

CHARTER FOR THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF SLEEP NUMBER CORPORATION

(Reviewed 2025)

The purposes, responsibilities and duties of the Management Development and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Sleep Number Corporation (the “Company”) shall be as follows:

I. PURPOSES

The primary purposes of the Committee are to:

- (a) Discharge the responsibilities of the Board relating to the development and compensation of the Company’s executive officers and other compensation matters; and
- (b) Prepare such report or reports, as may be required by applicable law, including without limitation the Committee report on executive compensation required for inclusion in the annual proxy statement or annual report on Form 10-K.

The Committee will fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. COMPOSITION

The Committee shall be comprised of two or more directors as determined by the Board, each of whom shall be determined by the Board to be “independent” in accordance with the rules of the Nasdaq Stock Market. Members of the Committee shall also qualify as “non-employee directors” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws. No Committee member shall receive any compensation from the Company or any of its subsidiaries, other than compensation permitted to be paid to independent compensation committee members under applicable law, regulations and Nasdaq Listing Rules. The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve for such terms as are established by the Board or until their successors shall be duly elected and qualified. Unless the Board elects a Chair, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Chair of the Committee shall have the authority to call meetings of the Committee upon reasonable notice and shall preside at all meetings of the Committee. Meetings of the Committee may be conducted by telephone conference if each of the members may simultaneously hear each other member. A majority of the members of the Committee shall constitute a quorum for the conduct of business and the Committee shall act by majority vote of the quorum. Action of the Committee may be taken without a meeting if

unanimous written consent thereto by each of the members of the Committee is given. The Committee shall keep minutes of its meetings and shall provide copies of such minutes and of actions by written consent to the Board and to the Secretary of the Company for placement in the Company's minute books.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Committee shall:

- (a) Periodically review and approve the Company's executive compensation philosophy to ensure alignment with the Company's strategy and the interests of shareholders;
- (b) Establish, and from time to time review and revise, corporate goals and objectives with respect to compensation for the Chief Executive Officer ("CEO") and other executive officers;
- (c) Establish and lead a process for the full Board to evaluate the performance of the CEO in light of those goals and objectives and provide an annual performance review to the CEO;
- (d) Review and approve on an annual basis the evaluation process applicable to executive officers other than the CEO;
- (e) Periodically review the Company's succession and management development plans for the CEO and other executive officers;
- (f) Periodically review the Company's objectives and programs for human capital management, including initiatives focused on diversity, equity, and inclusion, learning, retention, and wellbeing;
- (g) Review and approve salaries and other compensation applicable to the CEO and other executive officers, provided, however, that the CEO shall not be present during any Committee deliberations or voting with respect to their compensation;
- (h) Establish and lead a process for determination of the compensation applicable to service on the Board by non-employee directors;
- (i) Oversee the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under Nasdaq Listing Rules that, with limited exceptions, shareholders approve equity compensation plans;
- (j) Administer the Company's equity incentive plan and exercise the Committee's duties and responsibilities under the plan;
- (k) Approve equity-based compensation for executive officers of the Company, and periodically review the equity-based compensation program and policies for other participants, under the Company's equity incentive plans;
- (l) Review and approve the Company's Annual Incentive Plan applicable to executive officers of the Company, including the approval of (i) performance goals, (ii) target incentive opportunities, and (iii) incentive payouts;

- (m) Periodically review the Company's policies with respect to team member benefit plans and approve substantive plan changes subject to the rules of each benefit plan;
- (n) Periodically review and approve the terms of any severance policy or agreement, change in control agreement, or other employment agreements or terms for executive officers of the Company;
- (o) Have the sole discretion and authority to retain, terminate and obtain the advice of any compensation consultant, legal counsel or other adviser to assist it in the performance of the Committee's duties, but only after taking into consideration all factors relevant to the adviser's independence from management, including those specified in Section 5605(d)(3)(D) of the Nasdaq Listing Rules; the Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention; any independent consultant engaged by the Committee for any purpose as contemplated by this clause (o) shall not be separately engaged by the Company for any work not expressly commissioned by the Committee without the prior approval of the Committee;
- (p) Undergo an annual review of the performance of the Committee pursuant to such process as may be established and modified from time to time by the Corporate Governance and Nominating Committee;
- (q) Review the results of any shareholder vote on executive compensation and assess implications for changes to compensation policies and practices as appropriate;
- (r) Oversee shareholder communications relating to executive compensation and review and make recommendations with respect to shareholder proposals related to compensation matters;
- (s) Review periodically compliance by executive officers and directors with the Company's stock ownership guidelines;
- (t) Review and approve the creation or revision of any clawback policy allowing the Company to recoup compensation paid to team members;
- (u) Review and approve the peer group(s) used to evaluate or benchmark executive compensation levels, design practices and relative performance;
- (v) Periodically review the compensation practices and policies for all team members from a risk management perspective;
- (w) Review and discuss with management, prior to the filing of the proxy or information statement or Form 10-K, the disclosure relating to executive compensation, including the Compensation Discussion & Analysis (CD&A), and make a recommendation to the Board as to whether the CD&A should be included;
- (x) Review and approve the Compensation Committee Report for inclusion in the proxy statement in accordance with the rules and regulations of the Securities and Exchange Commission.
- (y) Report regularly to the Board with regard to action taken by the Committee and any issues that may arise in the course of the discharge by the Committee of its responsibilities and duties hereunder; and

- (z) Annually review the Committee's compliance with this Charter, and annually review and reassess the adequacy of this Charter and submit any material recommended changes to the Board for its consideration.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter. To the extent determined by the Committee, and subject to the requirements of applicable law, the Committee may delegate duties and responsibilities to one or more members of the Committee or others; the recommendations or decisions of any person or entity performing any delegated duties or responsibilities must be presented to the full Committee at the next regularly scheduled meeting of the Committee or sooner as directed by the Committee.

V. FUNDING OF THE COMMITTEE'S FUNCTIONS BY THE COMPANY

The Company shall provide for appropriate funding for the Committee, in its capacity as a committee of the Board, in such amounts as may be determined by the Committee, for payment of compensation to any advisers engaged by the Committee in connection with the fulfillment by the Committee of its responsibilities and duties hereunder.