

sleep  number.

2024

Corporate Sustainability Report

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2024 CORPORATE SUSTAINABILITY REPORT

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A letter from Shelly Ibach



To Our Stakeholders,

For nearly four decades, Sleep Number has placed sleep at the center of wellbeing. Guided by our purpose to improve the health and wellbeing of society through higher quality sleep, we have continually

advanced our award-winning Sleep Number® smart bed, expanded the possibility of connected physical and digital sleep solutions, and transformed into a dynamic, progressive wellness technology company. Our innovations have improved more than 15 million lives, and our proprietary longitudinal data is contributing to significant progress in sleep science, research and health.

As we seek to support individual and societal resilience through higher quality sleep, we are also executing plans to strengthen our Company's financial resilience in the face of rapid global change and uncertainty. This pursuit of profitable growth across a range of industry and economic cycles is closely aligned with our commitment, as detailed in this report, to continually advance our environmental stewardship, social programs, and governance practices, delivering benefit to all our stakeholders.

ENVIRONMENTAL

To accelerate the transition to a low-carbon economy, we are working to reduce the impact of our facilities, operations and products. We are also engaging with industry peers, supply chain partners and Sleep Number team members to invite their ideas on ways we can progress our environmental efforts. Our deliberate focus is delivering positive results.

- Through our commitment to mature our greenhouse gas measurement methodologies and enhance documentation for disclosure and reporting, we are increasing the efficiency of our fleet operations, optimizing miles per customer delivery and piloting the use of electric vehicles.

- We continue to refine operations across our regional fulfillment chain to profitably improve our environmental footprint. In our largest markets, we have enabled a more controlled flow of orders, replaced the need for daily shipments from our assembly distribution centers to delivery distribution centers and are maximizing truck utilization to reduce miles driven.
- We are building a material circularity capability to extend the useful life of Sleep Number components and reduce waste. In 2023, we established a dedicated team and invested in technology that will simplify and further expand the nature and scope of our material recovery in coming years.

SOCIAL

Our purpose inspires our collective passion for the advancement of social priorities that support our team members, consumers, community, suppliers and ultimately our shareholders.

- We are constantly striving to create and sustain a workplace culture of inclusion and belonging, grounded in our shared commitment to purpose and values. With our foundation of individuality and dedication to wellbeing, we provide a safe environment in which every team member can bring their authentic and whole self to work every day and feel empowered to reach their highest potential.
- We are steadfast in advancing sleep health through innovations that, informed by data and scientific expertise, benefit millions of individuals and contribute to the health and wellbeing of our society.
- Our team works closely with strategic partners at highly respected organizations to advance our contribution to our community. Together, we support quality sleep for military families, children, adults facing health challenges and families in transition through philanthropic and product donations. In addition, we actively engage our suppliers in committing to, and complying with, human rights, health and safety standards.

GOVERNANCE

Sleep Number has a longstanding record of strong corporate governance, grounded in the values, culture, policies and training that guide our business decisions. We are building on this record by proactively taking steps to strengthen oversight, controls and practices that reinforce our commitment to the highest standards of integrity and accountability. We believe strong corporate governance is vital to earning our stakeholders' trust and have set three priorities for 2024:

- Advancing compliance readiness for newly enacted and proposed state and federal disclosure rules;
- Developing internal systems to initiate reporting under the Task Force on Climate-related Financial Disclosures framework; and
- Enhancing the relevance and transparency of the Company's public disclosures and reporting process by aligning with globally and nationally recognized standards and frameworks.

Our commitment to move society forward – to become healthier, more equitable, and more resilient – demands continuous effort and improvement. Galvanized by the challenges and opportunities of our time, inspired by our purpose and emboldened by the passion of our team, we are determined to take responsible actions that contribute to a better future, deliver sustainable profitable growth and create superior value for all Sleep Number stakeholders.

Sleep well, dream big,

A handwritten signature in white ink that reads "Shelly Ibach".

**BOARD CHAIR, PRESIDENT,
CHIEF EXECUTIVE OFFICER, SLEEP NUMBER**

SLEEP NUMBER® SETTING 40
AVERAGE SLEEPIQ® SCORE: 82

At a Glance

Purpose, Mission, Vision, Individuality, Values



Our Environmental, Social and Governance (ESG) strategy is rooted in our Company purpose, supported by our culture of individuality and driven by our team's dedication to our mission and our values. We are deeply committed to doing the right thing and making the world a better place.

PURPOSE

Improve the health and wellbeing of society through higher quality sleep.

VISION

Become one of the world's most beloved brands by delivering an unparalleled sleep experience.

MISSION

Improve lives by individualizing sleep experiences.

FOUNDATION OF INDIVIDUALITY

We celebrate individuality in each other, in our own lives and in our customers' lives. We embrace every individual's unique talents, perspectives and experiences and strive to create an environment where we can be our best selves. Valuing diversity, equity and inclusion makes us stronger, smarter and fuels our innovation and teamwork. Individuality connects us to our vision of becoming one of the world's most beloved brands by delivering an unparalleled sleep experience.





Our Values

PASSION
for making a
difference and
improving lives:

We go above and beyond because we care.

We love representing our brand with our customers and in our communities.

We are the champions of sleep at the center of a healthy mind, body and soul.

INTEGRITY
to always do
the right thing:

We are empathetic and treat others with kindness and respect.

We are honest, fair and sincere.

We live our code of ethics every day.

INNOVATION
to find a
better way:

We live and breathe innovation.

We leave nothing to chance.

We see innovation everywhere and ours will help shape the future.

COURAGE
to embrace
change and
challenges:

We take risks, learn and adapt.

We are confident and take action.

We are resilient, persistent and fearless in our pursuit of excellence.

TEAMWORK
that celebrates
individuality
and the joy of
working together:

We are unstoppable when we work together.

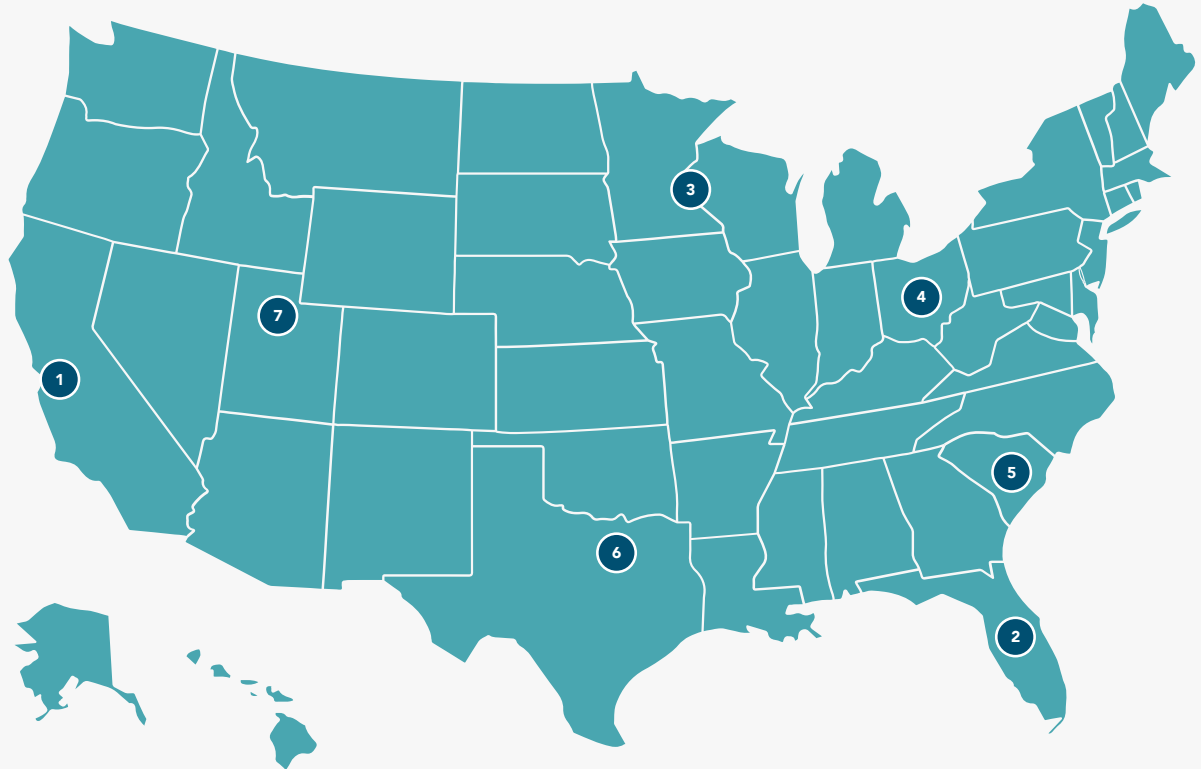
We laugh, learn and trust each other.

We are all individuals, and together ... we are Sleep Number.



Where We Operate

As of December 30, 2023, we operated 672 retail locations across the United States plus our corporate headquarters, Sleep Number Labs, a cut and sew facility, an advanced engineering and prototyping facility, a bedding collection fulfillment center and seven assembly distribution centers.



- AK** 1 Store
- AL** 10 Stores
- AR** 9 Stores
- AZ** 14 Stores
- CA** 74 Stores
Sleep Number Labs
Assembly Distribution Center **1**
- CO** 15 Stores
- CT** 7 Stores
- DC** 1 Store
- DE** 2 Stores
- FL** 47 Stores
Assembly Distribution Center **2**
- GA** 25 Stores
- HI** 2 Stores
- IA** 6 Stores
- ID** 3 Stores
- IL** 25 Stores
- IN** 13 Stores
- KS** 6 Stores
- KY** 9 Stores
- LA** 11 Stores
- MA** 11 Stores
- MD** 16 Stores

- ME** 3 Stores
- MI** 19 Stores
- MN** 16 Stores
Corporate Headquarters **3**
Assembly Distribution Center
- MO** 13 Stores
- MS** 6 Stores
- MT** 4 Stores
- NC** 23 Stores
- ND** 2 Stores
- NE** 5 Stores
- NH** 4 Stores
- NJ** 14 Stores
- NM** 4 Stores

- NV** 7 Stores
- NY** 22 Stores
- OH** 22 Stores
Assembly Distribution Center **4**
and Bedding Collection
Fulfillment Center
- OK** 6 Stores
- OR** 8 Stores
- PA** 26 Stores
- RI** 1 Store
- SC** 10 Stores
Cut and Sew Facility
Assembly Distribution Center **5**

- SD** 2 Stores
- TN** 17 Stores
- TX** 64 Stores
Assembly Distribution Center **6**
- UT** 9 Stores
Advanced Engineering and
Prototyping Facility
Assembly Distribution Center **7**
- VA** 20 Stores
- VT** 1 Store
- WA** 19 Stores
- WI** 12 Stores
- WV** 4 Stores
- WY** 2 Stores

Sustainability Priorities and Progress



At Sleep Number, our sustainability efforts are focused on aligning and integrating environmental stewardship and social progress with our pursuit of sustainable, profitable growth, an approach that benefits all stakeholders.

Sustainability considerations are included in:

- the way we design and manufacture our innovations,
- the products and services we offer our customers,
- the programs and opportunities we create to ensure the wellbeing of our team members,
- how we support the communities where we operate,
- the way we engage with our vendors, including suppliers and business partners, and
- the dialogue we have with — and returns we generate for — our shareholders.

We are dedicated to continually advancing our sustainability initiatives and incorporating them into our strategy, culture and operations. In addition, to deepen our learning of sustainability best practices, share knowledge with others and collaborate on solutions to complex sustainability issues, several Sleep Number leaders are actively engaged members of sustainability industry councils, advisory boards and practitioner alliances.

Highlights of our company-wide efforts include:



GOVERNANCE	SOCIAL	ENVIRONMENT
Develop internal systems to initiate reporting under the Task Force on Climate-related Financial Disclosures (TCFD) framework	Advance team member belonging and inclusion and improve team member wellbeing, health and safety	Mature greenhouse gas (GHG) measurement methodologies and enhance documentation for disclosure and reporting
Advance cross-functional compliance readiness for new and proposed ESG disclosure rules	Focus on Sleep Health Science and Innovation to benefit individuals and society	Refine business operations across fulfillment chain to profitably improve environmental footprint
Enhance Company's public ESG disclosures	Engage suppliers on commitments to and compliance with human rights, health and safety standards	Build material circularity capability to extend useful life of Sleep Number® components and reduce waste



Sleep Number is committed to the standards of the United Nations Sustainable Development Goals (SDGs). Though not a current member of the United Nations Global Compact, we leverage the SDGs as a blueprint to achieve a better and more sustainable future. While some of Sleep Number's environmental, social and governance efforts may support and advance other SDGs, our current initiatives and priorities align most closely with the eight SDGs identified in the table below:



Ensure healthy lives and promote wellbeing for all at all ages

OUR WORK:

- [Purpose, Mission, Vision, Individuality, Values](#)
- [Our People](#)
- [Our Community](#)



Achieve gender equality and empower all women and girls

OUR WORK:

- [Our People](#)
- [Board/Leadership/Team Member Demographics](#)



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

OUR WORK:

- [Human Rights Policy](#)
- [Our People](#)
- [Our Community](#)
- [Our Suppliers](#)



Reduce inequality within and among countries

OUR WORK:

- [Our People](#)
- [Our Community](#)
- [Our Suppliers](#)



Make cities and human settlements inclusive, safe, resilient and sustainable

OUR WORK:

- [Our Community](#)
- [Climate and Energy](#)
- [Material Circularity](#)



Ensure sustainable consumption and production patterns

OUR WORK:

- [Product Quality & Safety](#)
- [Our Suppliers](#)
- [Climate and Energy](#)
- [Material Circularity](#)



Take urgent action to combat climate change and its impacts

OUR WORK:

- [Climate and Energy](#)
- [Material Circularity](#)



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

OUR WORK:

- [Purpose, Mission, Vision, Individuality, Values](#)
- [Governance](#)
- [Our Community](#)

Recognizing the importance of good governance in adopting and integrating social and environmental strategies, we start our corporate sustainability reporting with a description of our governance approach.

Governance



Our Governance Approach

Our Board includes 12 members and four standing committees:

- Audit Committee,
- Management Development and Compensation Committee,
- Corporate Governance and Nominating Committee, and
- Capital Allocation and Value Enhancement Committee.

We have an independent Lead Director and independent Board committees to enhance the Board's oversight. For a comprehensive overview of our Board's corporate governance practices, please refer to our [Corporate Governance Principles](#).

Our 12 Board members are diverse and experienced. Our director selection and nomination process specifically includes consideration of diversity, including gender identity, race, ethnicity, age, sexual orientation, educational and professional experience and differences in viewpoints. The Corporate Governance and Nominating Committee considers director candidates in the context of the Board's overall composition, including whether the Board has an appropriate combination of professional experience, skills, knowledge and variety of viewpoints and backgrounds in light of the Company's current and expected needs. Our current directors have

a balanced mix of tenure and deep executive-level experience in consumer products, digital technology, consumer health, finance and capital allocation, research and innovation, direct sales and healthcare. Of our 12 directors, six self-identify as women, three as ethnically diverse and one as LGBTQ+, as publicly disclosed in our [Board Diversity Matrix](#).

Our governance documents include shareholder-friendly provisions such as a majority voting standard for uncontested director elections, shareholders with 10% of the outstanding shares can call special meetings, and charter amendments can be made by majority vote (with the exception of amending the classified board structure or approving mergers if not also approved by 2/3 of the Board). Our governance documents also seek to align the Board's and executives' interests with shareholders through our stock ownership guidelines and pay-for-performance compensation plans.

For more information on corporate governance at Sleep Number, please see our [Investor Relations](#) website and our 2024 Proxy Statement, which is expected to be made available to our shareholders and posted on our Investor Relations website in April 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) OVERSIGHT

Responsibility for ESG performance starts at the top with our management team and Board. Sleep Number's management team is responsible for leading and executing our ESG strategy, initiatives and results, and engages with the entire Board and with Board committees in ESG discussions annually, quarterly and on an interim basis, as appropriate. The full Board maintains ultimate oversight of the Company's strategy, including policies and practices with respect to risk assessment, risk management and our ESG program. Our financial goals, investments and decisions incorporate Sleep Number's commitment to ESG initiatives and are designed to deliver sustainable, profitable performance over time. Each year, the entire Board engages in a dedicated session that covers key ESG trends as well as specific ESG initiatives that we recently completed, are exploring or are actively pursuing. On matters related to information security, management briefs our Board or Audit Committee at each quarterly meeting and on an interim basis, as needed, on cybersecurity and privacy. In addition, we have created a team with cross-functional leader representation that is focused on documenting internal controls and ensuring a sustainable, auditable and repeatable process for cybersecurity readiness.

Our Governance Approach



Other ongoing Board ESG discussions include:

- Environmental impacts, such as those related to climate and energy, material circularity and waste.
- Social matters and talent management initiatives, such as team member engagement and belonging, wellbeing and community involvement.
- Governance and audit topics, such as succession planning, board composition, executive compensation, cybersecurity, enterprise risk assessment and risk management, corporate policy development, internal controls and investor outreach.

Three of our Board committees have specific oversight roles over aspects of our ESG strategy and receive quarterly updates from management on the ESG topics as follows:

- The Audit Committee oversees our internal audit function and processes as well as our enterprise risk assessment and risk management, including financial risks, information security and cybersecurity risks, the Team Member Code of Business Conduct and internal controls over financial reporting.
- The Corporate Governance and Nominating Committee oversees our corporate governance principles and Board succession process. We have for many years maintained exemplary [Corporate Governance Principles](#), which govern the Board, its committees and our executive officers and team members in the conduct of our business and affairs. This Committee also has oversight responsibility for the Company's ESG policies, practices and reporting, including benchmarking the Company's ESG work against relevant indices.
- The Management Development and Compensation Committee oversees compensation policies and practices and organizational talent and development, including executive compensation and Sleep Number's objectives and programs for human capital management such as initiatives focused on diversity, equity, inclusion and belonging, learning, retention, engagement and wellbeing.

In keeping with our longstanding record of strong corporate governance, Sleep Number is

proactively taking steps to ensure readiness to comply with new state climate disclosure laws and the proposed Securities Exchange Commission (SEC) climate disclosure requirements, when enacted. Actions include measurement of Scopes 1 and 2 greenhouse gas (GHG) emissions and ongoing assessment of Scope 3 GHG emissions, increasing our readiness to report under the [Task Force on Climate-related Financial Disclosures](#) (TCFD) framework and activation of an internal cross-functional team that is documenting internal controls and creating a sustainable, auditable and repeatable process.

ALIGNMENT WITH INDUSTRY-LEADING REPORTING FRAMEWORKS

Sleep Number is committed to publicly and consistently reporting on our ESG priorities and performance. We utilize the following globally and nationally recognized standards and frameworks to ensure we are transparent and relevant in our public reporting process:

[GRI Standards](#): We continue to align with the Global Reporting Initiative (GRI) Standards as a basis for disclosure. GRI Standards reflect global best practices for sustainability reporting and help businesses, governments and other organizations communicate their impact on ESG issues. This 2024 report represents our third consecutive year of reporting in line with these standards.



Our Governance Approach

SASB Index: The Sustainability Accounting Standards Board (SASB) aims to provide information and insights that are consistent within the industry and useful to investors for decision-making. Sleep Number reporting reflects alignment with the SASB Multiline and Specialty Retailers & Distributors Industry Standards. This 2024 report represents our third consecutive year of reporting under the SASB Index.

CDP Survey: CDP (formerly the Carbon Disclosure Project) is a non-profit organization that enables companies, governments and other entities to publicly disclose detailed information annually related to their environmental impacts. Sleep Number has completed the CDP Survey in each of the past two years.

TCFD: In this 2024 report, Sleep Number includes its inaugural reporting under the Task Force on Climate-related Financial Disclosures (TCFD), now under the auspices of the International Financial Reporting Standards (IFRS) Foundation. The TCFD framework was developed to help public companies and other organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes — including Governance, Strategy, Risk Management and Metrics & Targets.

PRIVACY

Sleep Number is committed to respecting and supporting our customers' privacy and understands the importance of trust and

transparency in use of our customers' personal data. Our [Privacy Policy](#) describes how we collect, use and disclose the personal data that our customers share with us. We also enable customer choice with respect to their personal data. Sleep Number Smart Sleepers can choose to limit the sleep data that they share with us by turning on "Privacy Mode" in the Sleep Number® app at any time. In addition, all customers can request to access, delete or correct certain types of personal data, and can request to opt out of certain types of data sharing through our [Sleep Number Privacy Request portal](#).

All Sleep Number team members are responsible for protecting the privacy of the personal data that we collect. Team members receive annual privacy training and must comply with internal policies that set standards for the access and use of personal data. Sleep Number also has a dedicated Privacy Team that monitors changes in the legal landscape and works cross-functionally to build privacy practices that meet the expectations of our customers and comply with applicable legal requirements. The Sleep Number Privacy Team utilizes a Privacy Impact Assessment process to ensure that when we process personal data, we do so consistent with our Privacy Policy and with appropriate privacy protections. Our Chief Legal and Risk Officer is responsible for our privacy compliance function. The full Board oversees privacy and receives an annual detailed report on the Company's privacy program in addition to interim updates on any significant and material developments to the privacy program.

CYBERSECURITY

Sleep Number uses a "defense in depth" approach for our cybersecurity risk management program to secure company and customer information, employ layered mechanisms to protect systems and data while leveraging industry-leading technologies and frameworks (e.g., ISO 27002, NIST). All team members receive dedicated cybersecurity awareness training annually, and the Company conducts monthly phishing simulation testing and other cybersecurity awareness campaigns (e.g., intranet articles, cybersecurity awareness month). In addition, the Company maintains cybersecurity risk insurance. Ultimate operational responsibility for our cybersecurity function lies with the Chief Information Officer (CIO). At the Board level, the Audit Committee is formally tasked with assisting the full Board in overseeing information security systems, including cybersecurity, and reporting to the Board with respect to significant and material developments or proposed changes as specified in its charter.



Commitment to Ethical Business Practices and Legal Compliance



Laws and regulations touch all aspects of our business — from how we make, market and sell our products to how we disclose our financial results and from how we treat one another to how we do business with third parties.



"At Sleep Number, we strive for excellence in our governance and operations. Our values, culture, policies and training guide our business decisions and reinforce our goal of acting in accordance with the highest standards of integrity."

Sam Hellfeld, Executive Vice President, Chief Legal and Risk Officer and Secretary, Sleep Number® setting 65

Sleep Number expects strict adherence to the letter and the spirit of all laws applicable to the conduct of our business. We have a [Code of Business Conduct](#) provided to all team members, which instructs team members to identify and strive for compliance with applicable laws, engage in ethical and safe conduct in our work environment, avoid conflicts of interest, conduct our business with integrity and high ethical standards and safeguard our Company's assets. Annually, each team member is required to complete training and acknowledge their commitment to this Code. The annual Code

training includes information security training for all team members, encompassing topics such as cybersecurity awareness, with more in-depth information security training for headquarters and Sleep Number Labs team members.

Our Code of Business Conduct directs team members who observe or suspect unethical or illegal behavior to report it to their management, Human Resources or our Chief Legal and Risk Officer. We also offer a confidential Business Abuse Hotline for team members. The hotline is operated by an independent third-party service to ensure confidentiality and 24-hour accessibility. On a quarterly basis, management provides the Audit Committee of our Board of Directors with a detailed update on any and all reported concerns and shares corresponding mitigation plans and actions, demonstrating our accountability and governance practices.

We train our team members on our equal employment opportunity, anti-harassment and standards of conduct policies to foster a culture of diversity, inclusion, dignity and respect, and ensure adherence to our high standards of integrity. As part of a larger strategy to bolster our compliance and prevention efforts related to bribery and corruption, we conduct annual training in key functions where team members

may interact with foreign entities and officials, increasing their vulnerability to Foreign Corrupt Practices Act (FCPA) issues. Members of the Supply Chain Team, including Direct Materials Sourcing and Indirect Sourcing, and members of the Innovation Team, including the Bedding Department, are among those who participate in this focused training which includes how to identify and refuse bribery or "agent" payments.

Sleep Number expects our suppliers and third-party business partners, collectively our vendors, to uphold high standards of business integrity, reputable business practices and sound ethical judgment. To ensure all of our vendors are aware of their responsibilities, we provide our [Code of Business Conduct for Vendors](#) to all active vendors, including business partners and suppliers of goods and services. This Code articulates our expectations for performance that align with Sleep Number's Code of Business Conduct for its team members and describes our rights to monitor and enforce vendor compliance.

Commitment to Ethical Business Practices and Legal Compliance



The Code of Business Conduct for Vendors contains provisions that explicitly address vendor responsibilities related to:



Labor and Human Rights, including fair treatment of workers, nondiscrimination in hiring and employment practices, strict prohibition of underage and involuntary labor and human trafficking, respect for freedom to associate, fair and timely compensation and encouraging workers to speak up — to report questions, concerns, suggestions or complaints;



Health and Safety, including training, injury prevention and workplace environment, such as safeguards from physical hazards, access to potable water and sanitary facilities, fire safety and adequate lighting and ventilation;



Environmental Issues, including compliance with environmental laws, rules and regulations related to hazardous substances, conflict minerals, waste disposal and recycling, as well as adoption of initiatives and programs to reduce and conserve natural resources; and



Legal and Ethical Practices, including compliance with the principles described in our Code of Business Conduct for Vendors, which is a condition of doing business with Sleep Number. We ask our suppliers to agree, in writing, to the terms and conditions of our Code of Business Conduct for Vendors.

In addition, we leverage our contracts with vendors and suppliers to underscore our expectations of business integrity, incent appropriate behaviors and enforce compliance with our Code. For example, the contractual terms that are applicable to the vast majority of Sleep Number suppliers include language that requires each supplier to represent and warrant “that it will, at all times, comply with the Code of Business Conduct for Vendors as may be amended from time to time.”

Commitment to Ethical Business Practices and Legal Compliance



HUMAN RIGHTS

Our values of Passion, Integrity, Innovation, Courage and Teamwork are our compass and guide our decisions. We expect Sleep Number team members, our vendors and suppliers — all key stakeholders in the implementation of our [Human Rights Policy](#) — to act with the highest ethical standards and to treat others with respect every single day. Their conduct should be in accordance with standards set forth in our Code of Business Conduct, our Team Member Handbook, our Code of Business Conduct for Vendors, the expectations of the United Nations Sustainable Development Goals (SDGs), and the principles detailed in our Human Rights Policy. Our enterprise-wide commitment to human rights, which is overseen by the Sleep Number Board of Directors and the Executive Leadership Team, includes a clear commitment to seek to adhere to international standards, including the SDGs and the International Bill of Human Rights through documented policies around the following principles:

- Child labor restrictions;
- Equal opportunity and nondiscriminatory practices;
- Prohibition of human trafficking, slavery and forced labor;
- Adherence to wages and working hours regulations;
- Respect of the right to freedom of association and collective bargaining without fear of retaliation or termination; and
- Supplier engagement on all human rights commitments to build compliance with our expectations for performance and to promote safe and secure working environments for all workers.



These principles provide guidance to ensure that our business practices and processes support our commitment to human rights and that our team members and vendors understand their role in — and responsibility for — upholding human rights and equality in the workplace. No Sleep Number team member or vendor should ever be complicit in human rights abuses or ethical violations of any kind.

Commitment to Ethical Business Practices and Legal Compliance



CONFLICT MINERALS

Consistent with our Human Rights Policy, we support the aims of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which is commonly referred to as the Conflict Minerals Rule. The law requires publicly traded companies who use gold, tantalum, tin and tungsten minerals (known as 3TG) in products manufactured or contracted to be manufactured by such companies to report annually to the Securities and Exchange Commission whether the 3TG used in their products originates from the Democratic Republic of the Congo (DRC) or a neighboring country (Covered Countries), where armed groups exploit the mining and trade of 3TG to help finance conflict in the region.

Sleep Number strives for responsible sourcing of 3TG metals. We do not directly source 3TG from mines, smelters or refiners, and our [Conflict Minerals Policy](#) clearly communicates our expectations to suppliers who provide materials to us that may contain 3TG. In addition, our Code of Business Conduct for Vendors makes clear that vendors' subcontractors also will not use conflict minerals whose obtainment is linked to human rights violations.

As further described in Sleep Number's [Conflict Minerals Report](#), a cross-functional team of subject matter experts from relevant functional areas of the Company, including sourcing, legal, and product compliance, perform a reasonable country of origin inquiry designed to determine if any 3TG necessary to the functionality and production of our products may have originated in the Covered Countries. The internal team then engages with members of the supply chain and our direct suppliers to understand and report on our conflict minerals risks and opportunities throughout our supply chain.

POLITICAL CONTRIBUTIONS

Sleep Number does not use corporate funds for contributions to political campaigns. We may, however, indirectly engage in political advocacy activities through payments to organizations whose activities include lobbying and contributions to candidates and through payments to tax-exempt groups, including trade associations. During 2023, Sleep Number paid approximately \$23,000 to the Minnesota Business Partnership and \$131,000 to the International Sleep Products Association (ISPA).





Stakeholder Engagement

Our management team and Board of Directors maintain a deep commitment to strong corporate governance. Engagement with, and accountability to, our stakeholders — including team members, customers, suppliers and shareholders — are cornerstones of this commitment.

MATERIALITY ASSESSMENT

In 2022, we conducted our first ESG Materiality Assessment to identify sustainability issues of importance to our stakeholders and gain insights we can use to guide our ESG strategy and communication going forward. Our assessment process leveraged expertise from an external consultant and included the following phases:

Research: We identified a list of material topics and defined our stakeholder groups through extensive desk-based research and examination of international reporting frameworks and standards. Material topics included:

GOVERNANCE	SOCIAL	ENVIRONMENT
<ul style="list-style-type: none"> • Ethics and Compliance • ESG Leadership • Supply Chain Accountability • Data Privacy and Security • Risk Management • ESG Strategy Integration 	<ul style="list-style-type: none"> • Health, Wellbeing and Safety • Human Rights • Community Engagement • Product Quality • Product Safety 	<ul style="list-style-type: none"> • Waste Management • Energy Management • Transportation Management • Supply Chain Emissions • Materials Sourcing/Product Design • Life Cycle Impact of Products • Impact of Climate Change

Survey: We designed and administered surveys to internal and external stakeholders, with questions focused on understanding the ESG topics and issues stakeholders view as most important to Sleep Number. Approximately 4,000 customers, suppliers representing over 90% of our direct materials spend, and the majority of our Operating Team leaders representing all Company departments responded and ranked the issues of greatest importance.

Analyze and Communicate: We evaluated the survey results and reviewed them with our Management Team and Board.

Prioritize: Results validated our Governance focus on Data Privacy and Security, among other topics, and our Social commitments to Health, Wellbeing and Safety and Human Rights. With respect to the Environmental topics, survey results underscored the importance we have placed on measuring and reducing emissions from our operations and throughout our value chain, in addition to highlighting the opportunity for greater industry partnership to address issues such as the life cycle impact of products.

We maintain an active shareholder engagement program that facilitates open channels of communication and aims to foster relationships with our shareholders to drive sustainable, long-term growth and shareholder value. As part of our engagement program, members of our Board and Management Team meet with shareholders, in person, by phone or via video conferencing, to discuss strategy, governance, performance and other matters of shareholder interest. In 2023, we engaged with large institutional shareholders on key ESG topics, such as privacy and cybersecurity, and integrated their feedback.

Stakeholder Engagement



In addition, Sleep Number management also actively seeks feedback from — and regularly engages with — stakeholders, including team members, customers and suppliers, throughout the year.

- To maintain a clear understanding of our team members' needs, Sleep Number utilizes a continuous listening strategy that we have continued to refine for nearly 20 years, proactively seeking team member feedback throughout their tenure with Sleep Number ([Engagement](#)).
- We engage with customers in a variety of ways and regularly invite their feedback regarding their experience with Sleep Number. In addition to in-person interactions in our stores, online chat and phone conversations, we continued to survey customers in 2023 to measure their satisfaction at each stage of their purchase, delivery, service and ownership experience and likelihood to recommend

Sleep Number® products and services (Net Promoter Score or NPS). Survey scores are carefully monitored and customer input is used to identify opportunities for strategic improvements in our products and services.

- To build and strengthen relationships with suppliers, we have regular touchpoints with suppliers that include online training sessions, top-to-top discussions, normal course-of-business interactions, informal visits and formal audits. We also maintain an online portal as a resource for our suppliers to obtain critical information for partnering with Sleep Number ([Our Suppliers](#)).

To gain further understanding and insight about the ESG issues that matter most to our stakeholders and business, we will continue to gather stakeholder input in 2024 and beyond, and incorporate feedback as we advance our ESG initiatives.

Social



Our Social Approach

Sleep Number's purpose is to improve the health and wellbeing of society through higher quality sleep. For nearly four decades, we've been committed to meaningful innovations that are changing society's understanding of how quality sleep positively influences wellbeing. We celebrate individuality in our customers' and team members' lives. We embrace every individual's unique talents, perspectives and experiences and strive to create an environment where we are our best selves.

Sleep Number has integrated fundamental principles of human rights, respect for individuality and a passion to improve the health and wellbeing of society through higher quality sleep into our strategy and operations. We take seriously our responsibility to our stakeholders, including [Our People](#), [Our Consumers and Brand](#), [Our Community](#) and [Our Suppliers](#), and are tireless in our efforts to advance social sustainability goals.

Our People

"With a company purpose centered on health and wellbeing, our 4,145 team members are passionate about contributing to the economic, social and environmental sustainability of the communities where they live and work. Every day I am inspired by their positive energy and effort, and their commitment to each other and society."

Chris Krusmark, Executive Vice President,
Chief Human Resources Officer,
Sleep Number® setting 55

We are constantly striving to create and sustain a workplace culture of inclusion, grounded in our shared purpose and values — where the unique talents, perspectives and experiences of all our Sleep Number team members are valued, and all are treated equitably and with respect. By appreciating each other and prioritizing wellbeing, we create an environment in which every team member has a strong sense of belonging, can bring their authentic and whole self to work every day and is empowered to reach their highest potential.



Empowering and Engaging Our People

Through our focus on belonging, wellbeing and continuous listening, our cultural practices reinforce the importance of authentic experiences. These efforts help us empower and engage our current team members as well as attract and retain future talent.

BELONGING

While Sleep Number has embraced a culture of inclusion for decades, we have intensified our commitment to Diversity, Equity and Inclusion (DEI) and accelerated implementation of initiatives within our strategy. Our Board of Directors, Chief Executive Officer and Executive Leadership Team set the tone, modeling inclusive behaviors and attitudes and consistently reinforcing their importance to the broader organization.

Our approach to DEI is designed to embrace different perspectives, cultivate and sustain an inclusive environment and empower our team members to be their best selves. To help us achieve our commitment to inclusion and belonging, we pursue and promote programs and initiatives that advance our focus on People, Culture and Impact.

"The potential to collectively enhance our culture and infuse inclusive principles is infinite because of our wonderful people and because we are a company that is centered on wellbeing."

Whitney B., Director of Diversity, Equity and Inclusion,
Sleep Number® setting 35

Empowering and Engaging Our People



"It's so great to be able to share more about myself, both personally and professionally, with people here and figure out what our differences are that make us stronger, that make us better. Then, being able to talk about some of our shared experiences from a mental health perspective and how we can be stronger as a group together and also share resources."

Devan K., Director, Governance, Risk and Compliance, Sleep Number® setting 70

PEOPLE

Our goal is to attract and retain a workforce that reflects the diversity of our communities. Across Sleep Number, we champion our [values](#) and strive to inspire supportive environments by demonstrating inclusive behaviors through our everyday interactions.

Sleep Number supports eight employee-led groups, known as Team Member Resource Groups (TMRGs): Armed Forces Support Community, Black Inclusion Network, Mental Health Allies, Pride Alliance Network, Sleep Number Women's Network, Women in Manufacturing, Women In Tech, and the Young Professionals Network. Grounded in shared interests — as well as a desire to nurture a welcoming environment for all and offer opportunities that encourage leadership growth, accountability and increased engagement — our TMRGs provide space for everyday belonging and solace, support and connection during difficult times. All of our TMRGs are open and inviting of every team member's participation in solidarity and allyship.

In recognition of the heightened challenges and pressures we are all experiencing, related to social, economic, technological, environmental and geopolitical developments, we have deepened our focus on team member mental and emotional health and increased resources to improve resilience in the face of rapid global change. In partnership with the DEI Team, our Sleep Number Women's Network developed a Resiliency

Workshop to share real experiences, build effective action plans and create a comprehensive toolkit for moving forward with hope after stressful events. Our CEO, Shelly Ibach, and the co-chairs of our Mental Health Allies Resource Group shared with team members the challenges they have encountered and the ways they have navigated feelings of isolation to achieve their desire for closer connections. And, our DEI Team participated in panel discussions and workshops centered on leading inclusively through crisis, resiliency and health equity.

In addition, to encourage continual acceptance and better accessibility to resources, our Pride Alliance Network created a guide and hosted a series of open houses to support team members.



Team members gathered and Sleep Number helped sponsor the Twin Cities LGBTQ+ Pride March, which is always free for community members to attend.

Empowering and Engaging Our People



CULTURE

Our 4,145 Sleep Number team members are at the heart of our culture and disciplined execution of our consumer innovation strategy. Our goal is to advance our culture of inclusion where every individual belongs and can dream big.

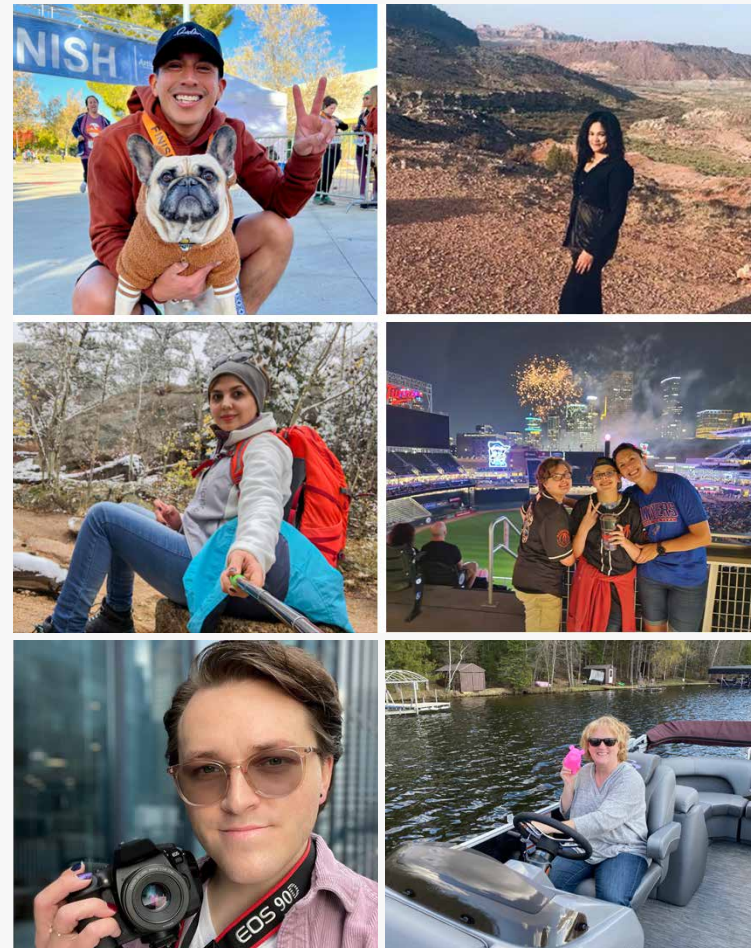
We encourage storytelling that reflects the world around us and helps us feel more connected to our fellow team members. We want our team members to bring their authentic selves to work and share meaningful stories from their lives — in their own words — in our People of Sleep Number, Family of Sleep Number and Be Well spotlights.

In addition, in 2023 we introduced our DEI Newsletter, which provides a platform for amplifying team member stories, highlighting Team Member Resource Groups, celebrating milestones and providing resources to support understanding and learning.

Our cross-functional team member-led DEI Council, established in 2020, released a Global Diversity Calendar in 2023 to spark interest in heritage celebrations, community organizations and social impact opportunities. The Council also created a campaign on how to navigate challenging conversations in a variety of scenarios.

We reinforce our commitment to an inclusive culture by ensuring an environment of psychological safety and respect — encouraging our team members to share innovative ideas, acknowledge mistakes and take thoughtful risks with confidence. Our Leadership Development program includes this important topic in the yearlong Essentials program ([Learning and Development](#)), designed to strengthen leadership capabilities such as communication, emotional intelligence and psychological safety, and

help leaders build trusted peer-to-peer relationships across the Company. A subset of our leaders were offered an optional Seminar Series on psychological safety and more than a quarter of these leaders voluntarily attended the seminars. The topic of psychological safety is also included in online training through Workday®, which is available to all team members, and was completed by nearly 1,800 team members in 2023.



Empowering and Engaging Our People



IMPACT

Our focus on attracting and retaining a workforce that reflects the diversity of our communities — and on advancing our culture of inclusion and belonging — is designed to drive results, including enabling team members to pursue and achieve their goals, inspiring innovation that supports our company purpose of improving the health and wellbeing of society through higher quality sleep and delivering exceptional financial performance and growth.

To hold ourselves accountable and make continuous improvement toward our goals, we regularly measure our progress and impact

and proudly share detailed [Team Member Demographics](#) annually in this report.

In our 2023 Engagement Survey, our team members expressed strong favorable results on inclusion indicators, such as:

- 82% Receive high recognition
- 79% Connect to Company goals
- 70% Feel supported

Additionally, our most recent Inclusion Index Survey results revealed that Sleep Number continues to rank equal to or better than national benchmarks on inclusion. Equally important, our

high inclusion favorability scores were consistent across all reported diversity dimensions, including race, gender and generations.

- 84% Connect with manager
- 77% Bring full self to work
- 77% Agree my organization actively takes steps in encouraging diversity
- 67% Feel valued and respected

By listening to our team members and measuring our progress, we continue to evolve our strategy and priorities to sustain a workplace that is reflective of the diverse interests and needs of all team members and the customers we serve.

Inclusion Index Survey Statements: Team Member Word Cloud

Sleep Number is open to different points of view

If I work hard, I can get ahead at Sleep Number

My career will advance as Sleep Number grows

I see how my work connects to larger Sleep Number goals

The leadership at Sleep Number has a compelling vision for the future

I believe I can accomplish more at Sleep Number than I can somewhere else

If I do good work, it will be recognized

Sleep Number is a place for people like me

There is a strong sense of teamwork at Sleep Number

My organization supports me when I make mistakes

Sleep Number is a cool place to work

My job is important

I see a career path for me at Sleep Number

My manager tells me when I do a good job

I have a genuine connection with other members of my team

It is easy for me to bring my full self to work

My organization actively takes effective steps in encouraging diversity

At Sleep Number, I feel valued and respected for my diverse ideas, perspectives and background



Empowering and Engaging Our People

DEI STRATEGY OVERVIEW – PEOPLE, CULTURE, IMPACT

Attracting and Hiring Diverse Talent

Our brand and value proposition — and cultivation of strategic partnerships — help us source, attract and retain diverse talent, starting with our Board. Of our 12 Board members, six self-identify as women, three as ethnically or racially diverse, and one as LGBTQ+. Forty-two percent of our [team members](#) are ethnically or racially diverse and 40 percent are women.

Team Member Connection

Team member-led groups are driving awareness and creating additional momentum around DEI initiatives and priorities across the organization. In 2023, we strengthened team member connection through existing and newly established groups and networks, including:

- Armed Forces Support Community
- Young Professionals Network
- Women in Manufacturing
- Black Inclusion Network
- Pride Alliance Network
- Mental Health Allies
- **NEW:** Women's Network
- **NEW:** Women in Tech Resource Group

New initiatives on the horizon include a mentoring program, belonging and inclusion dashboards and a broader range of inclusive workshops.

DEI Leadership, Accountability and Transparency

Our enterprise DEI strategy and initiatives are guided and advanced through the combined efforts of our Chief Human Resources Officer, DEI Director, DEI Advisory Committee (comprised of senior company leaders) and DEI Council (formed in 2020 with diverse team member representation). To hold ourselves accountable to progress on our diversity and belonging priorities, we maintain, review and regularly communicate practices and policies, including our Team Member Code of Business Conduct, Non-Harassment Policy, and Equal Employment Opportunity (EEO) Policy. In addition, detailed team member demographics are provided annually in this report.

Awareness

Through Workday® capabilities we enable team members to provide self-identification details including pronouns, sexual orientation and military status. Team members can choose to keep their self-identification information confidential within the Workday system or share it with their Sleep Number colleagues, if desired.

Our new enhanced intranet further promotes connection and belonging for all team members. Through celebration of inclusive internal programming and monthly DEI newsletters, we continue to bring greater awareness, understanding and appreciation of our team's individuality and unique backgrounds and talents.

Education and Development

We are committed to providing equitable learning and development opportunities to all team members with real-time access to learning through technology ([Learning and Development](#)). Our individualized learning library for all leaders and team members is part of our Learning Management System (LMS), which contains more than 150 available courses, including a focus on diversity, equity, inclusion and belonging.

Strategic Partnerships

Sleep Number remains actively engaged with organizations and community initiatives designed to provide professional opportunities to underrepresented populations, including women and the BIPOC (Black, Indigenous and People of Color) community. Through sponsorship of events and ongoing cultivation of strategic partnerships throughout our communities, we advance equity and create a diverse team and culture of belonging at Sleep Number.

Empowering and Engaging Our People



WELLBEING

At Sleep Number, wellbeing is more than a program or a catchphrase. It is a movement, a business enabler and a talent strategy that reinforces our purpose and strengthens our Company. It is core to our purpose, our team's strong engagement and our innovation leadership. It permeates our enterprise strategy and underlies our profitable growth — which is why we intentionally, holistically and continuously advance our wellbeing efforts.

With sleep at the center, our culture supports the wellbeing of our team members across the pillars of physical, emotional, financial, community and career, and connects their work to the Sleep Number mission and goals.



Our wellbeing efforts are guided by the following principles:

- Strive for lifelong health and wellness for all team members through sustainable behavior change.
- Ensure a holistic, accessible approach that values individuality, diversity, equity, inclusion and belonging.
- Strengthen our ability to attract, engage, motivate and retain a thriving workforce.
- Listen and connect authentically with team members about their total self.
- Weave wellbeing into our culture, modeled from the top.

Empowering and Engaging Our People



Team Member Smart Bed Benefit:

Because the wellbeing of our team members is of paramount importance, since November 2020 we have offered all team members a new Sleep Number® smart bed. In fact, the majority (92%) of our team members told us in our 2023 Engagement Survey that their sleep quality has improved since receiving their Sleep Number® smart bed. We also offer team member discounts on additional Sleep Number smart beds and other products that help to deliver the benefits of life-changing sleep and demonstrate the importance we place on team member wellbeing.

Surrounding this core belief in quality sleep is our commitment to infuse wellbeing in our team members' physical and emotional health as well as their financial, community and career health.

In 2022, we founded the Sleep Number Team Member Support Fund as a way for Sleep Number team members to provide financial assistance to their work colleagues who may be recovering or rebuilding after a personal crisis, hardship or natural disaster. Administered by E4E Relief, this fund is backed by the generosity of fellow team members through their tax-deductible charitable donations. In 2023, they contributed more than \$32,000 to help their teammates in need. Since its founding in 2022, the fund has provided assistance to 67 qualified applicants, who each received a minimum of \$500 in financial assistance grants.

Reflective of our desire to maintain a strong team member value proposition and in recognition of the increasingly competitive environment for talent, we regularly review our [Total Rewards](#).

"One of the biggest differences I've noticed is the change in my sleep quality. Healthy habits, paired with the benefits of my smart bed, have improved my average SleepIQ® score."

Eric Z., Sr. Inventory Analyst, Irmo, SC, Sleep Number® setting 80



Empowering and Engaging Our People



ENGAGEMENT

As a purpose-led company, Sleep Number attracts and retains people who want to make a difference, appreciate that wellbeing and belonging are enterprise priorities and are fulfilled by the work they do every day. To maintain a clear understanding of our team members' needs, Sleep Number utilizes a continuous listening strategy that evolves

and improves each year, proactively seeking team member feedback — beginning with the onboarding process and continuing through ongoing check-ins and engagement surveys throughout team members' tenure with Sleep Number.



Our annual Engagement Survey measures Commitment, Effort and Inspiration. In 2023, 83% of team members completed our Engagement Survey, with:

75%	92%	66%
reporting High Commitment	giving High Effort	Feeling Inspired

Based on these results, Sleep Number performance is best-in-class for Effort, above average benchmark for Commitment Intensity, and equal to average benchmark for Inspiration. Overall Experience of Sleep Number team members surveyed was also at the average benchmark, reflective of our strong culture.

Supporting and Rewarding Our People



Attracting, motivating, developing, engaging, rewarding and retaining the right talent is critical to Sleep Number's success, and providing an exceptional team member experience and ample opportunities for professional learning and advancement are paramount to team member engagement.

Through our team member continuous listening strategy, we have learned that greater clarity about career growth, development and advancement is important to our team members. So, we have prioritized the wellbeing pillar of Career, focusing team member attention on three areas:

- How to grow in their role;
- How to grow in their career; and
- How to grow as a leader.

LEARNING AND DEVELOPMENT

Over the past two years, we have been actively transforming our training team into an enterprise learning and leadership development organization to create holistic, scalable and equitable learning opportunities for all team members. Our evolution includes:

- The adoption and integration of new learning operations.

- Enhanced data-driven and predictive analytics.
- The incorporation of behavior-based competencies to support development.
- The continued build-out of our current multi-level learning strategy, with deep functional and technical training paths and customized training programs for different areas of Sleep Number.

Our programs:

- Support product knowledge, role effectiveness and cultural awareness.
- Provide equitable and accessible learning and development opportunities to all Sleep Number team members.
- Offer training designed to boost capability and productivity by enhancing competencies, skills and experiences.
- Empower team members to invest in their learning and professional growth.

Supporting and Rewarding Our People



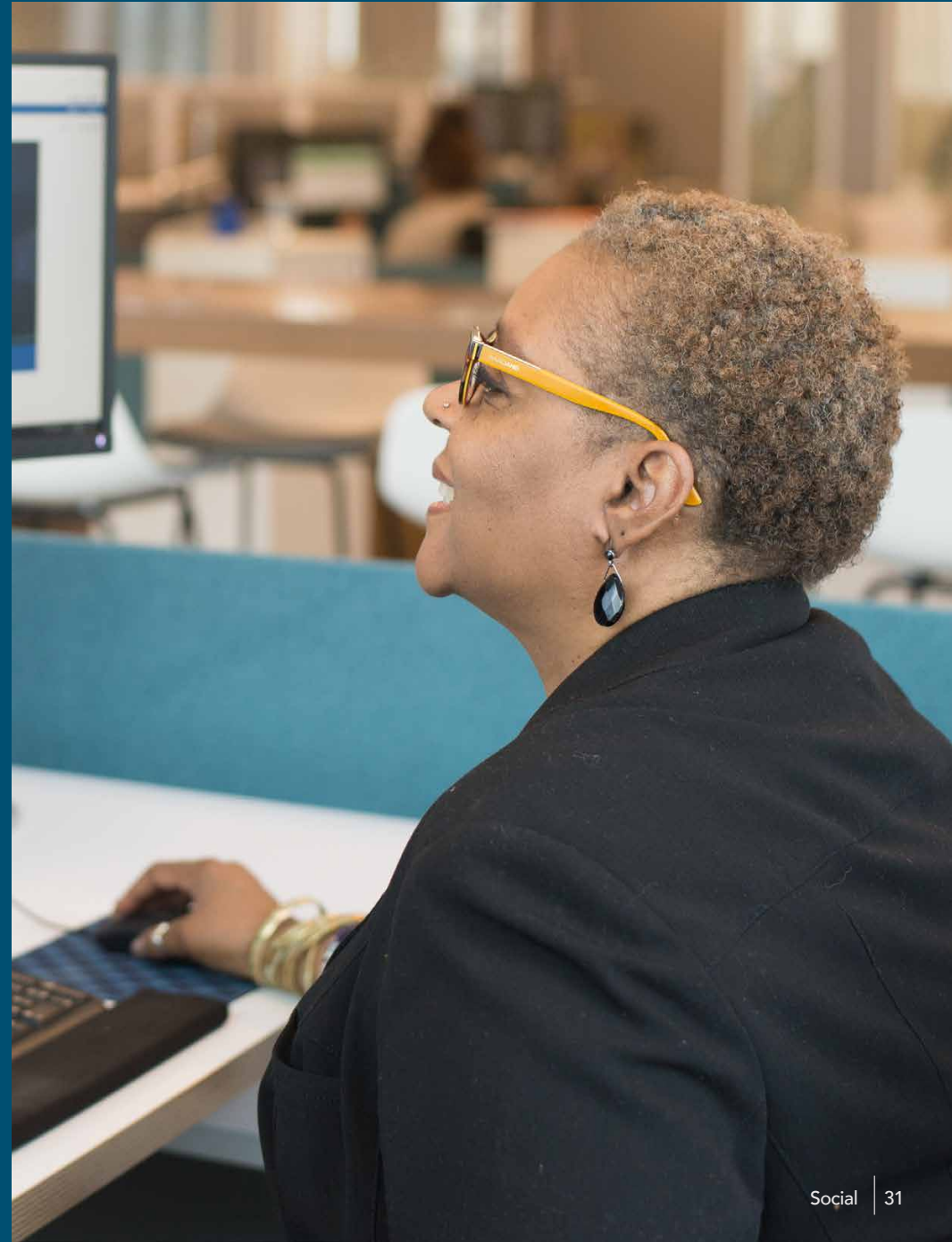
Our leadership development approach includes on-the-job learning, social learning (learning from others) and formal learning based on human-centered leadership principles that inspire leaders, connect individuals and teams and offer potential benefit to both the individual and Sleep Number.

In 2022 and 2023, we focused on frontline leader support — our largest team member population — creating a cohort and self-led development program. Through the continued deployment of this leadership development program and its planned expansion to all "leaders of others," we will continue to strengthen Sleep Number leadership capabilities.

We are committed to equitable learning and development opportunities and are actively working to provide all team members with access to real-time learning through technology and online resources, such as our enterprise Learning Management System. The use of technology enables us to deliver a variety of dynamic and accessible content, monitor and measure team member training and better manage institutional knowledge. In addition to specific functional content to enhance competencies and performance, topics in our library include DEI, legal and ethical compliance training and personal brand and leadership development training.

"My confidence has grown exponentially. This development program gave me the tools I needed to be able to improve my communication, abilities and personal growth. At times, I was forced to take a hard look at my own performance, behaviors and business. I enjoyed the challenges and the ways they enabled me to grow."

Jennifer C., Store Manager, Sleep Number® setting 60



Supporting and Rewarding Our People



In 2023 and 2024, our leadership development programming includes:

- **Essentials:** A yearlong commitment to enhance leadership skills such as prioritization, giving impactful feedback, and building trust that is targeted to our largest population of leaders, comprised of 850 supervisors and managers. To date, about 200 of these leaders have graduated from this program.
- **Knowledge Sessions:** Optional monthly sessions, designed for supervisors and managers, that allow leaders to practice new leadership skills and strengthen their networks with other leaders throughout the company.
- **Seminar Series:** Optional virtual seminars with elevated leadership content and opportunities for small group discussion and networking, focused on elevating leadership behaviors that drive organizational

impact. Seminar Series are intended for our second largest population of leaders, consisting of approximately 200 senior managers and directors. More than one-third of leaders sign up for these optional sessions and more than a quarter attend.

"Our goal at Sleep Number is to create a work environment that enables all our team members to build knowledge and capabilities that help them reach their potential. Through our investment in technology and online resources, we are providing improved training and more equitable learning opportunities across every function and at every stage of a team member's career."

"Chris White, Vice President, Manufacturing, Fulfillment, and Quality, Sleep Number® setting 40

Supporting and Rewarding Our People



COACHING AND PERFORMANCE MANAGEMENT

One of the most important responsibilities of Sleep Number leaders is the time they invest in connecting with and coaching their team members. To encourage fluid, ongoing interactions between leaders and team members, we've identified formal and informal touchpoints, including:

- 1:1 weekly or bi-weekly conversations to discuss work assignments, provide project updates, check in on wellbeing and strengthen connection.
- Quarterly coaching conversations to create and align on goals, provide feedback on development progress and discuss future career aspirations.
- Annual performance reviews to discuss team member achievements during the past year, highlight their strengths and opportunities and outline career development opportunities and actions.

We continue to leverage our core competencies — Ensures Accountability, Instills Trust, Values Differences, Nimble Learning — to create a common language for all Sleep Number leaders and team members. Our multi-year roadmap includes further expansion of our competency model, the introduction of an enterprise career framework and clear and measurable people leadership expectations.

Sleep Number invests significant time and energy in hiring, onboarding and training team members to thrive and grow at our Company. However,

some team member turnover is part of the normal course of business. For team members who depart voluntarily for personal or professional reasons, we conduct an exit interview and exit survey to ensure we learn from their experience and take action to reduce unwanted turnover in the future. For team members who have been involuntarily terminated, we offer the opportunity to appeal their termination by inviting them to provide additional information that was not considered at the time of the termination.



Supporting and Rewarding Our People



HEALTH AND SAFETY

Sleep Number provides appropriate equipment, safeguards, personal protection, training and administrative support to protect team member health and safety in the workplace — which reinforces our commitment to team member wellbeing. Our [A Workplace Accident and Injury Reduction \(AWAIR\) Policy](#) creates clear expectations for how each Sleep Number team member contributes to a safe and healthy workplace, underscoring our belief that safety at Sleep Number is everyone’s responsibility. All team members are trained to work safely and are empowered to drive actions that ensure we maintain a safety-first culture and are in compliance with all safety rules and standards. In addition, in keeping with this commitment and because we understand that communication may become difficult during emergency or natural disaster events, we use Everbridge, our company safety and security communication tool, to check on team member wellbeing using SMS text messaging and email.

The health and safety of our team members remained a top priority in 2023, with adoption of the following programs and advancements:

- Installation within our manufacturing plants and assembly distribution centers (ADCs) of new equipment with safety features to enhance operations and reduce hazards for team members, paired with related safety training and safety-enhancing processes;
- Implementation of a nurse triage call line that provides Manufacturing Teams and Field Services Teams (including team members responsible for home delivery of new beds as well as customer service visits) with round-the-clock access to a registered nurse for immediate assessment of their injury and a credible recommendation for the most appropriate level of care;
- Upgrade of 20% of our delivery truck fleet to provide better space and working conditions for Field Services team members; and
- Creation of a new electronic driving training course to inform our Field Services team members about the new braking system and safety features within the trucks.

Supporting and Rewarding Our People



In addition, we continued to refine and enhance safety-focused initiatives we previously introduced, including:

- Our Safety Hazard Recognition Identification Program for manufacturing plants, implemented as an additional precaution in 2021, which encourages team members to identify hazards before an injury can occur and allows leaders to take immediate steps to mitigate the hazards;
- Field Services learning programs and enhanced training standards that focus on safety measure upskilling;
- Enhanced market-specific Field Services reporting to track trends, identify root causes and understand injury types to share with leaders on a monthly basis;
- A Safe Driving Rewards and Recognition Program for Field Services teams, using vehicle telematics data for speeding, braking and acceleration — the three most common causes of accidents; and
- Communications, including newsletters and safety huddles, to share tips and best practices.

As part of our effort to improve safety, we collect and analyze workplace injury and accident information across all our locations and take appropriate steps to reduce incident rates, number of workers' compensation claims and lost workdays. In 2023, we made progress on our safety performance:

- We recorded 162 workers' compensation claims in 2023, compared with 218 in 2022. We recorded 5,428 lost workdays in 2023 compared to 7,019 in 2022. We had no reported work-related fatalities in either year.
- The combined rolling 12-month recordable injury rate for all our Manufacturing and Assembly sites in 2023 was 1.0, significantly outperforming the most recent publicly available (2022) national mattress manufacturing rate of 4.0.
- Our dedicated cut and sew facility, located in Irmo, SC, has operated for seven years without any lost workday injuries and more than two years without a recordable injury.
- Our largest standalone assembly distribution center, located in Springdale, OH, has operated for more than two years without any lost workday injuries, and our advanced engineering and prototyping facility in Salt Lake City has operated more than one year without a lost workday incident.
- We continued to reduce our rolling recordable incident counts in Home Delivery, from 144 at year-end 2021 to 98 at year-end 2023.
- Team members at our 672 retail stores nationwide also have a strong record of safety. For the past three years, the Occupational Safety and Health Administration (OSHA) 12-month rolling incident rate for Sleep Number® retail locations is less than 0.5,

with a lost workday incident rate less than 0.2. Sleep Number's retail store OSHA rate outperforms the 2022 furniture store industry rate of 1.9.

- We track the number of injuries per 10,000 delivery stops to understand the correlation between technician workload and injuries, and have established a goal of less than three injuries per 10,000 stops. Since beginning this tracking in February 2021, we have experienced a consistent decline in the absolute number of team member injuries in each year. On a rate basis (injuries per 10,000 stops), our performance improved from six in 2021 to three in 2022 and then rose to about 3.5 injuries per 10,000 stops at year-end 2023. The increase in rate in 2023 reflects a decline in our number of deliveries.

Through our team members' respect and care for one another and our enterprise prioritization of team member health and safety, we continue to improve programs and processes that contribute to our team's overall wellbeing and drive Sleep Number performance.

Supporting and Rewarding Our People



TOTAL REWARDS

Our total rewards offerings are an important element of our team member value proposition. In today's competitive environment for talent, Sleep Number continually reviews and enhances these offerings to attract, motivate and retain highly-engaged team members and reinforce wellbeing as a centerpiece of our culture.



To support our team members' physical wellbeing, we offer team members a comprehensive set of Health and Wellness plans, including:

- Medical plan options with virtual visits for physical and mental health, such as a high deductible plan paired with a Health Savings Account (HSA) including a Company contribution, or an alternative plan with low premiums, price transparency and no deductible.
- Condition-based support through innovative benefits partners, such as musculoskeletal care through Hinge Health, family building and fertility management through Progyny, parenting support through Amma Parenting, LGBTQ+ care through Folx and diabetes prevention through Omada.



To help Sleep Number team members build and maintain financial wellbeing, we offer competitive compensation that includes base pay and significant incentive or commission opportunities tied to individual, team or Company performance. In fact, Sleep Number offers all team members a form of incentive compensation in addition to their base pay. We also offer:

- Regular, comprehensive pay practice reviews;
- Matching contributions through our 401(k) and profit sharing plan;
- Healthcare, childcare and transit flexible spending accounts that allow team members to maximize pre-tax deductions to help pay for qualified expenses; and
- No-cost access to Wellthy, a caregiving concierge service to help team members tackle the logistical and administrative tasks related to many of life's challenges.

Sleep Number takes pay equity seriously and conducts comprehensive pay practice reviews on the basis of race and gender.



Central to our Total Rewards offerings is our commitment to team member emotional wellbeing, which includes the following suite of benefits:

- Time off flexibility for all team members including paid time off for vacation, illness, bereavement leave, volunteering, civic duty and enhanced parental leave;
- Caregiving resources through Wellthy and Amma Parenting, which offer new parents and grandparents free education and support in preparation for welcoming a new child; and
- Virtual and in-person mental health resources including Talkspace, Learn to Live, Health Advocate, and Doctor on Demand.

Our 2024 Total Rewards reflect recent enhancements and our continued commitment to equitable team member compensation and benefits.





Our Consumers and Brand

With our mission to improve lives by individualizing sleep experiences, Sleep Number is committed to delivering smart beds and sleep technology solutions that support the health and wellbeing of each sleeper. Individual sleep needs change daily with different activity and over time in different life stages, which is why we each need a bed with dynamic, individualized comfort to help us reach our most restorative, revitalizing sleep.

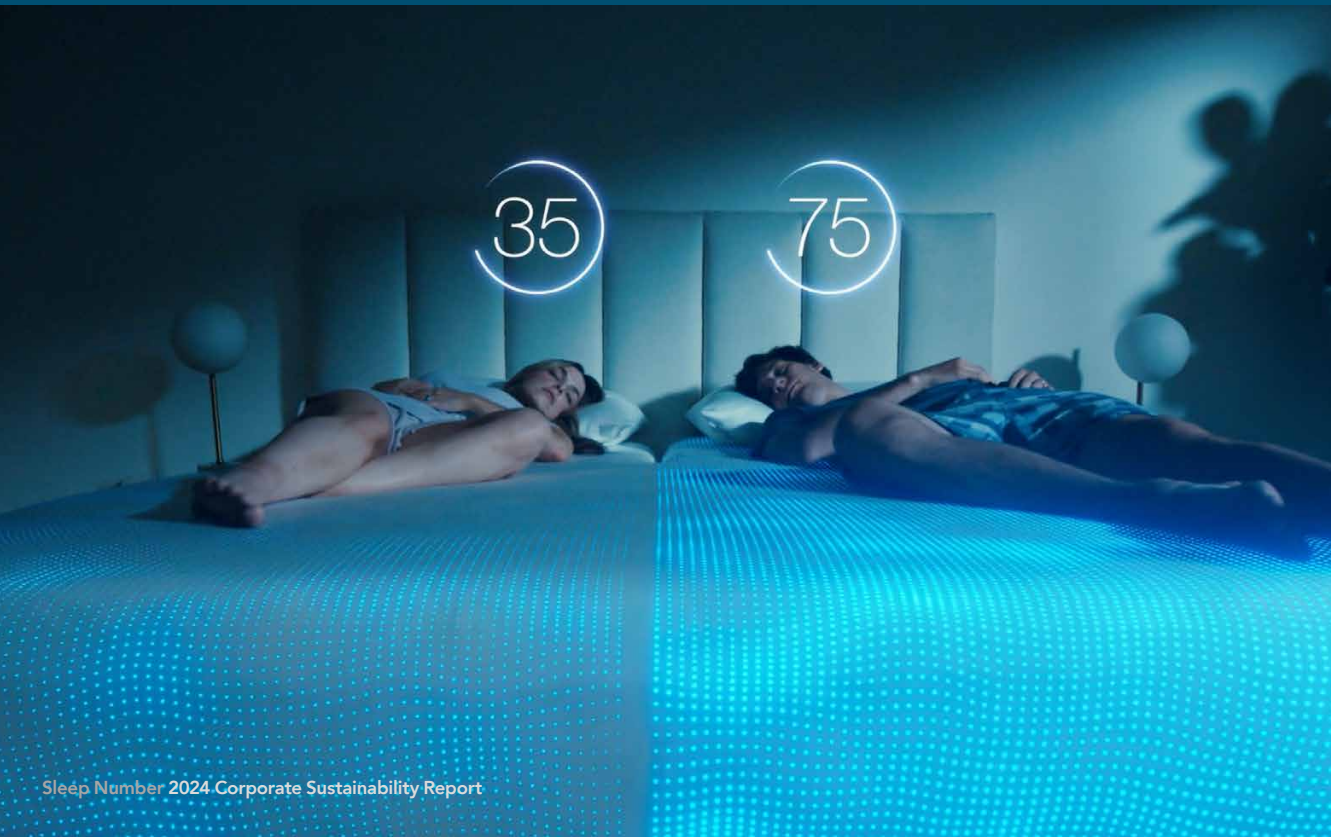
Through 2023, we improved the lives of 15 million sleepers, and our goal is to have an even greater impact. We are committed to tackling big sleep

challenges through sleep science, data and world-changing innovations that will help us fulfill our purpose of improving the health and wellbeing of society through higher quality sleep.

SLEEP SCIENCE

We are committed to advancing sleep health, linking smart sleep to individualized wellness through innovation that is informed by data and scientific expertise.

To support our research endeavors, we founded the **Sleep Number Scientific Advisory Board**, an interdisciplinary group of physicians, clinicians and researchers with expertise in sleep science and health. The Sleep Number Leadership Team works with this collective of internationally known experts to gather knowledge about the latest sleep science and research programs and integrate their counsel and insights as we innovate new sleep health solutions. Informed by this collaborative effort and with billions of hours of proprietary longitudinal data from our smart bed technology, we are extending our sleep leadership into connected health.



“Our proprietary innovations benefit millions of individuals and contribute to the health and wellbeing of society. Through physical and digital technologies, we adjust to each sleeper’s individualized comfort and deliver more restful quality sleep. Our Smart Sleepers generate comprehensive longitudinal data through billions of data points collected every night; this allows us to partner with researchers and institutions to advance society’s understanding of sleep and health and create future profitable growth opportunities for Sleep Number.”

Annie Bloomquist, Executive Vice President and Chief Innovation Officer, Sleep Number® setting 25



Our Consumers and Brand

More than 434,000 Smart Sleepers have opted to participate in our ongoing sleep science research to advance the science of sleep and health. This has enabled rapid enrollment in Institutional Review Board approved studies utilizing our broad sleep database coupled with sleeper behaviors.

Sleep Number is also advancing sleep science through the publication of society-changing research, including:

- At World Sleep 2023 in Brazil, Sleep Number presented four studies analyzing sleep apnea risk detection, the link between sleep and cardiovascular health, blood pressure changes during sleep, and insomnia risk prediction. The studies, which leveraged smart bed data collected in a real-world, home environment, further demonstrate the research capabilities of Sleep Number smart beds to understanding the impact of sleep on health and advance sleep science without an in-lab sleep study.
- At SLEEP 2023 in Indianapolis, Sleep Number presented results of a study that looked at how insomnia affects the likelihood of getting sick with influenza-like illness (ILI) using sleep data from Sleep Number® smart bed sleepers. The study found that people with insomnia had more and longer episodes of illness compared to people without insomnia. This is important because it highlights the potential health risk of insomnia and underscores the importance of identifying and treating sleep disorders. The study also demonstrates the potential of using Sleep Number smart bed technology to assess ILI vulnerability, which could have implications for future research. Overall, this research contributes to the collective understanding of the relationship between sleep and overall health and wellbeing.





Our Consumers and Brand

Sleep Number published three new peer-reviewed scientific papers, reinforcing the commitment to advancing sleep science and societal health through proven quality sleep:

- “Feasibility of Unobtrusively Estimating Blood Pressure Using Load Cells Under the Legs of a Bed” was published in the journal *Sensors*. Identifying trends in blood pressure effortlessly throughout the night is revolutionary and is very difficult to assess today. This early algorithm has the potential, in the future, to identify blood pressure and health patterns for sleepers.
- “Observational Study to Understand the Effect of Timing and Regularity on Sleep Metrics and Cardiorespiratory Parameters Using Data From a Smart Bed” was published in the journal *Chronobiology International*. This study is a further demonstration of the power of the smart bed in research. It was conducted with only the retrospective data of a large sample captured during the year 2019. This data enabled evaluation of regularity and chronotype and matched these factors to sleep metrics like duration, time to fall asleep, restful sleep as well as biosignals like heart rate and breath rate. All of the data was collected effortlessly by the smart bed.
- “Detection of Insomnia Risk” was published in the journal *Frontiers*. Chronic insomnia has serious health effects and is estimated to affect 10-30% of the worldwide population. This study leveraged unobtrusive data from Sleep Number smart beds and personalized machine learning algorithms to predict insomnia risk.

For more information, see our [Sleep Science web page](#).

INNOVATION AWARDS AND RECOGNITION

Sleep Number was recognized for leadership, quality and innovation throughout 2023. Honors include the following awards and rankings, as well as others which can be found on our Sleep Number [newsroom](#):

Innovation Awards

- MedTech Breakthrough Award for the Next Generation Sleep Number® smart bed, Best Overall SleepTech Solution category
- Digital Health Award for the Next Generation Sleep Number smart bed, Gold, Personal Digital Health Devices/ Wearables – Sleep Tracking category

Corporate Awards

- 2024 American Cancer Society Game Changer, Shelly Ibach
- 2023 Tekne Award finalist, Sustainability Champion category
- Minnesota Manufacturers Alliance’s Manufacturer of the Year, Large Company category

Service Awards

- J.D. Power 2023 U.S. Mattress Satisfaction Study for mattresses purchased in-store, Sleep Number ranked #1 in terms of price, variety of features and warranty factors
- 2024 Forbes Best Customer Service List, Sleep Number





Our Consumers and Brand

PRODUCT QUALITY AND SAFETY

Sleep Number is committed to producing and delivering top-quality products to our customers. We test every smart bed model, utilizing both industry standard and proprietary Sleep Number testing protocols. Our proprietary testing was developed to more closely simulate actual customer use. Our testing supports 25-year durability for Sleep Number® smart beds. Our smart beds come with a limited warranty that is considerably longer than industry average, and our quality is evident through our life-long customer relationships.

Sleep Number also offers a selection of pillow and bedding collections designed to enhance individualized comfort. Our internal Bedding Sourcing Policy makes clear our intent to choose the sustainable bedding product option if such an option for a product in our assortment is available and relevant. Ninety-four percent of our bedding collection products hold the coveted OEKO-TEX® STANDARD 100 certification, one of the world's best-known labels for textiles, certifying that every component of the article has been tested and is harmless in human ecological terms. Some of our bedding collection products also hold OEKO-TEX® MADE IN GREEN endorsement, which guarantees that the textiles are tested for harmful substances and have been manufactured using sustainable processes under environmentally-friendly and

socially-responsible working conditions. All of the down comforters and pillows in our assortment comply with the Responsible Down Standard (RDS), which aims to incentivize practices that respect the humane treatment of ducks and geese. Each certification stands for customer confidence and high product safety.

We partner with multiple foam manufacturers to supply foam for our proprietary mattress designs and pillows. Each of these manufacturers produce foam that is CertiPUR-US® certified, which provides confidence that it meets standards for content, emissions and durability and that it is made without ozone depleters; Polybrominated Diphenyl Ethers (PBDEs), Chlorinated Tris (TDCPP), or Tris Phosphine (TCEP) flame retardants; mercury, lead or other heavy metals; formaldehyde; or phthalates regulated by the Consumer Product Safety Commission. CertiPUR-US certified foams are also low volatile organic compound (VOC) emissions for indoor air quality (less than 0.5 parts per million).

All our smart beds and bases are tested and comply with federal fire retardancy regulations, and the electronic control systems are listed to Underwriter Laboratories (UL) Standards.





We continue to strengthen our impact in the communities where we operate. We work closely with strategic partners who share our commitment and directly engage Sleep Number team members in our efforts to support individuals and families in need. In 2023, cash and product donations benefited multiple not-for-profit partners, communities and individuals, totaling approximately \$400,000. The reduction in donations from prior year reflects a challenging economic environment and the related pressure on Sleep Number performance, combined with our ongoing commitment to support our communities.

Through our strategic partnership and philanthropy efforts, Sleep Number is fulfilling our purpose to improve the health and wellbeing of society through higher quality sleep.

PARTNERSHIPS AND PHILANTHROPY

Our commitment to our community includes supporting military families, children, adults facing health challenges and families in transition — all through quality sleep. To deliver on this commitment, amplify our positive community impact, advance sleep science to benefit society and fulfill our purpose, we are honored to partner with highly respected organizations.

At the beginning of 2022, Sleep Number began a six-year partnership with the AMERICAN CANCER SOCIETY (ACS) to meaningfully support the fight against cancer. ACS is conducting research with data and expertise from Sleep Number's proprietary smart beds to identify the impact of quality sleep on cancer prevention and recovery. Leveraging Sleep Number's 24.4 billion hours (as of Jan. 6, 2024) of highly accurate sleep data in conjunction with historical and ongoing cancer prevention studies, ACS is studying the effects of cancer on patients' and survivors' nighttime sleep and biometric

patterns. Informed by this research, the goal is to develop the first-ever sleep guidelines for cancer prevention and treatment and improve sleep outcomes for cancer patients and survivors.

Sleep Number's partnership with ACS seeks to materially advance not only the fundamental understanding of the science of sleep, but also the potential to translate that knowledge into practical actions that provide meaningful outcomes. Through our investment in sleep science and research, Sleep Number plans to incorporate learnings in our innovations, increasing their utility and value to consumers, and simultaneously advance society's understanding of how sleep affects individual health. In early 2023, Sleep Number was named ACS's 2022 Corporate Partner of the Year, and in 2024, Shelly Ibach received the ACS Game Changer Award for her leadership of Sleep Number as a vital ACS partner.

CEOs Against Cancer is a powerful group of executives from top companies, uniting to change the course of cancer by leveraging the collective knowledge, influence and resources of the ACS. Driven by her personal commitment to raise awareness of and funding for cancer prevention and treatment, Sleep Number Chair, President and CEO Shelly Ibach serves as the chair of CEOs Against Cancer's Minnesota chapter. To raise awareness of the essential role that personal health plays in the fight against cancer, Shelly invited team members to participate in the third annual Fit2BeCancerFree® — a virtual step-tracking fitness challenge with a goal to create a healthy, cancer-free future.



Our Community

Our breadth of commitment to the American Cancer Society was evident through other actions in 2023 as well:

- To benefit cancer patients and their caregivers, Sleep Number furnished select American Cancer Society Hope Lodges with life-changing smart beds, Sleep Number® bedding and other sleep solutions to provide comfort and care for individuals undergoing cancer treatment away from home. Hope Lodges offer these patients and their caregivers a free place to live when their best option for effective care is in a city other than their home location. In 2023, Sleep Number donated 85 smart beds and bedding to the Kansas City Hope Lodge on Giving Tuesday, a generous donation made possible, in part, by contributions from our smart sleepers,

who donated \$150,000 in rewards certificates to help purchase \$168,500 in product for the ACS Hope Lodges. Additionally, Sleep Number donated smart beds and bedding to the Charleston, SC, Hope Lodge — ACS's first-ever Hope Lodge and the first facility of its kind in the country for cancer patients and caregivers.

- Sleep Number provides ongoing support for the Minnesota Champions of Hope Gala, an annual event benefiting ACS. In 2023, the event exceeded expectations, raising more than \$700,000 to support the mission and work of ACS, including operational costs of the Minnesota Hope Lodges in Minneapolis and Rochester.





Our Community

Now in our ninth year of partnering with BLUE STAR FAMILIES, a nonprofit devoted to strengthening military families in transition, Sleep Number provided financial assistance and the gift of quality sleep to support families of those who serve and sacrifice for our country. We partnered with NATIONAL FOOTBALL LEAGU (NFL) teams to improve the lives of Blue Star Families in Minneapolis and Dallas. With the help of a player partner in each city, two Blue Star Families recipients were surprised with Sleep Number® smart beds as well as signed NFL player jerseys, footballs and tickets to a home game in their respective cities. The Minneapolis recipient is a 21-year veteran of the Minnesota Army National Guard as a UH-60 Black Hawk helicopter pilot with deployments to Iraq, Afghanistan, Kuwait, Syria and Jordan. The Dallas recipient is a 6-year veteran of the Marine Corps. [View their stories here.](#)

As an official Sleep + Wellness Partner of the NFL, Sleep Number partners with NFL teams and players to drive social impact.

- Sleep Number supports the American Cancer Society through its work with the NFL. Sleep Number became “An Official Crucial Catch Partner of the NFL” and presenting sponsor of American Cancer Society’s The Defender, a digital cancer risk assessment tool created by ACS. The partnership between NFL, ACS and Sleep Number promotes the connection between overall wellness, including sleep quality and cancer prevention, and highlights the importance of screening in reducing cancer risk.
- For the third year, Sleep Number, the Minnesota Vikings and ACS joined together to honor cancer survivors and those still battling cancer with a day of pampering. The "Pamper Her Purple" event honored amazing women by inviting their families for a tour of the Vikings practice facility, then a solo day relaxing at the spa and an evening reception.

In 2023, Sleep Number and the world-renowned MAYO CLINIC continued to advance the science of sleep through their ongoing collaboration, which began in 2020. With funding provided by Sleep Number, Mayo Clinic conducted research analyzing the connection between sleep abnormalities and heart failure with preserved ejection fraction (HFpEF), the most common cause of heart failure. The study, titled "Sleep Abnormalities Among Community Participants at Risk for Heart Failure," leveraged longitudinal sleep data from Sleep Number® smart beds with Mayo Clinic’s artificial intelligence (AI) capabilities and clinical expertise. Results were presented at the Heart Failure Society of America (HFSA) Annual Scientific Meeting in Cleveland.





Our Community

VOLUNTEERISM

Volunteerism is an important part of our commitment to team member wellbeing and the health of our communities. Sleep Number encourages team members to become involved in their local communities by volunteering their time and talents in support of causes or organizations that inspire them. To demonstrate our sincerity, Sleep Number added a new benefit for team members, beginning in January 2022. Team members now receive eight hours annually of paid time off to participate in volunteer activities, including individual or team service projects. For example, to support our partnership with ACS, several corporate team member groups donated items for local Hope Lodges, and others spent time "Cooking Up Hope," making meals for residents of the Minneapolis Hope Lodge.

Sleep Number Sales Team leaders and members of the Young Professionals Network gathered to assemble toiletry bags for Hope Lodge patients and caregivers, helping to make their stays during treatment more comfortable.

In addition, consistent with prior years, Operating Team members who participate on the board of directors of a qualified nonprofit are eligible to apply for a grant of up to \$1,500 per calendar year that benefits the organization.



"I am grateful to work for an organization that values improving the health and wellbeing of society. Because of Sleep Number's volunteer hours benefit, our team packed 25,000 meals that will help reduce food insecurity for families and children!"

Jordan C., Learning Experience Designer, Sleep Number® setting 40

Our Suppliers



We recognize that supplier relationships are instrumental in achieving our product quality as well as our corporate sustainability goals.

We have for many years maintained a [Code of Business Conduct for Vendors](#) that is applicable to all our suppliers (or vendors) and addresses a full range of relevant topics, including labor and human rights, wages and benefits, health and safety, environmental issues, ethics and compliance with related laws, rules and regulations. In addition, our Supplier Quality Manual (SQM) and Supplier Business Manual (SBM) define minimum quality requirements, processes and systems for doing business with Sleep Number, and we continue to share the SQM/SBM with our suppliers to create alignment, ensure superior product quality and demonstrate our commitment to creating a collaborative relationship based on open communication and mutual trust. The SBM defines the business practices and

general guidelines expected of suppliers who are doing business with Sleep Number. This manual outlines the requirements to ensure that Sleep Number's supply base is providing top-level performance while following the guidelines and procedures. It is the responsibility of each supplier's leadership to ensure compliance with this Manual. Our supplier scorecard, created for key suppliers, evaluates their quality and delivery performance — measured by defective parts per million and percent on-time delivery — relative to specific goals. The assessment, which is shared with Sleep Number suppliers on a monthly or quarterly basis, informs our purchasing decisions and whether the supplier remains in our qualified-supplier base. New suppliers are audited and must meet our minimum standards before production can begin. In addition, we conduct annual audits of the suppliers who represent approximately 90% of our direct materials spend.



Our Suppliers

To align our suppliers — all of whom are subject to the Sleep Number Code of Business Conduct for Vendors — with our human rights commitments, to build compliance with our expectations for performance and to promote safe and secure working environments for all workers, Sleep Number monitors supplier performance related to our [Human Rights Policy](#). Monitoring and assessment occurs through information we glean from our annual business scorecard and audits of all new direct materials suppliers. In addition, we continue to expand and enhance supplier training and audits that will increase compliance and improve work conditions for at-risk workers.

We take violations of our Code of Business Conduct applicable to team members and our Code of Business Conduct for Vendors seriously. Team members should report, in accordance with the process described in our Team Member Code of Business Conduct and as they are reminded in the annual training on the Code, any behavior or conduct by a Sleep Number team member or vendor, including business partners and suppliers, that they observe or suspect is in potential violation of our Human Rights Policy or other principles.

In the event any supplier audit or assessment raises concerns or identifies performance issues, we re-audit to ensure improvement and compliance. All suppliers are required to acknowledge their commitment to this Code of Business Conduct for Vendors. Sleep Number provides team members and management who have direct responsibility for supply chain management with training on matters within the scope of the Code. Sleep Number monitors suppliers' compliance with our standards and the Code of Business Conduct for Vendors through both formal audits and informal visits.

Sleep Number is committed to environmental stewardship and promotes environmental responsibility among suppliers by informing them of our sustainability and environmental policies as reflected in our Code of Business Conduct for Vendors and encouraging them to adopt effective environmental management practices. In 2021, we made progress on this

journey, conducting a survey of key suppliers to better understand their Environmental, Social and Governance (ESG) strategies and sustainability programs. The suppliers surveyed represented 96% of our direct materials and bedding collections spend. In 2022, we surveyed key suppliers during our inaugural materiality assessment to understand the ESG issues and topics they viewed as most important. And, in 2023, we engaged top suppliers in discussions and potential actions related to elevating our material circularity. These efforts underscore our ongoing commitment to encourage our suppliers' progress and prioritization of ESG programs that benefit people and our planet.

As part of our supply chain evolution, we have shared our safety best practices and expertise and reduced the transportation time and environmental impact of our manufacturing by, among other tactics, co-locating select suppliers within — or close to — our plant facilities. By actively engaging with key suppliers, including Leggett & Platt and Bernhardt Furniture Company, who represent a majority of our annual direct materials spend, we strengthen our relationships with strategic direct materials and bedding collection partners and advance our respective ESG initiatives.



Environment



Our Environmental Approach

Sleep Number embraces our responsibility to move society forward and ensure a sustainable future for all. We are committed to being a good steward of the environment as we work to better understand and reduce the impact of our manufacturing, supply chain, retail operations and products throughout their life cycles. While we have incorporated sustainable practices and policies into our business for years, we have taken additional steps in recent years as further evidence of our responsibility and commitment, including:

- Prioritizing initiatives that support the United Nations Sustainable Development Goals and align with our values.
- Establishing our Environmental Impact Committee, comprised of cross-functional Operating Team leaders focused on continuing to identify and advance initiatives that reduce our impact while benefiting our performance, such as improving the efficiency of our distribution and logistics operations and reducing the volume of waste we generate.
- Partnering with outside experts to measure, report and reduce our Scope 1 and 2 greenhouse gas (GHG) emissions.
- Performing an initial assessment of our Scope 3 GHG emissions for 2021 and 2022, with plans to perform another assessment for 2023.
- Conducting our first materiality assessment to better understand the intersection of our stakeholder Environmental, Social and Governance (ESG) priorities and their impact on society and the environment.
- Submitting limited information to CDP for the first time in 2022 and expanding to a more detailed submission in 2023.

We are committed to engaging constructively with industry peers, supply chain partners and external stakeholders to help accelerate the transition to a low-carbon economy. In addition, we are actively raising awareness among our 4,145 team members about our actions and plans and inviting their ideas about other ways we can accelerate our environmental efforts.

Across the organization, we look for and implement initiatives to reduce our impact on the environment and embrace our responsibility to our team, customers, shareholders, communities and suppliers by adhering to the principles further set forth in our updated [Enterprise Environmental Policy](#). Therefore, even as we focus on near-term improvement, we are also identifying longer-term opportunities to reduce our carbon footprint and support communities most impacted by climate change, including extreme weather events.



Climate and Energy



In 2020, Sleep Number initiated efforts to measure and report energy and water usage with the aim of better understanding our baseline data, improving our reporting and beginning to identify and implement programs that reduce our impact. In 2021, we took another step forward, engaging an external vendor to support our data collection and reporting efforts across all Sleep Number locations. This collaboration enabled us to develop a more accurate, complete and auditable baseline — including Scope 1 GHG emissions and Scope 2 market-based GHG emissions for 2020 through 2022 — as well as create a Carbon Greenhouse Gas Inventory Management Plan. Our 2020 through 2022 energy usage and emissions data are reported in the [Appendix - Environmental Metrics](#).

In 2023, we took additional actions designed to reduce our carbon footprint and provide insight to our impact. We replicated the primarily spend-based Scope 3 GHG emissions assessment and submitted the full climate-focused survey to CDP, advancing our initial report from 2022. With management approval of \$4.1 million in capital spending, we engaged Blue Horizon Energy, a full-service, clean-energy development company, to help Sleep Number build a plan to increase our use of renewable energy

alternatives. With their help, we launched projects in 2022 to install solar panels on our Minneapolis, MN, headquarters building, our California assembly distribution center, and our Texas assembly distribution center, which is planned to fully convert our Texas operations, including retail, to renewable energy. The Minneapolis headquarters project was completed in 2023 while the other projects were deferred, allowing us to holistically evaluate our renewable energy strategy on an ongoing basis.

“Our vertically integrated business model and the design efficiency of our regional supply chain network enable Sleep Number to build and support lifelong relationships with our customers through consistent delivery of our brand promise.”

Hunter Saklad, Executive Vice President, Chief Supply Chain Officer, Sleep Number® setting 65





Other meaningful efforts across our operations include:

MANUFACTURING AND FULFILLMENT

- Since 2015, Sleep Number has steadily advanced a phased implementation of a regional, digitally-enabled supply chain network that improves our manufacturing and distribution processes, increases our productivity, reduces waste and enhances customer experience from order through delivery.
- In 2022, Sleep Number completed our supply chain transition to a network of assembly delivery centers (ADCs) across eight regions, complemented with a mobile inventory visibility application.
- In 2023, we further optimized our network by moving to seven regions following the repurposing of our Maryland ADC. Our network design and investment in increased supply chain digitization and automation enhanced our efficiency throughout the material supply and fulfillment process and improved our agility, responsiveness and reliability. These competencies contributed to reduced environmental impact and continued profitable growth.
- As a vertically-integrated business, we assemble Sleep Number® smart bed components at our

production facilities in Irmo, SC, and Salt Lake City, UT. Final mattress assembly for distribution with our bases currently occurs at our seven ADCs in Utah, South Carolina, California, Florida, Texas, Minnesota and Ohio. A portion of our electrical Firmness Control™ systems also are assembled in our Utah plant.

- We installed heating, ventilation and air conditioning (HVAC) systems in six of our seven ADCs, carefully considering energy usage and optimization, while improving the work experience for our team members, and we installed a temperature control system in our California ADC in 2023 to improve air flow in the building.

TRANSPORTATION

- Enabled by our regional fulfillment model, we have optimized product flow from our ADCs to customers. Our approach includes transitioning from less-than-truckload cross docks to dedicated warehouse space, Delivery Distribution Centers (DDCs), in our largest markets. Utilizing DDCs has enabled a more controlled flow of orders, replacing the need for daily shipments to every market with batching of multiple-day deliveries. As a result, we are maximizing truck utilization which has reduced miles driven from ADCs to DDCs by 28%.

- For 2024, we are evaluating inbound flow to our ADCs from key suppliers to leverage reusable containers and optimize inventory flow.

FIELD SERVICES

- As a result of our increased focus on measurement, we learned that our fleet fuel usage accounts for nearly half of our Scope 1 and Scope 2 GHG emissions. As we have grown our home delivery fleet, we have simultaneously focused on three areas to reduce emissions:
 1. Increasing the efficiency of our fleet operations — for example, we have added telematics technology to our entire fleet to enable more accurate performance measurement;
 2. Optimizing miles per customer delivery, including implementation of a schedule routing system that allows for segmentation within markets and more efficient route density; and
 3. Exploring use of electric vehicles (EVs) and alternative fuels to reduce fuel usage. In recent years, we have transitioned a portion of our vehicles to non-diesel transit vans for better mileage.



Climate and Energy

- We continue to focus on reducing emissions and idling across our entire fleet and are steadfast in our training and communication with our field teams, ensuring their understanding of and compliance with our idling reduction strategy and the need for continued progress in reducing our environmental impact. In 2023, we successfully reduced idling by more than 22,000 hours, a 27% improvement from 2022, and saved 20,000 gallons in fuel.
- Route optimization based on market segmentation is resulting in fewer miles per customer delivery and is projected to save nearly one million miles annually.
- We have been actively engaged with several EV vendors and have been testing two models throughout California since 2022. We are also focusing on implementing an electrification strategy for our Field Services fleet.
- In addition, we have been exploring biodiesel, a renewable biodegradable fuel, as an option to fuel our trucks, which are equipped to run on various forms of biodiesel up to B20 and could reduce emissions compared to standard diesel. In 2023, we filled more than 60,000 gallons of biodiesel in our delivery trucks, including at independent stations and at our truck vendor's fuel stations.

REVERSE LOGISTICS

- We also identified opportunities to reduce our environmental footprint by reducing the number of orders that require shipment back to Sleep Number ADCs. We expanded our capabilities to hold customer orders in market following delivery disruptions. As a result, in 2023, we reduced the number of orders requiring multiple shipments to our customers.





Material Circularity

Sleep Number does not generate any hazardous waste, and we participate in programs that break down and recycle packaging and other materials used in our mattresses, bases and electronic controls. A significant portion of our electronic scrap is recycled by TAMS, which is certified as R2:2013 by the American National Standards Institute and is certified as ISO 14001:2015, a widely recognized international standard. We also operate balers in each of our manufacturing and distribution facilities that are dedicated to three streams of waste: corrugate, plastics and textiles.

FOAM RECYCLING

Because foam is a key component of Sleep Number® mattresses and pillows, our initial sustainability efforts focused on ensuring that we properly handled its manufacturing and disposal. Along with our three CertiPUR-US® certified suppliers, we work to reduce waste from our foam manufacturing operations. One of our foam suppliers is currently utilizing some of our scrap as recycled rebond, a flexible polyurethane foam with a near-infinite number of applications — such as carpet padding — due to its characteristics of compressibility, cushioning and energy absorption. In 2022, we also donated durable foam to Hope Haven, a community for disability services and advocacy, to help build new wheelchairs with enhanced comfort.

MATTRESS RECYCLING

For virtually all customers who purchase a new Sleep Number® smart bed, we offer to haul away their old mattress. Our 2022 haul-away efforts diverted 114,406 old bedding pieces from landfills, representing 4,158 tons, and in 2023 our efforts diverted 85,194 old bedding pieces, the equivalent of 3,110 tons, from landfills. Our 2023 results reflect our successful efforts to expand mattress recycling across our footprint, increasing the number of vendors we work with and growing the number of markets where we recycle from 27 to 39, even as fewer customers requested this service. To further advance our knowledge and sustainability efforts, our Senior Director of Comfort Engineering served on the board of the Sleep Products Safety Council (SPSC) in 2023 and was actively engaged in industry efforts to recycle finished mattresses.

REUSABLE TRANSPORTATION CONTAINERS

With the completion of our supply chain transition to a network of ADCs across seven regions, we have created a closed loop fulfillment process between ADCs and DDCs in major markets. In addition to improving our operational efficiency, our process allows us to effectively re-use a stable inventory of approximately 5,000 recyclable plastic pallets. Their durability and reusability have enabled us to support our waste and natural resource reduction initiatives by eliminating the

need to purchase single-use wood pallets in these markets, which would have amounted to nearly 59,000 pallets over the past year.

In our smaller markets, we are experimenting with the use of more durable wood pallets. Though less durable than plastic pallets, 65% of these wood pallets can generally be used more than one time, enabling us to reduce our wood pallet needs and volume of pallet waste.

MATERIAL RECOVERY

In 2023, we expanded our material circularity capabilities by establishing a dedicated team to focus on material recovery to extend the useful life of our components to reduce waste to landfill and recycling. In 2021, we initially focused material recovery on recertification of smart control systems to satisfy warranty claims in the face of limited availability of semiconductor chips while also reducing electronic waste. In 2023, we recertified more than 11,000 smart control systems. During the past year, we invested in technology to simplify the material recovery process to allow us to more effectively expand to additional types of components, including other electronics and air chambers. We intend to ramp up these processes in 2024.

Material Circularity

LANDFILL REDUCTION

Sleep Number is committed to reducing the amount of disposable waste it generates and to preserve valuable, limited landfill space. During 2023, Sleep Number produced 12 thousand tons of recycled and trash materials in our manufacturing plants and assembly distribution centers, which represented a reduction of approximately 1.5 thousand tons compared with 2022. Eight separate categories of waste declined year-over-year, led by reductions in pallets, cardboard and trash.

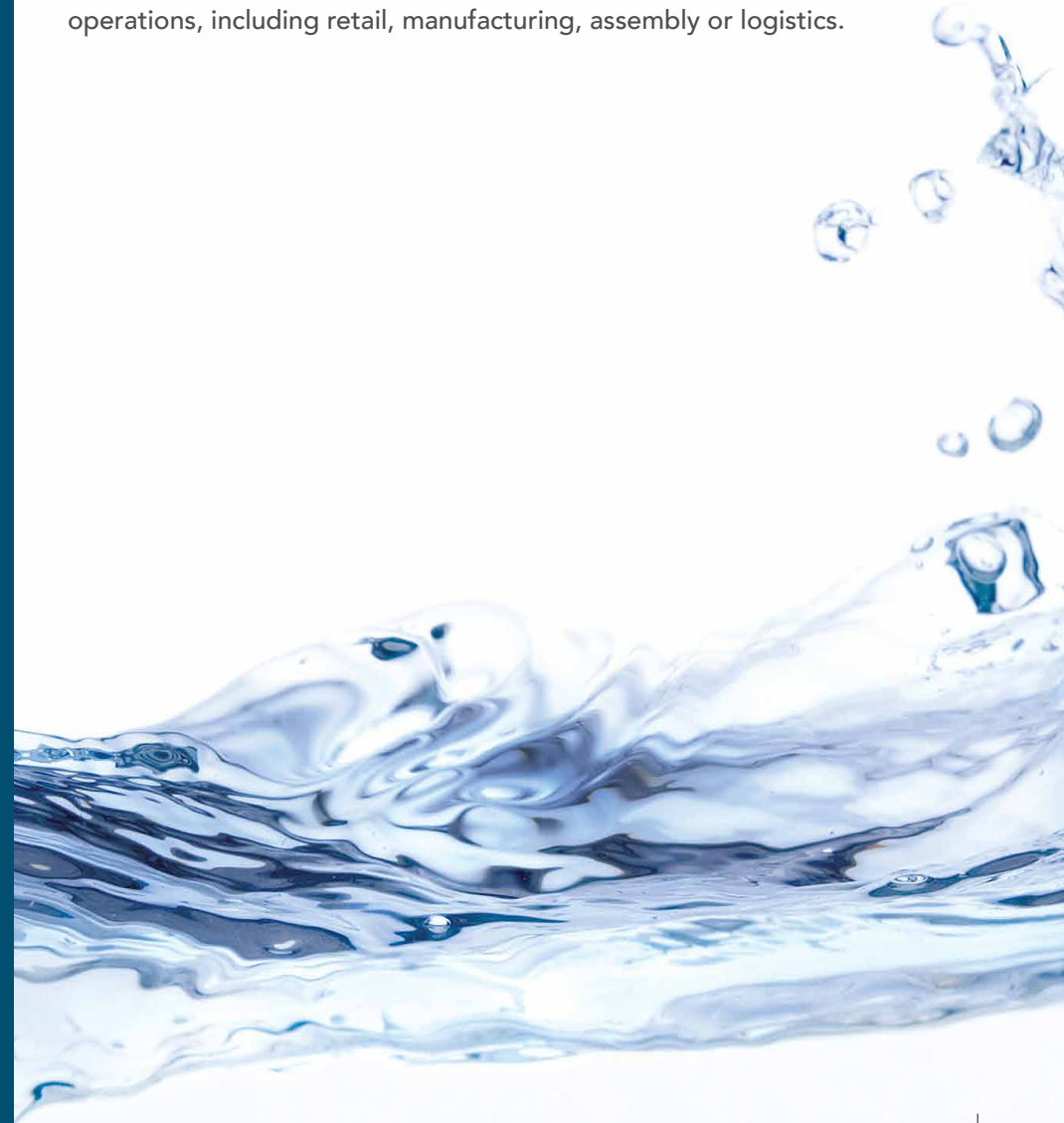
Our more rigorous efforts since 2021 to measure waste generation, by category, for each of our manufacturing and distribution locations has provided both an accurate baseline of Sleep Number-generated waste and relevant insights for continued reduction. In 2023, we pursued the following actions to reduce our environmental impact from waste:

- We achieved our goal of zero-waste validation in our advanced engineering and prototyping facility facility, Irmo, SC.
- We made progress toward our goal of a 10 percentage point reduction in trash as a percent of Total Network Waste (trash and recycled materials) compared with our 2021 baseline. In 2023, we reduced total trash by 600 tons. We also increased our percent of waste diverted from landfill to 80%, from 75% in 2021.
- At about one-third of our third-party DDCs, we began tracking waste and establishing recycling streams for corrugate. Our efforts resulted in more than 1,000 tons of waste diverted from landfill, which represented nearly 25% of the waste generated.

Natural Resources



With the help of our external partner, we are collecting water-usage data for all of our facilities. While we have reported 2021 and 2022 water usage in the [Appendix - Environmental Metrics](#), water is not an input to any Sleep Number process, nor any aspect of our operations, including retail, manufacturing, assembly or logistics.



Appendix

About This Report

Making the world a better place through proven quality sleep is core to who we are at Sleep Number. Our Board of Directors, management and our 4,145 Sleep Number team members are dedicated to our Company's [mission and values](#).

This 2024 Sleep Number Corporate Sustainability Report provides an update on our governance, social and environmental practices, programs and policies. It was published in March 2024 and reflects our activities and initiatives for our 2023 fiscal year ending December 30, 2023, as well as certain subsequent events and initiatives that occurred after the end of fiscal year 2023 and prior to publication and certain data from fiscal 2022 that only became available after publication of our prior report. It includes forward-looking statements about our business plans, initiatives and objectives as further described in [Appendix - Forward-Looking Statements](#). These business plans, initiatives and objectives may change based on subsequent developments.

Publicly Available Governance Documents



GOVERNANCE DOCUMENT	SLEEP NUMBER WEBSITE URL
Team Member Code of Business Conduct	https://ir.sleepnumber.com/governance/governance-documents/default.aspx
Code of Business Conduct for Vendors	https://www.sleepnumber.com/pages/legal-content-vendor-legal-content-vendor-code-of-conduct
Non-Harassment Policy	https://ir.sleepnumber.com/governance/governance-documents/default.aspx
Corporate Governance Principles	https://ir.sleepnumber.com/governance/governance-documents/default.aspx
A Workplace Accident and Injury Reduction (AWAIR) Policy	https://ir.sleepnumber.com/governance/governance-documents/default.aspx
Equal Employment Opportunity (EEO) Policy	https://ir.sleepnumber.com/governance/governance-documents/default.aspx
Standards of Conduct Policy	https://ir.sleepnumber.com/governance/governance-documents/default.aspx
Conflict Minerals Policy	https://www.sleepnumber.com/pages/vendor-conflict-minerals-policy
Conflict Minerals Report	https://www.sec.gov/Archives/edgar/data/827187/000082718723000050/exhibit101snbr2022conflict.htm
Privacy Policy	https://www.sleepnumber.com/pages/legal-privacy-policy
Human Rights Policy	https://s25.q4cdn.com/489093953/files/esg/2023/human-rights-policy-1.pdf
Environmental Policy	https://s25.q4cdn.com/489093953/files/doc_downloads/2023/12/enterprise-environmental-policy.pdf

Board, Leadership and Team Member Demographics



As evidenced by our Board, Executive Leadership Team and team member composition, Sleep Number values diverse perspectives in all areas of our Company.

BOARD DIVERSITY MATRIX (AS OF MARCH 2024)				
TOTAL NUMBER OF DIRECTORS - 12				
	WOMEN	MEN	NON-BINARY	DID NOT DISCLOSE GENDER
PART I: GENDER IDENTITY				
Directors	6	6		
PART II: DEMOGRAPHIC BACKGROUND				
African American Or Black	1			
Alaskan Native Or Native American				
Asian				
Hispanic Or Latinx		2		
Native Hawaiian Or Pacific Islander				
White	5	4		
Two Or More Races Or Ethnicities				
LGBTQ+			1	
Did Not Disclose Demographic Background			0	

EXECUTIVE LEADERSHIP TEAM (ELT) DIVERSITY MATRIX (AS OF MARCH 2024)				
TOTAL NUMBER OF ELT - 8				
	WOMEN	MEN	NON-BINARY	DID NOT DISCLOSE GENDER
PART I: GENDER IDENTITY				
ELT	3	5		
PART II: DEMOGRAPHIC BACKGROUND				
African American Or Black		1		
Alaskan Native Or Native American				
Asian		1		
Hispanic Or Latinx	1			
Native Hawaiian Or Pacific Islander				
White	2	3		
Two Or More Races Or Ethnicities				
LGBTQ+			0	
Did Not Disclose Demographic Background			0	

Board, Leadership and Team Member Demographics



TEAM MEMBER DEMOGRAPHICS		
TENURE		
TENURE BY YEAR	NUMBER OF TEAM MEMBERS	PERCENT OF TOTAL TEAM MEMBERS
<1 Year	870	21%
Women	315	36%
Men	555	64%
1 - 3 Years	1,206	29%
Women	454	38%
Men	752	62%
3 - 5 Years	658	16%
Women	271	41%
Men	387	59%
5 - 10 Years	859	21%
Women	357	42%
Men	502	58%
10+ Years	552	13%
Women	242	44%
Men	310	56%
Grand Total	4,145	100%
GENDER		
TEAM MEMBER GENDER	NUMBER OF TEAM MEMBERS	PERCENT OF TOTAL TEAM MEMBERS
Women	1,639	40%
Men	2,506	60%
Grand Total	4,145	100%
GENDER BY GRADE		
TEAM MEMBER GENDER BY COMPENSATION GRADE	NUMBER OF TEAM MEMBERS	PERCENT OF TOTAL TEAM MEMBERS
Compensation Grades 1 - 7	3,493	84%
Women	1,363	39%
Men	2,130	61%
Compensation Grades 8 - 10	525	13%
Women	233	44%
Men	292	56%
Compensation Grades 11+	127	3%
Women	43	34%
Men	84	66%
Grand Total	4,145	100%

Board, Leadership and Team Member Demographics



GENERATION		
GENERATION	NUMBER OF TEAM MEMBERS	PERCENT OF TOTAL TEAM MEMBERS
Generation Z (1997 and onward)	478	12%
Women	165	35%
Men	313	65%
Generation Y / Millennials (1981 -1996)	1,944	47%
Women	754	39%
Men	1,190	61%
Generation X (1965 -1980)	1,235	30%
Women	498	40%
Men	737	60%
Baby Boomers (1946 -1964)	487	12%
Women	222	46%
Men	265	54%
Grand Total	4,145	100%
CONTINGENT WORKERS		
CONTINGENT WORKERS	YEAR-END TOTAL	
Contingent Worker	671	
Grand Total	671	
FULL-TIME AND PART-TIME TEAM MEMBERS		
FULL-TIME AND PART-TIME TEAM MEMBERS	NUMBER OF TEAM MEMBERS	PERCENT OF TOTAL TEAM MEMBERS
Full time	4,068	98%
Women	1,603	39%
Men	2,465	61%
Part time	77	2%
Women	36	47%
Men	41	53%
Grand Total	4,145	100%

Board, Leadership and Team Member Demographics



PERMANENT/REGULAR AND TEMPORARY TEAM MEMBERS		
PERMANENT/REGULAR AND TEMPORARY TEAM MEMBERS	NUMBER OF TEAM MEMBERS	PERCENT OF TOTAL TEAM MEMBERS
Regular	4,131	100%
Women	1,630	37%
Men	2,501	63%
Temporary	14	—%
Women	9	69%
Men	5	31%
Grand Total	4,145	100%

RACE AND ETHNICITY		
RACE AND ETHNICITY	NUMBER OF TEAM MEMBERS	PERCENT OF TOTAL TEAM MEMBERS
American Indian or Alaska Native (Not Hispanic or Latino)	28	1%
Women	13	46%
Men	15	54%
Asian (Not Hispanic or Latino)	208	5%
Women	70	34%
Men	138	66%
Black or African American (Not Hispanic or Latino)	791	19%
Women	388	49%
Men	403	51%
Hispanic or Latino	464	11%
Women	150	32%
Men	314	68%
I Do Not Wish To Answer	66	2%
Women	30	45%
Men	36	55%
Native Hawaiian or Other Pacific Islander (Not Hispanic or Latino)	22	1%
Women	14	64%
Men	8	36%
Two or More Races (Not Hispanic or Latino)	161	4%
Women	70	43%
Men	91	57%
White (Not Hispanic or Latino)	2,405	58%
Women	904	38%
Men	1,501	62%
Grand Total	4,145	100%

Note:

- Team member demographic percentages may not total to 100% due to rounding.
- To align with U.S. government reporting requirements, data in this report uses the traditional gender categories of men and women. Sleep Number deeply respects that gender is not binary.
- Though we do not use the Federal Employer Information Report EEO-1 as the basis for reporting our team member demographics in this report, our most recent filing is publicly available [here](#).

Measuring Our Progress



Sleep Number initiated reporting in accordance with the Global Reporting Initiative (GRI) Standards 2021 and Sustainability Accounting Standards Board (SASB) Standards 2018-10 in our 2022 report as a step toward aligning our disclosures with these globally and nationally recognized frameworks and principles. In this 2024 report, we include our inaugural reporting under the Task Force on Climate-related Financial Disclosures (TCFD) and describe the Environmental, Social and Governance (ESG) actions taken during our 2023 fiscal year period beginning January 1, 2023, through December 30, 2023 — and actions we plan to pursue moving forward — in keeping with these standards.

ENVIRONMENTAL METRICS					
ENERGY METRIC	FY22 USAGE	FY22 MTCO2	FY21 USAGE	FY21 MTCO2	YOY MTCO2E % CHANGE
Electricity consumed (kwh)	34,221,903	12,806	31,708,814	11,595	
Scope 2 (Direct) CO2 emissions (MTCO2e) (location based)		12,806		11,595	10%
Scope 2 (Direct) CO2 emissions (MTCO2e) (market based)		13,136		12,533	
Natural Gas consumed (therms)	1,109,906	5,907	855,628	4,553	
Propane (gal.)	3,755	22	754	4	
Diesel (fleet fuel in gal.)	1,452,558	14,612	1,608,506	16,542	
Refrigerant (lbs.)	1,324	1,155	615	532	
Scope 1 (Direct) CO2 emissions (MTCO2e)		21,695		21,632	—%
TOTAL MTCO2e* (location based)		34,501		33,227	4%
TOTAL MTCO2e* (market based)		34,831		34,165	
Emissions Intensity (Scope 1 and 2 MTCO2e/Cal. Norm. SqFt)		10,440		11,882	(12)%

*ENERGY: Scope 1 & 2 (MTCO2e) for 2022 represents 88.3% actual and 11.7% modeled data, while 2021 represents 86.5% actual and 13.5% modeled data. In 2022, Sleep Number grid electricity accounts for 27% of total energy usage, and the Company procured 0% renewable energy during the year.

WASTE METRIC	2023	2022	YOY CHANGE (TONS)
Bases recycled (tons)	1,390	1,059	331
Cardboard recycled (tons)	1,838	2,264	(426)
Electronics recycled (tons)	46	23	23
Low Density Plastics recycled (tons)	671	764	(93)
High Density Plastics recycled (tons)	50	88	(38)
Metal recycled (tons)	41	113	(73)
Pallets recycled	4,088	4,709	(621)
PET recycled (tons)	10	28	(18)
Quilt/Foam recycled (tons)	1,441	1,155	218
Non-Hazardous Waste to Landfill (tons of Trash)	2,394	3,029	(634)
WTE	25	218	(193)
TOTAL Waste (tons)	11,996	13,453	(1,471)
Hazardous Waste (tons)	—	—	—

		2023	2022	2021
Natural Resources	Water Usage** (thousands of gal.)	Not Available	46,877	25,113
Product Design	% of bedding assortment that is OEKO-TEX certified	94%	94%	

**NATURAL RESOURCES: 2022 water usage represents 50% actual and 50% modeled data. The change in actual/modeled water usage data compared to 2021 (70%/30%) is primarily due to retail locations.

GRI Context Index



STATEMENT OF USE	Sleep Number has reported in accordance with the GRI Standards for the period January 1, 2023, through December 30, 2023.
GRI 1 USED	GRI 1: Foundation 2021
APPLICABLE GRI SECTOR STANDARD(S)	Household Durables; Retail

GRI/SASB STANDARD	INDICATOR/METRIC	DISCLOSURE
ORGANIZATION AND REPORTING PRACTICES		
GRI 2: General Disclosures 2021	GRI 2.1a Organizational Details (Legal Name)	Form 10-K , cover page
	GRI 2.1b Organizational Details (Nature of Ownership)	Form 10-K , cover page
	GRI 2.1c Organizational Details (HQ Address)	Form 10-K , cover page
	GRI 2.1d Organizational Details (Countries of Operation)	Corporate Sustainability Report, Where We Operate
	GRI 2.2a Entities included in ESG reporting	Parent and consolidated subsidiaries
	GRI 2.2b Specify difference between entities included in ESG reporting and those included in publicly filed financial statements	None
	GRI 2.2c Approach used to consolidate multiple entities	Form 10-K , Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations: Critical Accounting Policies and Estimates
	GRI 2.3a Reporting period for and frequency of ESG reporting	This report covers Sleep Number operations and performance for the period January 1, 2023, through December 30, 2023. Our first report was published in March 2020. We publish ESG updates annually.
	GRI 2.3b Differences between financial reporting and ESG reporting period, if any	ESG reporting period (for select items) extends beyond most recent fiscal year end to report publication date.
	GRI 2.3c ESG Report Publication date	March 2024
	GRI 2.3d Contact Point for questions about reported information	Corporate Sustainability Report, Stakeholder Feedback
	GRI 2.4 Restatements of prior period information, including reason(s) and effect	None
	GRI 2.5a External Assurance - describe policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved	To date, we do not engage an external resource for assurance of our ESG reporting. However, we have engaged with Internal Audit that reports to the Audit Committee and consulted with external assurance on ESG reporting topics. Per our Corporate Sustainability Report, Governance , our Executive Leadership Team is actively engaged and our Board of Directors reviews this report.

GRI Context Index



GRI/SASB STANDARD	INDICATOR/METRIC	DISCLOSURE
ORGANIZATION AND REPORTING PRACTICES		
GRI 2: General Disclosures 2021	GRI 2.5b If externally assured, provide link or reference to assurance statement, describe what has been assured and on what basis, describe relationship between company and assurance provider.	See response to GRI 2.5a
SASB: Activity Metric	CG-MR-000.A Number of (1) retail locations and (2) distribution centers	Corporate Sustainability Report, Where We Operate
ACTIVITIES AND WORKERS		
GRI 2: General Disclosures 2021	GRI 2.6a Sector	Household Durables, Retail
	GRI 2.6b Value Chain (Products, Services, Markets, Supply Chain)	Form 10-K , Item 1. Business
	GRI 2.6c Business Relationships	Form 10-K
	GRI 2.6d Changes in 2.6 compared to prior reporting periods	Form 10-K
	GRI 2.7a # of Employees – Total, By Gender, By Region	Corporate Sustainability Report, Appendix - Team Member Demographics
	GRI 2.7b Permanent, Temporary, FT, PT (with breakdowns by gender & region)	We provide Permanent, Temporary, FT, PT team member breakdown by gender in our Corporate Sustainability Report, Appendix - Team Member Demographics , but do not report this information by region as not all team members are assigned to regions.
	GRI 2.7c Reporting Methodology (YE vs. Ave, # vs. FTE)	Year-End #
	GRI 2.7d Context to understand TM data	Form 10-K , Item 1. Business; Human Capital
	GRI 2.7e Fluctuations across reporting periods	Number of team members at year-end 2022 was 5,515 compared to 4,145 at year-end 2023. Corporate Sustainability Report, Appendix - Team Member Demographics
	GRI 2.8a Workers who are not employees (most common type, work they perform)	Corporate Sustainability Report - Team Member Demographics
	GRI 2.8b Workers who are not employees methodology (YE vs. Ave, # or FTE)	Year-End #
GRI 2.8c Workers who are not employees (fluctuations within/across periods)	Sleep Number has not previously reported information about workers who are not employees.	
GOVERNANCE		
GRI 2: General Disclosures 2021	GRI 2.9a – c Governance Structure & Composition (Board & Committees)	Proxy , Corporate Governance.
	GRI 2.10a – b Nomination & selection of highest governance body	Proxy , Corporate Governance.
	GRI 2.11a – b Chair of highest governance body	Proxy , Corporate Governance.
	GRI 2.12a – c Role of highest governance body	Proxy , Corporate Governance.
	GRI 2.13a – b Delegation of responsibility	Proxy , Corporate Governance.
GRI 2.14a – b Role of the highest governance body in ESG reporting	Proxy , Corporate Governance.	



GRI/SASB STANDARD	INDICATOR/METRIC	DISCLOSURE
ORGANIZATION AND REPORTING PRACTICES		
GOVERNANCE		
GRI 2: General Disclosures 2021	GRI 2.15a – b Conflicts of Interest	Proxy , Corporate Governance
	GRI 2.16a – b Communication of critical concerns	Proxy , Corporate Governance; Corporate Sustainability Report, Governance
	GRI 2.17 Collective knowledge of the highest governance body	Corporate Sustainability Report, Governance - Our Governance Approach
	GRI 2.18a – c Evaluation of the performance of the highest governance body	Proxy , Corporate Governance
	GRI 2.19a – b Remuneration policies	Proxy , Executive Compensation (beginning on page 30)
	GRI 2.20a – b Process to determine remuneration	Proxy , Executive Compensation: Committee and Governance
	GRI 2.21a – c Annual total compensation ratio	Proxy , CEO Pay Ratio (page 57)
STRATEGIES, POLICIES AND PRACTICES		
GRI 2: General Disclosures 2021	GRI 2.22 Statement on sustainable development strategy	Corporate Sustainability Report, Sustainability Priorities and Progress
	GRI 2.23a Policy commitments (re: responsible business conduct)	Team Member Code of Business Conduct ; Code of Business Conduct for Vendors
	GRI 2.23b Policy commitments (re: human rights)	Human Rights Policy
	GRI 2.23c Policy commitments links	Corporate Sustainability Report, Appendix - Publicly Available Governance Documents
	GRI 2.23d Policy commitments (re: level of approval)	The Board and/or Executive Leadership Team reviews and approves policy commitments.
	GRI 2.23e Policy commitments (re: application to activities and business relationships)	Policies apply to all of the organization's activities and business relationships.
	GRI 2.23f Policy commitments (re: communication to workers, business partners, others)	Policies are publicly available and the majority are proactively communicated to relevant stakeholders for review and alignment.
	GRI 2.24 Embedding policy commitments	Corporate Sustainability Report, Governance - Commitment to Ethical Business Practices and Legal Compliance
	GRI 2.25a – e Process to remediate negative impacts	Corporate Sustainability Report <ul style="list-style-type: none"> • Governance • Our People: Coaching/ Performance, • Our People: Health & Safety • Our Suppliers
	GRI 2.26 Mechanisms for seeking advice and raising concerns	Corporate Sustainability Report, Governance - Commitment to Ethical Business Practices and Legal Compliance ; Corporate Sustainability Report, Our Suppliers
	GRI 2.27a – d Compliance with laws and regulations	Corporate Sustainability Report, Governance - Commitment to Ethical Business Practices and Legal Compliance
	GRI 2.28 Member associations	Corporate Sustainability Report, At a Glance - Sustainability Priorities and Progress ; Corporate Sustainability Report, Governance - Political Contributions

GRI Context Index



GRI/SASB STANDARD	INDICATOR/METRIC	DISCLOSURE
ORGANIZATION AND REPORTING PRACTICES		
STAKEHOLDER ENGAGEMENT		
GRI 2: General Disclosures 2021	GRI 2.29 Approach to Stakeholder Engagement	Corporate Sustainability Report, Governance - Stakeholder Engagement
	GRI 2.30a – b Collective bargaining agreements	Corporate Sustainability Report, Appendix, Publicly Available Governance Documents - Human Rights Policy
MATERIALITY		
GRI 3: Material Topics 2021	GRI 2021 3.1 Process to determine Material Topics	Corporate Sustainability Report, Governance - Stakeholder Engagement
	GRI 2021 3.2 List of Material Topics	Corporate Sustainability Report, Governance - Stakeholder Engagement
	GRI 2021 3.2 Management of Material Topics	Corporate Sustainability Report, Governance - Stakeholder Engagement
ENERGY		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Corporate Sustainability Report, Environment - Climate and Energy
	302-3 Energy intensity	Corporate Sustainability Report, Appendix - Environmental Metrics
	302-4 Reduction of energy consumption	We are early in our journey of measuring and reporting energy usage and have identified specific initiatives, including installation of solar panels and telemetrics, to reduce energy consumption. Our energy usage rose in 2022. Corporate Sustainability Report, Appendix - Environmental Metrics
	302-5 Reductions in energy requirements of products and services	We are on a journey of improving our measurement and reporting of energy usage. We expect to develop reduction goals and further identify specific initiatives to reduce energy consumption in the future.
SASB 2018-10 Energy Management in Retail & Distribution	CG-MR-130a.1 (1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	Corporate Sustainability Report, Appendix - Environmental Metrics
EMISSIONS		
GRI 305: Emissions 2016	GRI 3 2021 3.3 Management disclosures approach - Materiality	Corporate Sustainability Report, Governance - Stakeholder Engagement ; Corporate Sustainability Report, Environment - Climate and Energy
	305-1 Direct (Scope 1) GHG emissions	Corporate Sustainability Report, Appendix - Environmental Metrics
	305-2 Energy indirect (Scope 2) GHG emissions	Corporate Sustainability Report, Appendix - Environmental Metrics

GRI Context Index



GRI/SASB STANDARD	INDICATOR/METRIC	DISCLOSURE
EMISSIONS		
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	Corporate Sustainability Report, Environment - Climate and Energy ; Corporate Sustainability Report, Environment - Material Circularity
	305-7 Nitrogen oxides (NOx) sulfur oxides (SOx) and other significant air emissions	We have measured Scope 1 and 2 emissions for two consecutive years. We are continuing to capture data to enable us to report these metrics in the future.
WASTE		
GRI 306: Waste 2020	GRI 3 2021 3.3 Management disclosures approach - Materiality	Corporate Sustainability Report, Governance - Stakeholder Engagement ; Corporate Sustainability Report, Environment - Material Circularity
	306-1 Waste generation and significant waste-related impacts	Corporate Sustainability Report, Environment - Material Circularity
	306-2 Management of significant waste-related impacts	Corporate Sustainability Report, Environment - Material Circularity
	306-3 Waste generated	Corporate Sustainability Report, Appendix - Environmental Metrics
	306-4 Waste diverted from disposal	Corporate Sustainability Report, Appendix - Environmental Metrics
	306-5 Waste directed to disposal	Corporate Sustainability Report, Appendix - Environmental Metrics
EMPLOYMENT		
GRI 401: Employment 2016	GRI 3 2021 3.3 Management disclosures approach - Materiality	Corporate Sustainability Report, Governance - Stakeholder Engagement
	401-1 New employee hires and employee turnover	We view this information to be confidential.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Corporate Sustainability Report, Social - Our People
	401-3 Parental leave	Corporate Sustainability Report, Social - Our People
TRAINING AND EDUCATION		
GRI 404: Training and Education 2016	GRI 3 2021 3.3 Management disclosures approach - Materiality	Corporate Sustainability Report, Governance - Stakeholder Engagement
	404-1 Average hours of training per year per employee	We do not currently capture this data.
	404-2 Programs for upgrading employee skills and transition assistance programs	Corporate Sustainability Report, Social - Our People
	404-3 Percentage of employees receiving regular performance and career development reviews	Corporate Sustainability Report, Social - Our People

GRI Context Index



GRI/SASB STANDARD	INDICATOR/METRIC	DISCLOSURE
DIVERSITY AND EQUAL OPPORTUNITY		
GRI 405: Diversity and Equal Opportunity 2016	GRI 3 2021 3.3 Management disclosures approach - Materiality	Corporate Sustainability Report, Governance - Stakeholder Engagement
	405-1 Diversity of governance bodies and employees	Corporate Sustainability Report, Appendix - Board, Leadership and Team Member Demographics
	405-2 Ratio of basic salary and remuneration of women to men	We do not capture this information because we do not believe it would be an accurate measure of pay equity in our business.
SASB: Workforce Diversity & Inclusion	CG-MR-330a.1/CG-MR:02 Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Corporate Sustainability Report, Appendix - Board, Leadership and Team Member Demographics
SUPPLIERS		
GRI 414: Supplier Social Assessment 2016	GRI 3 2021 3.3 Management disclosures approach - Materiality	Corporate Sustainability Report, Governance - Stakeholder Engagement Corporate Sustainability Report, Social - Our Suppliers
	414-1 New suppliers that were screened using social criteria	No new significant suppliers were added during the reporting period.
	414-2 Negative social impacts in the supply chain and actions taken	Corporate Sustainability Report, Social - Our Suppliers
PUBLIC POLICY		
GRI 415: Public Policy 2016	GRI 3 2021 3.3 Management disclosures approach - Materiality	Corporate Sustainability Report, Governance - Political Contributions
	415-1 Political Contributions	Corporate Sustainability Report, Governance - Political Contributions
HEALTH AND SAFETY		
GRI 416: Customer Health & Safety 2016	GRI 3 2021 3.3 Management disclosures approach - Materiality	Corporate Sustainability Report, Governance - Stakeholder Engagement Corporate Sustainability Report, Our People (Health and Safety) Corporate Sustainability Report, Social - Our Consumers and Brand (Product Quality and Safety)
	416-1 Assessment of the health and safety impacts of product and service categories	Corporate Sustainability Report, At a Glance - Purpose Corporate Sustainability Report, Our People (Health and Safety) Corporate Sustainability Report, Social - Our Consumers and Brand (Product Quality and Safety)

Task Force on Climate-Related Financial Disclosures (TCFD) Index



In this report, Sleep Number is initiating disclosures aligned with the recommendations of the TCFD, which evidences our intention to integrate climate-related risks and opportunities into our routine business operations and decision-making. This disclosure sets the foundation of our TCFD framework-aligned processes around risk management and strategy. We look forward to strengthening this reporting as we continue to deepen the connection of our corporate strategy with the transition to a low carbon economy.

TCFD RECOMMENDATION	SLEEP NUMBER DISCLOSURE
GOVERNANCE	
Describe the Board's oversight of climate-related risks and opportunities	Corporate Sustainability Report, Governance - Our Governance Approach, ESG Oversight
Describe management's role in assessing and managing climate-related risks and opportunities	Corporate Sustainability Report, Governance - Our Governance Approach, ESG Oversight
STRATEGY	
Describe the organization's strategic time horizons and the climate-related risks and opportunities it has identified	<p>We are early in our journey, but generally consider climate-related risks and opportunities through the following time horizons:</p> <ul style="list-style-type: none"> • Short-term – We generally define our short-term strategy on an annual or year-over-year basis. • Medium-term – We generally define our medium-term strategy as one to three years. • Long-term – We generally define our long-term strategy as anything over three years. <p>We have initiated a quarterly climate sub-risk assessment that generally encompasses the following topics:</p> <ul style="list-style-type: none"> • Pollution and waste, carbon emissions, and energy efficiency within our supply chain and value chain, including vendors, and our operations; • Physical locations, including facility planning, insurance coverage adequacy and cost, facility property damage and related business interruption concerns related to climate, and major capital expenditures and financial planning; • Technology, including data processing and storage; • Product innovation and research and development, including investments, product design and end of life treatment of sold products; • Services and logistics, including transportation of purchased raw materials and fleet impact; • Regulatory, including current or emerging environmental or climate-related regulations; and • Reputational/stakeholder impacts/other, including business reputation, stakeholder expectations and travel or commuting.
Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	We plan to integrate additional climate-related risks and opportunities into our operations, products and services, investments and supply chain engagement as we mature our approach and as risks and opportunities are identified.

Task Force on Climate-Related Financial Disclosures (TCFD) Index



TCFD RECOMMENDATION	SLEEP NUMBER DISCLOSURE
STRATEGY	
<p>Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario</p>	<p>We are on a journey to identify any significant climate risks and relevant mitigation actions in addition to addressing relevant climate-related opportunities while meeting the needs of our stakeholders. As these risks and opportunities evolve, we anticipate the need to adapt our approach.</p>
RISK MANAGEMENT	
<p>Describe the organization's process for managing climate-related risks</p>	<p>The Company's overall risk management process includes an assessment of Company risks, including certain environmental, social and governance risks and their severity as well as development and implementation of strategies and initiatives to address them. The process includes participation from members of the Board, Executive Leadership Team and many other subject matter experts and key stakeholders across the organization.</p> <p>Our risk management process anticipates the fluid nature of risk and is designed to identify and assess new and emerging risks as management becomes aware of them. Climate-related risks are now being integrated into our Company-wide risk management process and are a subject of our quarterly risk assessments. Climate is managed as its own risk category. Subject matter experts and key stakeholders review climate-related risks to assess severity and strategize and implement initiatives to address them.</p> <p>Risk assessment results are reviewed with the Executive Leadership Team and the Board quarterly.</p>
<p>Describe the organization's process for identifying and assessing climate-related risks and opportunities</p>	<p>To establish climate-related risks for our Company, as with other risk categories, interviews are conducted with key cross-functional leaders that may directly work within and/or work to mitigate the risk in question. As we complete our initial climate-related risk interviews, outputs from the interview process will be aggregated and included in future quarterly climate-related risk assessments generally sent to key leaders across the organization. The risk management team will review significant aggregated findings with leadership and the Board.</p>
<p>Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management</p>	
METRICS AND TARGETS	
<p>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<p>The Company continues its work to establish baselines for measuring performance over time and future reporting.</p>
<p>Disclose Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions and the related risks</p>	<p>Corporate Sustainability Report - Environmental Metrics</p>
<p>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p>	<p>We are still in the evaluation phase of formal target-setting. We are evaluating our baseline emissions to establish GHG reduction targets, if any, and will consider additional disclosures in future reporting.</p>

Forward-Looking Statements



The discussion in this report contains certain forward-looking statements that relate to future plans, events, financial results or performance. You can identify forward-looking statements by those that are not historical in nature, particularly those that use terminology such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” “project,” “predict,” “intend,” “potential,” “continue” or the negative of these or similar terms.

These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, among others:

- Changes in economic conditions and consumer sentiment and related impacts on discretionary consumer spending;
- Increases in interest rates, which have increased the cost of servicing the Company’s indebtedness;
- Availability of attractive and cost-effective consumer credit options;
- Ability to achieve savings and efficiencies from cost savings plans related to business restructuring actions and to avoid unexpected adverse effects;
- Dependence on and ability to maintain working relationships with key suppliers and third parties;
- Fluctuations in commodity costs or third-party delivery or logistics costs and other inflationary pressures;
- Risks inherent in global sourcing activities, including tariffs, foreign regulation, geo-political turmoil, war, pandemics, labor challenges, foreign currency fluctuations, inflation, and climate or other disasters, and resulting supply shortages and production and delivery delays and disruptions;
- Operating with minimal levels of inventory, which may leave the Company vulnerable to supply shortages;
- The effectiveness of the Company’s marketing strategy and promotional efforts;
- The execution of Sleep Number’s Total Retail distribution strategy;
- Ability to achieve and maintain high levels of product quality and to improve and expand the product line;
- Ability to protect the Company’s technology, trademarks, and brand and the adequacy of its intellectual property rights;
- Ability to effectively compete;
- Risks of disruption in the operation of any of the Company’s facilities and operations, including manufacturing, assembly, distribution, logistics, field services, home delivery, headquarters, product development, retail or customer service operations;
- Ability to comply with existing and changing government regulations and laws;
- Pending or unforeseen litigation and the potential for associated adverse publicity;
- The adequacy of the Company’s and third-party information systems and costs and disruptions related to upgrading or maintaining these systems;
- The Company’s ability to identify and withstand cyber threats that could compromise the security of its systems, result in a data breach or business disruption;
- Risks associated with advancements in or adoption of artificial intelligence technologies;
- Sleep Number’s ability, and the ability of its suppliers and vendors, to attract, retain and motivate qualified and effective personnel;
- The volatility of Sleep Number stock, its removal from various stock indices, and the potential negative effects of shareholder activism or of changes in coverage by securities analysts;
- Environmental, social and governance risks, including increasing regulation and stakeholder expectations; and
- The Company’s ability to adapt to climate change and readiness for legal or regulatory responses thereto.

STAKEHOLDER FEEDBACK

We welcome your feedback on this report. For more information or to provide comments, please contact Investor Relations at:

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