All Employees

1. What is the CCAA?

- The CCAA, or the *Companies' Creditors Arrangement Act*, is a federal law in Canada that provides insolvent companies with debts in excess of \$5 million an orderly and supervised means to restructure their businesses.
- Once a company has been granted CCAA protection, the Court enters an Initial Order establishing
 what is known as a 'Stay of Proceedings', which prevents creditors from taking action against the
 company, its directors and officers, and its assets for an initial period of 30 days (which can be further
 extended as the court deems appropriate), allowing the company to continue to manage the day-today operations of the business while it addresses its restructuring objectives in an orderly and
 efficient manner.
- CCAA protection provides companies with the time and "breathing room" necessary to emerge as a successful, going concern business and to position the business as a stronger, more competitive company.

2. Why did the Company file for CCAA protection?

 While major initiatives over the last two years to reinvent the business have started to gain traction, the Company faces short term liquidity pressures that prevent it from continuing its restructuring efforts outside of a CCAA proceeding. CCAA protection provides companies the time and "breathing room" to restructure with the intent of emerging significantly stronger than they were, and better positioned to thrive in the future.

3. What happens under CCAA proceedings?

- As part of the CCAA proceedings, the Court grants a "stay of proceedings", which prevents creditors, such as lenders and suppliers, from taking action against Sears Canada, giving us the time and stability to restructure our business in an orderly manner while continuing the day-to-day operations.
- The Court appoints a Monitor under the CCAA to oversee the activities of Sears Canada and to assist the stakeholders with the CCAA process. FTI Consulting Canada Inc. has been appointed as the Monitor.

4. Why is the Company closing some of its stores?

- The Company announced the closure of some stores as part of its continued strategic approach to improving profitability and managing and optimizing its store footprint.
- Over the last several months, we have had to make difficult decisions while we reposition our brand and business to adjust to the changing retail landscape and evolving consumer preferences.

5. Is the Company bankrupt?

 No, the Company is not bankrupt. After much consideration, the Company has decided to file for CCAA protection while it restructures its operations with the intent to emerge as a successful, going concern business. One of the objectives of CCAA protection is to avoid bankruptcy and have the business emerge as a stronger, more competitive company that is positioned to thrive. For that reason, CCAA is sometimes referred to as 'Bankruptcy Protection'.

6. Could the Company be sold during this process? Could certain assets be sold?

• The Company intends to complete its restructuring and to emerge from its CCAA proceedings as a going concern business. The Company plans to evaluate all available options during its restructuring proceedings with a view to emerging as a profitable enterprise, and it is possible that during the

CCAA proceedings the Company will sell some or all of its assets. A possible outcome of the CCAA proceedings is that the Company is sold to a purchaser.

7. Who is in charge of Sears Canada during this process?

Sears Canada remains in control of its operations, subject to the oversight of the Court and the Court
appointed Monitor. Sears Canada's leadership team will work with the Monitor, counsel, and other
stakeholders as it restructures

8. How will I be kept informed of developments during the proceedings?

Sears Canada will provide periodic updates on the progress of the restructuring process as it directly
impacts your situation. In addition to the press releases that the Company will disseminate, various
court materials, including Monitor reports, will be available at the following website:
 http://cfcanada.fticonsulting.com/searscanada.

Employees Remaining at Head Office

9. Am I going to be expected to take on additional work now that so many people have been let go?

 We have a big job ahead of us and will be looking to everyone to make valuable contributions to our collective success.

10. What is happening to my job and how long will I continue to be employed?

 As part of our restructuring, we have made the unfortunate decision to reduce our overall size and scope, which is why we have decided to close certain stores and had to let associates go at head office. We certainly hope that those not affected by the CCAA filing announcement will continue to be employed by Sears Canada, and that is the assumption with which we are currently working. Of course, we will advise employees of any impact to them as circumstances develop.

11. Will my vacation be affected?

 Associates will continue to earn vacation in accordance with Sears Canada's normal policies and procedures. All vacation time remains subject to prior approval.

12. Will my benefits package continue?

If you are presently participating in Sears Canada's group benefit plans, your coverage will continue
unless otherwise notified.

13. I am currently on a leave of absence. How will I be treated?

- Associates on leaves of absence will be treated the same as active employees. If your leave of absence is a disability leave of absence, at this time, you will continue to receive any disability payments that you have been approved for, your benefits will continue as per the program in place at this time provided you continue to make any required payments for your coverage. At the end of your disability period, please contact your HR Representative.
- Associates in receipt of insured long-term disability benefits will continue to be governed by the terms and conditions of the applicable insurance plan(s).

14. What is KERP? Why do only certain people get it?

 The Key Employee Retention Plan ("KERP") is a Court-approved plan that creates incentives for certain key employees to remain with the Company through the CCAA Proceedings and to achieve a going concern outcome for the business. Additionally some key employees have been incentivized to help facilitate the successful closure of the relevant stores and an orderly exit from the premises.

15. What will happen to my pension?

 Please refer to the enclosed Pension Plan and Retiree Benefits FAQ for questions relating to your pension.

16. Will our suppliers continue to provide Sears Canada with products while we are under CCAA protection? How do we operate if they don't?

Our suppliers are expected to continue to provide products to us in the normal course.

17. Who do I contact with additional questions?

- For regular business questions, continue to speak to your manager.
- For questions about updating your personal information, benefits or pension plans that you participate in or any other payroll related questions, please speak to your local HR representative.
- For questions about specific benefit coverage levels, please see the information posted on my.sears.ca under My Health, or visit mysunlife.ca, or contact **Sun Life Financial at 1-888-206-4570.**
- For questions or to make changes to your DC pension plan, please visit mysunlife.ca or call **Sun Life Financial at 1-888-206-4570.**
- Should you receive inquiries from the media, please refer them to Vincent Power at 416-941-4422

Employees at Retail Locations Scheduled to Remain Open

18. What is happening to my job and how long will I continue to be employed?

- Our current restructuring plans only provide for the closing of a limited number of stores. We
 anticipate that associates in our other stores will continue in the normal course with their employment.
 We will, of course, communicate regularly with associates in respect of any developments.
- Associates in stores that have been scheduled to close as part of the restructuring will be asked to
 work during the store closure period, which typically takes approximately 15 weeks.

19. What will happen to the stores that do not close?

 For the remaining stores across Canada and online it is business as usual. There are also no changes to warranties (except for certain pre-2013 HIPS warranties), returns or exchange policies. No new loyalty points will be granted but existing loyalty points can be redeemed. Gift cards are accepted but no new gift card will be available for purchase. The My Advantage Program will cease immediately.

20. Will my vacation be affected?

 Associates will continue to earn vacation in accordance with Sears Canada's normal policies and procedures. All vacation time remains subject to prior approval.

21. Will my benefits package continue?

 If you are presently participating in the Company's group benefit plans, your coverage will continue, unless otherwise notified.

22. What will happen to my pension?

Please refer to the Pension Plan and Retiree Benefits FAQ for questions relating to your pension.

23. What is KERP? Why do only certain people get it?

• The Key Employee Retention Plan ("KERP") is a Court-approved plan that creates incentives for certain key employees to remain with the Company through the CCAA Proceedings and to achieve a going concern outcome for the business. Additionally some key employees have been incentivized to help facilitate the successful closure of the relevant stores and an orderly exit from the premises.

24. I am currently on a leave of absence. How will I be treated?

- Associates on leaves of absence will be treated the same as active employees. If your leave of absence is a disability leave of absence, at this time, you will continue to receive any disability payments that you have been approved for, your benefits will continue as per the program in place at this time provided you continue to make any required payments for your coverage. At the end of your disability period, please contact your HR Representative.
- Associates in receipt of insured long-term disability benefits will continue to be governed by the terms and conditions of the applicable insurance plan(s).

25. What should I say if a customer asks about a store closing or about the CCAA process?

• Please refer to the customer call centre script Q&A document or speak to your supervisor for details.

26. Will our suppliers continue to provide Sears Canada with products while we are under CCAA protection? How do we operate if they don't?

• Our suppliers are expected to continue to provide products to us in the normal course.

27. Who do I contact with additional questions?

- For regular business questions, continue to speak to your manager.
- For questions about updating your personal information, benefits or pension plans that you participate in or any other payroll related questions, please speak to your local HR representative.
- For questions about specific benefit coverage levels, please see the information posted on my.sears.ca under My Health, or visit mysunlife.ca, or contact **Sun Life Financial at 1-888-206-4570.**
- For questions or to make changes to your DC pension plan, please visit mysunlife.ca or call **Sun Life Financial at 1-888-206-4570.**
- Should you receive inquiries from the media, please refer them to Vincent Power at 416-941-4422

Terminated Employees - Head Office

28. Will I receive severance as part of my termination?

You will receive all base wages and accrued vacation pay (not already paid) owing up until your last day worked. Because of the CCAA filing, no further payments will be made at this time. To the extent that you believe you have any claims for further compensation, you will be eligible to participate in any claims process established in connection with the CCAA Proceedings. While no claims procedure has yet been established, you will be personally notified of the opportunity to make a claim in the event a claims process is established.

29. I am currently on salary continuance. What will happen to my severance payments?

Unfortunately, because of the CCAA filing, no further payment will be made at this time. To the
extent that you believe you have any claims for further compensation, you will be eligible to
participate in any claims process established in connection with the CCAA Proceedings. While no
claims procedure has yet been established, you will be personally notified of the opportunity to make
a claim in the event a claims process is established.

30. How did you determine which jobs to eliminate? Why is mine being eliminated? I have been with the company for a number of years and have had strong performance reviews.

 As part of our restructuring process, we concluded that we needed to reduce our presence in a number of areas, including certain retail locations and the head office jobs supporting those retail locations. Beyond that, we needed to take some significant steps to improve the company's chances at undertaking a successful restructuring. Rest assured, our decision was not based on your performance – it was about our need to restructure.

31. Will my benefits package continue? What about my associate discount?

- If you are participating in Sears group benefits plan, your participation in the Company's group benefits and pension plans will cease as of today. We strongly encourage you to make whatever arrangements for replacement benefit coverage as you deem fit. You have 30 days from the date your coverage terminates to convert your Health, Dental and Life insurance coverage with Sun Life Financial's Making Choices plan. If you would like to do that, please contact Sun life Financial directly. For additional details regarding your conversion, as well as information on your pension and other retirement arrangements, please contact the HR Service Centre at HRSC@sears.ca or 1-888-444-9444 (locally in Toronto 416-572-7300). You will continue to have access to the my.sears.ca for 18 months.
- Your associate discount will cease effective today.
- Should you be eligible for a retiree discount, please refer to the Pension Plan and Retiree Benefits FAQ for guestions relating to your retiree health, dental, life and retiree discount benefits.

32. What will happen to my pension?

Please refer to the Pension Plan and Retiree Benefits FAQ for questions relating to your pension.

33. Will I be eligible for Employment Insurance? How do I get that?

- To apply for Employment Insurance, go to the nearest Service Canada Centre or apply online (https://www.canada.ca/en/services/benefits/ei/ei-apply-online.html).
- You will need the following documents:
 - o Your Record of Employment your ROE will be uploaded directly to the Service Canada website in the coming days. (please see below on "how do I get a copy of my ROE?")
 - o Your Social Insurance Number If you have a <u>SIN that starts with "9"</u> you also need to show your work permit and proof of your immigration status.
 - o Personal identification Such as your driver's license, birth certificate or passport.

- o Your complete bank account information You can find this on your bank statement. Or you can bring a personal cheque write "void" on the cheque. The government uses this information to deposit your payment directly into your bank account.
- o Your detailed version of the facts regarding any job you have quit or been dismissed from in the last year.
- o Information about your Sears job Such as: your salary, your gross earnings for your last week of work.

34. How do I get a copy of my ROE?

- Sears Canada will upload your Record of Employment directly to the Service Canada website. A
 hard copy will NOT be sent to you.
- To obtain a copy please follow these steps:
 - You will need to register an My Service Canada Account, if you have not previously done so here is the link https://www.canada.ca/en/employment-social-development/services/my-account.html?utm campaign=not-applicable&utm medium=vanity-url&utm source=canada-ca my-service-canada-account
- Once you input your personal information, you will be given the option of having your Personal Identification Number (PIN) mailed to you or receive it by way of email (if you elect to receive via email, you will be required to call Service Canada to verify some information prior to receiving the email).
- You will need your Social Insurance Number (SIN) on hand when you register.
- Once you receive your PIN and login, you will see a section of steps to follow.
- Once registered for My Service Canada Account, Visit the "Record of Employment on the Web (ROE Web)" portion of the Government of Canada Website:
 www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-roe/access-roe.html

Terminated Employees at Retail Locations

35. Will I receive a payment as part of my termination?

- You will be asked to continue working during the store closure period, which typically takes approximately 15 weeks.
- You will receive all base wages and accrued vacation pay owing up to your last day worked. Because of the CCAA filing, no further payments will be made at this time. To the extent that you believe you have any claims for further compensation, you will be eligible to participate in any claims process established in connection with the CCAA Proceedings. While no claims procedure has yet been established, you will be personally notified of the opportunity to make a claim in the event a claims process is established.

36. What will happen to my benefits? My associate discount?

- Participating associates in a closing location will continue to be covered until the Separation Date identified in their termination letters, at which time all coverage will cease. We strongly encourage you to make whatever arrangements for replacement benefit coverage as you deem fit. You have 30 days from the date your coverage terminates to convert your Health, Dental and Life insurance coverage with Sun Life Financial's Making Choices plan. If you would like to do that, please contact Sun life Financial directly. For additional details regarding your conversion, as well as information on your pension and other retirement arrangements, please contact the HR Service Centre at HRSC@sears.ca or 1-888-444-9444 (locally in Toronto 416-572-7300). You will continue to have access to the my.sears.ca for 18 months after your employment ceases.
- Associates in a closing location will continue to receive their associate discount as per the discount
 policy until the earlier of the date their services are no longer required and their employment ceases
 or their store location closes.
- Should you be eligible for a retiree discount, please refer to the Pension Plan and Retiree Benefits FAQ for questions relating to your retiree health, dental, life and retiree discount benefits

37. How will my vacation be affected?

- Associates will continue to earn vacation in accordance with Sears Canada's normal policies and procedures. All vacation time remains subject to prior approval.
- Any unused accrued vacation pay at the end of your employment will be paid out.

38. Can I get a job at another Sears location?

 We will still be in business across the country. If you are in a community with another Sears Canada location nearby, then by all means you can apply for an opening. Your past experience at Sears Canada will be seen as an asset, but we cannot make any guarantees.

39. Will I be eligible for Employment Insurance? How do I get that?

- Yes, but not until after your last day worked.
- To apply for Employment Insurance, go to the nearest Service Canada Centre or apply online (https://www.canada.ca/en/services/benefits/ei/ei-apply-online.html).
- You will need the following documents:
 - Your Record of Employment your ROE will be uploaded directly to the Service Canada website in the coming days. (please see below on "how do I get a copy of my ROE?")
 - Your Social Insurance Number If you have a SIN that starts with "9" you also need to show your work permit and proof of your immigration status.
 - Personal identification Such as your driver's licence, birth certificate or passport.
 - Your complete bank account information You can find this on your bank statement. Or you can bring a personal cheque write "void" on the cheque. The government uses this information to deposit your payment directly into your bank account.

- o Your detailed version of the facts regarding any job you have quit or been dismissed from in the last year.

 o Information about your Sears job - Such as: your salary, your gross earnings for your last
- week of work.

40. How do I get a copy of my ROE?

- Sears Canada will upload your Record of Employment directly to the Service Canada website. A
 hard copy will NOT be sent to you.
- To obtain a copy please follow these steps:
 - You will need to register an My Service Canada Account, if you have not previously done so here is the link - https://www.canada.ca/en/employment-social-development/services/my-account.html?utm_campaign=not-applicable&utm_medium=vanity-url&utm_source=canada-ca_my-service-canada-account
- Once you input your personal information, you will be given the option of having your Personal Identification Number (PIN) mailed to you or receive it by way of email (if you elect to receive via email, you will be required to call Service Canada to verify some information prior to receiving the email).
- You will need your Social Insurance Number (SIN) on hand when you register.
- Once you receive your PIN and login, you will see a section of steps to follow.
- Once registered for My Service Canada Account, Visit the "Record of Employment on the Web (ROE Web)" portion of the Government of Canada Website:
 - www.canada.ca/en/employment-social-development/programs/ei/ei-list/ei-roe/access-roe.html