

OVERVIEW: Sleep Number requires strict adherence to the letter and the spirit of all laws applicable to the conduct of its business and demands the same from our business partners. We expect a high standard of integrity and sound ethical judgment from our own employees and expect the same from our business partners. We all have a responsibility to “do the right thing.” Toward that end, this Code of Conduct for Business Partners is intended to address several key areas: Labor and Human Rights, Health and Safety, Environmental Issues and Ethics.

APPLICABILITY: The Sleep Number Code of Conduct for Business Partners applies to all suppliers or companies that manufacture product or supply goods or services to Sleep Number, including the affiliates and subsidiaries of such companies. The Code of Conduct for Business Partners also applies to any permitted supplier sub-contractors for which supplier shall be responsible for such compliance. Any supplier who utilizes the services of sub-contracts shall identify such sub-contracts to Sleep Number prior to their engagement on Sleep Number’s behalf. Hereinafter, all of the aforementioned suppliers, companies, sub-contractors and individuals shall be referred to as business partners. This Code of Conduct is not all inclusive. At a minimum, however, we require that all business partners meet the standards expressed herein.

MONITORING AND COMPLIANCE: Sleep Number and its designated agents including, in some cases, external auditors, are empowered to use any lawful means to monitor business partners to verify compliance with the Code of Conduct for Business Partners. This includes activities such as unannounced on-site inspections of manufacturing facilities and employer provided housing; review of books and records related to employment matters and private interviews with employees of business partners. Further, Sleep Number reserves all rights to require business partners to self-certify their compliance with the Code of Conduct for Business Partners in writing at any time. Business partners are urged to retain all documentation that they feel is necessary in order to demonstrate their compliance with this Code of Conduct over time. Business partners will communicate the requirements of this Code of Conduct to their employees and sub-contractors. Business partners shall make the Code of Conduct readily accessible to their employees and subcontractors in their local language.

ENFORCEABILITY: Full commitment to the principles and standards of the Code of Conduct for Business Partners is a condition of doing business with us. Notwithstanding any contractual provision otherwise, the failure of a business partner to comply with both the spirit of the Code of Conduct as well as the letter of any applicable federal, state, local, provincial or international law, rule or regulation will result in the termination of the business partner’s relationship with Sleep Number and any of its subsidiaries or affiliates for cause. Business partners continued provision of products, goods or services to Sleep Number after receipt of this Code of Conduct for Business Partners evidences Business partner’s agreement to the requirements contained herein.

Labor and Human Rights

Business partners must uphold the human rights of its workers and treat them with dignity and respect.

Fair Treatment: Business partners will treat their employees with dignity and respect and no employee shall be subject to physical, sexual or psychological harassment or physical or mental abuse, corporal punishment, mental coercion, physical coercion, or unreasonable restrictions on freedom of movement.

Non-Discrimination: Business partners will not discriminate against any worker in hiring or employment practices including salary, benefits, advancement, discipline, termination, or retirement on the basis of race, color, sexual orientation, gender, national origin, marital status, political opinion or affiliation, religion or disability.

Work Environment: Business partners will provide their employees with a safe and healthy workplace that is in compliance with all applicable laws and regulation. At a minimum, employees shall be provided reasonable access to potable water and sanitary facilities, fire safety, and adequate lighting and ventilation. These standards apply to both the employees' work environment and any business partner provided housing.

Involuntary Labor and Human Trafficking: Business partners will not use any involuntary, forced or slave labor, whether prison, bonded, indentured, or otherwise. All work must be voluntary and workers shall be free to leave work or terminate their employment. Employees will not be required to surrender any government-issued identification, passport or work permit as a condition of employment. Business partners shall be responsible for compliance with this Code of Conduct for Business Partners and with any applicable law, rule or regulation by any person, entity or agency it may direct, employ or utilize in the provision of employees to its facilities.

Underage Labor: Use by business partners of any child labor is strictly prohibited. The minimum age for employment shall be either 15 years of age, the minimum age for employment in that country, or the age for completing compulsory education in that country, whichever is higher. Provided such juvenile's employment is consistent with the foregoing, any juvenile so employed by a business partner must not perform work likely to jeopardize their health, safety or morals and must be carried on consistent with ILO Minimum Age Convention No. 138.

Wages and Benefits: Business partners shall pay all workers at least the minimum wage required by applicable laws and regulations and provide all legally mandated benefits. Business partners shall not make deductions from wages for disciplinary purposes. Employees will be paid timely by business partner and provided with sufficient written information to understand the basis upon which they are being paid.

Freedom to Associate: Business partners will respect the rights of their employees to associate, organize and bargain collectively in a lawful and peaceful manner without penalty or interference. If a specific country's laws restrict the freedom of employees to associate, business partners will allow employees to raise job-related grievances without penalty or retaliation.

Health and Safety

Business partners must provide a safe and healthy workplace for its employees.

Injury Prevention: Business partners shall endeavor to eliminate physical hazards to its employees where possible. Where such hazards cannot be eliminated, business partners shall provide appropriate physical safeguards to reduce the possibility or severity of physical injury to employees. Appropriate personal protective equipment shall be provided. Employees are free to raise safety concerns or refuse unsafe working conditions without fear of discipline or reprisal until their concerns are addressed.

Emergency Preparedness: Business partners will anticipate, identify and assess potential emergency situations and prepare the necessary emergency plans and response procedures to address such situations. Business partners shall provide employees with appropriate training and hold regular drills as necessary to ensure employee preparedness in the case of an emergency.

Communication and Training: Business partners will provide its employees with appropriate health and safety information and training including written health and safety information and warnings appropriate to the work that the employee performs. Business partners shall comply with all laws and regulations regarding the communication of the presence of and training for the safe handling of any hazardous substances used in the workplace.

Environmental Issues

Business partners shall commit to complying with any law, rule or regulation relating to the environmental impact of their designs, manufacturing processes and waste emissions.

Hazardous Substances: Business partner will comply with any hazardous and restricted substances directive as may be published by Sleep Number from time to time. Additionally, business partner will comply with all applicable laws, rules or regulations prohibiting or restricting the use or handling of specific substances and will disclose any substances which fall under the Safe Drinking Water and Toxic Enforcement Act of 1986, also known as California Proposition 65. A list of Proposition 65 substances can be found at http://oehha.ca.gov/prop65/prop65_list/Newlist.html. This list is updated quarterly, and business partner is responsible for monitoring any and all updates and notifying Sleep Number of any changes to their previous disclosures.

Conflict Minerals: Business Partner represent and warrant that any and all parts or components manufactured on behalf of or sold to Sleep Number will comply with all applicable laws, rules, regulations and standards pertaining to sourcing or components or raw materials, including the Organization for Economic Cooperation and Development's (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and the Supplement on Tin, Tantalum, and Tungsten.

Recycling: Business partners will comply with all applicable labeling laws and regulations related to the recycling and disposal of its products.

Solid Waste Disposal: Business partners shall manage and dispose of non-hazardous waste generated from its operations as required by applicable laws and regulations.

Environmental Permits and Reporting: It is the business partners responsibility to obtain, maintain and keep current all required environmental permits and registrations and follow the operational and reporting requirements of such permits.

Reduction and Conservation: It should be the business partners intent to reduce or eliminate, to the greatest extent practicable, the waste and emissions its operations generate (solid waste, wastewater, air emissions, etc.). Business partners should also be aware of the natural resources which its operations consume and strive to conserve as much natural resources as is practicable given business partners' business operations.

Ethics

Business partners shall conduct its business in a way that demonstrates its commitment to the highest standards of ethical conduct.

Business Integrity: Corruption, extortion or embezzlement, in any form, is strictly prohibited. Business partners shall, at all times, maintain their compliance with the Foreign Corrupt Practices Act (FCPA), any international anti-corruption conventions and any applicable anti-corruption laws and regulations in the countries in which they operate. Business partners shall not offer or accept any bribes or other means to obtain an undue or improper advantage.

Confidentiality: Except as otherwise required by law, business partners shall maintain the confidence of the information entrusted to it and shall not use such information for any purpose other than furthering the relationship with Sleep Number. Business partners shall take steps to ensure their other customers do not come in contact with Sleep Number's confidential information including its products, specimen, prototypes or manufacturing processes to the extent such are specific to Sleep Number.

Conflicts of Interest: It is essential for business partners to avoid any improper influence or even the appearance of improper influence in the manner in which it conducts its business. This includes avoiding relationships, personal or professional, which could or reasonably appear to compromise business partner and business partner's employees' responsibilities and ability to make sound, impartial and objective business decisions in connection with business partner's relationship with Sleep Number. This includes any situations where business partners are dealing with Sleep Number employees.

REPORTING: Business partners shall inform Sleep Number immediately in the event of business partner's non-compliance with the Code of Conduct for Business Partners. Employees of business partners are free to report events of non-compliance directly to Sleep Number without fear of individual reprisal. Employees of business partners shall be provided with Sleep Number appropriate contact information in order to directly report any instances of suspected business partner non-compliance.

DOCUMENTATION AND RECORDS: Business partners shall have a process for identifying, monitoring and understanding the laws and regulations that are applicable to its business and its operations. Business partners shall maintain a process to ensure that any documentation or records related to their compliance with applicable laws, rules and regulations are created and maintained sufficiently to document such compliance as well as with this Code of Conduct.

QUESTIONS: Any questions Supplier may have regarding this Code of Conduct may be directed to Sleep Number's Legal Department at legal@sleepnumber.com.