



Standards of Conduct

Whenever people gather together to achieve goals, some rules of conduct are needed to help everyone work together efficiently, effectively, and harmoniously.

By accepting employment with us, you have a responsibility to Sleep Number, to your fellow team members and to our suppliers, partners and customers, to adhere to certain rules of behavior and conduct. The purpose of these rules is to assist you in understanding what conduct is expected and necessary. When each person is aware that they can fully depend upon fellow workers to follow the rules of conduct, then our organization will be a better place to work for everyone.

Unacceptable Conduct or Behavior

What Type of Conduct or Behavior is Unacceptable?

The values that we all share and that form the foundation for our employment culture require us to do the right thing for our customers and our company and to trust and respect all individuals. Generally speaking, all team members are expected to internalize these values, to use sound judgment and discretion in all interactions in the workplace and to act in a mature and responsible manner at all times. However, to avoid possible confusion, examples of some of the more obvious unacceptable conduct or behavior are noted below.

The list below does not include every activity or behavior that Sleep Number may consider unacceptable, but rather is intended to give examples of unacceptable conduct. Your avoidance of these activities will be to your benefit and to the benefit of your fellow team members, our suppliers, partners and customers. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed, please see your manager for an explanation.

All Sleep Number team members are employees “at will” who may leave or be discharged for any lawful reason or no reason without notice. Occurrences of any of the following activities, as well as violations of any Sleep Number rules or policies, may result in disciplinary action, including, without limitation, immediate dismissal without warning. This list is not all-inclusive and, notwithstanding this list, all team members remain employed “at will.”

- **Violating a Sleep Number policy.** Violation of any company policy or rule, or proper direction from your manager.
- **Violating a safety rule.** Violation of security or safety rules or failure to observe safety rules or Sleep Number safety practices; tampering with Sleep Number equipment or safety equipment; any action that

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creates a meaningful risk to personal safety; failure to immediately report damage to or an accident involving company property or equipment or injury to yourself.

- **Working while under the influence of unlawful drugs or alcohol.** Being intoxicated or under the influence of alcohol, controlled substances or drugs while at work; use or possession or sale of controlled substances or drugs in any quantity while on company premises, except medications prescribed by a physician which do not impair work performance.
- **Possessing a weapon.** Possession of firearms, weapons or explosives on company property or while on duty.
- **Threatening violence or acting violently.** Engaging in criminal conduct or acts of violence, or making threats of violence toward anyone on company premises or when representing Sleep Number; fighting, provoking or threatening a fight on company property, or willful damage of property. Threatening, intimidating, or coercing fellow team members on or off the premises – at any time, for any purpose.
- **Insubordination.** Insubordination or refusing to obey instructions issued by your manager pertaining to your work; refusal to work cooperatively with fellow team members or help out on a special assignments.
- **Damaging property.** Engaging in an act of sabotage, damaging company property, or the property of fellow team members, customers, suppliers, partners or visitors in any manner.
- **Theft.** Theft of company property or prototypes, or the property of fellow team members including, but not limited to, cash, theft of returned used or new bed components or bedding products, including those designated as Do Not Inventory, regardless of whether the component or product may otherwise be discarded or recycled; any mattress removed from a customer’s home during delivery; falsifying expense records; reselling Sleep Number product for personal gain obtained at a Team Member Sale.
- **Breaching confidentiality and misuse of company property.** Unauthorized possession or removal of any company property or product, including Sleep Number confidential documents and data related to Sleep Number’s potential or actual customers, from the premises without prior written permission from management; use of company equipment or property, including a Sleep Number vehicle, for personal reasons without prior written permission from management; using company equipment for personal profit or non-company related purposes.
- **Lying and dishonesty.** Providing inaccurate information on your application for employment or other work records, including misrepresenting any criminal conviction history; providing false information in the course of a Sleep Number investigation.
- **Falsifying time records.** Creating or submitting inaccurate time records, including altering the time records of any team member to reflect that a meal break was taken when it was not; asking or causing another team member to inaccurately alter your time or attendance records; punching in before being ready to work or punching out at a time where the compensable hours include non-work time; giving inaccurate information about time off, giving inaccurate reason(s) for a leave of absence; giving inaccurate

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data in response to a request by Sleep Number; alteration of company records or other company documents to include false information.

- **Violating an agreement with Sleep Number.** Violating any agreement between you and the company, including any agreement related to confidentiality, trade secrets or other proprietary or confidential information, any agreement related to non-solicitation of team members, or any agreement related to non-competition; giving proprietary or confidential information of Sleep Number to competitors or other organizations or to unauthorized Sleep Number team members; working for a competing business while a Sleep Number team member; breach of confidentiality of personnel or other confidential information.
- **Spreading gossip and/or rumors** about team members, customers or partners that has an injurious, disrespectful, offensive or destructive impact; engaging in behavior which creates discord and lack of harmony; interfering with another team member on the job; restricting work output or encouraging others to do the same. This standard is not intended, nor will it be applied, to restrict a team member’s right to engage in concerted activity regarding the terms and/or conditions of employment.
- **Work performance.** Unsatisfactory or careless work; failure to meet production or quality standards; mistakes due to carelessness or failure to get necessary instructions; failure to meet sales performance expectations.
- **Harassment.** Any act of harassment based on an individual’s protected class status, whether sexual, racial or other; telling sexist, racial, ethnic or similarly offensive jokes; making sexist, racial, ethnic or similarly offensive slurs.
- **Excessive unapproved absences and/or tardiness.** Leaving work before the end of a workday or not being ready to work at the start of a workday without approval of your manager; stopping work before the time specified for such purposes; failure to show for an assigned shift.
- **Sleeping on the job;** loitering or loafing during working hours.
- **Smoking** in any of the company’s stores or in any other area of company property that is not designated as a smoking area, including using vape or smoking devices.
- **Filling, invoicing or ringing up your own order.**
- **False lead information.** Entering false information or not entering any information in order to alter leads and/or your key performance indicators.
- **Inappropriate language or conduct.** Using obscene, profane or abusive language toward any manager, team member, supplier, partner or customer; indifference or rudeness towards a customer or team member; any disorderly/antagonistic or indecent conduct on company premises.

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What Should I Do If I Have Observed Conduct or Behavior that May Violate Sleep Number’s Standards of Conduct?

If you believe that you have observed unacceptable conduct or behavior, you must report the conduct:

- FIRST:** If comfortable in doing so, tell the offender to stop. Then, immediately go to next step below.
- SECOND:** Immediately report the conduct to your supervisor or department head. In your report, it is important that you be as precise and specific as reasonably possible regarding dates, times, places, individuals, conduct observed, other individuals present and similar details in order to enable a fair and thorough investigation of the reported conduct. Once we learn of the conduct which you have reported, we will investigate, and take timely and appropriate responsive action.
- THIRD:** If your report relates to conduct of your supervisor or department head, you must immediately notify Human Resources or the General Counsel.
- FOURTH:** If you for any reason feel uncomfortable objecting to or reporting unacceptable conduct to your supervisor, immediately notify Human Resources or the General Counsel regarding your concern.
- FIFTH:** Immediately report any subsequent objectionable conduct or retaliation of any type in accordance with the foregoing procedures.

You should never:

- Fail to report objectionable conduct;
- Ignore objectionable conduct;
- Decline to report objectionable conduct because the complainant has asked that the complaint be kept in confidence; or
- Accept objectionable conduct.

You must always immediately report any concern you may have regarding objectionable conduct in accordance with the foregoing procedures.

All allegations will be promptly and thoroughly investigated. Sleep Number will not take any retaliatory action against a person for submitting a complaint or report of objectionable conduct in good faith. In addition, Sleep

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Number may take immediate steps, at its discretion, to protect the complainant and other team members pending completion of an investigation.

Disciplinary action against an offender may include any (or some combination) of the following, depending upon what is appropriate under the circumstances of each case:

1. Disciplinary counseling of the offender;
2. Transfer of the offender to another location or position;
3. Providing the offender with a warning of suspension or termination of employment for continuing or recurring offenses;
4. Placing the offender on suspension with or without pay; or
5. Termination of employment.

In determining whether alleged conduct constitutes objectionable conduct that violates this policy, and in evaluating potential disciplinary action, Sleep Number may consider the surrounding circumstances, the nature of the alleged conduct, the relationships between the parties involved and the context in which the alleged conduct occurred. Whether a particular action or incident constitutes objectionable conduct that violates this policy requires consideration of all the facts and surrounding circumstances.

No Retaliation

Sleep Number will not take any retaliatory action against any person for submitting a complaint or report of objectionable conduct in good faith under this policy. In addition, Sleep Number will not take any retaliatory action against any person for assisting or participating in an investigation, proceeding or hearing related to a complaint or report of objectionable conduct. Any person who violates these provisions may be subject to discipline, including without limitation termination of employment

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