Sleep Well. Stay Well.™

Notice of Annual & Special Meeting of Shareholders and Management Information Circular

Sleep Country Canada Holdings Inc.

Annual Meeting May 10, 2023

Table of Contents

Notice of Annual & Special Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the Annual & Special Meeting (the "**Meeting**") of holders of common shares (collectively, the "**Shareholders**") of SLEEP COUNTRY CANADA HOLDINGS INC. (the "**Company**" or "**Sleep Country**") will be held online by way of a live webcast on Wednesday, May 10, 2023 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for its fiscal year ended December 31, 2022, together with the report of the auditors thereon;

2. to elect each of the directors for the ensuing year;

3. to reappoint the auditors of the Company for the ensuing year and authorize the directors to fix the auditors' remuneration;

4. to consider and, if thought advisable, pass a non-binding advisory resolution on the Company's approach to executive compensation;

5. to consider and, if thought fit, to pass an ordinary resolution of the Shareholders approving the renewal of unallocated options, rights or other entitlements under the Company's security-based compensation arrangements until May 11, 2026; and

6. to transact such further or other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

This Notice of Meeting is accompanied by the management information circular of the Company dated March 30, 2023 (the "**Circular**"), a form of proxy or a voting information form and a supplemental mailing list form.

The Company will be conducting the Meeting online by way of a live webcast, as it did last year. The online live webcast meeting format will give all Shareholders an equal opportunity to participate at the Meeting regardless of their geographic location or particular constraints they may be facing. The Company is not aware of any items of business to be brought before the Meeting other than those described in the enclosed Meeting materials, including the Circular.

The Meeting can be accessed by logging in through the following link **meetnow.global/MYZVPJP**. As described in the enclosed Meeting materials (which are also accessible electronically, as set out below), Registered Shareholders (as defined in this Circular under the heading "Appointment of Proxy Nominees and Deposit of Proxies – Registered Shareholders") are entitled to participate at the Meeting if they held their Common Shares as of the close of business on March 30, 2023, the record date. Registered Shareholders who wish to appoint a third party proxyholder other than the named management proxy nominees can do so by printing the proxyholder's name in the space provided in the form of proxy. Non-Registered Holders (as defined in the Circular under the heading "Appointment of Proxy Nominees and Deposit of Proxies – Non-Registered Shareholders") who wish to vote at the Meeting will be required to appoint themselves as proxyholder in advance of the Meeting by writing their own name in the space provided on the voting instruction form provided by their Intermediary (as defined in the Circular under the heading "Appointment of Proxy Nominees and Deposit of Proxies – Non-Registered Shareholders"). In all cases, Shareholders must carefully follow the instructions set out in their applicable proxy or voting instruction forms AND those set out in the Circular under "How to Participate at the Meeting".

Registered Shareholders and duly appointed proxyholders who participate in the online meeting will be able to listen to the Meeting, ask questions and vote, all in real time, provided that they are connected to the internet. Guests, including Non-Registered Holders who have not duly appointed themselves as proxyholder, will be able to listen to the Meeting but will not be able to communicate or vote. In all cases, Shareholders must follow the instructions set out in their applicable proxy or voting instruction form and those set out in the Circular under "How to Participate at the Meeting".

Information for United States ("U.S.") Beneficial Holders

To attend and vote at the Meeting, U.S. beneficial holders must first obtain a valid legal proxy from their broker, bank or other agent and then register in advance to attend the Meeting. U.S. beneficial holders should follow the instructions from their broker or bank included with the enclosed Meeting materials, or contact their broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from their broker, bank or other agent, U.S. beneficial holders must then register to attend the Meeting by submitting a copy of the legal proxy to Computershare the Company's transfer agent and registrar at the Meeting. Requests for registration should be directed to: Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or email at uslegalproxy@computershare.com.

Requests for registration must be labeled as "Legal Proxy" and be received no later than May 8, 2023 at 10:00 a.m. (Toronto time). U.S. beneficial holders will receive a confirmation of their registration by email after the registration materials are received and may then attend the Meeting and vote their Common Shares at **meetnow.global/MYZVPJP** during the Meeting. Please note that U.S. beneficial holders are required to register their appointment at http://www.computershare.com/SleepCountry.

Further information regarding the Meeting, together with copies of this notice and all of the Meeting materials are available on the Company's investor relations website at https://ir.sleepcountry.ca/ and on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

DATED at Toronto, Ontario this 30th day of March, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Christine Magee

Christine Magee
Chair

Management Solicitation

This Management Information Circular, including all appendices hereto (the "Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management ("Management") of SLEEP COUNTRY CANADA HOLDINGS INC. (the "Company" or "Sleep Country") for use at the annual & special meeting (the "Meeting") of the holders of common shares (the "Common Shares") of the Company (collectively, the "Shareholders") to be held online by way of a live webcast on Wednesday, May 10, 2023 at 10:00 a.m. (Toronto time), or at any adjournment(s) or postponement(s) thereof, for the purposes set out in the accompanying Notice of Meeting. Except as otherwise stated, the information contained herein is given as of March 30, 2023 and all dollar amounts are expressed in Canadian dollars.

It is expected that the solicitation of proxies will be primarily by mail. Proxies may also be solicited personally, by telephone, e-mail, Internet, facsimile or other means of communication by the directors, officers, employees and agents of the Company. The cost of solicitation will be borne by the Company. The Company will reimburse investment dealers, banks, custodians, nominees and other fiduciaries for permitted reasonable out-of-pocket costs and expenses incurred by them in mailing proxy materials to the beneficial owners of Common Shares. The Company is not sending proxy-related materials to registered or beneficial owners of the Common Shares using the notice-and-access provisions set out in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"). The Company will provide, without cost to such persons, upon request to the Secretary of the Company, additional copies of the foregoing documents required for this purpose. The Company's 2022 Annual Report (the "**Annual Report**") and the Meeting Materials (as defined herein) are available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com and the Company's investor relations website at https://ir.sleepcountry.ca/.

The Annual Report, which includes the Management's Discussion and Analysis of the financial condition and results of operations of the Company ("**MD&A**"), the audited consolidated financial statements of the Company and the auditors' report to the Shareholders of the Company for the fiscal year ended December 31, 2022 accompanies this Circular and is also available on SEDAR at www.sedar.com and on the Company's investor relations website at https://ir.sleepcountry.ca/.

Voting of Proxies

The form of proxy or voting instruction form (the "VIF") forwarded to Shareholders with the notice of meeting accompanying this Circular (the "Notice of Meeting") confers discretionary authority upon the Management proxy nominees named therein in respect of amendments to or variations of matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

As of the date of this Circular, Management knows of no such amendments, variations or other matters to come before the Meeting. However, if any amendments, variations or other matters which are not now known to Management should properly come before the Meeting or any adjournment(s) or postponement(s) thereof, the Common Shares represented by proxies in favour of the Management nominees named in the enclosed form of proxy or voting instruction form will be voted on such matters in accordance with the best judgment of such proxy nominees.

The form of proxy or voting instruction form affords each Shareholder an opportunity to specify that the Common Shares registered in the Shareholder's name shall be voted "for" or "withheld" from voting in respect of the election of each director and the reappointment of auditors and authorization of the directors to fix the remuneration of the auditors.

On any ballot that may be called for, the Common Shares represented by proxies in favour of the Management nominees named in the enclosed form of proxy or voting instruction form will be voted for or withheld from voting in respect of the election of each director and the reappointment of auditors and authorization of the directors to fix the remuneration of the auditors, in each case in accordance with the specifications made by each Shareholder, and if a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

If no specifications as to voting have been made by a Shareholder, the Common Shares represented by proxies in favour of the Management nominees will be voted as follows:

a) **FOR the election of each of the eight (8) nominees as directors for the ensuing year;**

b) **FOR the reappointment of PricewaterhouseCoopers LLP as the auditors and authorization of the directors to fix the remuneration of the auditors;**

c) **FOR the approval of the non-binding advisory resolution on the Company's approach to executive compensation; and**

d) **FOR the approval of unallocated options, rights or other entitlements under the Company's security-based compensation arrangements.**

Appointment of Proxy Nominees and Deposit of Proxies

Corporate Shareholders

Any Shareholder that is a corporation may, by resolution of its directors or other governing body, authorize such person as it thinks fit to exercise in respect of and at the Meeting or any adjournment(s) or postponement(s) thereof the same powers on behalf of the corporation as that corporation could exercise if it were an individual Shareholder personally present, including the right (unless restricted by such resolution) to appoint a proxyholder to represent such corporation. Evidence in writing of the appointment of any such representative should accompany a corporate Shareholder's completed proxy.

How to Participate at the Meeting

The Meeting will only be hosted online by way of a live webcast on Wednesday, May 10, 2023 at 10:00 a.m. (Toronto time). **Shareholders will not be able to attend the Meeting in person.** A summary of the information that Shareholders will need to attend the virtual meeting is provided below. **In order to participate online, Shareholders must have a valid 15-digit control number and proxyholders must have received an email from Computershare Trust Company of Canada ("Computershare") containing an Invite Code.**

The virtual meeting platform is fully supported across most commonly used web browsers (note: Internet Explorer is not a supported browser). It is encouraged that you access the Meeting prior to the start time. It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences.

Shareholders and duly appointed proxyholders can attend the Meeting online by going to **meetnow.global/MYZVPJP**.

- **Registered Shareholders** and **duly appointed proxyholders** can participate in the Meeting by clicking "**Shareholder**" and entering a Control Number or an Invite Code before the start of the Meeting.
  - Registered Shareholders: the 15-digit control number is located on the Form of Proxy or in the email notification you received.
  - Duly appointed proxyholders: Computershare will provide the proxyholder with an Invite Code by email after the voting deadline has passed.
- Attending and voting at the Meeting will only be available for Registered Shareholders and duly appointed proxyholders.

- **Non-Registered Holders** who have not appointed themselves as proxyholders to participate and vote at the Meeting may login as a guest, by clicking on "**Guest**" and complete the online form; however, they will not be able to vote or submit questions.

Appointing a Proxyholder

Each Shareholder has the right to appoint a person (who need not be a Shareholder), other than those Management nominees named in the enclosed form of proxy, to represent, attend and act on behalf of the Shareholder at the Meeting. That right may be exercised by following the instructions below.

Registered Shareholders do not need to appoint a proxyholder in order to vote at the Meeting. Non-Registered Holders who wish to vote at the Meeting must appoint themselves as proxyholder in advance of the Meeting by writing their own name in the space provided on the voting instruction form provided by their Intermediary, and, after submitting their voting instruction form, registering with Computershare by May 8, 2023 at 10:00 a.m. (Toronto time) at http://www.computershare.com/SleepCountry. Registering as proxyholder is an additional step once the Non-Registered Holder has submitted its voting instruction form, and it is required in order to receive an Invite Code from Computershare via email. Failure to register as proxyholder will result in the Non-Registered Holder not receiving an Invite Code to participate in the Meeting.

If a Registered Shareholder or a non-registered beneficial Shareholder wishes to appoint a third party proxyholder to represent them at the Meeting, they must submit their proxy or voting instruction form (as applicable), with the name of the third party proxyholder written thereon, prior to registering the proxyholder. As noted above, registering the proxyholder is an additional step once the Shareholder has submitted its proxy or voting instruction form, and failure to register the proxyholder will result in the proxyholder not receiving an Invite Code to participate in the Meeting. To register a proxyholder, Shareholders must visit http://www.computershare.com/SleepCountry by 10:00 a.m. (Toronto time) on May 8, 2023 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with an Invite Code via email.

Without an Invite Code, proxyholders will not be able to attend and vote at the Meeting.

Submitting a Proxy

A proxy can be submitted to Computershare either in person, or by mail or courier, to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or via the Internet at www.investorvote.com. In all cases, all proxies must be deposited with Computershare by no later than (10:00 a.m. (Toronto time) on May 8, 2023), or if the Meeting is adjourned or postponed, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, before the commencement of such adjourned or postponed meeting.

Voting at the Meeting

Registered Shareholders (or Non-Registered Holders) who have appointed themselves or appointed a third-party proxyholder to represent them at the Meeting, will appear on a list of Shareholders prepared by Computershare and may vote at the Meeting by completing a ballot that will be made available online during the Meeting. To have their Common Shares voted at the Meeting each Registered Shareholder or proxyholder will be required to enter their control number or Invite Code provided by Computershare at **meetnow.global/MYZVPJP** prior to the start of the Meeting. If a Registered Shareholder who has submitted a proxy attends the Meeting and has accepted the terms and conditions when entering the Meeting, all previously submitted proxies will be revoked. However, in such case, the Registered Shareholder will be provided the opportunity to vote by ballot on the matters put forth at the Meeting. If you are a Registered Shareholder and you do not wish to revoke all previously submitted proxies, do not accept the terms and conditions and instead enter the Meeting as a guest.

If you attend the Meeting online, it is important that you remain connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedures.

Voting in advance of the Meeting is available via the means described in your proxy or voting instruction form and the Meeting materials.

If you submit a properly executed form of proxy or vote by telephone or online, you will be considered part of the quorum for the Meeting. Shareholders who participate in and/or vote at the Meeting via the online meeting facilities that the Company are making available are deemed to be present at the Meeting for all purposes, including quorum.

Votes and proxies will be counted, verified and tabulated by Computershare, in compliance with applicable laws and the Company's by-laws. Proxies will be submitted to the Company if they contain comments clearly intended for the Company or to the extent required to meet legal requirements or comply with rules of order. The results of this year's votes will be announced following the Meeting in accordance with the Company's typical practices.

Registered Shareholders

Shareholders whose Common Shares are registered in their name a ("Registered Shareholder") will receive a form of proxy. As an alternative to voting in person via live webcast at the Meeting, a form of proxy entitles a Registered Shareholder to vote by mail, by telephone or online in accordance with the following instructions.

- *To vote online*: Go to the website specified on the enclosed form of proxy and follow the voting instructions on the screen. Shareholders will require a control number (located on the front of the form of proxy) (a "**Control Number**") to identify themselves to the system. If your form of proxy does not contain a Control Number, you will not be able to vote online.
- *To vote by Telephone: Call the toll-free phone number specified on the enclosed form of proxy from a touch tone telephone and, when prompted, follow the instructions provided. Shareholders will require a Control Number (located on the front of the form of proxy) to identify themselves to the system. If your form of proxy does not contain a Control Number, you will not be able to vote by telephone.*
- *To vote by Mail: Complete, sign and date the form of proxy properly and return it in the enclosed envelope (postage prepaid if mailed within Canada) to the registrar and transfer agent of the Company, Computershare Trust Company of Canada ("Computershare"), located at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department.*

If you vote by telephone or online, DO NOT complete or return the enclosed form of proxy. Voting by mail may be the only method to vote Common Shares held in the name of a corporation or to vote Common Shares being voted on behalf of another person. The persons named in the enclosed form of proxy represent Management of the Company. Voting by mail or online are the only methods by which a Shareholder may appoint a person as proxy nominee other than the Management nominees named in the form of proxy.

Non-Registered Shareholders

Only Registered Shareholders or their duly appointed proxy nominees are permitted to attend via live webcast and vote at the Meeting. However, in most cases, Common Shares are beneficially owned by the Shareholder. You are a non-registered beneficial Shareholder (a "**Non-Registered Holder**") if you are a Shareholder whose Common Shares are registered in the name of an intermediary, such as an investment dealer, bank, trust company, trustee, custodian or other nominee (each, an "**Intermediary**"), or a depository or clearing agency (such as The Canadian Depository for Securities Limited in Canada) in which the Intermediary participates. If your Common Shares are listed in an account statement provided to you by a broker or other Intermediary, then in almost all cases those Common Shares will not be registered in your name and are more likely registered under the name of your broker or other nominee or an agent thereof. In Canada, the vast majority of Common Shares are registered under the name of CDS Clearing and Depository Services Inc. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares registered in the name of any Intermediary, such as an investment dealer, broker, bank, trust company, trustee or other nominee, or a clearing agency, can only be voted upon the instructions of the Non-Registered Holder. Without specific instructions, Intermediaries are prohibited from voting Common Shares on behalf of their clients. Therefore, Non-

Registered Holders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person by the appropriate time.

Non-Registered Holders who have not objected to their intermediary disclosing certain information about them to the Company are referred to as ("**NOBOs**") (non-objecting beneficial owners), whereas Non-Registered Holders who have objected to their intermediary disclosing ownership information about them to the Company are referred to as ("**OBOs**") (objecting beneficial owners). In accordance with NI 54-101, the Company has elected to send the Notice of Meeting, this Circular and the related form of proxy or voting instruction form (collectively, the "**Meeting Materials**") indirectly through intermediaries to the NOBOs and OBOs.

The Intermediary holding the Common Shares on your behalf is required to forward the Meeting Materials to you, unless you have waived your right to receive them, and to seek your instructions as to how to vote your Common Shares in respect of each of the matters described in this Circular to be voted on at the Meeting. Each Intermediary has its own procedures which should be carefully followed to ensure that your Common Shares are voted by the Intermediary on your behalf at the Meeting. These procedures may allow for voting by telephone, online, by mail and/or by facsimile. The applicable instructions for each such method of voting will be set out in the proxy or VIF provided to you directly by the Intermediary. The majority of brokers and nominees now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada ("**Broadridge**"). Broadridge typically mails VIFs to the Non-Registered Holders and asks Non-Registered Holders to return the forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Non-Registered Holder receiving a VIF from Broadridge cannot use that form to vote Common Shares directly at the Meeting. The form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted. Each Non-Registered Holder should contact his or her Intermediary and carefully follow the voting instructions provided by such Intermediary. If you are a Non-Registered Holder and wish to vote your Common Shares in person at the Meeting, you should follow the instructions above under "How to Participate at the Meeting".

These security holder materials are being sent to both Registered Shareholders and Non-Registered Holders.

Revocation of Proxies

If you are a Registered Shareholder, proxies previously given for use at the Meeting or any adjournment or postponement thereof may be revoked at any time prior to their use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by:

(a) depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer thereof duly authorized: (i) at the registered office of the Company at 7920 Airport Road, Brampton, ON, L6T 4N8 at any time up to 10:00 a.m. (Toronto time) on the last business day preceding the date of the Meeting, or any adjournment or postponement of the Meeting, at which the proxy is to be used; or (ii) with the chairperson of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, prior to the commencement of such Meeting; or

(b) completing and signing a valid proxy bearing a later date and returning it in accordance with the instructions contained in the accompanying form of proxy, or as otherwise provided in this Circular.

Only a Registered Shareholder of the Company has the right to revoke a proxy.

If you are a Non-Registered Holder and wish to change your vote, you must arrange for the Intermediary in whose name the Common Shares are registered to revoke the proxy on your behalf in accordance with the instructions of such Intermediary set out in the VIF. The revocation of proxies or voting instructions by a Non-Registered Holder can take several days or longer to complete and, accordingly, any such revocation should be completed well in advance of the deadline prescribed in the proxy or VIF accompanying this Circular to ensure it is given effect in respect of the Meeting.

A revocation of a proxy will not affect any matter on which a vote has been taken prior to the revocation.

Record Date

In accordance with applicable laws, the board of directors of the Company (the "Board of Directors" or the "Board") has provided notice of and fixed the record date as of March 30, 2023 (the "**Record Date**") for the purposes of determining Shareholders entitled to receive notice of and to vote at the Meeting and any adjournment or postponement thereof. The Company has prepared a list, as of the close of business on the Record Date, of the holders of Common Shares. Only Shareholders of record at the close of business on the Record Date whose name appears on such list will be entitled to vote the Common Shares shown opposite such Shareholder's name on such list at the Meeting or any adjournment or postponement thereof.

Common Shares and Principal Holders Thereof

As of the Record Date, 34,909,163 Common Shares were issued and outstanding. Each Common Share carries one (1) vote in respect of each matter to be voted upon at the Meeting.

To the knowledge of the directors and officers of the Company, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company entitled to vote at the Meeting, with the exceptions of Mawer Investment Management Ltd. and Mackenzie Financial Corporation, which, based on SEDAR filings, hold approximately 10.44% and 10.19% of the issued and outstanding Common Shares, respectively.

Business of the Meeting

Annual Report and Audited Consolidated Financial Statements

The Annual Report, which includes the Audited Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2022 and the auditors' report thereon, will be submitted to Shareholders at the Meeting. Receipt at such Meeting of the auditors' report and the Company's Audited Consolidated Financial Statements for its most recently completed fiscal year will not constitute approval or disapproval of any matters referred to herein. A copy of the Annual Report has been mailed to Shareholders who requested it and is also available on the Company's investor relations website at https://ir.sleepcountry.ca/ and on SEDAR at www.sedar.com.

Election of Directors

The Board can be comprised of a minimum of three and a maximum of fifteen members. The Board has determined that the number of directors to be elected at the Meeting is eight. The Board is currently constituted with a majority of individuals who qualify as independent directors in accordance with applicable Canadian securities laws, as determined by the Board. All of the current directors of the Board will be standing for election at the Meeting.

Majority Voting

The Company has adopted a majority voting policy pursuant to which any nominee proposed for election as a director in an uncontested election who receives a greater number of Common Shares withheld than Common Shares voted in favour of their election, 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 must immediately tender his or her resignation to the Board for consideration following the Meeting. The Board will refer the resignation to the

Nominating and Corporate Governance Committee ("**NCGC**") which will expeditiously consider the director's offer to resign and make a recommendation to the Board on whether to accept it. 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 will have 90 days to make a final decision and announce it by way of press release. If the Board declines to accept the resignation, the press release shall fully state the reasons for that decision. The relevant director will not participate in any deliberations of the NCGC or the Board on the resignation offer.

The Company's majority voting 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.

Director Nominees

The present term of office for each director of the Company will expire immediately prior to the election of directors at the Meeting or until their successors are elected or appointed. It is proposed to nominate for election each of the eight persons whose names are set out below as a director of the Company to serve until the next annual meeting of shareholders, or until their successors are duly elected or appointed unless his or her office is earlier vacated in accordance with the Company's by-laws.

The following, on the next pages, sets out and establishes for each director nominee, a profile of such nominee together with a description of his or her experience, qualifications, areas of expertise, participation on the Board and its committees, if applicable, ownership of Sleep Country securities, as well as other public company board memberships. A more detailed description of each nominee's competencies together with disclosure of Board's and Committees' meeting attendance records and a listing of other public company board memberships is described in the Statement of Corporate Governance Practices.

Christine Magee[6]

Ontario, Canada
Age 63

Director since:
May 27, 2015

Ms. Magee is Chair of Sleep Country. She co-founded Sleep Country in 1994 and served as its President until November 2014. Prior to founding Sleep Country, Ms. Magee worked in the banking industry in Commercial and Corporate lending with Continental Bank from 1982 to 1985 and National Bank from 1985 to 1994. Ms. Magee serves on the board of directors of TELUS Corporation where she is a member of the Pension Committee and Human Resources & Compensation Committee. Ms. Magee serves on the Board of Directors of Metro Inc. where she is a member of the Corporate Governance/ Corporate Responsibility Committee and HR Committee. At Trillium Health Partners, a not-for-profit organization, Ms. Magee is the Chair of the Board of Directors, the Vice-Chair of Priorities and Planning Committee, a member of the Governance & Resources Committee and a member of the Nominations Sub-Committee. Ms. Magee serves on the Advisory Council of The Talent Fund. Past board and committee memberships include; Western University Entrepreneurship Advisory Council 2019-2021, Plan International Canada 2017-2021, Sirius XM Canada January 2014-2017, Advisory Board of the Ivey School of Business, 2010-2017, SiriusXM Canada from 2014 to 2017, Richard Ivey School of Business Western University Advisory Board from June 2010-2017, Toronto General and Western Hospital Foundation Board from 2010-2015, Advisory Board for Adrenalys from 2016 to 2017, Cott Corporation from 2004-2008 and McDonald's Restaurants from 1999-2004, Woodbine Entertainment group from 2015 to 2022. Ms. Magee received a Honourary Doctorate of Commerce from Ryerson University. She holds an Honours Business Administration from the University of Western Ontario. On July 1, 2015, Ms. Magee was appointed as a member of the Order of Canada in recognition of her significant contributions to the Canadian business community.

2022 Voting Results: 92.27% in favour

Securities Held

As at	Common Shares[1]	DSUs[2]	Total Common Shares and DSUs	Stock Options Exercisable[3]	Total Market Value of Common Shares, Stock Options Exercisable and DSUs[4]	Minimum Shareholding Requirement[5]	Meets Requirements
March 30, 2021	293,198	11,209	304,407	9,107	$9,651,351	$750,000	Yes
March 28, 2022	293,198	12,798	305,996	9,107	$9,156,475	$750,000	Yes
March 30, 2023	293,198	14,699	307,897	9,107	$7,225,034	$750,000	Yes
Change		1,901	1,901		(1,931,441)		

John Cassaday[7]

Ontario, Canada
Age 69

Director since:
July 16, 2015

Mr. Cassaday is a member of the Board of Sleep Country. Prior to April 2015, Mr. Cassaday served as President and Chief Executive Officer ("**CEO**") and as a director of Corus Entertainment Inc., a position he held since its inception in 1999. Prior to Corus, Mr. Cassaday was President and CEO of CTV Television Network and President of Campbell Soup Company in Canada and the United Kingdom. Mr. Cassaday is the Chair of Janus Henderson Group PLC and former Chair of Manulife Financial. He is also active in community affairs, principally with St. Michael's Hospital and the University of Toronto. Mr. Cassaday has a Masters of Business Administration from the Rotman School of Management at the University of Toronto, a degree of Doctor of Laws, honoris causa from the University of Toronto and he is a member of the Order of Canada.

2022 Voting Results: 97.54% in favour

Securities Held

As at	Common Shares[1]	DSUs[2]	Total Common Shares and DSUs	Stock Options Exercisable[3]	Total Market Value of Common Shares, Stock Options Exercisable and DSUs[4]	Minimum Shareholding Requirement[5]	Meets Requirements
March 30, 2021	20,580	9,252	29,832	4,553	$998,162	$300,000	Yes
March 28, 2022	20,580	10,841	31,421	4,553	$985,631	$300,000	Yes
March 30, 2023	20,850	12,742	33,322	4,553	$804,329	$300,000	Yes
Change		1,901	1,901		(181,302)		

Mandeep Chawla[8]

Ontario, Canada
Age 46

Director since:
August 20, 2020

Mr. Chawla is a member of the Board of Sleep Country. He is Chief Financial Officer ("**CFO")** of Celestica Inc. and he is responsible for overseeing the financial, accounting, investor relations, M&A, legal and communication functions in order to protect and enhance the company's shareholder value. Mandeep began his career at General Electric. He joined Celestica Inc. in 2010 and he assumed the role of CFO in 2017. He holds a Master of Finance from Queen's University and Bachelor of Commerce degree from McMaster University and he is a CPA, CMA. Mandeep is also a member of the Board of Governors at Crescent School.

2022 Voting Results: 97.30% in favour

Securities Held

As at	Common Shares[1]	DSUs[2]	Total Common Shares and DSUs	Stock Options Exercisable[3]	Total Market Value of Common Shares, Stock Options Exercisable and DSUs[4]	Minimum Shareholding Requirement[5]	Meets Requirements
March 30, 2021	-	2,611	2,611	-	$81,672	$300,000	On Track
March 28, 2022	-	4,200	4,200	-	$124,110	$300,000	On Track
March 30, 2023	-	6,386	6,386	-	$148,666	$300,000	On Track
Change		2,186	2,186		$24,556		

Zabeen Hirji[9]

Ontario, Canada
Age 62

Director since:
August 2, 2018

Ms. Hirji is a member of the Board of Sleep Country. She is Executive Advisor to Deloitte, a senior advisor to Knockri and an advisor to the public sector. Ms. Hirji also serves on the Public Policy Forum Board. Prior to that, Ms. Hirji held senior executive roles at Royal Bank of Canada (RBC), where she was Chief Human Resources Officer, a member of RBC's Group Executive Committee responsible for setting its overall strategic direction and she also held responsibility for Brand, Communications and Corporate Citizenship. She previously held numerous management roles in Retail Banking and Operations. Ms. Hirji has served on numerous not-for-profit Boards. Over her career, she has received numerous recognitions for Business Leadership and she is a recipient of Canada's Meritorious Service Medal. Ms. Hirji holds a Masters of Business Administration from Simon Fraser University, where she now serves as an Executive in Residence. She also holds an ICD.D designation from the Institute of Corporate Directors.

2022 Voting Results: 97.34% in favour

Securities Held

As at	**Common Shares[1]**	**DSUs[2]**	**Total Common Shares and DSUs**	**Stock Options Exercisable[3]**	**Total Market Value of Common Shares, Stock Options Exercisable and DSUs[4]**	**Minimum Shareholding Requirement[5]**	**Meets Requirements**
March 30, 2021	2,600	7,526	10,126	-	$316,741	$300,000	Yes
March 28, 2022	2,600	9,115	11,715	-	$346,178	$300,000	Yes
March 30, 2023	2,600	11,206	13,806	-	$321,404	$300,000	Yes
Change		2,091	2,091		(24,775)		

Andrew Moor[10]

Ontario, Canada
Age 62

Director since:
July 16, 2015

Mr. Moor is a member of the Board of Sleep Country. He joined Equitable Bank and EQB Inc. as President and CEO in 2007. Mr. Moor is also a Director of Equitable Bank and EQB Inc. Prior to Equitable Bank, Mr. Moor was President and CEO of Invis Inc., President of SMED International and he worked as an investment banker with CIBC. Mr. Moor is a member of the Business Council of Canada, Chairman of the Banks and Trust Companies Association, a Director of the Canadian Bankers Association and a member of the Advisory Board of the Smith School of Business at Queen's University. He received his Master of Business Administration from the University of British Columbia, his Bachelor of Science. in Mechanical Engineering from University College London and he holds an ICD.D designation from the Institute of Corporate Directors.

2022 Voting Results: 97.40% in favour

Securities Held

As at	**Common Shares[1]**	**DSUs[2]**	**Total Common Shares and DSUs**	**Stock Options Exercisable[3]**	**Total Market Value of Common Shares, Stock Options Exercisable and DSUs[4]**	**Minimum Shareholding Requirement[5]**	**Meets Requirements**
March 30, 2021	11,800	9,252	21,052	4,553	$723,523	$300,000	Yes
March 28, 2022	11,800	10,841	22,641	4,553	$726,182	$300,000	Yes
March 30, 2023	11,800	12,742	25,542	4,553	$599,931	$300,000	Yes
Change		1,901	1,901		(126,251)		

Stacey Mowbray(11)

Ontario, Canada
Age 61

Director since:
August 8, 2019

Ms. Mowbray is a member of the Board of Sleep Country. She held the position of President North America with WW International (formerly Weight Watchers) where she oversaw and was a key member of the turnaround of the omnichannel health and wellness company. Prior to her work at WW, Ms. Mowbray held the position of President and CEO of Second Cup Limited from 2008 to 2014. She sat on the Second Cup Royalty Income Fund Board from 2007 to 2009. In addition, from 2008 to 2013, Ms. Mowbray was Chair and Board Director for the Coffee Association of Canada. Ms. Mowbray is currently a Board Director for the public boards of Hydro One Ltd., Currency Exchange International, dentalcorp Holdings Ltd. and the private board of Bonne O Holdings. She is also on the International Advisory Board for the Schulich School of Business - York University and on the Dean's Advisory Council for Wilfrid Laurier University. In addition, Ms. Mowbray has held volunteer Board Director positions at Trillium Health Partners and the LCBO. Over her career, she has received numerous recognitions including Diversity Champion, Inaugural CEO in Residence for Wilfrid Laurier, Top 100 Women's Executive Network, Top 20 Women's Post and Schulich School of Business Outstanding Progress and Achievement Award. She holds Masters of Business Administration from the Schulich School of Business – York University and she holds the ICD.D designation from the Institute of Corporate Directors.

2022 Voting Results: 93.41% in favour

Securities Held

As at	**Common Shares[1]**	**DSUs[2]**	**Total Common Shares and DSUs**	**Stock Options Exercisable[3]**	**Total Market Value of Common Shares, Stock Options Exercisable and DSUs[4]**	**Minimum Shareholding Requirement[5]**	**Meets Requirements**
March 30, 2021	4,000	5,468	9,468	-	$296,159	$300,000	No
March 28, 2022	4,000	7,057	11,057	-	$326,734	$300,000	Yes
March 30, 2023	4,000	9,148	13,148	-	$306.085	$300,000	Yes
Change		2,091	2,091		(20,649)		

David Shaw(12)
Director

Ontario, Canada
Age 69

Director since:
July 16, 2015

Mr. Shaw is a member of the Board of Sleep Country. He is the Founder of Knightsbridge Human Capital Solutions, a national human capital firm founded in 2001 and sold in 2015 to Swiss based Adecco Group. Prior to founding Knightsbridge, Mr. Shaw was President and CEO of Pepsi Cola Canada Beverages from 1996 to 1999. Mr. Shaw's career with PepsiCo spanned 22 years within Canada and abroad in Australia, Singapore and Turkey. Mr. Shaw is the former Chairman of the North York General Hospital Foundation. He is currently Chair of Axsium Group Ltd, is a Trustee and Board Member of Ocean Capital. Additionally, Mr. Shawsits on the Mother Parkers Tea & Coffee Inc. Board of Directors as well as the Board of Directors of Fiera Capital Corporation.

2022 Voting Results: 97.38% in favour

Securities Held

As at	**Common Shares[1]**	**DSUs[2]**	**Total Common Shares and DSUs**	**Stock Options Exercisable[3]**	**Total Market Value of Common Shares, Stock Options Exercisable and DSUs[4]**	**Minimum Shareholding Requirement[5]**	**Meets Requirements**
March 30, 2021	20,580	9,252	29,832	4,553	$998,162	$300,000	Yes
March 28, 2022	20,580	10,841	31,421	4,553	$985,631	$300,000	Yes
March 30, 2023	20,580	12,742	33,322	4,553	$804,329	$300,000	Yes
Change		1,901	1,901		(181,302)		

Stewart Schaefer[13] **President and CEO** *Ontario, Canada* Age 57 Director since: January 1, 2022	Mr. Schaefer is the President and CEO of Sleep Country and a member of the Board of Sleep Country. A leader in the sleep industry for almost three decades, Mr. Schaefer joined Sleep Country in 2006 as President of Dormez-vous, following the acquisition of Dormez-vous, and in 2014 he assumed the role of Chief Business Development Officer. In his role, he created and drove the strategic vision of the Company by leading the Company's growth platforms and overseeing strategic partnerships and M&A opportunities. In April 2021, Mr. Schaefer was appointed President of Sleep Country and Dormez-vous playing a key role in the development and oversight of the entire leadership team. Prior to joining Sleep Country, Mr. Schaefer founded Dormez-vous in 1994 and grew the business to five stores before being acquired by Sleep Country in 2006. In 1992, he co-founded Heritage Classic Beds, a manufacturer and distributor of iron and brass beds. From 1986 to 1992, Mr. Schaefer worked as a commodity broker in Chicago, later returning to Montreal to work for Dean Witter Reynolds and Refco Futures. He studied Finance and Marketing at Concordia University in Montreal. 2022 Voting Results: 99.58% in favour

Securities Held

As at	Common Shares[1]	PSUs & RSUs[14]	Total Common Shares, PSUs and RSUs	Stock Options Exercisable[3]	Total Market Value of Common Shares, PSUs and Stock Options Exercisable[15]	Minimum Shareholding Requirement[5]	Meets Requirements
March 28, 2022	222,619	83,728	306,347	279,352	$9,052,554	2,100,000	Yes
March 30, 2023	267,982	65,465	333,447	304,925	$7,762,646	2,600,000	Yes
Change	45,363	(18,263)	27,100	25,573	(1,289,908)		

Notes:

(1) "Common Shares" refers to the number of Common Shares beneficially owned by the director, as at March 30, 2023, March 28, 2022 and March 30, 2021, respectively.

(2) "DSUs" (as defined herein) refers to the number of deferred share units awarded to the director as at March 30, 2023, March 28, 2022 and March 30, 2021, respectively.

(3) "Stock Options Exercisable" refers to the number of Stock Options (as defined herein) awarded to the director and which are exercisable as at March 30, 2023, March 28, 2022 and March 30, 2021.

(4) "Total Market Value of Common Shares and DSUs" is determined by multiplying the closing price of the Common Shares on the Toronto Stock Exchange ("**TSX**") on each of March 30, 2023 ($23.28), March 28, 2022 ($29.55) and March 30, 2021 ($31.28), respectively, by the number of Common Shares and DSUs held as at March 30, 2023, March 28, 2022 and March 30, 2021, respectively. The value of the exercisable Stock Options (where applicable) is calculated based on the difference between the closing price of the Common Shares on the TSX on March 30, 2023 ($23.28), March 28, 2022 ($29.55) and March 30, 2021 ($31.28), respectively, and the exercise price of the Stock Options, multiplied by the number of exercisable Stock Options held as at March 30 2023, March 28, 2022 and March 30, 2021, respectively.

(5) For independent directors, see the section entitled "Director Share Ownership Requirement". For Stewart Schaefer's minimum share ownership requirement as President and CEO, see the section entitled "Statement of Executive Compensation - Compensation Discussion and Analysis – Share Ownership Policy".

(6) Independent Director. Chair of the Board.

(7) Independent Director. Member of the Audit Committee, the Nominating & Corporate Governance Committee and the HR & Compensation Committee.

(8) Independent Director. Chair of the Audit Committee and member of the HR & Compensation Committee and the Nominating & Corporate Governance Committee. Director has until August 20, 2025 and in on track to meet the minimum share ownership requirement.

(9) Independent Director. Chair of the HR & Compensation Committee and member of the Audit Committee and the Nominating & Corporate Governance Committee.

(10) Independent Director. Member of the Audit Committee, the HR & Compensation Committee and the Nominating & Corporate Governance Committee.

(11) Independent Director. Chair of the Nominating & Corporate Governance Committee and member of the Audit Committee and the HR & Compensation Committee.

(12) Independent Director. Member of the Audit Committee, the HR & Compensation Committee and the Nominating & Corporate Governance Committee.

(13) Non-Independent Director. The director is not considered independent because he serves as the President and Chief Executive Officer.

(14) "PSUs & RSUs" (as defined in) refers to the number of PSUs and RSUs held by Stewart Schaefer as at March 30, 2023 and March 28, 2022.

(15) "Total Market Value of Common Shares and PSUs and Stock Options Exercisable" is determined by multiplying the closing price of the Common Shares on the TSX on each of March 30, 2023 ($23.28) and March 28, 2022 ($29.55), respectively, by the number of Common Shares and PSUs held as at March 30, 2023 and March 28, 2022 respectively. For the purposes of calculating the value of PSUs, the PSUs are assumed to vest at target, which represents 100% of the number of PSUs held at the relevant date, assuming an Adjustment Factor (as defined below under "Statement of Executive Compensation – Compensation Discussion and Analysis – Principal Elements of Compensation – LTI Plans") of 1.0 for PSUs granted during 2023 and 2022. The value of the exercisable Stock Options is calculated based on the difference between the closing price of the Common Shares on the TSX on March 30, 2023 ($23.28), March 28, 2022 ($29.55) respectively and the exercise price of the Stock Options, multiplied by the number of exercisable Stock Options held as at March 30, 2023 and March 28, 2022 respectively.

Director Meeting Attendance in 2022

Directors are expected to attend all regularly scheduled and special meetings of the Board and its committees; the Audit Committee, NCGC and Human Resources and Compensation Committee ("**HRCC**"). Aggregate attendance for the directors in 2022 was 98%. The attendance on an individual director basis is set out in the following table:

					Overall Attendance	
Name	**Board (6 meetings)**	**Audit Committee (4 meetings)**	**NCGC (4 meetings)**	**HRCC (5 meetings)**	**(#)**	**(%)**
John Cassaday	5	4	3	4	16 / 19	84%
Mandeep Chawla	6	4	4	5	19 / 19	100%
Zabeen Hirji	6	4	4	5	19 / 19	100%
Christine Magee	6	-	-	-	6 / 6	100%
Andrew Moor	6	4	4	5	19 / 19	100%
Stacey Mowbray	6	4	4	5	19 / 19	100%
David Shaw	6	4	4	5	19 / 19	100%
Stewart Schaefer	6	-	-	-	6 / 6	100%
Total	98%	100%	96%	97%		98%

Director Term Limits and Other Mechanisms of Board Renewal

In order to support the continued renewal of skills, expertise and personal attributes, the Board undertakes an evaluation process of the Board, Committees and individual directors. The Board reviews annually the size and composition of the Board and each of its Committees and addresses the succession planning needs associated with ensuring the Board has the necessary diversity of skills and experience. The Board works to ensure that the appropriate degree of experience and institutional knowledge is balanced with the regular introduction of fresh perspectives from new directors.

The Company does not impose fixed term limits on directors nor does it maintain a retirement policy as it believes that term limits are arbitrary mechanisms for removing directors and can lead to the loss of valuable skills necessary to maximize the Company's effective decision-making as experienced directors could be forced to leave the Board solely because of length of service. Instead, the Company believes that directors should be assessed according to their ability to continue to make a meaningful contribution to the Board, based on its annual assessment processes.

Cease trade orders, bankruptcies or insolvency proceedings

To the best of the knowledge of the directors or officers of the Company, after having made due inquiry:

(a) no proposed director of the Company is, as of the date of this Circular, or has been, within 10 years before the date of this Circular, a director, President and CEO or CFO of any company that: (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days (each an "**order**") that was issued while the director was acting in the capacity as director, President and CEO or CFO; or (ii) was subject to an order that was issued after the director ceased to be a director, President and CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, President and CEO or CFO;

   (i) no proposed director is, as of the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

   (ii) no proposed director has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder; and

   (iii) no personal holding company of any proposed director is or has been, as applicable, subject to the foregoing during the applicable time periods.

Appointment and Remuneration of Auditors

Management proposes to reappoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, ("**PwC**") as the auditors of the Company to hold office until the close of the next annual meeting of Shareholders and proposes that the Shareholders authorize the directors to fix the remuneration of the auditors. **The Board unanimously recommends that you vote <u>FOR</u> the reappointment of PwC as the auditors of the Company and the authorization of the directors to fix their remuneration. Unless authority to do so is "withheld", the Common Shares represented by proxies in favour of the Management nominees named in the enclosed proxy/VIF will be voted "for" the reappointment of PwC as the auditors of the Company to hold office until the next annual meeting of Shareholders and the authorization of the directors to fix their remuneration.** A simple plurality of the votes cast at the Meeting must be voted "for" the reappointment of PwC as auditors and the authorization of the directors to fix their remuneration in order for PwC to be reappointed and for the directors to have authority to fix their remuneration.

Details of the fees paid to PwC during fiscal 2022 and fiscal 2021 can be found in the Company's Annual Information Form ("**AIF**") for the fiscal year ended December 31, 2022, a copy of which is available on SEDAR at www.sedar.com.

Advisory Resolution on Approach to Executive Compensation

The Company believes that its compensation objectives and approach to executive compensation appropriately align the interests of management with the long term interests of shareholders. Details of the Company's approach to executive compensation is disclosed in the "Statement of Executive Compensation" section of this Circular.

The Company maintains a policy providing that holders of Common Shares shall have the opportunity to cast an advisory vote on the Company's approach to executive compensation on an annual basis. This policy reflects the Company's ongoing efforts to meet its objectives and ensure a high level of shareholder engagement.

Shareholders will be asked at the Meeting to consider and, if thought fit, approve the following non-binding advisory resolution (the "**Say on Pay Resolution**"):

"RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board, that the holders of Common Shares accept the approach to executive compensation disclosed in this Circular."

The Board, with Mr. Schaefer abstaining, unanimously recommends that you vote <u>FOR</u> the Say on Pay Resolution. Unless indicated to the contrary, the Common Shares represented by proxies in favour of the Management nominees named in the enclosed proxy/VIF will be voted "for" the Say on Pay Resolution.

The Say on Pay Resolution is an advisory vote and the results are not binding upon the Board. However, the Board and the HRCC of the Board will take the results of the vote into account when considering future compensation policies, procedures and decisions. The Board welcomes comments and questions on the Company's executive compensation practices. Shareholders who wish to contact the Chair or other Board members can do so through the Corporate Secretary of the Company.

Approval of Unallocated Options, Rights or other Entitlements under the Company's Security-Based Compensation Arrangements

The Company's security-based compensation plans consist of a stock option plan (the "**Stock Option Plan**"), a long-term incentive plan (the "**LTIP**"), and a deferred share unit plan (the "**DSU Plan**" and, together with the Stock Option Plan and the LTIP, the "**Security-Based Compensation Arrangements**"), the terms of each of which are discussed in further detail below under "Statement of Executive Compensation". Each of the Security-Based Compensation Arrangements is a "rolling" plan in that each such plan does not provide for a fixed maximum number of securities issuable and, as such, under the policies of the TSX, any unallocated options, rights or other entitlements under such Security-Based Compensation Arrangements must be approved by shareholders by ordinary resolution at the Meeting and further approval will be required in three years' time.

The unallocated options, rights and entitlements under the Security-Based Compensation Arrangements were previously approved in 2020. The maximum number of Common Shares that may be issued under the Security-Based Compensation Arrangements, collectively, shall not exceed 6.5% of the total number of Common Shares issued and outstanding from time to time. There were 738,083 Common Shares available for grant under the Security-Based Compensation Arrangements as of December 31, 2022 (assuming a maximum available to be issued of 6.5% of the issued and outstanding Common Shares), representing 2.1% of the issued and outstanding Common Shares. As of the date of this Circular, there are 550,572 Common Shares available for grant under the Security-Based Compensation Arrangements (assuming a maximum available to be issued of 6.5% of the issued and outstanding Common Shares), representing 1.6% of the issued and outstanding Common Shares. As of December 31, 2022, the Company had 1,038,790 stock options ("**Stock Options**") outstanding, 232,667 Performance Share Units ("**PSUs**") outstanding, 170,164 restricted share units ("**RSUs**") and 84,761 Deferred Share Units ("**DSUs**") outstanding, which represented 3.0%, 0.7%, 0.5% and 0.2%, respectively, and 4.38% collectively, of the issued and outstanding Common Shares. As at the date of this Circular, the Company has 1,158,043 Stock Options outstanding, 180,720 PSUs outstanding, 294,273 RSUs outstanding and 85,488 DSUs outstanding, which represent 3.3%, 0.5%, 0.8% and 0.2%, respectively, and 4.9% collectively, of the issued and outstanding Common Shares.

Previously allocated options, rights or other entitlements under the Security-Based Compensation Arrangements will continue in effect, irrespective of whether the resolution approving the unallocated options, rights or other entitlements is passed. However, if approval of the unallocated options, rights or other entitlements is not obtained at the Meeting, unallocated options, rights or other entitlements as at the time of the Meeting will be cancelled and will no longer be available for grant, and outstanding Stock Options, PSUs, RSUs and DSUs that are otherwise cancelled or expire will no longer be available for re-grant. For particulars with respect to the terms of the Security-Based Compensation Arrangements, see "Statement of Executive Compensation" below. A copy of the Security-Based Compensation Arrangements is available for viewing up to the date of the Meeting at the Company's offices at 7920 Airport Road, Brampton, ON, L6T 4N8 and at the Meeting.

Shareholder Approval

The approval of the unallocated options, rights or other entitlements under the Security-Based Compensation Arrangements requires the affirmative vote of the Shareholders of a majority of the issued and outstanding Common Shares entitled to vote and represented in person or by proxy at the Meeting. Shareholders will be asked at the Meeting to consider and, if thought fit, approve with or without variation, the following resolution in the form set forth below:

"RESOLVED, as an ordinary resolution that:

1. the unallocated options, rights or other entitlements under the Security-Based Compensation Arrangements be and are hereby approved and authorized, and the Company has the ability to grant unallocated options, rights or other entitlements under the Security-Based Compensation Arrangements until the third anniversary of the Meeting;

2. any director or officer of the Company be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution."

The Board unanimously recommends that you vote FOR the approval of unallocated options, rights or other entitlements under the Security-Based Compensation Arrangements. Unless indicated to the contrary, the Common Shares represented by proxies in favour of the Management nominees named in the enclosed proxy/VIF will be voted "for" the approval of unallocated options, rights or other entitlements under the Security-Based Compensation Arrangements.

Disclosure of Corporate Governance Practices

Effective corporate governance is a priority for the Board and it is essential to the proper conduct of the affairs of the Company. Set out below is a description of the Company's approach to corporate governance, in compliance with the requirements prescribed by National Instrument 58-101 – Disclosure of Corporate Governance Practices ("**NI 58-101**").

The key elements of the Company's governance practices are:

- ensuring employees, management and the Board are committed to ethical business conduct, integrity and honesty;
- establishing key policies and standards to provide a framework for how business is conducted;
- retaining directors, other than the Company's President and CEO, who are independent;
- having a Board with individuals who have a mix of diversity, skills, knowledge and experience, including the core competencies identified in the Company's skills matrix to maximize the effectiveness of the Board and its Committees and oversight of the execution of the Company's strategies;
- maximizing the effectiveness of the Board, its Committees and individual directors through annual evaluations and continuing education of the Company's directors; and
- facilitating and fostering an open dialogue between Management and the Board with the Company's Shareholders and community stakeholders.

Our Ethical Commitment

Ethical Business Conduct

The Company has adopted a Code of Conduct (the "**Code**") that applies to all of the Company's directors, officers and employees. All directors, officers and employees are required to complete annual certification. The Code embodies the Company's commitment to conducting its business in accordance with the highest standards of honesty, integrity and ethical behaviour and all applicable laws. The Code sets out fundamental principles that guide the Board in its deliberations and shape the Company's business activities. The Code addresses, among other things:

- compliance with laws, including laws prohibiting bribery and corruption;
- respect for human rights;
- accuracy of financial controls and records;
- avoidance of conflicts of interest;
- protection and proper use of Company assets;
- confidentiality;
- fairness in all the Company's dealings; and
- dignity and respect within working relationships.

The Code also deals with reporting of suspected unethical or illegal behaviour. The Company has established a toll-free compliance hotline and Internet web portal to allow for anonymous reporting of any suspected Code violations, including concerns regarding accounting, purchasing, expensing, internal controls or other auditing matters. The Company encourages and expects its employees to raise possible ethical issues, and the Company will ensure there is no tolerance for any retaliatory action against any individual for raising, in good faith, concerns or questions regarding ethics or Code matters. Any waivers of the Code may generally only be granted by the President and CEO or the Chair. However, any waiver of the Code for directors or executive officers may only be granted by the Board or a committee consisting only of independent directors and will be publicly disclosed as required by applicable laws. All requested waivers are presented to the Audit Committee for review and approval. To date, no waivers of the Code have been requested.

The Code was developed in consultation with the NCGC. The Board monitors compliance with the Code through the Audit Committee, which receives quarterly reports from Management with respect to any reports of alleged violations of the Code and any corrective actions taken by the Company. All employees are required to complete an annual certification confirming that they:

- understand and agree to abide by the requirements of the Code;
- are in compliance with the requirements of the Code; and
- are not aware of any potential misconduct under the Code that has not been reported to Management.

The Board will review compliance with the Code at least annually. A copy of the Code may be obtained by emailing your request to investor.relations@sleepcountry.ca.

In addition, the Company's Supplier Code of Conduct is also posted on its investor relations website. The Company's Supplier Code of Conduct clearly supports the Company's commitment to conducting business in an ethically, socially responsible and environmentally sustainable way, and clearly states its responsibility around various risks, such as human slavery and trafficking, the environment and ethics.

Insider Trading

The Company maintains an insider trading policy ("**Insider Trading & Blackout Period Policy**") and reporting guidelines that place restrictions on "insiders" and those in a special relationship with the Company from trading in the Company's shares and other securities of the Company. The Company's policy meets the requirements of the stock exchange on which the Company's shares are listed as well as those of corporate law and includes the following measures:

- establishment of quarterly and annual trading blackout periods when financial results are being prepared and have not yet been publicly disclosed. These blackouts extend to all employees engaged in the preparation of the Company's financial results and all officers and directors. The blackouts are effective 10 business days prior to the quarterly close date and end at the close of trading on the second trading day after the earnings release or financial results are disclosed;
- publishing and communicating the dates for regular blackout periods and sending a quarterly reminder to all reporting insiders of their obligations;
- establishment of special trading blackouts at times when employees, for business reasons, may be in possession of material non-public information; and
- requiring all reporting insiders to pre-clear securities trading transactions.

Complaints Reporting Procedures and Non-Retaliation

The Company's complaints reporting procedures help uphold the Company's strong values and preserve the Company's culture of ethical business conduct. The Company's procedures are not limited to accounting, auditing and financial processes, and instead provide employees, contractors, Shareholders and other stakeholders the ability to report ethical violations, violations of laws or Company policies or any other potentially material matters they wish to bring to the attention of the Board through the Chair of the Audit Committee. Submissions can be made anonymously or confidentially and may be made using the toll-free number or via email through the Company's intranet platform. The Chair of the Audit Committee receives reports of all incidents, complaints or information relating to potential or suspected material breaches of securities laws, accounting, internal accounting controls, auditing or financial reporting matters and any material ethical or legal violation.

The Board

The Company holds regular Board meetings and intends to meet at least five times per year. Each Board meeting is followed by an in-camera session comprised solely of independent directors, without the presence of non-independent directors and Management, to facilitate an open and candid discussion among the independent directors.

The Company's standing committees consist of the Audit Committee, the HRCC and the NCGC.

The Board is comprised of a majority of independent directors. The Board currently consists of eight directors, seven of whom are considered "independent" for purposes of NI 58-101 and applicable stock exchange requirements. Each committee of the Board is chaired by an independent director. The Company's assessment of whether a director is independent starts with the basic question as to whether there are any relationships that have been identified that could reasonably be expected to interfere with the exercise of the director's independent judgment. That analysis is augmented, where required, to ensure compliance with certain presumptive standards that are applicable to members of the Audit Committee of the Board.

Generally, a director is <u>not</u> considered independent if he or she is:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;

(c) an individual who:
   i. is a partner of a firm that is the Company's internal or external auditor;
   ii. is an employee of that firm; or
   iii. was within the last three years a partner or employee of that firm and personally worked on the Company's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
   i. is a partner of a firm that is the issuer's internal or external auditor;
   ii. is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or
   iii. was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) within the last three years, an executive officer of an entity if any of the Company's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the Company during any twelve month period within the last three years.

An "immediate family member" includes a director's partner, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than an employee of the director or the director's immediate family member) who shares such director's home.

Position Descriptions

Chair of the Board

The Chair of the Board is Christine Magee, an independent director within the meaning of NI-58-101. The Board has adopted a written position description for the Chair of the Board, indicating that the Chair is responsible for, among other things, chairing all meetings of the Board, promoting cohesiveness among the directors, promoting a thorough understanding of the duties and responsibilities of the directors, promoting the proper flow of information to the directors, acting as liaison between the Board and Management to promote open and constructive discussions between directors and Management and presiding over meetings of the Company's shareholders. The Chair also schedules meetings of directors where Management are not in attendance.

Chair of the Audit Committee

The Chair of the Audit Committee is Mandeep Chawla. The Board has adopted a written position description for the Chair of the Audit Committee, indicating that the Chair of the Audit Committee is responsible for, among other things, chairing all meetings of the committee, promoting cohesiveness among members of the committee, promoting a thorough understanding of the duties and responsibilities of the committee, promoting the proper flow of information to the committee, acting as the liaison between the committee and each of the Management, the internal auditors and external auditors, promoting open and constructive discussions between members of the committee, Management, the internal auditors and the external auditors and reporting to the Board on the activities of the committee.

Chair of the HRCC

The Chair of the HRCC is Zabeen Hirji. The Board has adopted a written position description for the Chair of this committee, indicating that the Chair of the HRCC is responsible for, among other things, chairing all committee meetings, promoting cohesiveness among members of the committee, promoting a thorough understanding of the duties and responsibilities of the committee, promoting the proper flow of information to the committee, acting as the liaison between the committee, Management, compensation consultants and other external advisors, promoting open and constructive discussions between members of the committee, Management, compensation consultants and other external advisors and reporting to the Board on the activities of the committee.

Chair of the NCGC

The Chair of the NCGC is Stacey Mowbray. The Board has adopted a written position description for the Chair of this committee, indicating that the Chair of the NCGC is responsible for, among other things, chairing all committee meetings, promoting cohesiveness among members of the committee, promoting a thorough understanding of the duties and responsibilities of the committee, promoting the proper flow of information to the committee, acting as the liaison between the committee and Management, governance consultants and other external advisors, promoting open and constructive discussions between members of the committee, Management, governance consultants and other external advisors and reporting to the Board on the activities of the committee.

President and CEO

The Board adopted a position description for the President and CEO, whose primary role is to take overall supervisory and managerial responsibility for the day-to-day operations of the Company's business and manage the Company in order to achieve the goals and objectives determined by the Board in the context of the Company's strategic plan. The President and CEO's position description sets forth responsibilities including, but not limited to:

(i) fostering a corporate culture that promotes ethical practices and encourages individual integrity;

(ii) maintaining a positive and ethical work climate that is conducive to attracting, retaining and motivating top-quality employees at all levels;

(iii) developing a long-term strategy and vision for the Company that leads to the creation of shareholder value;

(iv) developing an annual operating plan and financial budget that support the Company's long-term strategy;

(v) creating and implementing a strategy for major mergers, acquisitions and divestitures;

(vi) designing or supervising the design and implementation of effective disclosure and internal controls;

(vii) formulating and overseeing the implementation of major corporate policies;

(viii) serving as the chief spokesperson for the Company and establishing the Company's communications framework and strategy; and

(ix) ensuring that the Company has an effective management team and an active plan for its development and succession.

The Charter of the Board

The Board is responsible for the stewardship of the Company and for the supervision of the management of the business and affairs of the Company. The Board has adopted a formal charter (the "**Charter**") that describes its major responsibilities, goals and duties. The Board is satisfied that it is not constrained in its access to information, in its deliberations or in its ability to satisfy its mandate to supervise the business and affairs of the Company and that there are sufficient systems and procedures in place to enable the Board to function independently of Management. In performing its role, the Board makes major policy decisions, participates in strategic planning, delegates to Management the authority and responsibility for day-to-day affairs and reviews Management's performance and effectiveness. A copy of the Charter is set out in Appendix B to this Circular. The Board has reviewed and approved its Charter. Some of the Board's major supervisory responsibilities are described below.

Strategic Planning

One of the Board's major responsibilities is to review with Management, the Company's strategic goals and objectives. The Board regularly reviews the Company's strategic plan, operating plans and budgets, which takes into account the opportunities and principal risks of the Company's business. The Board is provided with regular updates on the implementation of the Company's strategies, plans and budgets and any regulatory or social constraints that may impact the achievement of the Company's business objectives.

Compensation

The Board, with the assistance of the NCGC, is responsible for reviewing the compensation of members of the Board to ensure that compensation realistically reflects the responsibilities and risks involved in being a director. The Board, with the assistance of the HRCC, is responsible for reviewing the compensation of members of senior management to ensure that compensation is competitive within the industry and aligns the interests of such individual with those of the Company.

Nomination of Directors

The Board, with the assistance of the NCGC, is responsible for the nomination of directors. The NCGC identifies the individuals qualified to become new directors and recommends to the Board new nominees for election by shareholders or for appointment by the Board to fill any vacancy on the Board. In making its recommendations to the Board, the committee, with the assistance of the skills matrix described in the Board Assessment section, considers:

(i) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;

(ii) the competencies and skills that the Board considers each existing director to possess;

(iii) the competencies and skills each new nominee would bring to the Board; and

(iv) diversity and the representation of women on the Board.

Risk Management

The Board is responsible for overseeing the Company's risk identification, management and mitigation strategies and the risk assessment process, including:

- identifying principal risks and assessing them periodically, at a minimum annually, taking into consideration the Company's risk appetite and any potential changes in the business or the market;
- monitoring risk management programs through the Committees which report to the Board; and
- ensuring that Management has appropriate systems to identify, mitigate and manage the Company's risks and that residual risks remain within the Company's risk appetite;
- annual review of executive compensation risk.

The Company has adopted a comprehensive Enterprise Risk Management framework that evaluates the risks from each of its major business units and functional areas. This process involves analyzing both existing and emerging risks in defined categories and takes into consideration factors that work to mitigate the Company's risks.

The Audit Committee receives updates from the Internal Audit Team on Management's assessment of the Company's principal business risks at every regularly scheduled quarterly meeting and reports to the Board. The HRCC is responsible for the review of the Company's compensation related risks and undertakes an annual assessment of those risks.

Internal Controls

The Board, through the Audit Committee, obtains confirmation from Management and internal auditors that the Company's internal control systems are operating effectively. The Board has also delegated to the Audit Committee the responsibility for reviewing quarterly and annual financial statements, management discussion and analysis ("MD&A") and financial results press releases and, as required, for recommending them to the Board for approval. In addition, the Audit Committee is responsible for overseeing the Company's internal audit function and its Senior Director, Risk, Compliance and Internal Audit meets regularly with the Chair of the Audit Committee without the presence of Management.

President and CEO and Executive Succession Planning

The Board, either on its own or through the HRCC, is primarily responsible for oversight of mechanisms regarding succession planning for the President and CEO and the other key executives of the Company.

The Board's practice is to formally consider succession planning for the President and CEO and key members of the senior leadership team at least once a year, to which the President and CEO is invited. These meetings may happen on a more frequent basis, if required.

The HRCC reviews the Company's talent management programs and initiatives. The HRCC reviews, with the President and CEO and Chief People Officer, the degree to which potential vacancies could be filled with qualified people by discussing the qualifications required for the key positions, the competencies and development considerations for each potential successor candidate, and the performance of individuals in their current roles. The HRCC receives reports on the development plans of senior leadership, which are designed to improve individual leadership and management skills.

Environmental, Social, and Governance ("ESG")

Ensuring ESG Accountability

Clear systems of governance underpin the Company's approach to ensuring ESG is embedded at the right levels of the organization. The Board provides oversight on the Company's ESG strategy and ambitions and material risks to the Company's business from a strategic, financial and reputational standpoint.

The Company's strong governance standards form the foundation of the Company's ethics and compliance systems and they are underpinned by the Company's core values and dedicated accountability for ESG matters. Senior management's responsibilities for ESG include setting the priorities and ambitions, identifying, reviewing and reporting on key risks and opportunities and embedding a strong culture of ethics, compliance and integrity across the organization.

The Company has set up steering committees to lead the Company's environmental and social strategies and aligned the Company's progress with performance incentives. The Company's ESG priorities, including the respective initiatives, targets and plans, were reviewed by the Board and are being deployed across the business.

Managing Risks

The Company's governance standards form the foundation of the Company's systems and proactively identifies and addresses emerging and existing risks facing the Company's business. ESG related risks and opportunities are typically identified through the Company's internal audit teams as part of the broader enterprise risk management framework.

Over the past year, we identified and put in place robust measures to address key ESG risks impacting the Company's business; these risks included talent attraction and retention, supply chain resilience, pandemics and infectious diseases, cyber security, changing consumer behaviours and reputational harm. On a regular basis, the internal audit team communicates the risks to the executive team and the Board, who provides oversight on the Company's risk mitigation measures.

Cybersecurity

The Company takes a comprehensive and proactive approach to managing the cybersecurity risks inherent in all deployments of technology in our business and seeks to mitigate such risks by identifying, reviewing and developing appropriate response strategies.

Cybersecurity is overseen by the Board. On a regular basis, the management of the Company provides the Board an update on cyber security strategies and other information security matters. Management also provides a comprehensive report to the Board on information security matters once per year. In addition, all employees receive regular training on information security matters.

ESG Approach

The Company's purpose is to transform lives by awakening Canadians to the power of sleep and improve their well-being. The Company is committed to providing customers with safe, high quality sustainable sleep solutions while working towards building an equitable and fair world while ensuring that the planet is protected for future generations.

The Company's approach to ESG is based on its four key ESG pillars of Sleep Well, People Well, Earth Well and Govern Well.

For more information on the Company's ESG, refer to the Company's investors relations website - https://ir.sleepcountry.ca/.

Board Characteristics

Determination of Independence

When assessed against the criteria described under "The Board", the NCGC has determined that Mr. Cassaday, Mr. Chawla, Ms. Hirji, Mr. Moor, Ms. Mowbray, Mr. Shaw and Ms. Magee are independent of Management within the meaning of NI 58-101. Mr. Schaefer is not independent as he is the President and CEO of the Company.

Other Independence Mechanisms

The Board established other important governance policies and practices to enhance director independence, including the following:

- the Charter of the Board provides that the Board may engage external advisors at the Company's expense;
- each committee's mandate provides that the committee may engage external advisors at the Company's expense; and
- following each committee meeting, each of the committees hold in-camera sessions attended only by committee members (who are all independent directors). Members of Management may attend by invitation as determined by members of the committee.

Diversity and Inclusion

The Company strives to create a diverse, inclusive, respectful and equitable workplace that reflects its customers, associates, shareholders and the communities where it operates. It believes its competitive advantage lies in building an effective team and company culture where all employees are able to contribute and reach their full potential.

Diversity on the Board

Our Board is committed to championing diversity at every level of the organization. The Board recognizes that diverse experiences, views, skills and backgrounds enhances its performance and it is key to its success. A balanced and diverse Board foster effective oversight, and underscores to the Company's associates the importance of diversity and inclusion to the Company's success. Candidates must be considered on merit using objective criteria with due regard to the benefits of diversity and the needs of the Board and the Company. Among other qualities, a nominee's gender, age, ethnicity, disabilities and geographic background may be considered in their assessment.

The Board mandates that director candidates who identify as women comprise at least 30% of the Board's directors. As at March 30, 2023, 37.5% of the director nominees are people who identify as women, 75% of the Board's Committee Chair positions are people who identify as women and 25% of the director nominees are people who identify as visible minorities. A balanced and diverse Board fosters effective oversight, and underscores to the Company's associates the importance of diversity and inclusion to the Company's success.

Diversity in the Company

The Company values the benefits of a diverse workforce and is committed to promoting diversity within its senior leadership team, as well as the broader workforce. The Board considers multiple dimensions of diversity when it deliberates on hires and promotions of its Senior Executive group (defined as the direct reports to the CEO). The Company believes having a diverse pipeline of internal and external candidates for its leadership positions is important for its future success.

The representation of talent in senior leadership roles is a reflection of the Company's diverse pipeline which drives better performance, stronger growth and greater innovation. The Company does not establish specific diversity targets at the Senior Executive level due to the small size of this group and the need to carefully consider a broad range of criteria; most importantly, the appropriate matching of business needs to drive long-term value for our stakeholders and the proven skills and capabilities of new appointees. The Company is committed to keeping diversity of its talent pool as an important consideration in its recruitment criteria. As of the date of this circular, 40% of the Senior Executive group identify as women. The Company's senior leadership team consists of members comprised of Senior Vice-Presidents, Vice-Presidents and Directors, of which 48% of leaders identify as women, and 23% are leaders who identify as visible minorities.

Significant work has continued throughout 2022 to build awareness and provide education to all associates. This includes the Inclusion Council chaired by the Company's President and CEO, ongoing development of learning curriculum and resources for all associates and the leadership team and Associate Inclusion Meeting groups ("**AIM**"). Additional programs are being established to ensure that the Company's diverse talent pool is supported and provided opportunities to grow their careers to the highest levels within the organization, as well as to attract diverse talent at every level of the Company.

Other Public Company Directorships

The Board has not adopted guidelines setting the specific number of other boards and committees on which a director may serve. However, each director's position(s) on outside boards or committees is taken into account as part of the annual assessment of each director's individual contributions and effectiveness; as a general principle, the directors recognize that Board and Committee service requires significant time and attention in order to properly discharge their responsibilities, and that service on boards or committees of other organizations should be consistent with that principle.

The following table outlines other public company directorships the Company's nominee directors hold. The NCGC reviews each director's other public company directorships and considers whether any such directorships would have an adverse impact on the director's commitment to the Company. The NCGC has raised no concerns with the Board members' other public company directorships.

Ms. Hirji, Mr. Chawla and Mr. Schaefer are not currently directors of any other reporting issuer.

Name of Director	Name of Other Reporting Issuer	Stock Exchange
John Cassaday.....................................	Janus Henderson Group PLC	NYSE
Christine Magee....................................	Metro Inc. TELUS Corporation	TSX
Andrew Moor	Equitable Group Inc.	TSX
Stacey Mowbray…..……...…………..…	Currency Exchange International, Corp. Hydro One Ltd dentalcorp Holdings Ltd.	TSX / OTC Markets TSX TSX
David Shaw...	Fiera Capital Corporation	TSX

Board Expertise & Effectiveness

Orientation and Continuing Education

The Company has adopted a director education and training policy and has established a formal orientation process for new directors and continuing education program for all directors. New directors are provided with a tour of the Company's facilities. They are also provided with a Board member manual that includes the articles of incorporation, by-laws, minutes of meetings, significant corporate policies, list of Board committees and mandates, a project overview and strategic plan, a list of Board members and their contact information, the latest financial statements and the current budget of the Company. This material is supplemented by a meeting between the new director and Management to discuss the nature and operations of the Company. The new director is also introduced to all of the then-current members of the Board. The Chair will be responsible for ensuring that the new director understands his or her responsibilities as a member of the Board and any committees that they may join and ensuring that directors maintain the skill and knowledge necessary to meet their obligations as directors.

To assist directors in the continuous advancement of their knowledge of the Company's business, senior management makes regular presentations to the Board on the main areas of the Company's business, financial matters, operations and overall industry. These presentations include highlighting market conditions and trends that may impact the Company's business and influence its strategy, as well as the key risks and opportunities the Company faces. Directors are invited to provide input into the topics they wish to be covered in the education program, and Management schedules presentations to cover such areas, which include presentations by external consultants when appropriate.

Further, directors are provided with opportunities to visit the Company's various warehouses and store locations. During visits, Board members are given the opportunity to interact with Management to gain a better understanding of the Company's operations first-hand. The NCGC also reviews information on available external educational opportunities and ensures that directors are aware of such opportunities. In order to encourage directors to attend external education sessions, the Company reimburses each director up to a pre-determined amount each year to cover expenses associated with attendance at such sessions. Finally, the Board has full access to the Company's senior management and associates. The Board encourages Management to address the Board in those instances where a manager's expertise and assistance can enhance the Board's understanding of a particular issue under its consideration. Interactions with Management are also facilitated by periodically inviting members of the Management team to attend Board dinner sessions, which are scheduled around the Board's regularly scheduled meetings.

Board Assessments

The NCGC, on behalf of the Board, is responsible for reviewing, on an annual basis, the performance, requisite competencies, skills and diversity of members of the Board, as well as the composition of the Board as a whole and the performance and effectiveness of the Board and its committees.

Questionnaires are distributed to each director for the purpose of evaluating the Board's responsibilities and functions, its operations and the performance of the Board's committees. Specifically, the questionnaires address the following subjects:

- creating an effective Board;
- running an effective Board;
- professional development;
- strategic foresight;
- stewardship;
- performance evaluation;
- overseeing Management;
- value creation; and
- corporate culture.

The results of the questionnaires are compiled by the Company's Senior Director, Risk, Compliance and Internal Audit and the Chair formally meets with each director individually to engage in a full and candid two-way discussion of any and all issues which either may wish to raise.

The results of the questionnaires as well as any issues raised during individual interviews are presented and are discussed at the next regular meeting of the NCGC. Based on the outcome of the discussion, the NCGC presents its findings to the Board and its recommendations to enhance the performance and effectiveness of the Board as a whole and the Board committees. The NCGC is charged with ensuring that any recommendations are implemented and reporting on same to the Board.

In addition to the above assessment process, the Board completes an annual review of a skills matrix as completed by the Directors and reviewed by the Board with a view towards identifying the competencies, skills and diversity of members of the Board, as well as the composition of the Board as a whole.

The skills matrix below lists the skills determined by the Board as being important to the Company to assess the overall strengths of directors and assist in the ongoing renewal process of the Board. The skills matrix below highlights the key skills for each director. This matrix is not intended to be an exhaustive list of each director’s skills.

Name	Gender	Years on Board		Relevant Skills / Competencies								
		0 to 5	6 to 10	Retail	Supply Chain	Marketing / Customer Experience	Senior Executive Leadership / Strategic Planning	Audit, Compliance, Financial Accounting and Reporting	Risk Management	Information Technology / Data Analytics	Human Resources / Executive Compensation	Corporate Governance
John Cassaday	M		•	•		•	•				•	•
Mandeep Chawla	M	•			•		•	•	•		•	•
Zabeen Hirji	F	•				•	•		•		•	•
Christine Magee	F		•	•		•	•	•	•		•	•
Andrew Moor	M		•			•	•	•	•	•	•	•
Stacey Mowbray	F	•		•		•	•	•		•		•
David Shaw	M		•	•	•	•	•				•	•
Stewart Schaefer	M	•		•	•	•	•		•		•	

Annual Committee Reports

The annual report for the Audit Committee, the HRCC and the NCGC is set out below:

Report of the Audit Committee

Members Mandeep Chawla (Chair) John Cassaday Zabeen Hirji Andrew Moor Stacey Mowbray David Shaw	*100% independent and financially literate within the meaning of the CSA rules*

The Audit Committee is responsible for overseeing:

(i) the quality and integrity of the Company's accounting and financial reporting systems;
(ii) the adequacy of the Company's internal controls over financial reporting and disclosure controls and procedures;
(iii) the Company's compliance with legal and regulatory requirements;
(iv) the qualifications, independence and performance of the external auditors;
(v) the performance of the internal auditors;
(vi) the risk management procedures; and
(vii) all related party transactions the Company is involved in or proposes to be involved in.

The Audit Committee meets at least once each quarter and reports on its activities to the Board. Activities are based on its mandate and annual work plan. At each quarterly meeting, the Audit Committee meets in-camera without Management present, and also meets separately in-camera with the CFO, the Senior Director, Risk, Compliance and Internal Audit and the external auditors. The Audit Committee held four meetings in 2022. The Board has determined that Mr. Chawla, Mr. Moor and Ms. Mowbray are "audit committee financial experts" for purposes of OSC rules based on their relevant experience.

Additional details regarding the Audit Committee can be found in the section entitled "Audit Committee" in the Annual Information Form ("**AIF**") of the Company for the year ended December 31, 2022. The complete Audit Committee Charter can be found in Appendix A in the AIF of the Company for the year ended December 31, 2022. The AIF is available on SEDAR at www.sedar.com.

The Audit Committee is satisfied that it has fulfilled its responsibilities under its mandate and has approved this report.

2022 HIGHLIGHTS
Financial Reporting and Internal Controls • received presentations from the CFO related to the Company's quarterly and annual financial performance and operating results; • reviewed and recommended for Board approval the quarterly and annual consolidated financial statements, the related MD&A, earnings releases, and annual information form; • discussed with Management and PwC significant estimates and areas of judgment regarding accounting principles and financial statement presentation; • reviewed Management's report assessing the effectiveness of the Company's disclosure controls and procedures and internal controls over financial reporting; • approved the mandate for the CFO and assessed his performance; and • approved the budget and resources of the Finance function.

External Auditors

- oversaw the work of the external auditors;
- reviewed and approved the annual audit plan and monitored the audit plan's execution;
- received written confirmation from PwC of its independence, including written disclosure of all relationships between PwC and the Company;
- assessed PwC performance on (i) qualifications, skill and experience of the engagement team, (ii) quality of communications and service, and (iii) independence, objectivity and professional skepticism, all of which were rated satisfactory;
- received updates from PwC on auditing developments;
- recommended the approval of the auditors' fees to the Board for approval and proposed that the Board recommend to the shareholders the appointment of PwC as the external auditor;
- pre-approved all engagements with PwC and the associated fees and received quarterly reports on fees paid for audit, audit-related, tax and other services;
- reviewed the annual report from the Canadian Public Accountability Board on inspection findings; and
- discussed with PwC the impact of upcoming accounting standards, including the effect on the financial statements and related disclosures.

Internal Auditors

- reviewed the performance and independence of the Senior Director, Risk, Compliance and Internal Audit and approved the mandate, budget and resources of the internal audit function;
- reviewed and approved Internal Audit plan and the 2022 schedule of audits and reviewed quarterly reports of all internal audit activities; and
- received quarterly report of internal audit activities, findings and recommendations, Management's action plans and progress of any corrective actions.

Legal and Regulatory

- received reports on litigation claims against the Company; and
- established procedures for the whistleblower program.

Risk Management

- received updates from Management on the action plans undertaken to monitor and control financial risks.

Report of the HRCC

Members	
Zabeen Hirji (Chair) Andrew Moor John Cassaday Mandeep Chawla Stacey Mowbray David Shaw	*100% independent*

The HRCC's purpose and responsibilities include:

(i) reviewing, approving and recommending to the Board the corporate goals and objectives relevant to the President and CEO's compensation, evaluating the President and CEO's performance in light of these goals and objectives and approving and recommending to the Board the President and CEO's compensation level based on this evaluation;
(ii) reviewing and recommending to the Board the arrangements related to the President and CEO's and Senior Executives' (includes the Named Executive Officers ("**NEOs**") and the CEO's executive direct reports) and material employment terms, including termination arrangements;
(iii) overseeing the evaluation of the President and CEO and the Senior Executives of the Company;
(iv) evaluating compensation risk generally with a view to ensuring an appropriate balance of risk and reward consistent with the risk profile of the Company;
(v) reviewing the Company's approach to Senior Executive compensation benchmarking and making recommendations to the Board as to the comparator group;
(vi) having regard to any "Say on Pay" shareholder vote and such other factors the Committee considers advisable, recommending to the Board salary compensation policies, incentive compensation plans and equity-based compensation plans;
(vii) recommending to the Board, the compensation, incentive compensation and equity-based plan compensation of the President and CEO and Senior Executives;
(viii) approving and monitoring insider trading and share ownership policies;
(ix) reviewing and recommending to the Board the Company's executive compensation disclosure;
(x) overseeing and recommending to the Board succession planning policies and processes for the CEO and Senior Executive roles, including in the event of an emergency or retirement; and
(xi) other human resources matters such as monitoring employee engagement and reviewing significant Human Resources policies applicable to employees of the Company.

Each member is independent within the meaning of NI 58-101. Accordingly, the HRCC is able to ensure an objective process in determining compensation.

The HRCC met five times in 2022. The HRCC is satisfied that it has fulfilled its responsibilities under its mandate and has approved this report.

2022 HIGHLIGHTS
Compensation Matters • reviewed, approved and recommended to the Board for approval the corporate goals and objectives relevant to President and CEO compensation; • evaluated the President and CEO's performance in light of those corporate goals and objectives; • determined, approved and recommended to the Board for approval the President and CEO's compensation level based on the evaluation; • discussed goals and objectives of Senior Executives with the CEO; • in consultation with the CEO, recommended Senior Executive compensation to the Board for approval;

- discussed, determined, approved and recommended to the Board for approval the Company's Stock Option, PSU and RSU grants;
- approved annual salary increase (merit) budget for the employee population;
- reviewed bonus payout for senior leadership team;
- reviewed and recommended to the Board for approval any public disclosure of information relating to the Company's director or executive compensation;
- reviewed and ratified the Company's compensation principles;
- reviewed executive compensation and peer group analysis presented by Mercer[(1)] and updated the peer group;
- conducted annual executive compensation risk and trend review, presented by Mercer [(1)].

Succession Planning

- oversaw the implementation of the Company's President and CEO succession plan;
- reviewed executive succession plans;
- reviewed the Corporation's talent management programs and initiatives; and
- monitored the development of key executives in accordance with succession plans.

People (Associate Engagement)

- reviewed associate opinion survey results; and
- reviewed retirement savings and benefit programs.

Notes:

(1) Mercer is the Company's independent compensation consultant.

Report of the NCGC

Members	
Stacey Mowbray (Chair) John Cassaday Mandeep Chawla Zabeen Hirji Andrew Moor David Shaw	*100% independent*

The NCGC's purpose and responsibilities include:

(i) identifying individuals qualified to become directors, consistent with the criteria established by the Board;
(ii) recommending to the Board, the director nominees for the next annual meeting of shareholders;
(iii) developing and recommending to the Board, a set of corporate governance principles applicable to the Company;
(iv) overseeing the evaluation of the directors;
(v) reviewing the Board's committees structure and recommending to the Board any changes it considers necessary or desirable;
(vi) Board succession planning;
(vii) making recommendations with respect to compensation arrangements for the Directors, Chair of the Board and for the Chairs and members of Board committees;
(viii) developing and recommending an orientation program and a continuing education program for the directors; and
(ix) overseeing the implementation of the ESG and Equity, Diversity and Inclusion strategy and measurement of associated goals aligned to both strategies.

Each member is independent within the meaning of NI 58-101.

The NCGC met four times in 2022. The NCGC is satisfied that it has fulfilled its responsibilities under its mandate and has approved this report.

2022 HIGHLIGHTS
Nominating and Corporate Governance Matters • evaluated competencies and skills of the Board; • reviewed and recommended to the Board for approval the nominees for election as directors; • developed and recommended to the Board a process for assessing the performance and effectiveness of the Board, as a whole and each committee of the Board; • recommended Director compensation arrangements for Board approval; • reviewed and revised the Company's Disclosure Policy, Insider Trading and Blackout Policy and Code of Conduct; • reviewed and amended Director and Executive Share Ownership Guidelines and Policy; • reviewed and assessed the adequacy of each Committee Charter; • developed and recommended to the Board a continuing education program for all directors; • reviewed governance score cards (ISS and Glass Lewis) and recommended changes to governance principles which they consider appropriate; • monitored the Corporation's ESG and Equity, Diversity, Inclusion and Belonging ("**EDI&B**") initiatives; and • reviewed and approved the Management Information Circular.

Directors' Compensation

Directors' Remuneration

The Board, through the NCGC, is responsible for reviewing and approving the directors' compensation arrangements and any changes to those arrangements.

The NCGC established the compensation arrangements for each director other than the President and CEO. The directors' compensation program is designed to attract and retain highly qualified individuals to serve on the Board. Non-employee directors are paid an annual retainer (which may, at the Board's discretion, be paid in cash or in some combination of cash and DSUs) and are reimbursed for their reasonable out-of-pocket expenses incurred in serving as directors. Directors who are employees of, and who receive a salary from, the Company or one of its affiliates or subsidiaries are not entitled to receive any remuneration for serving as directors, but are entitled to reimbursement of their reasonable out-of-pocket expenses incurred in serving as directors. The Company does not pay meeting fees or any additional retainer to directors for service on a committee of the Board.

Mr. Schaefer receives compensation as an officer and employee of the Company. Accordingly, he does not receive any additional compensation in connection with his role as a director. His compensation in his capacity as a NEO is summarized under "Statement of Executive Compensation - Summary Compensation Table".

Ms. Magee, as Chair of the Board, is entitled to an annual compensation of $200,000, benefits and annual share-based awards valued at $50,000 at the time of grant. The value of the share-based compensation payable to Ms. Magee may escalate each year commensurate with any general increases in the retainer paid to the non-employee directors. Ms. Magee is not entitled to any other bonus compensation. For a detailed breakdown of our Board of Director fees, please refer to the "Directors' Summary Compensation Table".

Directors' Equity-Based Compensation

Director Share Ownership Requirement

The Board believes that the economic interests of directors should be aligned with those of the Company's shareholders. To achieve this, the Board has adopted a formal share ownership policy pursuant to which each Director (other than any Director who is also the President and CEO) is expected to establish, over a period of five years, ownership of an amount of Common Shares and/or DSUs which is equivalent in value (based on the market value of the Common Shares on the TSX) to three times the annual retainer paid to such Director or in the case of the Chair, three times the amount payable pursuant to the Chair's compensation arrangements, and subsequently maintain such minimum ownership position for the duration of his or her tenure as a director.

Directors' Stock Option Plan

Directors who are executive officers or employees are eligible to participate in and be granted stock options ("**Stock Options**") pursuant to the Company's Stock Option Plan. Non-employee directors are not eligible to participate in the Stock Option Plan, but may still hold Stock Options granted to them prior to the applicable amendments to the Stock Option Plan. See "Statement of Executive Compensation — Long Term Incentives" for further details concerning the Stock Option Plan. For further details concerning the Stock Options held by the directors of the Company, see "Directors' Outstanding Option-Based and Share-Based Awards" below. Equity-based compensation for non-employee directors are provided through the DSU Plan.

Deferred Share Unit Plan

The Company introduced the DSU Plan on January 22, 2016 for directors in order to promote greater alignment of interests between directors and Shareholders. Shareholders approved the DSU Plan at the Annual and Special Meeting of Shareholders held on May 11, 2016. A DSU is a share-based unit that is equal to the Market Value of a Common Share of the Company. The Market Value is generally the volume weighted average trading price of a

Common Share on the TSX (or such other exchange of which the Common Shares are trading) during the 5 trading days immediately proceeding the grant date.

Each non-employee director receives an annual DSU grant equal to one-half of his or her annual retainer and may elect to receive all or a portion of the remaining half of his or her annual retainer in DSUs. Employee directors, other than the President and CEO, are also entitled to receive DSUs at the discretion of the Board (or pursuant to any entitlement in their employment agreements) and may elect to receive all or a portion of their annual salaries in the form of DSUs. Directors are credited with additional DSUs to reflect dividends paid on the Common Shares based on the number of DSUs in their DSU account and the Market Value of the Common Shares on the dividend payment date. The DSUs granted in respect of an annual retainer will vest monthly. The DSUs are not transferrable or assignable, other than in the case of death as set out in the DSU Plan.

Upon retirement from the Board (and provided the director is not otherwise engaged or employed by the Company in another capacity), the retiring director will receive a payout equal to the number of DSUs in the director's DSU account multiplied by the Market Value of a Common Share on the payment date. The Company may, in its sole direction, elect to settle DSUs in cash or through market purchases.

The maximum number of Common Shares available for issuance under the DSU Plan shall not exceed 1.0% of the issued and outstanding Common Shares. The maximum number of Common Shares issuable to insiders at any time under the DSU Plan, the Stock Option Plan, PSU plan and RSU plan and all other security-based compensation arrangements of the Company shall not exceed 6.5% of the issued and outstanding Common Shares. The Board adopted a policy that the maximum number of Common Shares issuable within any one-year period under the DSU Plan, the Stock Options, PSU and RSU plans and all other security-based compensation arrangements of the Company may not exceed 1.5% of the then issued and outstanding Common Shares. The aggregate number of Common Shares reserved for issuance to any one participant under the DSU Plan, together with the Stock Options, PSU and RSU plans and all other security-based compensation arrangements of the Company, shall not exceed 5.0% of the then issued and outstanding Common Shares.

The DSU Plan specifies the types of amendments to the provisions of the DSU Plan that will and will not require the approval of the Shareholders in order to be effective. The DSU Plan may be amended by the Board without the consent of the Shareholders generally to: (i) ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or stock exchange; (ii) make other changes of a "housekeeping" nature, including amendments relating to the administration of the DSU Plan or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof; and (iii) impose restrictions on the sale, transfer or other disposal of Common Shares by participants under the DSU Plan.

In addition to such amendments as may require Shareholder approval under applicable laws and the rules of the TSX, the approval of the Shareholders will generally be required for the following amendments: (i) any amendment to the amendment provisions of the DSU Plan which is not an amendment requiring the approval of the Board only; and (ii) any amendment to increase the maximum number of Common Shares issuable under the DSU Plan.

Directors' Summary Compensation Table

The following table sets forth information concerning the compensation earned by the directors of the Company during 2022.

Name	Fees earned[1] ($)	Additional Fees earned for Committee Chair positions	Share-based awards ($)	All other compensation[3]	Total Compensation ($)
Christine Magee[4]	$ 200,000		$ 50,000	$ 30,720	$280,720
John Cassaday	$ 50,000		$ 50,000	Nil	$ 100,000
Mandeep Chawla	$ 50,000	$ 15,000	$ 50,000	Nil	$ 115,000
Zabeen Hirji	$ 50,000	$ 10,000	$ 50,000	Nil	$ 110,000
Andrew Moor	$ 50,000		$ 50,000	Nil	$ 100,000
Stacey Mowbray	$ 50,000	$ 10,000	$ 50,000	Nil	$ 110,000
David Shaw	$ 50,000		$ 50,000	Nil	$ 100,000
Stewart Schaefer[5]	Nil		Nil	Nil	Nil

Notes:

(1) Represents all fees awarded, earned, paid or payable in cash for services as a director for 2022. For further details concerning the annual retainer payable to the Chair of the Board, see above under "– Directors' Remuneration".

(2) Each non-employee director receives an annual DSU grant equal to one-half of his or her annual retainer and may elect to receive all or a portion of the remaining half of his or her annual retainer in DSUs. For directors who hold a Committee Chair position, his or her additional compensation is also in the form of DSUs. The Company granted 1,901 DSUs to each director on May 14, 2022, and an additional 285 DSUs for the Audit Committee Chair position, and 190 DSUs for the HRCC and NCGC Chair positions. The values presented in the table were calculated based on the Market Value of the Common Shares on the TSX ($26.30) on the grant date.

(3) The Company maintains Directors and Officers Liability Insurance coverage in the amount of $50,000,000 and indemnification agreements with directors for alleged acts covered by the policy. The premiums paid for such insurance in 2022 were $243,468 and were paid by the Company. The directors are also entitled to reimbursement for certain reasonable out-of-pocket expenses incurred in connection with attending Board and committee meetings. Ms. Magee receives an annual car allowance equal to $24,000 and contribution matching to the Company's DPSP equal to $6,720.

(4) Ms. Magee, as Chair of the Board, is entitled to an annual compensation of $200,000, benefits and share-based awards valued at $50,000 per year at the time of grant. The value of the share-based compensation payable to Ms. Magee may escalate each year commensurate with any general increases in the retainer paid to the non-employee directors. Ms. Magee is not entitled to any other bonus compensation.

(5) Mr. Schaefer was a NEO in 2022. His compensation is fully reflected under "Statement of Executive Compensation — Summary Compensation Table". He did not receive any additional compensation for his service as a director of the Company.

Directors' Outstanding Stock Option-Based and Share-Based Awards

This table sets forth details of all awards that were outstanding for each director as at December 31, 2022.

	Stock Options-based Awards[(1)]				Share-based Awards[(2)]		
Name	Number of securities underlying unexercised Stock Options (#)	Stock Option exercise price ($)	Stock Option expiration date	Value of unexercised in-the-money Stock Options[(3)] ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested[(4)] ($)	Market or payout value of vested share-based awards not paid out or distributed[(5)] ($)
Christine Magee	9,107	$ 17.00	16-Jul-25	$ 54,460	650	$ 14,937	$ 356,814
John Cassaday	4,553	$ 17.00	16-Jul-25	$ 27,227	650	$ 14,937	$ 303,897
Mandeep Chawla	Nil	N/A	N/A		747	$ 17,166	$ 136,738
Zabeen Hirji	Nil	N/A	N/A		715	$ 16,431	$ 226,224
Andrew Moor	4,553	$ 17.00	16-Jul-25	$ 27,227	650	$ 14,937	$ 303,897
Stacey Mowbray	Nil	N/A	N/A		715	$ 16,431	$ 206,614
David Shaw	4,553	$ 17.00	16-Jul-25	$ 27,227	650	$ 14,937	$ 303,897

Notes:

(1) The securities underlying the Stock Options are Common Shares. For further details concerning the terms of the Stock Options generally, see the section of this Circular above entitled "Statement of Executive Compensation – Details on Equity Compensation Plans – Stock Option Plan".

(2) The securities underlying the DSUs are Common Shares. For further details concerning the terms of the DSUs generally, see the section of this Circular above entitled "Directors' Compensation – Directors' Equity-Based Compensation – DSU Plan".

(3) The value of the unexercised in-the-money Stock Options as at December 31, 2022 is the difference between the closing price of the Common Shares on December 30, 2022 (being the last trading day of 2022) on the TSX ($22.98) and the exercise prices. This value has not been, and may never be, realized by the director. The actual gains, if any, on exercise will depend on the value of the Common Shares on the TSX on the date the Stock Option is exercised. The value assumes 100% vesting of all Stock Options granted to the director.

(4) Each DSU is a share-based unit that is equal to the Market Value of a Common Share of the Company. For DSU grants during the fiscal year ended December 31, 2022, each non-employee director received an annual DSU grant equal to one-half of his or her annual retainer and may elect to receive all or a portion of the remaining half of his or her annual retainer in DSUs. DSUs granted in respect of an annual retainer vest monthly. Upon retirement from the Board (and provided that the director is not otherwise engaged or employed by the Company in another capacity), the retiring director will receive Common Shares equal to the number of DSUs in the director's DSU account multiplied by the Market Value of a Common Share on the date on which the director retires from the Board. The value of the unvested DSUs as at December 31, 2022 is based on the Market Value of the Common Shares on December 30, 2022 (being the last trading day of 2022) on the TSX ($22.98) multiplied by the number of unvested DSUs. This value has not been, and may never be, realized by the director. The actual value realized, if any, will depend on the Market Value of the Common Shares on the TSX which must be exercised within six months of the date on which the director retires from the Board.

(5) The value of the DSUs that have vested but have not been paid out or distributed as at December 31, 2022 is based on the Market Value of the Common Shares on December 30, 2022 (being the last trading day of 2022) on the TSX ($22.98) multiplied by the number of vested DSUs. This value has not been, and may never be, realized by the director. The actual value realized, if any, will depend on the Market Value of the Common Shares on the TSX which must be exercised within six months of the date on which the director retires from the Board.

No Stock Options were exercised by active Directors during the fiscal year ended December 31, 2022 and thus no gains were realized by active Directors upon the exercise of Stock Options during such period.

Value Vested or Earned During the Year

The table below shows the value of DSUs earned for 2022.

	Share-based awards - value vested during the year[1] ($)
Christine Magee	43,473
John Cassaday	43,473
Mandeep Chawla	47,952
Zabeen Hirji	46,466
Andrew Moor	43,473
Stacey Mowbray	46,466
David Shaw	43,473

Notes:

(1) Represents the value of the DSUs that vested in fiscal 2022 and is based on the Market Value of the Common Shares on December 31, 2022 (being the last trading day of 2022) on the TSX ($22.98) multiplied by the number of vested DSUs.

Statement of Executive Compensation

This section provides shareholders with details of the Company's compensation programs and how they tie to the Company's performance, compensation governance and the 2022 compensation decisions for its NEOs. The HRCC has reviewed and approved the content of this section.

All numbers presented in these sections are in Canadian dollars.

The following sections reference measures that are not recognized under IFRS and considered to be non-IFRS or other measures. The definitions for these non-IFRS and other measures are described in Appendix A.

HRCC's Letter to Shareholders

Dear Shareholders:

Sleep Country's HRCC is responsible for ensuring that the Company's executive compensation programs reflect the compensation philosophy to drive the Company's long-term success on behalf of its shareholders by paying for short to long term performance, and paying competitively to attract and retain talent, all while managing risk appropriately. As a guide to the discussion of the Company's executive compensation program that follows, the HRCC would like to share an overview of the executive compensation program for 2022, as well as the Company's 2022 performance highlights and pay outcomes.

Executive Compensation Overview

The Company's executive compensation program is designed to attract, retain and motivate highly qualified executives while also aligning the interests of the executives with those of the Company's shareholders. The compensation program includes three primary elements: (i) base salary; (ii) short-term incentive plan ("**STIP**"); and (iii) long-term equity incentive ("**LTIs**") plans. The corporate performance metric for the STIP was not changed for 2022 and is adjusted earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**" (Pre-IFRS 16 measure as defined in Appendix A – Non-IFRS and Other Measures)). The LTIs are comprised of three elements, 50% PSUs, 25% RSUs, and 25% Stock Options, the same as last year, designed to encourage executives to support a longer-term view of Company performance. Equity awards and performance-based or at-risk compensation are a significant portion of executive pay. In 2022, 66% of the target total direct compensation ("**TDC**") of the President and CEO and an average of 56% of the target TDC of the other NEOs was at-risk and aligned with the Company's shareholders.

2022 Performance Highlights and Pay Outcomes

In 2022, the NEOs continued to successfully lead the Company through the on-going global challenges associated with the COVID-19 pandemic, geopolitical, economic and continued supply chain disruption. The Company experienced growth through a shift in the business from online customers to a return to face to face interaction in the stores. The Company had a strong financial year, despite the challenges faced, resulting in revenue growth of $8.5 million year over year, increased operating EBITDA of $7.7 million and net income attributable to the Company increasing in 2022 by $21.9 million. The Company exceeded its Adjusted EBITDA target approved by the Board which resulted in the STIP Corporate Performance Score of 1.50x.

Operational Achievements

- Launched new initiatives, expansions and partnerships to meet customers' needs wherever, whenever and however they want to shop:
  - Opened 4 net new Sleep Country/Dormez-vous stores bringing total store count to 289 as at December 31, 2022
  - Announced marketplace partnership with Loblaw in Q1 2022;
  - Launched "All for Sleep" mobile App in Q3 2022 to support our customers' sleep needs;
  - Expanded the Company's partnership with Walmart Canada, opening an additional seven new Sleep Country/Dormez-vous Express stores in Walmart Supercentres in Ontario and Quebec bringing the total number of express stores to 17;
  - Opened first-ever pop-up store for DTC brand Hush at Yorkdale Shopping Centre in Q4 2022; and
- Announced intention to acquire Silk & Snow on December 20, 2022. This transaction was completed effective January 1, 2023

Environmental and Social Responsibilities Achievements

- Published inaugural ESG report in Q3 2022, introducing the company's four ESG pillars of Sleep Well, People Well, Earth Well and Govern Well, which are well aligned to the company's purpose.
- Introduced one of the most sustainable mattresses to our product line, the Simba Green (Organic 3000) mattress which uses high quality, ethically sourced materials, with all textiles OEKO-TEX certified;
- Launched Green Glove Delivery in support of an eco-friendly customer service opportunity;
- Total value of donations for 2022 was $1.2 million, made of a mix of cash and in-kind donations, most notably over $720,000 worth of sleep essentials to support humanitarian efforts for the Ukraine/Ukrainian refugees, as well as $200,000 to the Canadian Mental Health Association for research and resources to support sleep for mental health initiatives;
- Created a roadmap to reach net zero carbon emissions by 2040 & energy reduction partnership:
- Diverted over 160,000 mattresses & foundation units from landfills

Investing in Employees – Equity, Diversity, Inclusion and Belonging (EDI&B)

- Invested over 28,000 hours in training for associates;
- Demonstrated our commitment to EDI&B as a key priority by expanding our EDI&B curriculum and curating learning on topics such as mitigating bias, belonging and creating inclusive environments;
- Supplemented our commemoration of annual EDI&B events, with special initiatives to memorialize and spotlight a number of key milestones;
- Continued to achieve top-quartile in associate engagement results (benchmarked against North American retailers) with insights to inform our action planning efforts and drive change;
- Strengthened our employer brand to broaden our reach to job seekers, by modernizing our external job sites, increasing our social media presence, as well as campaigns to profile our top female talent;
- Improved the pace of hiring by 35% and reduced overall recruitment volumes, despite a tough labour marketplace;
- Established 4 Associate Inclusion Meeting (AIM) groups, with inaugural membership in place, to value the lived experience of our associates, building programs, events and spaces that are inclusive and representative for all;
- Continually monitored our work environments and invested in expanded mental health resources and supports to ensure our associates felt physically, mentally and emotionally well;
- Introduced changes to our wellness programming to give associates even more ways to improve their health and well-being;
- Recognized as one of "Canada's Most Admired Corporate Cultures" by Waterstone Human Capital (both Sleep Country/Dormez-vous in Enterprise category, Endy in mid-Market category; Endy also recognized by the Great Places to Work organization as a "Best Workplace for Mental Wellness" and "Best Workplace for Women".

President and CEO Pay for Performance and Share Ownership

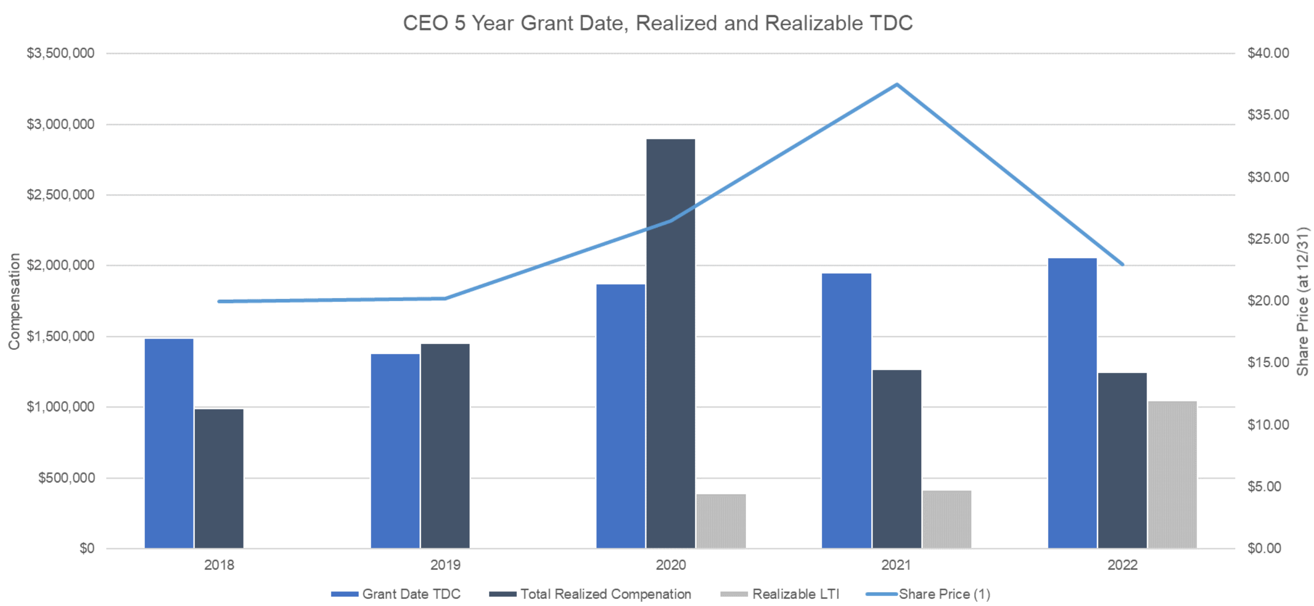
Mr. Schaefer became the President and CEO and President effective January 1, 2022. In 2021, the HRCC received compensation advice from Mercer, the Board's Compensation consultant in the development of Mr. Schaefer's compensation arrangement. Mr. Schaefer's Board-approved 2022 target TDC was $1,885,000, comprised of base salary of $650,000, STIP target of $390,000 (60% of salary), and LTI target of $845,000 (130% of salary). The Board awarded Mr. Schaefer an RSU award of $600,000 on March 15, 2022 (after the end of the quarterly blackout period) with a three year term vesting period, related to Mr. Schaefer's promotion to President and CEO.

The President and CEO's total compensation for 2022 was $2,060,625, excluding the RSU grant related to his promotion, for an increase of 22% from 2021, as a result of increased base salary, STIP and LTI targets related to his promotion to President CEO, as well as both the Company and Mr. Schaefer exceeding performance targets and delivering a strong financial performance. The Board approved a 2022 STIP award for Mr. Schaefer of $565,625, reflecting a Corporate Performance Score of 1.50x for the Adjusted EBITDA portion of his STIP, and a Personal Performance Score of 1.25x.

As of December 31, 2022, after only one year as President and CEO, Mr. Schaefer owned or was the benefactor of $7,356,232 in common shares of the Company, with almost 73% of his holdings personally owned. This represents significant alignment between the President and CEO and its shareholders. Details of Mr. Schaefer's holdings can be found in the "Share Ownership Policy" section of this document

CEO Compensation Lookback

The following graph shows the alignment of the Company's share price compared to the President and CEO's total realized and realizable pay for the prior five years.



Notes:

(1) Share price as at December 31 of each respective year

The actual value includes the realized and realizable value for the awards granted in each year as at December 31, 2022:

- realized value: cash compensation paid for the year, including salary, annual incentive (earned for the year but paid in the following year), payouts of PSUs that have vested and realized gains from Stock Options exercised.
- realizable value: the value of RSUs and PSUs granted in that year that have not vested, and Stock Options granted in that year that were outstanding and in-the-money.

The table below illustrates that the actual value of President and CEO compensation is - aligned with the shareholder experience by comparing the actual value to the President and CEO of $100 of compensation awarded each year to the value earned by shareholders over the same period. These values have been indexed at $100 to provide a meaningful comparison.

This table demonstrates how President and CEO compensation is aligned with the long-term success of the Company.

Year (6)	Total Direct Compensation Awarded (1)	value as of December 31			Period	Value of $100 to:	
		Realized Pay (2) A ($)	Realizable Pay (3) B ($)	Current Value A+B=C ($)		CEO (4) ($)	Shareholder (5) ($)
2018	1,491,934	990,597	0	990,597	January 1, 2018 to December 31, 2022	66	85
2019	1,383,967	1,452,693	0	1,452,693	January 1, 2019 to December 31, 2022	105	139
2020	1,875,677	2,900,692	393,107	3,293,799	January 1, 2020 to December 31, 2022	176	132
2021	1,952,906	1,270,700	418,536	1,689,236	January 1, 2021 to December 31, 2022	86	99
2022	2,060,625	1,249,922	1,048,784	2,298,706	January 1, 2022 to December 31, 2022	112	68
Average	1,753,022	1,572,921	372,085	1,945,006		109	105

Notes:

(1) Reflects TDC (salary, STIP, and LTI) awarded for the year in respect of performance during the year.

(2) Realized pay is the sum of the salary, STIP, value of RSUs and PSUs vested during the period ending December 31, 2022 and the value of Stock Options exercised during the period ending December 31, 2022.

(3) Realizable pay is the sum of the current value as of December 31, 2022 of unvested PSUs (assuming target performance), unvested RSUs and the in-the-money value of Stock Options outstanding that were granted in each year.

(4) Represents the actual value to the President and CEO for each $100 awarded in TDC for the year indicated, as of December 31, 2022 for each period.

(5) Represents the value of a $100 investment in the Company's Common Shares made on the first day of the period indicated, assuming the dividends are reinvested.

(6) 2018 through 2021 reflects compensation provided to Mr. Dave Friesema, former CEO. 2022 reflect compensation provided to Mr. Stewart Schaefer

HRCC 2022 Activities

In 2022, the four main areas of focus for the HRCC were overseeing executive compensation matters, the onboarding of a new President and CEO, succession planning and executive development, and associate engagement.

The HRCC is entrusted with the responsibility of overseeing the Company's approach to talent management and succession planning for the NEOs and key executive roles, focused on strengthening the quality, depth, and diversity of the leadership team. During the year, the HRCC received updates on executive development and performance evaluation processes, which are designed to strengthen leadership and management capabilities. The succession planning process includes an annual review of NEOs and the Company's most senior executives' performance, in addition to identifying gaps and opportunities to evolve the organizational structure.

The HRCC also considers associate engagement as a priority, including assessing the Company's performance and identifying opportunities for improvement through an associate engagement survey. In 2022, the Company completed a second cycle of their updated, annual survey which is benchmarked against several large North American retailers. The Company's aggregate engagement score placed it in the top 25% of retailers. The Company's engagement score reinforced that associates believe the Company is a great place to work, supports its associates' well-being and that they would recommend the Company as an employer of choice to others.

The HRCC evaluated the compensation of the NEOs and Senior Executive team to ensure compensation reflects performance and it is comparable to organizations of similar industry, size or scope of operations. In 2022, the HRCC:

- assessed the performance of the President and CEO against business objectives and determined his 2022 Personal Performance Score;
- reviewed and approved the recommendation of the President and CEO's and NEOs' objectives and personal performance metrics for measurement in 2023;
- reviewed the target compensation of the Senior Executive team, including the compensation for the President and CEO for 2023, and recommended to the Board for approval;
- considered, approved and recommended to the Board for approval adjustments to the determination of the 2022 STIP Corporate Performance Score as described in "Principle Elements of Compensation – STIP"; and
- reviewed and updated the executive compensation peer comparator group

Say on Pay and Shareholder Engagement

Consistent with the Company's ongoing interest in good governance and shareholder outreach, the HRCC seeks input each year from its shareholders in the form of an advisory vote on the Company's approach to executive compensation. At the Company's 2022 Annual General Meeting, 87.2% of votes were cast in support of the executive pay program. The HRCC considers the say on pay vote results and shareholder feedback in making future decisions on compensation policies and practices and ensures a high level of shareholder engagement through shareholder meetings to seek input on pay and governance matters.

Thank you for your continued support and interest in Sleep Country. The Committee is dedicated to ensuring that the Company's executive pay program and governance practices are aligned with shareholder interests, and support the Company's long-term success.

Sincerely,

Human Resources and Compensation Committee

Compensation Discussion and Analysis

The following discussion describes the significant elements of the NEOs' compensation. The Company's NEOs include its Chief Executive Officer, Chief Financial Officer, and its next three highest compensated executives including any of its subsidiaries. For 2022, the NEOs are:

Named Executive Officer	Position
Stewart Schaefer	President and Chief Executive Officer ("CEO")
Craig De Pratto	Chief Financial Officer ("CFO") and Corporate Secretary
David Howcroft	Chief Sales Officer ("**CSO**")
Lynne Feldman	Chief People Officer ("**CPO**") (effective December 5, 2022)
Alexandra Voyevodina-Wang	President and General Manager, Endy Canada Inc. ("**Endy**") (a wholly-owned subsidiary of the Company) ("**President, Endy**")

Overview

The HRCC is responsible for establishing, reviewing and overseeing the compensation policies of the Company and the compensation of the NEOs. The Company's executive compensation program is designed to attract, retain and motivate highly qualified executives while also aligning the interests of the executives with those of the Company's shareholders.

The President and CEO makes recommendations to the HRCC each year with respect to the compensation for the NEOs based on each executive's performance during the year as assessed against the approved goals and the performance of the Company. The HRCC reviews the President and CEO's recommendations in determining whether to make a recommendation to the Board or recommend any further changes to compensation for the executives. In addition, the HRCC annually reviews the President and CEO's performance and makes recommendations to the Board regarding the compensation of the President and CEO.

Executive Compensation Principles

The Company's approach to executive compensation supports its strategic focus to be Canada's leading specialty sleep retailer and it is based on the following principles:

- Align with long-term shareholder interests;
  - Long-term incentives vest and pay out over time, encouraging a long-term perspective to shareholder value creation;

- Reward for performance;
  - Executive compensation is linked to the achievement of individual and Company results relative to financial and other operating objectives over short, medium, and long-term timeframes, to drive both customer and shareholder value;

- Manage risk effectively;
  - Executive compensation structure and plan designs balance risk and reward by using a variety of short to long-term incentive plans and performance measures;

- Pay competitively to attract, retain and motivate senior leadership talent;
  - Total compensation package is competitive in the markets where the Company competes for talent and rewards for high performance.

Compensation Benchmarking

Target compensation levels for the Company's executives are reviewed every year against a group of peer companies and benchmarked based on position, organizational role and overall scope of responsibility. The objective of the benchmarking process is to ensure that the compensation levels for the Company's executives are competitively positioned within the marketplace and in line with the Company's compensation philosophy of paying at the median of the market for target performance and at the 75th percentile and above for achieving performance above target. Actual annual compensation may be above or below the target level of compensation based on actual levels of performance. The HRCC has annually reviewed the approach to compensation benchmarking for the Company's executives and makes any necessary adjustments to the comparator group to ensure proper alignment with the market. Mercer, the Company's independent compensation advisor, performed a review in 2021 of the peer comparator group and the HRCC recommended a revised peer group of companies that was approved by the Board to be used as benchmarks for 2022 compensation.

General market compensation data may also be incorporated within the benchmarking process to provide an added perspective. The data is used primarily for roles that are not commonly NEOs in the market.

The peer group used for 2022 benchmarking was developed based on four main criteria, consistent with the criteria used in 2021:

Peer Group Factors for Comparison	
1. Geography	Head office based in Canada and operations predominantly in Canada.
2. Financial	Four financial measures – revenue, EBITDA, total assets and market capitalization. Focus on companies within 0.33x – 3.0x of the Company's size based on annual revenue. The other measures provide additional context on the companies.
3. Industry	Companies in the "Consumer Discretionary" Global Industry Classification Standard ("GICS") with retail operations.
4. Operational	Companies with merchandising, marketing and sales operations based on an evaluation of the companies' characteristics. This assessment is somewhat subjective and measured accordingly.

Below is the list of the 12 companies in the 2022 compensation comparator group. Three (3) new comparator companies were added (indicated below) and three (3) comparator companies from 2021 (New Look Vision Group Inc., Reitmans Canada Ltd. and Roots Corporation) were removed.

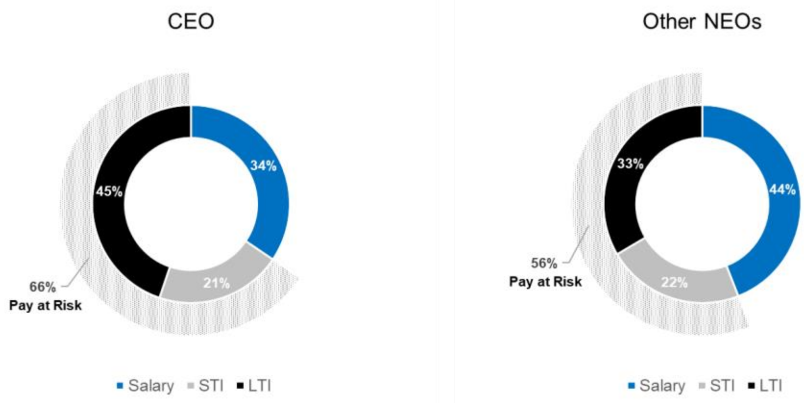
Compensation Comparator Group	
Alcanna Inc.	Leon's Furniture Ltd.
Aritzia Inc.	MTY Food Group Inc.
BMTC Group Inc.	Park Lawn Corporation (new)
Canada Goose Holdings Inc.(new)	Recipe Unlimited Corporation
Indigo Books & Music Inc.	The North West Company Inc. (new)
Jamieson Wellness	Uni-Select Inc.

When compared to the above peer group, the Company was positioned at the 44th percentile based on Revenue, 69th percentile based on EBITDA, 34th percentile based on Total Assets and 45th percentile based on Market Capitalization.

Principal Elements of Compensation

In 2022, the compensation of the NEOs included three major elements: (i) base salary; (ii) STIP; and (iii) LTI consisting of PSUs, RSUs and Stock Options. Perquisites and personal benefits are not a significant element of the NEOs' compensation.

The charts below show the target pay mix for the President and CEO and the average target pay mix for the other NEOs. In 2022, 66% of the target total direct compensation of the President and CEO, and an average of 56% of the other NEOs' target total direct compensation was at-risk and aligned with the Company's shareholders.



Base Salaries

An important element of the Company's compensation program is base salaries. Competitive base salaries are viewed as necessary to attract and retain qualified executive officers. Base salaries are reviewed annually and take into consideration the NEOs' performance, leadership and team development, changes in scope of responsibilities, prior experience, economic indicators and the market practices of the comparator group. Base salaries may also be increased during the year to reflect promotions, changes in the scope or scale of an executive's role or responsibilities or for market competitiveness. The review resulted in the following changes effective January 2022, except as noted in the footnotes:

	2021 Base Salary	2022 Base Salary	% Increase
(as at December 31)	($)	($)	(%)
Stewart Schaefer (1)	525,000	650,000	23.8%
Craig DePratto	375,000	386,250	3.0%
Dave Howcroft	450,000	490,000	8.9%
Alexandra Voyevodina-Wang	375,000	393,381	4.9%
Lynne Feldman (2)	250,000	300,000	20.0%

Notes:

(1) Mr. Schaefer was promoted to President and CEO on January 1, 2022 with a base salary increase to $650,000 from $525,000.

(2) Ms. Feldman was promoted to CPO on December 5, 2022 with a base salary increase to $300,000 from $275,000, or $276,849 on a pro-rated basis. Ms. Feldman's base salary was $275,000 on January 1, 2022.

STIP

The STIP is designed to motivate executives to meet and exceed the Company's business objectives and annual financial performance targets, as well as individual performance goals for the year.

The table below summarizes the key design features of the STIP in 2022 applicable to all NEOs except for Ms. Voyevodina-Wang, the President, Endy:

Overview	**Executive reward for achieving and exceeding annual corporate and personal goals**
Form of Award	Annual cash bonus
Performance Period	12 month fiscal year
Performance Measures	**Corporate Performance**(1): 80% weighting for the Company's Adjusted EBITDA (see Appendix A – Non-IFRS and Other Measures for definition), based on Board approved targets set at the beginning of the year. The corporate performance measure of Adjusted EBITDA is unchanged from the prior year and was chosen to enhance line of sight and to avoid overlapping metrics with the PSU plan. The HRCC may use informed judgement to recommend adjustments to the results to adjust for one-time events or other unique circumstances; And **Personal Performance**: 20% weighting for individual annual scorecard objectives including strategic, departmental, business leadership and personal leadership goals.
Award Determination	STIP targets range from 45% to 60% of each NEO's base salary. Corporate performance portion of final STIP awards can range from zero to a maximum of 2 times (or 200%) of target STIP based on actual corporate performance relative to targets. Personal performance portion of final STIP awards can range from zero to a maximum of 1.5 times (or 150%) of target STIP. Threshold performance of 95% of Adjusted EBITDA target must be achieved for any payout related to corporate performance. Personal performance portion of the STIP award may be paid out even if corporate performance portion is zero.
Payout	Paid in cash following the fiscal year end

Notes:

(1) For Ms. Voyevodina-Wang, the Corporate Performance measure used for calculating STIP is Endy's Adjusted EBITDA.

STIP awards are calculated as illustrated below:

Target STIP ($) x [[Corporate Performance Score Weighting (80%) x EBITDA Performance Score (0x – 2.0x)] + [Personal Performance Score Weighting (20%) x Personal Performance Score (0x – 1.5x)]] = Final STIP Payout ($)

The table below outlines the NEOs' 2022 target STIP opportunity, the Corporate Performance Score, the actual Personal Performance Score, as well as the 2022 actual STIP awarded:

	STIP (% of Base)		2022 Bonus Factors		2022
	2022 Target	2022 Actual	Adjusted EBITDA	Personal	Actual STIP Award
Stewart Schaefer	60%	87.0%	1.50x	1.25x	$565,625
Craig DePratto	50%	74.0%	1.50x	1.40x	$285,887
Dave Howcroft	60%	88.8%	1.50x	1.40x	$435,214
Alexandra Voyevodina-Wang (1)	50%	25.4%	N / A	1.20x	$100,000
Lynne Feldman (2)	45%	66.2%	1.50x	1.35x	$198,493

(1) Endy's actual 2022 Adjusted EBITDA did not meet the minimum performance threshold. The Board has exercised its discretion to award Ms. Voyevodina-Wang a final STIP award of $100,000. Additional information is provided below..

(2) Ms. Feldman's 2022 STIP target as a percentage of base salary increased to 45% from 40% as a result of her promotion.

As noted previously, the Company achieved strong performance against a challenging retail environment in fiscal 2022. In the determination of the Corporate Performance Score used to calculate the 2022 STIP awards for the NEOs, other than Ms. Voyevodina-Wang, the HRCC applied informed judgement in the assessment of the Company's performance to adjust the Adjusted EBITDA metric for one-time events. After reviewing with the Chair of the Audit Committee, the HRCC approved adjustments to address the financial impact linked to acquisition related expenses and employee compensation expenses related to the Enterprise Resource Planning ("ERP") project not contemplated in the plan. The actual 2022 Adjusted EBITDA, after the adjustments described above, resulted in a Corporate Performance Score of 150.0% for use in the calculation of the STIP awards.

Corporate Performance Measure	Target ($)	Actual ($)	Corporate Performance Score
Adjusted EBITDA	162.7M	164.6M	150.0%

Ms. Voyevodina-Wang's STIP award was determined using the same STIP formula as described above for the other NEOs, except that her Corporate Performance Score would normally be based solely on Endy's 2022 Adjusted EBITDA results relative to the target set by the Board at the beginning of the year. The Company does not report Adjusted EBITDA by segment. Endy's actual 2022 Adjusted EBITDA did not meet the minimum performance threshold. However, in recognition of Ms. Voyevodina-Wang's strong personal performance in a difficult year and her broader leadership and contributions to the Company, the Board has approved a final 2022 STIP award of $100,000.

LTI Plans

The LTI plans are designed to align executives' interests over the medium to long-term with the Company's business goals and the Company's shareholders.

Our LTIs currently have three components: 50% PSUs, 25% RSUs and 25% Stock Options. The LTI plans are approved by the Board, which determines the eligible full-time employees who may participate in the plans and the size of LTI grants. The Company may grant awards annually under the plans to officers and associates of the Company. Previous LTI grants are not taken into consideration when the HRCC determines the amount of the new LTI grants. The Board also approves LTI awards, as needed during the year, to be granted outside the blackout periods, for new hires or other infrequent situations.

The table below summarizes the key design features of annual grants made under the three LTI plans for 2022, 2021 and 2020:

	PSUs	RSUs	Stock Options
Form of Award	Notional share units	Notional share units	Rights to purchase common shares
Term(1)	3 years	3 years	Up to 10 years(2)
Vesting	Cliff vest on 3rd anniversary of grant, provided performance measures are met (see below)	Cliff vest on 3rd anniversary of grant	Vest one-third per year beginning on the first anniversary of the grant(3)
Performance Measures at Vesting	Performance measured against 3-year targets established at time of grant for Basic EPS (75% weighting) and Revenues (25% weighting)	No separate performance measures	No separate performance measures
Payout(4)	Number of vested PSUs multiplied by the Market Value(5) of Common Shares at vesting and adjusted by a Performance Adjustment Factor, ranging from zero to 2.0, based on performance against targets at grant Number of vested PSUs includes dividend equivalents earned at the same rate as dividends paid on Common Shares	Number of vested RSUs multiplied by the Market Value(5) of Common Shares at vesting Number of vested RSUs includes dividend equivalents earned at the same rate as dividends paid on Common Shares	At the time vested Stock Options are exercised, proceeds are calculated as the number of vested Stock Options multiplied by the difference in market price and the exercise price(6) set at time of grant Vested Stock Options may be exercised to buy a Common Share of the Company at the exercise price(6) Dividend equivalents are not earned on Stock Options
Settlement(7)	At the discretion of the Board, vested amounts may be settled in cash or Common Shares issued from Treasury or Common Shares acquired on the open market	At the discretion of the Board, vested amounts may be settled in cash or Common Shares issued from Treasury or Common Shares acquired on the open market	At the discretion of the Board, proceeds of a cashless exercise may be settled in Common Shares issued from Treasury or Common Shares acquired on the open market

Notes:

(1) Term and vesting may be subject to accelerated expiry and vesting provisions in the event of termination of employment. See section "Additional Details on Equity Compensation Plans Termination of Employment Provisions".

(2) Stock Option term of 10 years is subject to extension of the scheduled expiry date if the Stock Option would otherwise expire during a blackout period.

(3) Stock Options granted prior to 2020 typically cliff vest four years after the grant date.

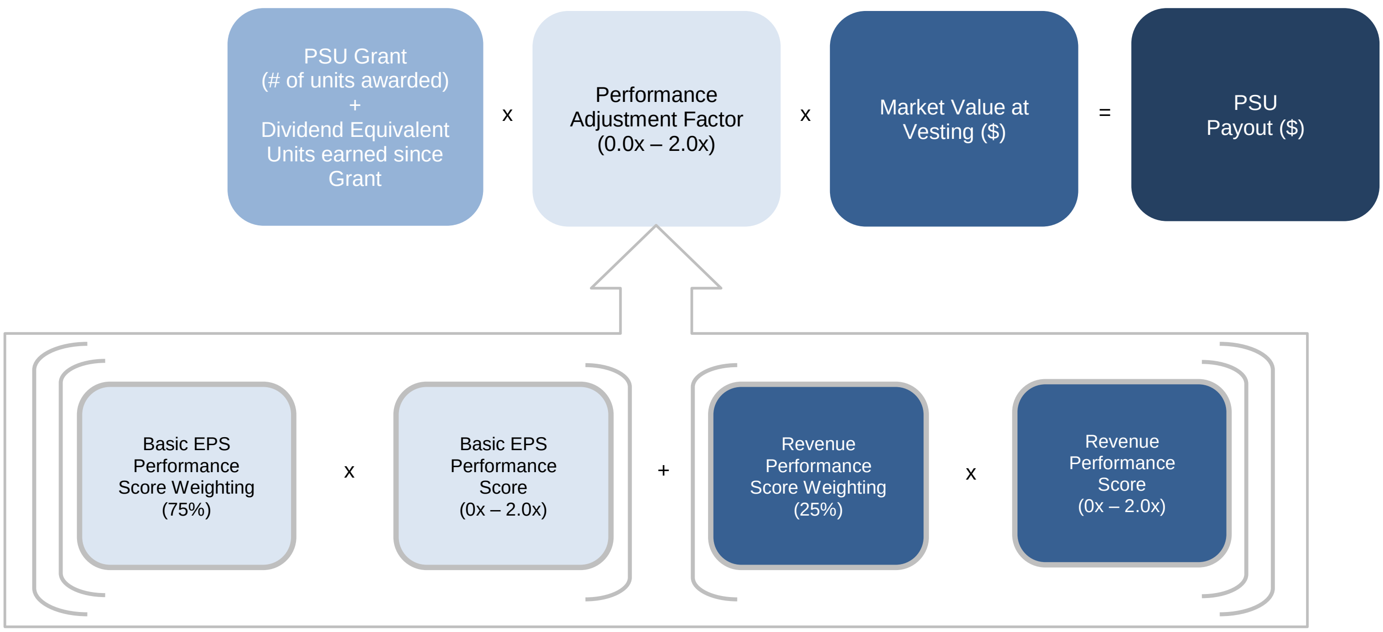
(4) Payouts are made net of any applicable withholding taxes.

(5) Market Value is generally the volume-weighted average trading price of a Common Share on the TSX (or such other exchange on which the Common Shares are trading) during the five trading days immediately preceding the date of grant or the vesting date of PSUs and RSUs.

(6) Stock Option exercise price is fixed by the Board at the grant date and may not be less than the Market Value on the date of grant.

(7) Historically payouts are settled under the PSU and Stock Option plans by issuance of Common Shares from treasury. The Board expects that RSUs will be settled in Common Shares from treasury.

The PSU payouts for PSUs granted in 2020 and subsequent years are calculated as follows:



The PSU Performance Adjustment Factor is based on two measures, weighted more heavily (75%) on basic EPS for greater emphasis on long-term sustainable profitability. Revenue is weighted 25% to provide a strong, measurable indicator of performance on key variables such as customer satisfaction, market share and brand equity, all critical ingredients to growing basic EPS and long-term shareholder value. If threshold performance levels are not achieved on both measures, the Performance Adjustment Factor will be zero, resulting in no payout. Should the threshold be met on one of the two performance measures, a partial payment may be made on the metric achieved at the appropriate weighing and performance factor. The Performance Adjustment Factor will be interpolated on a linear basis for results that fall between the threshold and maximum. The HRCC has the authority to apply informed judgement and discretion related to the adjustment of performance targets and the assessment of Company performance, which may result in a recommendation to the Board of an upward or downward adjustment to the final Performance Adjustment Factor.

The RSU payouts for RSUs granted in 2020 and subsequent years are calculated as follows:

RSU Grant (# of units awarded) + Dividend Equivalent Units earned since Grant x Market Value at Vesting ($) = RSU Payout ($)

The NEOs' target LTI awards are based on a percentage of the base salary on the LTI grant date. The annual LTI grants reflect the target LTI award for each NEO. PSUs, RSUs and Stock Options are approved by the Board and typically granted in Q1 after the fiscal year end and the blackout period closes.

The table below outlines the NEOs' 2022 LTI target as a percentage of base salary, as well as the PSUs, RSUs and Stock Options granted in 2022 as part of annual TDC:

			Allocation						Total Award Value [1]
	LTIP Target		PSU [2]		RSU [2]		Stock Options [3]		
	(% of Salary)	($)	($)	(#)	($)	(#)	($)	(#)	($)
Stewart Schaefer [1]	130%	$845,000	$422,500	15,236	$811,250	29,255	$211,250	22,673	$1,445,000
Craig DePratto	95%	$366,925	$183,463	6,616	$91,731	3,308	$91,731	9,846	$366,925
Dave Howcroft	90%	$441,020	$220,510	7,952	$110,255	3,976	$110,255	11,833	$441,020
Alexandra Voyevodina-Wang	50%	$200,000	$100,000	3,606	$50,000	1,803	$50,000	5,366	$200,000
Lynne Feldman	40%	$110,000	$55,000	1,983	$27,500	992	$27,500	2,952	$110,000

Notes:

(1) See the "Summary Compensation Table" on page 60 for additional details about these grants.

(2) This value has not been, and may never be, realized by the NEOs. The actual amount realized by the NEOs will depend on the Market Value of Common Shares on the vesting date, the NEOs' continued employment, and for PSUs, the Company's performance during the three-year performance period beginning January 1, 2022 ending December 31, 2024. The Company's performance factor applied to the PSUs are not impacted by share buy-backs or share issuances as the company pegs the share count on the grant date of the PSUs.

(3) This value has not been, and may never be, realized by the NEOs. The actual gains if any realized on the exercise of the vested Stock Options will depend on the value of the Company's Common Shares on the TSX on the exercise date.

PSU Awards Vesting in 2023

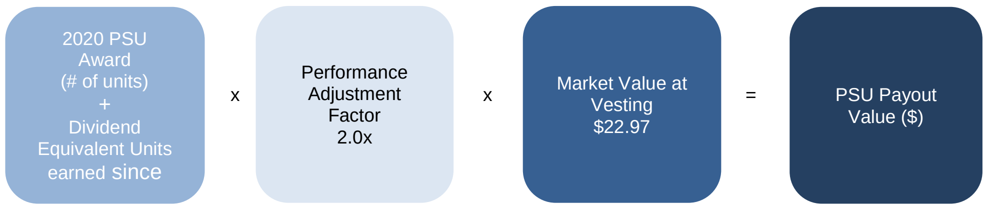
The PSUs granted on March 16, 2020 vested on March 16, 2023 based on Basic EPS (75% weighting) and Revenue (25% weighting) performance over the period from January 1, 2020 to December 31, 2022, which resulted in a Performance Adjustment Factor of 2.0x as calculated in the following table.

Average Three-Year Revenue and Basic EPS Performance
(PSU Performance Period January 1, 2020 to December 31, 2022)

Year	Target Average ($)	Actual 3-year Average ($)	Achievement	Bonus Factor
Revenue (25% weighting)	$799.1M	$861.5M	108%	2.0x
Basic EPS (75% weighting)	$1.79	$2.21	127%	2.0x
PSU Bonus Factor				2.0x

PSUs granted in 2020 vested in 2023 based on exceeding Basic EPS and Revenue targets over the three-year performance period from January 1, 2020 to December 31, 2022. The PSU payout value, net of applicable taxes, was distributed in Common Shares issued from treasury. The acquisition of Hush on October 22, 2021 and results from the operations of Hush have been excluded from the performance measurement as this acquisition was not contemplated in the 2020 LTI Plan.

The payout value for each NEO of the PSUs that vested in 2023 is calculated using the following formula:



<u>RSU Awards Vesting in 2023</u>

The RSUs granted on March 16, 2020 vested on March 16, 2023 at Market Value of $22.97 per unit.

Compensation Governance and Risk Management

The Board has delegated the responsibility to review, recommend and oversee the determination of the compensation for the Company's executive officers and the administration of the Company's executive compensation plans and programs to the HRCC. In reviewing the compensation policies and practices of the Company each year, the HRCC seeks to ensure the executive compensation program provides an appropriate balance of risk and reward consistent with the risk profile of the Company. The HRCC structures the Company's compensation practices to not encourage excessive risk taking behaviour by the executive team.

Members of the HRCC are: Ms. Hirji (Chair), Mr. Moor, Mr. Cassaday, Mr. Chawla, Ms. Mowbray and Mr. Shaw. All members of the HRCC are independent directors and each member has human resources and compensation experience. Detailed information about each member's qualifications and experience is contained under Director Nominees.

The Company's compensation governance and risk management best practices are highlighted below:

What the Company does

- Maintain a pay-for-performance philosophy in which the majority of executive compensation is "at-risk" and based on performance against pre-defined metrics that reflect the Company's strategic priorities
- Limit performance factors and payouts to avoid excessive risk taking:
    - Limit STIP at 2.0x bonus target for Adjusted EBITDA portion (80%) of payout, and 1.5x bonus target for Personal Performance factor (20%) of payout;
    - Limit PSU plans to 2.0x maximum performance allocation;
- Maintain overlapping three-year performance periods for PSUs
- Design LTI programs to focus on longer-term performance of the Company to discourage executives from taking excessive risks to achieve short-term results
- Require NEOs to meet formal share ownership requirements for long-term alignment with the Company's shareholders
- Benchmark executive compensation against comparator companies

- Maintain a HRCC of independent directors with the necessary skills, knowledge and experience to effectively manage executive compensation
- Retain an independent advisor for the HRCC
- Incorporate double trigger vesting on change of control
- Enforce an insider trading and trading blackout period policy applicable to all executives, directors and employees
- Maintain an anti-hedging policy to prohibit executives and directors from entering into speculative transactions in the Company's shares
- Apply incentive compensation clawback provisions that may be triggered if either a financial restatement or misconduct occurs
- Implement codes of conduct for executives, directors and employees

What the Company does not do

- No payouts of incentive awards if performance is below threshold
- No re-pricing, backdating or exchanges of Stock Options or other LTI awards
- No gross-up of executive compensation such as perquisites or incentive awards, to account for withholding taxes
- No granting of loans to directors or executives
- No granting of Stock Options to non-employee directors

Independent Compensation Advice

The HRCC engaged Mercer as the independent advisor to the HRCC and Board. In 2022, Mercer performed the following services for the Company and its directors:

- recommended changes to the peer group for executive compensation benchmarking in 2022 and reviewed the competitiveness of the Company's NEO compensation;
- completed a Director's Compensation review on behalf of the Governance Committee;
- provided advice for changes to 2023 executive compensation;
- reviewed executive compensation risk and trends for the HRCC, in order to assess risk;
- reviewed and recommended modifications to the Company's compensation disclosure.

The HRCC first retained Mercer, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc., in 2019, to provide advice and recommendations with respect to the Company's executive compensation programs. Mercer did not provide services other than executive or director compensation services for the Company, its directors or Management in 2022. The HRCC does need to pre-approve other services performed by Mercer or any of its affiliates for the Company.

The Company paid the following fees for services from Mercer and its affiliates:

Fees	2022	2021
Executive compensation-related fees	$200,180	$209,232
All other fees	$-	$-

Share Ownership Policy

The Board believes that the economic interests of each NEO should be aligned with those of the Company's shareholders. In that regard, the Company has a formal share ownership policy under which the NEO is to comply with share ownership guidelines. For 2022, the total market value of the Company's Common Shares for these purposes includes personally held Common Shares, unvested PSUs measured assuming target performance achievement and unvested RSUs valued using the closing share price on the TSX of $22.98 on December 31, 2022. The NEOs have five years from the date of appointment to meet and maintain this requirement for the duration of their employment with the Company.

Following a market practice review conducted by Mercer in 2021, the Board approved an increase to the share ownership policy requirements for 2022. As at December 31, 2022, the NEOs are in compliance with the new policy as shown in the table below:

(as at December 31)	PSUs	RSUs	Shares Held Personally	Total Eligible Holdings	Ownership Requirement Multiple	Required Holdings	In Compliance
	($)	($)	($)	($)	(Multiple of Salary)	($)	
Stewart Schaefer	997,056	1,008,578	5,350,598	7,356,232	4.0x	2,600,000	Yes
Craig DePratto	488,906	244,428	97,778	831,112	2.0x	772,500	Yes
Dave Howcroft	610,722	305,361	970,351	1,886,434	2.0x	980,000	Yes
Alexandra Voyevodina-Wang (1)	158,755	79,377	0	238,132	2.0x	786,762	On Track
Lynne Feldman (2)	161,398	200,812	0	362,210	2.0x	600,000	On Track

Notes:

(1) Ms. Voyevodina-Wang has until November 2025 to meet her share ownership guidelines.
(2) Ms. Feldman has until December 5, 2028 to meet her share ownership guidelines.

Insider trading and blackout policy

All of the Company's executives, including the NEOs, directors and employees, are subject to the Company's insider trading and blackout period policy, which prohibits trading in the securities of the Company while in possession of material undisclosed information about the Company. In addition, under this policy, executives, including the NEOs, and directors are prohibited from entering into speculative transactions and transactions designed to hedge or offset a decrease in fair value of the Company's securities. Accordingly, executives and directors may not, among other things, sell short, buy put options or sell call options on the Company's securities or purchase financial instruments (including prepaid variable contracts, equity swaps, collars or units of exchange funds) which hedge or offset a decrease in fair value of the Company's securities.

No changes were made in 2022 to this policy.

Clawback policy

The NEOs are subject to compensation clawback provisions that allow the Board to seek reimbursement of incentive compensation from a NEO in certain circumstances. The clawback policy covers the entire NEO group as at the report date and the events that can trigger a clawback include either a financial restatement or misconduct. The clawback provision is triggered if, in the opinion of the Board, either of the following occurs:

a) The amount of incentive compensation received by a NEO was calculated based on the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of the Company's financial statements and the incentive compensation payment received would have been lower had the financial results been properly reported; or

b) A NEO engages in any of the following behaviours ("Misconduct"):

    (i) Violation of the Company Code of Conduct, gross negligence, intentional misconduct or fraud;

(ii) Violation of employment or post-employment duties or obligations to the Company; or
(iii) Any behaviour that has had a negative impact on the reputation, market performance or financial performance of the Company.

If, in the Board's opinion, the clawback provision in (b) was triggered by the Misconduct of any of the other NEOs and the President and CEO was in a position to mitigate the actions of the NEO(s), the Board has discretion to apply the clawback provisions to the President and CEO as well.

The HRCC reviews all incentive compensation awarded to the NEOs that is attributable to performance during the preceding 36 months. Pursuant to this review, the Board has discretion to recoup all or a part of the after-tax portion of incentive awards that have been awarded or are vested, (including the shares or cash received on vesting or exercise of awards and the proceeds of disposition of any shares) and cancel unvested awards based on misstated financial statements or if it is found that a NEO has engaged in Misconduct.

No changes were made in 2022 to this policy.

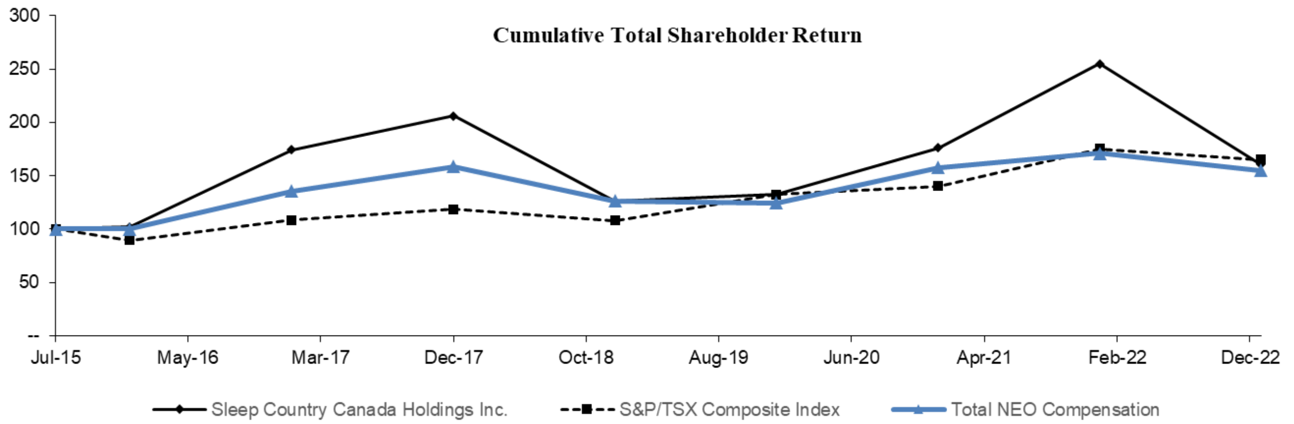
Employment Agreements

The Company has written employment agreements with each of its NEOs and each executive is entitled to receive compensation established by the Company, as well as other benefits in accordance with plans available to the most senior employees (including health, dental, life insurance, accidental death and dismembermentand short-term disability). The Company's NEOs' employment contracts do not contain any provisions relating to a change of control. The Company's NEOs are bound by the change in control terms of the long-term incentive plans. For a summary of the change of control benefit provisions provided under each of the Company's long-term incentive plans, see "Details on Equity Compensation Plans" and "Employment Agreements and Termination Benefits" below.

Executive Compensation Alignment with Shareholder Returns

The Common Shares are listed and posted for trading on the TSX under the symbol "**ZZZ**". The performance graph set out below compares the total cumulative shareholder return on the Common Shares for the period commencing on January 1, 2018 and ending December 31, 2022 with the total return index value of the S&P/TSX Composite Index. The total returns assume an investment of $100 and the reinvestment of dividends. During each of the periods described below, the cumulative total shareholder return ("**CTSR**") of the S&P/TSX Composite Index ("**S&P/TSX**") compares with the Company's total shareholder return and executive compensation (as per each year's Summary Compensation Table) as follows:

The trend shown by the performance graph below represents a fluctuation in the cumulative total shareholder return from January 1, 2018 to December 31, 2022, which does not necessarily correspond to the Company's compensation paid or payable to its NEOs for the period ended December 31, 2022 or for any prior fiscal periods. The HRCC considers several factors, including Company performance, various qualitative factors and risk management, in the determination of appropriate levels of compensation as discussed under "Statement of Executive Compensation – Compensation Discussion and Analysis". Many of the factors are not necessarily tied directly to the trading price of the Common Shares on the TSX. The trading price of the Common Shares on the TSX is subject to fluctuation based on several factors, some of which are linked to the Company's financial condition and performance and others which are beyond the control of the Company. Each executive's compensation is tied to the executive's relative performance in helping the Company meet various objectives, based on the factors discussed elsewhere in this Circular, in addition to meeting certain quantitative performance targets established by the Board.



	2018 (1)	2019	2020	2021	2022
NEOs' Total Direct Compensation as a % of Adjusted EBITDA	5.2%	3.4%	3.9%	3.6%	2.8%

Notes:

(1) Fiscal 2018 was prior to the adoption of accounting standard IFRS-16 – Leases, which impacted the Company's EBITDA measurement. The Company adopted the IFRS -16 standard on January 1, 2019, please refer to the companies fiscal 2019 Management Discussion and Analysis ("MD&A") under the Company's profile on System for Electronic Document Analysis at www.sedar.com for a reconciliation of this standard and the impact on the EBITDA measurement between fiscal 2018 and 2019.

The HRCC believes that the compensation of its NEOs is fair and competitive.

Executive Compensation Details

Summary Compensation Table

The following table shows the annual compensation for the Company's five NEOs for 2020, 2021 and 2022.

Name and Principal Position	Year	Salary ($)	Share-Based Awards (1) ($)	Stock Option-Based Awards (2) ($)	Annual Incetive Plan (Non-Equity Based) (3) ($)	All Other Compensation (4) ($)	Total Compensation ($)
Stewart Schaefer (5)	2022	650,000	1,233,741	211,250	565,625	34,297	2,694,913
President & CEO	2021	525,000	433,126	144,379	589,050	34,255	1,725,810
	2020	486,000	400,955	133,650	548,960	33,229	1,602,794
Craig DePratto	2022	386,250	275,204	91,735	285,887	18,000	1,057,075
Chief Financial Officer and Corporate Secretary	2021	375,000	267,167	89,063	352,500	18,000	1,101,730
	2020	315,000	189,001	63,000	293,880	18,000	878,881
David Howcroft	2022	490,000	330,750	110,250	435,214	32,494	1,398,708
Chief Sales Officer	2021	450,000	303,746	101,255	507,600	28,871	1,391,472
	2020	430,000	257,989	86,000	485,040	30,541	1,289,570
Alexandra Voyevodina-Wang (6)	2022	393,381	147,518	49,173	100,000	18,385	708,457
President & GM, Endy	2021	375,000	140,637	46,873	346,875	9,000	918,385
	2020	229,167			141,633		370,800
Lynne Feldman (7)	2022	300,000	82,496	27,508	198,493	18,596	627,093
Chief People Officer	2021	250,000	456,427	86,613	182,000	15,410	990,450
	2020	97,945			70,741	141,633	310,319

Notes:

(1) **Share-Based Awards** includes the grant date fair value of the PSUs and RSUs awarded to the NEOs on March 16, 2020, March 10, 2021, May 20, 2021, November 23, 2021 and March 15, 2022 as applicable. The grant date fair value of PSUs and RSUs granted on March 15, 2022 was $24.51 per unit. Mr. Schaefer received both his annual PSU and RSU grant, as well as the $600,000 RSU grant related to his President & CEO appointment on March 15, 2022.

Grant date fair value of PSUs and RSUs was determined using the Market Value (5 day volume weighted average share price) of the Common Shares immediately preceding the grant date. See "Principal Elements of Compensation — LTI Plans" on page 52for more information about the plan design.

(2) **Stock Option-Based Awards** includes the grant date fair value of the Stock Options awarded to the NEOs on March 16, 2020, March 10, 2021, May 20, 2021, November 23, 2021 and March 15, 2022 as applicable.

Stock Options were granted on March 15, 2022 at a grant price of $24.51 per Stock Option with a Black Scholes Value of 35.0%.

Grant date fair value of each Stock Option is determined using the Black Scholes Stock Option Pricing Model, which is consistent with the valuation for accounting purposes in accordance with IFRS 2 – Share Based Payment, and the Stock Option Grant Price which is the Market Value (5 day volume weighted average share price) of the Common Shares immediately preceding the grant date. Key assumptions for the 2022 grant that occurred on March 15, 2022 include a risk free interest rate of 3.4%, which is based on a Government of Canada 7 year benchmark bond yield at the date of grant, expected volatility of 43.4%, estimated dividend yield of 3.0% and a forfeiture rate of 3.7%. See "Principal Elements of Compensation — LTI Plans" on page 52for more information about the plan design.

(3) **Non-Equity Incentive Plan** is the annual cash bonus earned under the STIP for the applicable year, paid out in cash following the fiscal year end. See "— Principal Elements of Compensation — STIP" on page 50for more information about the plan design and calculation of each NEO's 2022 STIP award.

(4) **All Other Compensation** includes for Messrs. Schaefer, De Pratto and Howcroft the sum of an annual car allowance equal to $18,000 plus any contributions made pursuant to the Company's DPSP matching program on the same basis as other employees. For Ms. Voyevodina-Wang, the amount includes her annual car allowance of $18,000 for 2022 and $9,000 for 2021. For Ms. Feldman, the 2022 and 2021 amount represents the sum of her annual car allowance of $9,000, plus contributions made pursuant to the Company's

DPSP matching program on the same basis as other employees. Ms. Feldman's 2020 amount represents the annual car allowance and DPSP match prorated for the period of employment plus payment of a new hire signing bonus of $135,000.

(5) Mr. Schaefer is also a director of the Company. Directors who are employees of, and who receive a salary from the Company are not entitled to receive any remuneration for serving as directors but are entitled to reimbursement of their reasonable out of pocket expenses incurred in serving as directors.

(6) Ms. Voyevodina-Wang became eligible for LTI awards for the first time in 2021. Prior to 2021, she was eligible only for base salary and the Endy annual incentive plan.

(7) Ms. Feldman joined the Company on August 10, 2020 as the Senior Vice-President, Human Resources. As such, she became eligible for LTI awards for the first time in 2021. Amounts for 2020 base salary and STIP are prorated for the period of employment.

Outstanding Stock Option-Based Awards and Share-Based Awards

This table shows details of all equity-based awards that were outstanding for each NEO as at December 31, 2022. See "Principal Elements of Compensation - LTI Plans" for more information about the awards.

		Stock Option-based Awards (1)				Share-based Awards (2)		
(as at December 31)	Year	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Options (3)	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Shares or Units of Shares that have not Vested (4)	Market or Payout Value of Vested Shares or Units of Shares that have not Paid Out or Distributed
Stewart Schaefer	2022	22,673	$27.73	15-Mar-2032	$0	45,639	$1,048,789	Nil
President & CEO	2021	16,244	$30.70	10-Mar-2031	$0	-	-	Nil
	2021	1,172	$31.46	10-Mar-2031	$0	14,799	$340,091	Nil
	2020	44,129	$15.94	16-Mar-2030	$310,668	26,839	$616,756	Nil
	2019	44,307	$21.23	08-Mar-2029	$77,537	-	-	Nil
	2018	31,169	$36.60	15-May-2028	$0	-	-	Nil
	2017	46,725	$32.39	10-Mar-2027	$0	-	-	Nil
	2016	72,933	$19.31	07-Mar-2026	$267,664	-	-	Nil
Craig DePratto	2022	9,846	$27.73	15-Mar-2032	$0	9,081	$208,672	Nil
Chief Financial Officer and Corporate Secretary	2021	7,657	$30.70	10-Mar-2031	$0	-	-	Nil
	2021	2,847	$31.46	10-Mar-2031	$0	10,180	$233,939	Nil
	2020	13,868	$15.94	16-Mar-2030	$97,631	12,651	$290,724	Nil
	2019	17,471	$20.80	09-Sep-2029	$38,087	-	-	Nil
Dave Howcroft	2022	11,833	$27.73	15-Mar-2032	$0	12,236	$281,179	Nil
Chief Sales Officer	2021	10,453	$30.70	10-Mar-2031	$0	10,359	$238,061	Nil
	2021	1,666	$31.46	10-Mar-2031	$0	-	-	Nil
	2020	18,931	$15.94	16-Mar-2030	$133,274	17,269	$396,843	Nil
	2019	24,615	$21.23	08-Mar-2029	$43,076	-	-	Nil
	2018	17,316	$36.60	15-May-2028	$0	-	-	Nil
	2017	25,958	$32.39	10-Mar-2027	$0	-	-	Nil
Alexandra Voyevodina-Wang	2022	5,366	$27.73	15-Mar-2032	$0	5,549	$127,507	Nil
President & GM, Endy	2021	5,697	$30.70	10-Mar-2031	$0	4,814	$110,627	Nil
Lynne Feldman (5)	2022	2,952	$27.73	15-Mar-2032	$0	12,710	$292,081	Nil
Chief People Officer	2021	3,507	$38.83	23-Nov-2031	$0	-	-	Nil
	2021	3,039	$30.70	10-Mar-2031	$0	3,052	$70,130	Nil

Notes:

(1) The securities underlying the Stock Options are Common Shares.

(2) The securities underlying the PSUs and RSUs are Common Shares.

(3) The value of the unexercised in-the-money Stock Options outstanding as at December 31, 2022 is the difference between the closing price of the Common Shares on December 30, 2022 (being the last trading day of 2022) on the TSX ($22.98) and the exercise prices. The value assumes 100% vesting of all Stock Options granted to the NEOs.

(4) The value of the unvested PSUs and RSUs (granted since 2020) as at December 31, 2022 is based on the closing price of the Common Shares on December 30, 2022 (being the last trading day of 2022) on the TSX ($22.98). The value assumes 100% vesting of all PSUs and a Performance Adjustment Factor of 2.0x for PSUs granted during the fiscal year ended December 31, 2020 and a Performance Adjustment Factor of 1.0 for PSUs granted during the fiscal years ended December 31, 2021 and December 31, 2022.

(5) For Ms. Feldman, 3,507 of Stock Options granted in 2021 were from the one-time grant on November 23, 2021 and vest one-half on November 23, 2022 and November 23, 2023. In the Share-based awards column, 3,505 of the PSUs and 6,924 of the RSUs granted in 2021 were from the one-time grant on November 23, 2021 and will fully vest on August 9, 2023, the third anniversary of her hire date.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows a summary of the value of the stock option-based awards and share-based awards that vested in accordance with their terms during fiscal 2022, as well as the STIP awarded for fiscal 2022 performance.

	Stock Option-based awards - value vested during the year (1)	Share-based awards - value vested during the year (2)	Non-equity incentive plan compensation - value earned during the year (3)
	($)	($)	($)
Stewart Schaefer	$103,558	$1,036,740	$565,625
Craig DePratto	$48,815	$488,707	$285,887
Dave Howcroft	$121,905	$667,066	$435,214
Alexandra Voyevodina-Wang	$0	$0	$48,000
Lynne Feldman	$0	$0	$198,493

Notes:

(1) Value that would have been realized if Stock Options that vested during 2022 had been exercised on December 31, 2022.

(2) Vested Share-based awards include PSUs granted in 2020 that vested on March 16, 2023 using a Performance Adjustment Factor of 2.0x and the selling price at vesting of $22.97. Vested PSUs were settled by issuance of treasury shares.

(3) Annual cash bonus earned under the STIP for 2022, paid in 2023.

In 2022, none of our NEOs exercised a transaction involving Stock Options.

Securities authorized for Issuance under Equity Compensation Plans

As part of the business of this meeting, the Company is seeking approval of the renewal of unallocated options, rights or other entitlements under our Security-Based Compensation Arrangements as is required by the policies of the TSX. See "Business of the Meeting – Approval of Unallocated Options, Rights or other Entitlements under the Company's Security-Based Compensation Arrangements" for a more detailed description of the shareholder approval requested.

The following table shows the equity securities authorized for issuance under the Company's equity compensation plans as of December 31, 2022:

Equity Compensation Plans Approved by Shareholders	Number of securities to be issued upon exercise of outstanding options or rights (#)	Percentage of Company's outstanding capital represented by number of securities to be issued upon exercise of outstanding options or rights (%)	Weighted average exercise price of outstanding options or rights ($)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities to be issued upon exercise of outstanding options or rights) (#)
Stock Option Plan	1,038,790	2.98%	$25.46[(1)]	1,225,676[(2)]
LTI Plan (PSUs and RSUs)	402,831	1.16%	N/A	502,955 [(2)]
DSU Plan	84,761	0.24%	N/A	263,618 [(2)]

Notes:

(1) The weighted average exercise price of outstanding Stock Options is as at December 31, 2022.

(2) Calculated assuming a maximum number of Common Shares that may be issued under the Stock Option Plan equal to 6.5% of the total number of Common Shares issued and outstanding from time to time on the basis that the maximum number of Common Shares that may be issued under the PSU plan and RSU plan (collectively) and the DSU Plan is 2.6% and 1.0%, respectively, of the total number of Common Shares issued and outstanding from time to time.

Maximum Number of Common Shares Issuable to Insiders

The following table provides the limits for issuing Common Shares under the Company's equity compensation plans (Stock Option, PSU, RSU and DSU plans collectively) as at December 31, 2022 and as presented for shareholder approval:

	Plan Maximum as a % of the number of shares outstanding	Overall Maximum as a % of the number of shares outstanding
Maximum number of Common Shares issuable to insiders at any time under all equity compensation plans		6.5%
Maximum number allowable as Stock Options	6.5%(1)	
Maximum number allowable as PSUs & RSUs	2.6%	
Maximum number allowable as DSUs	1.0%	
Maximum number of Common Shares issuable to insiders in a one-year period under all equity compensation plans		1.5%
Maximum aggregate number of Common Shares issuable to any one participant under all equity compensation plans		5.0%

Notes:

(1) The maximum number of Common Shares that may be issued under the Stock Option Plan would be equal to 5% and 2.6% for 2020 and 2021 respectively, on the basis that the maximum number of Common Shares are issued under the PSU, RSU and the DSU Plan.

Burn Rate

The following table provides the burn rate for the Company's equity compensation plans for each of the fiscal years ending December 31, 2020, 2021 and 2022.

	Number of Securities Granted Under Equity Compensation Plans		
	2020	2021	2022
Stock Option Plan	277,198	133,093	102,518
PSU Plan (prior to 2020)	125,916	N/A	N/A
PSU & RSU Plans	N/A	116,415	196,396
DSU Plan	17,473	17,500	16,904
Total	420,587	267,008	315,818
Burn rate(1)	1.12%	0.73%	0.87%

Notes:

(1) Calculated as the percentage obtained by dividing the number of securities granted under the Company's equity compensation plans during the applicable fiscal year by the weighted average number of Common Shares outstanding during that period.

Additional Details on Equity Compensation Plans

The Company may grant long-term incentive, equity-based awards pursuant to the Long Term Incentive Plan **("LTIP")** and the Stock Option Plan. The administration and operation of the LTIP and the Stock Option Plan may be delegated by the Board to a committee thereof. The current key design features of PSU, RSU and Stock Option awards granted under these plans can be found in the "Principal Elements of Compensation – LTI Plans" section. A change in employment status may affect the vesting, payout and expiry treatment of PSU, RSU and Stock Option awards in accordance with the plans as described below or in accordance with the provisions in a NEO's employment agreement as described in the "Description of Employment Agreements" section. Details of the Securities authorized for Issuance under Equity Compensation Plans and the Maximum Number of Common Shares Issuable to Insiders are provided in the tables above. Additional information about these plans is provided below and in the following pages.

Stock Option Plan

Pursuant to the Stock Option Plan as amended and restated on March 16, 2020, the Company may grant Stock Options for the purchase of Common Shares to any associate or officer, director or consultant of the Company or its subsidiaries. The purpose of the Stock Option Plan is to attract, retain and motivate, officers, employees and other services providers by providing them with the opportunity, through Stock Options, to acquire a proprietary interest in the Company and to benefit from its growth. The Company will not issue Stock Options to non-employee directors. Equity-based compensation for non-employee directors is provided through the DSU Plan.

Stock Options vest at the Board's discretion per the vesting schedule which is generally fixed at the time of grant by the Board. The HRCC and/or Board retain the discretion, prior to the vesting date, to designate an earlier vesting date for outstanding Stock Options. Prior to plan amendments approved by shareholders in 2020, the Board's practice was to provide for cliff vesting of Stock Options at the end of four years. Stock Options granted under the Stock Option Plan are not transferable or assignable, other than in the case of death.

Although non-employee directors are not currently eligible to participate in the Stock Option Plan, there are certain non-employee directors who received grants of Stock Options at a time when they were eligible to participate in the Plan. Unless otherwise permitted by the Board, if the participant is a non-employee director of the Company who ceases to hold office as a result of: (i) his or her removal by shareholders; (ii) voluntary resignation; or (iii) death or disability, any vested Stock Options held by the participant as at the termination date may be exercised until the earlier of: (i) the expiry date of the Stock Options; or (ii) 90 days after the termination date (provided the termination is not due to a criminal act, in which case all vested Stock Options will immediately expire), after which time all Stock Options will expire. Any unvested Stock Options held by the participant as at the termination date immediately expire.

The Stock Option Plan and any Stock Options granted thereunder may be amended by the Board without the consent of the Shareholders generally to:

- (i) ensure continuing compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or stock exchange, including the TSX;
- (ii) change the vesting and exercise provisions of the Stock Option Plan or any Stock Option in a manner which does not entail an extension beyond the originally scheduled expiry date for any applicable Stock Option, including to provide for accelerated vesting and early exercise of any Stock Options deemed necessary or advisable in the Board's discretion;
- (iii) change the termination provisions of the Stock Option Plan or any Stock Option which, in the case of an Stock Option, does not entail an extension beyond such Stock Option's originally scheduled expiry date;
- (iv) change the provisions on transferability of Stock Options for normal estate settlement purposes;
- (v) change the process by which a participant who wishes to exercise his or her Stock Option can do so, including the required form of payment for the Common Shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered;
- (vi) add a conditional exercise feature which would give participants the ability to conditionally exercise in certain circumstances determined by the Board in its discretion, at any time up to a date

determined by the Board in its discretion, all or a portion of those Stock Options granted to such participants which are then vested and exercisable in accordance with their terms, as well as any unvested Stock Options which the Board has determined shall be immediately vested and exercisable in such circumstances;

(vii) change the class of participants eligible to participate in the Plan (other than an amendment that would allow the participation in the Plan by non-employee directors of the Company); and

(viii) make other changes of a "housekeeping" nature, including amendments relating to the administration of the Stock Option Plan or to eliminate any ambiguity or correct or supplement any provision herein which may be incorrect or incompatible with any other provision hereof.

In addition to amendments that may require Shareholder approval under applicable laws, Shareholder approval will generally be required for the following types of amendments, in each case unless the amendment results from the application of the anti-dilution provisions of the Plan:

(i) to the amendment provisions of the Stock Option Plan which is not an amendment requiring the approval of the Board only pursuant to the Stock Option Plan;

(ii) to increase the maximum number of Common Shares issuable under the Stock Option Plan;

(iii) to remove or exceed the plan limits prescribed by the Stock Option Plan;

(iv) that would reduce the Stock Option exercise price of an outstanding Stock Option (including a cancellation and reissue of an Stock Option constituting a reduction in the Stock Option price) or extension of the period during which an Stock Option may be exercised;

(v) to extend the period during which an Stock Option may be exercised;

(vi) that would allow participation in the Stock Option Plan by non-employee directors of the Company and its affiliates; and

(vii) to the provisions of the Stock Option Plan that would permit Stock Options to be transferred or assigned other than for normal estate settlement purposes.

PSUs and RSUs

Pursuant to the LTIP as amended and restated on March 16, 2020, the NEOs, along with other associates, are eligible to participate in the LTIP and receive PSU and RSU grants. The purpose of the LTIP is to promote greater alignment of interests between employees and shareholders and to support the achievement of the Company's performance objectives.

PSUs granted pursuant to the LTIP as amended and restated on March 16, 2020 generally vest on the third anniversary of their grant, following which a participant is entitled to receive an amount equal to the product achieved by multiplying: (i) the number of vested PSUs in the participant's PSU account, which includes dividend equivalents received from the date of grant; (ii) the Market Value of a Common Share on the third anniversary of the grant date; and (iii) a performance adjustment factor of between 0.0 and 2.0 based on the weighted sum of the achievement of the average Earnings Per Share and Revenue Targets for the Corporation over the applicable Performance Period. Achievement will be based 75% on achievement of the Earnings Per Share Target and 25% on achievement of the Revenue Target relative to the target that has been set over the three-year performance period between the grant date and the vesting date of the PSUs. PSUs granted prior to the amendment to the LTIP in 2020 are subject to an Adjustment Factor of 0.5 to 1.5 and performance is based on achievement of Adjusted Operating EBITDA targets.

The payout may, at the discretion of the Board, be settled in cash, by the issuance of Common Shares from treasury or in Common Shares acquired on the market for such purpose. The PSUs are expected to be settled in shares.

PSUs granted are not transferable or assignable, other than in the case of death as set out in the LTIP. The administration and operation of the LTIP may be delegated by the Board to a committee thereof.

RSUs were first granted in 2020 with a scheduled vesting date in 2023. RSUs generally vest on the third anniversary of their grant. The payout of the RSUs is expected to be settled in shares. The Board may, in its discretion, following a grant date but prior to the vesting date, designate an earlier vesting date for the vesting of all or any portion of the PSUs and RSUs then outstanding and granted to a participant.

The LTI plans specify the types of amendments to the provisions of the plan that will and will not require Shareholder approval in order to be effective. The LTIP may be amended by the Board without the consent of Shareholders generally to, among other things:

(i) ensure compliance with applicable laws, regulations, requirements, rules or policies of any governmental or regulatory authority or stock exchange;
(ii) make other changes of a "housekeeping" nature, including amendments relating to plan administration;
(iii) change the class of participants eligible to participate in the plans (other than an amendment that would allow the participation in the plan by non-employee directors of the Company); and
(iv) impose restrictions on the sale, transfer or other disposal of Common Shares by participants under the plan.

In addition to such amendments to the LTIP that may require Shareholder approval under applicable laws, Shareholder approval will generally be required for the following types of amendments:

(i) to the amendment provisions of the plans which is not an amendment requiring the approval of the Board only pursuant to the plans;
(ii) to allow participation in the plans by non-employee directors of the Company and its affiliates; and
(iii) to increase the maximum number of Common Shares reserved for issuance under the plans, unless the amendment results from the application of the anti-dilution provisions of the plans.

Termination of Employment Provisions

The LTIP and Stock Option Plan contain provisions that affect the vesting, expiry term, and payout of PSUs, RSUs and Stock Options when a plan participant terminates employment, including in the event of a change in control. The Board may, at its discretion, enter into specific termination of employment provisions documented in an NEO's employment agreement as described in the "Description of Employment Agreements" section.

The following table summarizes the terms and conditions of the Stock Option Plan and LTIP that apply (unless the HRCC exercises discretion as permitted under the plan to modify the conditions), on the termination date when a plan participant is terminated without cause, resigns, retires, is terminated with cause or dies.

	Stock Options (held by employee participants)	PSUs and RSUs
Termination without Cause (without a change of control)	• Unvested Stock Options immediately expire • Vested/exercisable Stock Options may be exercised until the earlier of: ▪ The original Stock Option expiry date or ▪ 90 days after termination date, after which all unexercised Stock Options will expire	• All unvested PSUs/RSUs are forfeited
Voluntary Resignation (without a change of control)	• Unvested Stock Options immediately expire • Vested/exercisable Stock Options may be exercised until the earlier of: ▪ The original Stock Option expiry date or ▪ 90 days after termination date, after which all unexercised Stock Options will expire	• All unvested PSUs/RSUs are forfeited
Retirement or Disability	• Unvested Stock Options continue to vest according to the original vesting schedule • Vested/exercisable Stock Options, and those that vest after termination date, may be exercised until the earlier of: ▪ The original Stock Option expiry date or ▪ 2 years after termination date, after which all unexercised Stock Options will expire	• Pro-rated portion(1) of all unvested PSUs and RSUs continue to vest and be paid out according to the original provisions • Remaining portion unvested are forfeited immediately
Termination for Cause	• Vested and unvested Stock Options immediately expire	• All unvested PSUs/RSUs are forfeited
Death	• Pro-rated portion(1) of unvested Stock Options automatically vest and become exercisable • Remaining unvested Stock Options immediately expire on the date of death • All vested Stock Options may be exercised by the participant's estate until the earlier of: ▪ The original Stock Option expiry date or ▪ 6 months after date of death, after which all unexercised Stock Options will expire	• Pro-rated portion(1) of unvested PSUs and RSUs immediately vest • Payout made to the legal representative as of the date of death assuming a PSU Performance Adjustment Factor of 1.0 • Remaining portion unvested are forfeited immediately

Notes:

(1) Calculated as the completed number of months employed divided by the number of months in the vesting period.

Change of Control Provisions

The Stock Option Plan and the LTI Plan both have provisions that apply in the event of a change of control of the Company. These provisions are unchanged from the prior year. A change of control means any of the following major transactions where:

- Any party becomes the beneficial owner of more than 50% of the Company's voting securities
- A merger or consolidation of the Company with another company occurs, other than certain situations
- A complete liquidation or dissolution of the Company or the sale of all or substantially all of the assets occurs, unless the liquidation or sale was to parties who were the beneficial owners of 20% of the voting securities at the time of sale

In the event of a change of control, the Board will take such actions as required to ensure that Stock Options are substituted with Stock Options, and that PSUs and RSUs are substituted with performance share units and restricted share units, as applicable, of the acquiring or surviving entity, in a manner that prevents substantial dilution or enlargement of the rights granted to the Stock Option Plan and LTIP participants.

If the Board determines that it is not possible or commercially reasonable to continue the existing Stock Option Plan and LTIP, nor for the acquiring or surviving entity to offer substantially similar awards under new substitute plans, the Board may, in its discretion accelerate the vesting of all or any portion of outstanding Stock Options, PSUs and RSUs as follows:

- unvested Stock Options that become immediately vested upon receiving notice of change of control, and all Stock Options that vested under their normal terms, are exercisable within 14 days of receiving notice of change of control, after which time all unexercised Stock Options will expire. The participant may request that the Company pay the participant cash equal to the in-the-money amount of the participant's vested Stock Options, net of any withholding taxes and source deductions, at the time of the completion of the change of control transaction.
- unvested PSUs and RSUs authorized for accelerated vesting and early payout will be paid out in cash as of the completion of the change of control transaction. For the purpose of such early payout, the Board shall determine the Performance Adjustment Factor in respect of the PSUs and the share price used for the calculation of the PSU and RSU cash payout will be deemed to be the price per Common Share paid in the change of control transaction. Any remaining unvested PSUs and unvested RSUs will be forfeited.

If the Stock Options, PSUs and RSUs are continued or replaced following the change of control and a plan participant is terminated without cause, or a participant resigns for "good reason" (as defined in the plans), within 12 months following the change of control, the outstanding awards are subject to the following provisions:

- any unvested Stock Options held by the participant at the termination date will immediately vest on the termination date and may be exercised until the earlier of: (i) the expiry date of the Stock Options; or (ii) 90 days after the termination date, after which time all Stock Options will expire. A participant may request that the Company pay the participant, at the time of the exercise of Stock Options, an amount in cash equal to the in-the-money amount of the participant's Stock Options, net of any withholding taxes and source deductions.
- any unvested PSUs held by the participant at the termination date immediately vest on the termination date and the Board shall pay out the participant either with Common Shares or with cash, net of any withholding taxes and source deductions, based on a Performance Adjustment Factor determined by the Board and the Market Value for Common Shares determined in accordance with the plan
- any unvested RSUs held by the participant at the termination date immediately vest on the termination date and the Board shall pay out the participant either with Common Shares or with cash, net of any withholding taxes and source deductions, and the Market Value for Common Shares determined in accordance with the plan.

Employment Agreements and Termination Benefits

Description of Termination Benefits in the NEOs' Employment Agreements

Mr. Schaefer

Mr. Schaefer's executive employment agreement amended effective January 1, 2022, the date of his promotion to President & CEO, provides that the Company may terminate his employment at any time, without cause, by providing notice of termination or payment in lieu thereof. The Clawback Policy applies to all compensation paid as a result of a termination of employment for any reason.

If Mr. Schaefer's employment is terminated without cause or due to resignation with good reason, he will be entitled to receive a lump-sum payment equal to two years of his base salary in effect as of the termination date, a pro-rated target annual bonus based on the number of days worked prior to the termination date, a lump-sum payment equal to two years of STI based on the lesser of his target STI or the actual STI awards paid in the preceding two years, the reimbursement of expenses properly incurred in the course of employment up to the termination date, accrued but unpaid vacation pay up to the termination date and the continuation of life, health and dental insurance coverage for two years following the termination date.

If Mr. Schaefer's employment is terminated due to his death or incapacity, or as a result of a resignation as retirement, he or his estate, as applicable, will be entitled to accrued but unpaid base salary and vacation pay up to the termination date, the reimbursement of expenses properly incurred in the course of his employment up to the termination date, and a pro-rated target annual bonus based on the number of days worked prior to the termination date.

If Mr. Schaefer's employment is terminated without cause, due to resignation for good reason, death, incapacity, or as a result of resignation as retirement, Mr. Schaefer's new employment agreement effective January 1, 2022 includes the following vesting provisions applicable to all Stock Options, PSU and RSU grants made at any time during Mr. Schaefer's employment with the Company. These provisions would continue to apply in the event of a change of control where the acquirer entity chooses to replace these plans:

- unvested Stock Options outstanding at the date of termination will continue to vest as per the Stock Option's award agreement terms and all vested Stock Options may be exercised until the earlier of: 7 years from the date of termination or 7 years from the original Stock Option grant date
- unvested PSUs outstanding at the date of termination will continue to vest and be paid out as per the award agreement terms using the same Performance Adjustment Factor approved for other PSU participants
- unvested RSUs outstanding at the date of termination will continue to vest and be paid out as per the award agreement terms

If Mr. Schaefer's employment is terminated for cause or due to his resignation, he will be entitled to accrued but unpaid base salary and vacation pay up to the termination date, the reimbursement of expenses properly incurred in the course of their employment up to the termination date and entitlements in accordance with any Company long-term incentive plans.

Mr. Schaefer's employment agreement also contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including non-solicitation and non-competition provisions which are both in effect during employment and for the 24 months following the termination of employment. In the event of a breach of these restrictive covenants within 24 months of the termination date, the Company may seek legal remedies. In the event of a breach of these restrictive covenants in the period from 24 months to seven years following the date of termination, all vested and unvested Stock Options, PSUs and RSUs held at the date of such breach will immediately expire and be forfeited.

Mr. De Pratto

Mr. De Pratto's executive employment agreement provides that the Company may terminate his employment at any time, without cause, by providing notice of termination or payment in lieu thereof. If Mr. De Pratto's employment is terminated without cause or for resignation with "good reason", he shall be entitled to receive his base salary in effect as of the termination date for one year following the termination date (increasing by one month for every year of service up to a maximum of 18 months), a pro-rated target annual bonus based on the number of days worked prior to the termination date, entitlements in accordance with any Company long-term incentive plans, the reimbursement of expenses properly incurred in the course of employment up to the termination date, accrued but unpaid vacation pay up to the termination date and the continuation of life, health and dental insurance coverage for one year following the termination date.

If Mr. De Pratto's employment is terminated for cause or due to his resignation, he will be entitled to accrued but unpaid base salary and vacation pay up to the termination date, the reimbursement of expenses properly incurred in the course of his employment up to the termination date and entitlements in accordance with any Company long-term incentive plans.

If Mr. De Pratto's employment is terminated due to death or incapacity, he or his estate, as applicable, will be entitled to accrued but unpaid base salary and vacation pay up to the termination date, the reimbursement of expenses properly incurred in the course of his employment up to the termination date and entitlements in accordance with any Company long-term incentive plans. Mr. De Pratto or his estate will also be entitled to pro-rated target annual bonus based on the number of days worked prior to the termination date.

Mr. De Pratto's employment agreement also contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including non-solicitation of 24 months and non-competition provisions which are both in effect during his employment and for the 12 months following the termination of his employment. In the event of a breach of these restrictive covenants within 24 and 12 months, respectively, of the termination date, the Company may seek legal remedies.

Mr. Howcroft

Mr. Howcroft's executive employment agreement provides that the Company may terminate his employment at any time, without cause, by providing notice of termination or payment in lieu thereof. If Mr. Howcroft's employment is terminated without cause or with resignation for "good reason", he shall be entitled to receive his base salary in effect as of the termination date for two years following the termination date, a pro-rated target annual bonus based on the number of days worked prior to the termination date, entitlements in accordance with any Company long-term incentive plans, the reimbursement of expenses properly incurred in the course of employment up to the termination date, accrued but unpaid vacation pay up to the termination date and the continuation of life, health and dental insurance coverage for one year following the termination date.

If Mr. Howcroft's employment is terminated for cause or due to his resignation, he will be entitled to accrued but unpaid base salary and vacation pay up to the termination date, the reimbursement of expenses properly incurred in the course of his employment up to the termination date and entitlements in accordance with any Company long-term incentive plans.

If Mr. Howcroft's employment is terminated due to death or incapacity, he or his estate, as applicable, will be entitled to accrued but unpaid base salary and vacation pay up to the termination date, the reimbursement of expenses properly incurred in the course of his employment up to the termination date and entitlements in accordance with any Company long-term incentive plans. Mr. Howcroft or his estate will also be entitled to pro-rated target annual bonus based on the number of days worked prior to the termination date.

Mr. Howcroft's employment agreement also contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including non-solicitation and non-competition provisions which are both in effect during his employment and for the 24 months following the termination of his employment. In the event of a breach of these restrictive covenants within 24 months of the termination date, the Company may seek legal remedies.

Ms. Voyevodina-Wang

Ms. Voyevodina-Wang's executive employment agreement provides that the Company may terminate her employment at any time, without cause, by providing notice of termination or payment in lieu thereof. If Ms. Voyevodina-Wang's employment is terminated without cause, she shall be entitled to receive one month of her base salary in effect as of the date of termination for every completed year of service (including service with Endy) up to a maximum of 12 months, a pro-rated portion of the $5,000 per annum cash in lieu of benefits based on the years of service used for continuation of base salary, a pro-rated target annual bonus based on the number of days worked prior to the termination date, entitlements in accordance with any Company long-term incentive plans, the reimbursement of expenses properly incurred in the course of employment up to the termination date, and accrued but unpaid vacation pay up to the termination date.

If Ms. Voyevodina-Wang's employment is terminated for cause or due to her resignation, she will be entitled to accrued but unpaid base salary and vacation pay up to the termination date, the reimbursement of expenses properly incurred in the course of his employment up to the termination date and entitlements in accordance with any Company long-term incentive plans.

If Ms. Voyevodina-Wang's employment is terminated due to death, she or her estate, as applicable, will be entitled to accrued but unpaid base salary, vacation pay and cash in lieu of benefits up to the termination date, the reimbursement of expenses properly incurred in the course of her employment up to the termination date, a pro-rated target annual bonus based on the number of days worked prior to the termination date and entitlements in accordance with any Company long-term incentive plans.

Ms. Voyevodina-Wang's employment agreement also contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of her employment, including non-solicitation and non-competition provisions which are both in effect during her employment and for the 12 months following the termination of her employment. In the event of a breach of these restrictive covenants within 12 months of the termination date, the Company may seek legal remedies. In the event of a breach of other covenants, including non-disparagement and confidentiality, she is liable to repay any amounts paid under the termination provisions of her employment agreement.

Ms. Feldman

Ms. Feldman's executive employment agreement provides that the Company may terminate her employment at any time, without cause, by providing notice of termination or payment in lieu thereof. If Ms. Feldmans's employment is terminated without cause or for resignation with "good reason", she shall be entitled to receive her base salary in effect as of the termination date for one year following the termination date, a pro-rated target annual bonus based on the number of days worked prior to the termination date, entitlements in accordance with any Company long-term incentive plans, the reimbursement of expenses properly incurred in the course of employment up to the termination date, accrued but unpaid vacation pay up to the termination date and the continuation of life, health and dental insurance coverage for one year following the termination date.

If Ms. Feldman's employment is terminated for cause or due to her resignation, she will be entitled to accrued but unpaid base salary and vacation pay up to the termination date, the reimbursement of expenses properly incurred in the course of her employment up to the termination date and entitlements in accordance with any Company long-term incentive plans.

If Ms. Feldman's employment is terminated due to death or incapacity, she or her estate, as applicable, will be entitled to accrued but unpaid base salary and vacation pay up to the termination date, the reimbursement of expenses properly incurred in the course of her employment up to the termination date and entitlements in accordance with any Company long-term incentive plans. Ms. Feldman or her estate will also be entitled to pro-rated target annual bonus based on the number of days worked prior to the termination date.

Ms. Feldman's employment agreement also contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following the termination of her employment, including non-solicitation and non-competition provisions which are both in effect during her employment and for the 12 months following the termination of her employment. In the event of a breach of other covenants, including non-disparagement and confidentiality, the Company may seek monetary damages and legal remedies.

Termination and Change of Control

The following table shows the estimated incremental payments that would have been paid to each NEO if they had been terminated on December 31, 2022 (with and without change of control) based on employment agreements in effect as at the report date:

	Salary (1)	STIP (2)	Change in Control LTIP Consideration (3)(4)	Change in Control and Termination
	($)	($)	($)	($)
Stewart Schaefer	$1,300,000	$1,170,000	$2,661,504	$3,883,104
Craig DePratto	$482,813	$193,125	$869,052	$1,087,977
Dave Howcroft	$980,000	$294,000	$1,092,434	$1,412,234
Alexandra Voyevodina-Wang	$327,818	$196,691	$238,133	$439,824
Lynne Feldman	$300,000	$135,000	$362,210	$523,010

Notes:

(1) 2022 base salary multiplied by the NEO's notice period.

(2) This actual amount would be pro-rated based on days worked during the year up to the termination date. Mr. Schaefer is entitled to a pro-rated STI for the year of the termination plus STI on his severance payment.

(3) Calculated using $22.97 per share (the closing price of Common Shares on the TSX on December 30, 2022).

(4) Amounts under the LTIP (PSUs and RSUs) and Stock Option Plan are payable following a change of control if the NEO is not offered comparable LTIPs.

Indebtedness of Directors and Executive Officers

As of the date of this Circular, there is no amount of indebtedness outstanding to the Company in respect of any executive officers or directors of the Company or their respective associates.

Interest of Informed Persons in Material Transactions

Any transaction between the Corporation on the one hand and a related party, such as directors, officers, holders of 10% or more of the voting securities and their affiliates and associates, the immediate family members of any of the foregoing persons and any other persons whom the Board of Directors determines may be considered a related party, on the other hand, is reviewed and approved by the Board of Directors. Prior to any such review and approval, the material facts as to the related party's relationship or interest in the transaction are disclosed to the Audit Committee, which then makes a recommendation to the Board of Directors, and the transaction is not considered approved unless a majority of the directors who have no interest in the transaction approve the transaction. Independent valuations or other advice is provided to the Audit Committee and the Board of Directors, as appropriate.

There were no material interests, direct or indirect, of any director or executive officer of the Company, any other "informed persons" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), any person who, to the knowledge of the directors or officers of the Company, beneficially owns or exercises control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Company or any associate or affiliate of any of the foregoing, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

Interests of Certain Persons in Matters to be Acted Upon

No person who has been a director or executive officer of the Company at any time since the beginning of the Company's last completed financial year, no proposed nominee for election as a director and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Circular.

Shareholder Proposals

Pursuant to Section 137 of the *Canada Business Corporations Act* (the "**CBCA**"), any notice of a Shareholder proposal must be submitted to the Company at its registered office, to the attention of the Secretary of the Company, on or before December 23, 2022 in order to be considered for inclusion in the management information circular for the 2023 Annual Meeting of the Shareholders. It is the Company's position that only Shareholder proposals made in accordance with the foregoing procedure and the provisions of the CBCA need be recognized.

Additional Information

Copies of this Circular and the Company's AIF, Annual Report, Audited Consolidated Financial Statements and MD&A related thereto, for the fiscal year ended December 31, 2022, may be obtained on SEDAR at www.sedar.com or free of charge upon written request to the Secretary of the Company at 7920 Airport Road, Brampton, ON, L6T 4N8. Financial information relating to the Company is included in the comparative Audited Consolidated Financial Statements for the fiscal year ended December 31, 2021 and the MD&A related thereto contained in the 2021 Annual Report of the Company for the twelve-month period ended December 31, 2021. Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Approval by Directors

The contents of this Circular and the distribution of this Circular to the Shareholders of the Company has been approved by the Board of the Company.

DATED the 30th day of March, 2023.

(*signed) Christine Magee*

Christine Magee
Chair

APPENDIX A

NON-IFRS AND OTHER MEASURES

The management information circular references the below measures that are not recognized under IFRS and are considered to be non-IFRS or other measures. In addition to the below description of the Company's calculation of these non-IFRS and other measures, please refer to the section titled "Non-IFRS and Other Measures" in the Company's MD&A for the fiscal year ended December 31, 2022 which is available on SEDAR at www.sedar.com.

EBITDA, Operating EBITDA, and Operating EBITDA margin

EBITDA and Operating EBITDA are used by the Company to assess its operating performance.

EBITDA is defined as net income attributable to the Company adjusted for:

- non-controlling interests
- other (income) expenses;
- finance related (income) expenses;
- income taxes; and
- depreciation and amortization.

Operating EBITDA is defined as EBITDA adjusted for:

- acquisition costs;
- ERP implementation expenses; and
- share-based compensation.

Operating EBITDA margin is defined as Operating EBITDA divided by Revenues.

Adjusted EBITDA and Adjusted Operating EBITDA

Adjusted EBITDA and Adjusted Operating EBITDA are used by the Company to assess its operating performance on a pre-IFRS 16 basis.

Adjusted EBITDA is defined as EBITDA adjusted for straight-lined rent (pre-IFRS 16).

Adjusted Operating EBITDA is defined as Operating EBITDA adjusted for straight-lined rent (pre-IFRS 16) and relates to plans in place prior to fiscal 2020.

Adjusted net income attributable to the Company

Adjusted net income attributable to the Company is used by the Company to assess its operating performance. Adjusted net income attributable to the Company is defined as net income attributable to the Company adjusted for:

- acquisition costs;
- ERP implementation expenses;
- share-based compensation; and
- accretion on redemption liabilities related to the Hush acquisition in October 2021.

Basic adjusted earnings per share (Basic adjusted EPS)

Basic adjusted EPS is defined as adjusted net income attributable to the Company divided by weighted average number of shares issued and outstanding during the period.

Diluted adjusted earnings per share (Diluted adjusted EPS)

Diluted adjusted EPS is defined as adjusted net income attributable to the Company divided by weighted average number of shares issued and outstanding during the period adjusted for the effects of dilutive stock options, performance share units, restricted share units and deferred share units.

APPENDIX B

CHARTER OF THE BOARD OF DIRECTORS

OF

SLEEP COUNTRY CANADA HOLDINGS INC.

GENERAL

1. PURPOSE AND RESPONSIBILITY OF THE BOARD

By approving this Charter, the Board explicitly assumes responsibility for the stewardship of Sleep Country Canada Holdings Inc. (the "**Corporation**") and its business. This stewardship function includes responsibility for the matters set out in this Charter, which form part of the Board's statutory responsibility to manage or supervise the management of the Corporation and its business and affairs.

2. REVIEW OF CHARTER

The Board shall review and assess the adequacy of this Charter annually and at such other times as it considers appropriate, and shall make such changes to this Charter as it considers necessary or appropriate.

3. DEFINITIONS AND INTERPRETATION

3.1 Definitions

In this Charter:

(a) "**Audit Committee**" means the audit committee of the Board;

(b) "**Board**" means the board of directors of the Corporation;

(c) "**CEO**" means the chief executive officer of the Corporation;

(d) "**CFO**" means the chief financial officer of the Corporation;

(e) "**Chair**" means the chair of the Board and shall include the co-chairs of the Board, as the case may be;

(f) "**Charter**" means this charter, as amended from time to time;

(g) "**HRCC**" means the HRCC of the Board;

(h) "**Corporation**" means Sleep Country Canada Holdings Inc.;

(i) "**Director**" means a member of the Board;

(j) "**NI 58-101**" means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*;

(k) " **NCGC**" means the NCGC of the Board;

(l) “**Shareholders**” means the shareholders of the Corporation; and

(m) “**Stock Exchanges**” means, at any time, the Toronto Stock Exchange and any other stock exchange on which any securities of the Corporation are listed for trading.

3.2 Interpretation

This Charter is subject to and shall be interpreted in a manner consistent with the articles and by-laws of the Corporation, the Canada Business Corporations Act (the “CBCA”) and any other applicable legislation.

CONSTITUTION OF THE BOARD

4. ELECTION AND REMOVAL OF DIRECTORS

4.1 Number of Directors

The Board shall consist of such number of Directors as the Board may determine from time to time, within the range set out in the Corporation’s articles.

4.2 Election of Directors

Directors shall be elected by the Shareholders annually for a one-year term, but if Directors are not elected at any annual meeting of the Corporation, the incumbent directors shall continue in office until their successors are elected.

4.3 Vacancies

The Board may appoint an individual to fill a vacancy which occurs on the Board between annual elections of Directors, to the extent permitted by the CBCA.

4.4 Ceasing to be a Director

A Director will cease to hold office upon:

(i) delivering a resignation in writing to the Corporation (or at such later date as may be specified in the resignation);

(ii) being removed from office by an ordinary resolution of the Shareholders at an annual or special meeting of the Corporation;

(iii) his or her death; or

(iv) becoming disqualified from acting as a Director.

5. CRITERIA FOR DIRECTORS

5.1 Qualifications of Directors

Every Director shall be an individual who is at least 18 years of age, has not been found by a court to be of unsound mind and does not have the status of bankrupt.

5.2 Residency

At least 25% of the Directors shall be resident Canadians.

5.3 Independence of Directors

At least a majority of the Directors shall be independent for the purposes of NI 58-101 and Stock Exchange requirements.

5.4 Other Criteria

The Board may establish other criteria for Directors as contemplated in this Charter.

6. CHAIR OF THE BOARD

6.1 Chair to Be Appointed Annually

The Board shall appoint the Chair annually at the first meeting of the Board after a meeting of the Shareholders at which Directors are elected; provided, however, that if the appointment of a Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

6.2 Position Description

Having regard to the recommendations of the NCGC, the Board shall adopt a position description its Chair and the Chair of each committee of the Board.

7. REMUNERATION OF DIRECTORS AND RETAINING ADVISORS

7.1 Remuneration

Directors shall receive such remuneration for their service as the Board may determine from time to time, in consultation with the NCGC.

7.2 Retaining and Compensating Advisors

Each Director shall have the authority to retain outside counsel and any other external advisors from time to time as appropriate with the approval of the chair of the NCGC.

MEETINGS OF THE BOARD

8. MEETINGS OF THE BOARD

8.1 Time and Place of Meetings

Meetings of the Board shall be called and held in the manner consistent with and at any location contemplated in the Corporation’s by-laws.

8.2 Frequency of Board Meetings

Subject to the Corporation’s by-laws, the Board shall meet at least four times per year on a quarterly basis.

8.3 Quorum

In order to transact business at a meeting of the Board:

(a) at least a majority of Directors then in office shall be present; and

(b) at least 25% of the Directors present must be resident Canadians (or, if this is not the case, a resident Canadian Director who is unable to be present and whose presence at the meeting would have resulted in the required number of resident Canadian Directors being present, must approve the business transacted at the meeting, whether in writing, by phone or other communication facility).

8.4 Secretary of the Meeting

The Chair shall designate from time to time a person who may, but need not, be a Director, to act as secretary of any meeting of the Board.

8.5 Right to Vote

Each member of the Board shall have the right to vote on matters that come before the Board.

8.6 Voting

Any matters to be determined by the Board shall be decided by a majority of votes cast at a meeting of the Board called for such purpose. Actions of the Board may be taken by an instrument or instruments in writing signed by all of the members of the Board, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Board called for such purpose.

8.7 Invitees

The Board may invite any of the Corporation's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

8.8 Confidentiality

The proceedings and deliberations of the Board and its committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her services.

9. IN CAMERA SESSIONS

9.1 *In Camera* Sessions of Non-Management Directors

In connection with each meeting of the Board, the non-management Directors shall meet without any member of management being present (including any Director who is a member of management).

9.2 *In Camera* Sessions of Independent Directors

To the extent that non-management Directors include Directors who are not independent Directors as contemplated in this Charter, the independent Directors shall meet at the conclusion of each meeting of the Board with only independent Directors present.

DELEGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD

10. DELEGATION AND RELIANCE

10.1 Delegation to Committees

The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind the Corporation, except to the extent that such authority has been specifically delegated to such committee by the Board.

10.2 Requirement for Certain Committees

The Board shall establish and maintain the following committees of the Board, each having mandates that incorporate all applicable laws and Stock Exchange listing requirements:

(a) Audit Committee;

(b) HRCC; and

(c) NCGC.

10.3 Composition of Committees

The Board will appoint and maintain in office members of each of its committees such that the composition of each such committee is in compliance with all applicable laws and Stock Exchange listing requirements, and with such recommendations of relevant securities regulatory authorities and Stock Exchanges as the Board may consider appropriate, and having regard to the recommendations of the NCGC with respect to such matters.

10.4 Review of Charters

On an annual basis, the Board will review the recommendations of the NCGC with respect to the charters of each committee of the Board. The Board will approve those changes to the charters that it determines are appropriate.

10.5 Delegation to Management

General. The Board may designate the offices of the Corporation, appoint officers, specify their duties and delegate to them powers to manage the business and affairs of the Corporation, except to the extent that such delegation is prohibited under the CBCA or limited by the articles or by-laws of the Corporation or by any resolution of the Board or policy of the Corporation.

President & CEO Position Description. Having regard to recommendations of the HRCC, and in consultation with the President &CEO, the Board shall adopt a position description for the President & CEO which:

(a) defines the limits of management's responsibilities; and

(b) sets out the overall corporate goals and objectives that the President & CEO is responsible for meeting, taking into consideration goals and obligations relevant to President & CEO compensation approved by the HRCC.

10.6 Reliance on Management

The Board is entitled to rely in good faith on the information and advice provided to it by the Corporation's management.

10.7 Reliance on Others

The Board is entitled to rely in good faith on the information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

10.8 Oversight

The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management.

DUTIES AND RESPONSIBILITIES

11. DUTIES OF INDIVIDUAL DIRECTORS

11.1 Fiduciary Duty and Duty of Care

In exercising his or her powers and discharging his or her responsibilities, a Director shall:

(a) act honestly and in good faith with a view to the best interests of the Corporation; and

(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

11.2 Compliance with CBCA and Constating Documents

A Director shall comply with the CBCA and the regulations to the CBCA, as well as with the Corporation's articles and by-laws.

11.3 Compliance with the Corporation's Policies

A Director shall comply with all policies of the Corporation applicable to members of the Board, as approved by the Board.

12. RESPONSIBILITIES OF DIRECTORS

12.1 Responsibilities Set out in Charter

A Director shall review and participate in the work of the Board necessary in order for the Board to discharge its duties and responsibilities as set out in the Charter.

12.2 Orientation and Education

A Director shall participate in any orientation and continuing education programs developed by the Corporation for the Directors.

12.3 Meeting Preparation and Attendance

In connection with each meeting of the Board and each meeting of a committee of the Board of which the Director is a member, a Director shall:

(a) review thoroughly the materials provided to the Director by management in connection with the meeting, provided that such review is practicable in view of the time at which such material was delivered to the Director; and

(b) attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by phone or video-conference).

12.4 Assessment

A Director shall participate in such processes as may be established by the Board for assessing the Board, its committees and individual Directors.

12.5 Other Responsibilities

A Director shall perform such other functions as may be delegated to that Director by the Board or any committee of the Board from time to time.

13. BOARD RESPONSIBILITY FOR SPECIFIC MATTERS

13.1 Responsibility for Specific Matters

The Board explicitly assumes responsibility for the matters set out below, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable securities regulators and the Stock Exchanges and do not limit the Board's overall stewardship responsibility or its responsibility to manage or supervise the management of the Corporation and its business and affairs.

13.2 Delegation to Committees

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to below, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

14. CORPORATE GOVERNANCE GENERALLY

14.1 Governance Practices and Principles

The Board shall be responsible for developing the Corporation's approach to corporate governance.

14.2 Governance Principles

(a) *Governance Principles*. The Board shall review and approve, if appropriate, a set of governance principles and guidelines appropriate for the Corporation (the "**Governance Principles**") having regard to the recommendations of the NCGC.

(b) *Amendments*. The Board shall review the Governance Principles at least annually and shall adopt such changes to the Governance Principles as it considers necessary or desirable from time to time having regard to the recommendations of the NCGC.

14.3 Governance Disclosure

(a) *Approval of Disclosure*. The Board shall approve disclosure about the Corporation's corporate governance practices in any document before it is delivered to the Corporation's

(b) shareholders or filed with securities regulators or with the Stock Exchanges having regard to the recommendations of the NCGC.

(c) *Determination that Differences Are Appropriate*. If the Corporation's governance practices differ from those recommended by applicable securities regulators or the Stock Exchanges, the Board shall consider these differences and why the Board considers them to be appropriate having regard to the recommendations of the NCGC.

14.4 Certification

The Board shall review and approve before it is filed each certification required to be delivered by the Corporation's President & CEO and/or CFO to any Stock Exchange with respect to the Corporation's compliance with the corporate governance provisions of its listing agreement.

14.5 Delegation to NCGC

The Board may direct the NCGC to consider the matters contemplated in this Section 14 and to report and make recommendations to the Board with respect to these matters.

15. RESPONSIBILITIES RELATING TO MANAGEMENT

15.1 Integrity of Management

The Board shall, to the extent feasible, satisfy itself:

(a) as to the integrity of the President & CEO and other executive officers of the Corporation; and

(b) that the President & CEO and other executive officers of the Corporation create a culture of integrity throughout the organization.

15.2 Succession Planning

(a) General. The Board shall be responsible for succession planning, including appointing, training and monitoring senior management.

(b) President & CEO Succession. Having regard to the recommendations of the HRCC, the Board shall adopt:

(i) policies and principles regarding identifying and evaluating candidates as potential successors to the President & CEO; and

(ii) policies regarding succession in the event of an emergency or the retirement of the President & CEO.

15.3 Goals and Objectives of President & CEO

The Board shall receive recommendations of the HRCC with respect to the corporate goals and objectives that the President & CEO is responsible for meeting and shall approve those goals and objectives as appropriate.

15.4 Executive Compensation Policy

The Board shall receive recommendations of the HRCC and make such determinations as it considers appropriate with respect to:

(a) the President & CEO's compensation level;

(b) non-President & CEO officer compensation;

(c) incentive-compensation plans;

(d) equity-based compensation plans; and

(e) policies relating to the determination and payment of bonuses.

The Board shall receive recommendations of the NCGC and make such determinations as it considers appropriate with respect to:

(a) Director compensation;

16. OVERSIGHT OF THE OPERATION OF THE BUSINESS

16.1 Risk Management

The Board shall periodically identify the principal risks associated with the Corporation's business and operations, review the implementation by management of appropriate systems to manage these risks, and review the reports by management relating to the operation of, and any material deficiencies in, these systems.

The Board shall verify that internal, financial, non-financial, business control and management information systems have been established by management.

The Board shall receive regular updates from management on the Company's cyber / information security programs, assessment of cyber threats and defenses.

The Board is responsible for the oversight of enterprise risk management design and structure, the assessment of its effectiveness and the oversight of the principal risks.

The Board shall satisfy itself that a crisis management plan exists that enables the Company to respond quickly and appropriately to an emerging crisis.

16.2 Strategic Planning Process

The Board shall adopt a strategic planning process and shall approve, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation's business.

16.3 Internal Control and Management Information Systems

The Board shall review the reports of management and the Audit Committee concerning the integrity of the Corporation's internal control and management information systems. Where appropriate, the Board shall require management (overseen by the Audit Committee as appropriate) to implement changes to such systems to ensure the integrity of such systems.

16.4 Disclosure Policy and Feedback Process

The Board shall adopt a disclosure policy for communicating with Shareholders, the investment community, the media, governments and their agencies, employees and the general public, having regard to the recommendations of the NCGC. Such policy shall be developed with reference to the requirements and recommendations of applicable securities laws and the Stock Exchanges. The Board shall consider, among other things, the recommendations of management and the NCGC with respect to this policy.

The Board shall establish a process pursuant to which the Board can receive feedback from security holders and other stakeholders.

16.5 Financial Statements

(a) The Board shall receive regular reports from the Audit Committee with respect to the integrity of the Corporation's financial reporting system and its compliance with all regulatory requirements relating to financial reporting.

(b) The Board shall review the recommendation of the Audit Committee with respect to the annual financial statements of the Corporation to be delivered to shareholders. If appropriate, the Board shall approve such financial statements.

16.6 Capital Management

The Board shall receive regular reports from management on the structure and management of the Corporation's capital.

16.7 Pension Plan Matters

If applicable, the Board shall receive and review reports from management and from the HRCC covering administration, investment performance, funding, financial impact, actuarial reports and other pension plan related matters.

16.8 Code of Ethics and Business Practices

(a) *Adoption of Code of Ethics and Business Practices*. The Board will adopt a code of ethics and business practices (the "**Code of Conduct**") for the Corporation having regard to the recommendations of the NCGC. In adopting the Code of Conduct, the Board will consider the recommendations of the NCGC concerning its compliance with applicable laws and the Stock Exchange listing requirements.

(b) *Compliance and Disclosure*. The Board will direct the NCGC to monitor compliance with the Code of Conduct and recommend disclosures with respect thereto. The Board will consider any report of the NCGC concerning these matters, and will approve, if determined appropriate, the disclosure of the Code of Conduct.

(c) *Waivers*. The Board shall consider any report of the NCGC with respect to any waiver granted to a director or senior officer of the Corporation from complying with the Code of Conduct and shall approve or reject such request as it deems appropriate.

17. NOMINATION OF DIRECTORS

17.1 Nomination and Appointment of Directors

The Board shall nominate individuals for election as Directors by the Shareholders, having regard to the recommendations of the NCGC.

The Board shall adopt a process (having regard to the recommendations of the NCGC) pursuant to which the Board shall consider:

(a) what competencies and skills the Board, as a whole, should possess;

(b) what competencies and skills each existing Director possesses and which the Board, as a whole, possesses;

(c) the representation of women on the Board;

(d) the desirability of maintaining diversity of personal characteristics such as experience, perspective, education, race, gender and national origin among the Directors;

(e) the mechanisms that should be adopted to ensure periodic Board renewal;

(f) the personality and other qualities of each Director ; and

(g) the appropriate size of the Board, with a view to facilitating effective decision-making.

17.2 Diversity

The Board shall nominate individuals for election as Directors that represent both diversity of personal characteristics, such as experience, perspective, education, race, gender and national origin, and business understanding and experience. The Board also supports the Company's commitment to the representation of women on the Board and establishes a target representation level for women on the Board of at least 30%.

18. BOARD EFFECTIVENESS

18.1 Position Descriptions

The Board shall review and, if determined appropriate, approve the recommendations of the NCGC concerning formal position descriptions for:

(a) the Chair;

(b) the Chair of each committee of the Board; and

(c) the President & CEO.

18.2 Director Orientation and Continuing Education

The Board shall review and, if determined appropriate, approve the recommendations of the NCGC concerning:

(a) a comprehensive orientation program for new Directors; and

(b) a continuing education program for all Directors.

18.3 **Board, Committee and Director Assessments**

The Board shall adopt a process having regard to the recommendation of the NCGC for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on an annual basis.

18.4 **No Term Limit**

The Corporation does not impose fixed term limits on Directors. The Board's assessment of the contributions of individual Directors in accordance with the process established by this Section 18 is a more meaningful way to make determinations about whether a director should be removed due to underperformance.

18.5 **Annual Assessment of the Board**

Each year, the Board shall assess its performance and effectiveness and review this Charter in accordance with the process established by the NCGC.

Reviewed and approved by the Board of Directors of Sleep Country Canada Holdings Inc. as of March 2, 2023.