



TEMPUR+SEALY

# TPX CORPORATE SOCIAL VALUES REPORT

JANUARY 2023



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## LETTER FROM THE CHAIRMAN AND CEO



We are pleased to share our 2023 Corporate Social Values Report with our employees, our shareholders, our customers, our suppliers, and other interested stakeholders.

In this iteration of our annual reporting, we have again aligned our sustainability reporting efforts with the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals (U.N. SDGs). In this report, we also took the first steps to align our reporting to the Task Force on Climate-Related Financial Disclosure (TCFD) framework in the hope that it helps stakeholders to further assess where we are on our Environmental, Social, Governance (ESG) journey.

What we hope you take away from the report is that we Do The Right Thing.

It is one of our Company core values and is reflected in everything we do: providing sleep solutions to consumers in over 100 countries, looking out for our communities, protecting the environment, and doing right by our employees. Doing this is embedded in Tempur Sealy's DNA – and, now more than 30 years down the road from the first sale of a Tempur-Pedic mattress in the U.S., we continue to evolve and expand how this core value is reflected in all areas of our organization.

Our Board of Directors and executive management team believe that our focus on driving ESG initiatives unlocks shareholder value and contributes to the financial success of our business.

**Here are some highlights of the progress we made on our social values initiatives in the trailing twelve months ended September 30, 2022:**

### ENVIRONMENT

- Improved the percent of waste diverted from landfills from our U.S. wholly owned manufacturing operations to 100% as of September 30, 2022, compared to 96% as of September 30, 2021
- Expanded our commitment to achieving zero landfill waste to include our corporate offices and our research and development facilities by 2025
- Achieved a 3% reduction in greenhouse gas emissions per unit produced at our wholly owned manufacturing and logistics operations compared to the prior year, furthering our progress towards our goal of achieving carbon neutrality by 2040

- Substantially aligned our sustainability reporting to the Task Force on Climate-Related Financial Disclosures (TCFD) framework

- Formalized our ESG processes and stances in a new [Environmental Policy](#)

### PURPOSE

- Launched our new Sealy® Naturals™ mattress collection made with sustainable and responsibly sourced materials, including organic covers made with long-lasting hemp, organic cotton, lightweight modal, and 100% natural latex
- Continued to bring industry-leading innovation to market that provides consumers with higher quality sleep at a variety of price points, including the new U.S. product launches of Sealy Posturepedic® Plus, Stearns & Foster®, and Sealy® FlexGrid™
- Contributed over \$1 million through the Tempur Sealy Foundation and donated more than 8,300 mattresses worth approximately \$13.7 million

### PEOPLE

- Completed the implementation of a new global ERP system, which is expected to fortify our cybersecurity and drive long-term efficiencies across our global operations
- Increased the percentage of our U.S. employee base that self identifies as a minority from 47% to 49%, and increased the percentage of our U.S. employee base that identifies as female from 30% to 32%
- Increased the percentage of women on our Board of Directors from 33% to 43%
- Embedded ESG performance as a metric in executive leadership's 2022 compensation program

We look forward to continuing to share updates on our social values progress with you in the future.

**Scott Thompson**  
Chairman, President, and CEO

# COMPANY PROFILE

Tempur Sealy<sup>1</sup> (NYSE: TPX) is committed to improving the sleep of more people, every night, all around the world. As a leading designer, manufacturer, distributor, and retailer of bedding products worldwide, we know how crucial a good night of sleep is to overall health and wellness. Utilizing over a century of knowledge and industry-leading innovation, we deliver award-winning products that provide breakthrough sleep solutions to consumers in over 100 countries.

Our brands include Tempur-Pedic<sup>®</sup>, Sealy<sup>®</sup>, and Stearns & Foster<sup>®</sup> and our popular non-branded offerings consist of value-focused private label and OEM products. At Tempur Sealy, we understand the importance of meeting our customers wherever and however they want to shop and have developed a powerful omni-channel retail strategy. Our products allow for complementary merchandising strategies and are sold through third-party retailers, our 650+ Company-owned stores worldwide, and our e-commerce channels. With the range of our offerings and variety of purchasing options, we are dedicated to continuing to turn our mission to improve the sleep of more people, every night, all around the world, into a reality.

## TEMPUR SEALY FAST FACTS



Our global headquarters is located in **Lexington, Kentucky**.



In 2021, we generated approximately **\$4.9 billion** in net sales.



As of December 31, 2022, we had approximately **12,000 employees**, approximately 7,000 of which were in the United States (“U.S.”) and 5,000 in the rest of the world.



For financial reporting purposes, we operate in two segments: **North America** and **International** (Europe and Asia Pacific).



These segments include **manufacturing** and **distribution** subsidiaries, **joint ventures**, and **licensees**.



We utilize **four research and development centers**, one in Denmark and three in the U.S., and a **product testing facility** in the U.S.



We have robust wholesale and direct distribution networks across the globe, including a **growing number of company-owned retail stores**. We also operate a growing e-commerce business.

You may find further information about our business in our Annual Report, which can be accessed at <http://investor.tempursealy.com/financial-information/sec-filings>

<sup>1</sup> When used in this report, the terms “Tempur Sealy,” “Company,” “we,” “our,” and “us” refer to Tempur Sealy International, Inc. and its subsidiaries

## ABOUT THIS REPORT AND OUR VISION

**Our commitment to the environment and our communities starts at the top.** Our Corporate Social Values wheel sets forth the values our Board of Directors, executive management team, and global workforce have embraced. The Board is responsible for overseeing the management and operations of the business, including overseeing our risk assessment, risk management functions, and risk mitigation strategies. The Nominating and Corporate Governance Committee reviews our practices and positions relating to ESG issues that may affect the business and key stakeholders and for exercising oversight on matters relating to ESG.



**We are continuing our journey of clarifying the scope and framework of our vision and goals, and are pleased to share these ongoing efforts in a comprehensive way with our shareholders, customers, business partners, fellow industry participants, and the public.**

Our Corporate Social Values Report provides a snapshot of our existing initiatives and goals. We hope that you will read this report and engage with us as we continue toward these goals while continuing to improve the sleep of more people, every night, all around the world. Data provided throughout this report covers the trailing twelve-month period from October 1, 2021 through September 30, 2022, unless otherwise specified. We have also included specific subsequent initiatives that occurred after the end of September 30, 2022, which we have endeavored to note as such.

## ALIGNMENT WITH THE U.N. SUSTAINABLE DEVELOPMENT GOALS

Tempur Sealy supports the [United Nations Sustainable Development Goals \(SDGs\)](#) and remains deeply committed to driving progress on select goals closely aligned with our company's priorities. We have identified the six SDGs that most closely align with our ESG initiatives and goals as follows:

GOAL	APPLICABLE TARGETS	TEMPUR SEALY ALIGNMENT	REPORT SECTION
<b>3</b> GOOD HEALTH AND WELL-BEING 	<b>3.4</b> By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.	We believe that our products improve our customers' sleep experience to realize health and well-being benefits. We also strive to ensure the health and safety of our employees and facilities.	<b>pgs. 29-33</b> <b>"Improving Sleep"</b>
			<b>pgs. 46-49</b> <b>"Wellness and Safety"</b>
<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>8.5</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	We employ over 12,000 people worldwide and offer competitive compensation and benefits packages. We believe in investing in our workforce to promote their training and development as corporate citizens and future leaders.	<b>pgs. 39-45</b> <b>"Ethics &amp; Diversity"</b>
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<b>9.2</b> Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.	Tempur Sealy's business includes manufacturing and distribution operations. We are committed to reducing the impact of these operations and have established goals to reduce our GHG emissions, water, and waste.	<b>pgs. 10-26</b> <b>"Environment"</b>
<b>10</b> REDUCED INEQUALITIES 	<b>10.2</b> By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status.	We continue to implement and foster initiatives to increase diversity and inclusiveness in our leadership and broader workforce.	<b>pgs. 39-45</b> <b>"Ethics &amp; Diversity"</b>
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.  <b>12.6</b> Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	We consider the full life cycle of our products, including sourcing, byproducts, impacts from manufacturing, and end of life after consumer use.  Since 2020, Tempur Sealy has published Corporate Social Values Reports highlighting our progress on our ESG initiatives.	<b>pgs. 18-21</b> <b>"Waste Management"</b>
			<b>Annual CSVR Reports</b>
<b>13</b> CLIMATE ACTION 	<b>13.1</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	We are committed to achieving carbon neutrality in our global operations by 2040. We have also begun to align with the TCFD to better understand and address climate-related risks to our business.	<b>pgs. 11-12</b> <b>"Carbon Neutral by 2040"</b>
			<b>pgs. 56-57</b> <b>"Task Force on Climate-Related Disclosures"</b>



# ENVIRONMENT

Tempur Sealy leverages well-established practices and processes within the Company and continually seeks to identify opportunities to protect and preserve our environment and reduce our global environmental footprint. We segment our approach to protect and preserve the environment into three categories: Resource Conservation, Waste Management and Product & Packaging. Within each of these segments, we have initiatives that further our progress toward reducing our global environmental footprint.

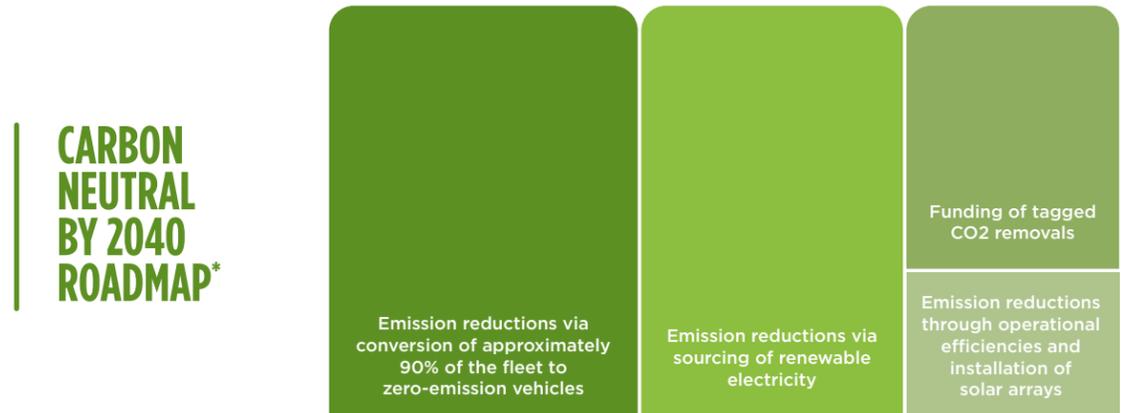
In 2022, we formalized our processes and standards in an Environmental Policy. This policy reinforces our commitment to the environment through our environmental management system, governance and reporting structure, and resource efficiency measures.

We also took the first steps to align our ESG reporting to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations on climate-related disclosures. Please see the TCFD table in the Appendix of this report for more information.

## CARBON NEUTRAL BY 2040

We are committed to achieving carbon neutrality in our global wholly owned operations by 2040. Our objective is to reduce or offset 100% of Scope 1 and 2 greenhouse gas emissions from our wholly owned manufacturing, retail, and logistics operations.

We plan to achieve carbon neutrality through absolute Scope 1 and Scope 2 emission reductions from the continued use of renewable energy and operational efficiency improvements and the use of carbon offset initiatives.



In the trailing twelve months ended September 30, 2022, our global wholly owned manufacturing and logistics operations consumed:

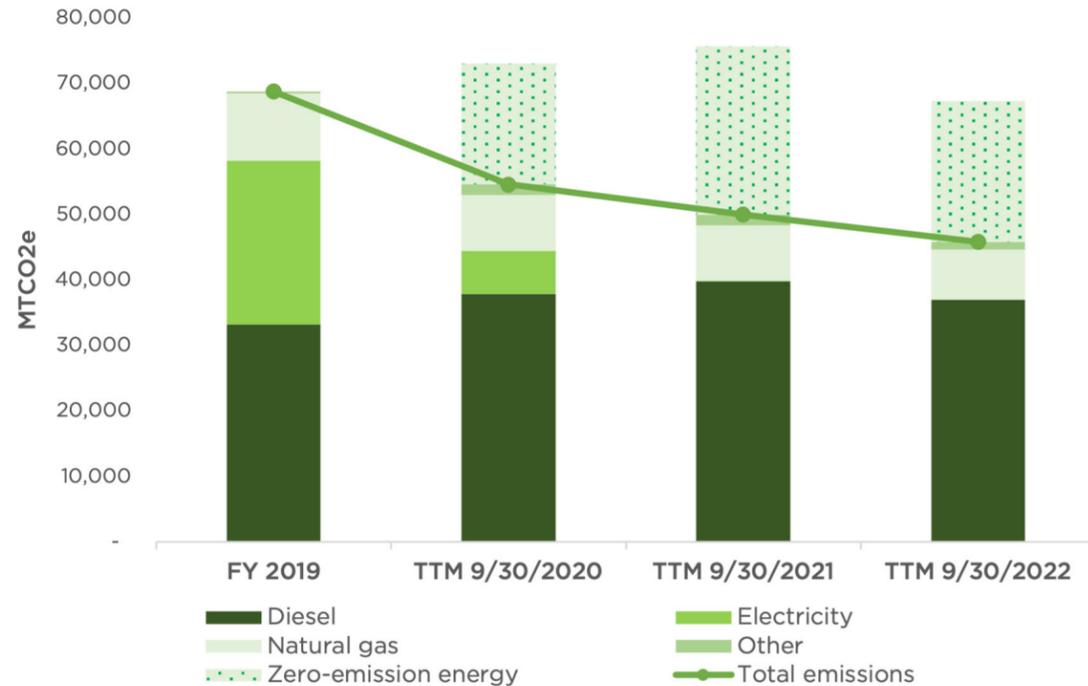


Estimated GHG emissions associated with natural gas, electricity, diesel, and propane from these operations were 45,827 MTCO<sub>2e</sub>, or 6.3 kgCO<sub>2e</sub> per unit produced, a reduction of 7.7% over the same period last year using consistent methodology.



\*Indicative roadmap uses 2021 data as a baseline—these values are estimates and subject to change \*\*Excludes Dreams operations

**MANUFACTURING AND LOGISTICS OPERATION SCOPE 1 AND SCOPE 2 GREENHOUSE GAS EMISSIONS\***



In addition, our Dreams operations are targeting to reduce or offset 100% of Scope 1 and 2 greenhouse gas emissions from our wholly owned manufacturing, retail, and logistics operations by 2040. Dreams sources 100% renewable energy today and is exploring opportunities to achieve net zero emissions from operations.

**RESOURCE CONSERVATION**

The integration of renewable energy and energy efficiency practices across our operations is critical to achieving our sustainability and operational objectives. In 2022, we invested in increased resource efficiency and improved our production and distribution processes across our operations. We are continuously improving our understanding of our resource usage and are making efforts to improve the tracking and monitoring of those resources.

**Environmental Policy**

**In 2022, we formalized our processes and stances on ESG in an [Environmental Policy](#) to reinforce our commitment to the environment and our sustainability goals. In the policy, we highlight our environmental management system, governance and reporting related to ESG, and initiatives involving energy and waste management.**

**Energy Efficient Equipment**

Our foam-pouring facility in Denmark has annual targets for energy consumption and monitors the energy used per unit produced. We have invested in equipment that lowers the facility’s electricity consumption by approximately 175,400 kWh and transports approximately 207,000 kWh of the excess heat generated by the equipment to the central heating system at the facility.

\*Values reported in MTCO2e (diesel, electricity, natural gas, other) or MTCO2e avoided (zero-emission energy)

**LED Lighting**

We have successfully completed a multi-year process to transition our U.S. manufacturing facilities to LED lighting. **Today 100% of our U.S. manufacturing facilities utilize high efficiency LED lighting, an increase of 5% compared to 2021 and an increase of 30% compared to 2020.**

For our wholly owned international manufacturing operations, approximately 44% of our foam-pouring facility in Denmark utilizes LED lighting, approximately 50% of our European bed base manufacturing operations utilizes LED lighting, and **approximately 85% of our Dreams operations utilize LED lighting.**

**Compressed Air**

After lighting, compressed air is one of the largest usages of electricity in our U.S. manufacturing facilities. Building upon the pilot analysis we conducted in 2021, we analyzed the compressed air programs at 44% of our U.S. manufacturing facilities in 2022. Opportunities resulting in annual savings of over 2.4 million kWh were identified and improvements were implemented or are in progress. We expect to perform this analysis at additional manufacturing facilities in future periods.

**Energy Load Shifting Programs**

Our U.S. foam manufacturing facilities participate in energy load shifting programs with their local municipalities. During times of peak demand, each facility will adjust operations – optimizing manufacturing processes during peak demand periods to support high-priority facilities such as hospitals, schools, and emergency services.

**Manufacturing Products In-House**

**Through product insourcing at our foam-pouring facility in Duffield, VA, we have avoided 238 metric tons of CO2 emissions and eliminated approximately 165,000 truck miles in the trailing twelve months ended September 30, 2022.**

**Supply Chain Engagement**

We are also extending our sustainability efforts to our global supply chain by encouraging our suppliers to establish their own sustainability goals. Through this initiative, we aim to increase sustainability awareness and initiatives within our supplier base with the goal of reducing our Scope 3 emissions (emissions from sources we do not directly own or control) and reducing the environmental footprint of our global supply chain.

**As part of our standard supplier management process, we request that our key suppliers provide a report on their ESG initiatives once a year.** Survey topics include greenhouse gas emissions, waste treatment, recycling efforts, water sanitation, environmental certifications, and social responsibility questions. We believe that our own ESG initiatives in combination with our process to engage with our suppliers on their own environmental and social initiatives, will drive improved sustainability and social responsibility across our supplier base.

**Renewable Energy**

In addition to the energy conservation efforts described above, we are committed to pursuing additional opportunities to source from renewable sources and foster regenerative environmental activities.

**100% of our wholly owned global manufacturing facilities were powered by renewable energy in the trailing twelve months ended September 30, 2022.**



### Solar Energy

We utilize solar panel technology to provide power to several of our manufacturing facilities worldwide.

We use a solar array to partially power our foam-pouring facility in Albuquerque, New Mexico, Tempur Sealy's largest mattress manufacturing operation. The solar technology generates sufficient renewable energy to power all mattress assembly lines at this site. **In the trailing twelve months ended September 30, 2022, the solar array produced 4.2 million kWh of electricity to power 37% of the facility's total electricity needs.**

Our European bed base manufacturing operation uses its solar panel array to power a portion of the operation's energy needs. The remaining energy needed is sourced from local hydro energy.

Our foam-pouring facility in Denmark installed a solar panel array in 2022. The solar energy generated by the array is expected to be sufficient to power approximately 16% of the facility's operations. We expect to supplement the energy we generate on-site with sourced energy from a third-party solar park. The solar energy generated by our solar panel array combined with our sourced energy from the solar park is expected to result in an estimated 81% of our Denmark operations being powered by solar energy beginning in 2023.

Our Dreams operations have been driving energy efficiency initiatives to reduce their impact on the environment. **Since 2021, Dreams has utilized 100% renewable electricity across its manufacturing, retail, and corporate office operations.**

### Renewable Energy Certificates

Tempur Sealy is sourcing renewable energy certificates (RECs) from wind and solar farms across the U.S., Denmark, and Estonia. The RECs are Green-e certified in the U.S. and Canada and are I-REC compliant in Mexico. In the European Union, revision-based documents are provided to guarantee that the RECs are retired and owned by Tempur Sealy.

### ENERGY STAR Challenge

Our foam-pouring facility in Duffield, Virginia achieved the ENERGY STAR challenge certification in 2019 and continues to use its framework to guide our current conservation programs. The ENERGY STAR Challenge for Industry is a joint program of the Environmental Protection Agency and the U.S. Department of Energy with a goal to help protect the environment through the adoption of energy efficient equipment and practices, as well as the reduction of greenhouse gases. The program also provides energy cost savings as a long-term benefit.

**The Duffield facility has achieved a 48.5% reduction in energy consumption per pound of chemical processed since 2015. By meeting the ENERGY STAR challenge, the facility has averted 6,399 tons of greenhouse gases and saved enough energy to power more than 806 homes in the last year.**



**48.5% REDUCTION**  
IN ENERGY CONSUMPTION

THE FACILITY HAS AVERTED  
**6,399 TONS**  
OF GREENHOUSE GASES

### FLEET FUEL-EFFICIENCY IMPROVEMENTS

As a bedding and sleep products manufacturer that deploys its own private fleet as the primary means of distributing its products, we partner with lessors of our tractors and trailers, and ensure our fleet meets or exceeds all federal and state environmental guidelines.

#### Trailers

During the years 2018 through 2021, we added or exchanged 492 trailers that incorporate three fuel-saving features: low resistance tires, underbody skirts, and auto-inflating tire systems in our U.S. fleet. In 2022, we added 10 trailers with these same features, and expect to add additional trailers in 2023 as supply chain constraints lessen.

#### Tractors

During the years 2018 through 2021, we replaced or added 258 Class 8 tractors with state-of-the-art fuel efficiency technologies in our U.S. fleet. In 2022, we added 22 model year 2023 tractors that have an estimated 0.48 mile-per-gallon (mpg) fuel efficiency improvement over the vehicles that they replaced.

**This will result in an estimated annual savings of approximately 16,356 gallons of diesel fuel. This in turn is expected to result in an estimated reduction in CO2 emissions of 167 metric tons.**

### Delivery Initiatives

We are continually looking at methods to improve our delivery operations through optimizing delivery routes, reconfiguring truck cube utilization, combining Tempur and Sealy products for delivery in the same truck, and co-locating manufacturing facilities and distribution centers for Tempur and Sealy products whenever feasible.

Over the past several years, these efforts have helped us reduce our fuel usage and greenhouse gas emissions, while also improving service to our customers. Further, our Dreams operations utilize a route planning tool that optimizes delivery routes to minimize fuel usage and greenhouse gas emissions.

### Railway Logistics

In 2022, we began leveraging railways to efficiently move raw materials across the U.S. We have now converted 25% of our overall truck traffic for bulk chemicals to deliver via rail, which has meaningfully decreased the greenhouse gas emissions associated with our logistics operations.



**Zero-Emissions Vehicles**

**In 2021, we participated in a Class 8 electric truck pilot program in the U.S. Utilizing an electric Class 8 tractor can reduce emissions by more than 60% compared to a diesel tractor, and when paired with renewable energy, can result in zero-emission transportations.**

The goal of the pilot program was to verify the emissions reduction opportunity, derive detailed learnings on electric vehicle operation and maintenance, and better understand which routes would be compatible with electric vehicles. Through our participation, we gained valuable experience in working with key processes associated with electric vehicle technology. A significant reduction in fleet emissions is a key part of our roadmap to achieve carbon neutrality by 2040.

**International Fleet**

Our international operations have committed to exploring opportunities to reduce the environmental footprint of the company fleet. We expect to acquire new vehicles for our UK truck fleet in 2023 that will have a trailer solar panel fitted to each vehicle. This is expected to decrease the emissions associated with our logistics operations in future periods. In 2022, we also installed electric vehicle chargers at certain facilities to further evolve our logistics infrastructure to support zero-emission vehicles.

Our Dreams operations are integrating hybrid vehicles into their company car fleet. The Dreams car fleet is now comprised of 66% hybrid vehicles as of September 2022, compared to 31% as of September 2021. They are targeting to fully convert their company car fleet to all hybrid vehicles by 2025. Further, Dreams is exploring opportunities to integrate hybrid or electric vehicle technologies into its commercial distribution fleet.

**OPERATIONS ENVIRONMENTAL CERTIFICATIONS**

Through pursuing environmental certifications, we obtain independent, third-party audits of our products and processes. This third-party validation of our products and processes ensures the integrity of our operations and creates consistency across our manufacturing and logistics management systems.

**ISO 14001  
CERTIFIED**  
AT OUR FACILITIES IN  
NEW MEXICO, VIRGINIA,  
AND DENMARK

**ISO 9001  
CERTIFIED**  
AT OUR FACILITIES IN  
VIRGINIA AND DENMARK

**ISO 50001  
& 45001  
CERTIFIED**  
AT OUR FACILITY  
IN DENMARK

CONVERTING OUR  
EXISTING ISO 18801  
CERTIFICATION TO AN  
**ISO OHS 50001  
& 45001  
CERTIFIED**  
AT OUR FACILITY  
IN VIRGINIA

**International Organization for Standardization (ISO) Certifications**

We are ISO 14001 certified at our three Tempur-Pedic foam-pouring facilities located in Albuquerque, New Mexico; Duffield, Virginia; and Aarup, Denmark. In addition to being ISO 14001 certified, our manufacturing facilities in Duffield, Virginia, and Denmark are ISO 9001 certified. Our Denmark facility is also ISO 50001 certified and ISO 45001 certified. The Duffield facility expects to convert its existing ISO 18801 certification to an ISO OHS 45001 certification in 2023.

**Leadership in Energy Environmental Design (LEED) Certified Headquarters**

Our 128,000 square foot corporate headquarters building is LEED certified. We have water-saving faucets, primarily recyclable building materials, high-efficiency vehicle preferred parking, water-efficient landscaping, carpeting made from recycled components, and energy-saving LED lighting.

**Sustainable Textile and Leather Production (STeP) by OEKO-TEX®**

Our foam-pouring facility located in Denmark is currently STeP by OEKO-TEX® certified in the following categories: chemicals, environmental conditions, environmental management system, social responsibility, quality management system, and safety.

**We are launching an all-new TEMPUR® mattress collection in our international markets in 2023. We expect that each mattress included in this new lineup will be OEKO-TEX® MADE IN GREEN certified, indicating that each mattress meets the stringent criteria set forth by the STANDARD 100 by OEKO-TEX® and STeP by OEKO-TEX® certifications.**

## WASTE MANAGEMENT

We are committed to reducing waste through recycling and waste minimization efforts across our global operations. To monitor our progress, we track our waste from production and utilize an internal reporting system to monitor results. We also leverage a third-party waste management service to better understand the type and amount of waste produced in our U.S., Canada, and Mexico manufacturing facilities, distribution centers, research and development facilities, and corporate offices. We leverage these insights to further identify opportunities to improve the recyclability of operational by-products.

**In the trailing twelve months ended September 30, 2022, 100% of our waste from our wholly owned U.S. manufacturing facilities was recycled or used in energy generation, a 6% improvement from prior year.**

### WASTE REDUCTION AND RECYCLING EFFORTS

Our efforts in this area include the following:

#### Zero Landfill Commitment for Manufacturing Sites

In 2022, we have achieved zero landfill waste at each of our wholly owned U.S. manufacturing facilities\*, with an incremental 10 facilities achieving zero waste to landfill this year. We also achieved our goal of zero landfill waste by 2022 at our European Tempur manufacturing facility. As of September 30, 2022, 86% of our global wholly owned manufacturing facilities are operating at zero waste to landfill status. Both our Canadian and Mexican facilities improved the amount of waste diverted from landfill in the trailing twelve months ended September 30, 2022, and we expect to continue to implement landfill waste diversion initiatives in these manufacturing facilities in 2023.

**U.S. manufacturing recycling efforts in the trailing twelve months ending September 30, 2022, were equivalent to:**

SAVING  
**110,416**  
BARRELS OF OIL,

PLANTING  
**791,314 trees**

AND AVOIDING  
**47,479 tons**  
OF CO<sub>2</sub>E.

Our Dreams operations also leverage a third-party waste management service to track manufacturing waste produced. **In the trailing twelve months ended September 30, 2022, Dreams diverted 100% of their manufacturing waste from landfill.**

#### Zero Landfill Commitment for Corporate and R&D Sites

**After achieving zero landfill waste at our manufacturing sites in 2022, we extended our commitment to achieving zero landfill waste to our corporate offices and R&D labs worldwide.** Waste at our corporate office is primarily comprised of mixed paper products, and waste at our R&D facilities is primarily comprised of test samples, including innersprings, foams, and textiles.

We are implementing processes to improve waste streams and waste management practices in our corporate and R&D facilities.

**We expect that by leveraging our learnings and implementing best practices gained from the conversion of our manufacturing facilities to zero landfill status, we can achieve zero waste to landfill at these additional locations by 2025.**

#### Training at Facilities to Reduce Waste

We implemented programs to highlight the importance of recycling with our employees beginning in 2014. Working with our waste management partner Northstar Recycling, 100% of our U.S. manufacturing sites are executing zero waste to landfill programs, supported by monitoring and regular refresher training.

#### Mattress End of Life

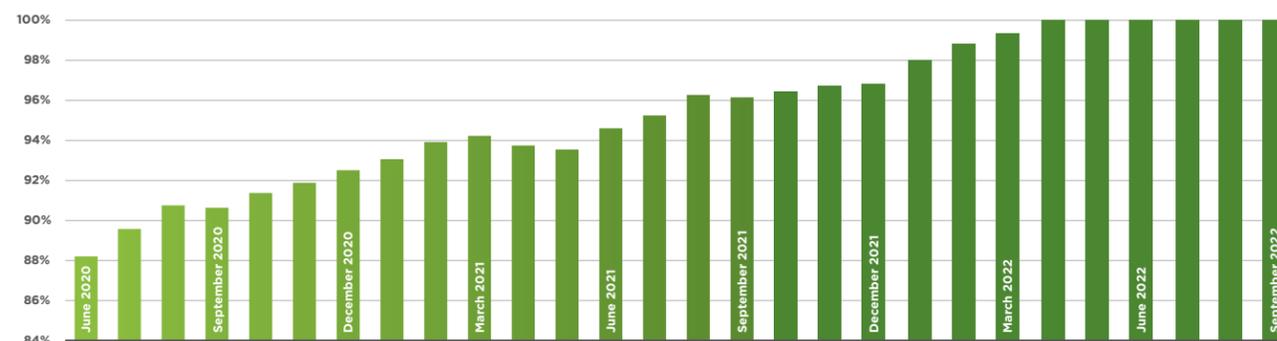
With a growing global mattress industry and the growth in digitally native mattress companies offering mattress trials, the industry's management of end-of-life products is becoming increasingly important. We are working with third parties worldwide to identify potential opportunities to recycle or upcycle used foams and are exploring opportunities for the development of new channels for end-of-life mattress materials.

**We will use this information to design products with the end-of-life process in mind so we can increase the recyclability of our products.**

#### Global Compliance with Extended Producer Recyclability (EPR) Options

We monitor EPR options across our global markets to ensure compliance with all laws and regulations. In Europe, many of the countries in which we operate have implemented processes relating to product lifecycles.

### U.S. MANUFACTURING WASTE DIVERTED FROM LANDFILL\*



\*100% waste diverted as permitted by local and state regulations

## DREAMS OPERATIONS INITIATIVES

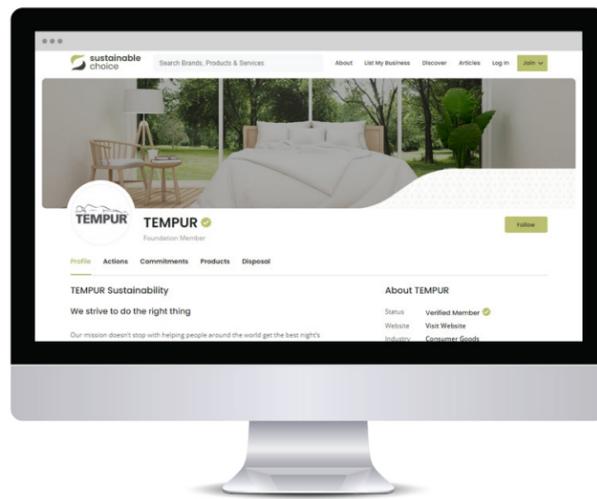
### End of Life Recycling Service

Through our Dreams operations, we offer our customers a recycling service that they can elect to use once they're ready to dispose of their mattress. Through this program, the reclaimed mattresses are broken down and each component is recycled or used in energy generation.

In the trailing twelve months ending September 30, 2022, 21.8% of Dreams' customers elected to leverage the recycling service, an improvement of 5% in adoption compared to 2021.

DREAMS RECYCLED  
**115,000 MATTRESSES**  
RECYCLED OVER A TWELVE-MONTH PERIOD

**>750,000 MATTRESSES**  
RECYCLED SINCE THE PROGRAM'S INCEPTION  
IN 2014



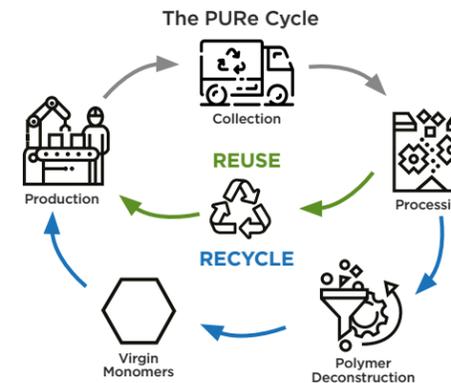
## TEMPUR® AUSTRALIAN SUBSIDIARY INITIATIVES

### Recycle My Mattress Program

Our subsidiary in Australia is a founding member of the Recycle My Mattress Program. Recycle My Mattress partners with social enterprise recyclers to work toward reducing the disposal of mattresses in landfills and to provide employment and training opportunities for people experiencing barriers to employment.

### Sustainable Choice Consumer Platform

In 2022, our subsidiary in Australia joined Sustainable Choice as a founding member. Sustainable Choice is a platform that provides consumers with transparency to brands' sustainability initiatives.



In the U.S., we recycle 100% of the Tempur-Pedic® products returned to us. This equated to over 1.6 million pounds of foam and 500,000 pounds of metal recycled in the trailing twelve months ended September 30, 2022.

**1.6M POUNDS**  
OF FOAM RECYCLED

**500,000 POUNDS**  
OF METAL RECYCLED

In 2022, all California facilities received certification from the Mattress Recycling Council. This certifies that our facilities have ongoing improvement processes for waste treatment and energy efficiency. It also demonstrates that the facilities have sustainability goals and targets in place, quantifiable and measurable progress towards achieving those goals.

### Wastewater Treatment

For over a decade, our foam-pouring facility in Mountain Top, Pennsylvania, has had an internal wastewater treatment plant that purifies the water resulting from our production processes. **This wastewater treatment process has resulted in the processing of 1.6 million gallons of water in the trailing twelve months ending September 30, 2022, which is safely returned to the natural water cycle through the local publicly owned treatment works.**

## TEMPUR® DANISH SUBSIDIARY INITIATIVES

### RePURpose

In a close collaboration between our Danish subsidiary, the Danish Technological Institute and several other Danish companies, we are working to recycle polyurethane foam in a program called RePURpose. The RePURpose project recently published a third study that reviews a simplified approach to chemical deconstruction and separation. This method has proven to be scalable and can be applied to various kinds of polyurethane foam. Testing is ongoing at our foam-pouring facility in Denmark, and preliminary results look promising.

### Bedding Returns

We are working around the globe to identify regional recycling opportunities for returns. We continue to work with our distribution partners to expand our recycling efforts of returned Tempur-Pedic products.

### California Efforts

Our two production facilities in California partner with the Mattress Recycling Council, a member of the International Sleep Products Association (ISPA), to participate in the Sleep Products Sustainability Program (SP2). The objective of the program is to identify opportunities to reduce waste, emissions, and energy consumption, while driving operational efficiencies.



## PRODUCT & PACKAGING

### CHEMICAL SUPPLY CHAIN MANAGEMENT

All chemicals and foam components used in our mattresses are qualified prior to use in our manufacturing processes. As part of the qualification, material safety documentation is carefully reviewed, samples of the materials and their emissions are tested, and pilot runs are conducted at multiple stages for additional testing to ensure they don't pose a risk to our employees or our customers.



### Chemical Safety Strategy

Safety is always a priority at Tempur Sealy, and chemical safety is especially an important topic at our foam-pouring facilities. **To manage risks associated with the management of chemicals, we comply with all state and EPA regulatory requirements, conduct scenario analyses in case of an accidental spill, provide safety materials and training to employees at the facilities, and conduct drills to simulate incident response.**

To manage risks associated with consumer chemical safety, we employ rigorous product testing to ensure compliance with all applicable safety guidelines and regulations. We collect, model, and evaluate emissions data according to internationally recognized standards and specific recommendations of independent scientists to mitigate any risk to the consumer.

**100% of our products sold worldwide meet the content and emission standards for volatile organic compounds (VOCs).**

### Lumber Supply Chain Management

We source lumber to manufacture our flat foundation bases. All three of Tempur Sealy's internally manufactured flat foundation base lumber suppliers are Sustainable Forestry Initiative (SFI), Forest Stewardship Council (FSC), or Canadian Standard Association (CSA) certified.



### TEXTILE SUPPLY CHAIN MANAGEMENT

#### Textile Exchange

Our foam-pouring facility in Mountain Top, Pennsylvania, is a member of the Textile Exchange, a global non-profit organization that encourages companies to adopt the use of sustainable fibers and materials. The Textile Exchange furthers their mission through fostering a cross-sector exchange of textile best practices and developing and managing a suite of global standards.

Our Textile Exchange membership represents a continuation of our efforts to explore opportunities to improve the end-to-end sustainability of our products. We recognize that sourcing preferred materials, including those that are recyclable, traceable, responsibly sourced, or organic, reduces the environmental footprint of a product.



#### Global Organic Latex Standard (GOLS) Certification

Our foam-pouring facility in Mountain Top, Pennsylvania, has obtained GOLS certification for its latex production process. Further, inputs to our process at all points of the upstream supply chain are also GOLS certified. By achieving this certification, we and our suppliers have met the following criteria for certain latex products:

- **Minimum of 95% of certified natural rubber latex used in our process is traceable to organic origin**
- **Does not contain any synthetic latex or non-organic natural rubber latex**
- **Limits on amount of known harmful substances and greenhouse emissions**
- **Requirements for environmental management, waste and pollution management, wastewater treatment, energy, water conservation, safe and hygienic working conditions, non-discrimination and labor law standards**

### Annual Diligence of Conflict Minerals Used in Our Products

Our [Conflict Minerals Policy](#) outlines our commitment to responsible sourcing and we undertake an annual due diligence process to ensure that none of our products include conflict minerals (e.g., tin, gold, tungsten, tantalum) that originate in the areas covered by the conflict minerals regulations. We also include cobalt in our annual due diligence efforts. Our diligence efforts ensure compliance with the U.S. Securities and Exchange Commission's "conflict minerals" disclosure and reporting requirements, including the annual filing of Form SD with the SEC.

### Annual Diligence of the Use of Forced Labor from Xinjiang Uyghur Autonomous Region of China

We undertake annual due diligence to ensure that none of the materials we import into the U.S. are mined, produced, or partially manufactured by forced labor from the Xinjiang Uyghur Autonomous Region (Xinjiang), or by an entity on the U.S. Uyghur Forced Labor Prevention Act entity list. Our diligence efforts ensure compliance with Section 307 of the U.S. Tariff Act.

### Annual Diligence on the Use of Illegally Harvested Timber In our Products

We undertake annual due diligence on all new suppliers of timber and timber products in the European Union to ensure that only legally harvested timber is used in our products. Annual due diligence efforts are also undertaken in respect of existing suppliers. Our diligence efforts ensure compliance with Article 4 of the European Union's Timber Regulation 2010 and the equivalent UK Regulations.

### REDUCED PACKAGING MATERIALS

We continuously look to reinvent the packaging of our products to reduce the amount of materials needed while ensuring the highest-quality goods for our customers.

#### Compressed Mattress Products

Our product portfolios include compressed mattresses. By compressing mattresses into smaller sizes before shipping, we can reduce the amount of product packaging, fuel usage, and greenhouse gas emissions associated with our transportation operations.

#### Product and Packaging Use of Recycled Components

We constantly monitor for and pursue opportunities to foster recyclability, including the use of recycled materials in our product and packaging.

**We utilized 86% recycled steel innersprings for our Tempur, Stearns & Foster, and Sealy products for the trailing twelve months ending September 30, 2022.**



In addition, our product development center in North Carolina recycles 100% of the mattresses it uses for durability testing and product evaluation, reducing our waste stream by approximately 2,000 mattresses annually.

Internationally, our cardboard packaging for our Tempur products utilizes recycled fibers, with 78% of our packaging comprised of these recycled fibers in 2021. We are also incorporating the use of recycled plastic foil into our packaging process at our foam-pouring facility in Denmark. **In 2022, we transitioned to mattress foil packaging that is 100% recyclable and made from at least 50% recycled material.** We expect to expand the use of this packaging foil to additional product categories manufactured at this facility in 2023.

### PRODUCT CERTIFICATIONS

We believe products that improve our customers' sleep experience will also facilitate their health and happiness. As part of improving our customers' sleep experience, we strive to use sustainable materials in our products. We have the following certifications:

- **Our newly launched Sealy® Naturals™ mattress collection has received the GreenGuard® Gold certification, and is pursuing an Eco-INSTITUT Certification**
- **All foam components of Tempur-Pedic®, Sealy®, and Stearns & Foster® mattresses are CertiPUR-US® certified**
- **Products made in our latex-pouring facility in Mountain Top and many of the products made in our foam-pouring facility in Denmark are OEKO-TEX® Standard 100 Certified**
- **Our Mountain Top facility also obtained FSC® Certification, UL GreenGuard®, and UL GreenGuard Gold® certifications**
- **Many of our Tempur-Pedic® retail mattresses made in our Dan-Foam facility are TÜV Certified**

### PRODUCT COUNCILS AND ASSOCIATION MEMBERSHIPS

Many of the challenges we face are shared with our industry peers. We share best practices and work to collectively raise standards by participating and contributing to industry associations and organizations.

**Tempur Sealy is a member of the Sleep Product Safety Council (SPSC), which focuses on sleep product safety and the consumer impact from an industry perspective.** Through our affiliation with this group, we engage on important issues that affect consumer health and safety such as mattress flammability, setting industry health & safety standards, and mattress recycling. As a member of this group, we also participate in interactions with the EPA and the U.S. Consumer Product Safety Commission.

### Mattress Recycling Council Certifications

To receive certification, our California facilities had to demonstrate that they met certain standards and had continuous improvement processes in place to improve their waste and energy efficiencies. Specifically, they had to demonstrate that they had an environmental policy, an assessment of their environmental impacts, goals and targets for improvement, quantitative measurements of progress, employee engagement, supplier engagement, best-practice sharing, periodic inspections of their program, a disciplined system for fixing deficiencies, and a risk management plan.

### International Sleep Products Association (ISPA) Sustainability Council

Representatives of Tempur Sealy sit on both the ISPA Sustainability Council and ISPA Board of Trustees.

**Focus areas of the newly formed ISPA Sustainability Council include reducing waste from mattress production, limiting the carbon footprint of mattress production, and identifying methods to improve recyclability of mattresses.**

Through these efforts, the council seeks to reduce the bedding industry's impact on the environment through reducing the environmental footprint of the mattress manufacturing processes and end of life programs.

### European Council Representation

We also have representatives in the European Bedding Industries' Association and EuroPur (European Association of Flexible Polyurethane Foam Blocks Manufacturers). Focus areas for these groups include the "Zero Plastics to Landfill" initiative of *PlasticsEurope*, investments into waste treatment facilities, and reducing the quantity of end-of-life mattresses going into a landfill.





# PURPOSE

Tempur Sealy is committed to improving the sleep of more people, every night, all around the world. We believe that our products improve our customers' sleep experience so that health and happiness benefits can be realized. As part of our commitment to improving sleep, we are proud to be making a difference in the communities where our employees live and work through volunteering, improving consumer health and safety in our sleep products, and making charitable and product donations. We segment our approach to making a difference in our communities into three categories: Community Engagement, Improving Sleep, and Charitable Giving. Within each one of these segments, we have complementary initiatives that further our drive to make a difference in our communities.

## COMMUNITY ENGAGEMENT

### VOLUNTEERING

We believe that personal engagement and participation in charitable activities is as important as charitable giving. The organizations we support often have close ties to our employees. Many Tempur Sealy employees serve on boards for charitable organizations and are enthusiastic volunteers in the community. Tempur Sealy supports this hands-on approach to giving back to the communities where we work and live. Our offices often leverage volunteering as a team-building activity, working together to carry out our Company values.

**Tempur Sealy volunteers provide support for national and local organizations such as Habitat for Humanity, the Ronald McDonald House, Sunrise Children's Services, the American Red Cross, and many others.**



## IMPROVING SLEEP

**Tempur Sealy's stated purpose is "to improve the sleep of more people, every night, all around the world." This commitment manifests itself in everything we do.**

### CONSUMER-FOCUSED INNOVATION

Informed by our investments in consumer and sleep research and enabled by our product development team, Tempur Sealy has a longstanding history of developing product innovations that build upon a legacy of sleep-enhancing innovations that includes our revolutionary and NASA-inspired TEMPUR® Material and Sealy Posturepedic® technology.

**In 2022, our Tempur-Pedic® brand was awarded #1 in Customer Satisfaction for both the Retail Mattress and Online Mattress segments in the U.S. in the J.D. Power 2022 Mattress Satisfaction Report.\***

This award marks the fourth-consecutive year that Tempur-Pedic® has achieved this distinction in the Retail Mattress category, and the brand has been recognized in this category for five of the previous six years. This award marks the second consecutive year in the Online Mattress category.



\*For J.D. Power 2022 award information, visit [jdpower.com/awards](https://www.jdpower.com/awards)

## SUSTAINABILITY-DRIVEN PRODUCTS

In 2022, we launched our Sealy® Naturals™ collection, an eco-friendly mattress line manufactured with natural, sustainable, and responsibly sourced materials.

This collection was thoughtfully designed with our commitment to sustainability and environmental preservation in mind. The Sealy® Naturals™ mattresses feature:



- Organic covers made with long-lasting hemp, organic cotton, and lightweight modal
- 100% natural and responsibly sourced latex that excels in delivering comfort, breathability, and support
- An ethically harvested wool blend that is soft, breathable, incredibly comfortable, and naturally flame retardant
- A layer of our DuraFlex Pro Edge breathable coils, which provide added airflow for coolness and comfort while also increasing support and durability along the edges of the mattress to help maintain shape
- Our Response Pro HD Encased Coils system made with over 90% recycled steel, which is comprised of coils that are individually wrapped to provide whole-body support

## IMPROVING CUSTOMER WELL-BEING

### Sleep Health Education

We are committed to helping consumers adopt a healthier lifestyle by raising consumer awareness of the connection between quality sleep and an overall healthy lifestyle. We have historically raised awareness on the positive impact of a good night's rest through a variety of methods, including through consumer interactions with retail sales associates, partnerships with accredited sleep experts, and educational content across diverse platforms, channels, and publications.

## TEMPUR-Ergo® Smart Base powered by Sleeptracker®-AI\*

We created the TEMPUR-Ergo® Smart Base powered by Sleeptracker®-AI in collaboration with MedTech and BedTech company Fullpower® Technologies. Combined with a body-responsive Tempur-Pedic® mattress, the TEMPUR-Ergo® Smart Base creates a completely integrated sleep system.

The smart base has sensors that allow a customer to monitor their heart rate, breathing rate, and sleep cycle and uploads personalized sleep analytics and coaching to their smartphone via the Sleeptracker®-AI app. The accuracy of our best-in-class sleep tracking was validated by a comprehensive Stanford scientific study in 2022. In addition, it features sleep-sensing technology that detects snoring and responds automatically without waking the sleeper.\*

In 2023, we expect to launch a refreshed TEMPUR-Ergo® Smart Base powered by Sleeptracker®-AI lineup that features incremental innovation. In addition to expanded ergonomic benefits, the refreshed line will feature Sleeptracker 2.0 technology and be equipped with a range of relaxation features to help prepare consumers mind and body for deep, rejuvenating sleep.



Going forward, our commitment to sleep health education will be enhanced by our Sleeptracker®-AI technology. We are leveraging learnings from our relationship with Sleeptracker® users in the U.S. to take a closer look at sleep trends and behaviors, as well as general sleep issues and interrupters like elevated stress levels and snoring. The insights and data generated will be used to start and nurture conversations with consumers on achieving quality sleep.



\*Bed raises once approximately 12 degrees in response to snoring. This may reduce snoring in otherwise healthy individuals who snore due to body positioning.

### Tempur-Pedic® Breeze® and ActiveBreeze®

In 2023, we expect to launch a new line of TEMPUR-Breeze® mattresses. The new lineup is expected to deliver even greater cooling benefits than its predecessor. **The innovative technology included in the new TEMPUR-Breeze® line results in a mattress that feels up to 10 degrees cooler,\* providing relief to consumers whose quality of sleep is impacted by sleeping hot.**



We also expect to expand our ActiveBreeze® product, our most customizable cooling system, in 2023.

**The new ActiveBreeze® includes Smart Active Air Technology, which features advanced fans built directly into the Smart Base integrated with the Air Distribution Layer in the mattress.** Users can customize their temperature profile through the Sleeptracker® app to maximize their comfort, allowing for deeper, more restful sleep.

#### Surface-Guard Technology™

Sealy®, Tempur-Pedic®, and Stearns & Foster® product lines include our innovative Surface-Guard Technology™ to help keep our mattresses safe and clean. SurfaceGuard is an EPA-registered antimicrobial technology that kills 99% of bacteria on mattress surfaces to protect them from odors and staining.

### Offering a Comprehensive Portfolio of Brands and Products

As the world's largest bedding manufacturer, Tempur Sealy develops, manufactures, and markets mattresses, adjustable bases, pillows, and other products that are sold worldwide. Our Tempur®, Tempur-Pedic®, Sealy Posturepedic®, Stearns & Foster®, Comfort Revolution®, and private label brands and products are tailored to meet the broad range of consumer needs, tastes, preferences, and budgets.

### PRODUCT QUALITY AND SAFETY

#### Rigorous Product Testing

**We champion the industry's most-comprehensive array of product performance, quality, and safety tests.** Our world-class testing and development technology sets the gold standard for the mattress industry, ensuring that our products exceed consumer expectations and perform to the high standards we have established and maintained since the first Stearns & Foster® mattress was introduced in 1846.

**As the only mattress manufacturer with a CPSC-Firewall accredited Flammability & Regulatory Laboratory as well as an industry-leading Analytical & Emissions Testing Lab, Tempur Sealy establishes its commitment to consumer safety. Our patented durability testing and strict testing protocol requirements provide confidence that only the highest quality products can display our Tempur Sealy brands.**

\*Based on average heat index of TEMPUR-LuxeBreeze® compared to TEMPUR-ProAdapt® models measured over an 8-hour period

### REACHING A GLOBAL AUDIENCE

#### Diverse Marketing Initiatives

As a global bedding leader operating in over 100 countries around the world, we deliver our breakthrough sleep solutions to a broadly diversified consumer base. It is important to us to design advertising campaigns that are reflective of our diverse consumer demographics and increase access to quality sleep surfaces. As a result, **we are thoughtful in our casting decisions to ensure we hire a broad range of talent that is reflective of our consumers, including striving for balanced representation in gender, ethnicity, background, age, and body type.**

We are taking steps to better serve our Spanish-speaking customers in the U.S. In 2021 and 2022, we developed and implemented a bilingual marketing program, which includes offering select in-store marketing materials in Spanish. The availability of product information in both English and Spanish delivers an accessible shopping experience that empowers Spanish-speaking consumers on their purchase journey.



## CHARITABLE GIVING

**We have donated over \$100 million in mattresses, cash, and stock over the last ten years.**

### Tempur Sealy Foundation

The Tempur Sealy Foundation is committed to improving the health and wellness of our communities through charitable giving initiatives in line with Tempur Sealy's Corporate Social Values. **As healthy children and families are the bedrock of healthy communities, the mission of the Tempur Sealy Foundation is to improve the lives of children and families through investing in high-impact healthcare, social service and educational organizations who make a positive difference in the lives of those most in need.**

The Tempur Sealy Foundation makes deliberate investments in established organizations that are making an impact in the lives of children and families in need. The Foundation creates lasting relationships with the organizations it supports.

### Disaster Relief

Tempur Sealy International works through local, national, and international organizations to provide financial support and product donations to aid in disaster relief, recovery, and rebuilding efforts to support those impacted by natural and other disasters. This year, Tempur Sealy International and the TSI Foundation made financial contributions to Good360 and, through their partners on the ground, were able to support the distribution of needed supplies to those impacted by the war in Ukraine. Additionally, Tempur Sealy International and the TSI Foundation worked to provide financial support to local organizations supporting victims of the Western Kentucky tornado and the Eastern Kentucky floods. Tempur Sealy International is committed to working alongside partners like Good360 and other local organizations to meet the needs of communities impacted by disasters.

**Since its launch in 2017, the Tempur Sealy Foundation has provided 51 grants to 13 grantees totaling more than \$3.5 million in charitable contributions to local, national, and international organizations that support this mission.**

**51 GRANTS  
TO 13 GRANTEES**

**MORE THAN  
\$3.5 MILLION  
IN CHARITABLE  
CONTRIBUTIONS**



### Healthcare

In 2022, Tempur Sealy continued to provide support to Kentucky Children's Hospital in the building of the Tempur Sealy Pediatric Sleep Center. One in four children are impacted by sleep disorders. Despite the large number of children impacted by sleep disorders, most sleep centers are designed to treat adults.

In order to address these challenges, we partnered with the Kentucky Children's Hospital to increase access to a state-of-the-art sleep clinic for Kentucky's children.

**The new Tempur Sealy Pediatric Sleep Center at Kentucky Children's Hospital will be dedicated to treating children**, including children younger than 18 months old, in a clinic designed to be child-friendly, with staff specifically trained to help children feel more comfortable throughout their care.

**This facility will be one of just a few of its kind in Kentucky and will cut wait times by more than half so children and families will get much needed answers and a plan of care.**

### Early Childhood Education

In line with our commitment to supporting children and families in the communities where our employees live and work, the Tempur Sealy Foundation made its second largest charitable contribution to support the building of the Montgomery County Early Learning Center in Crawfordsville Indiana, the site of our new foam-pouring facility. With the sponsorship from the Tempur Sealy Foundation and other stakeholders, the new Montgomery County Early Learning Center will fill an identified need in the community to provide high-quality childcare for children ages 0-5.





**PRODUCT DONATIONS**

Our mattress donation program helps us deliver on our Company purpose of “improving the sleep of more people, every night, all around the world.” Our mattress donations help thousands of people in need each year. Since 2011, we have donated more than 228,000 mattresses to charities, including more than 8,300 in 2022. Many different types of charities have benefitted from our donation program, including Disaster Relief Organizations, Veterans Homes, Military Charities, and Homeless Shelters among others.

Tempur Sealy also aids in disaster recovery efforts by sending supplies and mattresses to impacted areas. In 2022, Tempur Sealy provided disaster recovery assistance to children, families, individuals, and organizations who were impacted by disasters including the tornado that devastated a Western Kentucky community, the widespread flooding across Eastern Kentucky, and the destruction of several Southwestern Florida communities by Hurricane Ian. Tempur Sealy Emerging Leaders hosted a Friends and Family Sale, raising over \$27K in one day to contribute to the Western Kentucky tornado relief efforts. TSI employees also held a supply drive to raise funds and needed supplies to support victims of the Eastern Kentucky flooding.

Since 2011, we have donated more than

**228,000**  
MATTRESSES TO  
CHARITIES INCLUDING  
**>8,300**  
DONATED IN 2022

Over 550+ mattresses, 300 frames, 80 foundations, and 2 pallets of sheets and pillows, as well as a truckload of cleaning supplies, diapers, toiletries, and non-perishable food were donated to support tornado and flood victims in 2022. TSI continues to support the long-term rebuilding efforts in communities impacted by disasters.

**Ukraine Relief Efforts**

In 2022 we supported those impacted by the war in Ukraine through providing bedding products and financial contributions. Our subsidiaries in the UK, Poland, France, and central Europe worked together to provide approximately 550 mattresses and approximately 250 pillows, and 175 additional bedding products such as sheets, bed bases, quilts, and toppers to those impacted. Out of the approximately 1,000 bedding products donated, approximately 650 were used in Ukraine with the remaining products serving Ukrainian refugees in Poland.





**8** DECENT WORK AND ECONOMIC GROWTH

**10** REDUCED INEQUALITIES

# OUR PEOPLE

As a global organization, our workforce and communities are important to us. We believe in investing in our workforce to promote health and safety, to train and develop future leaders and corporate citizens, and to encourage diversity and inclusiveness. We segment our approach to investing in our people into three categories: Ethics & Diversity, Wellness, Health & Safety, and People Development & Training. Within each one of these segments, we have complementary initiatives that promote the wellbeing, development, equality, and diversity of our workforce.

## ETHICS & DIVERSITY

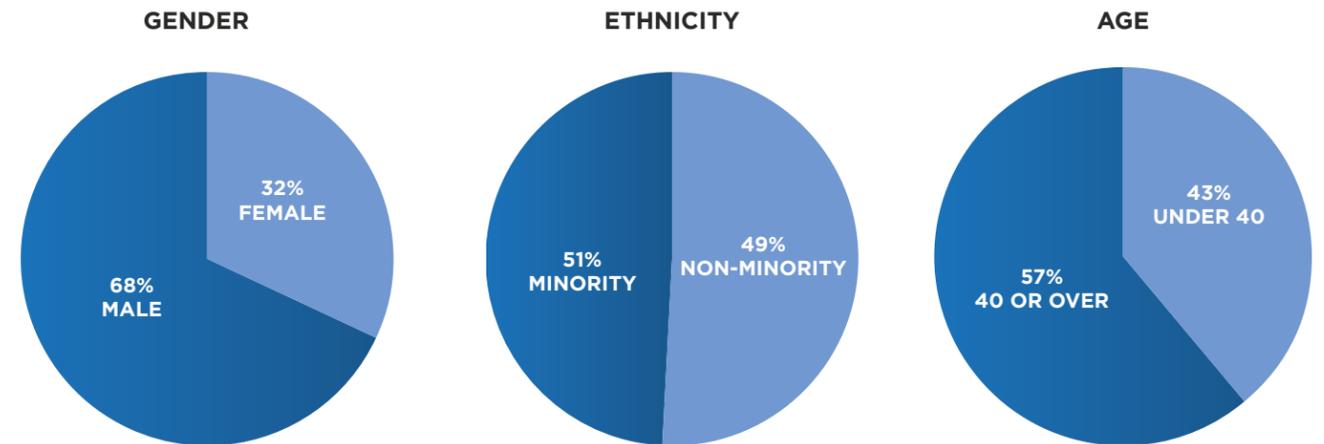
### DIVERSITY, EQUITY, AND INCLUSION

We have a diverse global workforce that includes a range of skillsets, perspectives, backgrounds, ethnicities, genders, and qualifications.

#### Global Workforce

We have approximately 12,000 employees, comprised of approximately 7,000 U.S. employees and 5,000 employees in the rest of the world. We are committed to continuing our efforts to ensure that we have a workforce diverse in demographic, thought, and experience.

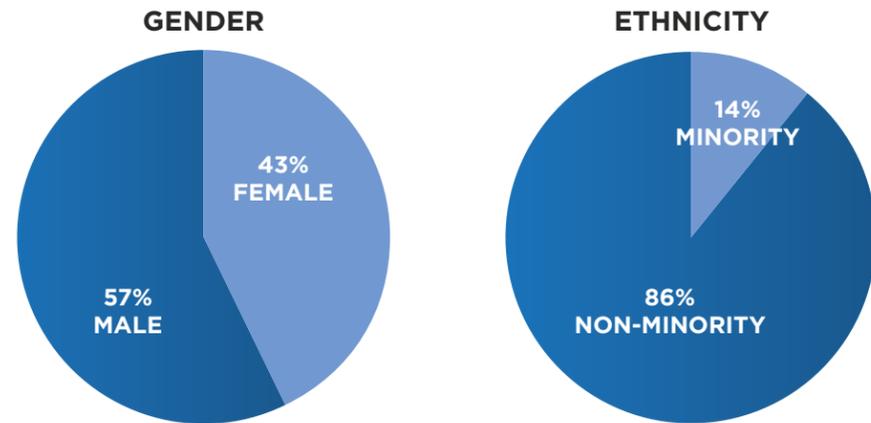
#### U.S. Workforce



As an Equal Employment Opportunity Employer, we are committed to providing opportunities to all employees and applicants and prohibiting discrimination and harassment. The following are some of the actions that we are taking to realize our commitment to a more diverse workforce:

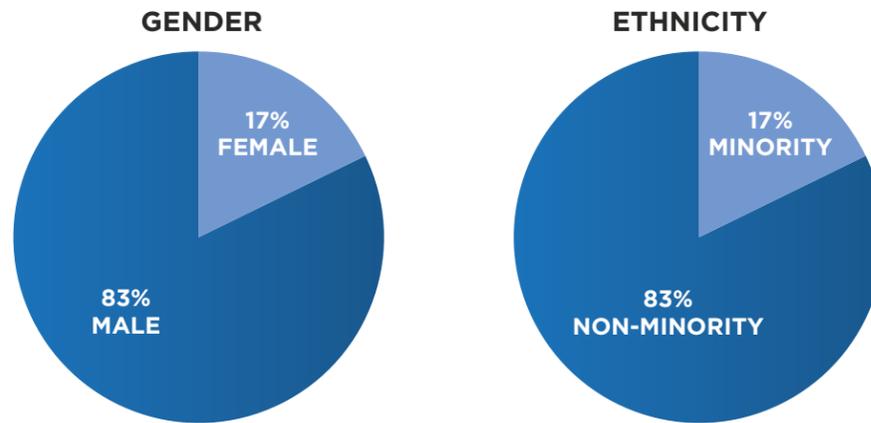
- Promotion of a diverse slate of qualified candidates during the hiring process
- Employ a uniform, global process for determining compensation based on experience and skillsets to remove potential biases
- Outreach with organizations in each of our local communities to increase the flow of minority, female, veteran, and disabled applicants for employment
- Analyze gender and minority pay equity regularly and adjust as warranted
- Participate in external, community-based activities sponsored by local organizations, including those that assist women, minorities and veterans

### Board of Directors



In line with our strategic objectives, our directors demonstrate attributes and experience conducive to representing the best interests of our stockholders, including a range of skillsets, perspectives, backgrounds, ethnicities, genders, and qualifications.

### Executive Management Team



Our executive management team is comprised of all executives with a senior vice president title and above.

### ETHICS AND RISK MANAGEMENT

Tempur Sealy is committed to maintaining high standards of corporate governance. We believe our success is tied to being an ethical and respectful corporate citizen.



### Board Oversight

The Board of Directors is responsible for overseeing the management and operations of Tempur Sealy, including overseeing our risk assessment and risk management functions.

The Board is responsible for overseeing the management and operations of the business, including overseeing our risk assessment, risk management functions and risk mitigation strategies. The Board annually reviews management's enterprise risk management process, which is designed to provide visibility to the Board on significant risks including: cybersecurity risks; strategic and operational risks; reputational, brand and legal risks; retailer health risks and environmental, governance and social risks. In conjunction with the Board's oversight of management and operations of the business, management identifies risks directly related to the strategic plan, as well as new and emerging risks.

**The Board has delegated primary responsibility for reviewing and oversight of certain areas of the business to the relevant Board committees that regularly report to the full Board.**

The Audit Committee has primary responsibility for independent, objective oversight with respect to our accounting and financial reporting functions, internal and external audit functions and systems of internal controls over financial reporting and legal, ethical and regulatory compliance, including safety and health, as well as data privacy and cybersecurity risks.

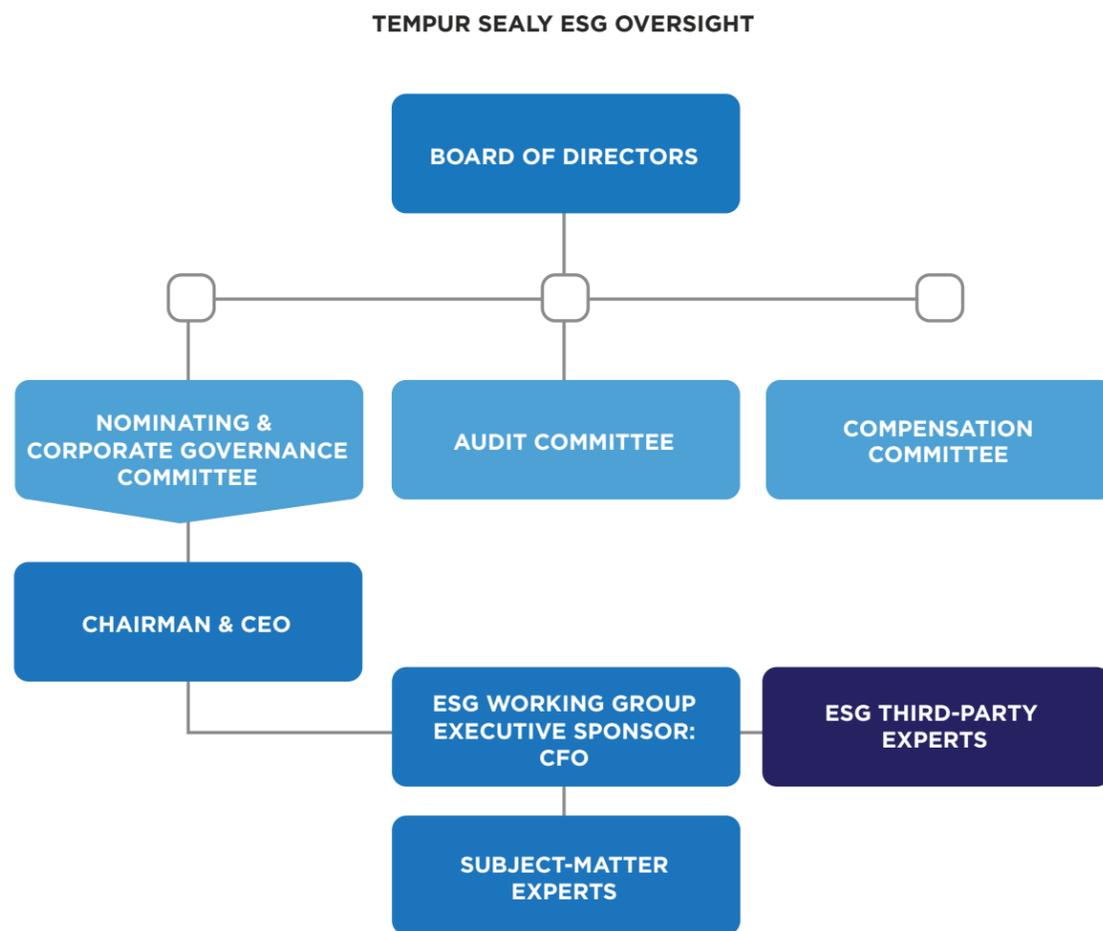
**In 2022, our internal audit team performed a review of the information shared in this report.**

The Nominating and Corporate Governance ("NCG") Committee has primary responsibility for oversight of risk associated with leadership structure, corporate governance matters, and the Company's ESG practices and positions. The NCG Committee reviews our practices and positions relating to ESG issues that may affect the business and key stakeholders and for exercising oversight on matters relating to ESG. The NCG Committee regularly reviews the effectiveness of management's strategies, programs and policy implementation with respect to responsible sourcing, climate change, waste management, energy initiatives, corporate governance practices and procedures and stakeholder management.

The Compensation Committee has primary responsibility for oversight of risk related to compensation, inclusion and diversity initiatives, and human rights considerations.

Our Chairman and CEO has ultimate responsibility for Tempur Sealy's ESG performance. Executive officers are held accountable for ESG performance through the Company's performance-based long-term equity incentive plan. In both 2021 and 2022, ESG metrics collectively accounted for 10% of the annual performance based restricted stock unit awards.

Our ESG Working Group is a cross functional group tasked to operationalize ESG by working with subject matter experts across the business. This group is advised by a third party that brings external ESG insights to help inform our strategic objectives and is overseen by the Chief Financial Officer.



**Shareholder Outreach**

Tempur Sealy management and the Lead Director of the Board of Directors conduct annual outreach to top shareholders to solicit, among other things, feedback on our ESG initiatives. Their feedback is reviewed by the executive team and Board of Directors for their consideration.

**Cybersecurity**

Our Audit Committee and Board devote significant time and attention to cybersecurity and cyber incident preparedness and response. Our Audit Committee receives quarterly reports from our Senior Vice President, Chief Information Officer and management on cyber threats and incident response. These reports address a range of topics, including updates on technology trends, policies and practices, and specific and ongoing efforts to prevent, detect, and respond to internal and external critical threats. We have a dedicated team that oversees and implements our cybersecurity management, compliance with applicable legal and third-party data protection and data privacy requirements, and our incident response and crisis management plans. The team also provides ongoing information security awareness education, including simulated phishing training, and cybersecurity training for our employees.

Additionally, we recently completed the implementation of a new ERP system, which is expected to significantly increase the accuracy of the IT Audit Logical Access Control using templated role security and a simplified user management process. We now have fewer systems to maintain; therefore, our risk is reduced from the likelihood of inappropriate access being granted.



**Customer Data**

In connection with sales of our products, we often collect and process personal data from our customers. We have implemented a global compliance system and put procedures and measures in place to facilitate adherence to the continuing compliance requirements of data privacy laws such as the EU General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA). We have a privacy policy with additional information available on our brand websites.

**Employee Compliance Trainings**

We require our global workforce to complete formal compliance trainings each year. In 2022, applicable employees were required to complete CCPA data privacy training, GDPR data privacy trainings, information security training, modern slavery training, Payment Card Industry ("PCI") data security training, Code of Conduct training, insider trading training, and state harassment training.

**Freedom of Association and Collective Bargaining**

We maintain an open-door policy under which each employee has the right to deal directly with members of management regarding all working conditions. We respect the right of our employees to join or form (or

not join or form) a labor union or other legal organizations of their own choosing without being penalized for the nonviolent exercise of such rights. Where employees are represented by a union, we are committed to establishing a constructive dialogue with their freely chosen representatives and to bargaining collectively in good faith with them.



#### **Discrimination Policy**

**Tempur Sealy is committed to providing a work environment free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment.**

Actions, words, jokes, or comments based on an individual's race, religion (including religious dress and religious grooming), ethnicity, color, ancestry, creed, age, genetic information, disability (mental and physical), medical condition (including HIV and AIDS and cancer/genetic characteristics and information), national origin (including language use restrictions), sex, gender, gender identity, gender expression, sexual orientation, marital status, familial status, parental status, domestic partner status, citizenship status, pregnancy (including perceived pregnancy, childbirth, breastfeeding or related medical conditions), military caregiver status, military status, veteran status, or any other status protected by federal, state, or local law will not be tolerated.

#### **Code of Business Conduct and Ethics**

We have a [Code of Business Conduct and Ethics](#) that applies to our entire organization. Our policy is available on our Investor Relations website. **On an annual basis, 100% of our global employee base receives training on the Code of Business Conduct and Ethics policy.**

#### **Improper Payments and Bribes**

As stated in our Code of Business Conduct and Ethics, we do not tolerate the making of payments or payments in-kind (gifts, favors, etc.) to influence individuals to award business opportunities to us or to make a business decision in our favor, regardless of local custom or practice. On an annual basis, employees receive anti-bribery training that covers the Foreign Corrupt Practices Act (FCPA) and the Bribery Act of 2010 of the United Kingdom (UK Bribery Act). In addition, all affiliates (including third parties, licensees, and joint venture partnerships) must certify they are compliant with all local laws, the FCPA, and UK Bribery Act.

#### **Human Rights Policy**

We have a [Human Rights Policy](#) that applies to our global organization. The policy is informed by the United Nations' Universal Declaration of Human Rights and the International Labor Organization conventions.

#### **Ethics Line**

Our risk management plan also includes monitoring and addressing matters disclosed through our U.S. and international [Ethics Lines](#) for legal compliance and for accounting irregularities. Information and metrics relating to our hotline are reported to our Board of Directors.

#### **Internal Enterprise Risk Management**

We utilize an enterprise risk management process undertaken on a quarterly basis pursuant to which we seek to identify various enterprise risks related to product safety/regulatory, global environmental exposure, site environmental matters, IT system interruption and cybersecurity, supply chain matters, business continuity, health and safety incidents, and other matters. We have an enterprise risk management group that manages this process. Their activities include assessing the risks, prioritizing the risks, measuring the risks, implementing mitigation plans, and auditing the results. This team presents its findings to our Board of Directors on a regular basis.

#### **Supply Chain Compliance**

**Tempur Sealy utilizes a third-party compliance tool to decrease risk exposure around third-party business partners worldwide. The goal of continuous monitoring related to legal and regulatory concerns is to ensure third-party business partners uphold the same standards and core values as Tempur Sealy.**

Vendors found to be in violation are blacklisted from future use. Flags evaluated include watch-list and/or sanctions-list presence, import and export abuses, FCPA violations, and money laundering, bribery, and corruption notifications. On an annual basis, a complete listing of vendors from our global subsidiaries is loaded into the system for continuous compliance monitoring.



## WELLNESS—HEALTH & SAFETY

**We are committed to a safe and healthy work environment and to our global safety policy.**

We provide it worldwide in all our business locations, and the policy is translated into the appropriate language(s) at each location.

### TEMPUR+SEALY **STRONGER TOGETHER** ENVIRONMENTAL HEALTH & SAFETY

Tempur Sealy will operate in a manner that protects the health and safety of our employees and customers as well as protecting the environment.

The health and safety of employees, contractors and customers is our top priority.

Safety is **EVERYONE'S** responsibility

All workplace injuries can be prevented

Management is directly accountable for preventing injuries and occupational illnesses

We will meet or exceed regulatory, legal and other requirements

Working safely is a condition of employment

**"SAFETY—IT'S THE RIGHT THING TO DO!"**

#### EMPLOYEE WELLNESS

With sleep, health, and wellness at the core of what we do every day, we recognize the importance of employee well-being and offer a holistic suite of programs and initiatives to support employee's health.

#### Sleep Well, Live Well

Tempur Sealy coordinates wellness education and activities with the employee's (and his/her family members) total health in mind. At its core, the Tempur Sealy Wellness program seeks to align and prioritize physical health, financial health, and mental/emotional health resources. Recent initiatives include on-site flu shots & biometric health screenings, financial wellness/education sessions, and an upgrade to the Employee Assistance Program that will go into effect in 2023.

In addition, "Sleep Well, Live Well" boards are set up in Human Resource departments in our production facilities and corporate offices. These boards not only provide a hub for wellness education and resources but also offer a connection point for employees and Human Resources personnel to provide the optimal employee experience.

#### TEMPUR SEALY PROGRAMS & INITIATIVES

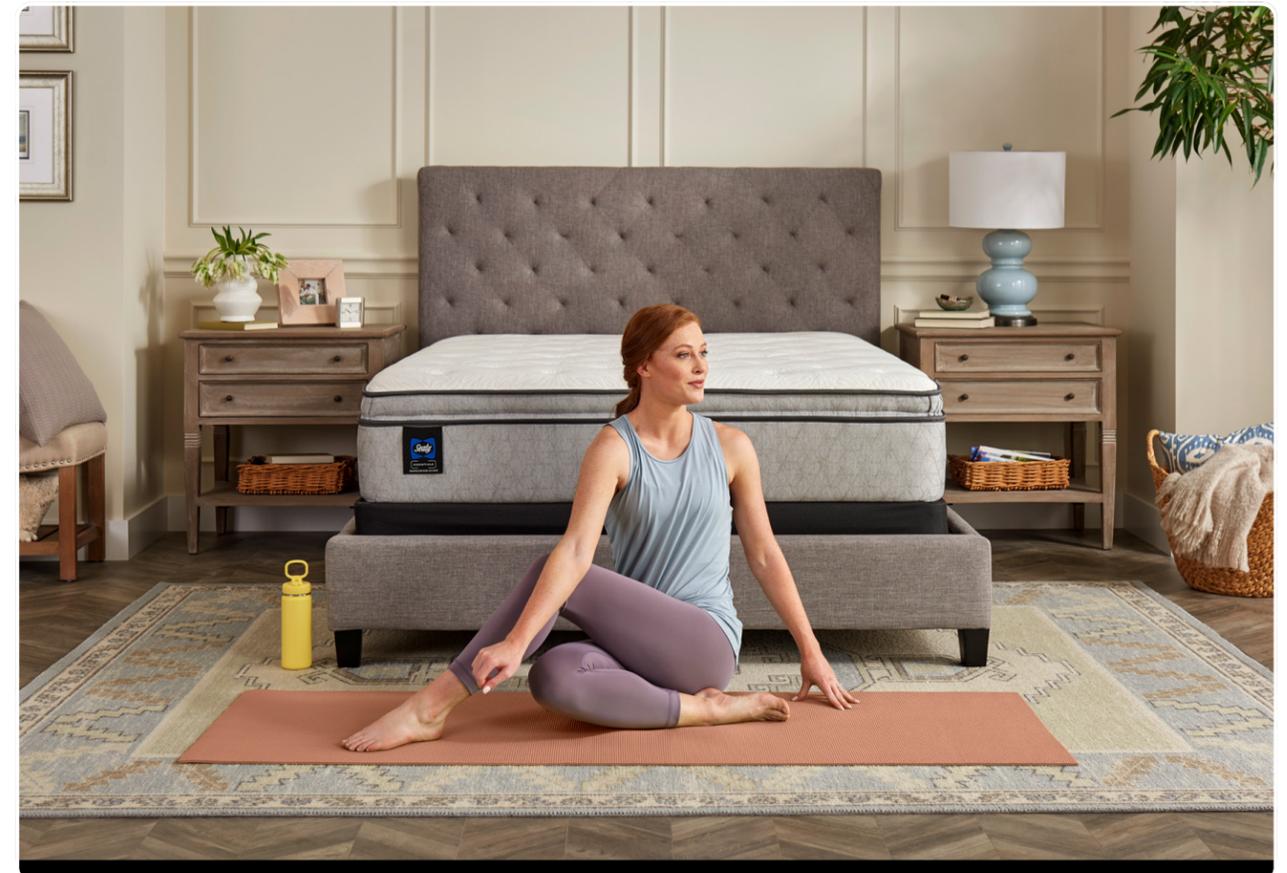
**For all employees participating in the Tempur Sealy Medical Plan, there are programs offered free of charge that promote healthy decision-making and living, such as diabetes prevention & management, cost transparency services, and medical integration resources.** For all U.S. employees, the Company has produced Total Rewards statements the last three years with a focus on educating employees about what's available to them and the qualitative and quantitative values of all benefits and perks.

#### Dream's Employee Wellness

In 2022, our Dreams operations launched the Dreams Safety Portal, an app that enables real-time reporting and analysis of employee health and safety risks. Dreams also partners with Retail Trust, a UK-based charity, to offer employees mental health and well-being services alongside responsible financial guidance and tools. For no charge, employees can access emergency non-repayable hardship grants and well-being counselors through the Retail Trust.

#### Fitness Centers

Employees have 24/7 access to fitness centers located on-site at our corporate locations. Our fitness centers feature 2,000 square feet of cardio equipment, weight machines, free weights, and a yoga room.



### MANUFACTURING AND LOGISTICS EMPLOYEE HEALTH AND SAFETY

We strive to continue to be proactive in our operational health and safety initiatives, which we achieve through setting challenging targets. We have processes in place to track our progress toward those targets across our manufacturing, assembly, distribution, and logistics operations. Our goals are focused on ensuring compliance with health and safety best practices, requiring employee health and safety training for 100% of our applicable employees, raising workplace awareness through safety initiatives, and identifying risk elimination opportunities. Adherence to our health and safety priorities is driven by a team of regional safety managers and on-site safety coordinators.



**Operations health and safety training is required for 100% of our manufacturing and logistics employees.**

Our North American assembly facilities currently use an Integrated Risk Management Solution. This software solution improves the control structure, productivity, transparency, and sustainability of key workflows in order to mitigate risks associated with employee health and safety.

U.S. Tempur Sealy manufacturing health and safety initiatives include on-site physical therapy at no cost to the employee at all manufacturing facilities, a behavior-based safety program that offers employees one-on-one coaching and feedback, use of quantitative ergonomic assessments to help identify where processes can be improved to reduce MSD injuries, semi-annual environmental health and safety audits to ensure compliance to internal policies and external regulations, and annual electric audits to ensure all equipment is operating safely. In addition, we have upgraded to more recent models of nearly 200 tractor trailers in the U.S., with new safety features, including adaptive cruise control, lane departure mitigation, blind spot warning detection, and collision mitigation. We have also made investments in the latest equipment and safety technology for the U.S. corporate fleet.

To further our commitment to the health and safety of our manufacturing and logistics employees, we are implementing a technology program designed to improve workplace health and safety across the U.S. The program is offered in the form of training videos accessible via a mobile application. The program has been shown to significantly reduce the frequency and severity of musculoskeletal workplace-related injuries.



## PEOPLE DEVELOPMENT & TRAINING

### Professional Development

**Our goal is to design and offer development opportunities that improve Company performance by meeting individual learning and development needs, and strengthen our culture by reinforcing Company values.**

Through our learning management system, the Learning Zone, employees can take courses on various individual and leadership development topics. The system also includes courses that assist employees with achieving advanced certification in their specific field. All our professional employees have access to this system, and there are thousands of individual modules offered through our partnership with SkillSoft.



#### 70/20/10 Model

We believe formal learning provides the foundation and framework upon which informal learning builds. Tempur Sealy uses the 70/20/10 learning and development model. This approach gives employees the opportunity to develop their skills through a combination of job experience (70%), mentoring (20%), and formal training (10%). Training at Tempur Sealy includes, but is not limited to, formal training programs, leadership development mentorships, professional and industry conferences, and education assistance.

#### Emerging Leaders Program

Additionally, at our corporate offices, we promote the growth of Tempur Sealy's entry-level professionals

through our Emerging Leaders program. The overarching purpose of this program is to offer opportunities for emerging leaders to engage with other employees and senior leaders through networking, development, and philanthropic activities. We understand the importance of having strong professionals who are well-rounded and active both within Tempur Sealy and the greater community.

### EMPLOYEE ENGAGEMENT AND SATISFACTION

Our goal in this area is to encourage teamwork, communication, and a sense of ownership throughout our global organization.

#### Employee Satisfaction and Culture

In order to monitor the general attitudes and satisfaction of our workforce, we conduct employee surveys. We value these surveys and use them as an opportunity to evaluate opportunities to further improve employee satisfaction. **We continue to complete annual engagement surveys for all our employees globally, and we develop multi-pronged action plans to address the feedback we receive.**

#### Employee Incentive Compensation

We provide employees with the opportunity to earn performance-based incentive compensation. In addition to allowing employees at all levels of the organization to share in the business's success, this also serves to unite the entire organization under common goals, promoting collaboration and boosting morale.

#### Town Hall Meetings

We recognize the importance of both external transparency with our shareholders, customers, and other stakeholders, and internal transparency with our workforce. We hold Town Hall Meetings at our corporate headquarters and issue audio messages from our CEO to engage with our employees about our financial results, the latest Company news and initiatives, and broader industry information. In general, the Town Hall Meetings are held quarterly. **Our goal is to encourage teamwork, communication, and a sense of ownership through every level of our organization.**

#### All-Hands Meetings

To further foster engagement and transparency, we hold meetings at each of our U.S. manufacturing and assembly facilities to review upcoming operational changes, health and safety best practices, new product launches, and human resources topics. The important information conveyed at these meetings is made accessible to employees in both English and Spanish to ensure it is understood by all employees.

#### Employee Hardship Program

We have an Employee Hardship Fund to provide financial assistance to employees having trouble meeting basic living needs. Employees who meet the eligibility criteria can apply for assistance from the fund to receive a maximum grant of \$1,000 over a 12-month period. **This program has assisted over 270 employees for a total of approximately \$262,000 of employee assistance provided between September 2022 and the inception of the fund on December 1, 2016.**

#### Employee Purchase Program

One of the many benefits of employment with Tempur Sealy is the Employee Product Purchase Program, which allows employees to purchase Tempur Sealy products at significant discounts. Employees are offered discounts on many products including mattresses, foundations, pillows, sheets, slippers, etc. The products purchased can be used for the employees' own use, as a gift, or as an extension of the employees' discount to friends and family.

#### Employee Overstock Sale

We strive to utilize all our resources for the benefit of our customers and partners around the globe. Despite our best efforts, at times we may have a modest overstock of certain finished goods. To boost employee morale and create pride in the workplace, we provide employees at our manufacturing facilities the opportunity to purchase these overstock items at a significant discount.

# APPENDIX

## ESG DATA TABLE

For quick reference, the below table highlights key ESG metrics, policies, and programs discussed in this report and in other public documents.

TOPIC	TRAILING 12-MONTH PERIOD ENDED SEPTEMBER 30, 2022*	TEMPUR SEALY DISCLOSURE
<b>ENVIRONMENT</b>		
<b>RESOURCE CONSERVATION</b>		
Estimated Total GHG Emissions-- Scope 1 and 2 (MTCO2e)	45,827 MTCO2e	<a href="#">Pgs. 11-12 "Carbon Neutral by 2040"</a>
Change in Total GHG Emissions (%) vs. the Trailing 12-Month Period Ended September 30, 2021	-7.7%	<a href="#">Pgs. 11-12 "Carbon Neutral by 2040"</a>
Electricity Use (millions of kWh)	62.7M kWh	<a href="#">Pgs. 11-12 "Carbon Neutral by 2040"</a>
Natural Gas Use (MMBTU)	143K MMBTU	<a href="#">Pgs. 11-12 "Carbon Neutral by 2040"</a>
Diesel Use (millions of gallons)	3.5M gallons	<a href="#">Pgs. 11-12 "Carbon Neutral by 2040"</a>
<b>WASTE MANAGEMENT (U.S. WHOLLY OWNED MANUFACTURING ONLY)</b>		
Waste recycled or used in energy production (%)	100%	<a href="#">Pgs. 18-21 "Waste Management"</a>
Change in waste recycled or used in energy production since September 30, 2021 (%)	+4%	<a href="#">Pgs. 18-21 "Waste Management"</a>
Returned Tempur Pedic products that were recycled (%)	100%	<a href="#">Pgs. 18-21 "Waste Management"</a>
<b>KEY DOCUMENTS</b>		
<a href="#">Environmental Policy</a>		
<b>PURPOSE</b>		
<b>CHARITABLE GIVING</b>		
Total monetary and in-kind donations (\$)	-14.7M	<a href="#">Pgs. 4-5 "Letter From the CEO" and pgs. 34-37 "Charitable Giving"</a>
<b>OUR PEOPLE</b>		
<b>BOARD COMPOSITION</b>		
Total directors	7	<a href="#">2022 Proxy Statement</a> and <a href="#">Investor Relations website</a>
Average age as of March 24, 2022 (years)	62.6	<a href="#">2022 Proxy Statement</a>
Average tenure (years)	6.7	<a href="#">2022 Proxy Statement</a>
Independent Directors (%)	71%	<a href="#">2022 Proxy Statement</a>

\*Unless otherwise noted

## ESG DATA TABLE CONTINUED

<b>BOARD COMPOSITION BY GENDER (%)</b>		
Female	43%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
Male	57%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
<b>BOARD COMPOSITION BY ETHNIC DIVERSITY (%)</b>		
Minority	14%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
Non-minority	86%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
<b>OUR TEAM</b>		
<b>TOTAL EMPLOYEES</b>		
Full-time Employees (#)	-12,000	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
U.S. Employees (%)	58%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
Non-U.S. Employees/Located Offshore (%)	42%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
<b>WORKFORCE BY GENDER (%)</b>		
Female	32%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
Male	68%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
<b>EXECUTIVE LEADERSHIP BY GENDER (%)</b>		
Female	17%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
Male	83%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
<b>U.S. WORKFORCE ETHNIC DIVERSITY (%)</b>		
Minority	49%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
Non-minority	51%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
<b>EXECUTIVE MANAGEMENT ETHNIC DIVERSITY (%)</b>		
Minority	17%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
Non-minority	83%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>
<b>EMPLOYEE HEALTH &amp; SAFETY</b>		
Employees in manufacturing/logistics completing health and safety training (%)	100%	<a href="#">Pgs. 46-49 "Wellness—Health and Safety"</a>
<b>ETHICS &amp; COMPLIANCE</b>		
Employees and contractors trained on Code of Business Conduct and Ethics (%)	100%	<a href="#">Pgs. 39-45 "Ethics &amp; Diversity"</a>

## ESG DATA TABLE CONTINUED

KEY DOCUMENTS
<a href="#">Code of Business Conduct &amp; Ethics</a>
<a href="#">Conflict Minerals Policy</a>
<a href="#">Supplier Code of Conduct</a>
<a href="#">Human Rights Policy</a>
<a href="#">Governance Ethics Line Information</a>
<a href="#">General Privacy Policy</a>

## SUSTAINABILITY AND ACCOUNTING STANDARDS BOARD (SASB)

The table below references relevant sections of the report and other sources of disclosure that align with the SASB topics most relevant to our company. We are aligning to industry guidelines that relate to our business model, including Building Products and Furnishings and Multiline and Specialty Retailers and Distributors. We will continue to deepen our alignment and disclosure over time.

TOPIC	DESCRIPTION	SASB CODE	TEMPUR SEALY DISCLOSURE
<b>Energy Management</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	CG-MR-130a.1 CG-BF-130a.1	See <a href="#">Carbon Neutral by 2040 on pgs. 11-12</a>
<b>Wood Supply Chain Management</b>	(1) Total weight of wood fiber materials purchased, (2) percentage from third-party-certified forestlands, (3) percentage by standard, (4) percentage certified to other wood fiber standards, and (5) percentage by standard2	CG-BF-430a.1	See <a href="#">Lumber Supply Chain Management on pg. 22</a> and <a href="#">Due Diligence on Timber on pg. 24</a>
<b>Data Security</b>	Description of approach to identifying and addressing data security risks  (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	CG-MR-230a.1 CG-MR-230a.2	See <a href="#">Ethics and Risk Management on pgs. 40-45</a>  There were no material data breaches involving PII in 2022
<b>Labor Practices</b>	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	CG-MR-310a.1	See <a href="#">People, Development, and Training on pgs. 50-51</a>
	(1) Voluntary and (2) involuntary turnover rate for in-store employees	CG-MR-310a.2	
<b>Workforce Diversity &amp; Inclusion</b>	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	CG-MR-330a.1	See <a href="#">Diversity, Equity and Inclusion on pgs. 39-40</a>
<b>Product Sourcing, Packaging, &amp; Marketing</b>	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-MR-410a.2 CG-BF-250a.1	See <a href="#">Chemical Supply Chain Management on pg. 22</a>
	Discussion of strategies to reduce the environmental impact of packaging	CG-MR-410a.3	See <a href="#">Product and Packaging on pgs. 22-26</a>
	(1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, and (4) percentage certified to other wood fiber standards, (5) percentage by standard	CG-BF-430a.1	See <a href="#">Lumber Supply Chain Management on pg. 22</a>
<b>Product Life Cycle Environmental Impacts</b>	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	CG-BF-410a.1	See <a href="#">Waste Management on pgs. 18-21</a> and see <a href="#">Sustainability-Driven Products on pg. 30</a>
	(1) Weight of end-of-life material recovered and (2) percentage of recovered materials recycled	CG-BF-410a.2	See <a href="#">Waste Management on pg. 18-21</a>
<b>Management of Chemicals in Products</b>	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-BF-250a.2	See <a href="#">Chemical Supply Chain Management on pg. 22</a>
	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards	CG-BF-250a.2	See <a href="#">Chemical Supply Chain Management (100% VOC free) on pg. 22</a>

## TASK FORCE ON CLIMATE-RELATED DISCLOSURES (TCFD)

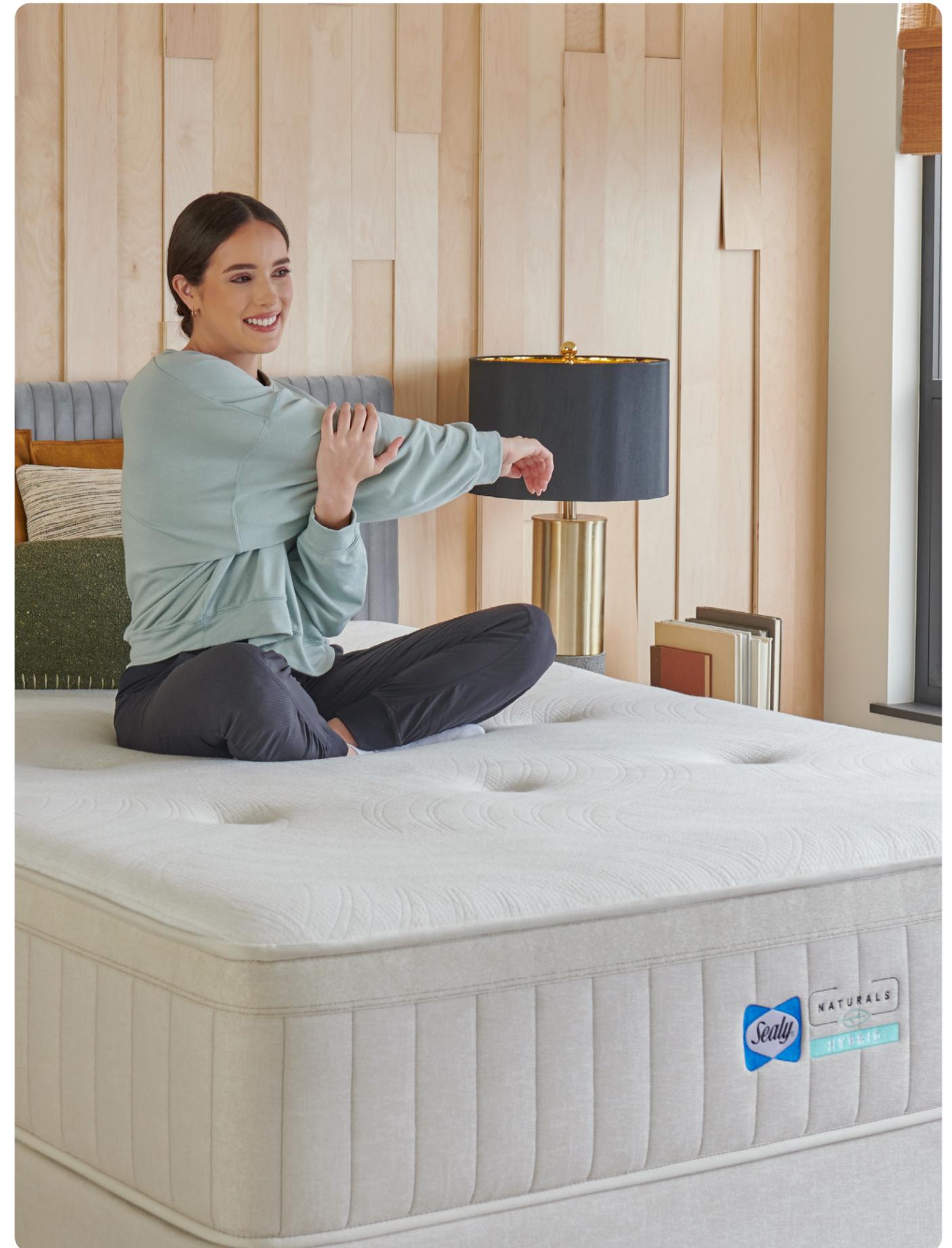
In 2022, we took our first steps to align our sustainability initiatives with the TCFD framework, which are reflected in the table below. We expect to broaden and deepen our TCFD alignment and disclosure over time as our initiatives continue to grow and evolve.

TCFD Pillar	TCFD Disclosure Recommendation
<p><b>Governance</b> Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>a. Describe the Board's oversight of climate-related risks and opportunities.</p> <ul style="list-style-type: none"> <li>- <b>The Nominating and Corporate Governance (NCG) Committee, on behalf of the Board, is responsible for reviewing the Company's practices and positions relating to ESG issues that may affect the Company's business and key stakeholders and for exercising oversight on matters relating to ESG, including climate-related risks and opportunities. The NCG Committee regularly reviews the effectiveness of management's strategies, programs, and policy implementation with respect to responsible sourcing, climate change, waste management, energy initiatives, corporate governance practices and procedures, and stakeholder management. Additionally, the Audit Committee reviews and discusses with management and internal audit the Company's risk management processes and internal controls over the Company's disclosures surrounding its environmental, social, and governance efforts.</b></li> </ul> <p>b. Describe the management's role in assessing and managing climate-related risks and opportunities.</p> <ul style="list-style-type: none"> <li>- <b>Our Chairman and CEO has the ultimate responsibility for the Company's ESG performance. Executive officers are held accountable for the Company's ESG performance through the Company's performance-based long-term equity incentive plan. This includes climate-related risk and opportunity management. In both 2021 and 2022, ESG metrics collectively accounted for 10% of the annual performance-based restricted stock unit awards.</b></li> <li>- <b>Our ESG Working Group is a cross-functional group tasked to operationalize ESG by working with subject matter experts across the Company. One focus of this group is to better understand how climate-related risks impact the Company and explore climate-related opportunities on the horizon. This group is advised by a third party that brings external ESG insights to help inform our strategic objectives and is overseen by the Chief Financial Officer.</b></li> </ul>
<p><b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <ul style="list-style-type: none"> <li>- <b>Our ESG Working Group has engaged with a third-party sustainability specialist to help us further our ESG program and understand how climate change impacts our business.</b></li> <li>- <b>The risks identified throughout this process are transitional risks related to supply chain disruption and physical risks associated with natural disasters.</b></li> <li>- <b>Loss of suppliers and disruptions in the supply of our raw materials and components could increase our costs of sales and reduce our ability to compete effectively. We maintain relatively small supplies of our raw materials and components at our manufacturing facilities, and any disruption in the shipment of supplies, including climate impacts, could interrupt production of our products.</b></li> <li>- <b>Damage to a manufacturing facility or distribution center from a natural disaster could impact our operations by reducing the ability to meet our customers' demands. We operate in a highly competitive industry, and if we are unable to compete successfully, we may lose customers and our sales may decline.</b></li> <li>- <b>We have also identified opportunities relating to lower-emission energy sources and more efficient use of resources throughout the manufacturing and distribution process. Both areas provide the chance to lessen the Company's impact on the environment while improving operational efficiency and lessening the reliance on and cost of energy used in operations.</b></li> </ul>

TCFD Pillar	TCFD Disclosure Recommendation
<p><b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p> <ul style="list-style-type: none"> <li>- <b>We expect to address this topic in future ESG reporting.</b></li> </ul> <p>c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p> <ul style="list-style-type: none"> <li>- <b>We expect to address this topic in future ESG reporting.</b></li> </ul>
<p><b>Risk Management</b> Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>a. Describe the organization's processes for identifying and assessing climate-related risks.</p> <ul style="list-style-type: none"> <li>- <b>When identifying and assessing climate related risk, our ESG working group categorizes climate-related risks as both physical and transitional risks. Once the risks are identified, we assess how the risk will affect the business against different physical and transitional scenarios. During the process, we meet with internal key stakeholders and our external sustainability experts to ensure we are identifying key climate-related risks to our business.</b></li> </ul> <p>b. Describe the organization's processes for managing climate-related risks.</p> <ul style="list-style-type: none"> <li>- <b>We utilize our ERM process to identify risks related to global environmental exposure and site environmental matters. We have an ERM group that manages this process. Their activities include assessing, prioritizing, and measuring the risks, implementing mitigation plans, and auditing the results. This team formally presents to our Board of Directors on an annual basis. In addition to the formal presentation, the executive team and the Board receive updates from the ERM group throughout the year.</b></li> </ul> <p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p> <ul style="list-style-type: none"> <li>- <b>Please see above statements.</b></li> </ul>
<p><b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <ul style="list-style-type: none"> <li>- <b>We expect to address this topic in future ESG reporting.</b></li> </ul> <p>b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</p> <ul style="list-style-type: none"> <li>- <b>Between October 1st, 2021, and September 30th, 2022, our global wholly owned manufacturing and shipping operations consumed 62.7M kWh of electricity, 143K MMBtu of natural gas, and 3.5M gallons of diesel. Estimated GHG emissions associated with natural gas, electricity, diesel, and propane from these operations were 45,827 MTCO<sub>2e</sub>, or 6.3 kgCO<sub>2e</sub> per unit produced, a reduction of 7.7% over the same period last year using a consistent methodology.</b></li> </ul> <p>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p> <ul style="list-style-type: none"> <li>- <b>In 2020, we announced our commitment to achieving carbon neutrality in our global operations by 2040. Our aim is to reduce or offset 100% of Scope 1 and 2 greenhouse gas emissions from our wholly owned manufacturing, retail, and logistics operations.</b></li> <li>- <b>In 2022, we achieved our goal to have zero landfill waste at each of our wholly owned U.S. manufacturing facilities and our European Tempur manufacturing facility by the end of 2022.</b></li> <li>- <b>In 2022, we set a goal to achieve zero waste to landfill status at our corporate offices and research and development labs worldwide by 2025.</b></li> </ul>

## FORWARD-LOOKING STATEMENTS

This report may be deemed to include statements that are “forward-looking” within the meaning of the federal securities laws, which include information concerning one or more of the Company’s plans, objectives, goals, strategies, and other information that is not historical information. When used in this report, the word “believe,” “expect,” “anticipate,” “hope” and variations of such words or similar expressions are intended to identify such statements. Any forward-looking statements contained herein are based upon current expectations and beliefs and various assumptions. These forward-looking statements include, without limitation, statements relating to the Company’s expectations regarding sustainability goals; including our goal of achieving carbon neutrality in our global wholly owned operations by 2040; commitments and programs; business plans; initiatives and objectives; assumptions and expectations; the scope and impact of corporate responsibility risks and opportunities; and standards and expectations of third parties. There can be no assurance that the Company will realize these expectations or that these beliefs will prove correct. Numerous factors, many of which are beyond the Company’s control, could cause actual results to differ materially from any that may be expressed herein as forward-looking statements. These risk factors include the risk factors discussed under the heading “Risk Factors” in Part I, ITEM 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 and as updated from time to time in our other periodic reports filed with the SEC. There may be other factors that may cause the Company’s actual results to differ materially from the forward-looking statements. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.





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