

**CHARTER OF THE HUMAN RESOURCES & COMPENSATION 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) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of these goals and objectives and approving the CEO's compensation level based on this evaluation;
- (b) overseeing the evaluation of the CEO and the officers of the Corporation;
- (c) recommending to the Board CEO and officer compensation, incentive-compensation and equity-based plans;
- (d) reviewing the Corporation's executive compensation disclosure; and
- (e) making recommendations with respect to management succession.

2. **DEFINITIONS AND INTERPRETATION**

2.1 **Definitions**

In this Charter:

- (a) "**Board**" means the board of directors of the Corporation;
- (b) "**CEO**" means the chief executive officer of the Corporation;
- (c) "**CFO**" means the chief financial officer of the Corporation;
- (d) "**Chair**" means the chair of the Committee;
- (e) "**Committee**" means the human resources & compensation committee of the Board;
- (f) "**Corporation**" means Sleep Country Canada Holdings Inc.;
- (g) "**Director**" means a member of the Board;
- (h) "**Senior Executives**" has the meaning ascribed thereto in Section 8.2(a).

- (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 Human Resources & Compensation 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 executive compensation matters.

(b) *Independence of Members.* Each member of the Committee shall be independent for the purposes of all applicable laws and stock exchange requirements.

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 a compensation consultant 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 compensation consultant, counsel or other advisors.

6.2 Independence of Advisors

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

- (i) the other services provided to the Corporation by such Advisor;
- (ii) the amount of fees received from the Corporation by the Advisor, as a percentage of the total revenue of the Advisor;
- (iii) the policies and procedures of the Advisor that are designed to prevent conflicts of interest;
- (iv) any business or personal relationship between the partners, officers or employees of the Advisor and members of the Committee;
- (v) any securities of the Corporation owned by the partners, officers or employees of the Advisor; and
- (vi) 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 the Nominating and Corporate Governance 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. COMPENSATION MATTERS

8.1 Compensation of CEO

The Committee shall oversee the Corporation's executive compensation principles and processes and submit to the board for approval. In particular, the Committee shall:

- (a) review and approve corporate goals and objectives relevant to CEO compensation;
- (b) evaluate the CEO's performance in light of those corporate goals and objectives;
- (c) determine and approve the CEO's compensation level (considering all elements of the compensation package) based on the CEO's evaluation; and
- (d) review and recommend to the Board for approval any arrangement related to the CEO's material employment terms including terms as to termination, retirement, severance, or change in control entitlements.

8.2 Other Compensation Matters

The Committee shall:

- (a) meet with the CEO to discuss goals and objectives of the executives of the Corporation that report directly to the CEO and any “Named Executive Officer” not otherwise included in the foregoing or any other executives as may be specified by the Board (collectively, the "**Senior Executives**");
- (b) evaluate compensation risk generally with a view to ensuring an appropriate balance of risk and reward consistent with the risk profile of the Corporation;
- (c) in consultation with the CEO, make recommendations to the Board with respect to Senior Executive compensation;
- (d) in the event of intentional fraud or willful misconduct, determine whether to apply clawback provisions applicable to any employee that the clawback involves;
- (e) periodically review the Corporation’s approach to compensation benchmarking for the Senior Executives and make recommendations as to any necessary adjustments to the comparator group;
- (f) having regard to any “Say on Pay” shareholder vote and such other factors the Committee considers advisable, make recommendations to the Board with respect to:
 - (i) salary compensation policies;
 - (ii) incentive compensation plans;
 - (iii) equity-based compensation plans; and
 - (iv) policies relating to the determination and payment of bonuses; and
- (g) review and recommend to the Board for approval any arrangement related to the Senior Executives’ material employment terms including terms as to termination, retirement, severance, or change in control entitlements.

8.3 Long-Term Incentives

In determining the long-term incentive component of the compensation of the CEO and the Senior Executives, consider:

- (a) the Corporation's performance;
- (b) the value of similar incentive awards to executive officers at other comparable companies; and
- (c) the awards given to the executive officers of the Corporation in past years.

8.4 Review of Incentive-Based Compensation

The Committee will monitor the administration of the Corporation's incentive and other compensation related plans, including payment of bonuses, determining the number of options to be granted and the time or times when such options shall vest and determining grants of other equity-based compensation in accordance with the Corporation's equity-based compensation plans, and shall report to the Board annually on whether incentives and bonuses awarded or paid to the CEO and each of the Senior Executives have been awarded or paid in accordance with the applicable plans.

8.5 Review of Other Compensation

The Committee will receive reports from management regarding material changes to employee benefit, retirement and savings and similar programs or other compensation programs and make recommendations to the Board as to any matters requiring Board approval.

8.6 Reports on Compensation Practices

The Committee shall receive and consider reports from management related to compensation practices, including:

- (a) internal or external reports regarding compensation policies and practises generally; and
- (b) reports regarding current market practices as the same may be described in reports on compensation practices, including reports from recognized compensation advisory service providers, which as of the date of this Charter include Institutional Shareholder Services, Inc. and Glass Lewis & Co.

9. **HUMAN RESOURCES MATTERS**

9.1 Succession Planning

The Committee shall be responsible for:

- (a) maintaining policies and principles regarding identifying and evaluating candidates as potential successors to the CEO and other Senior Executives;
- (b) maintaining policies and identifying candidates regarding succession in the event of an emergency or the retirement of the CEO and other Senior Executives;
- (c) at regular intervals, reviewing the Corporation's talent management programs and initiatives, and monitoring the development of key executives in accordance with succession plans; and
- (d) annually reviewing management's assessment of existing personnel and plans for ensuring that qualified personnel will be available as required for succession to the CEO and other Senior Executives.

9.2 Other Human Resources Matters

The Committee shall:

- (a) Receive notice from management forthwith upon the resignation, termination or other departure from the Corporation of the CEO or other Senior Executives.
- (b) Monitor employee engagement within the Corporation by reviewing management reports on the results of periodic employee surveys; and
- (c) review management's recommendations with respect to significant Human Resources policies applicable to employees of the Corporation and make recommendations to the Board in respect of such policies.

9.3 Reports on Human Resources Practices

The Committee shall receive and consider reports from management related to human resources practices, including internal or external reports regarding human resources policies and practises generally.

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

10.1 Executive Compensation Disclosure

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

10.2 Report of the Human Resources & Compensation Committee

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

10.3 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.

11. **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.