



# Mandate of the Board of Directors

302 Town Centre Blvd., Suite 300  
Markham, ON L3R OE8

The board of directors (the “**Board**”) of Sienna Senior Living Inc. (the “**Company**”) has developed this Mandate to help it fulfill its responsibility to shareholders to oversee the management of the business and affairs of the Company in accordance with the bylaws of the Company, applicable law, and stock exchange rules and requirements. This Mandate has been adopted by the Board to help ensure that it will have the necessary framework to review and evaluate the Company’s business operations and to make decisions and arrive at conclusions that are independent of the Company’s management. The Mandate is also intended to align the interests of directors and management of the Company with those of the Company’s shareholders.

The Company’s Compensation, Governance and Nominating Committee (the “**CGNC**”) will review and assess this Mandate at least annually and suggest to the Board such changes, as the CGNC deems appropriate. As part of its annual review, the CGNC will review the board practices of other well-managed entities, as well as practices that are the focus of commentators on corporate governance. The Board is strongly committed to sound governance practices.

## ROLE OF THE BOARD

The role of the Board is to provide guidance and strategic oversight to management, both collectively and individually, in order to realize the Company’s business objectives and to maximize shareholder value. The Board acts as an advisor and counselor to senior management and oversees its management of the business and affairs of the Company.

In fulfilling its responsibilities, the Board is responsible for, among other things:

- (i) overseeing the Company’s strategy and achievement of business objectives;
- (ii) overseeing the Company’s continuous disclosure and financial reporting;
- (iii) satisfying itself of the adequacy of the Company’s information systems;
- (iv) reviewing and monitoring the Company’s disclosure controls and internal controls and procedures for financial reporting;
- (v) overseeing compliance with the Company’s bylaws and with applicable law;
- (vi) overseeing the Company’s enterprise risk management framework;
- (vii) determining the amount and timing of distributions to shareholders;
- (viii) developing the Company’s approach to corporate governance;
- (ix) approving major decisions regarding the Company and its business which are outside of the ordinary course of business, subject to the delegation of approval authority to management;
- (x) CEO selection, evaluation, compensation and succession planning; and
- (xi) overseeing compliance with the Company’s Code of Business Conduct and Ethics (the “**Code**”) to satisfy itself as to the integrity of the CEO and other members of senior management and to ensure that the Company maintains a culture of integrity and accountability.



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## ROLE OF MANAGEMENT

Management is responsible for developing and implementing the Company's strategy, safeguarding the Company's assets and for delivering the primary benefits of the Company's business activities to shareholders. When management performance is inadequate, the Board has the responsibility to bring about appropriate change.

Management of the Company is under the direction and the control of the Chief Executive Officer of the Company (the "Chief Executive Officer"). Senior management, through the Chief Executive Officer, reports to and is accountable to the Board.

Management is responsible for the preparation of a business plan, which includes an annual operating and capital budget together with an outline of strategic initiatives, for review and approval of the Board. The Board's approval of the business plan provides a mandate for management to conduct the business and affairs of the Company. Material deviations from the plan are reported to and considered by the Board.

## COMPOSITION, ORIENTATION AND COMPENSATION OF THE BOARD

### Director Independence

At least two-thirds of the members of the Board will be Independent Directors (within the meaning of NI 58-201). At least annually, the Board will review the independence of each director and directors will be asked to self-assess their independence status through a questionnaire.

### Selection of Directors

Based on the recommendation of the CGNC, the Board is responsible for selecting nominees for election as directors and recommending them for election by the shareholders.

### Director Skills Matrix

The Board, through the CGNC, will utilize a board skills matrix as a tool to facilitate the screening and selection of Board nominees.

Directors who experience a significant change in their personal circumstances, including a change in their principal occupation or time commitments, are expected to advise the CGNC, who will request a further review by the Board of the director's ability to continue as a director of the Board.

### Orientation and Continuing Education

An orientation process is mandated for all new directors. This process includes comprehensive background briefings by the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer of the Company (the "Chief Financial Officer"), and other officers or employees of the Company designated by the Chief Executive Officer. This process includes obtaining an understanding of the role of the Board and its committees as well as each director's individual role and responsibility. The coordination of the orientation program is the responsibility of the CGNC and the Company's Chief Executive Officer.

Directors are also encouraged to participate in continuing education programs.



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## Director Compensation

The Board is responsible, on the recommendation of the CGNC, for approving a compensation model that appropriately compensates directors for service on the Board and on Board committees.

## **DIRECTOR TENURE, ROTATION AND RETIREMENT**

A director who is an officer of the Company (other than a person who served as an officer in an interim capacity) is required to resign from the Board at the time he or she retires or otherwise ceases to be an active employee of the Company. Consistent with this policy, the Chief Executive Officer (other than a person who served as an interim Chief Executive Officer) is required to resign as a director at the time he or she ceases to be the Chief Executive Officer.

The Board does not consider it necessary to have a mandatory retirement policy for directors. Rather, the Board is of the view that directors who have served on the Board for an extended period of time are able to provide valuable insight and perspective into the operations and future of the Company based on their experience with and understanding of the Company's history, policies and objectives. At the same time, the Board also considers it important that the Company receive the benefit of fresh approaches, new ideas and alternative viewpoints from new directors from time to time. On an annual basis, the Board will carefully review director rotation.

## **SERVICE ON OTHER PUBLIC ENTITY BOARDS AND BOARD COMMITTEES**

Directors are encouraged to limit the number of other public entity boards and committees of those boards on which they serve, taking into account potential board and committee attendance, participation and effectiveness on those boards and committees. Directors should also advise, in writing, the Chair of the Board and the Chair of the CGNC prior to accepting an invitation to serve on another board or board committee.

## **DIRECTOR EQUITY OWNERSHIP**

Directors are required to hold, within two years of becoming a director, common shares of the Company ("Shares") and/or Deferred Share Units ("DSUs") under the Company's Deferred Share Unit Plan, equal in value to five times the annual retainer received by such director. Any investment in Shares above this amount may be made on a voluntary basis. The equity ownership of each director will be calculated as at March 31st (approximately) each year based on the greater of cost of the Share purchases or market value. The CGNC is responsible for reviewing director equity ownership on an annual basis and making recommendations to the Board in respect thereof.

## **BOARD AND COMMITTEE MATTERS**

### Board Committees

The Board has established an Audit Committee and a Compensation, Governance and Nominating Committee and may establish such further committees as it deems necessary or desirable from time to time. The Chair of the Board together with the Chief Executive Officer will be responsible for recommending to the CGNC members and Chairs for appointment to each committee. Members will meet the criteria for membership in such committees as determined by the Board and as otherwise required by applicable law, rules and regulations, with consideration given to the preferences of individual directors. The CGNC is responsible for recommending to the Board the proposed members and Chair of each committee. The Board may, to the extent it considers desirable, give consideration to rotating committee members periodically to the extent practicable.



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## **Board Committee Charters**

Each Board committee will have its own charter. Subject to applicable law, rules and regulations, the charters will set forth the purposes, membership, powers, authority, duties and responsibilities of, and procedural matters relating to meetings of, the Board committees. The Audit Committee has the responsibility to at least annually, review its charter and recommend it for approval by the CGNC. The CGNC has the responsibility to at least annually review its charter and recommend it for approval by the Board.

## **RESPONSIBILITIES AND FUNCTIONING OF THE BOARD**

### **Company Strategy**

The Board is responsible for the oversight of the Company's strategy. At least annually, the Board will discuss the strategic objectives of the Company with management. This discussion will consider, among other things, the opportunities and risks pertaining to the Company. These discussions may be held during regularly scheduled Board meetings. Proposed changes to Company strategy are expected to be brought to the attention of the Board by senior management in a timely manner for the Board's consideration and approval, if appropriate. The Board will monitor the Company's progress in meeting its strategic objectives.

### **Risk Management**

The Board is responsible for satisfying itself that appropriate policies and procedures are in place to identify and manage the risks applicable to the Company. At least annually, the Board, or its committees, will meet with management regarding the risks applicable to the Company. Significant Company risk management decisions are expected to be brought to the attention of the Board by senior management in a timely manner for the Board's consideration. These decisions will be discussed and approved by the full Board. The Board, or its committees, will monitor the Company's progress in meeting its risk management objectives.

### **Approach to Governance**

The Board is responsible for developing the Company's overall approach to governance. This responsibility may be delegated to the CGNC.

### **Operating Plans and Financial Goals**

The Board will review and approve the Company's annual operating plans and specific financial goals, and monitor performance throughout each year.

### **Selection of the Chair of the Board**

The Board will select the Chair of the Board annually from among its members. The Chair of the Board will be an Independent Director within the meaning of NI 58-201. In the event that at any time the Chair of the Board is not an Independent Director, a Lead Director will be appointed from among the independent directors. The Lead Director will act as an effective leader of the Board in respect of matters required to be considered by the Independent Directors, and will ensure that the Board's agenda will enable it to successfully carry out its duties.

If the current Chair of the Board vacates his or her position for any reason prior to the end of their term, then the Chair of the CGNC will immediately assume the role of Chair of the Board until another Chair is appointed.



# Mandate of the Board of Directors

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## **Succession Planning — Board**

The CGNC will maintain a Board succession plan that is responsive to the Company's needs and the interests of its shareholders and will periodically report to the Board on succession planning, including in the event of an emergency.

## **Succession Planning — Chief Executive Officer and Chief Financial Officer**

The Board, with the assistance of the CGNC and with the assistance of the confidential recommendations and evaluations of potential successors by the Chief Executive Officer, will identify, evaluate, appoint and provide training to successors to the Chief Executive Officer and the Chief Financial Officer.

## **Annual Assessment of Performance**

The Board will conduct an annual self-evaluation to determine whether it, its committees and its committee members are functioning effectively. The CGNC will solicit comments from all directors and report annually to the Board with an assessment of the Board's performance, the performance of Board committees and its directors. This assessment will be discussed with the full Board annually. The assessment will specifically focus on areas in which the functioning of the Board or Board committees could be improved.

## **Evaluation of the Chief Executive Officer and Other Named Executive Officers**

The Board will evaluate and approve the compensation structure of the Chief Executive Officer and approve the compensation structure of other Named Executive Officers (as defined in NI 51-102) of the Company, all based on the recommendations of the CGNC.

## **Meetings of Independent Directors**

To promote open discussion among the Company's independent directors, at each regularly scheduled meeting of the directors and at such other time as any independent director may request, the independent directors will meet without management or any other non-independent directors present. The Chair of the Board (or any lead director that has been appointed) will preside at these separate meetings.

## **Loyalty and Ethics**

In their roles as directors, all directors owe a duty of loyalty to the Company. This duty mandates that the best interests of the Company take precedence over any other interest possessed by a director. Directors are expected to conduct themselves in accordance with the Code.

## **Frequency of Board Meetings**

The Board will hold in person meetings at least quarterly. In addition, the Board may hold additional meetings from time to time as determined by the needs of the business of the Company. The Company's Secretary will be responsible for the preparation of minutes of each Board meeting.

## **Director Attendance**

Each director is expected to attend all regular meetings of the Board in person and all meetings of Board committees of which the director is a member. Attendance by telephone or video conference may be used to facilitate attendance. In addition, each



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director is encouraged to attend each annual meeting of shareholders of the Company. The Board recognizes that occasional meetings may need to be scheduled on short notice when the participation of a director is not possible and that conflicts may arise from time to time that will prevent a director from attending a regularly scheduled meeting. However, the Board expects that each director will make every possible effort to keep such absences to a minimum. Poor attendance by a director (an absence from more than one regularly scheduled Board meeting per year) will be considered by the CGNC in deciding whether to recommend the director to the Board for re-election as a director.

Each director is expected to be sufficiently knowledgeable of the business of the Company, including its financial statements, and the risks it faces, to ensure his or her active and effective participation in the deliberations of the Board and each committee on which he or she serves.

### **Selection of Agenda Items for Board Meetings**

The Chair of the Board, with the assistance of the Chief Executive Officer, will establish the agenda for each Board meeting. Each director may suggest to the Chair of the Board the inclusion of additional items on the agenda. At any regularly scheduled Board meeting, each director may raise subjects for discussion that are not on the meeting's formal agenda.

Information that is important to the Board's understanding of the business of the Company will be distributed to the Board sufficiently in advance of each Board meeting to permit the directors adequate time to consider the material and ask questions of management, as appropriate. Directors are expected to review the information in advance of the meeting so that they can knowledgeably participate in the meeting. All such information will be maintained in conformity with the Company's policies on confidentiality.

### **Attendance of Non-Directors at Board Meetings**

The Chief Executive Officer, the Chief Financial Officer and the Secretary of the Company are expected to attend Board meetings. The Chief Executive Officer, at his or her discretion, may invite other employees, advisors or consultants to attend Board meetings for the purposes of making presentations. The Chair of the Board or the Chief Executive Officer, at his or her discretion, may invite employees of the Company, consultants, advisors or others, as appropriate, to attend Board meetings.

### **Access to Management, Outside Counsel and Auditors**

Board members will have complete access to the Chief Executive Officer, the Chief Financial Officer and the Company's outside counsel and auditors. It is the obligation of each Board member to use judgment to ensure that such contact is not distracting to the business operations of the Company and that, except as may be inappropriate, the Chief Executive Officer is appropriately advised of all such contacts.

### **Power to Retain Advisors**

The Board and each Board committee have the power at the Company's expense, to hire legal, financial or other advisors, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

### **Board's Interaction with Investors, the Press, and Other Company Stakeholders**

The Board believes that management should speak for the Company. Individual directors may, from time to time, receive requests for comment from various constituencies who are involved with the Company. Any such request should be forwarded to the Chief Executive Officer or his or her designee. Generally, communications from shareholders and the investment



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community will be directed to the Chief Financial Officer, who will coordinate an appropriate response depending on the nature of the communication.

If comments from the Board or any of its members are appropriate, they should come only following consultation with the Chief Executive Officer and other management, as appropriate.

### **DISCLOSURE POLICY AND CODE**

The Board is responsible for ensuring that the Company has established and maintains a Disclosure and Insider Trading Policy and the Code. The purpose is to ensure the Company maintains a high level of trust and integrity in accordance with the highest ethical standards.