

**CHARTER OF THE NOMINATING AND
CORPORATE GOVERNANCE COMMITTEE
OF
SLEEP COUNTRY CANADA HOLDINGS INC.**

GENERAL

1. **PURPOSE AND RESPONSIBILITIES OF THE COMMITTEE**

1.1 **Purpose**

The Committee's purpose includes responsibility for:

- (a) identifying individuals qualified to become Directors, consistent with the criteria established by the Board;
- (b) recommending to the Board the Director nominees for the next annual meeting of Shareholders;
- (c) developing and recommending to the Board a set of corporate governance principles applicable to the Corporation;
- (d) developing and recommending to the Board such corporate governance policies as may be appropriate and monitoring compliance with such policies;
- (e) overseeing the evaluation of the Directors;
- (f) recommending to the Board the compensation for Directors;
- (g) reviewing the Board's committee structure and recommend to the Board any changes it considers necessary or desirable;
- (h) developing and recommending an orientation program and a continuing education program for the Directors; and
- (i) such other matters as are set out in this Charter or as may otherwise be assigned to the Committee by the Board.

2. **DEFINITIONS AND INTERPRETATION**

2.1 **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) "**Chair**" means the chair of the Committee;
- (e) "**Code of Conduct**" means the code of ethics and business practices of the Corporation;
- (f) "**Committee**" means the nominating and corporate governance committee of the Board;
- (g) "**Corporation**" means Sleep Country Canada Holdings Inc.;
- (h) "**Director**" means a member of the Board; and
- (i) "**Shareholders**" means the shareholders of the Corporation.

2.2 Interpretation

The provisions of this Charter are subject to the articles and by-laws of the Corporation and to the applicable provisions of the *Canada Business Corporations Act* and any other applicable legislation.

CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

3. **ESTABLISHMENT AND COMPOSITION OF COMMITTEE**

3.1 **Establishment of the Nominating and Corporate Governance Committee**

The Committee is hereby established with the constitution, function and responsibilities set forth herein.

3.2 **Appointment and Removal of Members of the Committee**

(a) *Appointment of Members.* The members of the Committee shall be appointed by the Board, having considered the recommendation of the Committee.

(b) *Annual Appointments.* The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the Shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.

(c) *Vacancies.* The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office.

(d) *Removal of Member.* Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 Number of Members

The Committee shall consist of three or more Directors.

3.4 Qualification and Independence of Members

(a) *Qualification of Members.* A Director is not required to have any specific qualifications in order to serve as a member of the Committee. The Board will, however, appoint to the Committee at least one Director who has direct experience in corporate governance matters.

(b) *Independence of Members.* A Director is not required to be independent in order to serve as a member of the Committee.

4. COMMITTEE CHAIR

4.1 Board to Appoint Chair

The Board shall appoint the Chair from the members of the Committee.

4.2 Chair to be Appointed Annually

The appointment of the Committee's Chair shall take place 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 Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed. In the Chair's absence or in case of a position vacancy, the Committee may select another member as Chair. The Chair may exercise all powers of the committee in between meetings. Nevertheless, the Chair will reasonably involve the other members prior to exercising any power and advise them of the decisions ensuing the exercised powers.

5. COMMITTEE MEETINGS

5.1 Quorum

A quorum of the Committee shall be a majority of the members.

5.2 Secretary

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to act as Secretary of the Committee.

5.3 Time and Place of Meetings

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, that the Committee shall meet at least quarterly.

5.4 Right to Vote

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

5.5 Voting

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

5.6 Invitees

The Committee may invite any Directors, officers or employees of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

6. **AUTHORITY OF COMMITTEE**

6.1 Retaining and Compensating Advisors

The Committee shall have the authority to retain consultants to assist in identifying candidates to serve as Directors or executive officers of the Corporation or to advise regarding Director compensation levels and to retain outside counsel and any other advisors as the Committee may deem appropriate in its sole and absolute discretion. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants, counsel or other advisors.

6.2 Independence of Advisors

(a) The Committee shall take the following factors into consideration when retaining a consultant, counsel or other advisors (each, an "**Advisor**"):

- the other services provided to the Corporation by such Advisor;
- the amount of fees received from the Corporation by the Advisor, as a percentage of the total revenue of the Advisor;
- the policies and procedures of the Advisor that are designed to prevent conflicts of interest;
- any business or personal relationship between the partners, officers or employees of the Advisor and members of the Committee;
- any securities of the Corporation owned by the partners, officers or employees of the Advisor; and

- any business or personal relationship between the partners, officers or employees of the Advisor and the CEO or Senior Executive of the Corporation.

(b) The Committee may select or receive advice from any Advisor it prefers, including an Advisor that is determined to be non-independent by the Committee after considering the factors enumerated in Section 6.2(a).

6.3 Funding

The Committee shall have the authority to authorize the payment of:

- (a) compensation for any consultant, counsel or other advisors employed by the Committee under Section 6.1; and
- (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

6.4 Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

6.5 Recommendations to the Board

The Committee shall have the authority to make recommendations to the Board but shall have no decision-making authority other than as specifically contemplated in this Charter.

7. REMUNERATION OF COMMITTEE MEMBERS

7.1 Remuneration of the Committee Members

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time, having considered the recommendation of this Committee.

7.2 Directors' Fees

No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than Directors' fees (which fees may include cash and/or shares, options or other equity securities, or other in-kind consideration ordinarily available to Directors, as well as all of the regular benefits that other Directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation.

SPECIFIC DUTIES AND RESPONSIBILITIES

8. NOMINATION OF NEW DIRECTORS

8.1 Evaluating Competencies and Skills

The Committee shall provide recommendations to the Board with respect to the following matters:

- (a) the competencies and skills that the Board, as a whole, should possess;
- (b) the competencies and skills each existing Director possesses and which the Board, as a whole, possesses;
- (c) the representation of diversity on the Board;
- (d) the mechanisms that should be adopted to ensure periodic Board renewal; and
- (e) the personality and other qualities of each Director, as these may ultimately determine the boardroom dynamic.

8.2 Identifying and Recommending New Nominees

The Committee shall identify the individuals qualified to become new Directors and recommend to the Board nominees for election by the Shareholders or for appointment by the Board to fill any vacancy on the Board. In making its recommendations to the Board, the Committee shall consider:

- (a) any selection criteria approved by the Board from time to time, including the core competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- (b) the core competencies and skills that the Board considers each existing Director to possess;
- (c) the competencies and skills each new nominee would bring to the Board;
- (d) whether or not each new nominee can devote sufficient time and resources to his or her duties as a Director; and
- (e) the representation of a diversity of personal characteristics such as experience, perspective, education, race, gender, national origin and other characteristics among the Directors.

8.3 Exception

If the Corporation is legally required by contract or otherwise to provide third parties with the right to nominate Directors, the Committee shall have regard to the Corporation's obligations thereunder with respect to the selection and nomination of such Directors.

9. **GOVERNANCE PRINCIPLES AND DISCLOSURE**

9.1 Governance Principles

(a) The Committee shall develop and recommend to the Board an approach to corporate governance, including a set of governance principles and guidelines (the "**Governance Principles**").

(b) If any of the Governance Principles are different from those recommended by applicable securities regulators or stock exchanges, the Committee shall advise the Board why it considers these differences to be appropriate.

(c) The Committee shall review the Governance Principles at least annually and recommend to the Board any changes to the Governance Principles which it considers appropriate.

9.2 Governance Disclosure

The Committee shall review and recommend to the Board for approval any disclosure relating to the Corporation's corporate governance practices.

10. **POLICIES**

10.1 Governance Policies

The Committee shall review annually the Corporation's corporate governance policies and make recommendations to the Board having given consideration to recent developments in applicable laws and regulations and industry best practices.

10.2 Insider Trading and Blackout Period Policy

The Committee shall review, approve and receive regular reports from management with respect to the Corporation's insider trading policy and blackout period policy.

10.3 Share Ownership Policy

The Committee shall review, approve and receive regular reports from management with respect to the Corporation's share ownership policy, if any.

10.4 Disclosure Policy

The Committee shall review and recommend that the Board adopt a policy for the Corporation's communications with Shareholders, the investment community, the media, governments and their agencies, employees and the general public. The Committee shall approve and receive regular reports from management with respect to the policy and the Corporation's compliance with its continuous and timely disclosure obligations thereunder.

10.5 Ethical Compliance and Legal Compliance

The Committee shall:

- (a) subject to Board approval, annually review, approve and update periodically the Corporation's Code of Conduct with a view to complying with all applicable rules and regulations, and ensure that management has established a system to enforce such code;
- (b) review, approve and receive regular reports from management and the Audit Committee with respect to compliance with the Corporation's Code of Conduct and the review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements;
- (c) satisfy itself that management has established a system to disclose the Code of Conduct, any amendments to the Code of Conduct and any waivers therefrom granted by the Committee for the benefit of a Director or senior officer of the Corporation, as required by applicable rules and regulations and receive regular reports from management with respect to compliance with this system;
- (d) review, approve and receive regular reports from management and the Corporation's legal counsel with respect to legal compliance matters including the Corporation's corporate securities trading policy;
- (e) oversee and monitor the Corporation's environmental, social and governance ("ESG") and corporate social responsibility initiatives, including with respect to diversity;
- (f) oversee the Corporation's practices and policies designed to:
 - promote and advance workplace equity;
 - nurture an inclusive work culture and environment;
 - adopt approaches to managing the business that provides equitable opportunities for all people on an individual and systematic level; and
- (g) ensure that ongoing education is delivered in pursuit of equity and inclusion within all levels of the Corporation.

10.6 Other Governance Policies

The Committee shall review, approve and receive regular reports from management with respect to such other governance policies adopted by the Corporation from time to time.

11. **BOARD EFFECTIVENESS AND COMPENSATION**

11.1 **Size of the Board**

The Committee shall, on an annual basis, examine the size and composition of the Board and, if appropriate, make recommendations to the Board that could improve the Board's decision-making process.

11.2 **Committees of the Board**

The Committee shall review the Board's committee structure on an annual basis and recommend to the Board any changes it considers necessary or desirable with respect to the committee structure, including:

- (a) the charters of each committee;
- (b) the criteria for membership on any committee;
- (c) the composition of each committee;
- (d) the appointment and removal of members from any committee;
- (e) the operations of each committee, including the ability of any committee to delegate any of its responsibilities to a subcommittee; and
- (f) the process by which each committee reports to the Board.

11.3 **Delineating Board and Management Responsibilities**

The Committee shall:

- (a) develop and recommend to the Board position descriptions for:
 - the Chair of the Board;
 - the Lead Director, in the event the Chair of the Board is not an independent Director; and
 - the chair of each committee of the Board; and
- (b) together with the CEO, develop and recommend to the Board a position description for the CEO, including:
 - defining the limits of management's responsibilities; and
 - overall corporate goals and objectives that the CEO is responsible for meeting, taking into consideration goals and objectives relevant to CEO compensation approved by the Compensation Committee.

11.4 Special Outside Advisors

The Chair shall consider and, if determined to be appropriate, approve requests made from time to time by Directors or committees of the Board for the engagement of special outside counsel or other advisors (in addition to any right that a Director or a committee of the Board may have to engage outside counsel or other advisors under general corporate law or otherwise, including in accordance with the charter of any committee of the Board).

11.5 Board Compensation

The Committee shall recommend to the Board for approval compensation arrangements for the Directors, for the Co-Chairs of the Board, the Lead Director and for the Chairs and members of Board committees.

12. ORIENTATION AND CONTINUING EDUCATION

12.1 Orientation

The Committee shall develop and recommend to the Board a comprehensive orientation program for new Directors, which shall include assisting new Directors to understand:

- (a) the role of the Board and its committees;
- (b) the contribution individual Directors are expected to make (including the commitment of time and resources that the Corporation expects from its Directors); and
- (c) the nature and operation of the Corporation's business.

12.2 Continuing Education

The Committee shall develop and recommend to the Board a continuing education program for all Directors which shall, among other things:

- (a) assist Directors to maintain or enhance their skills and abilities as Directors; and
- (b) assist Directors in ensuring that their knowledge and understanding of the Corporation's business remains current.

13. ASSESSMENT PROCESS

13.1 Board, Committee and Individual Director Assessment

The Committee shall:

- (a) develop and recommend to the Board a process for assessing on an annual basis the performance and effectiveness of the Board as a whole, the committees of the Board and the Directors individually, such process to consider:

- the solicitation and receipt of comments from Directors, as appropriate;
- the Board's charter;
- the charter of each committee of the Board;
- applicable position descriptions for the Chairman of the Board, the Lead Director and of the chair of each committee of the Board; and
- the competencies and skills each individual Director is expected to bring to the Board;
- the desirability of maintaining diversity of personal characteristics such as experience, perspective, education, race, gender and national origin among the Directors;

13.2 Annual Performance Evaluation

On an annual basis, the Committee shall follow the process established by it and adopted by the Board (referred to in Section 13 above) for all committees of the Board for assessing the performance and effectiveness of the Committee.

13.3 No Term Limit

The Corporation does not impose fixed term limits on Directors. On an annual basis, the Committee shall follow the process established by it in this Section 13 and adopted by the Board for assessing the contributions of individual Directors, which is a more meaningful way to make determinations about whether a Director should be removed due to under-performance.

14. **DISCLOSURE AND REPORTING TO THE BOARD**

14.1 Report of the Committee

The Committee shall prepare and recommend to the Board for approval the report of the Committee to be included in any management information circular of the Corporation.

14.2 Director Compensation Disclosure

The Committee shall review and recommend to the Board for approval any public disclosure of information relating to the Corporation's Director compensation, including the disclosure to be included in any management information circular of the Corporation.

14.3 Regular Reporting

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

15. **CHARTER REVIEW**

The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate.

Approved by the Board of Directors of Sleep Country Canada Holdings Inc. effective as of March 3, 2022.