

Sealy

ESTIMATED CUMULATIVE RESULTS (2008-2012)

In 2013, KKR exited its investment in Sealy and Sealy is no longer reporting into the Green Portfolio Program. During the company's participation in the program between 2008 and 2012, it achieved the results described below. KKR appreciates Sealy's many contributions to the program and applauds the company's efforts to date.

Sealy Corporation is a leading global bedding manufacturer. It markets a broad range of mattresses and foundations under the Sealy®, Sealy Posturepedic®, Stearns & Foster®, and Bassett®, brands.

\$8.3M

IN AVOIDED FUEL COSTS

24,600

METRIC TONS OF GHG EMISSIONS AVOIDED

4.9M

POUNDS OF WASTE AVOIDED

\$13.2M

IN WASTE COSTS AVOIDED

Key Environmental Performance Area: GREENHOUSE GAS EMISSIONS (FACILITIES)

RESULTS

In 2012, Sealy continued its focus on measuring and managing energy consumption in its manufacturing plants against a 2008 performance baseline. In absolute terms, GHG emissions from manufacturing plants have increased 7%, compared to a 2008 baseline, while efficiency has declined by 19% (GHGs/unit shipped) over the same time period. The decline in efficiency is associated with a decline in the number of units shipped as well as an increase in fixed energy costs over 2011 and 2012.

Sealy: Manufacturing Plants GHG Efficiency (2008 Baseline)

Estimated Results	2009	2010	2011	2012	Total
Change in productivity (GHGs/unit shipped)	6%	4%	3%	5%	19%
Change in absolute GHGs	-5%	4%	5%	3%	7%

Notes:

- See [methodology section](#) for description of avoided and efficiency calculations.
- The total % change is aggregate change between the baseline year and the most recent year of data. All other % changes are expressed as year-over-year.

ACTIONS

In 2012, Sealy focused on finding energy savings opportunities by implementing the following practices:

- Scaled up Kaizen efforts proven at the pilot level
- Upgraded lighting technologies at half of the reporting facilities
- Eliminated compressed air leaks and reducing the load on the compressor

Key Environmental Performance Area: GREENHOUSE GAS EMISSIONS (FLEET)

RESULTS

Sealy is continuing to actively measure and manage its fleet performance and made significant fleet upgrades in 2011 and 2012. In absolute terms, GHG emissions from fleet operations have decreased 22%, compared to a 2007 baseline, while fleet efficiency improved by 18% (GHGs/truck stop) over the same time period. These improvements in fleet efficiency have helped Sealy to avoid almost \$8.3 million in fuel costs and more than 24,600 metric tons of GHG emissions since 2007.

In addition to improvements to fleet efficiency, Sealy has increased its backhaul efforts, which reduces the number of empty trucks traveling to or from Sealy facilities. As a result, Sealy estimates that its backhaul efforts have had an additional impact of avoiding more than 10,000 metric tons of GHG emissions between 2007 and 2012, making more productive use of Sealy's truck fleet.¹

Sealy: Fleet GHG Efficiency (2007 Baseline)

Estimated Results	2008	2009	2010	2011	2012	Total
Avoided GHGs (metric tons)	3,700	4,200	4,500	5,700	6,500	24,600
Avoided costs	\$1,400,000	\$1,000,000	\$1,300,000	\$2,100,000	\$2,500,000	\$8,300,000
Change in productivity (GHGs/truck stop)	-11%	-2%	0%	-4%	-2%	-18%
Change in absolute GHGs	-18%	-8%	2%	-1%	2%	-22%

Notes:

- See [methodology section](#) for description of avoided and efficiency calculations.
- The total % change is aggregate change between the baseline year and the most recent year of data. All other % changes are expressed as year-over-year.

ACTIONS

In 2012, Sealy achieved these results through the following practices:

- Developed logistics organization with additional dedicated resources to drive nation-wide backhaul opportunities resulting in an increase of backhaul loads
- Implemented new tractor fleet with improved MPG and air emissions standards and used trailer fleet specifications in trailer replacements
- Implemented program to reduce out-of-route miles
- Implemented a partner code of conduct requiring partners to be committed to reducing their environmental impact

Key Environmental Performance Area: WASTE REDUCTION (FACILITIES)

RESULTS

Sealy is actively measuring and managing its material waste from bedding production. In absolute terms, Sealy has reduced bedding scrap by 38%, compared to a 2007 baseline, while productivity has improved by 14% (lbs of scrap/unit produced) over the same time period. These improvements in productivity have helped Sealy to avoid almost \$13.2 million and avoid almost 4.9 million pounds of waste since 2007. Over the same time period, Sealy has reduced secondary landfill bedding by approximately 31% on absolute terms, while productivity has improved by an estimated 4% (lbs of landfill bedding/unit produced).

Sealy: Manufacturing Waste Reduction (2007 Baseline)

Estimated Results	2008	2009	2010	2011	2012	Total
Scrap Avoided (lbs)	1,265,000	997,000	746,000	858,000	991,000	4,857,000
Avoided costs	\$4,000,000	\$2,800,000	\$1,900,000	\$2,200,000	\$2,300,000	\$13,200,000
Change in productivity (scrap) (lbs waste/unit)	-16%	2%	4%	-2%	-2%	-14%
Change in productivity (landfill bedding) (lbs waste/unit)	6%	-11%	0%	7%	-5%	-4%
Change in absolute scrap recycled	-32%	-8%	4%	0%	-4%	-38%
Change in absolute landfill bedding	-14%	-20%	0%	8%	-6%	-31%

Notes:

- See methodology section for description of avoided and efficiency calculations.
- The total % change is aggregate change between the baseline year and the most recent year of data. All other % changes are expressed as year-over-year.

ACTIONS

In 2012, Sealy achieved these results by implementing the following practices:

- Built on gains made in 2011 to reduce scrap from the new Stearns & Foster launch by an additional -50% since 2010
- Added two new products and a third assembly fabrication location that increased throughput and reduced scrap
- Utilized regional distribution centers for long lead time items to reduce obsolete inventory

Sealy enrolled in the Green Portfolio Program in 2008 and reported results for the fifth time in 2012. As mentioned above, KKR exited its investment in Sealy during 2013; therefore, 2012 was Sealy's final results announcement as part of the Green Portfolio Program.

Note: Reported numbers are rounded and may not produce the same results when used to analyze percent changes or total impact.

