



2026

Corporate Sustainability Report

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2026 CORPORATE SUSTAINABILITY REPORT

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Letter To Stakeholders



At Sleep Number, we are always aiming to improve, innovate and build the best possible company for all stakeholders, guided by our purpose of improving lives by personalizing sleep.

Our commitment to advancement is embedded throughout our organization. It is reflected in the consistent execution of our ongoing operating model transformation, integrated into our consumer innovation strategy and deeply rooted in our approach to stewardship.

We have thoughtfully and deliberately aligned our sustainability efforts with our purpose and principles and with our pursuit of sustainable, profitable growth. As detailed in this report, we continue to prioritize environmental, social and governance initiatives that support the resilience of our business over the long term.

- We are strengthening systems and processes that support sound governance, ensure transparent, consistent, and reliable reporting practices, and enable high integrity, data-driven decision-making.
- We remain focused on attracting and retaining talented, highly engaged team members, offering opportunities for growth, rewarding strong performance and cultivating a workplace culture that promotes well-being and belonging.

- We continue to improve millions of lives – and benefit numerous communities – through volunteerism, financial and in-kind support, contributions to sleep science and research and sleep innovations that deliver significant value to consumers.
- We are working to reduce our environmental footprint as we monitor our greenhouse gas emissions, waste and other environmental outputs, including through improved network design, transportation optimization and innovations that extend the useful life of product components.

Inspired by our team's passion and fueled by collaboration with our business partners, we are determined to take responsible actions that will lead to a better future and create long-term value for all stakeholders.

We appreciate your support as we continue this important work.

A handwritten signature in white ink, appearing to read 'Sam Hellfeld', with a long horizontal flourish extending to the right.

Sam Hellfeld

Executive Vice President, Chief Legal and Risk Officer and Secretary
Sleep Number® setting 35



At a Glance



Who We Are



"Guided by our purpose and our team's dedication, we're transforming for efficiency, refreshing our product lineup, and expanding our brand to better serve customers, elevate comfort, and deliver value for our stakeholders."

Linda Findley, Director, President and Chief Executive Officer
Sleep Number® setting 35

FOUNDATION OF INDIVIDUALITY

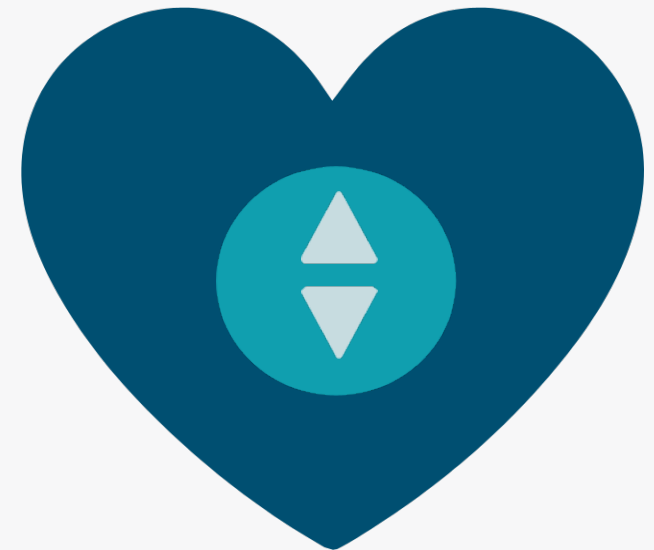
We celebrate individuality in each other, in our own lives and in our customers' lives. We embrace every individual's unique talents, perspectives and experiences and strive to create an environment where everyone can be their authentic and whole selves. Valuing our unique characteristics makes us stronger, smarter and fuels our innovation and teamwork. Individuality connects us to our purpose of improving lives by personalizing sleep.

PURPOSE

Improving lives by personalizing sleep.

PRINCIPLES

Be The Customer • Build Bridges Everywhere • Win With Simplicity • Bring Your Passion • Imagine The New





Our Principles

BE THE CUSTOMER

Step fully into the customer experience to meet - and beat - expectations

BUILD BRIDGES EVERYWHERE

Trust and relationships are what move us further, faster

WIN WITH SIMPLICITY

Simplicity creates clarity, speed and smarter decisions

BRING YOUR PASSION

Passion energizes our culture and the lives we improve

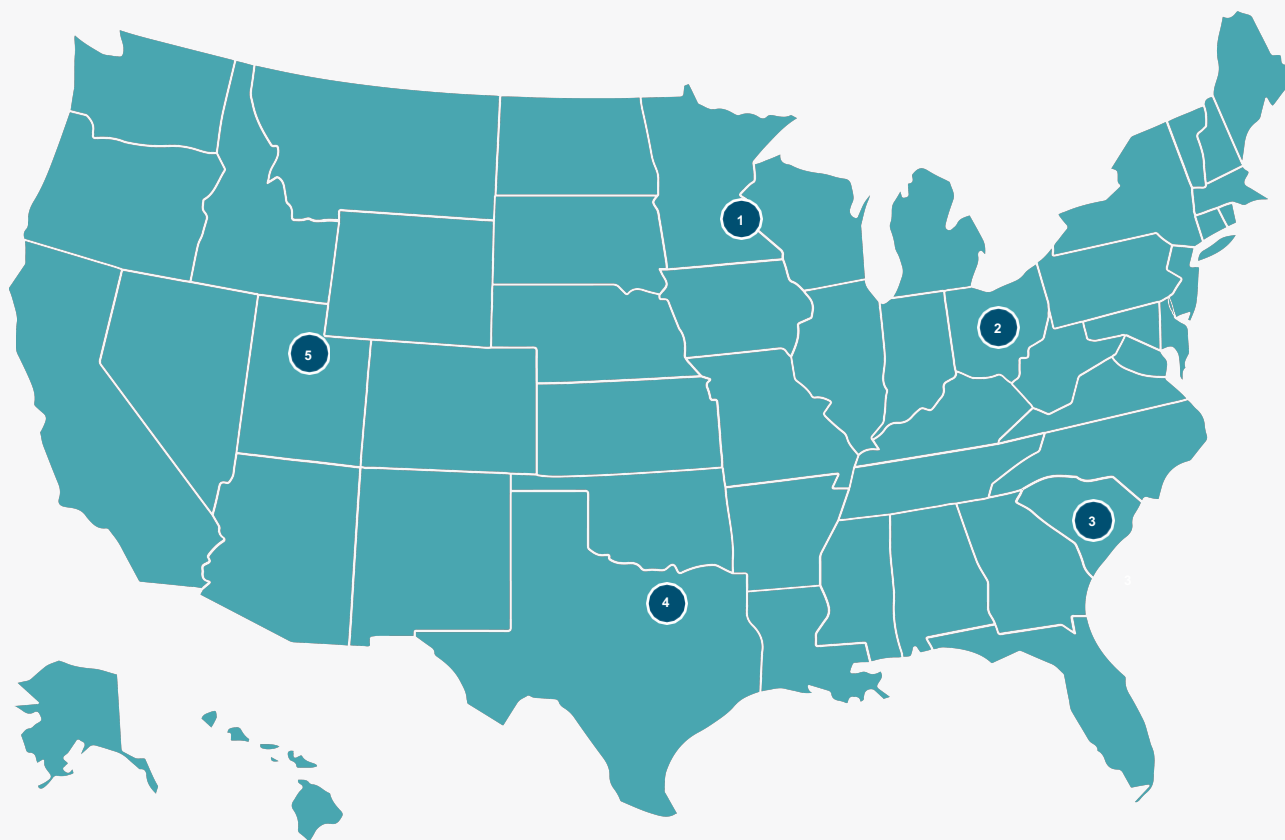
IMAGINE THE NEW

Curiosity sparks discovery - leading us to define what's possible and bring it to life



Where We Operate

As of our 2025 fiscal year end, January 3, 2026, we operated 600 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 five assembly distribution centers.



AK	1 Store
AL	9 Stores
AR	7 Stores
AZ	14 Stores
CA	62 Stores
	1 Sleep Number Labs
CO	15 Stores
CT	6 Stores
DE	2 Stores
FL	44 Stores
GA	20 Stores
HI	2 Stores
IA	6 Stores
ID	3 Stores
IL	23 Stores
IN	14 Stores
KS	5 Stores
KY	8 Stores
LA	10 Stores
MA	9 Stores
MD	14 Stores
ME	3 Stores
MI	19 Stores

MN	14 Stores
	1 Corporate Headquarters
	1 Assembly Distribution Center
MO	12 Stores
MS	5 Stores
MT	4 Stores
NC	20 Stores
ND	2 Stores
NE	4 Stores
NH	4 Stores
NJ	14 Stores
NM	4 Stores
NV	6 Stores

NY	19 Stores
OH	20 Stores
	1 Assembly Distribution Center
	1 Bedding Collection Fulfillment Center
OK	5 Stores
OR	8 Stores
PA	24 Stores
RI	1 Store
SC	10 Stores
	1 Cut and Sew Facility
	1 Assembly Distribution Center
SD	2 Stores
TN	14 Stores

TX	54 Stores
	1 Assembly Distribution Center
UT	6 Stores
	1 Advanced Engineering and Prototyping Facility
	1 Assembly Distribution Center
VA	18 Stores
VT	1 Store
WA	17 Stores
WI	11 Stores
WV	3 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 connect and engage 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, certain Sleep Number leaders are actively engaged members of sustainability industry councils, advisory boards and practitioner alliances.

Our Company-wide priorities include:



GOVERNANCE	SOCIAL	ENVIRONMENT
Strengthen systems and processes that reinforce sound governance, high integrity decision-making and transparent, consistent reporting practices	Promote inclusivity and belonging and strengthen relationships between our teams and communities in which we operate	Increase operational efficiencies to improve profitability — through network design, digitization/automation and transportation optimization
Implement publicly announced Board and governance advancements	Enhance team member satisfaction and retention through talent development initiatives	Extend useful life of Sleep Number® components and reduce waste
Refine internal systems to support reporting under the Task Force on Climate-related Financial Disclosures (TCFD) framework	Advance sleep research and science and their impact on society	Mature greenhouse gas emissions measurement methodologies and enhance documentation



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:

- Who We Are
- Building Team
- Innovating for Good



Achieve gender equality and empower all women and girls.

OUR WORK:

- Building Team
- 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
- Building Team
- Innovating for Good
- Strengthening Supplier Relationships and Performance



Reduce inequality within and among countries.

OUR WORK:

- Building Team
- Innovating for Good
- Strengthening Supplier Relationships and Performance



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

OUR WORK:

- Innovating for Good
- Climate and Energy
- Material Circularity



Ensure sustainable consumption and production patterns.

OUR WORK:

- Product Quality & Safety
- Strengthening Supplier Relationships and Performance
- 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:

- Who We Are
- Governance
- Innovating for Good

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 seven members and three independent committees to enhance the Board's oversight:

- Audit Committee;
- Management Development and Compensation Committee; and
- Corporate Governance and Nominating Committee.

In April 2025, we welcomed a new Director, President and Chief Executive Officer, Linda Findley, and in May 2025, Phil Eyler became the independent Chair of the Board. For a comprehensive overview of our Board's corporate governance practices, please refer to our [Corporate Governance Principles](#).

Our seven Board members provide a value-add mix of skills, qualifications, experience and backgrounds that support the Company's efforts to deliver long term shareholder value creation. 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.

Throughout 2025, our Board composition included a balanced mix of director tenure and executive-level experience in consumer products, digital technology, consumer health, finance, research and innovation, direct sales and healthcare. We publicly disclose Board member demographics in our [Board Diversity Matrix](#).

Our governing documents currently provide several important rights and protections for shareholders, including a majority voting standard for uncontested director elections, the ability for shareholders to call special meetings with 10% of the Company's outstanding shares and the ability for shareholders to approve certain charter amendments with a simple majority vote. Additionally, as reiterated in a public filing on May 29, 2025, the Board plans to seek shareholder approval at the 2026 Annual Meeting to amend the Company's governing documents, including commencing a process to declassify the Board and to adopt a majority voting standard for approvals of mergers and future amendments to the Company's Articles of Incorporation. 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 2026 Proxy Statement, which is expected to be made available to our shareholders and posted on our Investor Relations website later in 2026.

SUSTAINABILITY OVERSIGHT

Responsibility for making our performance sustainable starts at the top with our management team and Board. Sleep Number's management team is responsible for leading and executing our sustainability strategy, initiatives and results, and engages with the entire Board and with Board committees in sustainability 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 sustainability program.

Our financial goals, investments and decisions incorporate Sleep Number's commitment to initiatives designed to deliver sustainable, profitable performance over time. Each year, the entire Board engages with dedicated materials that cover key sustainability trends as well as specific initiatives that we recently completed, are exploring or are actively pursuing. On matters related to information security, risk management and cybersecurity, management briefs our Board or Audit Committee at each quarterly meeting and on an interim basis, as needed, on 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 sustainability 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 and community involvement; and
- Governance, audit and risk topics, such as succession planning, board composition, executive compensation, cybersecurity, enterprise risk assessment and risk management, corporate policy development, internal controls and investor outreach.

Our Board committees have specific oversight roles over aspects of our sustainability strategy and receive quarterly updates from management on 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 Ethics and internal controls over financial reporting.

- The Corporate Governance and Nominating Committee oversees our corporate governance principles and Board succession process. We maintain [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 sustainability policies, practices and reporting.
- The Management Development and Compensation Committee oversees compensation policies, practices and organizational talent and development, including executive compensation, Sleep Number's objectives, and programs for human capital management such as initiatives focused on engagement, inclusion and belonging, and learning and retention.

Sleep Number is taking steps to ensure readiness to comply with evolving climate disclosure laws.

Actions include:

- Measurement of and readiness for third-party assurance of Scopes 1 and 2 greenhouse gas (GHG) emissions;

- Refining the assessment and measurement of Scope 3 GHG emissions;
- Increasing our readiness to report under the [Task Force on Climate-related Financial Disclosures](#) (TCFD) framework; and
- Leveraging an internal cross-functional team to document internal controls and create a sustainable, auditable and repeatable process.

ALIGNMENT WITH INDUSTRY-LEADING REPORTING FRAMEWORKS

We utilize various global and national standards and frameworks to ensure we are transparent and relevant in our public sustainability reporting. In keeping with evolving climate disclosure requirements related to new or pending regulations, we are focused on increasing our reporting under the Task Force on Climate-related Financial Disclosures (TCFD) framework, 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.



Our Governance Approach

PRIVACY

Sleep Number is committed to respecting and supporting our customers' privacy and understands the importance of trust and transparency in the use of our customers' personal data. Our [Privacy Policy](#) describes how we collect, use and share our customers' personal data. 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.

Additionally, 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 collection, 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 and maintain 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 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. We employ layered mechanisms to protect systems and data while leveraging industry-leading technologies and frameworks (e.g., ISO 27002, NIST).

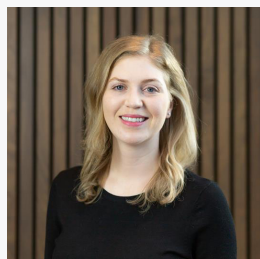
All team members receive dedicated and mandatory cybersecurity awareness training annually, and the Company conducts monthly phishing simulation testing and other cybersecurity awareness campaigns (e.g., intranet articles, cybersecurity awareness month). Further, the Company sponsors a year-long "Cybersecurity Champions Academy" where team members from all across the Company are engaged in a cybersecurity-focused community, which more deeply embeds cybersecurity awareness through monthly meetings, topical projects, and cyber-skill sharing. In addition, the Company maintains cybersecurity risk insurance. Ultimate operational responsibility for our cybersecurity function lies with the Chief Product and Enterprise Strategy Officer. The Audit Committee of the Board 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, as well as how we treat one another and how we do business with third parties.



“Guided by our purpose and principles, Sleep Number is building on our longstanding record of corporate governance. With thoughtful deliberation, we are

continuing to strengthen controls, practices and systems that reinforce our commitment to the highest standards of integrity and accountability.”

Cynthia Topel, Vice President, Associate General Counsel
Sleep Number® setting 45

Sleep Number expects adherence to the letter and the spirit of all laws applicable to the conduct of our business. We have a [Code of Business Conduct and Ethics](#), 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 team members.

Our Code of Business Conduct and Ethics 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 with a detailed update on any and all reported concerns and shares related 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 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 and Ethics 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

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 and Ethics, 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 embraces 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 2025, Sleep Number paid \$25,503 to the Minnesota Business Partnership.



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 Materiality Assessment to identify sustainability issues of importance to our stakeholders and gain insights we have used to guide our sustainability strategy and communication. 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
• Ethics and Compliance • Sustainability Leadership • Supply Chain Accountability • Data Privacy and Security • Risk Management • Sustainability Strategy Integration	• Health, Wellbeing and Safety • Human Rights • Community Engagement • Product Quality • Product Safety	• 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 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. We have engaged with many of our largest shareholders in each of the past three years on the topics of governance, compensation, sustainability, strategy and performance. The Board and Management Team received feedback during those discussions that has informed the Company's compensation program, governing documents, board composition, leadership, capital allocation and cybersecurity and privacy programs.

Stakeholder Engagement



Throughout the year, Sleep Number management also actively seeks feedback from, and regularly engages with, stakeholders — including team members, customers and suppliers:

- To maintain a clear understanding of our team members' needs, Sleep Number utilizes an ongoing 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 2025 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 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 ([Strengthening Supplier Relationships and Performance](#)).

To gain further understanding and insight about the governance, social or environmental issues that matter most to our stakeholders and business, we regularly gather stakeholder input and incorporate feedback as we advance our Company-wide initiatives.

The background is a solid teal color with several overlapping, semi-transparent geometric shapes and lines in lighter shades of teal. These elements create a modern, abstract design. A thin, light teal line runs diagonally from the bottom left towards the top right. Another line runs from the top left towards the bottom right. There are also several triangular and polygonal shapes of varying sizes and opacities scattered across the lower half of the image.

Social

Our Social Approach



Sleep Number's purpose is improving lives by personalizing sleep. For four decades, we've been committed to meaningful innovations that are changing society's understanding of how quality sleep positively influences wellbeing. With sleep at the center, our holistic approach to wellbeing encompasses various dimensions of health and life balance, including career, financial, community, emotional and physical wellness. We understand that each of these components is vital to supporting the total wellbeing of our team members. Our programs are designed to address the needs and perspectives of our workforce, ensuring that every team member has access to the resources and support they need to thrive both personally and professionally while connecting their work to Sleep Number's purpose and principles.

Because both sleep and 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. 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 overall wellness.

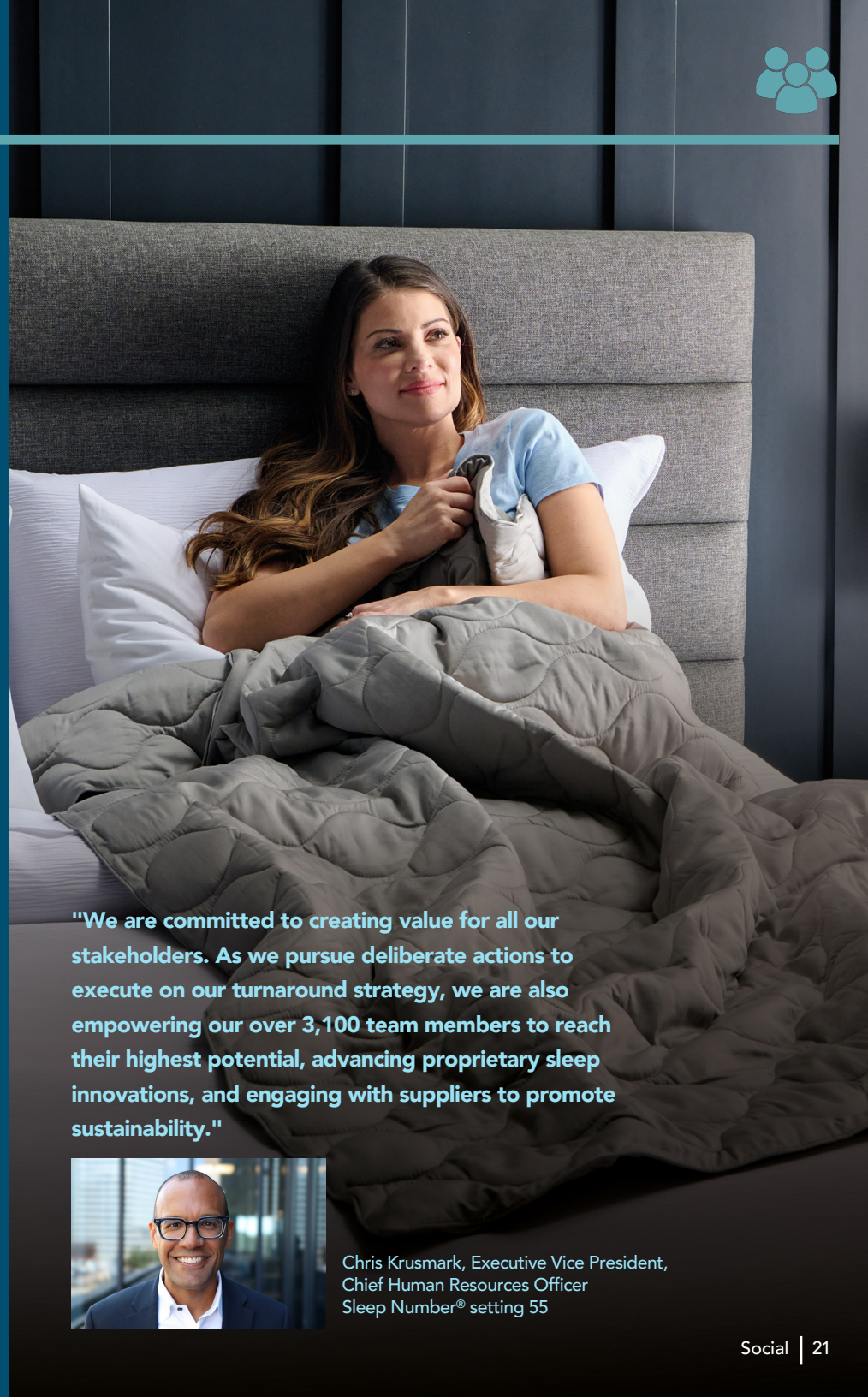
We strive to create an environment where every individual feels a sense of connection, inclusion and belonging that empowers them to be their best selves so they can boldly and proudly contribute to our collective success. This culture helps us deliver innovative solutions that advance our shared mission.

Sleep Number has integrated the fundamental principles of respect and individuality into our culture, strategy and operations. Our team members take seriously the responsibility to our stakeholders and are tireless in our efforts to advance social sustainability goals through three key pillars:

**Building
Team**

**Innovating for
Good**

**Strengthening
Supplier Relationships
and Performance**



"We are committed to creating value for all our stakeholders. As we pursue deliberate actions to execute on our turnaround strategy, we are also empowering our over 3,100 team members to reach their highest potential, advancing proprietary sleep innovations, and engaging with suppliers to promote sustainability."



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



Building Team

Attracting, motivating, rewarding and retaining the right talent is critical to Sleep Number's success, which is why we are unyielding in our commitment to our team members' wellbeing, connection to one another and sense of belonging. We constantly strive to create and sustain a culture in which all team members feel welcomed and valued and can bring their authentic and whole selves to work every day, and we reinforce this commitment through investment in programs and initiatives, including:

- **Career Development:** Our Learning and Development programs enhance team member capabilities, driving personal growth, mentoring opportunities and organizational performance;
- **Financial, Emotional and Physical Wellbeing:** Our compensation practices and comprehensive benefits highlight our commitment to improving our team's economic opportunity and promoting their physical and emotional stability;
- **Health and Safety Policies:** We establish clear expectations for all team members to ensure a physically and psychologically safe environment; and
- **Community Engagement:** We foster a strong sense of belonging, connection and service through Team Member Resource Groups, Team Member Support Fund and Team Member Volunteer opportunities.



Sleep Number invests significant time and energy in hiring, onboarding and training team members to thrive and grow at our Company. We seek the feedback of our new hires at 7, 30, and 90 days of employment to learn more about their onboarding experience. We use this feedback to continuously improve each step of a new team member's journey at Sleep Number from on-the-job learning to the initial sense of belonging a team member feels with their new leader and team.

We hold ourselves accountable through continuous listening and annual surveys that measure team member engagement and inclusion across multiple dimensions against Sleep Number prior year results and national benchmarks. Then, we utilize the data to evolve our strategy and priorities to ensure a

workplace that is reflective of the diverse interests and needs of all team members and the customers we serve.

We recognize that 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.



To create learning opportunities that are holistic, scalable and accessible to all team members, we have actively transformed our learning and leadership development approach over the past several years, including:

- Adoption and integration of new leadership expectations;
- Enhanced data-driven methodology;
- Incorporation of behavior-based competencies to support development; and
- Continued build-out of our multi-level learning strategy, with deep functional and technical training paths and customized training programs for different areas of Sleep Number.

More recently, we have introduced a comprehensive program called “See Your Future,” which equips team members with the resources needed to thoughtfully navigate their careers and empowers them to grow personally and professionally. Focus areas include:

- **Grow in Your Role:** encourages continuous learning to unlock each team member's full potential;
- **Grow as a Leader:** helps leaders understand leadership expectations and find the support necessary to enhance their impact;
- **Grow in Your Career:** provides personalized guidance on career pathing tailored to individual journeys; and
- **Understand Your Pay:** ensures transparency in compensation, maintaining a commitment to competitive, consistent and fair pay practices.

LEARNING AND DEVELOPMENT

We are committed to 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 learning library include inclusion and belonging, legal and ethical compliance training and leadership development training.

In 2025, our leadership development programming included:

- 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 about 860 supervisors and managers. To date, about 220 of these leaders have graduated from this program.
- 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.
- 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 45 senior managers and directors. More than one-third of leaders signed up and attended these optional sessions.

During 2025, our team members were offered 1,000 learning and development courses designed to enhance product knowledge, role effectiveness and cultural awareness, increase competencies, skills and experiences and support their continued growth.





MENTORING

Mentoring is another contributor to both personal and professional development at Sleep Number. Recognizing the impact that guidance and support can have on individuals, we initiated a pilot program in late 2023 called the Blueprint Mentor Program. This program aims to align mentees with a goal-oriented cohort of fellow team members and a diverse group of experienced mentors committed to providing guidance and facilitating reciprocal learning experiences.

"I've learned so much from my mentor, including some practices that I've already implemented with my team. I look forward to growing the relationship I've built with my mentor."

Donald Denny, Senior Enterprise Safety Manager, Sleep Number® setting 50

The Blueprint Mentor Program is designed to inspire mentee development in areas including career progression, relationship building and overall wellbeing. Participants engage in assessments to increase self-awareness, join fireside chats with leaders for valuable insights, and attend curated workshops focused on strategic mindset, decision-making, effective communication, networking, and change management. Additionally, personalized 1:1 mentoring sessions foster deeper relationships, allowing for tailored guidance and support.

To build on the success of the pilot and refine the Blueprint Mentor Program to include new, relevant topics that resonate with our growing workforce, we collect actionable participant feedback and continually adapt our learning and development priorities to reflect participant needs and market realities. By investing in mentoring, we aim to cultivate an environment where individuals feel empowered to achieve their aspirations and contribute to a collaborative workplace culture.



"This program exceeded my expectations by giving me direct access to a C-suite leader who was not only insightful but sincerely invested in my journey. Our monthly sessions were grounding and inspiring, and his guidance has helped me gain clarity, confidence, and momentum in my career."

Shima Iqbal, Senior Product and Program Manager, Sleep Number® setting 75

Financial Wellbeing



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

- Regular, comprehensive pay practice reviews, including pay equity analysis;
- 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 a caregiving concierge service to help team members tackle the logistical and administrative tasks related to many of life's challenges.

Understand Your Pay is a framework for team members centered around pay transparency, consistency and competitiveness. It aims to attract, motivate and retain talent to achieve Company objectives.

A core component of Sleep Number's compensation philosophy is our commitment to pay equity, fairness and transparency, which is reflected in our practice of paying team members for their unique skills, experience and contributions, regardless of personal characteristics such as gender, race or age, and conducting comprehensive pay practice reviews. Sleep Number has also heightened our commitment to pay transparency by making competitive pay ranges for each job visible to team members, including in job postings where required, and providing manager training on the application and use of pay ranges in decision making.



Emotional and Physical Wellbeing and Safety



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, 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.

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 two copay plans with low premiums, price transparency and no deductible; and
- Condition-based support, such as musculoskeletal care, family building and fertility management, parenting support, weight management support and diabetes prevention, through innovative benefits partners.

Furthermore, 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 empowered to drive actions that are in compliance with all safety rules and standards, and ensure we maintain a safety-first culture. Within our field services, manufacturing and assembly operations, safety standards requirements are integrated into operating procedures and work instructions for each location.

In the event of an emergency or natural disaster, we use Everbridge to check on team member wellbeing using SMS text messaging and email. Everbridge is also used to alert our home delivery technicians in the field of hazards related to severe or inclement weather and traffic conditions to mitigate potential risks. Emergency action plans are documented, accessible, current and communicated in our manufacturing and assembly facilities to ensure that operations respond immediately and effectively to all emergencies and incidents. This is critical to the protection of team members, visitors and Company assets.



Emotional and Physical Wellbeing and Safety



The health and safety of our team members remained a top priority in 2025, with the execution of the following programs and advancements:

- Leveraged a safety and security onboarding program to highlight critical safety practices and procedures for new team members in manufacturing and assembly facilities, beginning on their first day and throughout their first 30 days of employment;
- Added dedicated roles in our manufacturing and assembly facilities which are responsible for assisting and leading incident reporting and investigations, maintaining the fulfillment of safety audits, conducting safety committee meetings and partnering on hazard recognition efforts with site leadership and team members;
- Increased and assigned safety training and awareness digital learning courses for specific job functions and tasks within the Field Services fulfillment operations that targeted and improved safety practices and performance;
- Continue to refine a Return to Work program for team members involved in a work-related injury or illness. The enterprise-wide program promotes the wellness and expedient recovery of a returning team member and reduces the number of restricted or lost workdays and incurred costs; and
- Revamped the corporate safety committee, resulting in increased representation across the enterprise with a focus on identifying actionable items that create and promote safe working environments.

In addition, we continued to refine and enhance existing safety-focused initiatives, such as:

- **Manufacturing:** Safety Hazard Recognition Identification Program, Contractor Safety Management Program, Preventive Maintenance System for Critical Equipment, Forklift Training Records Control System;
- **Field Services:** Learning Programs and Enhanced Training Standards, Enhanced Market-Specific Field Services Monthly Reporting, Safe Driving Rewards and Recognition Program; and
- **Enterprise:** 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. For more information, see [Appendix - Safety Metrics](#).

In addition, our standalone assembly distribution center, located in Springdale, OH, operated for one year without any lost workday injuries; and our advanced engineering and prototyping facility in Salt Lake City, UT has operated for more than four years without a lost workday incident; and our assembly distribution center in Dallas-Ft. Worth, TX, has operated three years without any lost workday injuries.

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.



Community Wellbeing

Providing our team members with opportunities for greater connection with one another and support for our communities reinforces our commitment to team member wellbeing. Through Team Member Resource Groups (TMRGs), our Team Member Support Fund and Volunteerism, we strengthen our culture of belonging.

TEAM MEMBER RESOURCE GROUPS

In addition to resources that bolster growth in role, as a leader and in one's career, we actively support eight TMRGs, including the Armed Forces Support Community, Black Inclusion Network, Mental Health Allies, Pride Alliance Network, The Wellbeing Club, Women in Technology, Women of Sleep Number and Young Professionals. Our TMRGs are essential to our community impact initiatives, focusing on three key areas: cultural appreciation, community connection and economic empowerment.

"In The Wellbeing Club, we have been able to create a supportive community of team members who are passionate about wellbeing. It brings together both remote and in-person colleagues to connect, learn, and share meaningful conversations. Most importantly, we've formed deep, authentic relationships by consistently showing up for one another, creating a strong sense of connection and belonging. I look forward to our monthly meetings to celebrate wins and support each other through challenges."

Haley Menke, Supervisor, DOT Compliance Specialist, Sleep Number® setting 45

Cultural Appreciation: The TMRGs focus on fostering a sense of belonging by nurturing an inclusive environment that appreciates a variety of cultures, identities, and expressions. Through cultural exchange and educational opportunities, we encourage team members and communities to celebrate their unique identities. This shared celebration enriches our collective experience and contributes to a more vibrant society where individuals feel confident to express themselves freely.



Community Connection: This focus area is dedicated to strengthening relationships within our communities and supporting mental health initiatives. By fostering connections among team members, caregivers, and those in need, we aim to cultivate an atmosphere of empathy and resilience.

Economic Empowerment: We strive to break down barriers and assist with access to resources and support. By promoting economic mobility, we hope to enhance individual lives and contribute to the broader health and prosperity of the areas we serve.

Each TMRG acts as a catalyst for meaningful change within Sleep Number and beyond, extending its purpose into our volunteering efforts.



TEAM MEMBER SUPPORT FUND

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 2025, they contributed more than \$20,000 to help their teammates in need, which provided assistance to qualified applicants, who each received a minimum of \$500 in a financial assistance grant.

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, team members receive eight hours annually of paid time off to participate in volunteer activities, including individual or team service projects. In 2025, team members self-reported nearly 4,000 hours dedicated to volunteering.

Examples of our team members' community service include:

- To support our partnership with the American Cancer Society (ACS), several corporate team member groups spent time "Cooking Up Hope," by making meals for residents of the Minneapolis Hope Lodge. Hope Lodges offer patients and their caregivers a free place to live when their best option for effective medical care is in a city other than their home location.

- Sleep Number store teams demonstrated strong community commitment, contributing over 600 bedding and pillow items totaling nearly \$29,000 to local organizations. By partnering with local charities, our stores support neighbors in need and help with small comforts to individuals and families.
- The Women of Sleep Number demonstrated sustained community commitment this year by fulfilling wish lists for youth through Avenues for Youth and continuing their partnership with Dress for Success. Volunteers staffed shifts at the local "Wearhouse," a curated space providing professional women's clothing and accessories, helping with sorting, styling and client support. They also organized a targeted donation drive to replenish inventory, ensuring more clients could access interview-appropriate attire and confidence-building services.
- In collaboration with the Young Professionals group, the Women of Sleep Number ran a combined drive and fleece-making event for a local nonprofit. Together they produced fleece blankets and gathered items for Dream Kits. These joint efforts strengthened cross-group teamwork while directly improving the comfort and dignity of youth in the Minneapolis community.

"Being a part of the Women of Sleep Number TMRG has given me a true sense of community, a space to build long lasting connections, share openly, and have real conversations. It brings joy to my day and reminds me I'm part of something bigger: women lifting women."

Lauren Monkam, Supervisor, Digital Experience, Sleep Number® setting 40

Measuring Our Wellbeing Through Engagement



As a purpose-led company, Sleep Number attracts and retains team members who want to make a difference, appreciate that belonging and wellbeing are essential to our culture, and are fulfilled by the work they do. To consistently evolve and improve our work environment to meet the needs of team members who reflect the diversity of our communities, we utilize a continuous listening strategy that proactively seeks their feedback. We hold ourselves accountable through our annual Engagement Survey which measures Commitment, Effort and Inspiration and our Inclusion Index Survey which measures team members' sense of inclusion and belonging.

In 2025, 75% of team members completed our Engagement Survey, with:

92% **70%** **65%**

Giving High
Effort

Reporting High
Commitment

Feeling
Inspired

Based on these results, Sleep Number performance is best-in-class for Effort, at 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.

Team members who participated in our 2025 Engagement Survey also expressed strong alignment with our belonging and inclusion efforts:

- 87% have a genuine connection with team members
- 81% of team members feel their manager understands them
- 81% feel that it is easy to bring their full selves to work every day

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

Our regular team member feedback enables us to evolve our strategies and priorities continually, sustaining a workplace that reflects the diverse interests and needs of all team members and the customers we proudly serve.





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With our purpose of improving lives by personalizing sleep, 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 activities 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 2025, we improved the lives of more than 16 million sleepers, and our goal is to have a lasting societal impact. Our commitment to innovation extends across every facet of our organization, fueled by impactful partnerships and research aimed at fostering progress. 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 lives by personalizing sleep.



INNOVATIVE SLEEP SCIENCE AND RESEARCH

We are committed to advancing sleep health, linking quality 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.

More than 558,000 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 (IRB) 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 SLEEP 2025 in Seattle, Washington, Sleep Number presented findings from three studies examining the effects of temperature programs on sleep onset, the optimization of temperature settings by gender, and the use of temperature interventions to improve sleep quality throughout menopause. The research drew upon data from collaborative studies conducted with Northwestern University, as well as insights from Sleep Number® Climate360® smart bed customers who participate in the brand's Smart Sleeper Panel. The Smart Sleeper Panel is a cohort of hundreds of Sleep Number®

smart bed sleepers who've opted to participate in sleep science research.

- At World Sleep 2025, located in Singapore, Sleep Number presented three studies related to a smart bed based estimation of skin temperature during sleep, the relationship between skin temperature and apnea severity and changes in cardiovascular health associated with skin temperature. These studies were supported through collaboration with Northwest University.

These studies further demonstrate the research capabilities of Sleep Number® smart beds to understand the impact of sleep health and advance sleep science without an in-lab sleep study.

In 2025, Sleep Number and the University of Pittsburgh collaborated to advance the science of sleep by validating a sleep quality framework leveraging the Sleep Number Smart Bed data.

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





Innovating for Good

INNOVATION AWARDS AND RECOGNITION

Sleep Number was recognized for brand leadership and innovation throughout 2025. Honors include the following awards and rankings:

- J.D. Power 2025 U.S. Mattress Satisfaction Study, #1 in customer satisfaction with mattresses purchased in-store and online*
- USA Today's America's Best in Customer Service
- Newsweek's Most Trustworthy Companies in America
- Forbes' Best Brands for Social Impact
- TIME's Best Inventions, ClimateCool® smart bed
- Forbes' Best Cooling Mattress, ClimateCool® smart bed
- Esquire Sleep Awards, Best Smart Mattress, ClimateCool® smart bed
- Men's Health Sleep Awards, Best New Smart Mattress, ClimateCool® smart bed
- Oprah Daily Sleep O-awards, Best Cooling Mattress, ClimateCool® smart bed
- Men's Journal's Best Smart Bed, ClimateCool® smart bed
- Forbes' Best Smart Bed for Temperature Control, Climate360® smart bed

*For J.D. Power 2025 award information, visit [jdpower.com/awards](https://www.jdpower.com/awards)





Innovating for Good

IMPACTFUL PARTNERSHIPS AND COMMUNITY

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 2025, cash and product donations benefited multiple not-for-profit partners, communities and individuals, totaling more than \$125,000. While we remain dedicated to supporting our communities through cash and in-kind donations, our donation levels in 2025 were below prior year due to the challenging economic environment and the related pressure on Sleep Number performance.

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 38 billion hours (as of January 3, 2026) 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.

Our breadth of commitment to the American Cancer Society was evident through other actions in 2025 as well:

- In addition to team member volunteer activities, 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. In 2025, Sleep Number donated 62 smart beds and bedding to the Rochester, MN Hope Lodge on Giving Tuesday, a generous donation made possible, in part, by contributions from our Smart Sleepers.
- Sleep Number provides ongoing support for the Minnesota Champions of Hope Gala, an annual event benefiting ACS. In 2025, Sleep Number donated \$10,000, a ClimateCool smart bed, bedding, pillows and two signed Justin Jefferson jerseys during the event to support the mission and work of ACS, including operational costs of the Minnesota Hope Lodges in Minneapolis and Rochester.
- Sleep Number also donated \$6,000 to the American Cancer Society's annual Fit2BeCancerFree Challenge, a virtual fundraising effort to promote cancer prevention by empowering healthy activity in the workforce while also raising money for the American Cancer Society.





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 is "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 the 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 fourth 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 cancer survivors ranging in age from nine to 86 with a full day of pampering at the spa, gifting from Sleep Number and an evening reception with Vikings fullback C.J. Ham and his wife Stephanie.



Innovating for Good

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-one 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 our 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 comply with federal fire retardancy regulations, and the electronic control systems are listed to Underwriter Laboratories (UL) Standards.



Strengthening Supplier Relationships and Performance



When it comes to our suppliers, we emphasize transparency and ethical practices. Our [Code of Business Conduct for Vendors](#) applies to all suppliers 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 applicable laws, rules and regulations. We actively monitor supplier performance concerning our Human Rights Policy, ensuring that our partners align with our values and expectations.

As part of our ongoing supply chain evolution, we share our safety best practices and expertise with suppliers to bolster their performance and reduce the transportation time and environmental impact of our manufacturing. By co-locating select suppliers, we optimize operations while enhancing efficiency. Furthermore, we strengthen our relationships with strategic direct materials and bedding collection partnerships to advance our ESG initiatives and promote positive social responsibility. Through these collective efforts, we remain committed to innovating for good, ensuring that our actions contribute to a brighter, more sustainable future for all.

Strengthening Supplier Relationships and Performance



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 and Ethics 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 Ethics 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. In 2023, we engaged top suppliers in discussions and potential actions related to elevating our material circularity. And, since 2024, we have focused on packaging improvements with suppliers to reduce cardboard waste and consider multi-use packaging such as returnables. These efforts underscore our ongoing commitment to encourage our suppliers' progress and prioritization of 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 sustainability 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 and align with our values.
- Identifying and advancing 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 understand our Scope 1 and 2 greenhouse gas (GHG) emissions.
- Performing annual assessments of our Scope 3 GHG emissions since 2021.
- Conducting a materiality assessment to better understand the intersection of our stakeholder priorities and their impact on society and the environment.
- Refining measurement and documentation expectations at the business unit level closest to the relevant GHG emissions to foster accountability and improve accuracy.

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 3,133 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 location- and market-based GHG emissions for 2020 through 2024 — as well as create a Carbon Greenhouse Gas Inventory Management Plan. Our 2024 and 2023 energy usage and emissions data are reported in the [Appendix - Environmental Metrics](#).



“The ongoing transformation of our operating model for greater efficiency enables us to simultaneously advance our environmental stewardship and execute on our brand promise to our customers.”

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





Climate and Energy

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 distribution centers (ADCs) across eight regions, complemented with a mobile inventory visibility application.
- From 2023 to 2025, we further optimized our network by moving to five regions following the repurposing of our Maryland, Florida, and California ADCs. 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.
- As a vertically-integrated business, we assemble Sleep Number® smart bed components at our production facility in Irmo, SC. Final mattress assembly for distribution with our bases currently occurs at our five ADCs in Minnesota, Ohio, South Carolina, Texas and Utah.

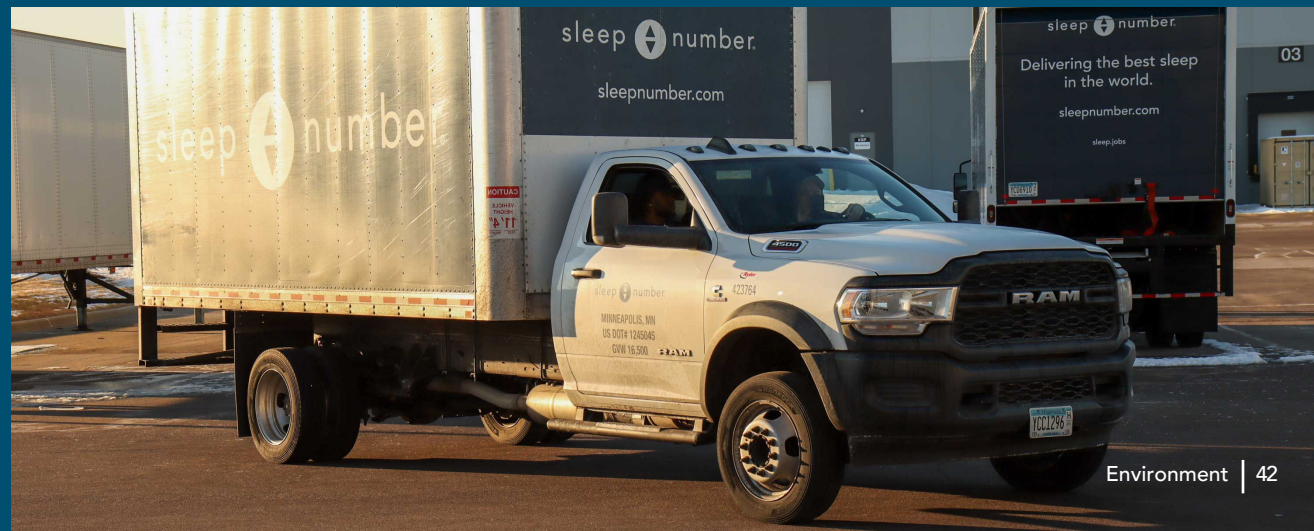
TRANSPORTATION

- 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 full truckload and dedicated warehouse space, Delivery Distribution Centers (DDCs), in our largest markets. In 2025, we continued to expand our use of DDCs by consolidating smaller delivery markets across our network.
- Utilizing DDCs has enabled a more controlled flow of orders by replacing daily shipments to every market with the batching of multiple-day deliveries. This has allowed us to consistently improve ADC outbound truck utilization.
- In 2025, we continued actions to reduce waste in our inbound material flow from suppliers to our ADCs, including a reduction in the amount of packaging required for both base and foam inbound

shipments. Additionally, we began testing the use of reusable plastic pallets with our base supplier.

FIELD SERVICES

- Fleet fuel usage accounts for nearly one-third of our Scope 1 and Scope 2 GHG emissions. As we have adjusted 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 measurements;
 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. Leveraging alternative fuels to reduce impact of fuel usage.



Climate and Energy



- We continue to focus on reducing emissions and idling across our entire fleet. We are steadfast in our training and communication with our field teams, ensuring their understanding of our idling reduction strategy and the need for continued progress in reducing our environmental impact. In 2025, we successfully reduced idling by more than 15,994 hours and saved 481,407 gallons in fuel compared to 2024.
- We continued to optimize delivery routes based on market segmentation to reduce Miles Per Stop in 2025.
- Field Services has tested an electric vehicle strategy as part of our delivery fleet.
- Our delivery teams have been using biodiesel, where available, as a renewable biodegradable fuel option and an alternative to diesel for our trucks. In 2024, we filled 40,548 gallons of biodiesel.

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. In 2023, we expanded our capabilities to hold customer orders in market following delivery disruptions. As a result, we reduced the number of orders requiring multiple shipments to our customers.
- Additionally, in 2024, we added improved transparency for inventory downstream of our ADCs, allowing us to optimize truck utilization and reduce shipments back to ADCs. This capability continued to drive efficiencies in 2025.



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 a company that 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 foam.

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 suppliers of CertiPUR-US® certified foam, 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. Since 2022, we have 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 2024 haul-away efforts diverted 77,643 old bedding pieces from landfills, representing 2,715 tons, and in 2025 our efforts diverted 48,447 old bedding pieces, the equivalent of 1,793 tons, from landfills.

REUSABLE TRANSPORTATION CONTAINERS

Our closed loop fulfillment process between ADCs and DDCs in major markets improves our operational efficiency and allows us to effectively re-use a stable inventory of approximately 4,000 recyclable plastic pallets. Their durability and reusability have enabled us to support our waste and natural resource reduction initiatives by eliminating the need to use nearly 45,000 wooden pallets during 2025.

When we need to use wood in our smaller markets, reliance on more durable multi-use pallets has further reduced our resource needs. Though less durable than plastic pallets, more than 60% 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 2024 we invested in technology to simplify the material recovery process to allow us to more effectively expand to additional types of components. We leveraged this new process to expand material recovery to include air chambers, and other electronics including heating elements and climate thermal modules. In 2025 savings from our material recovery processes included recovery of 17,174 Smart Control Systems, 7,193 air chambers, and 2,556 heating elements which are used as part of our service strategy.

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 2024, Sleep Number produced 9,374 tons of recycled and trash materials in our manufacturing plants and assembly distribution centers, which represented a reduction of approximately 2,622 tons compared with 2023. Eleven separate categories of waste declined year-over-year, led by reductions in bases, cardboard, pallets 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 2025, we pursued the following actions to reduce our environmental impact from waste:

- For materials that could not be recovered into inventory, we continued to focus on maintaining recycling streams. This included diverting 1,000 tons of foam, 375 tons of plastic, 70 tons of metal, and 800 tons of cardboard from landfills.
- In 2023, we began tracking waste and establishing recycling streams for corrugate at our third-party DDCs. In 2025, our efforts resulted in more than 1,640 tons of waste diverted from landfills, which represented nearly 40% of the waste generated.

Natural Resources



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 3,133 Sleep Number team members are dedicated to our Company's [purpose and principles](#).

This 2026 Sleep Number Corporate Sustainability Report provides an update on our governance, social and environmental practices, programs and policies. It was published in March 2026 and reflects our activities and initiatives for our 2025 fiscal year ending on January 3, 2026, as well as certain subsequent events and initiatives that occurred after the end of fiscal year 2025, and prior to publication and certain data from fiscal year 2024 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 and Ethics	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/827187/000082718725000064/exhibit101snbr2024conflict.htm
Privacy Policy	https://www.sleepnumber.com/pages/legal-privacy-policy
Human Rights Policy	https://ir.sleepnumber.com/esg/Sustainability-Reports/default.aspx
Environmental Policy	https://ir.sleepnumber.com/esg/Sustainability-Reports/default.aspx

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.

DIVERSITY MATRIX (AS OF MARCH 2026)				
	TOTAL NUMBER OF DIRECTORS - 7		TOTAL NUMBER OF EXECUTIVE LEADERSHIP TEAM (ELT) - 7	
	WOMEN	MEN	WOMEN	MEN
PART I: GENDER IDENTITY				
Directors / ELT	4	3	5	2
PART II: DEMOGRAPHIC BACKGROUND				
African American Or Black				1
Alaskan Native Or Native American				
Asian				
Hispanic Or Latinx		1	1	
Native Hawaiian Or Pacific Islander				
White	4	2	3	1
Two Or More Races Or Ethnicities			1	
Did Not Disclose Demographic Background				

TEAM MEMBER DEMOGRAPHICS (AS OF JANUARY 3, 2026)						
	TENURE					
TENURE BY YEAR	NUMBER OF TEAM MEMBERS			PERCENT OF TOTAL TEAM MEMBERS		
	Women	Men	Total	Women	Men	Total
<1 Year	215	416	631	7%	13%	20%
1 - 3 Years	180	407	587	6%	13%	19%
3 - 5 Years	208	347	555	7%	11%	18%
5 - 10 Years	334	427	761	11%	14%	24%
10+ Years	262	337	599	8%	11%	19%
Grand Total	1,199	1,934	3,133	38%	62%	100%

GENDER BY JOB CATEGORY						
TEAM MEMBER GENDER BY JOB CATEGORY	NUMBER OF TEAM MEMBERS			PERCENT OF TOTAL TEAM MEMBERS		
	Women	Men	Total	Women	Men	Total
Individual Contributors	786	1,312	2,098	25%	42%	67%
Senior Individual Contributors	73	106	179	2%	3%	5%
Managers	307	473	780	10%	15%	25%
Senior Operating Team	31	45	76	1%	2%	3%
Grand Total	1,197	1,936	3,133	38%	62%	100%

Board, Leadership and Team Member Demographics



GENERATION						
GENERATION	NUMBER OF TEAM MEMBERS			PERCENT OF TOTAL TEAM MEMBERS		
	Women	Men	Total	Women	Men	Total
Generation Z (1997 and onward)	129	282	411	4%	9%	13%
Generation Y / Millennials (1981 -1996)	526	872	1,398	17%	28%	45%
Generation X (1965 -1980)	404	589	993	13%	19%	32%
Baby Boomers (1946 -1964)	140	189	329	4%	6%	11%
Silent Generation (1928-1945)	2	0	2	—%	—%	—%
Grand Total	1,201	1,932	3,133	38%	62%	100%

FULL-TIME AND PART-TIME TEAM MEMBERS						
FULL-TIME AND PART-TIME TEAM MEMBERS	NUMBER OF TEAM MEMBERS			PERCENT OF TOTAL TEAM MEMBERS		
	Women	Men	Total	Women	Men	Total
Full time	1,173	1,904	3,077	37%	61%	98%
Part time	26	30	56	1%	1%	2%
Grand Total	1,199	1,934	3,133	38%	62%	100%

PERMANENT/REGULAR AND TEMPORARY TEAM MEMBERS						
PERMANENT/REGULAR AND TEMPORARY TEAM MEMBERS	NUMBER OF TEAM MEMBERS			PERCENT OF TOTAL TEAM MEMBERS		
	Women	Men	Total	Women	Men	Total
Regular	1,196	1,934	3,130	38%	62%	100%
Temporary	3	—	3	—%	—%	—%
Grand Total	1,199	1,934	3,133	38%	62%	100%

CONTINGENT WORKERS	
CONTINGENT WORKERS	Total
Contingent Worker	671

Board, Leadership and Team Member Demographics



RACE AND ETHNICITY		
RACE AND ETHNICITY	NUMBER OF TEAM MEMBERS	PERCENT OF TOTAL TEAM MEMBERS
American Indian or Alaska Native (Not Hispanic or Latino)	24	1%
Women	8	33%
Men	16	67%
Asian (Not Hispanic or Latino)	143	5%
Women	59	41%
Men	84	59%
Black or African American (Not Hispanic or Latino)	535	17%
Women	246	46%
Men	289	54%
Hispanic or Latino	347	11%
Women	108	31%
Men	239	69%
I Do Not Wish To Answer	55	2%
Women	21	38%
Men	34	62%
Native Hawaiian or Other Pacific Islander (Not Hispanic or Latino)	17	1%
Women	10	59%
Men	7	41%
Two or More Races (Not Hispanic or Latino)	121	4%
Women	49	40%
Men	72	60%
White (Not Hispanic or Latino)	1,891	60%
Women	698	37%
Men	1,193	63%
Grand Total	3,133	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 categories of men and women.
- 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 publicly available filing is [here](#).



Measuring Our Progress

In this 2026 report, we include reporting under the Task Force on Climate-related Financial Disclosures (TCFD) and describe the Environmental, Social and Governance (ESG) actions taken during our 2024 and 2023 fiscal year — and actions we plan to pursue moving forward — in keeping with these standards.

ENVIRONMENTAL METRICS					
ENERGY METRIC	FY24 USAGE	FY24 MTCO2	FY23 USAGE	FY23 MTCO2	YOY MTCO2E % CHANGE
SCOPE 1					
Natural Gas consumed (therms)	997,926	5,298	1,078,611	5,740	
Propane (gal.)	3,121	18	2,433	14	
Diesel (fleet fuel in gal.)	532,486	4,814	811,292	8,360	
Gasoline (fleet fuel in gal.)	38,290	306	132,461	1,174	
Refrigerant (lbs.)	1,649	1,432	1,647	1,431	
Scope 1 (Direct) CO2 emissions (MTCO2e)	1,573,472	11,868	2,026,444	16,719	(29)%
Biodiesel (fleet fuel)	40,548	638	62,190	588	
SCOPE 2					
Electricity consumed (kwh)	32,435,348	11,709	34,124,950	12,806	
Scope 2 (Direct) CO2 emissions (MTCO2e) (location based)	32,435,348	11,709	34,124,950	12,557	(7)%
Scope 2 (Direct) CO2 emissions (MTCO2e) (market based)	32,435,348	12,096	34,124,950	12,074	—%
TOTAL MTCO2e* (location based)		23,577		29,281	(19)%
TOTAL MTCO2e* (market based)		23,964		28,798	(17)%
Emissions Intensity (Scope 1 and 2 MTCO2e/ Cal. Norm. SqFt)		7.1		8.6	(17)%
Total Operational Sq Footage (in 000's)		3,321		3,305	

*ENERGY: Scope 1 & 2 (MTCO2e) for 2024 represents 86.0% actual and 14.0% modeled data, while 2023 represents 88.0% actual and 12.0% modeled data. In 2024, Sleep Number grid electricity accounts for 100% of total energy usage, and the Company procured 0% renewable energy during the year.



Measuring Our Progress

WASTE METRIC		2024	2023	YOY CHANGE (TONS)
Bases recycled (tons)		724	1,390	(666)
Cardboard recycled (tons)		1,358	1,838	(480)
Electronics recycled (tons)		7	46	(39)
Low Density Plastics recycled (tons)		569	671	(102)
High Density Plastics recycled (tons)		36	50	(14)
Metal recycled (tons)		50	41	9
Pallets recycled		2,903	4,088	(1,185)
PET recycled (tons)		2	10	(8)
Quilt/Foam recycled (tons)		1,411	1,441	(30)
Non-Hazardous Waste to Landfill (tons of trash)		2,305	2,394	(89)
Waste to Energy (WtE)		10	25	(15)
TOTAL Waste (tons)		9,374	11,994	(2,620)
Hazardous Waste (tons)		—	—	—
		2025	2024	2023
Product Design	% of bedding assortment that is OEKO-TEX certified	91%	95%	94%

SAFETY METRICS		2025	2024	BENCHMARK
Workers' compensation claims		59	94	NA
Lost workdays		2,825	2,680	NA
Work-related fatalities		0.0	0.0	NA
Occupational Safety and Health Administration (OSHA) 12-month rolling incident rate for manufacturing and assembly sites		1.7	1.0	Most recent publicly available (2024) national mattress manufacturing rate of 1.4
Occupational Safety and Health Administration (OSHA) 12-month rolling incident rate for Sleep Number® retail locations		0.5	0.5	Most recent publicly available (2024) national retail furniture stores rate of 2.5
Occupational Safety and Health Administration (OSHA) 12-month rolling incident rate for Sleep Number® field services		13.9	11.1	Most recent publicly available (2024) Used household and office goods moving industry rate of 4.3.

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 - Sustainability Oversight
Describe management's role in assessing and managing climate-related risks and opportunities	Corporate Sustainability Report, Governance - Our Governance Approach - Sustainability Oversight
Describe the organization's strategic time horizons and the climate-related risks and opportunities it has identified	We are early in our journey, but generally consider climate-related risks and opportunities through the following time horizons: • 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. We have initiated a quarterly climate sub-risk assessment that generally encompasses the following topics: • 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	
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario	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.
RISK MANAGEMENT	
Describe the organization's process for managing climate-related risks	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. 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 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. Risk assessment results are reviewed with the Executive Leadership Team and the Board quarterly.
Describe the organization's process for identifying and assessing climate-related risks and opportunities	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. To incorporate the results from our climate-related risk interviews, outputs from the interview process were aggregated and are now included in quarterly climate-related risk assessments sent to key leaders across the organization. The risk management team reviews significant aggregated findings with leadership and the Board.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	
METRICS AND TARGETS	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	The Company continues its work to establish baselines for measuring performance over time and future reporting.
Disclose Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions and the related risks	Corporate Sustainability Report - Environmental Metrics
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	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.



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;
- Interest rates remain elevated, and may further increase, and impact the cost of servicing the Company’s indebtedness;
- Availability of attractive and cost-effective consumer credit options;
- Ability to achieve the improvements, growth, cost savings, efficiencies, and other benefits related to its turnaround strategy to avoid adverse effects and the costs to implement its turnaround strategy;
- Ability to continue as a going concern;
- Access to additional capital and its access to such capital or alternative financing options may depend on factors beyond the Company’s control or require the Company to accept unfavorable terms;
- Ability to manage our credit agreement, which contains financial covenants and other restrictions on our actions;
- Effectiveness and efficiency of the Company’s marketing strategy and promotions;
- Ability to execute Sleep Number’s Total Retail distribution strategy;
- Ability to compete effectively;
- Ability to achieve and maintain high levels of product and service quality;
- Ability to improve and expand the product line, anticipate and respond to changing consumer trends, and execute new product introductions;
- Ability to protect the Company’s technology, trademarks, and brand and the adequacy of its intellectual property rights;
- Dependence on, and ability to maintain working relationships with key suppliers and third parties, including some that are the only source of supply or services currently used by the Company;
- Fluctuations in commodity prices 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;
- 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 effectively complete potential future acquisitions, business combinations or divestitures;
- Ability, of the Company, and the ability of its suppliers and vendors, to attract, retain and motivate qualified and effective personnel;
- Ability to comply with existing and changing government regulations and laws;
- Ability to identify and withstand cyber threats that could compromise the security of the Company’s systems or those of third parties upon which it relies and could result in a data breach or business disruption;
- Risks associated with advancements in, adoption of, or the failure to effectively adopt, artificial intelligence and related technologies;
- Adequacy of the Company’s and third-party information systems and costs and disruptions related to upgrading or maintaining these systems;
- 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;
- Unfavorable tax treatment;
- Environmental, social and governance risks, including increasing scrutiny and evolving regulatory and stakeholder expectations; and
- 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:

investorrelations@sleepnumber.com

