

3Z BRANDS

ESG 2022

Environmental, Social, and Governance Report



LETTER FROM THE CEO

2022 has been a milestone year for 3Z Brands. Between acquiring sleep-wellness brand Bear Mattress, moving into our brand-new, state-of-the-art manufacturing facility, and solidifying our new corporate entity, we've grown significantly as a company, both inside and out.

It is through this growth that we commit ourselves further to building sound environmental and social practices, adhering to relevant environmental legislation, implementing world-class health and safety practices, and supporting the communities in which we operate. Sustainability was at the forefront of our minds while planning and building our new 648,165-square-foot facility in the heart of Glendale, Arizona. It is through this new factory that we continue our journey of creating healthy and happy sleep products as one of the industry's leading direct-to-consumer bedding platforms.

I am pleased to introduce our first annual environmental, social, and governance report and share the ongoing initiatives and achievements the company has made during the last year. Our sustainability journey is only beginning. However, at 3Z Brands we believe that incorporating ESG fundamentals into our everyday operations creates opportunities both for us and our stakeholders, and sets the tone for the growing industry.

John Merwin Chief Executive Officer





ABOUT 3Z BRANDS

3Z Brands aspires to be the leading vertically integrated sleep company in the US. As a house of brands, we operate a portfolio of best-in-class direct-consumer sleep brands including Helix Sleep, Brooklyn Bedding, Birch, and Bear. Additionally, through our world-class manufacturing facility based in Phoenix, Arizona, we supply mattress production solutions across the industry. We work hard together as a family and with partners to create, customize, and deliver healthy sleep products straight to any and every door in America.











COMPANY VALUES



Be excellent to each other

- Be respectful to your teammates, customers, and partners
- ◆ Act with good intentions
- Explain yourself when unclear or misinterpreted
- Demonstrate compassion and care in your words and actions



Positivity is a choice

- ♦ Radiate energy and confidence
- ♦ Always assume positive intent



Progress over perfection

- Work with a bias toward action and outcomes
- Fail fast and keep iterating
- ♦ Be fearless push the envelope
- Take risks



Own it

- Demonstrate a learning mindset through perpetual development
- ◆ Be accountable for your actions



Bring your whole self

- Diversity drives innovation
- Welcome and encourage the individuality of others
- Be aware of unconscious bias; pledge to be empathetic and keep open minds to each person's unique experience



ESG PROGRAM OVERVIEW

At 3Z Brands, we understand the responsibility to conduct business sustainably, with consideration for the environment and the communities that surround our operating facility in Arizona.

As we continue delivering on our customer promise to provide the best quality sleep products on the market, we are taking the necessary steps to become greener, with both our manufacturing practices and our products, while we instill a strong team-oriented company culture that values sustainability.

This report marks the beginning of 3Z Brands' ESG journey. We are proud of the ESG program we've created and look forward to solidifying our commitment as we continue to implement sustainable solutions into our operations.



3Z BRANDS

KEY PRIORITIES



Environmental

- Manufacturing sustainability
- Product sustainability



Social

- Employee engagement
- Diversity & Inclusion



Governance

- ESG Committee creation
- Establish committee charter and ESG policy
- Company policies





ESG POLICY

3Z Brand's ESG policy sets the requirements for responsible business management of environmental, social, and governance matters.

- Comply with all applicable laws
- Minimize adverse impacts and enhance positive effects on the environment, workers, and all stakeholders
- Commit to continual improvement with respect to management of the environment, social matters, and governance
- Apply relevant international best practice standards with appropriate targets and timetables for achieving them
- Employ management systems that effectively address ESG risks and realize ESG opportunities



EMPLOYEE CODE OF CONDUCT

At 3Z Brands, we are committed to creating a workplace that fosters respect, fun, determination, innovation, hard work, and ultimately satisfaction. In order to create this environment, we have set forth the following Code of Conduct that serves as a guideline for our employees:

Be positive, creative, and kind Be inclusive, motivated, and productive Be a team player Be real, respectful, courageous Be fun!

The Employee Code of Conduct is set to promote an ethical, inclusive, and responsible work environment. This code is outlined in the employee handbook and is acknowledged by every employee during the onboarding process.

The Employee Code of Conduct is reviewed periodically to ensure it is effective and requires updating. Employee performance reviews also include a review of behaviors to ensure alignment with the code.



3Z BRANDS

CODE OF ETHICS



It is critical that we conduct our business honestly and ethically. We strive to improve the quality of our services, products, and operations while maintaining a reputation for honesty, fairness, respect, responsibility, integrity, trust, and sound business judgment. Additionally, we expect our employees to adhere to high standards of business and personal integrity.

We expect that our team will not knowingly misrepresent the Company and will not speak on behalf of the Company unless specifically authorized. The confidentiality of trade secrets or proprietary and confidential commercially sensitive information (i.e., financial or sales records/reports, marketing or business strategies/plans, product development, customer lists, patents, trademarks, etc.) about the Company or operations, or that of our customers or partners, is to be treated with discretion and only be disseminated on a need-to-know basis.



SOCIAL MEDIA POLICY



3Z Brands recognizes the growth of the internet and how it provides unique opportunities for individuals and organizations to participate in interactive discussions and share information on a wide variety of social channels. While social media use by employees may form part of their job duties and is a normal activity in their personal lives, there are some challenges this may bring to an organization if employees are not made aware of the impact social media can have.

As a result, 3Z Brands established and implemented a social media policy for all employees. The purpose of the policy was to:

- Maintain the confidentiality of commercially sensitive information
- Respect copyright, trademark, and similar laws
- Ensure postings are consistent with 3Z Brand's policies including our EEO Statements, Policies Against Harassment & Discrimination, Standards of Conduct, and Our Code of Ethics



CYBER SECURITY

At 3Z Brands, we recognize that cyber security is our corporate social responsibility. We are fully committed to protecting our Company's intellectual property, our customer's and supplier's data, and other sensitive business information. Cyber security is crucial to the growth, stability, and long-term success of our business.

We implement comprehensive cyber security measures to protect the Company's information and systems from data breaches and cyber incidents. These measures are evaluated regularly to keep

up with the increasing number of threats we face as a growing business.

3Z Brands is constantly seeking to strengthen these protection measures, which include technical controls across our network, software and hardware layers, and a curriculum of employee training in cyber awareness.





EMPLOYEE ENGAGEMENT

At 3Z Brands, keeping our employees safe, happy, and healthy is our number one priority. We work to ensure that all employees are treated fairly and with respect, and are given the opportunity to complete their work in a safe and inclusive environment.

We are also passionate about creating opportunities for our employees to develop their skill sets on the job. It is our goal to remove any barrier to an employee's promotion or advancement within the company.



BENEFITS

3Z Brands offers its employees the assurance of standard benefits including health care, injury and invalidity coverage, as well as paid flexibility for parental leave, medical and personal leave, and ample vacation time. Additionally, the company provides extra benefits that fit the needs of employees and some of the unique environments they operate in:

- Competitive salary that's reviewed every year
- Comprehensive group benefits plans that meet the diverse needs of employees s (e.g. life insurance, extended health care, medication, dental care, dental care, Long-Term Disability, Short-Term Disability, vision care, paramedical services, etc.);
- Retirement plans to help employees plan for the future
- Generous Paid Time Off policy to promote work/life balance
- Language courses
- On-site chef, gym, sauna, basketball court, and futsal court, at the company's manufacturing facility in Phoenix
- Remote working opportunities for corporate employees
- Free vaccinations
- Leadership development programs available to all people leaders
- Cross-training available across production teams



ATTRITION RATES

Over the past year, 3Z Brands have made significant improvements to the company's attrition rate, decreasing turnover by 25 percent. This reduction can be attributed to improved benefits, our new state-of-the-art production facility, the implementation of leadership development programs, and the extra steps placed to improve our employees' well-being and success.





DIVERSITY

Our ability to reach our full potential as an organization requires high-performing talent that brings unique perspectives, experiences, and ideas to the team. A diverse and deep talent pool enables us to deliver differentiated products and service levels to our customers. Creating an environment where team members feel valued is critical. This includes promoting employee development, actively seeking different perspectives, and building various workplace programs. We reinforce our commitment to creating and maintaining a culture of respect where everyone feels safe and empowered to bring their best self to work every day

Our goal is to continually improve as we continue our journey to establish ourselves as a best-in-class employer with a diverse workforce and an inclusive workplace. 3Z brands has partnered with Backpac, a diversity and inclusion platform that provides the company with resources to support our diversity, equity, inclusion, and belonging (DEIB) initiatives. With the help of Backpac, 3Z Brands has adopted a DEIB program, crystallizing our commitment to diversity, inclusion, and equity by providing strategic direction, communication, and education.



3Z BRANDS

EMPLOYEE PROFILE

Our ability to reach our full potential as an organization requires high-performing talent that brings unique perspectives, experiences, and ideas to the team. Since moving into the new manufacturing facility and the expansion of our family of brands, 3Z Brands has created a diverse society of employees that contribute to all areas of the company.



3Z BRANDS

EMPLOYEE PROFILE

481

403

Total headcount

Phoenix

34

44

New York

Remote

Race

44% Hispanic or Latino; 39% White; 3% Middle Eastern/North African; 3% Asian; 1% Black or African American

Gender

46% cis-gender man; 38% cis-gender woman; 1% transgender; 1% agender; 1% gender queer/nonbinary



PEOPLE SAFETY



The employees at 3Z Brands are the foundation for the growth and success of our business. We are committed to safe working conditions, offering skills and career development, and an inclusive and respectful working environment. We are committed to ensuring all employees are treated fairly, with dignity and consideration, and that diversity in the workplace is both embraced and highlighted. We apply fair labor practices, comply with all safety and health regulations, and provide the tools needed to keep employees safe while on the job.

The Dream Factory has several measures in place to ensure the safety of our production employees. Our new state-of-the-art safety room is equipped with PPE, first-aid products, and lifesaving equipment in case of an emergency. 3Z Brands has also implemented an anonymous complaint mechanism that allows employees to confidentially report any safety breaches or lapses in protocol.

In 2022, 3Z Brands welcomed award-winning safety manager, Laurie Ray, to the team. Ray, who has an extensive background running safety programs for companies like Campbell Soup, Snyder's-Lance, and Simmons Bedding, for the last 29 years. Previous to 3Z Brands, she was an (SGE) Special Government Employee for OSHA aiding in conducting VPP STAR inspections, an OSHA-Authorized Outreach Trainer for General Industry, and served as an OSHA Region (9) VPP Star mentor to many companies throughout the state of Arizona.



EMPLOYEE SAFETY STATEMENT

At 3Z Brands, we are committed to working as a team and understand that we are all accountable to ensure zero accidents and a safe workplace. We are compliant with all safety and health regulations to ensure our employees go home to their families injury free. 3Z Brands is 100 percent committed to the safety and wellness of every person employed within our family of brands, and we expect every employee to act with care, cooperate by following all safety procedures, and report anything unsafe to leadership.



OUR COMMUNITY

3Z Brands provides a friendly, supportive, and community-focused workplace that supports the proactive involvement of our employees in the local communities where we operate. We begin projects with the purpose of having meaningful engagement with the communities we impact. We strive to enrich the company culture by investing and supporting in the communities in which we operate.

Within the past year, 3Z Brands has worked with several organizations across the country including Presbyterian Social Ministries, St. Mary's Food Bank, Sojourner Center, and P.S.19Q. The Company has collectively donated over \$100,000 worth of bedding products to these non-profits, helping to support each organization's unique mission. The work with these organizations is not limited to donations, as 3Z Brands works to build longstanding partnerships with each philanthropic entity.



3Z BRANDS

PHOENIX

Room For Joy

For the past 10 years, the Brooklyn Bedding brand has been donating mattresses to Room For Joy, a non-profit organization dedicated to creating fun, imaginative, medically appropriate room environments and play therapy spaces for chronically ill children.

Ante4Autism

Double platinum sponsors of Ante4Autism's annual fundraiser, Brooklyn Bedding have been supporting the cause for the last five years. Ante4Autism was started to raise awareness about Autism and to help support the needs of the families impacted. Widely known throughout the home furnishings industry, Ante4Austism supports organizations including Autism Speaks, National Autism Association, and Learning 4 Life.

Dress for Success

In 2022, Brooklyn Bedding partnered with Dress for Success Phoenix, a nonprofit organization that empowers women to achieve economic independence by providing a network of support, professional attire, and the development tools needed to help them thrive in work and in life. In addition to donating products, Brooklyn Bedding also attends Dress for Success job fairs and offers career assistance to those involved with the program.

Sojourner Center

Brooklyn Bedding partners with the Sojourner Center, a residential program designed to help women and children who have been victims of domestic violence. Brooklyn Bedding provides mattresses and sheets to women and their children who are transitioning out of the program and into apartments to restart their independent lives.



3Z BRANDS

PHOENIX

Mulligan's Manor

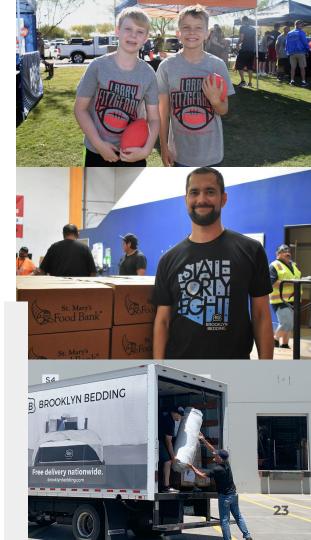
This year, Brooklyn Bedding announced a partnership with Mulligan's Manor, a non-profit 501(c)(3) group home in Arizona that specializes in serving at-risk lesbian, gay, bi-sexual, transgender, questioning, and ally youth. The brand outfitted the home with all-new mattresses, sheets, comforters, and pillows. The partnership also includes career assistance for residents once they're ready to transition out of the home's care.

The Welcome to America Project

Brooklyn Bedding is a proud partner of The Welcome to America Project, an organization that serves refugees who have recently been relocated to the Phoenix area through the U.S. State Department. The local program celebrates refugees and accelerates their self-sufficiency by providing transportation, housing, technology, and transformational resources. In 2022, Brooklyn Bedding donated mattresses and bedding to the organization to outfit refugee family homes, in addition to fabric and sewing materials to support the organization's seamstress training program.

St. Mary's Food Bank

Aside from donations, Brooklyn Bedding provides employees with opportunities to volunteer in the local community. The Company has recently worked with St. Mary's Food Bank located in Central Phoenix. The largest food bank in the United States, St. Mary's helps feed hungry families throughout Phoenix and nine Arizona counties.



NEW YORK

Presbyterian Social Ministries

For the past year, Helix has partnered with Presbyterian Social Ministries, a nonprofit organization that exists to support the homeless with stable supportive housing solutions and life skills training. As part of the partnership, Helix consistently provides bedding for PSM's housing program, Home Safe, which provides safe housing and resources to the homeless community in Jacksonville, Florida.

LINK

Another meaningful partnership is with LINK of Hampton Roads, an organization that provides emergency resources and affordable housing solutions to homeless individuals in the state of Virginia. Helix supports LINK's mission by providing sheets, pillows, and blankets, to outfit the organization's Newport News-based shelters.

P.S.19Q

In 2022, Helix partnered with P.S.19Q, a Title 1 school located in Corona, New York. Over 25 percent of families affiliated with P.S.19Q live at or beneath the federal poverty level. Through the ongoing partnership, Helix provides mattresses and bedding to these families in need.

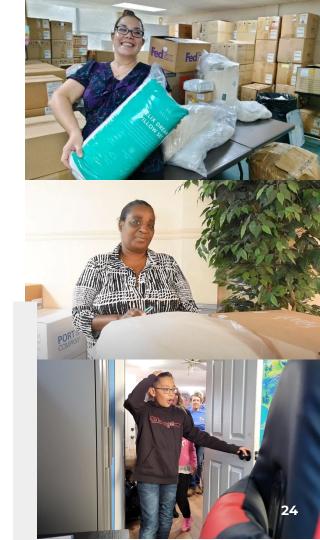
Big Brothers, Big Sisters

One of Helix's most unique partnerships is with mentoring network Big Brothers, Big Sisters. Helix provides mattresses and bedding as donations, which are then sold by the organization through its partnership with Savers Thrift Stores. The funds from these transactions go to funding mentor programs around the country. Big Brothers, Big Sisters is the nation's largest donor- and volunteer-supported mentoring network.

World Association for Community Empowerment

Helix supports the World Association for Community Empowerment, an organization that empowers low-income and immigrant communities and families to become self-sufficient through the provision of a comprehensive array of services. The brand provides mattresses and bedding to support families in need.



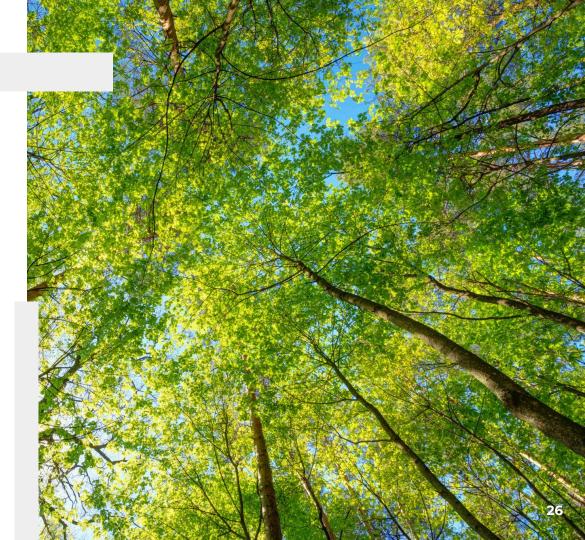




ENVIRONMENTAL

3Z Brands is committed to conducting business responsibly which includes taking the necessary steps to become a more sustainable operation. We recognize that pollution prevention and resource conservation are critical factors of a sustainable environment.

We intend to do our part to protect the environment while creating a workplace culture that encourages environmental stewardship. This includes educating, training and motivating our employees and suppliers to carry out tasks in an environmentally responsible manner.



ENVIRONMENTAL POLICY

3Z Brands is one of the leading US-based mattress manufacturers that operate in a 100 percent vertically integrated facility. Management of 3Z Brands is committed to protecting the environment, fulfilling compliance obligations, and continually educating our employees to enhance environmental performance. To fulfill this obligation, 3Z Brands is dedicated to the following environmental stewardship practices:

- Operate in compliance with applicable laws and regulations (as a minimum).
- Assess the environmental impact of its operations, particularly in the areas of air quality, water use, reuse and recycling, and energy consumption.
- Take appropriate actions to mitigate environmental risks, ameliorate environmental damage, and enhance positive effects.
- Make efforts to make efficient use of natural resources to protect the environment.
- Minimize adverse impacts and enhance positive effects on the environment, as relevant and appropriate, from 3Z Brands and its
 activities.
- Support the reduction of greenhouse gas emissions.



DREAM FACTORY

This year, 3Z Brands completed construction on our 648,165-square-foot 'Dream Factory' in Glendale, Arizona. This new state-of-the-art facility allows us to triple production capacity and support our ever-growing business.

During the design process with Alston Construction, 3Z Brands made a commitment to reducing energy expenditure by incorporating green design into the building. This includes temperature-controlled heating and air conditioning, roof skylights, auto light sensors, high-seer AC units, and dusk-to-dawn outside LED lighting. Additionally, all lights and machinery are powered off during closing hours.



REDUCING EMISSIONS

One of the largest contributors to 3Z Brand's greenhouse gas footprint is the manufacturing of its products. 3Z Brands has actively implemented a range of initiatives to reduce these emissions and limit our overall energy expenditure.

These initiatives are woven into the design of our Dream Factory, support both our remote and in-office employees, apply to our shipments from suppliers, and serve as a benchmark for continuous improvement. These initiatives include:

- Remote working opportunities
- EV-chargers on site
- Flectric forklifts
- On-site meal options
- Lithium pallet jacks on factory floor
- Limited international suppliers



TRANSPORTATION

- Ample EV chargers are available at our Phoenix facility, encouraging employees to go electric with their commutes.
- The Phoenix facility offers meals onsite, eliminating the need for employees to travel for meal breaks.
- 20 percent of our employees are fully remote, eliminating the commute to an office and therefore helping reduce transportation emissions.
- Beginning in early 2023, 3Z Brands will be pouring its own foam, solidifying the brand as one of the few US-based manufacturers that's 100 percent vertically integrated. By producing our own foam, we will eliminate the need to import the product, which reduces transportation emissions.
- By limiting international suppliers and sourcing raw materials from within the United States, we are able to reduce emissions of oversea transportation.
- The Dream Factory is powered by Hyundai electric forklifts which reduce operating costs, require less maintenance, and have a longer lifespan. Above all, electric forklifts have zero site emissions, which means a cleaner, safer work environment for our employees.
- This past year, 3Z Brands added lithium pallet jacks to the production floor. This
 initiative, combined with the addition of electric forklifts, completely eliminates
 our propane use in the factory.





RECYCLING



This year, 3Z Brands implemented an on-site recycling program in all office locations, including the Dream Factory in Phoenix. This program includes adding dedicated recycling bins to ensure separation from general waste.

On the manufacturing floor, almost all our production materials are recycled, including foam, fabric, wood, plastic, and cardboard. Waste that cannot be recycled is collected by specialized, permitted vendors. In 2023, we plan to implement the use of plastic pallets, which can be reused for up to 10 years. Made of recycled materials, these new pallets will replace our wooden pallets which have a month-long lifespan and need to be replaced several times throughout the year. This swap in materials helps us combat 'throw away' culture and promotes a circular economy within the factory.

In 2023, 3Z Brands will begin a new initiative to find a trusted vendor to recycle the metal wire used for mattress coils. While the steel currently used is of recycled origin, the Company looks to complete the cycle by finding the best possible way to reuse excess steel product.

1.2M

Total Pounds of Memory Foam Scraps Recycled in 2022 544K

Total Pounds of Quilting Scraps Recycled in 2022 913K

Total Pounds of Specialty Foam Scraps Recycled in 2022 \$460K

Dollars Earned from Foam and Quilting Scraps Recycled in 2022

WATER

Water consumption is monitored and recorded in each of our facilities to establish normal ranges of water consumption. The Dream Factory features drought-certified landscaping highlighted by low-water-use plants designed to keep irrigation to a minimum.



CERTIFICATIONS

Global Organic Textile Standard (GOTS)

In July, 3Z Brands announced that our Dream Factory had received Global Organic Textile Standard (GOTS) certification, recognized as the highest organic textile standard in the world. The third-party certification recognizes the gold standard that 3Z Brands embraces, ensuring that every component of an organic mattress is constructed with GOTS-certified materials, ethical labor practices, and is backed by independent certification of the entire textile supply chain.

To receive GOTS certification, 3Z Brands passed a series of rigorous examinations and inspections, including an assessment of its processing and storage system, an inspection of the chemical inputs, and social criteria checks. The certification also ensures a thorough quality assurance check is performed on all GOTS-certified products before they are packaged and delivered to the customer.

GREENGUARD Gold

All mattresses under the 3Z Brand family have earned GREENGUARD Gold certifications. GREENGUARD Certified products aid in the creation of healthier environments and release fewer pollutants that can contribute to significant health issues.

This certification program requires that products meet rigorous third-party emission standards for chemicals and pollutants in indoor spaces. To earn the certification, every component of 3Z Brands' mattress lines was tested for volatile organic compounds (VOCs), formaldehyde, phthalates, and over 350 other pollutants.

"We are proud to receive the prestigious GOTS certification and begin our journey of manufacturing organic mattresses in our brand-new, world-class facility," said John Merwin, Chief Executive Officer of Brooklyn Bedding. "Achieving this certification was a goal from the very beginning and we are excited to now offer organic, US-based manufacturing practices and in turn, eco-friendly and sustainable products to our customers."

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GOTS '

John Merwin
Chief Executive Officer



We are committed to improving the sustainability of our products, from the assessment of materials we use for production, to fuel efficiency and reduction in greenhouse gas emissions.

3Z Brands is proud to create some of the most organic and sustainable bedding on the market. With mattresses like Birch, Birch Luxe, Birch Kids, Bloom, and Ecosleep Luxe, 3Z Brands is proud to offer eco-friendly bedding at several price points.

In early 2022, 3Z Brands began implementing upgraded adhesives in the manufacturing process. VOCs for the suite of these adhesive products are less than 0.1% as tested by EPA method 24. All mattresses under the 3Z Brand family have earned GREENGUARD Gold certifications, meaning all products emit fewer chemicals that may cause health effects such as respiratory issues like asthma, itchy runny eyes, headaches, etc.

3Z Brands utilize CertiPUR-US certified foams which are free of heavy metals, formaldehyde, phthalates, flame retardants, and other ozone-depleting elements. CertiPUR-US certified foams also contain low VOC (Volatile Organic Compound) emissions to support indoor air quality.





Birch, Birch Luxe & Birch Kids

- GOTS Certified
- GREENGUARD Gold Certified
- eco-INSTITUT certified
- Fair Trade Certified











Bloom

- Fair Trade Certified
- eco-INSTITUT certified













Ecosleep Luxe

- Fair Trade Certified
- eco-INSTITUT certified







SUPPLIER CODE OF CONDUCT

3Z Brands is committed to building business relationships with partners who share our values. As such, we require our Suppliers to acknowledge and comply with legal obligations, industry standards, and the 3Z Brands Supplier Code of Conduct. At the same time, our Suppliers are responsible for establishing a sustainable procurement policy regarding their supply chain and operational practices. During our business relationship, our Supplies must embrace and implement the following standards:

- Suppliers may never use, benefit, or gain in any way from child labor, forced labor, or prison labor.
- Workers are employed and promoted based on their ability to perform the job and must be able to leave at will.
- Suppliers must adhere to a fair and orderly disciplinary process to determine penalty or dismissal.
- Suppliers must pay employees fair compensation in accordance with local legal minimum wage and benefits, while also meeting local manufacturing standards.
- Suppliers must provide safe and healthy working conditions, including the distribution of PPE.
- Suppliers must work to a minimum of applicable local environmental regulations and standards.
- Suppliers must ensure that under no circumstance will employees be exposed to toxic materials.
- Suppliers must be committed to the sourcing of raw materials, goods, and services with the same fundamental support of human rights, labor, health and safety, environment, and ethics as set forth in this Code.
- Suppliers must respect and adhere to all contract provisions, applicable laws and regulations, and import requirements of the countries in which they operate, purchase products from, and are to be sold.



LOOKING FORWARD

2022 was a year of growth for 3Z Brands. It is through our growth that we commit ourselves further to support sound environmental practices, employee saftey, and sustainablity.

Our ESG journey is only just beginning. This report serves as a jumping off point for many future plans that support this journey. In 2023, we plan to become more vertically integrated by pouring our own foam. We are already outlining new safety guidelines for the factory and putting more work into increasing our recycling practices and outlining new green initatives.

As we grow, we will continue to incorporate ESG fundamentals into our everyday operations and do our part to help set the tone for the growing sleep industry.

