress on a fully recyclable Auping Essential bed. The frame is extremely sustainable, because it can be disassembled completely, is reusable, and is made of 40% recycled aluminium.



# Together we make our sustainable dreams come true



auping  
*with love*



**A well-rested world  
is a more beautiful world**



## The value of rest

Sleep is a trending topic and the most important factor in feeling fit and energetic. In a world where we are more often on than off, get impulses 24/7, and have screens all around us, we want everyone to get good-quality sleep at night. Sleeping well is crucial for the recovery of your body, your muscles and organs, and your mind. It improves your mood and makes you a more fun person to be around.

Luckily, more and more people are coming round to the value of rest. And yet, people still often struggle to surrender to it. While they know getting a good night's sleep is important, they still sleep too little most nights. We want to solve this sleep paradox.

**20%**  
of Dutch people  
sleep poorly

**6.6**  
average quality  
of sleep rating

**Busy lives**  
**We want it all**  
**Pressure & stress**  
**at home & at work**



**Less time**  
**to sleep**  
**More stress**  
**& worries**

Rest is good for people, but 1 in 5 people sleeps poorly. Research shows why. Common complaints are related to stress as people increasingly have to process all kinds of stimuli during the day, while temperature, noise, light, and physical discomfort are also factors that affect sleep. All these factors provide direction for our product development and are areas where we innovate.

# Auping's product range:

innovative, sustainable and quality



## Mattresses

Inizio



Cresto



Evolve



Maestro



Vivo



## Beds

Original



Auronde



Essential



Noa



Royal



## Box springs

Original



Tone



Criade

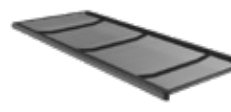


Kiruna



## Bed bases

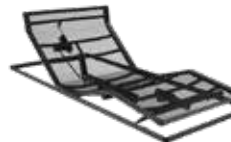
Flat



Manually adjustable



Smart Base  
(1, 2 or 3 motors)



## Bedding

Pillows



Duvets



Bed linen



## Accessories

Nightstands



Reading lamps



# Certified B Corp

a basis for sustainability

After an intensive assessment, Auping officially became a certified B Corp on 30 March 2020, thus joining a group of companies with a specific and, more importantly, measurable focus on people, the environment and society.

Certified



This company meets the highest standards of social and environmental impact

Corporation



# What is B Corp certification?

B Corp certification is an international certification for companies with a major positive impact on people and the environment. These companies have given sustainability a permanent place in their DNA and manage to create value in various ways.

There are over 3,900 certified B Corporations worldwide in over 74 countries and 150 industries. Well-known Dutch B Corporations include Tony's Chocolonely, Dopper, Mud Jeans, Seepje, and Triodos Bank, while Ben & Jerry's, Patagonia, and Innocent Drinks are high-profile B Corporations internationally. Each and every one of these companies shows that profits and a positive contribution to society do go together. B Corp organisations are part of an international network, which offers opportunities to inspire and help each other, empowering us to be able to make even more of an impact together.

What makes B Corp certification so unique is its holistic nature. B Corp looks not only at one aspect of a company, but at the full breadth of operations. From impact in the production chain to employee benefits, B Corp status shows that we are on the right track in various domains. Our B Corp status also enables us to improve our social and environmental performance, increase our credibility towards (future) consumers and suppliers, add to our sustainable nature in a reliable way, attract even better young talent, and be part of a network of inspiring companies.

To be awarded the certificate, you need to get at least 80 of the 200 possible points. The average company that goes through the assessment manages roughly 50 points. We scored 86 points in March 2020, which fills us with great pride. As a comparison, the top 10% of all B Corp companies scored 131 points. So we still have considerable room for improvement and that is what we are working on.

Our B Corp status shows that we are on the right track in various areas.

## Auping is a B Corp because:

We meet the certified B Corp criteria:

- **Performance: exceptional social and environmental performance**

To be able to claim B Corp status, a company must get at least 80 points on the B Impact Assessment, which measures impact in five areas: governance, workers, community, environment and customers.

- **Responsibility: a clearly defined aim to generate the greatest possible value for people and the environment**

Certified B Corps are required to consider the impact their decisions have on people and the environment by incorporating their sustainability mission into their articles of association. This keeps the mission top of mind and safeguards it in the event of an ownership change.

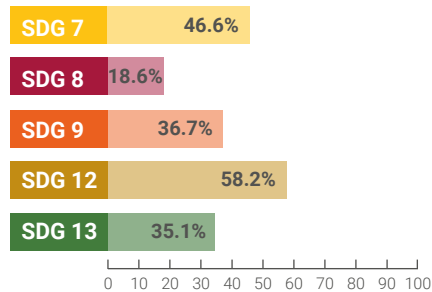
- **Transparency: we are exceptionally transparent on operating results**

Certified B Corps share their B Impact Report — a summary of their impact and scores on the five focus areas — on [www.bcorporation.net](http://www.bcorporation.net), thus building up trust and increasing their credibility as a company.

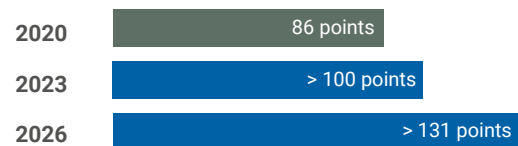
# Auping and the SDGs

While Auping endorses the United Nations' seventeen Sustainable Development Goals (SDGs), we have made a conscious choice to focus on certain goals in particular. After all, if we want to make progress on these global goals for sustainable development, it is essential that we focus on those aspects where we, as a company, can make the biggest impact. This is why we have selected five SDGs that we are focusing our efforts on. These five goals are specified below, with a score for each goal on a scale of 0% to 100% that is set by the SDG Action Manager assessment tool and thus partly by B Lab and UN Global Compact, and partly on based on self-evaluation. These scores are for the year 2020. Several specific targets have been added to each SDG. There is, of course, room for improvement.

## Run-down of the SDG scores for 2020



## B Corp targets



The question with respect to this goal is what steps we are taking in terms of clean and affordable energy, such as the use of energy from renewable sources with low environmental impact and the improvement of energy efficiency.

**46.6%**

**7 AFFORDABLE AND CLEAN ENERGY**

**SDG 7 is all about developing and using technologies for energy efficiency, and renewable energy resources are an essential means of reducing energy consumption and dependence on fossil fuels. This has a positive effect on our prosperity.**

### SDG target 7.2

Increase substantially the share of renewable energy in the global energy mix by 2030.

The question with respect to this goal is what steps we are taking to boost economic productivity through diversification, technological upgrading and innovation and to achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

**18.6%**

**8 DECENT WORK AND ECONOMIC GROWTH**

**SDG 8 states that economic growth can only be considered sustainable if capital, labour, and resources are used responsibly and profits and revenues are distributed fairly between citizens and companies.**

### SDG target 8.2

Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.





**SDG 9 aims to improve mobility and infrastructure, and to reduce its adverse impact – such as time lost due to congestion, unsafe situations in traffic, and environmental impact. Industry must also innovate and go sustainable.**

**SDG target 9.4**

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



**SDG 12 targets sustainable production and consumption patterns, with more efficient use of resources, so as to reduce environmental impact and dependency on those resources.**

**SDG target 12.5**

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



**SDG 13 is about taking urgent action to combat the man-made climate crisis. In 2015, the Paris Agreement was signed to reduce climate change and its adverse effects. The effects of climate change pose a threat to human life and nature.**

**SDG target 13.2**

Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors.

# Reporting framework

For this edition of the CSR Report, Auping has switched to a new reporting framework that revolves around how we, as a company, create value for all our stakeholders. Further details are provided in the value creation model on page 27.

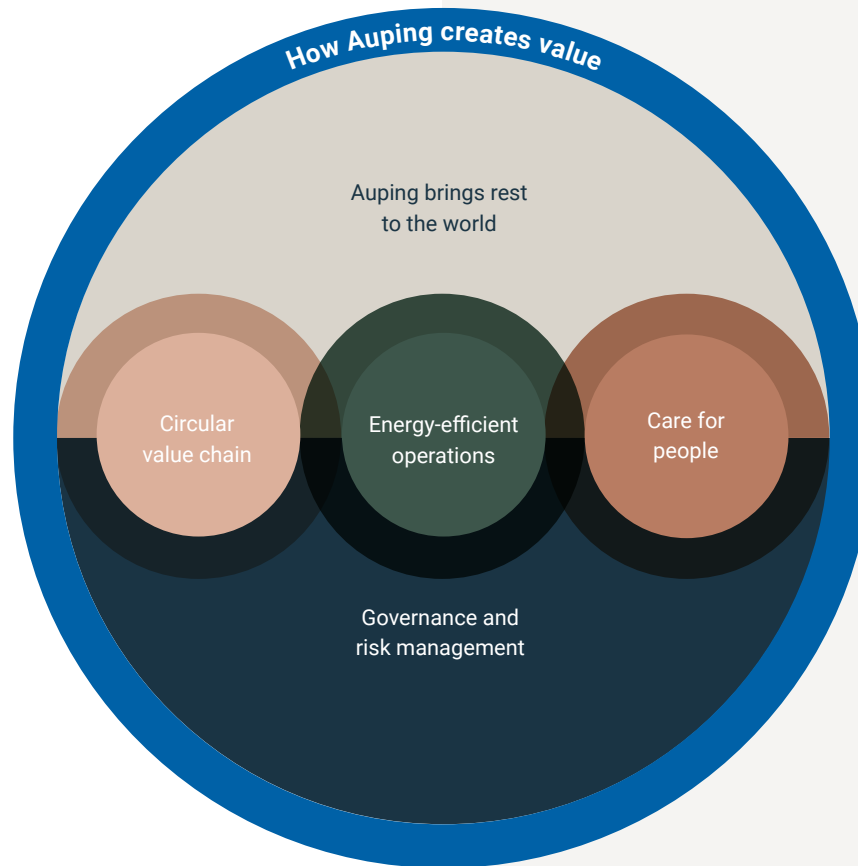
Auping basically helps the world ‘rest’. After all, a well-rested world is a more beautiful world. In order to do that, this report will present our performance on four topics:

**Circular value chain:** our pathway to a fully circular product range.

**Energy-efficient operations:** from factory to the use of space to transport, the pathway to fully sustainable production.

**Care for people:** genuine consideration for our employees and suppliers.

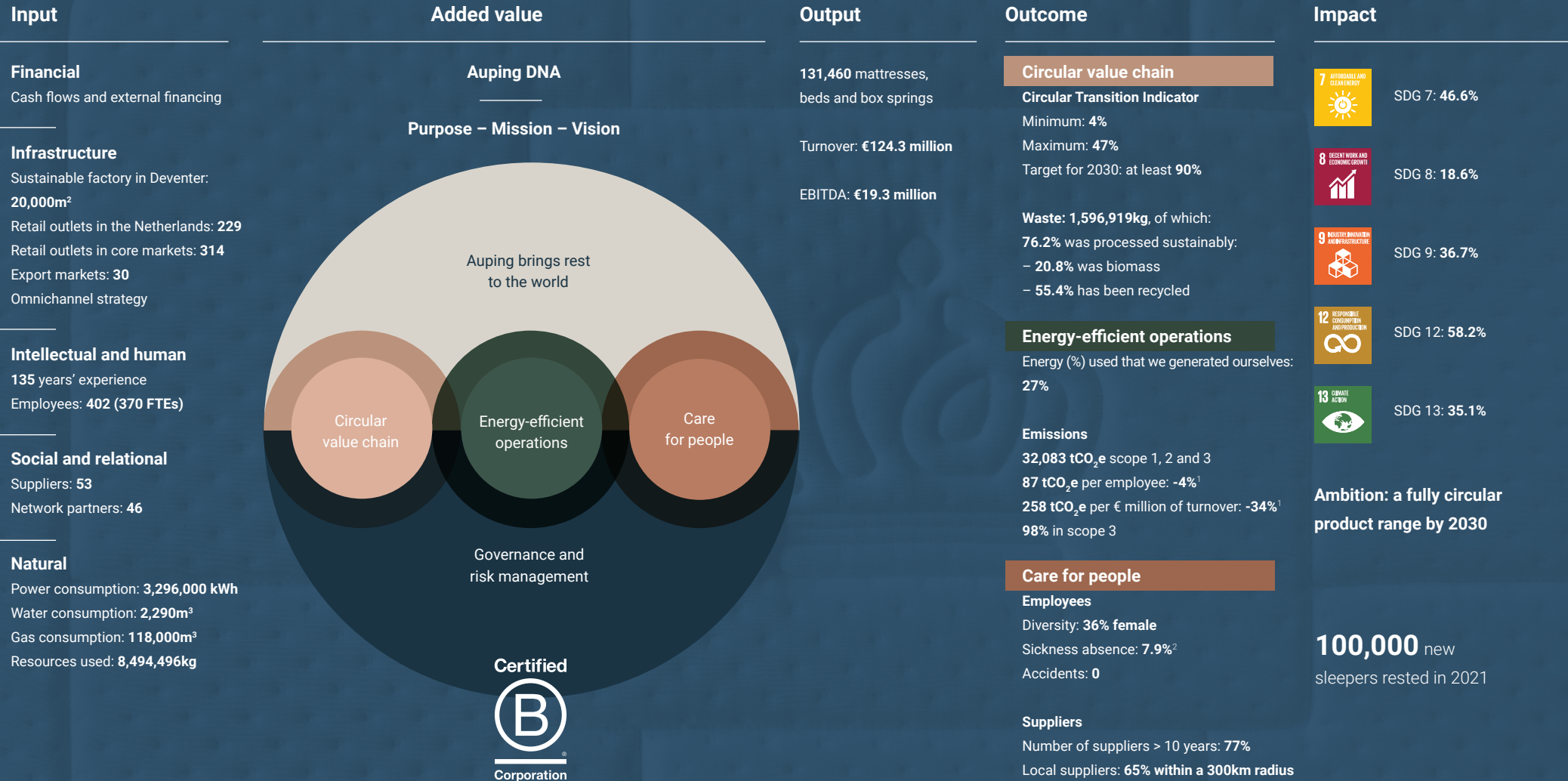
**Governance and risk management:** the basis of our sustainable business practices.



## Value creation comes first

The central focus in this CSR Report is on value creation. In this respect, we are adhering to the guidelines of the International Integrated Reporting Council (IIRC). Our value creation model therefore not only covers our financial values, but mainly also our non-financial values.

# Value creation model



<sup>1</sup> Including additional emissions from the production of medical face masks during the Covid-19 pandemic (compared to 2019).

<sup>2</sup> Including increased sickness absence due to the Covid-19 pandemic.

A photograph of a man with curly hair sleeping peacefully on a bed. The bed has a dark blue headboard and a white mattress with a blue base. The room is bright and modern, with a large window in the background showing a view of a green landscape. A wooden chair with a woven seat is visible in the foreground on the right. The text 'Circular value chain: the pathway to 100% circularity' is overlaid on the bottom left of the image.

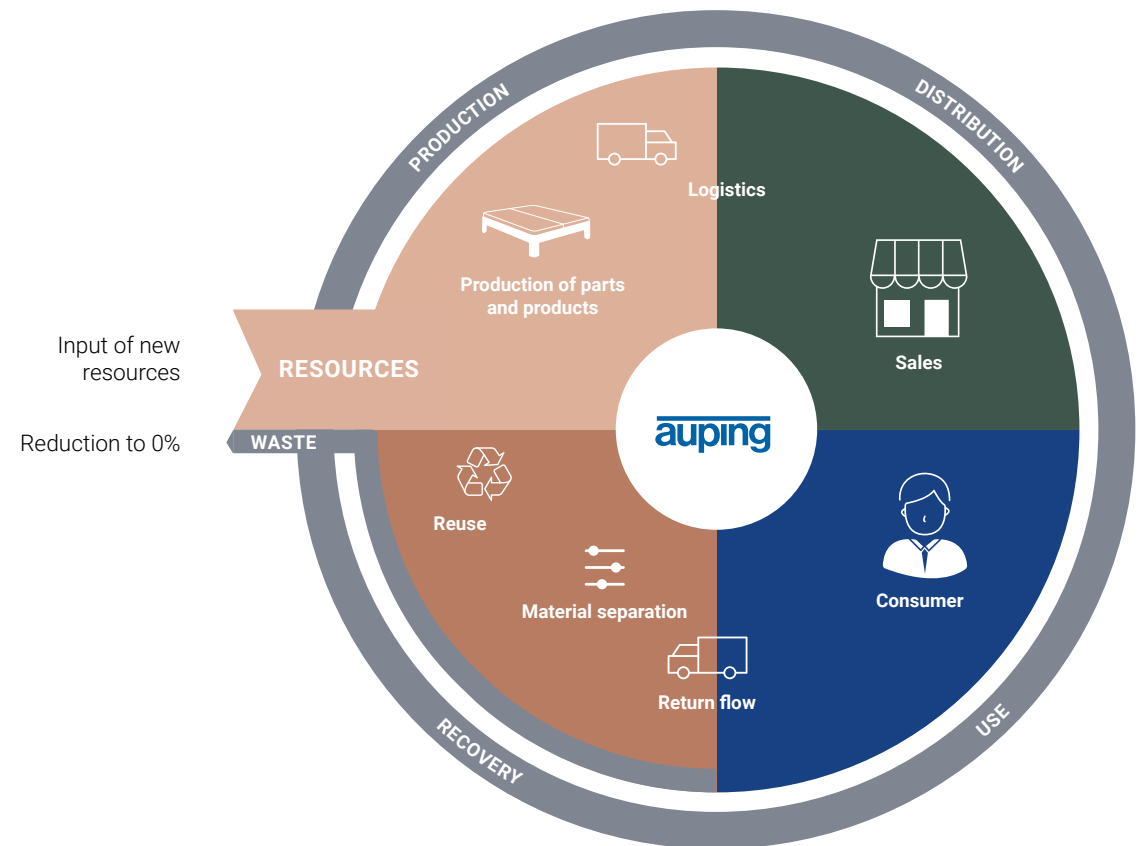
# Circular value chain:

the pathway to 100% circularity

# Circular value chain

Resource scarcity and environmental pollution are driving the move towards a circular value chain. This not only looks at the production process as an activity, but also at the role of means of production, resources and end products, i.e. the circular mindset also considers the value of resources and the reuse of materials.

In a **linear value chain**, a resource is used to make a product that ultimately ends up being waste. Within this value chain, only the end product has value. The means of production and resources are costs, ultimately lead to waste, and represent little to no value. Things are very different in a **circular value chain**. In a circular value chain, resources and means of production represent value, as they keep going round in an endless cycle from value stream to 'waste stream' to value stream. There is no waste.



There is no waste: resources and means of production represent value, as they keep going round in an endless cycle from value stream to 'waste stream' to value stream.

# Making our product range sustainable

## Licence for competitors

Our new range of mattresses is made up of the Evolve, Elysium and Elite mattresses. This new generation of mattresses is virtually completely circular. Given the importance of scale for the actual reuse of materials in our circular mattresses, we took an unusual step: we offered other manufacturers a licence to use our technology.

Over the coming years, Auping will further move the product range towards sustainability in three stages.

### Stage 1: 2022

In 2022, we will better record agreements with our suppliers, so as to push up our CTI score (**Circular Transition Indicators**). This means that we will register more precisely what we agreed on previously with our suppliers. This will better allow us to show which materials were recycled and prove that we comply with certification requirements.

### Stage 2: 2023-2025

Over the subsequent years, we will replace, where possible, all non-circular materials in our products with circular materials. We will, for example, replace the MDF (medium density fibreboard, which is made of wood fibres compressed using a synthetic resin) in our headboards with a cellulose-based alternative.

### Stage 3: 2025-2030

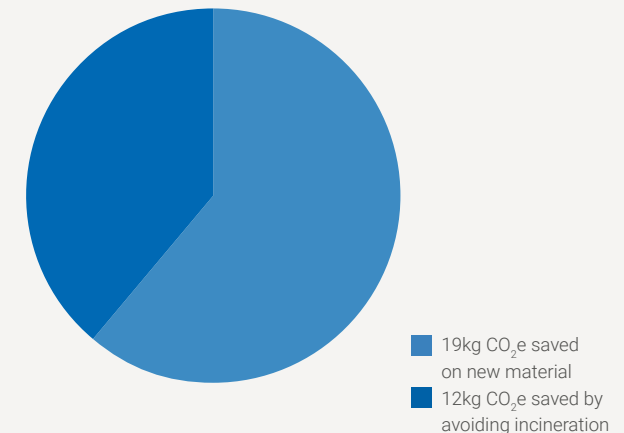
It is not easy to replace non-circular materials with circular materials in all products. Our best-selling bed, the Auping Auronde, for example, is one where materials are not easy to replace, because replacing the multiplex (transversely glued veneers) with a circular alternative requires a complete overhaul or innovation of the bed's design.



## Example of the impact of a circular mattress

### Recycling potential

**-31kg CO<sub>2</sub>e**



Source: Environmental impact of the new Evolve circular business model, 2020 Auping

## Fun fact

### Long life

While the Auping Auronde is, technically speaking, not a circular bed, it does have an extremely long service life in practice. People often sleep on it for their entire adult life and after that the Auping Auronde is much sought-after on the second-hand market. This does not make it a circular bed, but it does make it extremely sustainable. We offer a refurbish service for the Auronde at our Auping Stores.

# Circular Transition Indicators

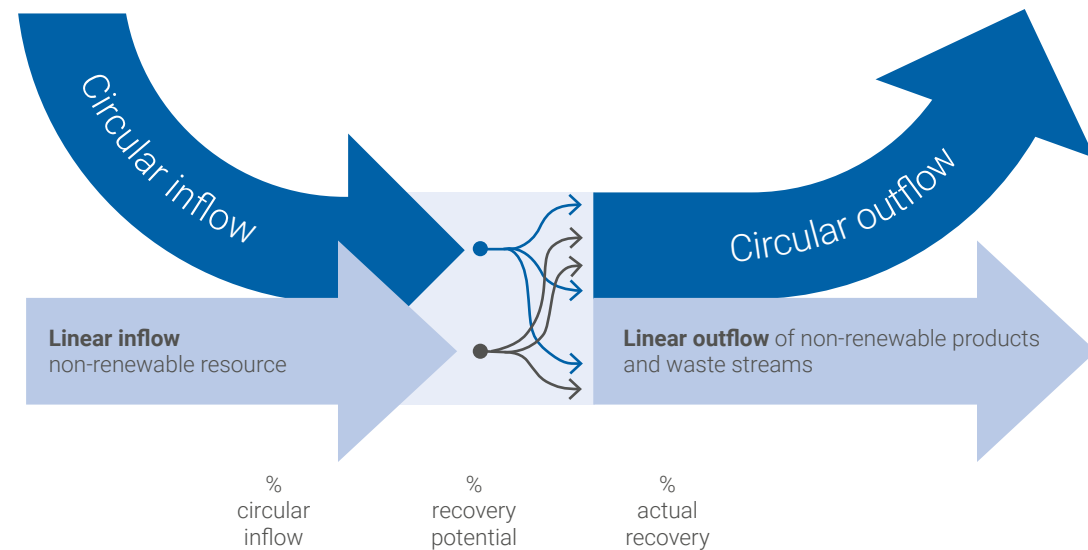
In line with the Circular Transition Indicators (CTI) framework, the World Business Council for Sustainable Development (WBCSD) developed the CTI tool, which Auping uses intensively. It lets companies measure their circularity, identify risks and opportunities, and set priorities in a universal and consistent manner. The tool also enables companies to analyse material inflows and outflows. Material coming in is qualified as being circular when it has been used before in another product (recycled content) or comes from a renewable source, such as sustainably harvested wood. When

it comes to the outgoing material flow, the CTI shows to what degree a delivered product can be reused and whether or not it is actually reused.

The CTI tool gives us quick and efficient insights into existing products' circularity, enabling us to evaluate and improve them. In addition, it allows us to assess the degree of circularity of new products as early as during the development process and establish to what extent a product will contribute to a faster transition to full circularity.

It is our ambition to recycle materials as well as possible. However, no matter how well you organise your return flow and recycling process, there is always some waste. Recycling 90% of materials is a realistic target for us.

Our CTI tool lets us measure our circularity, identify risks and opportunities, and set priorities in a universal and consistent manner.

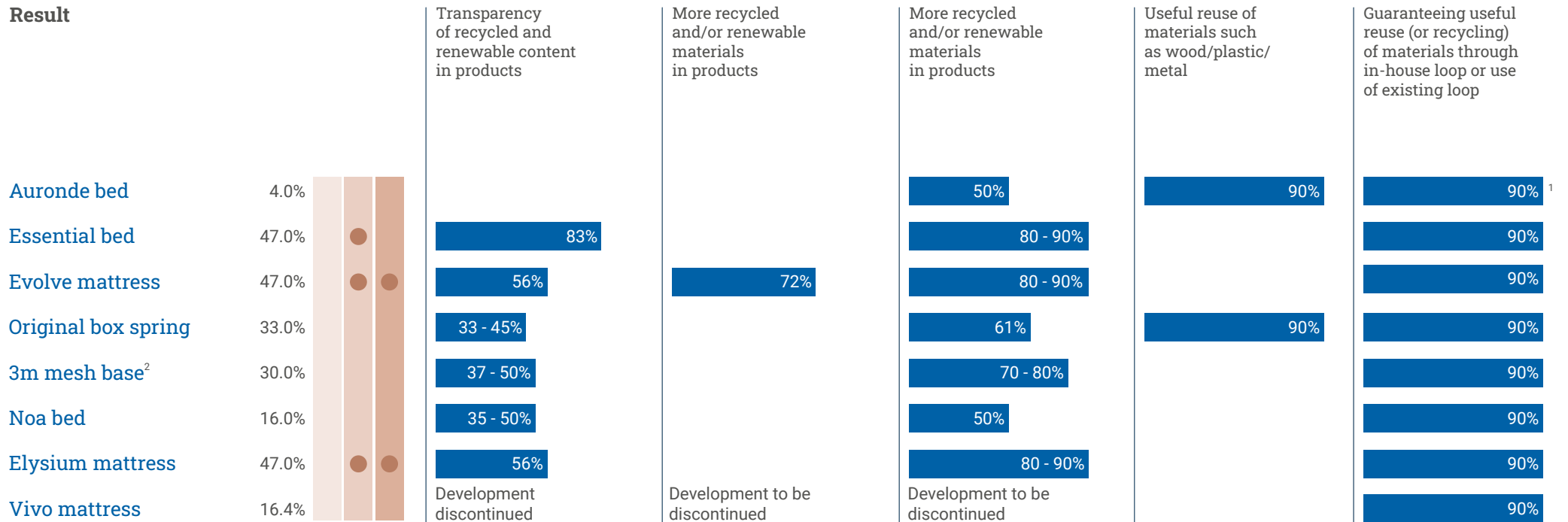


Circular Transition Framework, WBCSD

# CTI roadmap to 2030

Status in January 2022	2022		2023-2025	2026-2030	
Step	Formalise circular inflow	Inflow	Inflow	Circular design	Outflow

## Result



Phases: Inflow Design Outflow Status

<sup>1</sup> Provided that a useful reuse stream can be found for the composite wood.

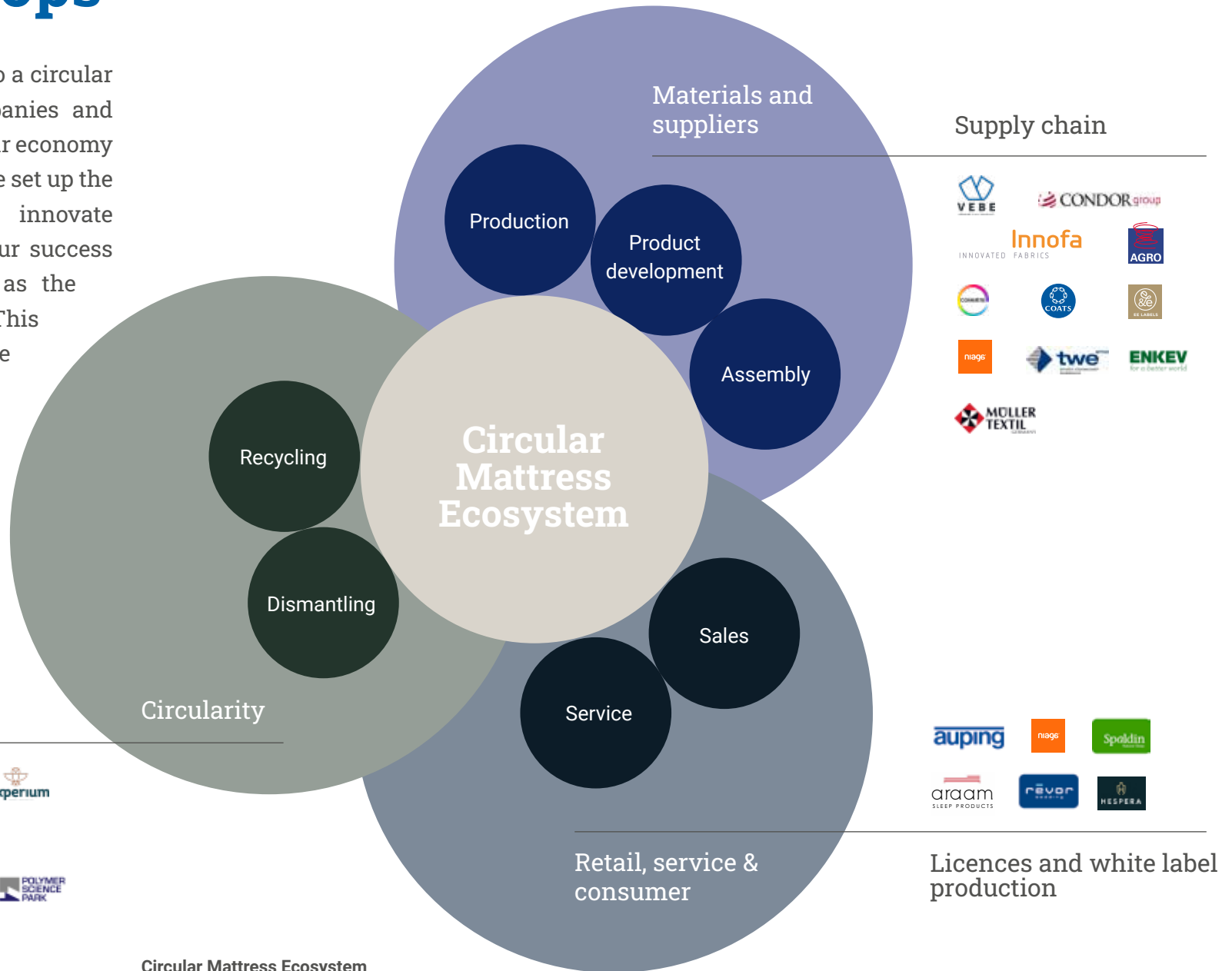
<sup>2</sup> 3-motor mesh base.



# Closing the loops

In order to accelerate the transition to a circular economy, Auping encourages companies and institutions to take action. The circular economy is all about working together. We have set up the Circular Mattress Ecosystem to innovate together with partners. Thanks to our success in closing the loop, we are seen as the frontrunner in the circular economy. This figure shows some of the partners we work with:

We work to close loops in our supply chain in the area of sustainability, including by making licences available.



Circular Mattress Ecosystem

We also close loops with knowledge institutions and the government.

## Partners supporting us in realising our mission: Auping brings rest to the world

### Knowledge institutions



### Government bodies



Auping and innovation

# Quality and sustainability go hand in hand

Auping's range of mattresses meanwhile boasts a high degree of circularity. On top of that, Auping is on track to become carbon-neutral by 2028 (scope 1 and 2) and have fully energy-neutral operations by 2030. Over the coming years, Auping will therefore also turn its focus to scope 3 from the Greenhouse Gas Protocol, i.e. work to reduce carbon emissions by suppliers and retailers.

## Circular mattresses

**Mark Groot Wassink**, Auping's Innovation & Sustainability Director: 'For consumers, quality comes first. As a family business, we focus on the long term and want to leave a better world for future generations. In practice, quality and sustainability go hand in hand. Our new circular mattresses, which we launched in 2018, offer greater comfort, ventilate better, are more hygienic, and boast better fire safety than conventional mattresses. We have accelerated the transition towards circular, as 80% of turnover from our mattresses now comes from circular mattress sales.'

## Internal processes

'Over the past years, we have worked to make our own internal processes more sustainable, in line with the Greenhouse Gas Protocol, the international standard for accounting and reporting on greenhouse gas emissions. Scope 1 emissions are direct emissions from our factory, while scope 2 covers indirect carbon emissions from the energy we purchase. A study by sustainability consultancy firm South Pole shows that we have already made great progress on

## IMPACT INTERVIEW

### How are Auping's sustainable dreams inspiring you?

'I try to reduce my carbon footprint by flying as little as possible and by driving an electric car. When buying things, I prefer products that will last and offer high-grade reuse options, or I buy second hand.'

these two scopes. This means we can now turn our focus to scope 3, indirect carbon emissions from suppliers and retailers. We cannot influence those emissions directly. Over the coming years, we are going to make the entire supply chain transparent. This will allow us to, for example, make better choices when it comes to transport, and set targets with our partners for them to push back their carbon emissions.'

'When our circular mattresses end up at a processing facility after 10 years of use, they're not waste, but rather a valuable resource'





### Anticipating new legislation

'With our increasingly sustainable product range, we also help consumers reduce their carbon emissions. We are already taking the initiative to recycle our circular mattresses, showing that it is technically possible to reuse mattress materials for new mattresses. The reuse of materials from circular mattresses is, in fact, something we are developing further. This way, when our circular mattresses end up at a processing facility after ten years of use, they're not waste, but rather a valuable resource. We thus also anticipated new legislation that came into effect on 1 January 2022. This legislation, on extended producer responsibility (EPR), puts greater responsibility on manufacturers for the collection, reuse, recycling and waste processing of their products. The idea is to reduce waste and pollution. It's a development we welcome.'

### Raising the bar

'Our B Corp certification is the basis for evaluation of the effectiveness of our CSR policy. We measure our impact in five focus areas: governance, workers, community, environment and customers. Our requirements and performance are improving tremendously as a result. But perhaps our actions in the area of circularity speak even louder when it comes to our intentions. I'm experiencing it as extremely valuable to be pioneering circular products together with colleagues, suppliers and retailers. Actually making our sustainable dream come true is hugely inspiring.'

'80% of Auping's mattress range is fully circular by now'



# Energy-efficient operations from factory to transport

heading for 100% sustainability by 2030

# Towards a carbon-neutral supply chain

We have invested heavily in carbon-neutralising our operations over the past years. Going forward, we will take the final steps in this process, so that our operations will be carbon-neutral by 2028 and energy-neutral by 2030. While this is important, the impact of our factory represents less than 2% of our total impact, and that is why we have been working hard since 2021 to make the entire supply chain sustainable.

When it comes to reducing carbon emissions, we go by the scopes from the Greenhouse Gas Protocol, which is the international standard for accounting and reporting on companies' greenhouse gas emissions.

## The three scopes

- **Scope 1:** direct carbon emissions from our factory.
- **Scope 2:** indirect carbon emissions from the generation of purchased energy.
- **Scope 3:** indirect carbon emissions linked to our activities, such as emissions by suppliers and retailers.

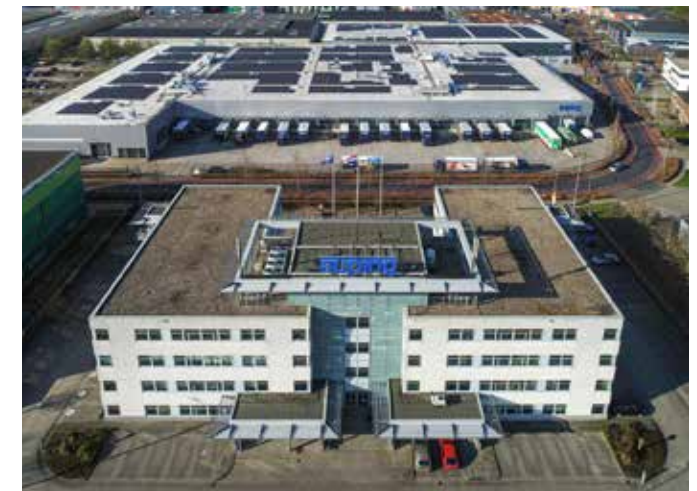
## Scope 1

We are the industry leader when it comes to reducing our carbon footprint. As early as in 2015, we moved into a factory with sustainable systems and invested in sustainable technologies to make our factory, processes and offices more sustainable.

## Examples of these technologies:

- Heating, Ventilating and Airconditioning (HVAC) system with heat recovery. We use residual heat to preheat ventilation air.
- A heat pump. The heat pump extracts heat from the air, soil or groundwater and uses it to condition the air in our buildings to a pleasant temperature. A heat pump runs on electricity and cuts carbon emissions by around 45% compared to gas-powered heating.
- Ground-coupled heat exchanger. During hot periods, we store heat that we subsequently use to heat our buildings during cold spells, and in the winter we store cold air to cool our buildings during hot spells. Additionally, we use residual heat generated in the factory to heat our offices.
- Reflective roofing. Reflective roofing, or cool roofs, keeps heat out of the building and reduces the need for air conditioning.

- Heat pipes for hot water. Heat pipes on the roof of our factory store heat from the sun and act as a solar boiler to heat our water.
- Skylights that ensure better distribution of daylight in our factory.
- Intelligent LED lighting. Thanks to motion sensors, the lights are only on when necessary.
- A closed-loop wastewater system. We reuse so much water that our total water consumption is comparable to that of one single household.
- A biomass-powered boiler for carbon-neutral heating.
- Solar panels that enable us to generate our own power and even be partly energy self-sufficient.



## Scope 2

We purchase electricity and gas. The electricity we purchase is certified Dutch wind power. When it comes to gas, we currently consume around 100,000m<sup>3</sup> per year for our muffle furnace, which we use to cure the coatings on our products. Our aim is to have completely stopped using natural gas by 2025 (see also page 43). And we want to generate any electricity we need ourselves from renewable sources, such as by expanding our PV system (Photovoltaic, solar power system) and installing innovative wind turbines.

### Where we stand

A study by sustainability consultancy firm South Pole (see box) shows that we have already made great progress on scopes 1 and 2. Going forward, we will take the final steps in this process, so that our operations will be carbon-neutral by 2028 and energy-neutral by 2030.

We will meet our deadlines no matter what. In the event that we suffer delays in generating our own energy, for example, our plan B is to use carbon credits. Carbon credits are measurable, verifiable emission reductions by certified climate protection projects. These projects reduce, eliminate or avoid greenhouse gas emissions and come with a range of positive effects. They strengthen communities, protect ecosystems, boost forest recovery and push back dependence on fossil fuels.

## Scope 3

Ultimately, the environmental impact of our factory and offices is below 2% of our total impact as a company. With this in mind, we have started to look beyond the four walls between which we manufacture our beds and mattresses. Since this year, we are also focusing strongly on scope 3: indirect carbon emissions by our suppliers and retailers.

### Suppliers

Our accounting on scope 3 emissions is currently based on a benchmark. From 2022, we want to have insight into our suppliers' actual carbon emissions, so as to be able to make even better arrangements with them, which will see us reward them with long-term contracts and, as ever, fair price agreements when they hit emission reduction targets.

We believe that the use of recycled materials by our suppliers can potentially reduce carbon emissions by 50%. Being a supplier of materials ourselves, we are also part of the supply chain. We already supply residual materials from our circular mattresses, which are returned to us under an exchange guarantee, to our felt supplier as a raw material. That material is used as the base of every single Auping mattress because of its outstanding quality when it comes to ventilation and recycling.

When our circular mattresses are ultimately returned to us via a processing facility after around ten years of use, they are a valuable resource – with a significantly reduced carbon impact.

In fact, our partners, which are often family-run businesses themselves, already take their social responsibility very seriously, based on an intrinsic motivation. We consider it our task to help them progress in that respect and to inspire them.

### Retailers

The retailers we work with are also part of the solution when it comes to bringing rest to the world. We have long-lasting and strong partnerships with our retailers. We train their in-store teams on things such as hospitality, styling and product advice. On top of that, we encourage them to take out green contracts themselves for things such as renewable energy and lighting.

Our climate targets are ahead of the international targets. Under the Dutch Climate Agreement, which is the Dutch implementation of the Paris Agreement, carbon emissions must be 49% lower than 1990 levels by 2030. By 2050, greenhouse gas emissions must be down 95%. The agreement also makes companies responsible for reducing indirect emissions across the supply chain. The steps we are already taking are steps that all companies will ultimately have to take.

## Auping & climate targets

We like to show ambition when it comes to our climate targets. But how far have we come when it comes to sustainability and circularity? And to what degree are we hitting our targets? Since 2020, sustainability consultancy firm South Pole has been helping us answer these questions. They assist us in three steps.

1. Identifying our carbon footprint and the climate impact of our operations in the broadest sense based on international standards and risk estimates.
2. Defining a roadmap and setting targets.
3. Reducing our climate impact by, among other things, reducing our carbon emissions and carbon emissions across the supply chain.

This gives us a solid foundation from which to work on our climate goals and convey our strategy with confidence. On top of that, we are pre-empting expected legislation and regulations that will inevitably require objective substantiation of sustainability claims.

# Emissions reduction

By plotting scope 1, 2 and 3 emissions, workforce growth and turnover growth in a multi-year graph, we are able to track the relative carbon development. In 2021, we cut our carbon emissions by 34% compared to 2019, relative to turnover growth since that year.

## Total scope 1, 2 and 3 emissions (in tCO<sub>2</sub>e)<sup>1</sup>

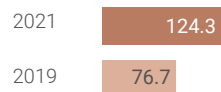
Direct energy consumption



## Number of employees



## Turnover in millions of €



Auping is leading its industry in carbon footprint reduction.

Reduction in 2021 compared to 2019: **-4%<sup>1</sup>**

Year	tCO <sub>2</sub> e/employee
2021	87
2019	90

**87** ACTUAL

Reduction in 2021 compared to 2019: **-34%<sup>1</sup>**

Year	tCO <sub>2</sub> e/€1 million
2021	258
2019	386

**258** ACTUAL

<sup>1</sup> Including additional emissions resulting from the production of medical face masks during the Covid-19 pandemic (compared to 2019).



# Emissions overview

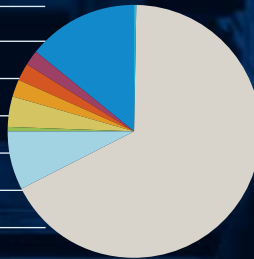
98% of Auping's emissions are scope 3 emissions, i.e. from other indirect energy consumption. Of this amount, 67.1% comes from activities related to the sale of our goods and services, while the other 13.9% comes from our franchises' operations.

## Scope 3 activities: other indirect energy consumption (in tCO<sub>2</sub>e)

2021 **31,468**

### Per primary source

Business travel	160	0.5%
Sales of goods and services	21,117	67.1%
Capital goods	2,350	7.5%
Employees' commute	172	0.5%
Upstream transport and distribution	1,303	4.1%
Operational waste	629	2.0%
End-of-life processing of products sold	681	2.2%
Fuel and energy-related activities	688	2.2%
Franchises	4,368	13.9%



## Sales of goods and services

2021	21,117
2019	20,251
2014	15,945

## Scope 1

Direct energy consumption

2021 **615**

2019 472

2014 532

## Scope 2

Indirect energy consumption

2021 **0**

2019 0

2014 0

## Scope 3

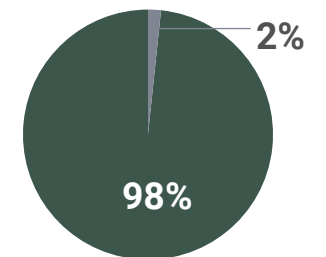
Other indirect energy consumption

2021 **31,468**

2019 29,151

2014 40,899

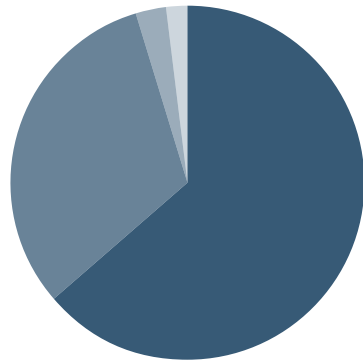
## TOTAL FOR SCOPES 1, 2 AND 3



- Scope 1: 615
- Scope 2: 0
- Scope 3: 31,468

# Waste streams

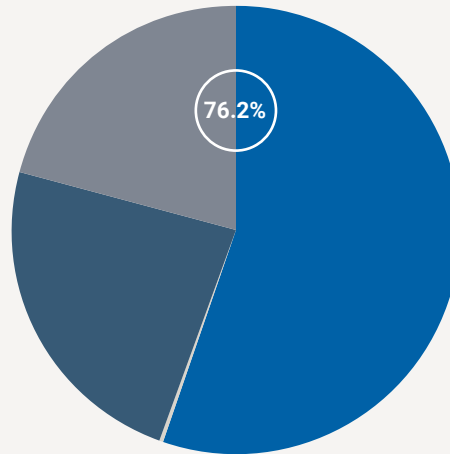
76.2% of our waste streams are recycled or converted into biomass. We map our waste streams with our partner Milgro. Every day, we work to reduce waste.



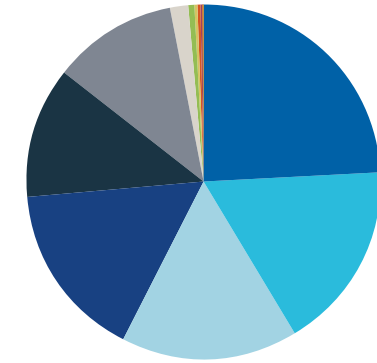
Incineration

kg (x 1,000)	Report sub-group
242,041 15.1%	Residual waste
120,258 7.5%	Small hazardous waste (SHW)
10,335 0.6%	Paint, ink, pastes up to 25 litres
7,026 0.4%	Leftover paint in plastic/steel container
0	Paint, glue, ink tins
<b>379,660</b>	

Processing method



kg (x 1,000)	Report sub-group
333,280 20.8%	Biomass
379,660 23.7%	Incineration
881,608 55.4%	Recycling
2,371 0.1%	Anaerobic digestion
<b>1,596,919</b>	



Recycling

kg (x 1,000)	Report sub-group
15,104 13.5%	Cardboard
150,126 9.4%	Mattresses
144,576 9.1%	Metals
141,160 8.8%	Textile
106,850 6.7%	Scrap iron
98,950 6.2%	Clean and untreated wood
15,539 0.9%	Aluminium
3,632 0.2%	Tin
2,590 0.7%	Paper coffee cups
1,848 0.1%	Plastics (not including film)
672 0.04%	Files
561 0.04%	Film
0 0.00%	Frying fat
<b>881,608</b>	

# Electricity, water and gas consumption

Owing to the great demand for our sustainable products and our production of medical-grade face masks, our consumption of electricity, water and gas was up in 2021, as it also was in 2020. We produced 20.2 million face masks in 2021, and the factory was operational the whole year round. For seven months, we had five shifts working. These figures are relative. If demand had remained stable, our energy consumption would also have remained the same or have been less.

## Electricity

Electricity consumption was up 16% last year, partly due to the production of face masks. Thanks to our solar panels, we are partly self-sufficient in terms of our energy needs. Expanding our solar power system is not possible at present due to limited grid capacity. We are therefore exploring the option of installing a power storage battery on site.

## Water

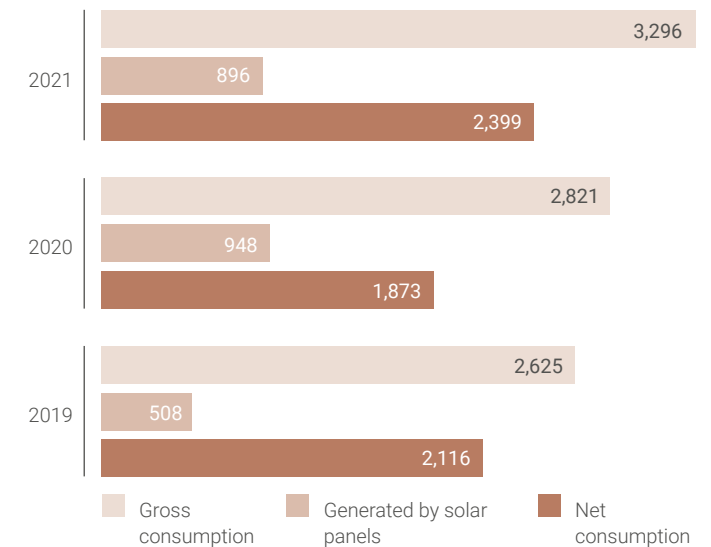
In relative terms, our water consumption was down in 2021 thanks to the use of meters and smarter use of the water supply. We flush our toilets with rainwater, for example, and we use less water for it; five instead of ten litres per flush.

## Gas

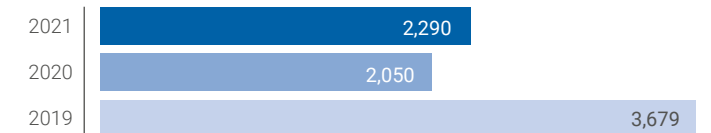
Our gas consumption went up by over 22%, partly as a result of our face mask production operation. We want to completely stop using natural gas by 2025. This will be quite a challenge, as our muffle oven, which we use to cure the powder coating on our products, uses roughly 100,000m<sup>3</sup> of gas on an annual basis. We intend to generate the electric energy we are going to need to power the systems that are currently powered by gas from renewable sources, such as by expanding the solar power system on our factory's roof (Photovoltaic system) and installing innovative wind turbines.

27% of all the electricity we consume is renewable energy from our own solar panels

Electricity consumption in kWh (x 1,000)



Water consumption in m<sup>3</sup>



Gas consumption in m<sup>3</sup> (x 1,000)



# Transport policy

Our transport policy is geared towards achieving full carbon-neutrality by 2030. It is an ambitious goal for which we are taking both technological and organisational measures.

In the Netherlands, we run seven lorries; five large and two small ones. These lorries travelled a total of 744,545 kilometres in 2021, emitting 527 tCO<sub>2</sub>e. We handle most of the transport in the Netherlands ourselves. We outsource transport to Germany and Denmark and use a logistics hub in Belgium for distribution there.

## Optimised loading and routing

In order to minimise our fuel needs (and minimise our carbon emissions in the process), we use a route optimisation tool. We plan our production accordingly to optimise the loads our lorries carry and ensure they take the best possible route. We adapt our production capacity to our transport capacity, which is quite unusual. An efficient approach comes first: what we manufacture during the day is placed in loading bays from which we load our lorries in the evening. This way, our lorries always head off with a full load in the morning.

## Carbon-neutral logistics by 2030

Some time ago, we switched to leasing our lorries on leases of an average of eight years. As soon as a lease nears expiry, we make a choice for the next eight years. Given our decision to make our logistics carbon-neutral by 2030, the decisions we make in 2022 have to be made with that goal in mind.

## Switch to biodiesel

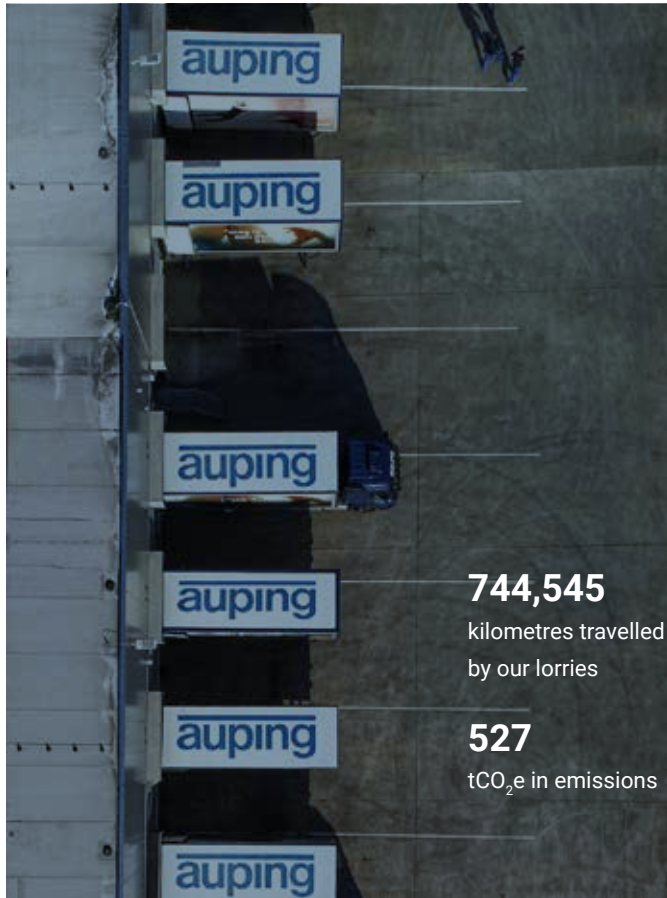
In 2022, we looked into what is currently the best replacement option for our lorries. We compared the traditional diesel-powered lorry to a lorry that runs on hydrotreated vegetable oil (HVO), i.e. biodiesel, a plug-in hybrid lorry, and a pure hybrid electric lorry.

Other options we considered were a fully electric lorry, a lorry powered by liquefied natural gas (LNG), and a hydrogen-powered lorry.

This extensive comparison ultimately led to us opting to switch to HVO from 2023, or perhaps even sooner. While HVO is more expensive than fossil fuels, it will reduce emissions by 479 tCO<sub>2</sub>e per year. Other alternatives are still too expensive at this point or they offer insufficient range. By switching to HVO, we are cutting carbon emissions from transport enormously.

## Transport optimisation analysis

As we work towards fully carbon-neutral logistics in 2030, we look not only at the current state of the art, but we also keep reviewing our processes. In 2022, for example, we looked into whether ceasing to supply to dealers individually and using hubs instead would optimise our logistics. Doing it that way could give us a different transport network that allows us to use fully electric vehicles for last-mile deliveries. We will make a decision on this in mid-2022.



## Energy-efficient operations

# Fully self-sufficient by 2030

Auping's ultimate goal is to be completely energy self-sufficient by 2030, including a proprietary energy storage facility. 'We are on track to achieve that,' says Gerrit Leeftink, Auping's Maintenance, Utility & Facility Manager. 'Over the coming years, we will be taking the next steps, such as to stop using gas, so as to be 100% carbon-neutral by 2025.' (scope 1)

### Going sustainable

'Over the past few years, we have already invested heavily in making our factory and offices sustainable. We use a ground-coupled heat exchanger to control the interior climate, our buildings have the highest possible insulation ratings (resistance construction (RC): 6.5), and we heat our offices using residual heat from the factory, to name just three examples of what we have already implemented. We have installed skylights to let daylight into our factory and we use intelligent LED lighting. On top of all of that, we have solar panels on the roof, we heat water using heat pipes, and we have a closed-loop wastewater system that keeps our water consumption down. In fact, our total water consumption resembles that of a single household.'

### Completely self-sufficient

'Over the coming years, we will be taking the next steps in our energy transition, with the ultimate aim of being completely energy self-sufficient by 2030 and have our own energy storage facility. The next milestone we have coming up is for our assets to be fully carbon-neutral by 2025. This means, among other things, that

'We expect to be able to completely stop using natural gas over the coming three years'

### IMPACT INTERVIEW



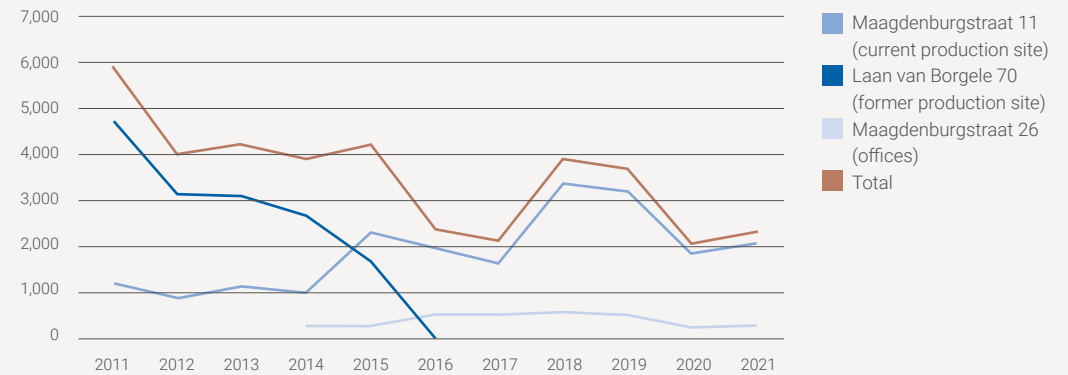
### How are Auping's sustainable dreams inspiring you?

'Auping's corporate culture is infectious. You automatically start to consider sustainability in your private life as well, which is great. At home, I now have a water saving system and optimally insulated floors, walls, roof and glazing. And I'm planning to get a solar power system, a heat pump and an electric car. It is precisely because you are imbued with a sustainability mindset every day at Auping that you start to change your thinking and behaviour with respect to sustainability in your private life as well. And this is, of course, reinforced by everything that is going on in the world today.'



we will have stopped using natural gas altogether. This is quite a challenge, because our muffle oven alone uses around 100,000m<sup>3</sup> of gas on an annual basis. How we intend to solve that? We are going for electrification through new applications. Installing vertical solar panels and innovative wind turbines is a first step. Aside from that, energy exchange mechanisms between companies, industrial estates, or even between homes and nearby companies may just be one of the options we end up using to realise our objectives.'

Annual water consumption (in m<sup>3</sup>)



Fun fact

Transparent local production

We are committed to local production and know exactly where the raw materials for our mattresses come from. This is information we record in the Product Passport. Here is how it works. Scan the Niaga® label on the side of the mattress and find out what exactly the Auping Evolve is made of. Nice and transparent.



# Care for people

employees, suppliers and retailers

# Key workforce figures

## Number of employees

2021	<b>402</b>
2020	374

## New hires

2021	<b>64</b>
2020	39

## Sickness absence<sup>1</sup> in %

2021	<b>7.9%</b> <sup>2</sup>
2020	6.9%

## Gender diversity

percentage of the workforce that is female

2021	<b>36%</b>
2020	35%

## Employee exits

2021	<b>25</b>
2020	23

## Safety-related incidents reported

2021	<b>0</b>
2020	8

## Number of FTEs

2021	<b>370</b>
2020	333

## Accidents

2021	<b>0</b>
2020	8

<sup>1</sup> The sickness absence rate is based on Auping Nederland's own figures.

<sup>2</sup> Including increased sickness absence due to the Covid-19 pandemic.



# Foundation for our HR policy

In 2021, we reiterated our endorsement of the ten principles of the UN Global Compact. The Global Compact is an initiative by the United Nations to encourage companies worldwide to adopt sustainable and socially responsible policies.

The ten principles of the UN Global Compact are based on the Universal Declaration of Human Rights (1948), the International Labour Organisation (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), and they are divided into the following categories:

Human rights

Labour and working conditions

Environment

Anti-corruption



## Human rights

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

**Principle 2:** Businesses should make sure that they are not complicit in human rights abuses.

### Auping's HR policy

- We provide a pleasant and safe work environment for all our workers, regardless of their position or job within the organisation.
- We have incorporated the UN Global Code of Business Principles into our Code of Conduct and our Supplier Code of Conduct.
- Auping advocates flexible working, where possible.
- Auping recognises the importance of a good work-life balance.
- We allow our employees to schedule time off for activities in their private life themselves, including holidays and other leave.

## Labour and working conditions

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

**Principle 4:** Business should strive for the elimination of all forms of forced and compulsory labour.

**Principle 5:** Business should strive for the effective abolition of child labour.

**Principle 6:** Businesses should strive to eliminate discrimination in respect of employment and occupation.

### Auping's HR policy

- All our workers have an employment contract that clearly specifies their pay, working hours, and benefits such as leave entitlement.
- We have an active works council, which we encourage workers to join.
- We have signed the Charter Talent to the Top, a treaty on diversity in organisations, and we are working with other organisations who have also signed this charter.
- We operate an active health and safety programme that actively invites workers to report any safety issues.
- We have set up an active programme to promote healthy and pleasant working conditions.
- We are in no way under investigation or involved in legal procedures with respect to the Global Compact principles in the area of labour or working conditions.
- Employee engagement at our organisation is high.

## Environment

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

**Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility.

**Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.

### We have embedded these three principles in Auping's general business strategy

- Auping is a B Corp, which means that we work to the highest standards in the area of social and environmental performance, social responsibility and transparency.
- We are committed to maintaining long-term relationships with all our stakeholders.
- We measure our factory's carbon footprint every year and we have taken numerous environmental measures (see page 38).
- We try to procure materials from local suppliers as much as possible.
- We try to be as innovative, circular and sustainable as possible. By 2030, Auping will be fully circular and sustainable.
- All our suppliers have signed our Supplier Code of Conduct, which is also based on the ten principles of the UN Global Compact.

## Anti-corruption

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

### Auping's HR policy

- At Auping, fair business practices come first and we reject any form of corruption.
- We are fully compliant with current laws and regulations.
- Under our Supplier Code of Conduct, we require suppliers to sign an anti-corruption statement.
- We are subjected to a comprehensive financial audit every year.
- Internally, we have separated procurement from accounts payable.
- We have a professional governance and risk management policy in place (see page 61 and page 64 respectively).

We put the 'human' back into Human Resources

# An HR policy for and by employees

What do employees want? Auping's new HR strategy, which was launched in 2021, puts a strong focus on employee input. How do they, for example, experience job satisfaction? Patricia van Putten, HR Business Partner: 'It is important to us that employees join the thought process and provide input. Whenever we come up against points for improvement, employees are part of the solution.'

## Employee engagement

'The new HR strategy we launched in 2021 rests on three pillars: employee experience, employee development and well-being & caring. The first pillar is all about forging engagement with Auping among current and future employees. Getting vacancies filled is a challenge for us, as it is for many companies these days. And it is not solely about the difficulty of finding engineering staff, it is also because we want a more diverse workforce in terms of cultural background and religion, and we want to employ more women. In order to achieve that goal, we have someone on our recruitment team who specialises in this kind of thing and focuses specifically on diversity.'

## Job satisfaction

'The second pillar is about sustainable employability and ongoing development, while the last pillar focuses on vitality, well-being and job satisfaction. Especially in our factory, the work can get very physical and routine, and it is important to think about staying fit and healthy. Things we do to improve health and fitness include organising cooking challenges, offering help quitting smoking, and our bicycle leasing

## IMPACT INTERVIEW



### How are Auping's sustainable dreams inspiring you?

'I've been working at Auping for five and a half years now and I was already pretty aware of my personal responsibility for a better world. I had, for example, already given up meat. But I have started to think about sustainability even more. I drive an electric car now and have solar panels on my roof at home. I feel very much invested in Auping's mission. And my colleagues' pride in and loyalty to the company is at a level I've never experienced before. It is an important motivator for me that makes me enjoy going to work every day.'

'It is important that employees provide input and be part of the solution'

plan, as well as yoga, sleep workshops and mindfulness. In order to find out how employees are doing in terms of health and fitness and what we can improve, we conduct regular measurements. The results of these measurements subsequently guide our efforts for each team. We have asked employees about work pressure and job satisfaction, for example, but also about how they envisage the workplace of the future. It is important that employees provide input and be part of the solution.'

# Collaboration with suppliers

Our procurement policy revolves around close collaboration with suppliers. Our ultimate goal is to control the entire supply chain. This requires, in our view, long-term partnerships with companies with a mindset that is similar to Auping's. Over the coming years, we are going to try to further strengthen collaboration across the supply chain.

Supplier criteria



## Partnership

Partnership is central to our collaboration with suppliers, which means that we are not quick to switch suppliers. Knowing each other's production processes and ensuring these processes are aligned as well as possible gives you a major advantage. This is why we go for long-term collaborations and added value. In practice, we have been working with most of our partners for ten years or longer. When you know each other well, you are able to mutually strengthen each other, and thus keep improving and innovating. It also makes that you are always one step ahead of the competition in these challenging times. Our procurement policy is specifically geared towards the pillars.

## Local to local

In order to reduce our (logistics) carbon emissions, we prefer suppliers who are based in the Netherlands, Belgium and Germany. Between 85% and 90% of our suppliers are located within a 300km radius from our head office (local to local). An added benefit of this proximity is that it enables regular in-person meetings. These meetings continue to be important to us, as personal contact strengthens the relationship. Additionally, it is more efficient to discuss new product development with everyone together at one table. Over the coming years, we will also seek to go local for the remaining 10% of our preferred suppliers (local sourcing). We only make an exception for the electronics we use for our electrically adjustable beds. Virtually all the components for these beds come from Asia, so we procure those close to the source.

## What we offer suppliers

We expect a lot from our partners, but they also get a lot in return. We are a reliable partner who values the relationships and who:

- offers **clarity** thanks to transparency and mutually agreed conditions;
- **adopts a supply chain-based mindset**. Where necessary, we adapt our product and process to suppliers' production requirements;
- shares **knowledge and experience**, so that suppliers can optimise their production process;
- **respects** partners' (corporate) culture;
- targets increased **profitability for both parties**.














## Digitalisation and automation

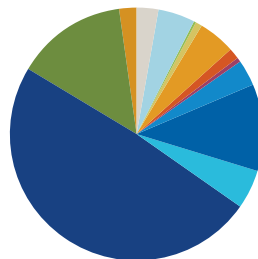
In order to be able to work together with our partners even more efficiently, we will be further digitalising and automating our operations over the coming years. We are, for example, developing a platform that will make it easy to share information with partners and let us store data in real time in one centralised location. It is important to us to share a single source of truth with our partners. Communication that currently goes by email will soon be made redundant by the platform we are developing.

### Transparency

In addition, we continue to work to make the supply chain transparent. We would like to know for all the items we procure where they are manufactured, including the materials our suppliers buy to make those items. The resulting transparent data empowers us to further help our suppliers take their climate responsibility. We can thus jointly achieve our carbon reduction goals.

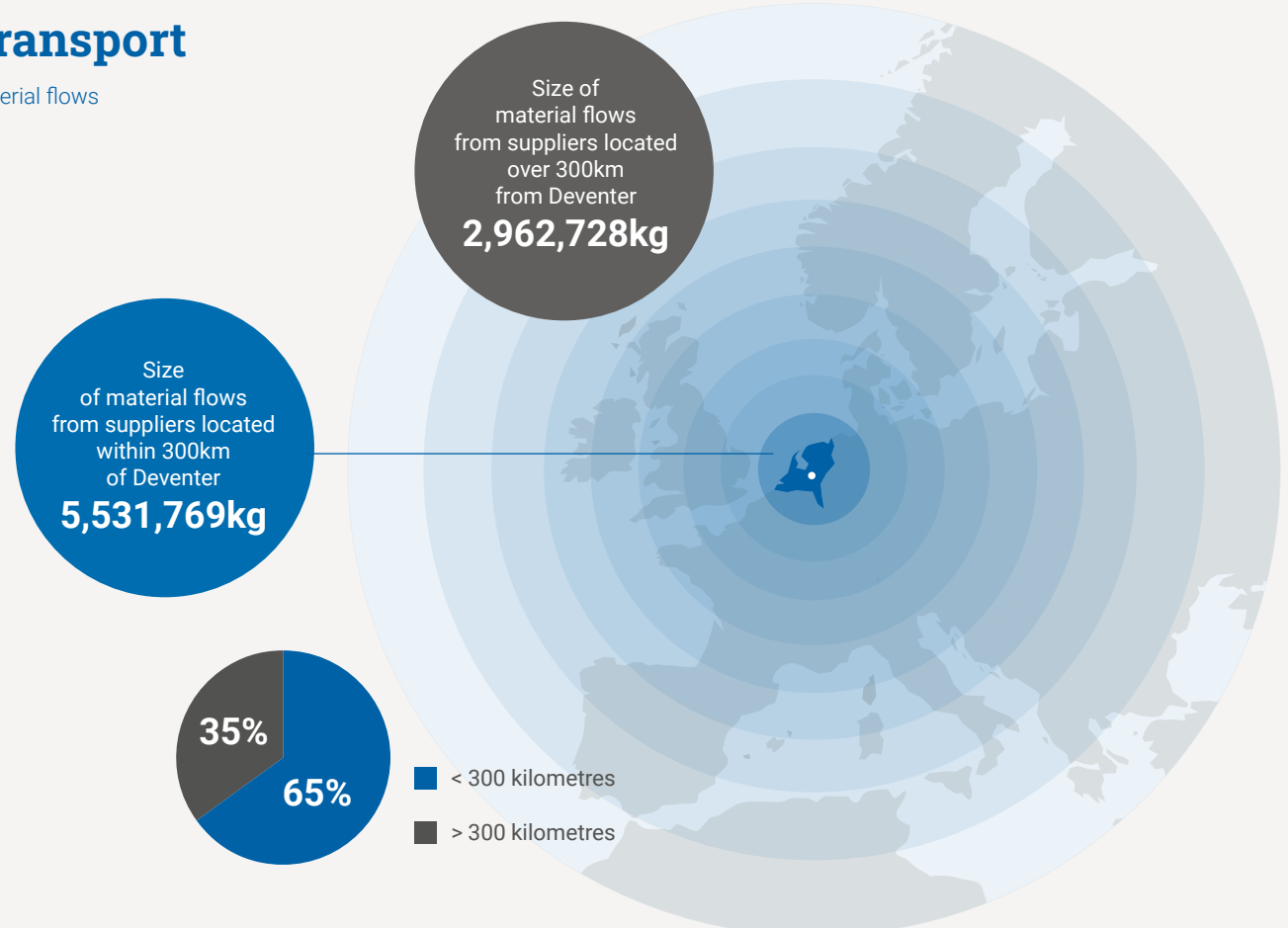
### Material flows in 2021

Values (in kg)			
Aluminium	255,361		26.5%
Cardboard	396,093		4.6%
Organic material	26,894		0.3%
Glue	66,982		0.8%
Latex	403,872		4.7%
Other synthetic material	104,097		1.3%
Paper	65,082		0.8%
Plastic	281,304		3.3%
Polyester	933,730		11%
PU foam	422,093		5%
Steel	4,160,512		49%
Wood	1,205,456		14%
Other	173,019		2%
<b>Total</b>	<b>8,494,496</b>		



## Transport

### Material flows



### Who are our suppliers?

We procure the resources and materials we need to manufacture our mattresses and beds from roughly fifty suppliers. In addition, we procure non-product related (NPR) goods and services from a large group of other suppliers. Non-product related goods and services include goods and services for our IT, Marketing and HR departments.

# Supplier Code of Conduct

It is important to us that the standards and values guiding our suppliers in their actions be the same as Auping's.

## Core values

At Auping, our actions are guided by a number of core values. It is important to us that our suppliers embrace these values. Our core values are the following:

- **Customer is king:** we know our customers and their needs drive our thinking.
- **We go for shared success:** with passion and dedication, we achieve successes together. We share and celebrate those successes.
- **We trust each other:** we are dependable, can build on each other and work together.
- **We innovate and open new horizons:** we go for better every day, innovation is what sets us apart.
- **We are meaningful:** like all other companies, we are in the business of generating revenue and profit. In doing so, we take care of each other and our environment, both today and tomorrow.

## Code of Conduct

Just like we have an Auping code of conduct for our employees, we have also created a code of conduct for our suppliers. The idea behind our Supplier Code of Conduct is to ensure socially responsible practices and respect for human rights. We ask our suppliers to commit to the Auping Code of Conduct with basic principles for ethical behaviour.

It includes the following requirements.

Auping suppliers:

- do not use forced or involuntary labour, and no child labour;
- comply with applicable laws and regulations on remuneration and working hours; set reasonable daily and weekly working hours and pay wages. They do not require workers to work more than sixty hours a week, including overtime;
- discriminate in no way whatsoever;
- treat all workers with respect;
- respect workers' right to associate in employees' organisations, including trade unions;
- offer their workers a safe and healthy workplace in compliance with applicable laws and regulations and implement effective programmes to this effect;
- operate in a way that protects the environment. They comply with all applicable environmental laws, regulations and standards;
- do business to the highest ethical standards;
- see to it that this Code of Conduct and other relevant information be available to workers in workers' and their superiors' language.

## Refinement

In 2022, we will refine our Code of Conduct by, for example, incorporating the five Sustainable Development Goals (SDGs) we are focusing on (see also page 24 of this report). These are:

- affordable and clean energy (SDG 7);
- decent work and economic growth (SDG 8);
- industry, innovation, and infrastructure (SDG 9);
- responsible consumption and production (SDG 12);
- climate action (SDG 13).

In addition, it is important to us that the requirements we set for our products in terms of circularity also be reflected in the requirements we set our suppliers.

With the Auping Code of Conduct, we want to ensure socially responsible practices and respect for human rights.

Auping & Müller Textil Group

# Partnership for circular mattresses

Partnership, innovation and circularity are the key words in a far-reaching alliance forged between Auping and Müller Textil Group. Almost the entire range of Auping mattresses is now fully circular, which means that by the time these mattresses are ready to be discarded, the component parts can be used as raw materials for new mattresses. The companies are currently looking for ways of producing these mattresses with as many recycled materials as possible too.

One year to develop, two years to test and tweak. That's how long it took to launch a circular mattress. **Arjan van der Plas**, Procurement Manager at Auping, explains: 'Our aim was clear from day one. We wanted to design a circular mattress, without compromising on the comfort of the product.' To illustrate: 'A conventional mattress consists of several different materials, including foam (polyether) and latex. These layers are difficult to recycle and if you're trying to maintain at least the same level of comfort, it's not easy to replace them with circular materials either. We were in desperate need of an innovative partner like Müller Textil Group.'

Our circular mattresses are fully recyclable, comfortable and satisfy the fire safety standards. This makes us real pioneers. Müller Textil's drive and dedication were vital to the success of this project. It's great to work with a supplier that understands our dream and is keen to help us make it come true.'

'I'm really impressed by the way that Auping has made its factory and offices more sustainable'

IMPACT  
INTERVIEW



**How are Auping's sustainable dreams inspiring you?**

'At the start of last year, I started driving an electric car. Although the environmental aspect is obviously important, the decision was also a financial one: it's saving me an awful lot of money. I'm also really impressed by the way that Auping has made its factory and offices more sustainable by installing geothermal storage, for example. As I'm moving to a house that was built 1890 soon, any tips for improving sustainability are very welcome.'



‘Yarns made from waste material are yet another step forward’

**Jessica Mohr**, Sustainability Manager at Müller Textil Group, says: ‘Our R&D department was given the mammoth task of developing a new material that would satisfy Auping’s quality demands, but we enjoy a challenge. Like Auping, we have a strong drive to innovate and boost sustainability.

Developing a circular alternative to the comfort layers in the mattress was a process of trial and error that required countless brainstorm sessions with Auping. We finally managed to design a comfort layer that met all of their requirements.’

#### **Getting it done**

In around ten years’ time, the first-generation circular mattresses that are now in the shops will be the raw materials for second-generation circular mattresses, which will be made completely from recyclable materials.

Arjan: ‘Together with Müller Textil, we’re now trying to find a carbon-neutral method of getting these raw materials to Müller Textil. How we’ll organise this and which parties will be involved is another major challenge, but I know that we will manage.’

#### **Closing the circular loop**

In the meantime, Auping and Müller Textil will continue working together to improve the sustainability of the first-generation circular mattresses. Jessica: ‘We’re currently developing new types of yarn based on waste material. They’re still in the test phase at the moment but initial results are promising.’

Arjan: ‘Once we can use these yarns, the circular loop will be well and truly closed and we’ll be ready for the next step towards creating a “well-rested world”, as we say at Auping.’



Auping and retail partners

# Growing together comes first

**Consumer behaviour changes all the time. As their preferences and expectations change, the retail landscape keeps adapting. At Auping, we have made a conscious choice to work with independent retailers. Together, we stand strong and win in this changing market.**

## One Auping

We believe in close collaboration with passionate partners who show initiative and courage. And who love Auping just as much as we do. That's how we grow and win together. It is what we call *One Auping*. Customer focus, reliability, service, knowledge of consumers and their behaviour are all key values that go with successfully doing business with Auping.

Our collaboration model guarantees compensation for our partners, because our partners share in the proceeds from our online orders. Every year, we set our Retail Guidelines in close consultation with our partners. These guidelines guarantee compliance with the *One Auping* collaboration model and ensure recognition of the Auping brand wherever consumers see us.

## Omnichannel strategy

For us, 'omnichannel' means a combination of an online and a physical retail experience, brand awareness, image and customisation. Online orientation goes hand in hand with professional sleep advice in stores. Customised, made-to-measure mattresses, beds or box springs, as well as every pillow, duvet, or duvet cover can be purchased both at physical stores and from our online store. The seamless shopping experience between shop and online means that Auping products are available 24/7.

Besides at our Auping online store, Auping products are also available from single-brand dealers that sell only Auping, i.e. the Auping Stores. And also from multi-brand dealers, where Auping is one of several brands they sell. We call these retail outlets Auping Studios.

## Auping format and configurator as eye-catchers

2021 was the second year of *One Auping*. We have achieved a lot by now and took yet more fine steps last year. Not only in terms of our product range and our powerful brand, which consumers appreciate by leaving positive reviews, but also in how we serve consumers in a way that is worthy of Auping. We support our partners with a number of valuable services:

- Our in-store presentations were renewed at a large number of stores and the recognisable Auping format has become a real eye-catcher. Auping stylists make life easier for our partners by creating the best possible retail appearance, in line with the Auping brand.

- With our very own Auping Academy's extensive training offering, we offer retailers and their staff numerous high-quality programmes focused on customer friendliness, sales skills, product knowledge and ergonomics.
- Together with our partners, we monitor customer friendliness by tracking customer reviews.
- We offer all Auping sales outlets a mystery shopping programme by an independent specialist party that checks compliance with our retail guidelines on an ongoing basis.
- A well-functioning omnichannel approach would not be complete without a state-of-the-art configurator. Ours lets consumers configure their own bed and personalise it by choosing different models, materials, colours and fabrics. Our highly innovative 'dream bed maker' has proven to be a big hit as it puts consumers' preferences first. The dream configuration can subsequently be opened and edited at home, on the road, or in stores. The configured dream bed really comes to life in stores.

## Auping retail outlets

Auping has 229 sales outlets in the Netherlands, of which 37 are Auping Stores. There are also nearly 100 sales outlets in Belgium (of which 22 are Auping Stores), 64 in Germany (of which 6 are Auping Stores), 116 in Denmark (of which 1 is an Auping Store), and we work with hundreds of retailers worldwide.

Retailers and the Auping feeling

# Creating an Auping world

How does Auping make sure consumers entering the stores get that Auping feeling that Auping has in mind? Hans Kokkeel, Auping's Sales Director for the Netherlands, explains. 'We've put a lot of care and preparation into that, also through our Auping Academy where trainers and experts train our retailers and their store staff on things such as customer friendliness, styling and product advice.'

## Three sales channels

'We have three sales channels that are all equally important to us. They are the single-brand Auping Stores that sell only our products, the Auping Studios within local heroes' multi-brand stores, i.e. higher-end local furniture stores, and our own website with online store. We consider our website a key part of the customer journey. It is where we tell our story and where consumers can browse our product range. In the stores, consumers enter the world of Auping. In an atelier-like setting with lots of light, they experience how to design their own ideal Auping bed. This is important because no person is the same and everyone has different shapes, needs and preferences. And these extend beyond merely a good supporting mattress that fits you as a person. As a consumer, you also choose something that you like aesthetically, such as the fabric and colour. While there is, of course, a focus on sustainability, the sales story primarily highlights the quality of our products and how we meet consumers' individual preferences. Sustainability is the icing on the cake.'

'Quality comes first. Sustainability is the icing on the cake'

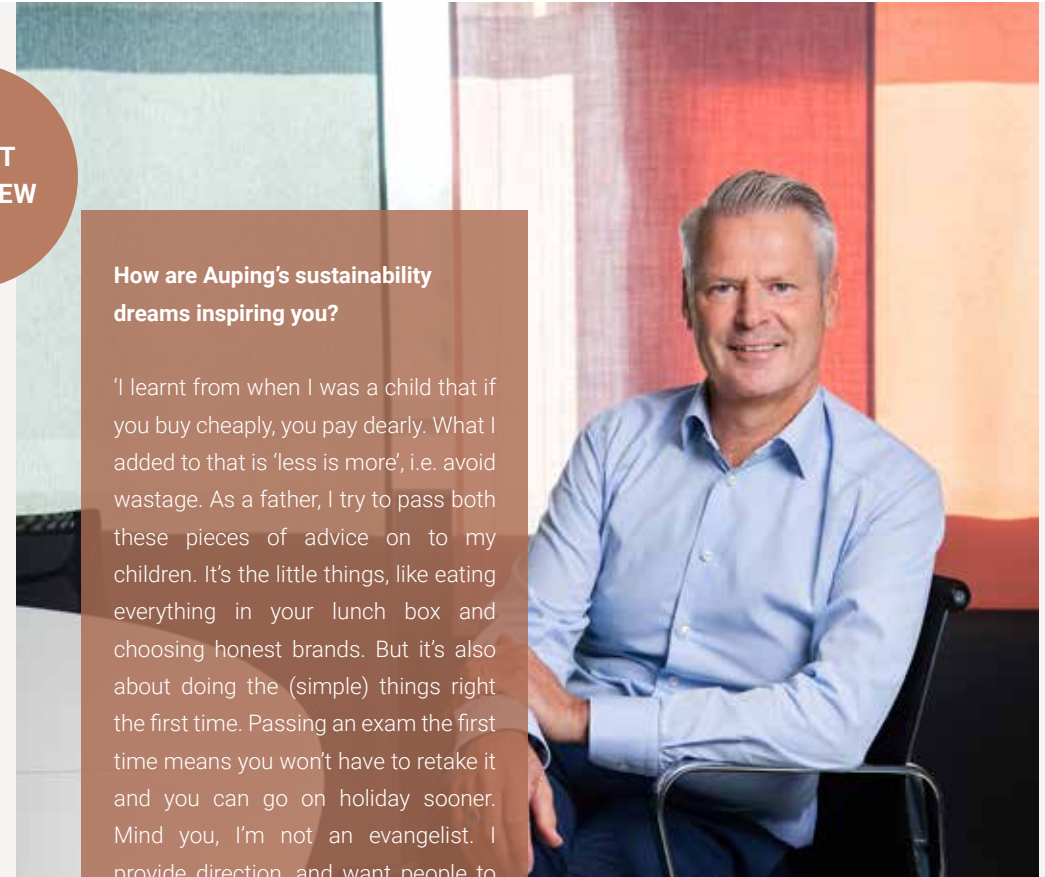
## IMPACT INTERVIEW

### How are Auping's sustainability dreams inspiring you?

'I learnt from when I was a child that if you buy cheaply, you pay dearly. What I added to that is 'less is more', i.e. avoid wastage. As a father, I try to pass both these pieces of advice on to my children. It's the little things, like eating everything in your lunch box and choosing honest brands. But it's also about doing the (simple) things right the first time. Passing an exam the first time means you won't have to retake it and you can go on holiday sooner. Mind you, I'm not an evangelist. I provide direction, and want people to make their own choices.'

### Boosting sustainability credentials

'We train the retailers we work with in areas such as hospitality, styling and product knowledge to optimise the Auping experience. In fact, there are also more and more hotels where guests can now sleep just as well as they do at home or even go and try out an Auping bed before buying one. We are seeing that many of those hoteliers are consciously also choosing sustainability. Our products allow them to boost their sustainability credentials.'



We represent the interests of all our stakeholders in the activities we undertake

# Our stakeholder strategy

	Starting point (why?)	Agenda (what?)	Dialogue (how?)	Frequency (when?)
<b>Consumers</b>	Our existing and potential customers are our most important stakeholders. We want to bring rest to the world through sustainable and high-quality beds and mattresses.	Raising awareness of the need to choose sustainable high-quality designer products with the least environmental impact, both today and tomorrow.	Targeted advertising using traditional and digital touchpoints. Communications through our own media policy, our website and our consumer service desk.	Daily
<b>Suppliers</b>	We work closely together with our suppliers and invest in long-term relationships. Reaching our goals hinges on joint dedication to a truly sustainable strategy.	Innovation and product development for raw materials. Flexible alignment with our LEAN product methodology. Shared data relating to our supply chain optimisation process. Recycling and environmental impact.	A Code of Conduct that supports our sustainability strategy and is based on the general terms and conditions for our preferred suppliers.	Daily
<b>Employees</b>	Our employees are the core of our organisation. Only with engaged employees can we both achieve our growth targets and realise our sustainability ambitions.	Employee engagement surveys, diversity and inclusion at every level of the organisation, employee training and development.	Meetings of the Advisory Board and Executive Board. Works council. The 'werkenbijauping.nl' recruitment website. The Auping Academy and e-learning modules.	Daily
<b>Retailers</b>	Our dedicated retailers are an essential part of our sustainability strategy. We live up to our mission of 'A well-rested world is a more beautiful world' through an omnichannel distribution strategy where our customers are served anytime and anywhere.	The need to explain the importance of a good night's rest, facilitating product experiences and testing products. Raising awareness of the importance of a comprehensive range of sustainable products is also important.	Training through Auping Academy, frequent newsletters and dealer events, including trade fairs (both in the Netherlands and internationally). Management by our local sales teams. Annual KPI review.	Daily store visits and customer contacts through our sales service centre. Annual trade fairs.
<b>Our communities</b>	At the end of the day, it is all about having or being able to have a direct and indirect impact on all the communities within which we operate and thus on society as a whole.	Supporting local, regional and national initiatives and projects in society through sponsoring or bartering. Our primary focus in this respect is on nature, culture and sports, including working with people with poor job prospects.	Annual CSR Report, participation in local community activities and events.	Frequently
<b>Shareholders</b>	We are a family business. Since our founding in 1888 to the present day, the Auping family has been involved in strategic decisions and in everything we do at Auping.	Strategic decisions for the long term, based on the Auping family's ownership vision. In close consultation with our minority shareholder Wadinko.	Informal contacts and formal meetings.	Three times a year.



# Governance and risk management

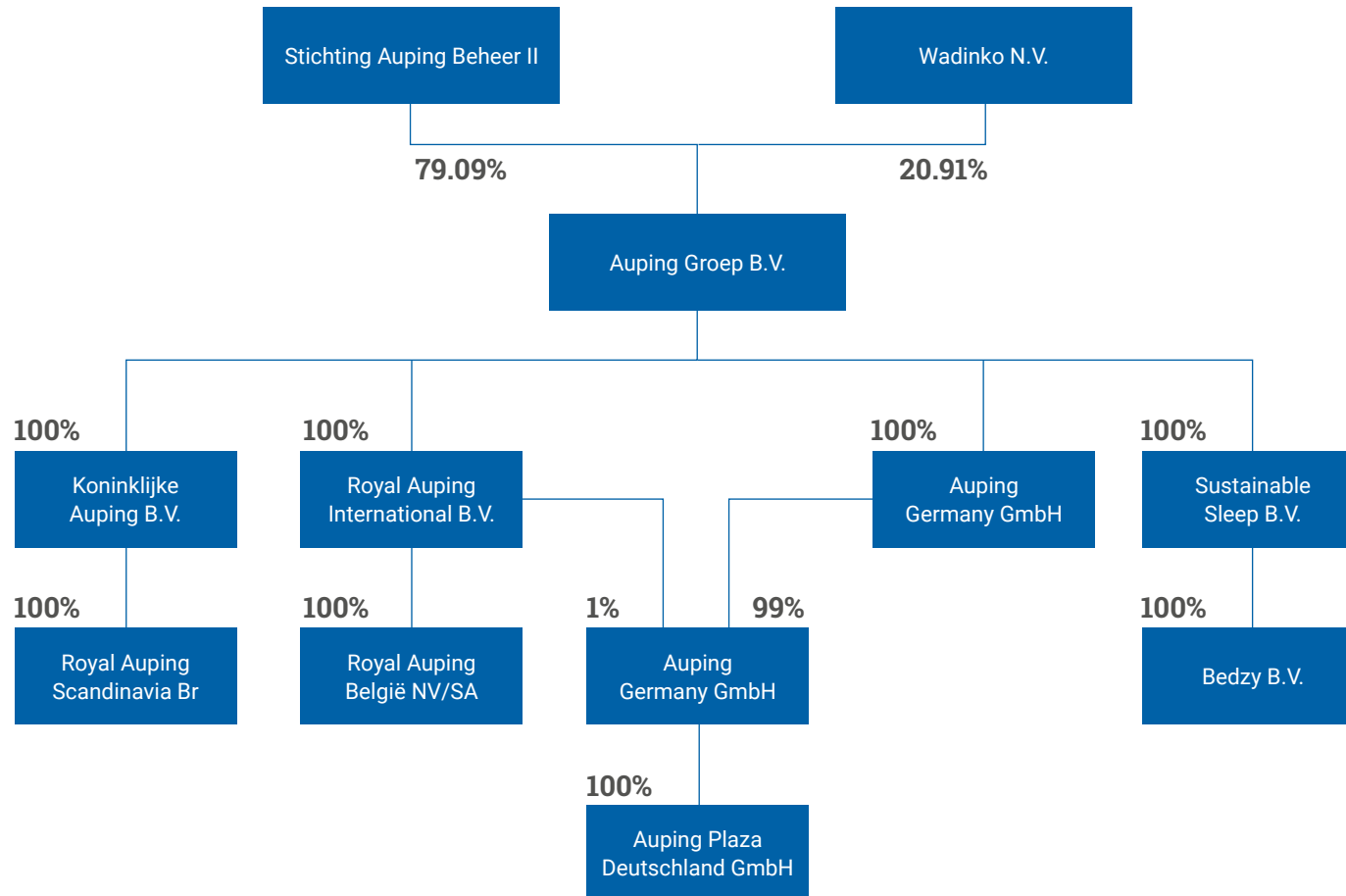
the basis for our company

## Management Team

From left to right: Mark Groot Wassink, Joris Broekmans, Martijn Aalders, Jan-Joost Bosman, Linda Hoebe, Martijn van Haaf

# Corporate Governance

Auping is a company with a two-tier board that was founded and is based in the Netherlands. Dutch laws and regulations and the company's articles of association determine the governance structure. The legal structure of the group is shown below.



## Roles

### Auping board

Auping's formal executive director is Jan-Joost Bosman (Chief Executive Officer and Chair of the Management Team (MT)).

### Management Team

Auping's executive board is made up of the Management Team. Besides the chair, the MT is made up of the following people:

- Linda Hoebe (Chief Financial Officer)
- Martijn van Haaf (Operations Director)
- Joris Broekmans (Customer Experience & Marketing Director)
- Mark Groot Wassink (Innovation & Sustainability Director)
- Martijn Aalders (Human Resources Director)

The MT's responsibilities include:

- Achieving the goals
- Implementing the strategy with the associated risk profile
- The result
- The company's development, including relevant social aspects

### Tasks and responsibilities

The board focuses on the interests of Auping and associated companies. The board is responsible for Auping's corporate governance structure and compliance with the corporate governance code, accounting for its efforts in this respect to both the Supervisory Board and the shareholders.

The board's tasks include the following:

- Achieving Auping's goals.
- Formulating and implementing the strategic policy.
- Identifying and managing general and financial risks.
- Organising Auping's whistle-blower scheme and, more in general, human resource management associated with Auping's business activities.
- Ensuring well-functioning internal risk management and control systems.
- Ensuring and preparing the financial reporting process, which includes preparing the financial statements, the annual budget and main capital investments.
- Compliance with laws, regulations and the corporate governance code.
- Ensuring good relations with shareholders and depositary receipt holders.
- Ensuring good relations with the works council.
- Taking care of the social aspects of doing business that are relevant to the company, such as integrity.
- Advising the Supervisory Board in nominating an external auditor for the shareholders to select.
- Ensuring good relations with the Supervisory Board.
- Decisions are made and implemented faster thanks to shorter lines of communication.
- Providing directors under the articles of association with more information in a simple way.
- Creating a greater base of support for decisions.

### Supervisory Board

Auping's Supervisory Board is made up of three members: Harm Tunteler (chair), Harm-Jan Mens and René Wolfkamp. Every shareholder has the right to nominate one Supervisory Board member.

Given the size of the Supervisory Board and Auping's manageability, the Supervisory Board has not set up a separate audit and remuneration committee.

#### Tasks and responsibilities

The Supervisory Board performs all tasks specified in the law and articles of association, supervising and advising the board. In fulfilling their role, Supervisory Board members are guided by Auping's best interest. This also includes considering relevant social aspects of doing business. The Supervisory Board also focuses on the effectiveness of internal risk management and control systems and the integrity and quality of financial reporting.

The members of the Supervisory Board are collectively responsible for the fulfilment of their tasks and activities.

#### Supervisory Board meetings

The Supervisory Board has at least four regular meetings with the board every year, and more often as and when deemed necessary by a Supervisory Board member or the board. Supervisory Board meetings are led by the chair and resolutions are adopted by an absolutely majority. Minutes are taken at every meeting.

#### Information provision

The board will brief the Supervisory Board in writing at least once a year on the main points of the strategic policy, the general and financial risks, and the company's risk management and control system. The board also makes sure that the Supervisory Board always has any data at its disposal that it needs to fulfil its tasks.

### Quality

The Supervisory Board is responsible for the quality of its own performance. The performance of the Supervisory Board as a whole and individual Supervisory Board members is reviewed at least once a year. These performance reviews are not attended by the board.

### Shareholders

The lines of communication to shareholders are short. Regular informative meetings ensure that shareholders are always updated on important developments at Auping in a timely manner and enabled to express their opinion.

#### Formal arrangements

Formal arrangements between shareholders, the Supervisory Board and the board are laid down in the articles of association, the shareholders/Supervisory Board/board covenant, the Supervisory Board rules of procedure, and the board regulations. The board and the Supervisory Board jointly set the strategy to follow. The covenant, rules of procedure and regulations include arrangements on communication between the board, the Supervisory Board and shareholders.

They also include provisions on things that the board cannot change or do without informing or seeking approval from the shareholders or Supervisory Board first. This includes amending the articles of association, company structure, financing, entering into major financial commitments, making major investments and appointing directors.

## Appointment and remuneration

### Governance

The Supervisory Board appoints the board and has the authority to suspend and dismiss the CEO. Dismissal is possible only after the shareholders have had the opportunity to voice their opinion on the intended dismissal at the general meeting of shareholders.

### The Management Team (MT)

It is up to the board to decide, with the Supervisory Board's approval, which positions make up the Management Team. Management Team composition is subject to change, for example following organisational changes. The board nominates new MT members and decides on their remuneration. MT members are appointed after the Supervisory Board has given its approval. Any changes to the agreement with MT members are also subject to Supervisory Board approval.

The Supervisory Board decides on the remuneration and other terms and conditions with respect to the Auping CEO's work, or any changes thereto.

### Supervisory Board

Supervisory Board members are appointed by the general meeting of shareholders following nomination by the Supervisory Board. Nominations are based on a profile compiled by the Supervisory Board. Shareholders and the works council may also nominate persons for appointment to the Supervisory Board. Auping appoints Supervisory Boards members to a four-year term. A Supervisory Board member can be reappointed to consecutive terms no more than once. Supervisory Board members retire from the Supervisory Board as of the end of the general meeting following termination of their (second) term. The Supervisory Board draws up a retirement schedule. Deviation from this schedule is possible in exceptional situations and for a maximum of a full third term.

The Supervisory Board submits periodical proposals to the general meeting of shareholders on the remuneration of the chair and other Supervisory Board members.

# Risk management

At Auping, we are all about trust, reliability, continuous improvement and care for each other and the environment, both today and tomorrow. It is our firm conviction that this leads to broadly supported and optimised risk management.

## Risk appetite

Auping approaches risks with a positive mindset and a realistic outlook. As we work to achieve our goals, we identify and assess the associated risks and subsequently take measures to keep those risks at an acceptable level.

Category	Risk appetite
Strategic risks	Medium/High
Operational risks	Medium
Financial risks	Low
Compliance risks	Very low

When it comes to product development and commercial initiatives, Auping has a medium to high risk appetite. Our risk appetite with respect to financial risks, however, is low. And our risk appetite in the domain of laws and regulations is low to very low. Ultimate responsibility for risk management lies with the Management Team (MT).

## Risk management and control system

Risk management is embedded in the organisation. At every level of the organisation, employees identify, assess and manage risks in a targeted way, informing their superior as and when required. Documenting this is a permanent part of the process, where we go by the rule of 'as little as possible and as much as necessary.'

## Frameworks

Auping uses formal and informal frameworks for risk management, which are rooted in Auping's Risk Management, Compliance & Auditing policy. The basic principle of this policy is that we weigh risks and factor in the long-term effects. Where possible, we manage risks in the business processes. This concerns insurable risks and risks that can avoided or managed through good governance.

The MT takes business and strategic risks only after careful consideration, properly documented and based on the best available data.

Our risk management system is based on recommendations from the ISO 31000:2018 standard and is made up of three interconnected elements:

- 1. The risk management principles** based on which the framework was designed and that underpin our risk mitigation efforts.
- 2. The framework** itself.
- 3. The generic risk management process** that is used to actually mitigate risks.

### 1. The risk management principles

Risk management is:

- Integrated into all processes: risk management is an integrated part of all of the organisation's activities.
- Structured and comprehensive: a structured and integrated risk management approach is conducive to consistent and comparable results.
- Customised: the risk management framework and process are aligned with Auping's goals and context.

### Risk mitigation

Risk mitigation means to prevent and reduce risks. If an incident occurs nonetheless, we aim to minimise its impact on operational processes.



- Inclusive: Auping gets stakeholders involved in time and adequately, weighing their knowledge, opinions and perceptions in decisions.
- Dynamic: risk management anticipates, detects, recognises and responds to changes and events in a suitable and timely manner.
- Based on the best available information.
- Taking account of human and cultural factors.
- Continuous improvement: by learning and experiencing.

## 2. The framework

The framework supports Auping in integrating risk management into important activities and jobs. Top-level and middle management are committed to risk-based working and go by the principles to organise processes efficiently and substantiate decisions.

We do this in a structured manner: we make a design of how we will implement risk-based working into our normal work standards and consider evaluation, improvement and integration a continuous process. This way we get better at what we do every day.

## 3. The generic risk management process

The risk management process revolves around the systematic application of policy lines, procedures and practices. We do this through communication and consultation, and by identifying the context and assessing, handling, monitoring, recording and reporting risks.

### Financial control system

Auping operates an adequate and effective financial control system, which includes important elements such as the budgeting, forecasting and financial reporting system. The reporting system lets us track both the progress and actual results of the company's operations.

The purpose of the financial control system is to:

- Check actual operations against our goals.
- Stay in control of responsibilities delegated by superiors.
- Control money and resources within the organisation.
- Detect and mitigate risks.
- Prevent fraud.
- Comply with laws and regulations.

### Planning and control cycle

The MT draws up a three-year plan every year. The MT presents this strategy to the Supervisory Board, along with rough figures to underpin it. The strategy addresses developments, insights and plans with respect to operations, innovation, sustainability, product launches, market development, marketing, distribution and format, staff, IT and investments.

Based on the strategy, the country managers and superiors put together a detailed budget every year, taking into consideration our financial goals and what is possible. The budget specifies revenue, margin, operating expenses, results and investments as the financial translation of the plans with respect to the market, development efforts, product launches, staff and investments. The MT presents the budget to the Supervisory Board.

### Control cycle

- After every quarter, the MT draws up a forecast that provides a look ahead to expected annual results based on actual figures and current projections for the rest of the year.
- There is monthly financial reporting to MT members on actual results compared to the budget and prior-year results. The MT reports to the Supervisory Board with the same frequency.
- Once every quarter, the country managers and the MT have an extensive meeting where the country managers brief the MT on the main developments in their respective markets.

- The Finance & Governance Manager is responsible for the administrative organisation and ensures clear and correct handling of all financial and commercial affairs and data. We have set up a uniform reporting system for this purpose. The Business Control Manager analyses the reports and results, discusses them with the country managers and department heads, and subsequently reports their findings to the MT.
- Operational responsibility for financing, cash management, insurance and taxes also lies with the Finance & Governance Manager. He discusses these matters with the MT in a timely manner.
- The external auditor objectively assesses the outcome of the above processes, insofar as it concerns parts that are relevant to the audit of the financial statements.

### Financial instruments

Auping uses a wide array of financial instruments to identify market, currency, interest rate, cash flow, credit and liquidity risk. We manage these risks through a series of control measures.

### Credit risk

Auping is exposed to credit risk in its receivables from financial assets, trade and other receivables, and cash and cash equivalents. This risk is mainly related to the individual characteristics of separate customers. In addition, management takes into consideration certain demographic aspects of the customer base, such as the default risk in the industry and in the country in which the customers operate.

There is no concentration of credit risk in one customer. Auping has been doing business with most of its customers for years. Auping checks each new customer's creditworthiness individually as part of the credit policy set by the board. This screening is conducted before Auping offers payment and delivery terms and agrees to provide a credit line. Auping supplies goods under retention of title, meaning that Auping has a partly secured receivable in the event that the customer defaults on their payment.

### Interest rate risk

Auping's interest rate risk is limited because the long-term loan has been repaid and we do not use the credit facility. We expect not to have to use it in 2022 either. Auping's financing is currently made up of interest-bearing credit facilities. When it comes to future cash flows, Auping is exposed to a risk of debt with variable interest rate agreements. This concerns Euribor interest rates with a term of 1 month, meaning that the interest rate risk is limited. We have, therefore, opted not to hedge the interest rate risk.

### Currency risk

The currency risk as a result of receivables and payables, net investments in foreign companies, and future transactions is also limited. Auping therefore does not hedge future cash flows from procurement and sales transactions.

### Liquidity and cash flow risk

Auping monitors its liquidity position through consecutive liquidity forecasts. The MT makes sure there is always sufficient liquidity available to meet the obligations.

## Capital management

Auping aims for a cautious financing structure with a net debt/ EBITDA of a maximum of 2.0 and a solvency ratio of at least 40%. Auping may deviate from these figures if necessitated by strategic business needs.

### Policy and guidelines

Acting and doing business with integrity is a key requirement for all our business activities. This revolves around a professional and ethical work attitude, both in the interest of employees and in the interest of Auping as a whole. The Auping Code of Conduct ensures compliance with this principle. We regularly update the Code of Conduct, most recently in 2021. We also have a whistle-blower scheme in place and two internal confidential counsellors working at Auping.

### Risks

Auping is working on a risk management framework that identifies the main risks involved in each business process. The MT and the direct superiors have identified the main risks and agreed on mitigating measures.

### Previous actions

After appointing a risk manager in 2020, Auping launched a review of the most important compliance processes with a view to improving our ability to better document, monitor and test them. A number of the employees appointed for this purpose tested the execution and completeness of several processes.

The table below shows the main risks and their potential impact, as well as the main measures to mitigate the risk.

Main risks	Possible impact	Mitigation
<b>Strategic risks</b>		
Susceptibility to economic fluctuations	Falling revenue. Customers defaulting on payments.	The product portfolio covers various product groups, price propositions and markets. Initiatives have been launched to develop new business models.
Geopolitical developments (including a pandemic) with a chance of social unrest	Threat to the global economy resulting in falling revenue.	The product portfolio covers various product groups, price propositions and markets. Initiatives have been launched to develop new business models.
Cybersecurity and IT	Financial losses and legal issues, reputational damage caused by a successful cyberattack.	Auping appointed a security officer in 2019. Further measures taken include further reducing and phasing out the old IT landscape and further migration of internal IT systems to the cloud. We have an IT Conduct Protocol in place and initiatives have been launched to further tighten our security policy and raise awareness of information security risks across the organisation.
Unsuccessful proposition and product development	Major deployment of people and resources without certainty of returns.	Auping assesses the development and potential of propositions in the long-term product roadmap, supported by outcomes of fundamental sleep and circularity research and consumer surveys. Auping monitors product development closely in periodical meetings with the Product Development Committee.
Amendments to sustainability and environmental laws and regulations	Reduction of production capacity or additional costs.	Auping is structurally moving its product portfolio and production process towards sustainability. When it comes to investing, Auping actively weighs impact on sustainability and the environment in its decision-making.

Main risks	Possible impact	Mitigation
Attracting, developing and retaining talent	Insufficient availability of talented potential employees.	Auping partners with Saxion University of Applied Sciences. We encourage our employees to keep developing their talents and skills through a broad offering of training programmes and courses. We prevent unwanted staff turnover by safeguarding the Auping culture, offering competitive pay and benefits, and pursuing a policy to help employees stay fit and healthy.
Lack of leadership qualities	Delay in the implementation of the strategy.	Auping operates a leadership programme to boost development of leadership qualities. We prevent unwanted staff turnover by safeguarding the Auping culture and offering competitive pay and benefits.
<b>Operational risks</b>		
Loss of the factory due to fire or explosion	Production suspended as the factory is rebuilt.	Maximum measures have been taken at the production site in consultation with the insurer. A certified, fully automatic sprinkler system has been installed, the wood dust extraction system minimises the explosion risk, and there are explosion vents. Auping has insurance against fire damage and trading losses.
Dependency in the supply chain (components and logistics)	Shortages or late availability of products.	Production and logistics partners have to meet certain requirements. The selection process for new partners is strict.
Availability of materials and price increases	Shortages or late availability of products.	Auping has a professional procurement organisation that aims for close and long-term collaboration with partners in the supply chain. The early warning system enables us to quickly switch to alternative suppliers or materials as and when necessary.
Pandemic	Mass sick leave and infection risk, resulting in stagnation of production.	We have drawn lessons from the Covid-19 crisis.

Main risks	Possible impact	Mitigation
<b>Financial risks</b>		
Reporting risk	Incorrect or incomplete information provision to stakeholders.	Reporting is based on Dutch annual reporting requirements for major corporations. An external auditor verifies the figures reported.
Credit risk	Late payment or non-payment by customers.	The credit risk is actively monitored, factoring in demographic aspects of the customer base, including the default risk in the industry and country in which customers operate. There is no concentration of credit risk in one customer. With most of our customers, we have been doing business for years. Auping assesses the credit rating of every new customer individually before offering the company's standard payment and delivery terms and agreeing on credit facilities.
Liquidity risk	Insufficient availability of cash and cash equivalents to meet current liabilities.	Auping has sufficient access to capital. Auping has taken out an extensive credit facility for this purpose, which runs through to July 2027 and is not subject to covenants. Auping aims for a net debt/ EBITDA of a maximum of 2.0 and a solvency ratio of at least 40%.
Currency risk	Loss of shareholder value due to unfavourable developments in currency exchange rates.	As a result of its international operations, Auping is exposed to a limited currency risk. Given that this risk is limited, we do not hedge future cash flows from procurement and sales transactions.
<b>Compliance risks</b>		
(International) laws and regulations	Fines, sanctions and/or loss or reputation.	Auping closely tracks (changing) laws and regulations and measures.
Fraud and corruption	Fines, sanctions and/or loss or reputation.	Formal rules, including an Auping code of conduct and whistleblower scheme, shield the company from fraud and corruption. There is also a strong informal system that protects against this.

## Governance

# Going for sustainability together

Auping is a frontrunner when it comes to working on carbon emission reduction and a circular product range. Hard European directives for reporting on these matters are still under development and expected to be ready in 2024 at the earliest. Auping has, therefore, taken the initiative to anticipate such directives.

## Long-term focus

**Linda Hoebe**, Auping's Chief Financial Officer: 'We are a family business in which venture capital company Wadinko holds a 20% stake. The combination of the Auping family and its focus on long-term continuity and Wadinko with its focus on fostering economic activity in the region is a good match for Auping. We are all focused on the long term and socially committed. Our B Corp status – for which we have included in our articles of association that we do not solely seek profit, but also use our position to positively impact people, communities and the environment – goes to show how important this is to us. We feel a real responsibility to keep the world liveable, healthy and safe. This is reflected in the specific and innovative steps we take. With our mattress transition towards a fully circular product range, we are taking a certain risk as a company. Our shareholders and Supervisory Board back this innovation unconditionally, because not innovating is also a risk.'

## Short lines of communication

'The lines of communication from the Management Team to the shareholders and Supervisory Board are short. Besides the regular meetings, we also have monthly contacts with our Supervisory

## IMPACT INTERVIEW



### How are Auping's sustainable dreams inspiring you?

'Due to the fact that sustainability is so often discussed here at Auping, I've automatically also started to make more conscious choices in my private life. I now drive an electric car, for example, and I cycle whenever I can, plus I've had solar panels installed on my roof, eat less meat, and choose organic food options more often. I have to admit, though, that I do transgress sometimes by flying to my holiday destination, but I do offset those carbon emissions.'

Board members in the form of short calls. As a Chief Financial Officer, I like clear guidelines. When it comes to carbon emissions and circularity, there are specific European targets, but regulations on how to report on efforts to achieve those targets are still under development. We like to be ahead of the curve on that. We already have our carbon footprint calculated by an external party. And we use our CTI score to measure progress on our ambition of making all our products circular. This allows us to render account on this in a properly substantiated way.'

'If you don't innovate, you're also taking a risk'

## Appendix

# GRI table

In drawing up this report, we went by the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines. We report as per the 'Core' option based on the most recent guidelines (2016).

GRI indicator	Description	Explanation or reference	Page number	Explanatory notes
<b>Organisational profile</b>				
102-1	Name of organisation	Koninklijke Auping B.V.	Cover, 7-18, 75	
102-2	Brands, products and/or services	Product range	21	
102-3	Location of headquarters	Maagdenburgstraat 26, 7421 ZC Deventer, Netherlands	75	
102-4	The number of countries in which the organisation operates	Operates in Europe with a focus on the Netherlands and exports to 30 countries	11	
102-5	Ownership structure and legal form	Our stakeholder strategy, Corporate Governance	59, 61-63	
102-6	Sales markets	List of Core Markets and Export markets	11	
102-7	Size of the organisation	Our DNA and Key workforce figures	7, 48	
102-8	Composition of the workforce	Key workforce figures	48	
102-9	Supply chain information	Circular value chain, Closing the loops, Collaboration with suppliers and Code of Conduct	29, 33-34, 52-53, 54	
102-10	Significant organisational changes during the reporting period			None
102-11	Explanation of the use of the precautionary principle	Risk management	64-70	
102-12	External initiatives that the organisation endorses	B Corp certification, Closing the loops	22-23, 33-34	
102-13	Membership of associations and interest groups	Closing the loops	33-34	

GRI indicator	Description	Explanation or reference	Page number	Explanatory notes
<b>Strategy</b>				
102-14	Statement from the most senior decision-maker about the relevance of sustainable development to the organisation	Preface	5-6	
102-15	Key impacts, risks and opportunities	Our impact, Value creation model, Closing the loops, Our stakeholder strategy, and Risk management	8, 27, 33-34, 59, 64-69	
<b>Ethics and integrity</b>				
102-16	Values, principles, and standards of conduct	Our values	10	
102-17	Internal and external reporting systems for unethical and irresponsible behaviour	Foundation for our HR policy	49-50	
102-18	Operational structure of the organisation	Corporate Governance	61-63	
<b>Governance</b>				
102-18	The governance structure of the organisation, including committees under the highest governance body, as well as the committee responsible for decision-making on economic, environmental and social issues	Corporate Governance	61-63	
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups the organisation has engaged	Our stakeholder strategy	59	
102-41	Employment terms and conditions	Foundation for our HR policy	49-50	
102-42	Principles for the identification and selection of stakeholders	Reporting framework	26	
102-43	Manner in which stakeholders are kept involved	Reporting framework, Circular value chain, Circular Transition Indicators, CTI roadmap to 2030, Closing the loops, Interview with Mark Groot Wassink	26, 29, 31, 32, 33-34, 35-36	
102-44	Key topics and issues that have arisen from stakeholder consultations, and how the organisation has responded to them	Reporting framework, Closing the loops	26, 33-34	



GRI indicator	Description	Explanation or reference	Page number	Explanatory notes
<b>Reporting principles</b>				
102-46	Process for defining the content and specific scope of the report and the assumptions it uses	Reporting framework, Our stakeholder strategy	26, 59	
102-47	Substantive issues identified in the process of determining the content of the report	Reporting framework	26	
102-48	Consequences of any restatement of information contained in a previous report and the reasons for any such restatement	Not applicable		
102-49	Significant changes with respect to previous reporting periods in terms of scope and boundaries	Not applicable		
102-50	Reporting period	1 January 2021 – 31 December 2021		
102-51	Publication date of the most recent report	May 2021		Auping 2020 Corporate Social Responsibility Report
102-52	Reporting cycle	Annual		
102-53	Contact for questions regarding the report or its contents	info@auping.nl	75	
102-54	GRI application level	GRI 4 Core (2016 guideline)	71-74	
102-55	GRI content index	GRI table	71-74	
<b>Material topics</b>				
203-1	Procurement impact	Closing the loops, Interview with Mark Groot Wassink, Towards a carbon-neutral supply chain, Collaboration with suppliers, Code of Conduct, Interview with Arjan van der Plas and Jessica Mohr	33-34, 35-36, 38-39, 52-53, 54, 55-56	
205-1	Anti-corruption	Foundation for our HR policy, Interview with Patricia van Putten	49-50, 51	
206-1	Anti-competitive behaviour	Foundation for our HR policy	49-50	
302-1	Energy consumption within the organisation	Towards a carbon-neutral supply chain, Emissions reduction, Emissions overview	38-39, 40, 41	
302-3	Energy intensity	Towards a carbon-neutral supply chain, Emissions reduction, Emissions overview	38-39, 40, 41	

GRI indicator	Description	Explanation or reference	Page number	Explanatory notes
302-4	Reduction of energy consumption	Towards a carbon-neutral supply chain, Emissions reduction, Emissions overview	38-39, 40, 41	
303-5	Water consumption	Electricity, water and gas consumption	43	
305-1	Direct emissions (Scope 1)	Towards a carbon-neutral supply chain, Emissions reduction, Emissions overview	38-39, 40, 41	
305-2	Indirect emissions (Scope 2)	Towards a carbon-neutral supply chain, Emissions reduction, Emissions overview	38-39, 40, 41	
305-3	Other indirect emissions (Scope 3)	Towards a carbon-neutral supply chain, Emissions reduction, Emissions overview	38-39, 40, 41	
305-4	Intensity of emissions	Towards a carbon-neutral supply chain, Emissions reduction, Emissions overview	38-39, 40, 41	
305-5	Reduction of greenhouse gas emissions	Towards a carbon-neutral supply chain, Emissions reduction, Emissions overview	38-39, 40, 41	
306-1	Total weight of waste by type and disposal method	Waste streams	42	
306-2	Management of significant waste-related impacts	Waste streams	42	
306-3	Waste produced	Waste streams	42	
306-4	Waste diverted from disposal	Waste streams	42	
306-5	Waste directed to disposal	Waste streams	42	
307-1	Non-compliance with environmental laws and regulations	Not applicable		No fines or sanctions imposed on account of non-compliance with environmental laws and regulations.
401-1	Employee intake and turnover	Our DNA, Key workforce figures	7, 48	
403-2	Health and safety at work	Foundation for our HR policy	49-50	
404-1	Training and education	Foundation for our HR policy	49-50	
404-2	Programmes for improving the skills of employees	Foundation for our HR policy, Interview with Patricia van Putten	49-50, 51	
405-1	Diversity within governing bodies and staff	Key workforce figures	48	

# About this publication

This is the third edition of the Auping Corporate Social Responsibility Report.

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This report was written between April and August 2022 and covers the period from January 2021 to December 2021. We are committed to gender diversity and do not want to label people, things, or characteristics as 'male' or 'female', so as to make sure that everyone feels included. Wherever this report does inadvertently use the pronouns 'he' or 'she', we mean that in an inclusive way and while allowing differences between people.

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