

SLEEP COUNTRY CANADA HOLDINGS INC.

MAJORITY VOTING POLICY

The Board of Directors (the "**Board**") of Sleep Country Canada Holdings Inc. (the "**Company**") believes that each of its members should carry the confidence and support of its shareholders. To this end, the directors have unanimously adopted this statement of policy (the "**Policy**"). Future nominees for election to the Board will be required to subscribe to this Policy before their names are put forward.

Forms of proxy or voting instruction forms for the election of directors at a shareholders' meeting will enable each shareholder to vote "for", or "withhold" from voting, separately for each nominee. At the meeting, the chairperson of the Board (the "**Chair**") will call for a vote by ballot and the scrutineers will record with respect to each nominee the number of votes cast "for" his or her election and the number of votes "withheld" from voting. Prior to receiving the scrutineers' report, the Chair may announce the vote results based on the number of proxies received by the Company. Forthwith following the meeting, the Company shall issue a press release disclosing the detailed voting results for the election of each director and, if any nominee is not elected by at least a majority of the votes cast with respect to his or her election, provide a copy of that press release to the Toronto Stock Exchange (the "**TSX**").

If any director nominee receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "**Majority Withheld Vote**"), for purposes of this Policy the nominee shall be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law, and that nominee shall immediately submit his or her resignation to the Board for consideration following the meeting. The Board will refer the resignation to the Compensation, Nominating and Corporate Governance Committee of the Board (the "**Committee**") for consideration.

The Committee shall consider the offer of resignation and make a recommendation to the Board on whether to accept it. In considering whether or not to recommend acceptance of the resignation, the Committee will consider all factors deemed relevant by the Committee. The Committee shall recommend acceptance of the resignation unless there are exceptional circumstances that would warrant rejecting or delaying the acceptance of the offer of resignation.

The Board shall review, consider and act on the Committee's recommendation within 90 days following the applicable shareholders' meeting, after considering and evaluating the factors considered by the Committee and any other factors the Board considers relevant. The Board shall accept the offer of resignation unless there are exceptional circumstances that would warrant rejecting or delaying the acceptance of the resignation offer, as determined by the Board in accordance with its fiduciary duties to the Company and its shareholders. The resignation shall be effective immediately upon its acceptance by the Board.

The Company shall promptly (and in any event within 90 days of the shareholders' meeting) issue a press release announcing the Board's decision, and provide a copy of that press release to the TSX. If the Board declines to accept the resignation, the press release shall fully state the reasons for that decision.

If a resignation is accepted, subject to any corporate law restrictions, the Board may, in accordance with the *Canada Business Corporations Act*, the Company's articles (the "**Articles**") and any previously passed shareholders' resolutions, fill the vacancy created by the resignation by appointing a new director, leave the vacancy unfilled until the next annual meeting of shareholders, reduce the Board's size within the minimum and maximum number of directors fixed under the Articles, or call a special meeting of the shareholders of the Company to elect a new director to fill the vacant position. The Board is not limited in any action it may take if a resignation is accepted, except as required by applicable laws, the Articles and previously passed shareholders' resolutions. If a director does not tender his or her resignation in accordance with this Policy, the Board will not re-nominate that director at the next election.

Any director who tenders his or her resignation shall not participate in any meeting of either the Committee or the Board at which such director's resignation is considered. If a sufficient number of the Committee members receive a Majority Withheld Vote in the same election such that the Committee no longer has a quorum, then the remaining directors who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and make a recommendation to the Board. If the directors who did not receive a Majority Withheld Vote in the same election do not constitute a quorum for a Board meeting, then (a) each director may participate in any Board meeting to determine whether or not to accept each resignation offer other than such director's own resignation offer, if applicable, and (b) otherwise, each director who received a Majority Withheld Vote may attend a meeting if his or her attendance is needed to constitute quorum, in which case such director(s) shall not speak or otherwise participate.

This Policy only applies in the case of uncontested elections of directors. An "**uncontested election**" means an election where the number of nominees for director equals the number of directors to be elected and where no proxy materials are circulated in support of the election of one or more nominees who are not included among the nominees supported by the Board.

The Committee and/or the Board may adopt such procedures as it sees fit to assist in its determinations with respect to this Policy.

Dated: January 26, 2018.