



# **Notice of 2019 Annual General Meeting of Shareholders and Management Proxy Circular**

Our Annual General Meeting of Shareholders will be held at 10:00 a.m. (Eastern Standard Time) on Tuesday, January 29, 2019 at the Centre Mont-Royal located at 2200, Mansfield Street, Montréal (Québec).

As a shareholder of METRO INC., you may exercise the voting rights attached to your shares by proxy or in person at the meeting.

Your vote is important.

This document sets forth who is entitled to vote, the matters upon which you will be asked to vote and how to exercise your shareholder voting rights. Please read it carefully.

# Table of contents

---

<b>NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS .....</b>	<b>1</b>
<b>MANAGEMENT PROXY CIRCULAR .....</b>	<b>2</b>
1. SOLICITATION OF PROXIES.....	2
2. INFORMATION REGARDING VOTING .....	2
<i>REGISTERED SHAREHOLDERS .....</i>	<i>2</i>
<i>NON-REGISTERED SHAREHOLDERS .....</i>	<i>2</i>
<i>NOTICE AND ACCESS RULES .....</i>	<i>3</i>
3. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF .....	3
4. FINANCIAL STATEMENTS.....	4
5. ELECTION OF DIRECTORS.....	4
6. APPOINTMENT OF AUDITORS .....	14
<i>AUDITORS' INDEPENDENCE.....</i>	<i>14</i>
<i>FEES FOR THE SERVICES OF THE AUDITORS.....</i>	<i>14</i>
7. ADVISORY VOTE ON EXECUTIVE COMPENSATION .....	14
8. APPROVAL OF SHAREHOLDER RIGHTS PLAN .....	15
9. SHAREHOLDER PROPOSAL .....	16
10. THE BOARD OF DIRECTORS AND ITS COMMITTEES .....	16
11. DIRECTOR COMPENSATION.....	21
12. DIVERSITY .....	23
13. EXECUTIVE COMPENSATION.....	24
14. CORPORATE GOVERNANCE .....	50
15. OTHER MATTERS.....	50
16. SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING.....	50
17. ADDITIONAL INFORMATION.....	50
18. APPROVAL BY THE DIRECTORS .....	50
EXHIBIT A - SHAREHOLDER RIGHTS PLAN .....	51
EXHIBIT B - SHAREHOLDER PROPOSAL .....	96
EXHIBIT C - MANDATE OF THE BOARD OF DIRECTORS .....	98
EXHIBIT D - MANDATE OF THE HUMAN RESOURCES COMMITTEE .....	99
EXHIBIT E - MANDATE OF THE AUDIT COMMITTEE .....	100
EXHIBIT F - MANDATE OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE .....	103
EXHIBIT G - LIST OF COMPETENCIES AND EXPECTATIONS OF DIRECTORS .....	104
EXHIBIT H - STATEMENT OF CORPORATE GOVERNANCE PRACTICES .....	105
EXHIBIT I - MANDATE OF THE CHAIR OF THE BOARD OF DIRECTORS.....	114
EXHIBIT J - MANDATE OF COMMITTEE CHAIRS.....	115

# Notice of Annual General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders (the "Meeting") of METRO INC. (the "Corporation") will be held at the Centre Mont-Royal located at 2200 Mansfield Street, Montréal (Québec) on January 29, 2019 at 10:00 a.m. (Eastern Standard Time), for the following purposes:

1. receiving the Consolidated Financial Statements of the Corporation for the financial year ended September 29, 2018 and the report of the independent auditors thereon;
2. electing directors;
3. appointing auditors;
4. considering and, if deemed appropriate, passing an advisory resolution on the Corporation's approach to executive compensation as described on page 14 of the Management Proxy Circular (the "Circular");
5. considering and, if deemed appropriate, passing an ordinary resolution, the full text of which is reproduced as Exhibit A to the Circular, to approve the adoption of a shareholder rights plan for the Corporation;
6. considering the shareholder proposal set forth in Exhibit B to the Circular;
7. transacting such other business as may properly be brought forward at the Meeting.

The holders of common shares of record at the close of business (Eastern Standard Time) on December 13, 2018 are entitled to receive notice of, to attend and to vote at this Meeting.

The Corporation has elected to use the Notice and Access rules adopted by the Canadian Securities Administrators to reduce the volume of paper with respect to materials distributed for the purpose of the Meeting. Instead of receiving the Circular, shareholders will receive a Notice of Meeting with instructions on how to access the remaining Meeting materials online together with the form of proxy or voting instruction form, as the case may be. The Circular and other relevant materials are available on the Corporation's corporate Internet website (<http://corpo.metro.ca/en/investor-relations/annual-general-meeting.html>) or on SEDAR ([www.sedar.com](http://www.sedar.com)).

Shareholders are advised to review the Meeting materials prior to voting. Any shareholder who wishes to receive a paper copy of the Meeting materials may, at no cost, request such printed copies by calling our proxy solicitation agent D.F. King Canada toll-free at 1 800 246-2916, if you are in North America, or at 1 212 771-1133, if you are outside North America, or by email at [inquiries@dfking.com](mailto:inquiries@dfking.com).

If paper copy of the Meeting materials is required, we recommend sending the request as soon as possible, and ideally before January 17, 2019, in order to allow shareholders sufficient time to receive and review said Meeting materials and return the proxy form or voting instruction form in the prescribed time.

Montréal, December 13, 2018

By order of the Board of Directors



Simon Rivet

Corporate Secretary

**Note:**

**The holders of common shares who are unable to attend the Meeting in person are requested to proceed according to the instructions provided in the Circular, and to return the proxy or voting instruction form at their earliest convenience, but before 10:00 a.m. (Eastern Standard Time) on January 28, 2019.**

# Management Proxy Circular

This Management Proxy Circular (the "Circular") is provided in connection with the solicitation of proxies for the Annual General Meeting of Shareholders (the "Meeting") of METRO INC. (the "Corporation") to be held on Tuesday, January 29, 2019, at the place and time and for the purposes set forth in the enclosed notice of said Meeting (the "Notice of Meeting"), and all adjournments thereof.

## 1. SOLICITATION OF PROXIES

**The proxy is being solicited by the management of the Corporation.** The solicitation will be made primarily by mail, but the directors, officers and employees of the Corporation may also solicit proxies by telephone, by fax, by Internet, through advertisements or in person. The Corporation will also retain the services of other parties to solicit proxies, in particular D.F. King Canada. The solicitation costs will be at the expense of the Corporation, including any costs in connection with the services provided by D.F. King Canada which are estimated at approximately \$35,000.

In addition, the Corporation will, upon request, reimburse brokers and nominees for expenses reasonably incurred for forwarding voting instruction forms and accompanying material to beneficial owners of common shares of the Corporation.

## 2. INFORMATION REGARDING VOTING

### REGISTERED SHAREHOLDERS

You are a registered shareholder if your shares are directly registered in your name in the Corporation's register of shareholders. Holders of shares of record at the close of business in Montréal, Québec, on December 13, 2018 (the "Record Date") will be entitled to attend the Meeting and any adjournment thereof and exercise the voting rights attached to their shares. Shareholders entitled to exercise their voting rights may appoint another person (a "Proxyholder") to attend the Meeting and exercise such voting rights.

**VOTING RIGHTS EXERCISED BY PROXY** The person named as Proxyholder in the proxy form will exercise the voting rights attached to the common shares which are subject to said proxy, in accordance with the instructions set forth by the shareholder. **Unless contrary instructions are indicated on the proxy form, the voting rights attached to such shares will be voted "FOR" the approval of matters referred to in items two (2), three (3), four (4) and five (5) of the Notice of Meeting, and "AGAINST" the matter referred to in item six (6) of the Notice of Meeting.**

The proxy form, once completed, confers discretionary authority upon the Proxyholder with respect to all amendments to matters set forth in the Notice of Meeting and any other matter which may properly be brought before the Meeting. As at the date of this Circular, the management of the Corporation is unaware of any such amendments or other matters to be brought at the Meeting.

**APPOINTMENT OF A PROXYHOLDER** As a shareholder, you have the right to appoint a Proxyholder to represent you at the Meeting other than the persons whose names already appear as Proxyholders in the proxy form, by inserting the name of the Proxyholder of your choice in the blank space provided for that purpose in the proxy form. The Proxyholder needs not be a shareholder of the Corporation. If the shareholder is a corporation, the proxy form must be executed by a duly authorized officer or a representative thereof.

You may enter your voting instructions by following the instructions indicated on the front and back of the proxy form.

**REVOCAION OF A PROXY** A shareholder who executes and returns the proxy form may revoke same in any manner permitted by law, including by way of written notice duly executed by the shareholder, by the representative who has written authorization to act on the shareholder's behalf or, if the shareholder is a corporation, by a duly authorized officer or a representative thereof, and submit said revocation to the transfer agent of the Corporation, AST Trust Company (Canada), before the proxy is acted upon at the Meeting or any adjournment thereof.

If you have any questions with respect to the foregoing, wish to receive an additional copy of this Circular or need help to vote, we invite you to contact D.F. King Canada by calling toll-free 1 800 246-2916, if you are in North America, or 1 212 771-1133, if you are outside North America, or by emailing your request at [inquiries@dfking.com](mailto:inquiries@dfking.com).

### NON-REGISTERED SHAREHOLDERS

A non-registered shareholder is a shareholder whose shares are registered in the name of a representative, such as an investment dealer or another intermediary, rather than in the shareholder's name.

Applicable securities laws and regulations require that the representative of a non-registered shareholder seeks the latter's voting

instructions prior to the Meeting. If you are a non-registered shareholder you will receive a voting instruction form from your representative with respect to the number of shares held on your behalf. The voting instruction form sent by the representative will contain instructions pertaining to the execution and transmission of the document, which instructions should be carefully read and followed to ensure that your voting rights are exercised accordingly at the Meeting.

If you are a non-registered shareholder and are unable to attend the Meeting but wish that your voting rights be exercised on your behalf by a Proxyholder, you must follow the voting instructions provided by your representative. The person named as Proxyholder in the voting instruction form will exercise the voting rights attached to the common shares held on your behalf, in accordance with the instructions set forth in the voting instruction form. **Unless contrary instructions are indicated on the voting instruction form, the voting rights attached to such shares will be voted “FOR” the approval of matters referred to in items two (2), three (3), four (4) and five (5) of the Notice of Meeting, and “AGAINST” the matter referred to in item six (6) of the Notice of Meeting.**

If you are a non-registered shareholder and wish to exercise your voting rights in person at the Meeting, you must indicate your own name in the space provided for such purpose on the voting instruction form in order to appoint yourself as Proxyholder and follow the instructions provided by your representative with respect to the execution and transmission of the document.

If you have any questions with respect to the foregoing, wish to receive an additional copy of this Circular or need help to vote, we invite you to contact D.F. King Canada by calling toll-free 1 800 246-2916, if you are in North America, or 1 212 771-1133, if you are outside North America, or by emailing your request at [inquiries@dfking.com](mailto:inquiries@dfking.com).

### NOTICE AND ACCESS RULES

The Corporation has elected to use the Notice and Access rules adopted by the Canadian Securities Administrators to reduce the volume of paper with respect to materials distributed for the purpose of the Meeting. Instead of receiving this Circular, shareholders will receive a Notice of Meeting with the proxy or voting instruction form, as the case may be, along with instructions on how to access the Meeting materials online. The Corporation will send the Notice of Meeting and proxy form directly to registered shareholders. The Corporation will pay for intermediaries to deliver the Notice of Meeting, voting instruction form and other Meeting materials requested by non-registered shareholders.

This Circular and other relevant materials are available on the Corporation’s corporate Internet website (<http://corpo.metro.ca/en/investor-relations/annual-general-meeting.html>) or on SEDAR ([www.sedar.com](http://www.sedar.com)).

If you would like to receive a printed copy of the Meeting materials by mail, at no cost, you must request same from D.F. King Canada by calling toll-free 1 800 246-2916, if you are in North America, or 1 212 771-1133, if you are outside North America, or by emailing your request at [inquiries@dfking.com](mailto:inquiries@dfking.com).

To ensure that you receive the materials in advance of the voting deadline and the Meeting, we recommend that you send your request before January 17, 2019 to ensure timely receipt. If you request a paper copy of the materials, please take note that no additional proxy form or voting instruction form shall be sent to you. Therefore, please make sure that you retain the form that you received with the Notice of Meeting for voting purposes.

To obtain a printed copy of the materials after the Meeting, please contact D.F. King Canada by calling toll-free at 1 800 246-2916, if you are in North America, or 1 212 771-1133, if you are outside North America, or by emailing your request at [inquiries@dfking.com](mailto:inquiries@dfking.com).

### 3. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The common shares (the “Share(s)”) constitute the only class of shares of the Corporation carrying voting rights at a general meeting of shareholders. Each Share entitles its holder to one (1) vote. Each holder of Shares is entitled, at a meeting or any adjournment thereof, to one (1) vote for each Share registered in such holder’s name at the close of business (Eastern Standard Time) on the Record Date.

As at December 6, 2018, there were 256,277,506 Shares of the Corporation issued and outstanding, representing 100% of the votes attached to all Shares of the Corporation.

To the knowledge of the directors and officers of the Corporation, the only person who, as at December 6, 2018, exercised or claimed to exercise beneficial ownership, control or direction over 10% of the Corporation’s Shares was:

<b>Name</b>	<b>Approximate number of Shares</b>	<b>Approximate percentage of Shares</b>
Fidelity Management & Research Company <sup>(1)</sup>	47,067,594	18.37%

<sup>(1)</sup> On the basis of the information available on SEDAR ([www.sedar.com](http://www.sedar.com)) and on SEDI ([www.sedi.ca](http://www.sedi.ca)).

## 4. FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Corporation for the financial year ended September 29, 2018 and the report of the independent auditors thereon will be submitted at the Meeting. These Consolidated Financial Statements appear in the Corporation's 2018 Annual Report (the "Annual Report") that was mailed to shareholders who requested it together with the Notice of Meeting. The Annual Report is available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as on the Corporation's corporate Internet Website (<http://corpo.metro.ca/en/investor-relations/annual-general-meeting.html>).

## 5. ELECTION OF DIRECTORS

The articles of the Corporation provide for a minimum of seven (7) and a maximum of 19 directors, which number is to be determined, from time to time, by resolution of the Board of Directors of the Corporation (the "Board of Directors" or the "Board"). The Board of Directors has set at 14 the number of directors for the upcoming year. The Corporation's By-laws provide that each director is elected for a one-year term beginning on the date of the annual meeting of shareholders during which such director is elected and ending at the following annual meeting of shareholders or upon the election of such director's successor, unless the director resigns or such director's seat becomes vacant as a result of death, removal or any other reason.

According to a policy of the Corporation, any person who was a director of the Corporation on January 30, 2012 may subsequently stand for election as a director, provided that at the time of such director's election he or she is under the age of 72. Any other person may stand for election as a director of the Corporation provided that at the time of such director's election, such director is under the age of 72 and has been a director of the Corporation for less than 15 years.

**MAJORITY VOTING POLICY** The Board of Directors has adopted a policy providing that a nominee for the position of director who receives a greater number of votes "**WITHHELD**" than votes "**FOR**" during the election of directors by shareholders at a meeting of shareholders, will offer promptly his or her resignation to the Chair of the Board following said meeting of shareholders. The Corporate Governance and Nominating Committee will consider such offer to resign and make a recommendation to the Board to accept it unless exceptional circumstances justify otherwise. The Board will accept the resignation, unless exceptional circumstances justify otherwise, and issue a press release to that effect within 90 days following the meeting of shareholders, a copy of which will be sent to the Toronto Stock Exchange. The director who offered his or her resignation shall not take part in any of the Corporate Governance Committee's or the Board's meetings at which the resignation offer is being considered. This policy only applies in circumstances involving an uncontested election of directors. An "uncontested election of directors" means that the number of nominees for the position of director is equal to the number of directors to be elected to the Board, and that no proxy material is circulated in support of one (1) or more nominees other than those presented by the Board. Subject to any restriction imposed by law, in the event that the Board accepts the resignation offer of a director, the Board may leave the resulting vacancy unfilled until the next annual meeting of shareholders. It may also opt to fill the vacancy by appointing a new director whom the Board considers to merit the trust of the shareholders. It may further decide to call a meeting of shareholders in order to introduce a new candidate to fill the vacant position.

The full text of this policy can be found on the Corporation's corporate Internet website ([www.corpo.metro.ca](http://www.corpo.metro.ca)).

**POLICY ON EXTERNAL BOARDS** The Board of Directors has adopted a policy limiting the number of directorships of its directors to a maximum of four (4) public companies, including the Corporation. As well, no more than two (2) directors of the Corporation shall hold a director seat at the same board of another public company. Therefore, the Corporate Governance and Nominating Committee of the Corporation shall take into consideration the directorships of potential nominees and shall not propose a slate of directors for election by shareholders if the election of those directors would result in more than two (2) directors holding a director seat at the same board of another public company. A director of the Corporation shall obtain the prior approval of the Corporate Governance and Nominating Committee before submitting his or her candidacy as director of another public company.


**NOMINEES FOR THE POSITION OF DIRECTOR** Nominees for the position of director are the current directors of the Corporation.

**Unless contrary instructions are indicated, the persons named as Proxyholder in the proxy form or voting instruction form intend to vote "FOR" the election, as directors of the Corporation, of the 14 nominees whose names are set forth below.**

Management of the Corporation does not expect that any such nominee will be unable or, for any reason, become unwilling to serve as a director, but if the foregoing should occur for any reason prior to the election, the Proxyholders in the proxy form or voting instruction form may vote for another nominee of their choice.

The following tables describe the nominees for the position of director of the Corporation. Each nominee for the position of director of the Corporation holds the principal occupation indicated therein. The nominees' experience as well as their previous functions, as applicable, are hereinafter summarized. The other boards of public corporations on which nominees currently serve as well as information relating to their equity holdings in the Corporation are also mentioned. None of the nominees serve together on the same

board of another public company, except for Ms. Maryse Bertand and Mr. Russell Goodman who both serve on the Board of Directors of Gildan Activewear Inc.

 <p><b>Maryse Bertrand</b> Ad. E. Age 59 Westmount, Québec Independent <u>Director since:</u> 2015</p>	Principal occupation	<b>Corporate Director</b>
	Committee(s)	<ul style="list-style-type: none"> <li>• Corporate Governance and Nominating</li> <li>• Audit</li> </ul>
	2018 Annual Meeting Votes in favour (%): 99.86	
	<p>Ms. Bertrand is an advisor in corporate governance and risk management and a corporate director. She is a member of the Board of Directors of National Bank of Canada, PSP Investments, and Gildan Activewear Inc. where she acts as chair or member of various board committees. From 2016 to 2017, she was Strategic Advisor and Counsel at Borden Ladner Gervais LLP and, prior to that she was Vice-President, Real Estate Services, Legal Services and General Counsel at CBC/Radio-Canada, where she also chaired the National Crisis Management Committee and the board of directors of ARTV, a specialty channel. Prior to 2009, she was a partner of Davies Ward Phillips &amp; Vineberg LLP, where she specialized in mergers and acquisitions and corporate finance, and served on the firm's National Management Committee. She was named as Advocatus emeritus (Ad. E.) in 2007 by the Québec Bar in recognition of her exceptional contribution to the legal profession. Ms. Bertrand holds a Bachelor's degree in Law from McGill University and a Master's degree in Risk Management from New York University (Stern School of Business).</p>	


#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
1,800 <sup>(3)</sup>	6,970	1,800 <sup>(3)</sup>	5,536	1,434	402,718	4.74	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$85,000).

<sup>(3)</sup> Ms. Maryse Bertrand also controls 6,870 Shares of which she does not have beneficial ownership.


 <p><b>François J. Coutu</b> Age 63 Montréal, Québec Non-Independent <u>Director since:</u> 2018</p>	Principal occupation	<b>President of The Jean Coutu Group (PJC) Inc.</b>
	Committee(s)	—
	2018 Annual Meeting Votes in favour (%):— <sup>(1)</sup>	
	<p>Mr. Coutu is President of The Jean Coutu Group (PJC) Inc., a wholly-owned subsidiary of the Corporation. He has held various management positions within The Jean Coutu Group (PJC) Inc. for more than 25 years, including President and Chief Executive Officer from 2007 to 2018 and has assumed various responsibilities as a member of the board committees. He also acted as chair of the board of directors of the Canadian Association of Chain Drug Stores (CACDS) and was director of the board of Rite Aid Corporation. Mr. Coutu is a pharmacist by trade, holds a Bachelor's degree in Business Administration from McGill University as well as a Bachelor's degree in Pharmacy from Samford University. He is a member of the board of directors of the School of Pharmacy of Samford University.</p>	

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$)	Value at risk as multiple of Base Annual Retainer	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
—	—	—	—	—	—	—	2021-05-11

<sup>(1)</sup> The Board appointed Mr. François J. Coutu as director of the Corporation on May 11, 2018 in accordance with the powers granted to the Board in the General By-Laws of the Corporation.



 <p><b>Michel Coutu</b> Age 65 Montréal, Québec Non-Independent <u>Director since:</u> 2018</p>	Principal occupation	<b>President of MMC Consulting Inc.</b>
	Committee(s)	—
	2018 Annual Meeting Votes in favour (%): — <sup>(1)</sup>	
<p>Mr. Coutu is President of MMC Consulting Inc. since 2010. He previously acted as President of the U.S. operations of The Jean Coutu Group (PJC) Inc. and as President and Chief Executive Officer of The Jean Coutu Group (PJC) USA, Inc. He was also a member of the board of directors of the National Association of Chain Drug Stores in the United States and is co-chair of the board of directors of Rite Aid Corporation. Mr. Coutu holds a degree in Finance and a Bachelor's degree in Civil Law from Université de Sherbrooke and a Master's degree in Business Administration (MBA) from the University of Rochester (Simons School of Business). He is a Governor of the Faculty of Commerce of the Université de Sherbrooke. In 2005, he received a <i>Degree Honoris Causa</i> from the Massachusetts College of Pharmacy and Health Sciences.</p>		


#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(2)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(3)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
180	811	—	—	991	45,507	0.54	2021-05-11

<sup>(1)</sup> The Board appointed Mr. Coutu as director of the Corporation on May 11, 2018 in accordance with the powers granted to the Board in the General By-Laws of the Corporation.

<sup>(2)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(3)</sup> Determined using the annual retainer in effect on September 29, 2018 (\$85,000).

 <p><b>Stephanie Coyles</b> Age 51 Toronto, Ontario Independent <u>Director since:</u> 2015</p>	Principal occupation	<b>Corporate Director</b>
	Committee(s)	• Audit
	2018 Annual Meeting Votes in favour (%): 99.50	
<p>Mrs. Coyles is a director and member of the Audit Committee and the Risk and Conduct Review Committee of Sun Life Financial Inc. She was a member of the board of directors of Postmedia Network Inc. in 2016. Prior to becoming a corporate director, Mrs. Coyles was an executive and Chief Strategic Officer at LoyaltyOne Co. from 2008 to 2012 and spent most of her career as a management consultant and eventually as a principal at McKinsey &amp; Company where she served clients in the area of advanced analytics, digital transformation and consumer marketing. She holds a Bachelor degree in Commerce from Queen's University and a Master's degree in Public Policy from Harvard University (Kennedy School of Government). She is a graduate of the Directors Education Program of the Institute of Corporate Directors (ICD).</p>		

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
1,000	9,389	1,000	6,670	2,719	477,063	5.61	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the annual retainer in effect on September 29, 2018 (\$85,000).



**Marc DeSerres**  
Age 65  
Montréal, Québec  
Independent  
Director since:  
2002

Principal occupation	<b>President of Omer DeSerres Inc.</b> (national chain of art supply stores)
Committee(s)	<ul style="list-style-type: none"> <li>Human Resources</li> </ul>
2018 Annual Meeting Votes in favour (%): 96.19	
<p>Mr. DeSerres has been President of Omer DeSerres Inc. since 1980. He has over 35 years of experience in the retail business. He holds a Bachelor's degree in Administration from Concordia University. From 1998 to 2012, Mr. DeSerres was chair of the board of directors of the Musée d'art contemporain de Montréal for which he also served as a member of its Corporate Governance and Audit committees from 2004 to 2012.</p>	

**INFORMATION ON EQUITY HOLDINGS**

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
14,427	42,743	14,427	40,805	1,938	2,625,246	30.89	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$85,000).



**Claude Dussault**  
Age 64  
Québec, Québec  
Independent  
Director since:  
2005


Principal occupation	<b>President of ACVA Investing Corporation</b> (portfolio management company)
Committee(s)	<ul style="list-style-type: none"> <li>Human Resources (Chair)</li> <li>Corporate Governance and Nominating</li> </ul>
2018 Annual Meeting Votes in favour (%): 96.21	
<p>Mr. Dussault is President of ACVA Investing Corporation, a private portfolio management company. Mr. Dussault is also chair of the board of directors of Intact Financial Corporation since January 1, 2008. He is also trustee and member of the Audit Committee as well as the Compensation Committee of Cominar Real Estate Investment Trust. He has held various management positions within the ING Group for more than 20 years, including President and Chief Executive Officer of ING Canada Inc. (now Intact Financial Corporation). Mr. Dussault is an actuary and a Fellow of the Canadian Institute of Actuaries and of the Casualty Actuarial Society. He holds a Bachelor's degree in Actuarial Science from Université Laval and has also participated in the Advanced Executive Education Program at the Wharton School of Business (University of Pennsylvania).</p>	

**INFORMATION ON EQUITY HOLDINGS**

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
12,000	37,741	12,000	35,772	1,969	2,284,107	26.87	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$85,000).


 <p><b>Russell Goodman</b> FCPA, FCA Age 65 Lac-Tremblant-Nord, Québec Independent <u>Director since:</u> 2012</p>	Principal occupation	<b>Corporate Director</b>
	Committee(s)	<ul style="list-style-type: none"> <li>Audit (Chair)</li> <li>Corporate Governance and Nominating</li> </ul>
	2018 Annual Meeting Votes in favour (%): 99.51	
	<p>Mr. Goodman is a director, chair of the Audit and Finance Committee and member of the Human Resources and Compensation Committee of Gildan Activewear Inc. He is also a director, chair of the Audit Committee and member of the Compensation Committee of Northland Power Inc. and is chair of the Independent Review Committee of Investors Group Funds. He spent his business career at PricewaterhouseCoopers LLP until his retirement in 2011. From 1998 to 2011, he was Managing Partner of various business units in Canada and for the Americas and also held global leadership roles in the services and transportation industry sectors. Mr. Goodman is a Chartered Professional Accountant. He holds a Bachelor of Commerce degree from McGill University, is a Fellow of the Order of Professional Chartered Accountants of Québec and is a recipient of the Governor General of Canada's Sovereign's medal for Volunteers. He is also a graduate of the Directors Education Program of the Institute of Corporate Directors (ICD).</p>	

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
8,100	9,822	8,100	8,179	1,643	822,978	9.68	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$85,000).


 <p><b>Marc Guay</b> Age 60 Oakville, Ontario Independent <u>Director since:</u> 2016</p>	Principal occupation	<b>Corporate Director</b>
	Committee(s)	<ul style="list-style-type: none"> <li>Audit</li> </ul>
	2018 Annual Meeting Votes in favour (%): 99.86	
	<p>Mr. Guay retired from PepsiCo Foods Canada Inc. in August 2015 after 29 years of service. He held the position of President of PepsiCo Foods Canada Inc. from 2008 to 2015 and President of Frito Lay Canada Inc. from 2001 to 2008. Mr. Guay is a trustee on the board of trustees of Boston Pizza Royalties Income Fund (the "Fund") since 2018 and a member of the Audit Committee of the Fund and of Boston Pizza GP Inc., the general partner of Boston Pizza Royalties Limited Partnership, the administrator of the Fund, and a member of the Governance Committee of Boston Pizza GP Inc. He holds a Bachelor's degree in Commerce from Université de Montréal (École des Hautes Études Commerciales) and completed an Advanced Executive Program of the Kellogg School of Business (Northwestern University). He is a graduate of the Directors Education Program of the Institute of Corporate Directors (ICD).</p>	

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
3,350	5,342	3,350	3,296	2,046	399,137	4.70	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$85,000).


 <p><b>Christian W.E. Haub</b> Age 54 Greenwich, Connecticut United States of America Independent <u>Director since:</u> 2006</p>	Principal occupation	<b>Chief Executive Officer of The Tengelmann Group</b> (retail business)
	Committee(s)	• Human Resources
	2018 Annual Meeting Votes in favour (%): 98.97	
<p>Mr. Haub is Chief Executive Officer of The Tengelmann Group ("Tengelmann"), a large German Corporation operating in the retail business, for which he manages its European and North American activities. From 1991 to 2012, he has held various executive positions (including chair of the board of directors) at The Great Atlantic &amp; Pacific Tea Company, Inc., a subsidiary of Tengelmann, until its divestiture in 2012. He holds a Master's degree in Social and Economic Sciences from the Austrian University of Economics and Business Administration.</p>		

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
13,500	52,789	13,500	49,510	3,279	3,043,991	35.81	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$85,000).


 <p><b>Eric R. La Flèche</b> Age 56 Town of Mount Royal, Québec Non-Independent <u>Director since:</u> 2008</p>	Principal occupation	<b>President and Chief Executive Officer of the Corporation</b>
	Committee(s)	—
	2018 Annual Meeting Votes in favour (%): 99.68	
<p>Mr. La Flèche is President and Chief Executive Officer of the Corporation since April 2008. He joined the Corporation in 1991 and has since then held various management positions, including Executive Vice-President and Chief Operating Officer from 2005 to 2008. Mr. La Flèche holds a Bachelor's degree in Civil Law from the University of Ottawa and a Master's degree in Business Administration (MBA) from Harvard University (Harvard Business School). He is a director and member of the Risk Review Committee of the Bank of Montreal. Mr. La Flèche is involved with several not-for-profit organizations, including Centraide of Greater Montréal.</p>		

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
266,438	—	255,778	—	10,660	12,234,833	—	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> See the "Minimum Holding of Shares and PSUs by NEOs" section on page 32 of this Circular.


 <p><b>Christine Magee</b> C.M. Age 59 Oakville, Ontario Independent <u>Director since:</u> 2016</p>	Principal occupation	<b>Co-founder and Co-Chair of the board of directors of Sleep Country Canada Holdings Inc.</b>
	Committee(s)	<ul style="list-style-type: none"> <li>Corporate Governance and Nominating</li> </ul>
	2018 Annual Meeting Votes in favour (%): 99.51	
	<p>Mrs. Magee is co-founder and co-chair of the board of directors of Sleep Country Canada Holdings Inc. where she also assumed the role of President from 1994 to 2014. She was director of Sirius XM Canada Holdings Inc. where she acted as chair of the Audit Committee and of the Corporate Governance Committee and was a member of the Compensation Committee from 2014 to 2016. Mrs. Magee is a director of TELUS Corporation and a member of its Audit Committee. She also sits on the boards of different not-for-profit organizations (Trillium Health Partners and Plan International Canada). She was a director of Cott Corporation from 2004 to 2008 as well as of McDonald's Restaurants of Canada Limited from 1999 to 2004. She holds an Honours Bachelor's degree in Business Administration (HBA) from Western University (Ivey Business School). She was appointed Member of the Order of Canada in 2015. Mrs. Magee is involved with several not-for-profit organizations.</p>	

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
1,125	6,728	—	4,084	3,769	360,610	4.24	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$85,000).


 <p><b>Marie-José Nadeau</b> Ad. E., C.M. Age 65 Montréal, Québec Independent <u>Director since:</u> 2000</p>	Principal occupation	<b>Corporate Director</b>
	Committee(s)	<ul style="list-style-type: none"> <li>Corporate Governance and Nominating (Chair)</li> <li>Human Resources</li> </ul>
	2018 Annual Meeting Votes in favour (%): 96.16	
	<p>Mrs. Nadeau is Honorary Chair of the World Energy Council, an international organization which she chaired from 2013 to 2016. From 1993 to 2015, Mrs. Nadeau was a member of the senior executive team of Hydro-Québec as Executive Vice-President, Corporate Affairs and Secretary General and served as Secretary of the Human Resources Committee for several years. She has developed a wide-ranging experience in strategic areas of a large corporation. Mrs. Nadeau is a director of the French public company, ENGIE Group, of which she chairs the Audit Committee and is a member of the Strategy, Investment and Technology Committee. She is a director of Trans Mountain Corporation, where she is a member of the Human Resources, Compensation, Nominating and Governance Committee. She is also Vice-President of the Advisory Council of the Electric Power Research Institute, based in the United States. Mrs. Nadeau holds a Bachelor's degree in Civil Law and a Master's degree in Public Law from the University of Ottawa. Mrs. Nadeau received the title of <i>Advocatus Emeritus</i> (Ad.E.) from the Québec Bar in 2009 in recognition of her exceptional contribution to the legal profession. She was appointed Member of the Order of Canada in 2016 for her contributions to the energy sector and as a citizen engaged in her community.</p>	

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
14,661	36,817	14,661	35,504	1,313	2,363,870	27.81	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$85,000).


 <p><b>Réal Raymond</b> Age 68 Montréal, Québec Independent <u>Director since:</u> 2008</p>	Principal occupation	<b>Chair of the Board of the Corporation</b>
	Committee(s)	—
	2018 Annual Meeting Votes in favour (%): 99.02	
	<p>Mr. Raymond is Chair of the Board of the Corporation since January 2015 and was Lead Director of the Corporation from 2010 to 2015. He spent his entire career at National Bank of Canada where he has held various positions, including President and Chief Executive Officer from March 2002 to May 2007. Mr. Raymond holds a Certificate degree in Administration from Université Laval and a Master of Business Administration (MBA) from Université du Québec à Montréal. He is also a graduate of the Institute of Canadian Bankers. Until August 2017 he was a director and chair of the board of directors of Heroux-Devtek Inc. as well as a member of its Human Resources Committee and Governance Committee. He was also director of Sun Life Financial Inc. until May 2018 where he was a member of the Audit Committee and the Governance, Nomination and Investment Committee.</p>	

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
18,000	36,198	18,000	32,715	3,483	2,488,772	9.96	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$250,000).

 <p><b>Line Rivard</b> Age 59 Montréal, Québec Independent <u>Director since:</u> 2014</p>	Principal occupation	<b>Corporate Director</b>
	Committee(s)	<ul style="list-style-type: none"> <li>• Audit</li> <li>• Human Resources</li> </ul>
	2018 Annual Meeting Votes in favour (%): 99.74	
	<p>Mrs. Rivard serves on the board of directors of Ivanhoe Cambridge Inc. and is chair of its Investment Committee and member of its Human Resources Committee and Audit Committee. From 1989 to 2009, she has held various positions at BMO Capital Markets, including Vice-President and Managing Director, Corporate and Investment Banking – Montréal. From February 2014 to 2015, she acted as Special Advisor to the Governor of the Bank of Canada. She holds a Master's of Business Administration (MBA) from Concordia University (John Molson School of Business) and is a graduate of the Directors Education Program of the Institute of Corporate Directors (ICD).</p>	

#### INFORMATION ON EQUITY HOLDINGS

December 6, 2018		December 4, 2017		Total net change (#)	Total value at risk as of December 6, 2018 (\$) <sup>(1)</sup>	Value at risk as multiple of Base Annual Retainer <sup>(2)</sup>	Minimum holding requirement met (✓) or time limit to meet requirement
Shares	DSUs	Shares	DSUs				
900	13,989	900	11,068	2,921	683,703	8.04	✓

<sup>(1)</sup> The total value at risk is based on the closing price on December 6, 2018 (\$45.92).

<sup>(2)</sup> Determined using the base annual retainer in effect on September 29, 2018 (\$85,000).

**DIRECTORS' NOMINEES' SKILLS AND EXPERIENCE MATRIX** The Board of Directors and the Corporate Governance and Nominating Committee believe that there are general qualifications that all directors must exhibit while other skills and experience should be represented on the Board as a whole, but not necessarily by each director. The Corporate Governance and Nominating Committee strives to maintain an engaged, independent board with broad diverse experience and judgment that is committed to representing the long-term interests of the shareholders. As such, to serve on the Board, all directors must have extensive experience, meet expectations and have the core competencies listed in Exhibit H, which the Corporation believes they all do.

In addition, the Board of Directors has identified particular competencies and experience that are important to be represented on the Board as a whole, in light of the Corporation's current and expected future priorities and strategic needs. The specific competency and experience matrix below has been developed to ensure that the composition of the Board of Directors is appropriate and that the required skills and experience are appropriately represented on the Board of Directors. The Corporate Governance and Nominating Committee reviews annually the different directors' skills and experience requirements to ensure that they reflect the evolving priorities and strategic needs of the Corporation. The skills and experience matrix of the nominees for the position of director of the Corporation below is not intended to be an exhaustive list of directors' qualifications.

Name of Current Directors  Skills and Experience	M. Bertrand	F. J. Coutu	M. Coutu	S. Coyles	M. DeSerres	C. Dussault	R. Goodman	M. Guay	C. W. E. Haub	E. R. La Flèche	C. Magee	M.-J. Nadeau	R. Raymond	L. Rivard
<b>Independence</b>	√			√	√	√	√	√	√		√	√	√	√
<b>Leadership: CEO / Senior Officer of public or private company</b>	√	√	√	√	√	√	√	√	√	√	√	√	√	√
<b>Prior or current Public Company Board Experience</b>	√	√	√	√	√	√	√	√	√	√	√	√	√	√
<b>Financial/Accounting</b>	√			√		√	√	√		√	√		√	√
<b>Real Estate</b>	√	√	√		√		√		√	√	√			√
<b>Retail/Marketing</b>		√	√	√	√			√	√	√	√			√
<b>Human Resources / Compensation</b>	√	√	√		√	√	√	√	√	√	√	√	√	√
<b>Digital/Ecommerce/Information Technology</b>				√	√	√				√				
<b>Supply Chain</b>		√	√	√	√			√	√	√	√			
<b>Social &amp; Environmental Responsibility</b>	√					√		√		√	√	√	√	

Additional information on the nominees for the position of director who have held or hold positions in other corporations can be found in the "Directors and Officers" section of the Corporation's 2018 Annual Information Form (the "Annual Information Form"). The Annual Information Form is available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as on the Corporation's corporate Internet Website ([www.corpo.metro.ca](http://www.corpo.metro.ca)).

## 6. APPOINTMENT OF AUDITORS

Ernst & Young LLP, Chartered Professional Accountants, (the “Auditors”) were first appointed as auditors of the Corporation on January 27, 1998, and have been acting in that capacity ever since. The Audit Committee has examined the quality of the work performed by the Auditors and has declared itself satisfied therewith. The Corporation recommends the appointment of Ernst & Young LLP as auditors of the Corporation. **Unless contrary instructions are indicated, the Proxyholders in the proxy form or voting instruction form intend to vote “FOR” the appointment of Ernst & Young LLP, Chartered Professional Accountants as auditors of the Corporation at the Meeting.**

### AUDITORS’ INDEPENDENCE

For the 2018 financial year, the Corporation’s Audit Committee obtained written confirmation from the Auditors of their independence and objectivity with respect to the Corporation, pursuant to the Code of Ethics of the Québec Order of Chartered Professional Accountants.

### FEES FOR THE SERVICES OF THE AUDITORS

For each of the financial years ended September 29, 2018 and September 30, 2017, the following fees were billed by the Auditors for audit services, audit-related services, tax services and other services provided by the Auditors:

	2018	2017
Audit fees	\$1,987,172	\$1,723,656
Audit-related fees	\$310,039	\$262,929
Tax fees	\$563,566	\$585,322
All other fees	—	—

Audit-related fees consist primarily of fees invoiced for consultations concerning financial accounting or the presentation of financial information which are not categorized as “audit services”, fees invoiced for the audits of financial statements of pension plans and fees invoiced for the execution of computerized tests on internal controls for management.

Tax fees consist primarily of fees invoiced for assistance with regulatory tax matters concerning federal and provincial income tax returns and sales tax and excise tax reporting, fees invoiced for consultations concerning the income tax, customs duty or sales tax impact of certain transactions, as well as fees invoiced for assistance with federal and provincial government audits involving income tax, sales tax, customs duties or deductions at source.

## 7. ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Board of Directors approved a say-on-pay advisory vote policy with respect to executive officers. The purpose of the say-on-pay advisory vote is to give shareholders the opportunity to vote at each annual shareholders meeting on the Corporation’s approach to executive compensation, as further described in the “Executive Compensation” section on pages 24 to 50 of this Circular. At the 2018 annual general meeting of shareholders, the Corporation’s approach to executive compensation was approved by 96.82% of the votes.

At the Meeting, shareholders will be asked to vote on the following advisory resolution:

“RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the Corporation’s Management Proxy Circular delivered in advance of the 2019 annual meeting of shareholders of the Corporation.”

Given that the vote is held on an advisory basis, it will not be binding upon the Board of Directors. However, the Board of Directors will consider the outcome of the vote when reviewing and approving executive compensation policies and decisions.

Additional information on executive compensation can be found in the “Executive Compensation” section on pages 24 to 50 of this Circular.

The Board of Directors and management are recommending that shareholders vote “**FOR**” the approval of said resolution.

**Unless contrary instructions are indicated, the Proxyholders in the proxy form or voting instruction form intend to vote “FOR” the advisory resolution on executive compensation. It should be noted that to be adopted, this resolution requires a favorable vote of a simple majority of the votes cast.**



## 8. APPROVAL OF SHAREHOLDER RIGHTS PLAN

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, approve, by ordinary resolution in the form set forth in Exhibit A to this Circular, the adoption of the shareholder rights plan agreement (the "Rights Plan"), a summary and a copy of the full text of which is attached as Exhibit A to this Circular.

The objectives of the Rights Plan are to ensure, to the extent possible, that all shareholders and the Board of Directors have adequate time to consider and evaluate any unsolicited take-over bid for the Corporation, provide the Board of Directors with adequate time to evaluate any such take-over bid and explore and develop value-enhancing alternatives to any such take-over bid, encourage the fair treatment of the shareholders in connection with any such take-over bid, and generally assist the Board of Directors in enhancing shareholder value.

The Rights Plan is being proposed by the Board of Directors as a governance best practice in the interest of the Corporation and all of its shareholders, given the widely-held ownership of the Corporation's common shares. It is not being proposed in response to any proposal to acquire control of the Corporation, nor is the Board of Directors currently aware of or anticipates any pending or threatened take-over bid for the Corporation.

If the Rights Plan is approved by shareholders at the Meeting, the Corporation will enter into the Rights Plan with AST Trust Company (Canada), as rights agent (the "Rights Agent"), and the Rights Plan will then become effective. Approval of the Rights Plan by the shareholders is required by the Toronto Stock Exchange.

In proposing the adoption of the Rights Plan, the Board of Directors considered the existing legislative framework governing take-over bids in Canada. On May 9, 2016, significant amendments to the legal regime governing the conduct of take-over bids in Canada came into force. The amendments, among other things, lengthened the minimum deposit period of a non-exempt take-over bid to 105 days (from the previous 35 days), require that all such non-exempt take-over bids meet a minimum tender requirement of more than 50% of the outstanding shares of the class that are subject to the bid (exclusive of shares beneficially owned, or over which control or direction is exercised, by the bidder or its joint actors), and require a ten (10) day extension of the deposit period of the bid after the minimum tender requirement is met. Under the amendments, the target company has the ability to permit the shortening of the minimum deposit period to not less than 35 days, in which case the shortened deposit period will then apply to all concurrent take-over bids. In addition, if the target company announces that it intends to effect an alternative transaction that could result in the acquisition of the target company or its business, the minimum deposit period for any concurrent take-over bid will be automatically reduced to 35 days.

As the legislative amendments do not apply to exempt take-over bids, there continues to be a role for shareholder rights plans in protecting issuers and preventing the unequal treatment of shareholders. Some areas of concern not addressed by the legislative amendments include:

- protecting against so-called "creeping bids" that are not required to be made to all shareholders. Creeping bids could involve the accumulation of more than 20% of the Corporation's common shares through purchases exempt from the Canadian take-over bid rules, such as (i) purchases from a small group of shareholders under private agreements at a premium to the market price not available to all shareholders, (ii) acquiring control through the slow accumulation of the Corporation's common shares over a stock exchange that could effectively block a take-over bid made to all shareholders, (iii) acquiring control through the slow accumulation of the Corporation's common shares over a stock exchange and without paying a control premium, or (iv) acquiring control through the purchase of the Corporation's common shares in transactions outside of Canada not subject to Canadian take-over bid rules; and
- the use of so-called "hard" lock-up agreements by bidders, whereby existing shareholders commit to tender their shares to a bidder's take-over bid, that are either irrevocable or revocable but subject to preclusive termination conditions. Such agreements could have the effect of deterring other potential bidders bringing forward competing bids particularly where the number of locked-up shares would make it difficult or unlikely for a competing bidder's bid to achieve the 50% minimum tender requirement imposed by the legislative amendments.

By applying to all acquisitions of 20% or more of the Corporation's outstanding voting shares, except in limited circumstances including Permitted Bids (as defined in Exhibit A of this Circular), the Rights Plan is designed to ensure that all shareholders receive equal treatment. In addition, there may be circumstances where bidders request lock-up agreements that are not in the best interests of the Corporation or its shareholders and the Rights Plan encourages bidders to structure lock-up agreements so as to provide the locked-up shareholders with reasonable flexibility to terminate such agreements in order to deposit their shares to a higher value bid or support another transaction offering greater value.

The Rights Plan is therefore designed to encourage a potential acquiror who intends to make a take-over bid to proceed either by way of a Permitted Bid, which requires a take-over bid to meet certain minimum standards designed to promote the fair and equal treatment

of all shareholders, or with the concurrence of the Board of Directors. If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board of Directors, the Rights (as defined in Exhibit A of this Circular) to be issued to shareholders under the Rights Plan will entitle the holders thereof, other than the acquiror and certain related parties, to purchase additional common shares at a significant discount to market, thus exposing the person acquiring 20% or more of the common shares to substantial dilution of its holdings.

As a result of the foregoing considerations, the Board of Directors has determined that it is advisable and in the best interests of the Corporation to adopt a shareholder rights plan substantially in the form and on the terms of the Rights Plan, subject to approval of the Rights Plan by shareholders at the Meeting. In recommending the approval of the Rights Plan, it is not the intention of the Board of Directors to preclude a bid for control of the Corporation. The Rights Plan provides a mechanism whereby shareholders may tender their shares to a take-over bid as long as it meets the criteria applicable to a Permitted Bid or Competing Permitted Bid, as the case may be, under the Rights Plan (discussed more fully in Exhibit A of this Circular). Furthermore, even in the context of a take-over bid that would not meet such criteria, but is made by way of a take-over bid circular to all of the Corporation's shareholders, the Board of Directors would still have a duty to consider such a bid and consider whether or not it should waive the application of the Rights Plan in respect of such bid. In discharging such duty, the Board of Directors must act with honesty and loyalty and in the interest of the Corporation.

The Rights Plan will not preclude any shareholder from using the proxy mechanism of the *Business Corporations Act* (Québec), the Corporation's governing statute, to promote a change in the Corporation's management or in the Board of Directors, and it will have no effect on the rights of holders of the Corporation's common shares to requisition a meeting of shareholders in accordance with the provisions of applicable legislation.

The Rights Plan is not expected to interfere with the Corporation's day-to-day operations. The initial issuance of Rights under the Rights Plan and the issuance of additional Rights in the future will not in any way alter the financial condition of the Corporation, impede its business plans or alter its financial statements. In addition, the Rights Plan is initially not dilutive. However, if a Flip-in Event (as defined in Exhibit A of this Circular) occurs and the Rights separate from the common shares as described in Exhibit A of this Circular, reported net earnings per share and reported adjusted net earnings per share, on a fully-diluted or non-diluted basis, among other metrics, may be affected<sup>1</sup>. In addition, holders of Rights not exercising their Rights after a Flip-in Event may suffer substantial dilution.

**See the Summary of the Principal Terms of the Rights Plan in Exhibit A starting on page 51 of this Circular, together with a copy of the full text of the Rights Plan also in Exhibit A starting on page 58 of this Circular.**

**The Board of Directors and management recommend that shareholders vote "FOR" the resolution adopting the Rights Plan. A simple majority of the votes cast must be in favour of the resolution adopting the Rights Plan, which resolution is set forth in Exhibit A on page 57 of this Circular, in order for it to be approved. Unless contrary instructions are indicated, the persons named in the proxy form or voting instruction form intend to vote "FOR" the resolution adopting the Rights Plan at the Meeting.**

## 9. SHAREHOLDER PROPOSAL

Exhibit B to this Circular sets forth one (1) proposal received from a shareholder which will be submitted for consideration at the Meeting, along with the Corporation's reasons for opposing said proposal.

The Board of Director and management recommend that shareholders vote "**AGAINST**" this proposal for the reasons stated in Exhibit B to this Circular.

**If this proposal is submitted for consideration at the Meeting, unless otherwise indicated, the Proxyholders named in the proxy form or voting instruction form intend to vote "AGAINST" this proposal. It should be noted that to be adopted, this proposal requires a favorable vote of a simple majority of the votes cast.**

## 10. THE BOARD OF DIRECTORS AND ITS COMMITTEES

**MANDATE OF THE BOARD OF DIRECTORS** The Board of Directors has adopted a mandate in which it describes its role. The text of the Board of Directors' mandate is included in Exhibit C to this Circular.

**INDEPENDENT CHAIR** The role of the Chair of the Board and Chief Executive Officer are separate. The Chair manages the Board, ensures that the Board operates effectively, and ensures that the Board maintains proper relationships and adequately fulfills its

---

<sup>1</sup> These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by the IFRS (as hereinafter defined) and therefore may not be comparable to similar measurements presented by other public companies.

obligations with respect to the Corporation's senior management, shareholders and other stakeholders. The mandate of the Chair of the Board is available in Exhibit I of this Circular.

**DESCRIPTION OF THE COMMITTEES OF THE BOARD OF DIRECTORS AND THEIR MANDATES** There are currently three (3) existing standing committees of the Board of Directors, namely the Human Resources Committee, the Audit Committee and the Corporate Governance and Nominating Committee.

**The Human Resources Committee** has five (5) members, all of whom are independent directors. This Committee met four (4) times during the 2018 financial year. The text of the Human Resources Committee's mandate is included in Exhibit D to this Circular. The composition of this Committee is described in the "Composition of the Human Resources Committee, Competencies and Experience of its members" section on page 24 of this Circular.

**The Audit Committee** has five (5) members, all of whom are independent directors. The Committee met five (5) times during the 2018 financial year. The text of the mandate of the Audit Committee is included in Exhibit E to this Circular. The composition of this Committee is described in the "Information on the Audit Committee" section on page 19 of this Circular.

**The Corporate Governance and Nominating Committee (the "Corporate Governance Committee")** has five (5) members, all of whom are independent directors. This Committee met five (5) times during the 2018 financial year. The text of the Corporate Governance Committee's mandate is included in Exhibit F to this Circular.

**ATTENDANCE TO BOARD AND COMMITTEE MEETINGS** The following table sets forth the number of meetings held by the Board of Directors and its standing committees during the financial year which ended September 29, 2018, and the attendance rate of the directors at these meetings. It also indicates which committee each director is a member of and, as the case may be, any special position held on such committee.

**BOARD AND COMMITTEE MEETINGS**

<b>Board</b>				<b>7</b>
<b>Audit Committee (A.C.)</b>				<b>5</b>
<b>Human Resources Committee (H.R.C.)</b>				<b>4</b>
<b>Corporate Governance Committee (C.G.C.)</b>				<b>5</b>
<b>Director</b>	<b>Participation to Board meetings</b>	<b>Committees</b>	<b>Participation to Committee meetings</b>	
Maryse Bertrand <sup>(1)</sup>	7 of 7	<b>C.G.C.</b>	5 of 5	
		<b>A.C.</b>	2 of 2	
François J. Coutu <sup>(2)</sup>	2 of 2	—	—	
Michel Coutu <sup>(3)</sup>	2 of 2	—	—	
Stephanie Coyles	7 of 7	<b>A.C.</b>	5 of 5	
Marc DeSerres <sup>(4)</sup>	6 of 7	<b>C.G.C.</b>	1 of 2	
		<b>H.R.C.</b>	3 of 4	
Claude Dussault <sup>(5)</sup>	7 of 7	<b>H.R.C. (Chair)</b>	4 of 4	
		<b>C.G.C.</b>	3 of 3	
Russell Goodman <sup>(6)</sup>	7 of 7	<b>A.C. (Chair)</b>	5 of 5	
		<b>C.G.C.</b>	5 of 5	
Marc Guay <sup>(7)</sup>	7 of 7	<b>C.G.C.</b>	2 of 2	
		<b>A.C.</b>	2 of 2	
Christian W.E. Haub	6 of 7	<b>H.R.C.</b>	4 of 4	
Michel Labonté <sup>(8)</sup>	4 of 4	<b>A.C. (Chair)</b>	3 of 3	
		<b>H.R.C.</b>	2 of 2	
Eric R. La Flèche	7 of 7	—	—	
Christine Magee <sup>(9)</sup>	7 of 7	<b>A.C.</b>	3 of 3	
		<b>C.G.C.</b>	2 of 3	
Marie-José Nadeau	7 of 7	<b>C.G.C. (Chair)</b>	5 of 5	
		<b>H.R.C.</b>	4 of 4	
Réal Raymond	6 of 7	—	—	
Line Rivard <sup>(10)</sup>	7 of 7	<b>A.C.</b>	5 of 5	
		<b>H.R.C.</b>	2 of 2	
<b>Total participation rate</b>	<b>97%</b>		<b>96%</b>	

<sup>(1)</sup> Mrs. Maryse Bertrand became a member of the Audit Committee on January 30, 2018.

<sup>(2)</sup> Mr. François J. Coutu became a member of the Board of Director on May 11, 2018.

<sup>(3)</sup> Mr. Michel Coutu became a member of the Board of Director on May 11, 2018.

<sup>(4)</sup> Mr. Marc DeSerres was a member of the Corporate Governance Committee until January 30, 2018.

<sup>(5)</sup> Mr. Claude Dussault became a member of the Corporate Governance Committee on January 30, 2018.

<sup>(6)</sup> Mr. Russell Goodman became Chair of the Audit Committee on January 30, 2018.

<sup>(7)</sup> Mr. Marc Guay was a member of the Corporate Governance Committee until January 30, 2018. He became a member of the Audit Committee on said date.

<sup>(8)</sup> Mr. Michel Labonté was a member of the Board of Directors until January 30, 2018.

<sup>(9)</sup> Mrs. Christine Magee was a member of the Audit Committee until January 30, 2018. She became a member of the Corporate Governance Committee on said date.

<sup>(10)</sup> Mrs. Line Rivard became a member of the Human Resources Committee on January 30, 2018.

## **INFORMATION ON THE AUDIT COMMITTEE**

**MANDATE OF THE AUDIT COMMITTEE** The mandate of the Audit Committee, which was approved by the Board of Directors, is set forth in Exhibit E to this Circular.

**COMPOSITION OF THE AUDIT COMMITTEE, TRAINING AND EXPERIENCE OF ITS MEMBERS** At the end of the 2018 financial year, the Audit Committee was composed of the following independent directors: Maryse Bertrand, Stephanie Coyles, Line Rivard, Russell Goodman (Chair) and Marc Guay.

Each of the current member has training and experience that is relevant to the performance of his or her duties on the Audit Committee. Mr. Goodman is a Chartered Professional Accountant who acquired his experience by serving as a partner at PricewaterhouseCoopers LLP for a period of 24 years. Mr. Goodman is also a director and chair of the Audit Committee of Gildan Activewear Inc. and of Northland Power Inc. He was also a director and chair of the Audit Committee of Whistler Blackcomb Holdings Inc. Ms. Bertrand serves on various board of directors including National Bank of Canada, Gildan Activewear Inc., of which she is also a member of the Audit Committee, and PSP Investments. For 35 years she held several advisory and management positions such as Vice-president, Real Estate Services, Legal Services and General Counsel at CBC/Radio-Canada where she also chaired the National Crisis Management Committee and the board of ARTV, and special counsel at Borden Ladner Gervais LLP in matters of risk management and governance. Ms. Bertrand also holds a Master's degree in Risk Management. Mrs. Coyles acquired her experience while she acted as Senior Vice-President and Chief Strategic Officer of LoyaltyOne Co. which reported its results in accordance with the International Financial Reporting Standards ("IFRS"). She is also a member of the Audit Committee and the Risk and Conduct Review Committee of Sun Life Financial Inc. For over a period of 20 years, Mrs. Rivard has held various positions at BMO Capital Markets, including Vice-president and Managing Director, Corporate Investment Banking - Montréal. She also serves on the board of directors of Ivanhoe Cambridge Inc. for which she is also chair of the Investment Committee as well as a member of its Audit Committee. She was also Special Advisor to the Governor of the Bank of Canada. First at Frito Lay Canada Inc. and then at PepsiCo Foods Canada Inc., Mr. Guay served as president for a period of 15 years. Mr. Guay is also a member of the audit committees of Boston Pizza Royalties Income Fund and of Boston Pizza GP Inc., the general partner of the administrator of Boston Pizza Royalties Income Fund, Boston Pizza Royalties Limited Partnership. All of the members of the Audit Committee possess the skills and experience to be financially literate.

**PRE-APPROVAL POLICIES AND PROCEDURES** The Audit Committee approved the "Policy concerning the pre-approval of audit services and non-audit services" which its main components are described below.

The Auditors are appointed to audit the annual Consolidated Financial Statements of the Corporation. The Auditors may also be called upon to provide audit-related services, tax services and non-audit services, as long as these services do not interfere with their independence.

The Audit Committee, which reviews, among other things, the quality of the work of the Auditors, must pre-approve all services that the Auditors of the Corporation may render to the Corporation and its subsidiaries. On an annual basis, the Audit Committee examines and pre-approves the details of the services which may be provided by the Auditors and the fee levels in connection therewith. Any type of service that has not already been approved by the Audit Committee must specifically be pre-approved by the Audit Committee if it is to be provided by the Auditors. Same applies if the services offered exceed the pre-approved fee levels. The Audit Committee has delegated to its Chair the authority to pre-approve services that have not already been specifically approved. However, the Chair of the Audit Committee must communicate all such decisions at the following committee meeting.

On a quarterly basis, the Audit Committee examines the pre-approval status of any services other than audit services that the Auditors were asked to provide or could be asked to provide during the following quarter.

**POLICY CONCERNING COMPLAINTS WITH RESPECT TO ACCOUNTING, INTERNAL ACCOUNTING CONTROLS OR AUDITING MATTERS** The Audit Committee approved a policy allowing anyone, including the employees of the Corporation, to submit an anonymous complaint regarding accounting, accounting controls or auditing matters of the Corporation. All complaints received pursuant to such policy are sent directly to the Senior Director, Internal Audit, who is responsible for analyzing such complaints and, if need be, making due inquiry. At each meeting, the Audit Committee is either informed of all complaints received together with the results of the inquiry and, if applicable, any corrective measures to be implemented, or is otherwise informed of the fact that no complaints have been filed.

The full text of the Corporation's complaint policy can be found on the Corporation's corporate Internet website ([www.corpo.metro.ca](http://www.corpo.metro.ca)).

**POLICY CONCERNING THE HIRING OF PARTNERS OR EMPLOYEES OF THE AUDITORS** The Audit Committee has approved a policy governing the Corporation's hiring of certain candidates to key positions. This policy applies to any partner, employee or former partner or employee of the current or former external auditors of the Corporation who applies for a position which entitles the candidate to exercise decision-making authority or significantly influence decision-making regarding the presentation of financial information or

auditing matters. More specifically, the candidate must not have been involved in the auditing of the Corporation's financial statements within the 12 months preceding the hiring date. Moreover, the eventual hiring of such candidate must not compromise the independence of the Auditors.

**REVIEW OF THE QUALITY OF THE WORK OF THE AUDITORS** The Audit Committee has examined the qualifications, performance and independence of the Auditors and has ensured that the Auditors are registered with the Canadian Public Accountability Board as compliant participants. The Audit Committee examines every year the quality of the work performed by the Auditors in order to make an informed recommendation concerning the appointment of the audit firm which will act as external auditors of the Corporation.

**RISK MANAGEMENT** Management identifies the main risks to which the Corporation is exposed and also determines adequate measures to manage these risks in a proactive way. The Internal Audit Department has the mandate of auditing all business risks in accordance with a three (3) year plan. Accordingly, every three (3) years, each sector is subject to an audit to ensure that control measures have been put in place to address the business risks associated to its sector of activity.

Most of the identified risks fall into the following categories: operational risks, legal risks, financial risks, reputational risks, technological risks and security risks.

One of the objectives of the Audit Committee is to review all material risks identified by management and to examine the effectiveness of the measures put in place to manage these risks. In order to do so, the Audit Committee regularly receives from the Internal Audit Department risk assessments with respect to various business units of the Corporation. These assessments contain a description of the material risks that could affect any given business unit, and the measures put in place to manage such risks. In addition, the Audit Committee receives, at least once a year, a report from the crisis prevention and management committee. The Audit Committee regularly reports back to the Board of Directors regarding risk management. The Board of Directors also receives reports from management on material risks that could affect the Corporation. Periodically, the Audit Committee receives a presentation of all material risks affecting the Corporation and the measures put in place to manage such risks. A similar presentation is made to the Board at least once a year.

The Board of Directors and the Human Resources Committee also review the identification and management of risks arising from the Corporation's compensation policies and practices and the disclosure related thereto. More information about risks arising from the Corporation's compensation policies and practices may be found under the "Risks Arising from the Corporation's Compensation Policies and Practices" section, on page 26 of this Circular.

Additional information on risk management can be found in the "Risk Management" section of the Management Discussion and Analysis, forming part of the Annual Report. The Annual Report is available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as on the Corporation's corporate Internet website ([www.corpo.metro.ca](http://www.corpo.metro.ca)).

**STRATEGIC PLANNING** In conformity with the mandate of the Board of Directors, which can be found in Exhibit C to this Circular, the Board of Directors adopts annually a strategic planning process for the Corporation and its subsidiaries. The President and Chief Executive Officer, as well as senior management of the Corporation prepare and annually submit to the Board of Directors, for discussion and approval, a strategic plan. The strategic planning process includes, among other things, the following elements: designing a strategic plan for a specific timeframe, setting corporate financial objectives, developing annual business plans and reviewing performance and progress towards achieving the strategic plan.

Senior management promptly reports back to the Board of Directors on any new development which may have a significant strategic impact. This allows the Board of Directors to ensure general oversight of the evolution of the strategic plan and to approve any new strategic measure proposed by senior management. This process efficiently led to the acquisition by the Corporation of The Jean Coutu Group (PJC) Inc. ("Jean Coutu Group") on May 11, 2018, as such transaction (the "Transaction") is more fully described in the Business Acquisition Report dated July 25, 2018 available on SEDAR ([www.sedar.com](http://www.sedar.com)).

## 11. DIRECTOR COMPENSATION

Only directors who are not employees of the Corporation receive compensation for acting as members of the Board of Directors and any of its committees.

The Board of Directors' policy is to offer its directors competitive compensation. In that respect, the Board of Directors compares on a yearly basis the compensation of the Corporation's directors with that of the directors of Canadian public companies included in the same reference group as the one used by the Corporation to determine executive compensation. For more information about said reference group, including the criteria upon which the Corporation based its choice of the companies included in the group, please refer to the section entitled "Reference Group" on page 27 of this Circular.

For the financial year ended September 29, 2018, director compensation consisted of the following elements:

- the base annual retainer for directors is \$85,000;
- the attendance fees for meetings of the Board of Directors and its committees consists of \$1,750 when the meeting is held in person and half of said amount when the meeting is held by telephone;
- the annual retainer for committee Chairs is \$7,500, except for the Chair of the Audit Committee, whose annual retainer is \$15,000; and
- the annual retainer for committee members is \$2,500, except for members of the Audit Committee, whose annual retainer is \$5,000.

As Chair of the Board, Mr. Raymond receives an annual retainer of \$250,000.

In order to better align the interests of the directors with those of the shareholders, the Corporation has elaborated guidelines regarding non-employee directors' compensation and the number of securities of the Corporation that they are minimally required to hold. Until each director holds three (3) times his or her base annual retainer in deferred share units ("DSU") and/or in Shares, which constitutes the minimum shareholding requirement for directors, each director must receive his or her base annual retainer or, at such director's option, his or her total annual compensation in DSUs. Each director has three (3) years to comply with the minimum shareholding requirement, following which each director will continue to receive at least 25% of his or her total compensation in DSUs. Based on the current base annual retainer of \$85,000 for directors who are not employees of the Corporation and \$250,000 for the Chair of the Board, the minimum shareholding requirement represents \$255,000 for non-employee directors and \$750,000 for the Chair of the Board.

The main terms of the Deferred Share Unit Plan (the "DSU Plan") are the following:

- the Corporation's DSU Plan came into effect on February 1, 2004;
- each director who participates in the DSU Plan has an account in his or her name into which the DSUs are credited and held until such director ceases to be a director of the Corporation. The number of DSUs credited to such director's account is calculated by dividing the amount of the eligible compensation by the closing price of a Share of the Corporation on the Toronto Stock Exchange (the "TSX") for the trading day preceding the date of the credit;
- DSU holders are credited additional DSUs in an amount equal to the dividends paid on Shares of the Corporation;
- DSUs can only be bought back from the moment their holder ceases to be a director for any reason whatsoever (the "Termination Date");
- from the Termination Date, the director whose functions have ceased may request a buyback of all DSUs credited to his or her account by providing a written notice no later than December 1<sup>st</sup> of the calendar year following the year of the applicable Termination Date (the "Notice"). The Corporation will then pay such director a lump sum in cash equal to the number of all DSUs credited to such director's account on the day the Notice is received (the "Unit Buyback Date") multiplied by the value of the DSUs on the Unit Buyback Date less tax withholdings. The value of each DSU on the Unit Buyback Date is equal to the closing price of a Share of the Corporation on the TSX for the trading day preceding the Unit Buyback Date; and
- DSUs are not considered Shares of the Corporation and, as such, they do not confer the rights to their holders to which shareholders of the Corporation are normally entitled to.

**DIRECTOR COMPENSATION TABLE** The following table shows all components of the compensation paid to the directors in relation to the 2018 financial year of the Corporation.

Name	All other compensation			Total (\$)
	Fees (\$) <sup>(1)</sup>	Dividends DSUs (\$)	Other (\$)	
Maryse Bertrand	115,330	4,268	—	119,597
Michel Coutu <sup>(2)</sup>	36,696	55	—	36,751
Stephanie Coyles	111,000	5,449	—	116,449
Marc DeSerres	105,835	29,197	—	135,032
Claude Dussault	116,915	25,646	—	142,560
Russell Goodman	129,785	6,192	—	135,976
Marc Guay	107,540	2,875	—	110,415
Christian W.E. Haub	104,125	35,660	—	139,785
Michel Labonté <sup>(3)</sup>	50,865	17,751	—	68,616
Christine Magee	109,910	3,617	—	113,527
Marie-José Nadeau	121,250	25,291	—	146,541
Réal Raymond	250,000	23,922	—	273,922
Line Rivard	117,040	8,579	—	125,619

<sup>(1)</sup> The fees are paid in cash and/or DSUs as elected by the director. For further details, see the following table.

<sup>(2)</sup> Mr. Michel Coutu was appointed as director of the Corporation on May 11, 2018.

<sup>(3)</sup> Mr. Michel Labonté ceased to be a director of the Corporation on January 30, 2018.

Directors who are not employees or former employees of the Corporation are not eligible to receive pension plan benefits under the terms of any of the Corporation's Pension Plans and are not entitled to any Option grants under the Corporation's Option Plan (as hereinafter defined).

**DIRECTOR COMPENSATION PAYMENT TABLE** The following table illustrates how the fees paid to the directors in relation to the 2018 financial year have been paid.

Name	Payment in cash (\$)	Payment in cash (% of total compensation)	Payment in DSUs (\$)	Payment in DSUs (% of total compensation)	Fees (\$)
Maryse Bertrand	57,665	50%	57,665	50%	115,330
Michel Coutu	—	—	36,696	100%	36,696
Stephanie Coyles	—	—	111,000	100%	111,000
Marc DeSerres	52,918	50%	52,918	50%	105,835
Claude Dussault	58,457	50%	58,457	50%	116,915
Russell Goodman	64,892	50%	64,892	50%	129,785
Marc Guay	23,659	22%	83,881	78%	107,540
Christian W.E. Haub	—	—	104,125	100%	104,125
Michel Labonté	25,432	50%	25,432	50%	50,865
Christine Magee	—	—	109,910	100%	109,910
Marie-José Nadeau	90,938	75%	30,313	25%	121,250
Réal Raymond	125,000	50%	125,000	50%	250,000
Line Rivard	—	—	117,040	100%	117,040



## INCENTIVE PLAN AWARDS

**OUTSTANDING SHARE-BASED AWARDS** The following table shows, with respect to each director, in relation to the 2018 financial year, the share-based awards under the DSU Plan, which have vested but have not yet been paid.

Name	Share-based awards	
	Share-based awards that have vested (number) <sup>(1)</sup>	Market or payout value of share-based awards that have vested but have not been paid (\$) <sup>(2)</sup>
	DSUs	
Maryse Bertrand	6,970	319,226
Michel Coutu	811	37,144
Stephanie Coyles	9,389	430,016
Marc DeSerres	42,743	1,957,629
Claude Dussault	37,741	1,728,538
Russell Goodman	9,822	449,848
Marc Guay	5,342	244,664
Christian W.E. Haub	52,789	2,417,736
Michel Labonté	33,468	1,532,834
Christine Magee	6,728	308,142
Marie-José Nadeau	36,817	1,686,219
Réal Raymond	36,198	1,657,868
Line Rivard	13,989	640,696

<sup>(1)</sup> These DSU awards have been granted solely as payment for the fees earned by the directors. The DSU awards include, however, DSUs granted to cover dividends paid on Shares of the Corporation.

<sup>(2)</sup> Based on the closing price on November 30, 2018 (\$45.80).

There are no option-based awards for directors.

## 12. DIVERSITY

The Corporate Governance Committee reviews the competence, experience and skills of each of the nominees for the position of director and recommends the nominees who best meet the required profile. To this effect, an evergreen list of candidates is maintained at all times identifying men and women candidates meeting the required profile. This list may be used in the event that a vacancy occurs on the Board of Directors. The Corporate Governance Committee makes its recommendations to the Board of Directors which then chooses a nominee while taking into account, among other things, the list of competencies and expectations of directors that can be found in Exhibit G to this Circular and the availability of the candidates. The Board of Directors also takes into consideration the profiles of each director already serving on the Board of Directors, as it aims to foster diversity, particularly in terms of competence, experience, skills, geographical representation and personal attributes, including the representation of men and women.

The Corporation acknowledges the value of diversity on the Board of Directors in terms of experience, skills, background and personal attributes including the representation of men and women on the Board of Directors. To this effect, the Corporation adopted in 2015 a written policy on diversity at the Board level in conformity with its signature of the Catalyst<sup>(1)</sup> Accord in 2012. In accordance with its diversity policy, the Corporation wishes to maintain Board composition in which each gender comprises at least 30% of the directors.

This year, the Corporation proposes five (5) women among the group of 14 nominees for the position of director. The Board of Directors considers that the composition of the group of nominees for the position of director that it proposes, as well as the number of individuals that said group comprises, will allow the Corporation to perform efficiently and act in the best interest of the Corporation and its stakeholders.

With the composition of the Board of Directors proposed in this Circular, the Corporation will have continued to surpass its target of 30% of representation of each gender since the annual meeting of January 2015. The Corporation will continue to measure the effectiveness

<sup>(1)</sup> Founded in 1962, Catalyst is a nonprofit membership international organization expanding opportunities for women and businesses.

of its policy in relation to its target.

The Corporation also adopted in 2015 a written policy on diversity among its employees, including its executive management. This policy provides that the Corporation reviews the competence, experience and skills of each of the candidates for each management position and aims to foster diversity among its employees by taking into account personal attributes, including the representation of men and women. To insure to have women as candidates to management positions, the policy on diversity provides, among other things, that, whenever possible, at least one (1) woman candidate shall be among the group of identified candidates for each such position. Instead of establishing a target for the representation of women among its management and its executive management, the Corporation has established targets within the recruitment process and the succession planning management, which the Corporation considers to be more efficient to favour the representation of women. The Corporation shall review every two (2) years the effectiveness of its diversity policy applicable to its employees and will make changes as may be necessary.

The table below measures the progress in the representation of women on the Board of Directors, at the executive management level as well as at the management level.

	Board of Directors			Executive Management <sup>(2)</sup>			Management (excluding Executive Management)			
	Number of women	Total number of members	% of women	Number of women	Total number	% of women	Number of women	Total number	% of women	
2019 Financial year <sup>(1)</sup>	30%	5	14	36%	—	—	—	—	—	—
2018 Financial year	30%	5	12	42%	12	57	21%	92	277	33%
2017 Financial year	30%	5	13	38%	10	45	22%	63	218	29%

<sup>(1)</sup> In accordance with the nominees proposed in this Circular.

<sup>(2)</sup> This group does not include the Chair of the Board who is included in the Board of Directors group. Included in this group are the President and Chief Executive Officer of the Corporation as well as the Vice-Presidents of the Corporation and its major subsidiaries.

### 13. EXECUTIVE COMPENSATION

This section is intended to give shareholders of the Corporation a description of the policies, programs and decisions regarding compensation of the NEOs (as hereinafter defined) for the Corporation's financial year ended September 29, 2018. In this Circular, the term "NEO(s)" individually and collectively refers to the President and Chief Executive Officer, the Executive Vice-President, Chief Financial Officer and Treasurer and the Corporation's three (3) most highly paid executive officers, namely: the Executive Vice-President and Ontario Division Head, the Executive Vice-President and Québec Division Head and the Senior Vice-President, National Procurement and Corporate Brands. Although this section essentially aims to describe the compensation policies and programs for NEOs, these programs also apply to the other management members of the Corporation. Unless otherwise indicated, the information disclosed in this section is up to date as at September 29, 2018.

#### COMPENSATION DISCUSSION AND ANALYSIS

**ROLE AND MANDATE OF THE HUMAN RESOURCES COMMITTEE** The Board of Directors has given the Human Resources Committee the mandate to, among other things, review and recommend senior executive compensation components and policies, so as to ensure that they are consistent with best practices while also taking into account new compensation trends. The text of the mandate of the Human Resources Committee can be found in Exhibit D to this Circular.

**COMPOSITION OF THE HUMAN RESOURCES COMMITTEE, COMPETENCIES AND EXPERIENCE OF ITS MEMBERS** The Human Resources Committee is currently comprised of the following independent directors: Marie-José Nadeau, Line Rivard, Marc DeSerres, Claude Dussault (Chair) and Christian W.E. Haub.

Each Human Resources Committee member has the relevant experience and competencies to perform his or her duties. Mr. Dussault acquired his human resources experience while acting as President and Chief Executive Officer of ING Canada Inc. (now Intact Financial Corporation). Mrs. Nadeau is a member of the Human Resources, Compensation, Nominating and Governance Committee of Trans Mountain Corporation. She served for over 20 years as Secretary of the Human Resources Committee and of the board of directors of Hydro-Québec and as Chair of the World Energy Council from 2013 to 2016 as well as a member of its Compensation Committee. From 1989 to 2009, Mrs. Rivard acquired experience in human resources as she held several management positions at BMO Capital Markets, including Vice-President and Managing Director, Corporate and Investment Banking – Montréal. She is also a member of the Human Resources Committee of Ivanhoe Cambridge Inc. Mr. DeSerres acquired his experience in human resources by

-serving as President of Omer DeSerres Inc. for over 35 years. Mr. Haub acquired his experience while acting as President and Chief Executive Officer of The Great Atlantic and Pacific Tea Company, Inc., formerly a large American food retail chain, and as Co-Chief Executive Officer of The Tengelmann Group, a large German Corporation operating in the retail business.

**CONFLICTS OF INTEREST** None of the members of the Human Resources Committee is or has been indebted towards the Corporation or any of its subsidiaries or has or has had an interest in any material transaction involving the Corporation in the course of the 2018 financial year. None of the members of the Human Resources Committee is or has been an officer, employee or executive of the Corporation.

**SUCCESSION PLANNING** The Corporation considers executive succession planning to be a fundamental part of the sound management of the Corporation. Succession plans for the President and Chief Executive Officer and for management are reviewed in detail on an annual basis by the Human Resources Committee and at regular intervals during the course of the year. The Human Resources Committee then makes appropriate recommendations to the Board of Directors. Succession plans for senior management, including the President and Chief Executive Officer, are presented annually to the Board of Directors.

To ensure the long-term development of the leadership and talent within the Corporation, succession plans include, in particular: emergency plans in response to unforeseen events, identifying potential candidates and their readiness level to assume different types of positions and functions, succession planning on a continuous and integrated basis for the short term, middle term and long term, adjustments to succession plans when necessary, implementing and updating individual and organizational development programs, and regular reviews of the processes relating to succession planning and talent management. The process for succession planning and talent management also applies to all management and professional positions of the Corporation.

**COMPENSATION OBJECTIVES AND COMPONENTS** The Corporation's main objective with respect to compensation is to offer global compensation that is competitive with prevailing market conditions in order to recruit, retain and motivate qualified senior executives who are devoted to improving the Corporation's performance on multiple levels and creating as well as protecting long-term value for its shareholders. The compensation programs are designed to adequately compensate the Corporation's officers for services rendered, and encourage them to implement strategies to improve the Corporation's performance, thereby increasing its long-term economic value. Accordingly, a significant portion of executives' compensation is based on performance as same is directly related to the Corporation's results.

The NEOs' compensation is comprised of the following elements:

- Base salary;
- Annual incentive plan ("AIP");
- Long-term incentive plan ("LTIP");
- Pension plan; and
- Benefits.

**DECISION-MAKING PROCESS** Each year, the President and Chief Executive Officer makes his recommendations to the Human Resources Committee regarding all compensation components for each of the executive officers other than himself and, in particular, regarding the targets to be met under the AIP and the LTIP. The Chair of the Board of Directors makes his recommendations to the Human Resources Committee regarding compensation and the targets to be met by the President and Chief Executive Officer under the AIP and the LTIP. The Human Resources Committee reviews and approves such targets under the AIP and the LTIP, as well as the compensation components of the NEOs. With respect to the President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Treasurer, the Human Resources Committee evaluates their performance and recommends their compensation for approval to the Board of Directors. The Board of Directors of the Corporation approves all grants of stock options ("Option(s)") and performance share units ("PSU(s)") under the LTIP upon recommendation of the Human Resources Committee.

**EXTERNAL COMPENSATION CONSULTANT** Since 2009, the Human Resources Committee has been retaining the services of PCI-Perrault Consulting Inc. ("PCI"), an external compensation consultant, to obtain information and independent advice regarding NEO compensation programs. PCI reviews the recommendations of the Corporation and its consultants with respect to executive compensation trends, companies which need to be part of the reference group, information relating to said companies and, generally, NEOs compensation. PCI is hired directly by the Human Resources Committee and does not receive other mandates from the Corporation unless said committee gives its prior consent. During the 2018 financial year, PCI did not receive any mandates from management of the Corporation. For the 2017 and 2018 financial years, the Corporation paid PCI the following fees:

	2018	2017
Executive compensation – Related fees	\$59,763	\$35,118
Other fees	—	—

**INFORMATION SOURCES** In addition to the information provided by the external compensation consultant, the Human Resources Committee also takes into account compensation data publicly disclosed by various specialized organizations and by Canadian public companies included in the reference group described in the "Reference Group" section on page 27 of this Circular. The Corporation regularly commissions compensation surveys from other consulting firms which are then submitted to the Human Resources Committee which takes such surveys into consideration when making decisions relating to compensation.

**RISKS ARISING FROM THE CORPORATION'S COMPENSATION POLICIES AND PRACTICES** The Corporation's Human Resources Committee reviews identification and management of risks arising from the Corporation's compensation policies and practices and their disclosure.

The Corporation's compensation policies and practices encourage and promote the alignment of senior management's interests with those of the shareholders. Many components of the Corporation's compensation policies and practices limit risk-taking by senior management in a number of ways, including the following:

- senior management, the Board of Directors and its committees actively participate in the Corporation's risk evaluation and management;
- the Human Resources Committee reviews identification and management of risks arising from the Corporation's compensation policies and practices. The external consultant of the Human Resources Committee evaluates the risks associated with the executive officers' compensation and advises the Human Resources Committee accordingly;
- executive compensation is determined in accordance with a reference group which is updated as needed and with market surveys of companies comparable to the Corporation, in order to ensure its competitiveness;
- the base salary of the executive officers is fixed in order to provide regular income that is in no way connected to Share price and the overall operational performance of the Corporation, thus discouraging excessive risk-taking;
- at the beginning of the financial year, the Human Resources Committee reviews and approves various performance objectives under the AIP and the LTIP for the executive officers, while ensuring that said objectives are realistic and coherent;
- the performance objectives are diversified and include absolute performance objectives, as well as performance objectives that are related to a peer group, thus mitigating compensation risks;
- some AIP objectives are based on the Corporation's budget, which is approved by the Corporation's Board of Directors;
- several of the AIP and LTIP objectives are based on the Corporation's financial results, which are approved by the Board of Directors after having been reviewed by the Auditors and the Audit Committee;
- Option and PSU awards are limited to a certain number based on an established policy and are approved by the Board of Directors upon recommendation from the Human Resources Committee;
- the amounts payable under the AIP are capped and approved by the Human Resources Committee;
- Option and PSU awards as well as their vesting periods encourage sustainable long-term performance and minimize short-term risk-taking;

- the costs of the Option Plan (the “Option Plan”) and the Performance Share Unit Plan (the “PSU Plan”) (the Option Plan and the PSU Plan are hereinafter collectively referred to from time to time as the “Plans”) which are part of the LTIP, and the potential dilution that could result from the exercise of Options awarded, are submitted annually to the Human Resources Committee;
- the President and Chief Executive Officer may grant to executive officers (excluding himself) a portion of their compensation under the AIP even if certain performance goals have not been fully achieved, when justified by the circumstances. His authority to do so is however limited to granting an aggregate amount equal to five percent (5%) of the base salary of all executive officers and is subject to the prior approval of the Human Resources Committee;
- executive officers and other members of management must hold a certain number of Shares and PSUs of the Corporation, so as to favor a better alignment of their interests with those of the shareholders; and
- the adoption of compensation clawback provisions for the recovery of compensation paid to the executive officers in the event of misappropriation and of non-hedging provisions prohibiting hedge transactions in the Code of conduct (as such term is defined herein) discourages unjustified risk-taking.

The Human Resources Committee has retained the services of its external compensation consultant, PCI, to review the risks arising from the Corporation’s compensation policies and practices. After conducting an in-depth review of the risks associated with compensation, the Corporation concluded that there were no risks that could have a material adverse effect on the Corporation.

**REFERENCE GROUP** The reference group used by the Corporation to determine all aspects of NEO’s compensation and to review its policies in such regard has been updated and is now comprised of the following publicly traded Canadian companies:

Loblaw Companies Limited;	Dollarama Inc.;
Empire Company Limited;	Canadian Tire Corporation, Limited;
Alimentation Couche-Tard Inc.;	The North West Company Inc.;
Maple Leaf Foods Inc.;	Restaurant Brands International Inc.;
Saputo Inc.;	Premium Brands Holdings Corporation;
Hudson’s Bay Company;	Quebecor Inc.

The composition of the reference group was reviewed during the 2018 financial year to remove Jean Coutu Group, as it is now a wholly-owned subsidiary of the Corporation, and Sears Canada Inc., due to its insolvency proceedings. Given the reduced number of companies left in the reference group, the Corporation added Restaurant Brands International Inc., Premium Brands Holdings Corporation and Quebecor Inc. to the reference group.

The Corporation selected the above mentioned companies on the basis of the following criteria:

- comparable sales and stock market capitalization;
- comparable industry sectors, namely: retail, distribution or Canadian food manufacturing;
- sale of consumer staples;
- operations carried out under various banners or trade names; and/or
- comparable geographical scope of operations.

The following table shows how the Corporation compares to the median of the reference group with respect to various financial measures:

	Sales <sup>(1)</sup>	Operating Income <sup>(2)</sup>	ROE <sup>(3)</sup>	Market Capitalization <sup>(4)</sup>
Median of the Reference Group	\$8,059	\$1,001	17.4%	\$6,524
METRO INC.	\$13,175	\$966	21.7%	\$9,150

<sup>(1)</sup> In millions of dollars. The financial data of the Corporation is for the 2017 financial year. The financial data of the reference group is for the most recently completed financial year and has been obtained from annual reports and financial Internet websites.

<sup>(2)</sup> Operating Income before depreciation and amortization and associate’s earnings. In millions of dollars. The financial data of the Corporation is for the 2017 financial year. The financial data of the reference group is for the most recently completed financial year and has been obtained from annual reports and financial Internet websites.

<sup>(3)</sup> ROE: Return on Equity. The financial data of the Corporation is for the 2017 financial year. The financial data of the reference group is for the most recently completed financial year and has been obtained from annual reports and financial Internet websites.

<sup>(4)</sup> In millions of dollars. The market capitalization data is dated September 28, 2018, and reflects the number of shares outstanding, obtained from the most recent annual reports, multiplied by the closing price on that date.

**PERFORMANCE-BASED COMPENSATION** The compensation policies for executives are intended to adequately compensate their services while establishing a correlation between their compensation and the Corporation's financial performance. The NEOs' total compensation percentage under the AIP is shown in the column entitled "AIP" of the following table. The NEOs' total compensation percentage under the LTIP is shown in the column entitled "LTIP" of said table. The base salary of the NEOs is fixed whereas the portion of the compensation attributed under the AIP and the LTIP varies in accordance with the performance of the Corporation and the results obtained. A significant part of the NEOs' compensation is therefore based on performance and includes a risk-based component, as further indicated in the following table. It should also be noted that the amount of at-risk compensation increases as the level of responsibility associated with a given position increases.

**Percentage of Total Target Direct Compensation for the  
2018 Financial Year <sup>(1)</sup>**

Name and principal occupation	Base Salary	AIP	LTIP <sup>(2)</sup>	At-Risk Compensation <sup>(3)</sup>
Eric R. La Flèche President and Chief Executive Officer	24%	24%	52%	76%
François Thibault Executive Vice-President, Chief Financial Officer and Treasurer	35%	26%	39%	65%
Christian Bourbonnière Executive Vice-President and Québec Division Head	35%	26%	39%	65%
Carmine Fortino Executive Vice-President and Ontario Division Head	35%	27%	38%	65%
Serge Boulanger Senior Vice-President, National Procurement and Corporate Brands	46%	23%	31%	54%

<sup>(1)</sup> Target total direct compensation includes base salary and short-term and long-term compensation but excludes benefits and pension plans.

<sup>(2)</sup> The LTIP includes the Option Plan and the PSU Plan. The target under the PSU Plan is set at Level 2.

<sup>(3)</sup> At risk compensation represents the sum of the AIP and the LTIP.

## DESCRIPTION OF NEO COMPENSATION COMPONENTS

**BASE SALARY** Competitive salaries allow the Corporation to hire and retain competent individuals who will help improve the Corporation's performance and create value for its shareholders.

The median of the reference group and compensation surveys conducted by the Corporation or by consulting firms are used to establish the base salary of each NEO, which base salary is then adjusted to take into account specific circumstances such as an individual's level of responsibility and experience.

The base salary is reviewed annually according to the individual's performance, the Corporation's performance, market data for the reference group and the annual compensation surveys performed by expert consulting firms.

**ANNUAL INCENTIVE PLAN (AIP)** The AIP is intended to compensate the achievement and overachievement of performance goals for a given financial year. The AIP consists of a percentage of the Corporation's executives' base salary payable annually as a cash bonus in consideration for the executives' and the Corporation's achievement or overachievement of certain annual goals. No bonus is payable if the goals are not achieved. The President and Chief Executive Officer may grant executive officers (excluding himself) part of their compensation under the AIP even if certain performance goals have not been fully achieved, when justified by the circumstances. All such adjustments made by the President and Chief Executive Officer are subject to the Human Resources Committee's prior approval, and in the case of the Executive Vice-President, Chief Financial Officer and Treasurer, the Board's approval. The Board can also adjust in like manner the President and Chief Executive Officer's compensation under the AIP. All such adjustments are limited to an aggregate amount equal to five percent (5%) of all executive officers' base salaries.

The goals to be met under the AIP are threefold: i) corporate goals based on the budgeted annual adjusted net earnings for compensation purposes<sup>(1)</sup> as described in the "Highlights for the 2018 financial year" section on page 33 of this Circular; ii) divisional goals based on the budgeted sales and contribution of the main operating divisions of the Corporation; and iii) sector-based financial, strategic or business goals relating to the specific sector for which the NEO is responsible. Each goal provides for a bonus corresponding to a percentage of the annual base salary. The same rules apply to all management employees participating to the AIP.

<sup>(1)</sup> These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by the IFRS and therefore may not be comparable to similar measurements presented by other public companies. For more details on the calculation of the adjusted net earnings, please refer to the Consolidated Financial Statements for the year ended September 29, 2018.

The following table shows the maximum bonus as a percentage of the base salary that each NEO can earn for the achievement of all goals in each category as well as the maximum total bonus.

Name and principal occupation	Percentage of the base salary paid if maximum threshold is achieved			
	Corporate Goals	Divisional Goals	Sector-based Goals	Total
Eric R. La Flèche President and Chief Executive Officer	90%	30%	30%	150%
François Thibault Executive Vice-President, Chief Financial Officer and Treasurer	50%	25%	25%	100%
Christian Bourbonnière Executive Vice-President and Québec Division Head	30%	50%	20%	100%
Carmine Fortino Executive Vice-President and Ontario Division Head	30%	50%	20%	100%
Serge Boulanger Senior Vice-President, National Procurement and Corporate Brands	25%	20%	30%	75%

Each year, new performance goals (corporate, divisional and sector-based) are established under the AIP at a high but attainable level. The goals are reviewed and approved on an annual basis by the Human Resources Committee. The Corporation believes that the AIP performance goals are established at a sufficiently high level to encourage NEOs to exceed expectations, which, in the opinion of the Corporation, has a positive impact on its performance.

More information on bonuses paid under the AIP is available in the “Annual Incentive Plan for the 2018 Financial Year” section on page 33 of this Circular.

**LONG-TERM INCENTIVE PLAN (LTIP)** The LTIP is comprised of the Option Plan and the PSU Plan. The main goal of the LTIP is to motivate the Corporation’s executives to create long-term economic value for the Corporation and its shareholders by associating a significant portion of their compensation to such creation of value. The LTIP is a factor that contributes to the retention of senior executives.

The Option and PSU grant policy for executives provides for annual grants. Any holder of Options awarded under the Option Plan must wait for a period of two (2) years from the grant, after which time the Options are exercisable in cumulative increments of 20% each year. The Options granted to date have a total term of seven (7) years. The PSUs granted thus far vest three (3) years following their grant date, conditional upon the achievement of applicable performance levels.

Prior grants are not taken into account in the determination of the number of Shares covered by any Options and PSUs to be granted, except in the case of special grants as hereinafter described. The Board of Directors may, in its sole discretion, grant additional Options and PSUs to executives under specific circumstances, such as appointments, promotions or change of duties.

**Option Plan** The number of Shares underlying each Option grant is calculated according to a multiple of the salary class of the NEO, or the base salary in the case of the President and Chief Executive Officer, divided by the closing price of the Shares on the trading day preceding the Option grant.

The grant of Options to NEOs is determined as follows:

- i) the number of underlying Shares for Options granted to the President and Chief Executive Officer is established using a multiple of five (5) times his base salary divided by the closing price of the Shares on the trading day preceding the grant; and
- ii) the number of underlying Shares for Options granted to other NEOs is established using of a multiple ranging from 1 to 1.75 times the salary class divided by the closing price of the Shares on the trading day preceding the grant.

To determine the estimated fair value of all standard Option grants for compensation purposes, the Corporation uses an average historical factor of 20% of the product obtained by multiplying the number of underlying Shares of the granted Options by the exercise price (which is equal to the closing price of the Shares on the trading day preceding the Option grant). This 20% factor represents an average established according to the results obtained using the Black-Scholes model over the previous years. As a result, the value obtained using the 20% factor represents a historical value for comparison purposes with the reference group but does not correspond

to the Black-Scholes value declared in note 21 of the 2018 Consolidated Financial Statements of the Corporation. The Corporation considers that this valuation method for Options reflects adequately the evolution in NEO compensation and makes it easier to compare with the reference group.

**PSU Plan** PSUs entitle their holder to receive Shares or, at the discretion of the Corporation, a cash equivalent, in whole or in part, on the vesting date. Each grant includes three (3) levels of PSUs, in accordance with the achievement of certain financial performance goals determined annually by the Human Resources Committee and approved by the Board of Directors.

There are currently five (5) annual performance goals used to determine the PSU level reached. They are based on the Corporation's return on shareholders' equity ("ROE") in comparison to three (3) preset target levels, and on the Corporation's earnings per share growth ("EPSG") in comparison to a reference group comprised of its two (2) main competitors, namely, Loblaw Companies Limited and Empire Company Limited.

The PSU level reached is determined three (3) years after PSUs are granted on the basis of the above-mentioned five (5) annual performance criteria (i.e. based on a total of 15 performance criteria for their three-year term), and is calculated as follows at the end of the third year: i) Level 1 = achievement of at least four (4) of the 15 performance criteria; ii) Level 2 = achievement of at least eight (8) of the 15 performance criteria; and iii) Level 3 = achievement of at least 12 of the 15 performance criteria. If Level 1 is not reached three (3) years after the PSUs are granted, PSU holders shall not receive any payment for such grant.

The Human Resources Committee reviews the goals and criteria of the PSU Plan on an annual basis to ensure that the highest level of performance is established while also being achievable. In 2018, the Board of Directors of the Corporation, upon recommendation of the Human Resources Committee, adjusted the ROE target levels from their 2017 levels to take into account the impact on equity resulting from the 1.2 billion dollars gain on sale and revaluation of the Corporation's shares in Alimentation Couche-Tard Inc. Furthermore, the ROE target levels do not include earnings from the Jean Coutu Group. The Corporation believes that the PSU Plan performance goals, encourage executives to exceed expectations, which, in the opinion of the Corporation, has a positive impact on the Corporation's performance.

In 2018, the PSU goals were set according to the following five (5) criteria:

- ROE higher than 13%;
- ROE higher than 14%;
- ROE higher than 15%;
- EPSG higher than Loblaw Companies Limited's EPSG; and
- EPSG higher than Empire Company Limited's EPSG.

The Corporation's EPSG was calculated by excluding the Jean Coutu Group earnings and the shares issued at the time of the Transaction, as well as the interest expenses related to the debt issued to finance the acquisition.

In previous years, the PSU goals were set according to the same EPSG criteria whereas the ROE criteria were as follows:

- | <u>2017</u>  | <u>2016</u>  |
|--|--|
| <ul style="list-style-type: none"><li>• ROE higher than 20.5%;</li><li>• ROE higher than 21.5%;</li><li>• ROE higher than 22%.</li></ul> | <ul style="list-style-type: none"><li>• ROE higher than 20%;</li><li>• ROE higher than 21%;</li><li>• ROE higher than 21.5%.</li></ul> |

The number of PSUs granted is calculated by dividing a percentage of the NEO's salary class by the closing price of the Share on the trading day preceding the PSUs grant, except for Mr. La Flèche, for whom the number of PSUs is calculated according to a percentage of his salary as determined in his employment contract (for more details on Mr. La Flèche's employment contract, please refer to the "Employment Contracts" section on page 31 of this Circular).

To determine the fair value of all PSUs standard grants for compensation purposes, the Corporation is using the target level, being Level 2 of PSUs. The Corporation considers that using the target level reflects more adequately the value of PSUs.

**Other Information** The other terms and conditions of the Option Plan and the PSU Plan are more fully described in the "Stock Option Plan" section on page 43 of this Circular and in the "Performance Share Unit Plan" section on page 44 of this Circular. More information on Option and PSU grants in 2018 is available in the "Long-Term Incentive Plan For The 2018 Financial Year" section on page 35 of this Circular.

**PENSION PLANS** The Corporation's pension plans are designed to offer executives a reasonable pension and compensate them for their years of services. Executives began contributing to the defined benefit base plan in the 2015 financial year.



Mr. La Flèche's pension benefits are provided under a base plan and a supplemental plan, both of a defined benefit type. The base plan is contributory and the supplemental plan is non contributory. In 2018, pursuant to an amendment to his employment contract, Mr. La Flèche's pension benefits were increased following a review of his total compensation by PCI. Both plans, combined, provide for a pension equal to two percent (2%) of final average earnings multiplied by the number of years of credited service. Final average earnings now consist of the average, determined for the 36 consecutive months that were the most highly compensated, of the base salary received by Mr. La Flèche and, for years of credited service after April 15, 2008, the cash bonus (up to 100% of the base salary) received by Mr. La Flèche. The pension benefits are paid in addition to government pension benefits and the normal form of pension is a lifetime pension with a guarantee of 120 monthly payments. If Mr. La Flèche retires at age 63 or later, he shall be eligible to a maximum total annual pension of 1 million dollars. Mr. La Flèche may also elect early retirement as of the age of 60. In such a case, the benefits related to the years of service starting on January 1, 2017 will be reduced by 5/12 of one percent (1%) for each month between the date of retirement and the date on which Mr. La Flèche reaches age 62. If Mr. La Flèche retires between the age of 62 and 63, the maximum annual pension shall be reduced by 5/12 of one percent (1%) for each month between the date of retirement and the date Mr. La Flèche reaches age 63.

The pension benefits of Mr. Thibault, Mr. Bourbonnière and Mr. Boulanger are provided under a base plan and a supplemental plan, both of a defined benefit type. The base plan is contributory whereas the supplemental plan is non-contributory. Both plans combined provide a pension equal to two percent (2%) of the final average salary multiplied by the number of years of credited service, the final average salary consisting of the annual average base salary received by each NEO during the 36 consecutive months that were the most highly compensated. The pension benefits are paid in addition to government pension benefits and the normal form of pension is a lifetime pension with a guarantee of 120 monthly payments. These NEOs may elect early retirement as of the age of 55; the pension related to years of service before 2017 is then reduced by 0.5% for each month between the date of retirement and age 60 and the pension related to years of service from January 1, 2017 is reduced by 5/12 of one percent (1%) for each month between the date of retirement and the date the NEO reaches age 62.

The pension benefits of Mr. Fortino are provided under a base plan as well as a supplemental plan, both of a defined benefit type. The base plan is contributory whereas the supplemental plan is non-contributory. Both plans combined provide pension benefits equal to 1.6% of the final average salary less 1.5% of the pension benefit from the Canada Pension Plan, multiplied by the number of years of service credited, the final average salary consisting of the average annual base salary received by Mr. Fortino during the 60 consecutive months that were the most highly compensated. The pension benefits are paid in addition to government pension benefits and the normal form of pension is a lifetime pension with a guarantee of 120 monthly payments. However, in the case of the supplemental plan, the pension benefits are paid in five (5) annual payments of an equivalent value to the lifetime pension. Mr. Fortino may elect early retirement from the age of 55 and receive an adjusted reduced pension having an actuarial value equivalent to the normal pension.

**BENEFITS AND PERQUISITES** NEOs are also entitled to benefits comparable to those offered to executives of a similar level including health care and dental coverage, short and long-term disability and life insurance. The costs of these benefits are at the expense of the Corporation, except for long-term disability and optional plan costs, which are at the expense of each NEO. The Corporation provides the NEOs with a company car, at the Corporation's costs.

**EMPLOYMENT CONTRACTS** The President and Chief Executive Officer, Mr. Eric R. La Flèche, the Executive Vice-President and Ontario Division Head, Mr. Carmine Fortino, are the only NEOs who have a written employment contract with the Corporation. Mr. La Flèche's contract, as amended from time to time, came into effect on April 15, 2008 for an indefinite term, and sets out the terms and conditions of his compensation as President and Chief Executive Officer. Mr. Fortino's contract, which came into effect on September 2, 2014, also has an indefinite term and sets out the terms and conditions of his compensation as Executive Vice-President and Ontario Division Head.

Mr. La Flèche's base salary is adjusted annually by the Board of Directors upon the recommendation of the Corporation's Human Resources Committee in the same manner, and according to the same criteria as those used for the other NEOs and the other executives of the Corporation. His annual base salary was increased from \$875,000 to \$900,000 effective January 1, 2018, whereas it had not been increased in 2017. According to his employment contract, Mr. La Flèche is eligible to the AIP up to a maximum of 150% of his base salary as President and Chief Executive Officer of the Corporation. He also benefits from a greater participation in the Corporation's Option Plan equal to a multiple of five (5) times his base salary divided by the closing price of the Shares on the trading day preceding the Option grant.

Mr. La Flèche's employment contract was amended in 2018 to provide for the following:

- To reflect Mr. La Flèche's increased responsibilities as a result of the acquisition of the Jean Coutu Group, his annual base salary was increased to 1 million dollars following the Transaction;
- As a result of a benchmarking exercise, Mr. La Flèche's participation in the PSU Plan was increased, as a percentage of his

base salary: from 60% to 90% at Level 1, from 90% to 120% at Level 2 and from 120% to 150% at Level 3. No changes were made to the Option portion of the LTIP;

- Mr. La Flèche's pension benefits were increased to allow him to henceforth reach a maximum annual pension of 1 million dollars per year starting at age 63; and
- Mr. La Flèche also received a one-time special PSU grant on February 1, 2018, in addition to his annual grant, in recognition of his contribution to the Transcation. Said special grant is detailed as follows: Level 1: 7,500 PSUs; Level 2: 10,000 PSUs; and Level 3: 12,500 PSUs.

All of the other terms and conditions of Mr. La Flèche's employment contract remain the same.

Under Mr. Fortino's employment contract, all Options and PSUs granted to Mr. Fortino follow the standard grant policy of the Corporation.

The conditions of exercise of Mr. La Flèche's and Mr. Fortino's Options and PSUs are the same as those of Options and PSUs granted pursuant to the Plans. The performance criteria for the PSUs granted to Mr. La Flèche and Mr. Fortino are the same as those described in the "Long-Term Incentive Plan (LTIP)" section on page 29 of this Circular.

For other specific conditions applicable to Mr. La Flèche and Mr. Fortino, please refer to the "Termination of Employment or Change of Control Benefits" section on page 46 of this Circular.

**MINIMUM HOLDING OF SHARES AND PSUS BY NEOS** NEOs and other executives are required to hold a certain number of Shares and PSUs. During the 2018 financial year, following a benchmarking exercise, the minimum holding requirements applicable to executive vice-presidents of the Corporation and the President and Chief Executive Officer were increased. The Human Resources Committee considered this change necessary in order to reflect the corresponding increase in their annual compensation. The President and Chief Executive Officer is required to hold Shares and PSUs of a value equal to at least five (5) times his annual base salary. The Executive Vice-Presidents are required to hold Shares and PSUs of a value equal to at least two (2) times their annual base salary. The Senior Vice-Presidents are required to hold Shares and PSUs of a value equal to at least one and a half (1½) times their annual base salary. The other executives are required to hold Shares and PSUs of a value at least equal to one (1) time their annual base salary. The minimum holding requirement must be met within five (5) years of the date upon which each may exercise an Option under the Option Plan for the first time or within three (3) years of the appointment of the NEO if said NEO previously held a management position within the Corporation. All PSU and Option holders must keep a portion of the Shares they receive on the vesting or exercise date, as the case may be, if they have not yet met this minimum holding requirement. The President and Chief Executive Officer is required to continuously hold Shares and PSUs in accordance with the minimum holding requirement herein above-mentioned for one (1) year following retirement or resignation. The other NEOs are required to comply with the minimum holding requirement for six (6) months following retirement or resignation.

The following table indicates, with respect to each NEO, the value of the Shares and PSUs held as well as a confirmation of compliance with the minimum holding requirement. In accordance with its policy, the Corporation considers the following two (2) elements in determining compliance with this requirement: i) Shares of the Corporation held by each NEO; and ii) half of the PSUs granted but not yet vested according to the level corresponding to the goals estimated to be achieved when such determination is made.

Name	Minimum holding requirement	Value of securities held at the end of the financial year (\$) <sup>(1)</sup>	Value of securities as multiple of base salary <sup>(2)</sup>	Minimum holding requirement met (√) or time limit to meet requirement
Eric R. La Flèche	5 x base salary	12,219,260	13.11	√
François Thibault	2 x base salary	1,408,028	2.80	√
Christian Bourbonnière	2 x base salary	1,871,825	3.79	√
Carmine Fortino	2 x base salary	1,235,937	2.32	√
Serge Boulanger	1.5 x base salary	1,298,216	3.51	√

<sup>(1)</sup> Value calculated using the closing price on September 28, 2018 (\$40.18).

<sup>(2)</sup> The multiple of base salary is calculated using the base salary set out in the Summary Compensation Table in the "Compensation for the 2018 Financial Year" section on p. 39 of this Circular.

The dollar value of each NEO's equity-based holdings, based on the closing price of the Shares on September 28, 2018 (\$40.18), are set forth in the following table.

Name	Value of Shares held (\$)	Value of unexercised in-the-money Options (\$)		Value of PSUs not vested (\$)	Total (\$)
		Vested	Not Vested		
Eric R. La Flèche	10,705,479	9,862,303	2,311,879	3,027,563	25,907,224
François Thibault	895,331	2,325,160	356,765	1,025,394	4,602,650
Christian Bourbonnière	1,439,489	1,178,749	474,276	864,674	3,957,187
Carmine Fortino	803,600	393,344	299,516	864,674	2,361,134
Serge Boulanger	1,084,860	624,471	193,360	426,712	2,329,403

More information on Options and PSUs held by NEOs is available in the "Outstanding Share-Based Awards and Option-Based Awards" section on page 40 of this Circular.

### COMPENSATION DECISIONS FOR THE 2018 FINANCIAL YEAR

**HIGHLIGHTS OF THE 2018 FINANCIAL YEAR** The Corporation achieved good financial and operational results in 2018 despite a very competitive environment, with growth in total sales, same-store-sales, operating income and net earnings per share. On May 11, 2018, the Corporation completed the acquisition of the Jean Coutu Group. Consequently, the results of the Jean Coutu Group were consolidated with the Corporation's results for slightly more than 20 weeks. The 2018 financial year had 52 weeks compared to 53 weeks for 2017.

Total sales for the 2018 financial year reached 14,383.4 million dollars versus 13,175.3 million dollars for the 2017 financial year, representing an increase of 9.2% increase (11.4% on a 52-week basis). When excluding the sales from the Jean Coutu Group as well as the 53<sup>rd</sup> week from the 2017 financial year, sales for the 2018 financial year were up 2.4%, while same-store-sales increased by 1.6% compared to 2017. This increase is attributable to the Corporation's merchandising strategies, its investments in the retail network and an effective execution by its teams.

Net earnings for the 2018 financial year amounted to 1,718.5 million dollars, up 182.5%, whereas fully diluted net earnings per share were \$7.16, up 178.6%. Adjusted net earnings<sup>(1)</sup> for the 2018 financial year stood at 605.9 million dollars, an increase of 13%, based on 52 weeks in 2017, and adjusted fully diluted net earnings<sup>(1)</sup> per share were \$2.52, up 11.5%.

When removing the net earnings attributable to the Jean Coutu Group for the 2018 financial year and the share of earnings of the Corporation's investment in Alimentation Couche-Tard Inc. for the first quarter of 2018, and adjusting for the higher interest expense incurred on the debt issued to finance the acquisition of the Jean Coutu Group, the adjusted net earnings for compensation purposes<sup>(1)</sup> for the 2018 financial year totaled 508.4 million dollars, which was slightly above the target threshold level of 507.4 million dollars.

**BASE SALARY FOR THE 2018 FINANCIAL YEAR** The base salary of each NEO was determined according to the factors referred to in the "Base Salary" section on page 28 of this Circular, except for Mr. La Flèche's base salary for the period starting on May 11, 2018 which was set in an amendment to his employment contract. The Human Resources Committee is satisfied that the base salaries are adequate compared to the reference group.

**ANNUAL INCENTIVE PLAN FOR THE 2018 FINANCIAL YEAR** The goals to be met under the AIP for the 2018 financial year were as follows:

- i) corporate goals: between 96% and 105% of the target for the annual adjusted net earnings for compensation purposes<sup>(1)</sup>. The maximum threshold for Mr. La Flèche is 105% whereas the maximum threshold applicable to the other NEOs is 103% of the target. Except with the approval of the Board of Directors, no amount is payable under the AIP with respect to this goal if the minimum threshold is not achieved;
- ii) divisional goals: between 97% and 100% of the budgeted sales targets for each of the Québec and Ontario divisions and a

<sup>(1)</sup> These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by the IFRS and therefore may not be comparable to similar measurements presented by other public companies. For more details on the calculation of the adjusted net earnings, please refer to the Consolidated Financial Statements for the year ended September 29, 2018.

minimum and a maximum of the budgeted contribution target set at different level depending on the division:

Budgeted contribution

	<u>Québec Division</u>	<u>Ontario Division</u>
	Minimum and Maximum (%)	Minimum and Maximum (%)
Eric R. La Flèche	96% to 104%	96% to 105%
François Thibault	96% to 103%	96% to 104%
Christian Bourbonnière	96% to 103%	—
Carmine Fortino	—	96% to 104%
Serge Boulanger	96% to 102%	96% to 103%

Except with the approval of the Board of Directors, no amount is payable under the AIP with respect to these goals if the minimum thresholds are not achieved; and

- iii) sector-based goals: various financial, strategic or business goals relating to the specific sector for which the NEO is responsible, such as: achieving and exceeding sales, contribution, customer satisfaction and cost savings targets, succession planning and successful deployment of significant operational initiatives.

**Corporate Goals** The following table shows the percentage of the base salary representing the bonus that each NEO would earn according to the levels of corporate goal reached with respect to the annual adjusted net earnings for compensation purposes<sup>(1)</sup> as well as the results achieved for the 2018 financial year.

Name	Minimum Threshold \$487.1M	Target \$507.4M	Maximum Threshold \$522.6M <sup>(1)</sup>	Results Achieved \$508.4M
Eric R. La Flèche	36%	60%	90%	60%
François Thibault	20%	37.5%	50%	37.5%
Christian Bourbonnière	12%	22.5%	30%	22.5%
Carmine Fortino	12%	22.5%	30%	22.5%
Serge Boulanger	10%	18.75%	25%	18.75%

<sup>(1)</sup> This is the maximum threshold for all NEOs except for Mr. La Flèche. The maximum threshold for Mr. La Flèche is \$532.8M. If the maximum threshold is exceeded, the NEOs will receive a bonus representing the same percentage of their base salary as if the actual results were equal to the maximum threshold.

**Divisional Goals** The Table below indicates the percentage of base salary representing the bonus that each NEO would receive according to the achievement of certain thresholds of the divisional goals as well as the results achieved for the 2018 financial year. For confidentiality reasons more fully described at the end of this section, the Corporation will not disclose the amount of those targets.

Name	Minimum Threshold	Target	Maximum Threshold <sup>(1)</sup>	Achieved Threshold
Eric R. La Flèche	12%	22.5%	30%	22.4%
François Thibault	10%	19%	25%	18.6%
Christian Bourbonnière	20%	37.5%	50%	24.5%
Carmine Fortino	20%	37.5%	50%	50%
Serge Boulanger	8%	15%	20%	14.9%

<sup>(1)</sup> If the maximum threshold is exceeded, the NEOs will receive a bonus representing the same percentage of their base salary as if the actual results were equal to the maximum threshold.

**Sector-based Goals** The NEOs may receive a bonus of up to a maximum of 20% to 30% of their base salary for achieving all of their sector-based goals. There are no target levels for sectorial goals.

**Adjustments** The Human Resources Committee, upon recommendation of the President and Chief Executive Officer and the Board of

<sup>(1)</sup> These measurements are presented for information purposes only. They do not have a standardized meaning prescribed by the IFRS and therefore may not be comparable to similar measurements presented by other public companies. For more details on the calculation of the adjusted net earnings, please refer to the Consolidated Financial Statements for the year ended September 29, 2018.

Directors, with respect to the President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Treasurer, granted NEOs minor compensation adjustments amounting to \$31,812 under the AIP with respect to certain divisional and sector-based goals given that they determined that these goals had been substantially achieved.

**Bonus earned** The following table shows the target bonus, maximum bonus and bonus earned by each NEO for the 2018 financial year.

Name	Target bonus as a % of salary	Maximum bonus as a % of salary	Bonus earned as a % of salary	Bonus earned \$( <sup>1</sup> )
Eric R. La Flèche	100%	150%	109.3%	1,025,733
François Thibault	75%	100%	78.6%	397,096
Christian Bourbonnière	75%	100%	61.5%	305,096
Carmine Fortino	75%	100%	89.7%	480,613
Serge Boulanger	50%	75%	51.9%	193,105

<sup>(1)</sup> The bonus is calculated based on the base salary in effect on January 1, 2018 and thereafter if modified following adjustments to the base salary during the year.

**Undisclosed goals** The Corporation will not provide further details regarding the AIP goals as it believes that the disclosure of such information could seriously prejudice its interests, as same constitutes strategic confidential information. In light of the fact that the Corporation does not publicly disclose its overall budgetary targets and does not wish to give forward-looking information, the Corporation believes that it is not desirable to disclose such information. Furthermore, the divisional and sector-based goals are aligned with the division's main priorities and consist of financial targets and specific projects that are highly strategic and have yet to be completed; the disclosure of same could therefore greatly jeopardize their completion. Lastly, it is the Corporation's policy not to disclose information on an unconsolidated basis. Consequently, the Corporation is unable to disclose additional information on divisional and sectorial goals.

The percentage of the total compensation associated with undisclosed goals for the 2018 financial year is as follows for each of the NEOs:

Name and principal occupation	% of compensation relating to undisclosed objectives versus total compensation
Eric R. La Flèche President and Chief Executive Officer	12%
François Thibault Executive Vice-President, Chief Financial Officer and Treasurer	14%
Christian Bourbonnière Executive Vice-President and Québec Division Head	14%
Carmine Fortino Executive Vice-President and Ontario Division Head	24%
Serge Boulanger Senior Vice-President, National Procurement and Corporate Brands	15%

The Corporation considers that the performance goals determined in accordance with the AIP which are not fully disclosed are established at a high yet reachable level, to encourage NEOs to exceed expectations which, in the opinion of the Corporation, has a positive impact on the Corporation's performance.

**LONG-TERM INCENTIVE PLAN FOR THE 2018 FINANCIAL YEAR** The Option and PSU awards granted during the 2018 financial year were determined according to the factors described in the "Long-Term Incentive Plan" section on page 29 of this Circular. During the 2018 financial year, the Board, on recommendation of the Human Resources Committee, increased the number of PSUs to be granted to the NEOs as a result of a benchmarking exercise. The Corporation believes that this increase better aligns executives' long-term compensation with the market while addressing any job scope changes in the context of the Transaction. Mr. La Flèche et Mr. Thibault also each received, on February 1, 2018, a one-time special PSU grant, in addition to their regular grant, in recognition of their contribution to the success of the Transaction with the Jean Coutu Group. Said special grants are detailed below.

The following table shows, for each NEO, the percentage of the salary class, or, as the case may be, the salary that was used to determine the number of PSUs granted per level as well as the number of PSUs granted per level and their value for the 2018 financial year. The number of PSUs issued to Mr. La Flèche and Mr. Thibault with respect to their special grants are disclosed in a separate line in the table hereunder. Hence, the salary percentages for each of the three (3) levels do not take into account the special grant to Mr. La

Flèche and Mr. Thibault. The PSUs were granted to each NEO on February 1, 2018, including the special grants to Mr. La Flèche and Mr. Thibault, and the level reached will be determined in January 2021 at the time of payment.

#### 2018 Performance Share Units - grants

Name	Level 1			Level 2			Level 3		
	% of salary <sup>(1)</sup>	Number of PSUs <sup>(2)</sup>	Value (\$) <sup>(3)</sup>	% of salary <sup>(1)</sup>	Number of PSUs <sup>(2)</sup>	Value (\$) <sup>(3)</sup>	% of salary <sup>(1)</sup>	Number of PSUs <sup>(2)</sup>	Value (\$) <sup>(3)</sup>
Eric R. La Flèche	90%	19,680	810,029	120%	26,240	1,080,038	150%	32,800	1,350,048
	—	7,500	308,700	—	10,000	411,600	—	12,500	514,500
François Thibault	50%	6,070	249,841	75%	9,110	374,968	100%	12,150	500,094
	—	3,000	123,480	—	4,000	164,640	—	5,000	205,800
Christian Bourbonnière	50%	6,070	249,841	75%	9,110	374,968	100%	12,150	500,094
Carmine Fortino	50%	6,070	249,841	75%	9,110	374,968	100%	12,150	500,094
Serge Boulanger	30%	2,730	112,367	45%	4,100	168,756	60%	5,470	225,145

<sup>(1)</sup> Percentage of the salary class or of the salary, as the case may be.

<sup>(2)</sup> The number of PSUs indicated per level is not cumulative.

<sup>(3)</sup> Value calculated using the closing price of the Share on the trading day preceding the February 2018 PSU grant (\$41.16).

Two (2) out of the five (5) performance criteria were met for the 2018 financial year.

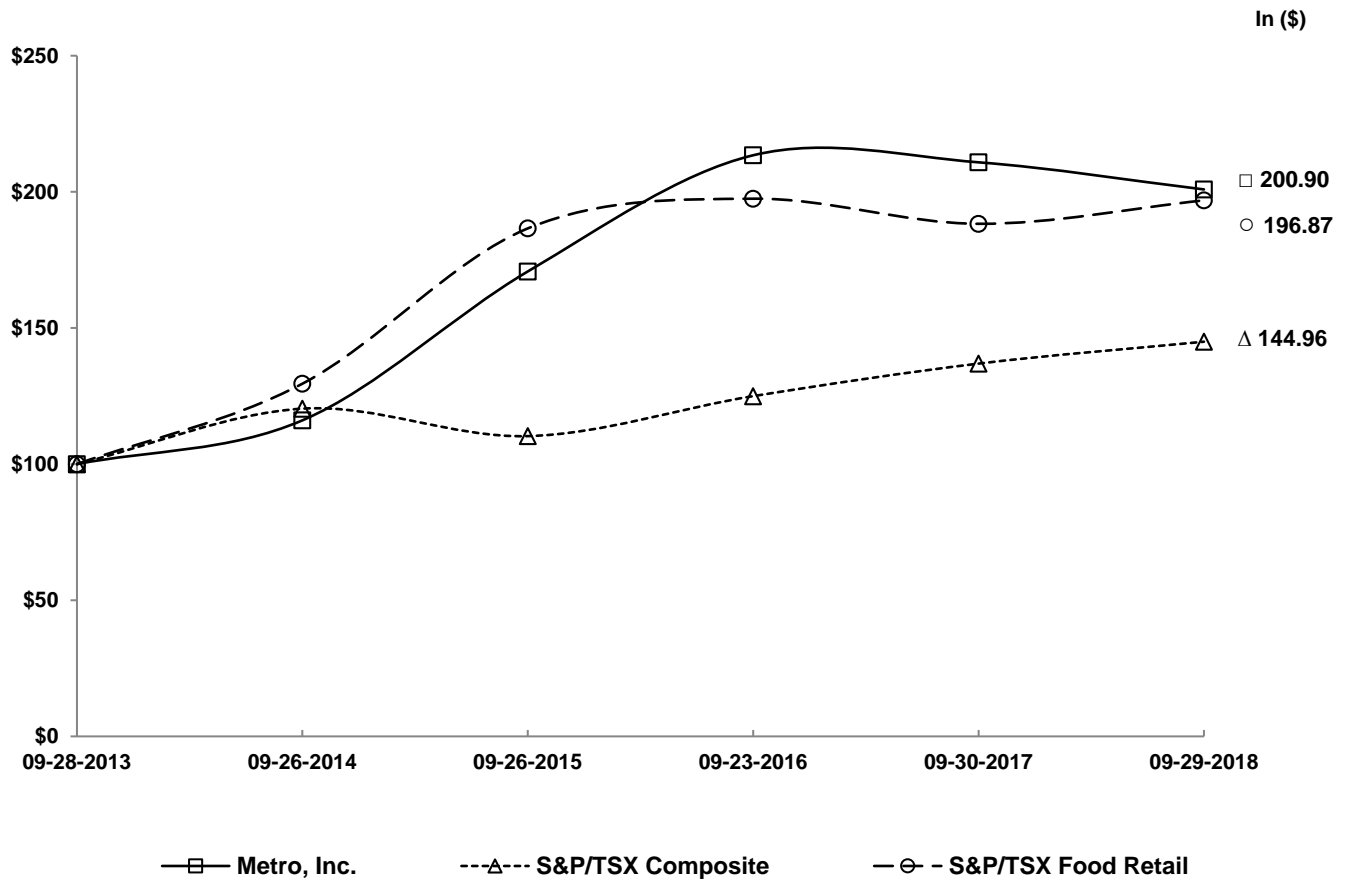
The following table provides details about the Options granted to each NEO for the 2018 financial year:

#### 2018 Option grants

Name	Award date	Underlying securities	Expiry date	Options value (\$) <sup>(1)</sup>
Eric R. La Flèche	February 1, 2018	109,300	January 31, 2025	899,758
François Thibault	February 1, 2018	21,300	January 31, 2025	175,342
Christian Bourbonnière	February 1, 2018	21,300	January 31, 2025	175,342
Carmine Fortino	February 1, 2018	21,300	January 31, 2025	175,342
Serge Boulanger	February 1, 2018	9,100	January 31, 2025	74,911

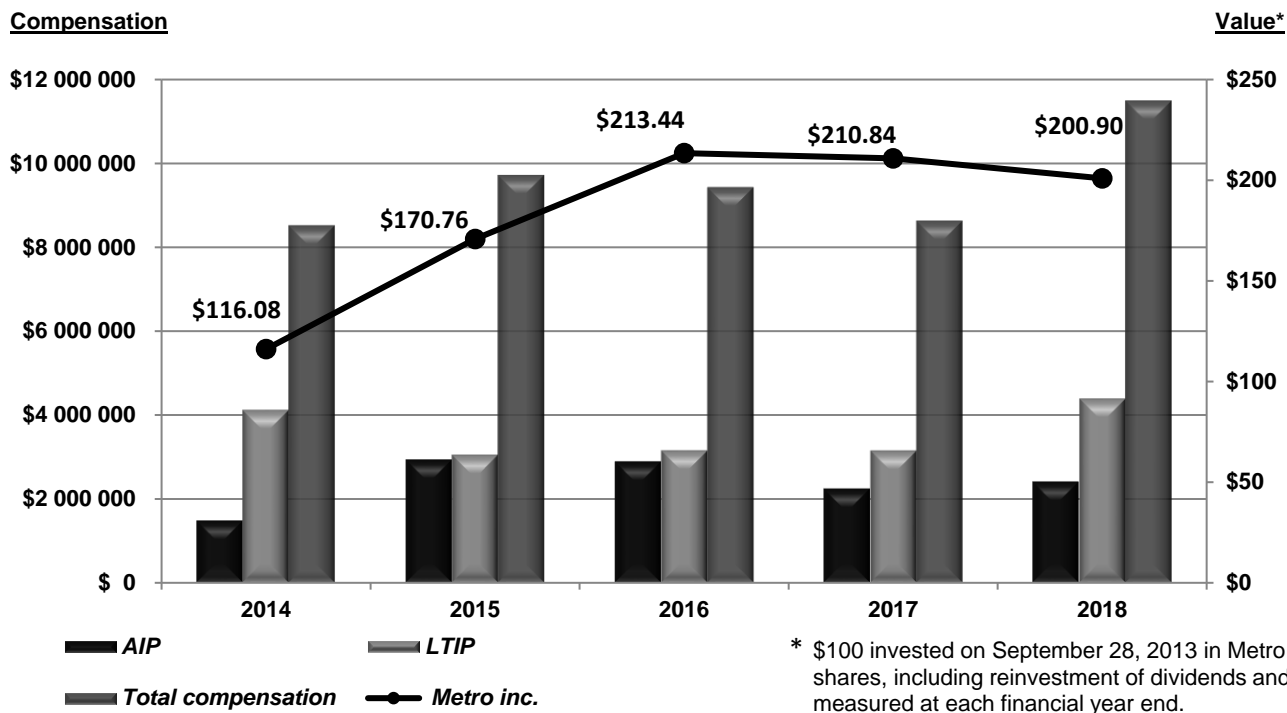
<sup>(1)</sup> Value equal to 20% of the result obtained by multiplying the number of underlying Shares by the closing price of the Share on the trading day preceding the Option grant, namely \$41.16. For additional details on the calculation method, refer to the "Long-Term Incentive Plan" section on page 29 of this Circular.

**STOCK PERFORMANCE GRAPHS** The following graph illustrates the cumulative total shareholder return on \$100 invested in Shares of the Corporation in comparison to an investment in the S&P/TSX Composite Index and in the S&P/TSX Food Retail Index for the period beginning September 28, 2013 and ending September 29, 2018.



	2013	2014	2015	2016	2017	2018
Metro Inc.	100.00	116.08	170.76	213.44	210.84	200.90
S&P/TSX Composite Index	100.00	120.38	110.29	124.97	136.92	144.96
S&P/TSX Food Retail Index	100.00	129.54	186.57	197.49	188.26	196.87

The following graph illustrates the cumulative total shareholder return on \$100 invested in Shares of the Corporation with dividend reinvestments compared to the total annual NEO compensation for the 2014 to 2018 period.



As illustrated by the graph, the increase of total annual NEO compensation was similar to the shareholder return increase between the 2014 and 2015 years. In 2016, the total annual NEO compensation value was slightly lower than in 2015 whereas shareholder return between 2015 and 2016 continued to grow. In 2017, both the total annual NEO compensation value and the shareholder return decreased slightly from the 2016 level although the shareholder return decrease was much smaller than the decrease of the total annual NEO compensation. In 2018, the total shareholder return also decreased slightly while total compensation was up. The main reasons for this increase in compensation are the changes to the pension benefit of the President and Chief Executive Officer, which resulted in a one-time charge of 1.976 million dollars, as well as the one-time special PSUs grant relating to the Transaction. Without these one-time events, compensation would have been only slightly up in 2018 compared to 2017. Between 2014 and 2018, the total annual NEO compensation went from 8.5 million dollars to 11.5 million dollars. The Share price went from \$24.62 in 2014 to \$40.18 in 2018 with a peak at \$44.09 in 2016. It should be noted that the above graph does not illustrate the compensation earned by NEOs between years 2014 and 2018, but rather the compensation awarded to the executive officers mentioned in each of the summary compensation tables as they appear in each of the Corporation's management proxy circulars of years 2014 to 2018. It is important to note that some values used in the Corporation's management proxy circulars of years 2014 and 2015 may be different from those used in this Circular with respect to: i) Options granted in 2014 since the Corporation has used since 2015 an average historical factor of 20% to determine the value of these Options instead of using the Black-Scholes model, said 20% factor having been deemed by the Corporation to reflect more adequately the evolution of the NEOs' compensation and facilitate comparison with the reference group; and ii) PSUs granted in 2014 and 2015 because the Corporation has used since 2016 Level 2 of PSUs granted, instead of Level 1, to determine the value of PSUs, Level 2 having been deemed by the Corporation to reflect more adequately the value of PSUs given that such level represents the target level to be reached. Further details regarding total annual NEO compensation components are available in the "Summary Compensation Table" section on page 39 of this Circular.

Aggregate compensation paid to the NEOs during the 2018 financial year represented 0.67% of net earnings and 0.11% of market capitalization.



## COMPENSATION FOR THE 2018 FINANCIAL YEAR

**SUMMARY COMPENSATION TABLE** The following table sets forth the NEOs' compensation for the financial years ended September 29, 2018, September 30, 2017 and September 24, 2016.

Name and Principal Position	Financial year	Salary (\$) <sup>(1)</sup>	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$) <sup>(3)</sup>	Non-equity incentive plan compensation		All other compensation (\$) <sup>(5)</sup>	Total compensation (\$)
					/Annual incentive plans (\$)	Pension Value (\$) <sup>(4)</sup>		
Eric R. La Flèche President and Chief Executive Officer	2018	932,212	1,491,638	899,758	1,025,733	2,226,000 <sup>(6)</sup>	5,387	6,580,728
	2017	891,827	787,301	874,600	912,100	52,000	7,456	3,525,284
François Thibault Executive Vice-President, Chief Financial Officer and Treasurer	2018	502,500	539,608	175,342	397,096	123,000	3,148	1,740,693
Christian Bourbonnière Executive Vice-President, Québec Division Head	2017	502,366	249,828	174,598	393,878	136,000	3,232	1,459,903
	2016	483,770	249,922	174,945	472,816	131,000	3,149	1,515,602
Carmine Fortino Executive Vice-President, Ontario Division Head	2018	493,500	374,968	175,342	305,096	147,000	3,097	1,499,002
	2017	492,655	249,828	174,598	314,765	87,000	3,171	1,322,018
Serge Boulanger Senior Vice-President, National Procurement and Corporate Brands	2016	471,693	249,922	174,945	412,454	148,000	3,069	1,460,083
	2018	533,175	374,968	175,342	480,613	96,000	3,086	1,663,184
Serge Boulanger Senior Vice-President, National Procurement and Corporate Brands	2017	532,630	249,828	174,598	394,600	74,000	3,165	1,428,822
	2016	510,674	249,922	174,945	504,700	100,000	3,069	1,543,310
Serge Boulanger Senior Vice-President, National Procurement and Corporate Brands	2018	369,500	168,756	74,911	193,105	100,000	2,343	908,615
	2017	367,077	131,150	74,828	220,666	91,000	2,389	887,110
	2016	352,308	131,411	74,977	253,381	98,000	2,320	912,396

<sup>(1)</sup> The salary for the 2017 financial year is based on 53 weeks. The salary of Mr. La Flèche was not increased during the 2017 financial year.

<sup>(2)</sup> The value of PSUs does not constitute a cash amount received by the NEO. It is an at-risk value. Indeed, the number of PSUs may increase or decrease depending on the number of financial objectives reached. The value of PSUs granted was determined using Level 2, which constitutes the target level. The accounting value of the PSUs reflected in the Consolidated Financial Statements of the Corporation is different from the value on the grant date indicated in the table above. The difference is due to the fact that in the financial statements, the Corporation considers the maximum number of PSUs provided for at Level 3, given that the applicable accounting principles require it. More information on the determination of the accounting value of the PSUs can be found in note 21 to the 2018 Consolidated Financial Statements. The table in the "2018 Performance Share Units - Grants" section on page 36 of this Circular provides assistance in determining the accounting value of the PSUs for the 2018 financial year (Level 3) as well as the difference between the value on the grant date (Level 2) and the accounting value.

<sup>(3)</sup> The Option values are all estimated values and not cash amounts received by a NEO. Accordingly, these at-risk values may be null, as the case may be. The value of Options appearing in the above table was determined using a 20% factor whereas the Corporation calculates the accounting value using the Black-Scholes model. Additional information regarding the manner upon which the accounting value of the Options was determined may be found in note 21 of the 2018 Consolidated Financial Statements. The accounting value of the Options granted in 2018 as determined using the Black-Scholes model is \$5.73 per Option and the fair value for compensation disclosure in this Circular is \$8.23 per Option.

<sup>(4)</sup> The variations attributable to compensation components represent the value of the projected pension benefits earned during the periods beginning October 1, 2017 and ending September 30, 2018, for the 2018 financial year, beginning October 1, 2016 and ending September 30, 2017, for the 2017 financial year, and beginning October 1, 2015 and ending September 30, 2016, for the 2016 financial year, taking into account all gains and losses in connection with salary variations. The amounts shown above are in accordance with the information set forth in note 23 to the 2018 Consolidated Financial Statements.

<sup>(5)</sup> The amounts represent life insurance premiums paid by the Corporation to NEOs. The value of perquisites for each NEO does not exceed \$50,000 or 10% of the total annual base salary of each NEO.

<sup>(6)</sup> Mr. La Flèche's pension value includes a one-time charge of 1.976 million dollars added to his pension benefits as a result of the changes brought to his pension plan during the 2018 financial year.

## INCENTIVE PLAN AWARDS

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS** The following table shows, as at September 29, 2018 and with respect to each NEO, the Option-based awards that have not been exercised, and the Share-based awards (under the PSU Plan) that have not yet vested.

Name	Option-based awards							Share-based awards			
	Number of securities underlying unexercised Options		Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options at financial year-end (\$) <sup>(1)</sup>			Number of Share-based awards that have not vested <sup>(2)</sup>	Market or payout value of Share-based awards that have not vested (\$) <sup>(3)</sup>	Vesting date	
	Vested	Not vested			Vested	Not vested	Total				
Eric R.	225,000	—	17.72	April 19, 2019	5,054,250	—	5,054,250	19,540	785,117	Jan. 28, 2019	
La Flèche	144,000	36,000	22.10	April 25, 2020	2,604,000	651,000	3,255,000	19,570	786,323	Jan. 26, 2020	
	108,000	72,000	21.90	April 17, 2021	1,974,240	1,316,160	3,290,400	36,240	1,456,123	Feb. 1, 2021	
	48,280	72,420	35.42	April 23, 2022	229,813	344,719	574,532	—	—	—	
	21,700	86,800	40.31	Jan. 27, 2023	—	—	—	—	—	—	
	—	108,700	40.23	Jan. 25, 2024	—	—	—	—	—	—	
	—	109,300	41.16	Jan. 31, 2025	—	—	—	—	—	—	
	<b>546,980</b>	<b>485,220</b>	<b>—</b>	<b>—</b>	<b>9,862,303</b>	<b>2,311,879</b>	<b>12,174,182</b>	<b>75,350</b>	<b>3,027,563</b>	<b>—</b>	
François	78,000	—	19.47	Aug. 12, 2019	1,615,380	—	1,615,380	6,200	249,116	Jan. 28, 2019	
Thibault	20,400	5,100	22.10	April 25, 2020	368,900	92,225	461,125	6,210	249,518	Jan. 26, 2020	
	16,200	10,800	21.90	April 17, 2021	296,136	197,424	493,560	13,110	526,760	Feb. 1, 2021	
	9,400	14,100	35.42	April 23, 2022	44,744	67,116	111,860	—	—	—	
	4,340	17,360	40.31	Jan. 27, 2023	—	—	—	—	—	—	
	—	21,700	40.23	Jan. 25, 2024	—	—	—	—	—	—	
	—	21,300	41.16	Jan. 31, 2025	—	—	—	—	—	—	
	<b>128,340</b>	<b>90,360</b>	<b>—</b>	<b>—</b>	<b>2,325,160</b>	<b>356,765</b>	<b>2,681,925</b>	<b>25,520</b>	<b>1,025,394</b>	<b>—</b>	
Christian	14,600	—	17.72	April 19, 2019	327,965	—	327,965	6,200	249,116	Jan. 28, 2019	
Bourbonnière	17,280	4,320	22.10	April 25, 2020	312,480	78,120	390,600	6,210	249,518	Jan. 26, 2020	
	27,000	18,000	21.90	April 17, 2021	493,560	329,040	822,600	9,110	366,040	Feb. 1, 2021	
	9,400	14,100	35.42	April 23, 2022	44,744	67,116	111,860	—	—	—	
	4,340	17,360	40.31	Jan. 27, 2023	—	—	—	—	—	—	
	—	21,700	40.23	Jan. 25, 2024	—	—	—	—	—	—	
	—	21,300	41.16	Jan. 31, 2025	—	—	—	—	—	—	
	<b>72,620</b>	<b>96,780</b>	<b>—</b>	<b>—</b>	<b>1,178,749</b>	<b>474,276</b>	<b>1,653,025</b>	<b>21,520</b>	<b>864,674</b>	<b>—</b>	
Carmine	22,500	15,000	24.69	Sep. 23, 2021	348,600	232,400	581,000	6,200	249,116	Jan. 28, 2019	
Fortino	9,400	14,100	35.42	April 23, 2022	44,744	67,116	111,860	6,210	249,518	Jan. 26, 2020	
	4,340	17,360	40.31	Jan. 27, 2023	—	—	—	9,110	366,040	Feb. 1, 2021	
	—	21,700	40.23	Jan. 25, 2024	—	—	—	—	—	—	
	—	21,300	41.16	Jan. 31, 2025	—	—	—	—	—	—	
	<b>36,240</b>	<b>89,460</b>	<b>—</b>	<b>—</b>	<b>393,344</b>	<b>299,516</b>	<b>692,860</b>	<b>21,520</b>	<b>864,674</b>	<b>—</b>	
Serge	9,120	—	17.72	April 19, 2019	204,866	—	204,866	3,260	130,987	Jan. 28, 2019	
Boulangier	1,500	—	19.47	Aug. 12, 2019	31,065	—	31,065	3,260	130,987	Jan. 26, 2020	
	10,800	2,700	22.10	April 25, 2020	195,300	48,825	244,125	4,100	164,738	Feb. 1, 2021	
	9,540	6,360	21.90	April 17, 2021	174,391	116,261	290,652	—	—	—	
	3,960	5,940	35.42	April 23, 2022	18,850	28,274	47,124	—	—	—	
	1,860	7,440	40.31	Jan. 27, 2023	—	—	—	—	—	—	
	—	9,300	40.23	Jan. 25, 2024	—	—	—	—	—	—	
	—	9,100	41.16	Jan. 31, 2025	—	—	—	—	—	—	
	<b>36,780</b>	<b>40,840</b>	<b>—</b>	<b>—</b>	<b>624,471</b>	<b>193,360</b>	<b>817,832</b>	<b>10,620</b>	<b>426,712</b>	<b>—</b>	

<sup>(1)</sup> Based on the difference between the closing price of the Share on September 28, 2018 (\$40.18) and the Option exercise price.

<sup>(2)</sup> PSUs vesting in January 2019 have reached Level 2. The number and value of PSUs vesting in January 2020 and February 2021 were determined using Level 2 which constitutes the target Level.

<sup>(3)</sup> Based on the closing price on September 28, 2018 (\$40.18). See the "Long-Term Incentive Plan" and "Employment Contracts" sections on pages 29 and 31 respectively of this Circular.

**INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE FINANCIAL YEAR** The following table shows, for the financial year ended September 29, 2018, with respect to each NEO, the value of the Options which vested, whether or not exercised, the value of the PSUs that vested during said year and the value of the compensation under the AIP earned during said financial year.

<b>Name</b>	<b>Option-based awards – Value vested during the financial year (\$)<sup>(1)</sup></b>	<b>Share-based awards – Value vested during the financial year (\$)<sup>(2)</sup></b>	<b>Non-equity incentive plan compensation – Value earned during the financial year (\$)<sup>(3)</sup></b>
Eric R. La Flèche	2,705,218	1,261,966	1,025,733
François Thibault	598,163	408,719	397,096
Christian Bourbonnière	421,071	408,719	305,096
Carmine Fortino	156,403	430,945	480,613
Serge Boulanger	214,497	193,864	193,105

<sup>(1)</sup> This amount represents the amount that would have been earned in 2018 if the Options that vested during the 2018 financial year had all been exercised on their vesting date. For further details, see the table entitled "Options - Value on vesting date" on page 42 of this Circular.

<sup>(2)</sup> This amount represents the value of PSUs granted in 2015 that vested in 2018, based on the closing price on January 31, 2018 (\$41.16), which is the trading day preceding their settlement date. For further details, see the table below entitled "PSUs granted in January 2015 and paid in February 2018".

<sup>(3)</sup> This amount represents the amount earned in 2018 under the AIP.

Please refer to the "Long-Term Incentive Plan" and "Employment Contracts" sections on pages 29 and 31 respectively of this Circular for a description of the conditions for awarding Options and PSU grants. The values shown in the Option-based awards and Share-based awards columns of the above table were calculated using the information found in the following two (2) tables:

**PSUs granted in January 2015 and paid in February 2018**

<b>Name</b>	<b>Number of PSUs<sup>(1)</sup></b>	<b>Value (\$)<sup>(2)</sup></b>
Eric R. La Flèche	30,660	1,261,966
François Thibault	9,930	408,719
Christian Bourbonnière	9,930	408,719
Carmine Fortino	10,470	430,945
Serge Boulanger	4,710	193,864

<sup>(1)</sup> Level 3 reached.

<sup>(2)</sup> Based on the Share closing price on January 31, 2018 (\$41.16), which is the trading day preceding the settlement date.

## Options - Value on vesting date

Name	Grant Date	Number of Options vested during the financial year (#)	Share price (\$) <sup>(1)</sup>	Exercise price (\$)
Eric R. La Flèche	April 20, 2012	45,000	42.28	17.72
	April 26, 2013	36,000	41.23	22.10
	April 18, 2014	36,000	42.04	21.90
	April 24, 2015	24,140	42.47	35.42
	Jan. 28, 2016	21,700	41.04	40.31
François Thibault	Aug. 13, 2012	15,600	42.26	19.47
	April 26, 2013	5,100	41.23	22.10
	April 18, 2014	5,400	42.04	21.90
	April 24, 2015	4,700	42.47	35.42
	Jan. 28, 2016	4,340	41.04	40.31
Christian Bourbonnière	April 20, 2012	4,920	42.28	17.72
	April 26, 2013	4,320	41.23	22.10
	April 18, 2014	9,000	42.04	21.90
	April 24, 2015	4,700	42.47	35.42
	Jan. 28, 2016	4,340	41.04	40.31
Carmine Fortino	Sep. 24, 2014	7,500	40.70	24.69
	April 24, 2015	4,700	42.47	35.42
	Jan. 28, 2016	4,340	41.04	40.31
Serge Boulanger	April 20, 2012	3,120	42.28	17.72
	Aug. 13, 2012	300	42.26	19.47
	April 26, 2013	2,700	41.23	22.10
	April 18, 2014	3,180	42.04	21.90
	April 24, 2015	1,980	42.47	35.42
	Jan. 28, 2016	1,860	41.04	40.31

<sup>(1)</sup> Based on the Share closing price on the trading day preceding the vesting date.

**OPTIONS EXERCISED DURING THE LAST COMPLETED FINANCIAL YEAR** The following table sets forth information regarding the exercise of Options by NEOs during the financial year ended on September 29, 2018, and the aggregate value realized upon exercising these Options.

Name	Number of Shares acquired on exercise	Aggregate Value Realized (\$) <sup>(1)</sup>
Eric R. La Flèche	225,000	5,472,023
François Thibault	—	—
Christian Bourbonnière	—	—
Carmine Fortino	—	—
Serge Boulanger	9,000	211,589

<sup>(1)</sup> Based on the difference between the Share closing price on the day before the Options were exercised and the exercise price of such Options.

**EQUITY COMPENSATION PLAN INFORMATION** The following table sets forth, as at September 29, 2018, information regarding equity compensation plans pursuant to which equity securities of the Corporation may be issued. Only the Option Plan qualifies as such.

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of Options (a)</b>	<b>Weighted-average exercise price of Options (\$)(b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders	3,066,700	30.30	2,234,096
<b>Total</b>	<b>3,066,700</b>	<b>30.30</b>	<b>2,234,096</b>

**STOCK OPTION PLAN (OPTION PLAN)** The Option Plan established for executive officers and key employees of the Corporation or of any of its subsidiaries provides for the granting of non-transferable and non-assignable Options to purchase a maximum of 30,000,000 Shares, which represents 11.7% of the outstanding Shares of the Corporation as at December 6, 2018. The number of Shares that can be issued at any time when Options granted are exercised under the Option Plan or in accordance with any other compensation plan of the Corporation may not exceed ten percent (10%) of the number of outstanding Shares of the Corporation. The Option Plan also provides that the number of Shares that can be issued within a period of one (1) year, when Options granted are exercised under the Option Plan or in accordance with any other compensation plan of the Corporation, may not exceed ten percent (10%) of the number of outstanding Shares. No employee may hold Options on more than five percent (5%) of the outstanding Shares. The subscription price of each Share linked to an Option granted pursuant to the Option Plan may under no circumstances be less than the market price of the Shares on the trading day preceding the date of the grant, and is payable in full when the Option is exercised. The expression "market price" means the closing price of a round lot of shares traded on the Toronto Stock Exchange on the trading day immediately preceding the date of the grant of the Option. The Board of Directors determines the other conditions governing the exercise of Options granted, including the Options' vesting date. Generally, no Option may be exercised after the expiration of the fifth (5th) year following the date upon which such Option may be first exercised, in whole or in part, or following a maximum of ten (10) years from the date of the grant.

The exercise period for Options that expire during a trading prohibition period, as determined in the Information Policy of the Corporation, is extended by a seven (7) business day period following the expiration of such trading prohibition period.

Unless the Board of Directors decides otherwise, the Options granted under the Option Plan expire on their expiry date or before, in the event that one (1) of the following situations occurs:

- 30 days following the resignation of the optionee or the date the Corporation or an affiliated entity terminates the optionee's employment without just cause;
- on the date the Corporation or an affiliated entity terminates the optionee's employment for just cause;
- two (2) years following the date of retirement or authorized leave of the optionee, it being understood that during said two-year period the Options continue to vest and the optionee is entitled to exercise Options. For a period of 364 days after said two-year period, the optionee will be entitled to exercise Options although such Options will not continue to vest; and
- one (1) year after the optionee's death.

In the event of a change of control of the Corporation, all Options granted under the Option Plan may be exercised at the discretion of the optionees.

The Option Plan provides that the following amendments to the Option Plan must be submitted for shareholder approval: i) any amendment to the number of securities issuable under the Option Plan (subject to any amendment resulting from a split, a consolidation or any other similar operation); ii) any amendment which would allow non-employee directors to participate to the Option Plan on a discretionary basis; iii) any amendment which would permit any Option granted under the Option Plan to be transferable or assignable other than by will or pursuant to succession laws; iv) the addition of a cashless exercise feature, payable in cash or securities, if the wording of such feature does not provide for a full deduction of the number of underlying securities from the Option Plan reserve; v) the addition of a deferred or restricted share unit or any other provision which results in employees receiving securities while no cash consideration is received by the Corporation; vi) any reduction in the purchase price (subscription price or exercise price) of any underlying Shares after the Option has been granted or any cancellation of an Option and the substitution of such Option with a new Option with a reduced exercise price, subject to any amendment resulting from a split, a consolidation or any other similar operation;

vii) any extension to the term of an Option beyond its original expiry date (subject to the initial term being extended by seven (7) business days when an Option exercise period expires during a trading prohibition period); viii) any amendment to the method of determining the purchase price (subscription price or exercise price) of each Share linked to an Option granted pursuant to the Option Plan; and ix) the addition of any form of financial assistance and any amendment to a financial assistance provision which is more favorable to employees.

The Board of Directors may, subject to its receipt of the required approvals of the regulatory authorities, and at its sole discretion, make any other amendments to the Option Plan that are not mentioned above. Without limiting the generality of the foregoing, the Board of Directors may, among other things: i) make any amendment of a "housekeeping" or clerical nature or in order to clarify the Option Plan's provisions; ii) make any amendment regarding any vesting period; iii) make any amendment to the provisions regarding the termination of an Option or the Option Plan so long as it does not entail an extension beyond the original expiry date; iv) make any amendment resulting from a split, a consolidation, a reclassification, a Share dividend declaration or any other amendment pertaining to the Shares; v) discontinue the Option Plan; and vi) grant an Option of an initial term exceeding five (5) years from the date it can be exercised for the first time as long as its term does not exceed ten (10) years from the date upon which the Option was granted.

The rights of an optionee shall terminate immediately upon the occurrence of one (1) of the two (2) following events:

- i) if, during the optionee's service with the Corporation or an affiliated entity, or during the two-year period following the termination of such optionee's service, the optionee participates in a business operating in the grocery or pharmacy industry in either the province of Québec or the province of Ontario, thereby competing with the Corporation; or
- ii) if, during or after the optionee's service with the Corporation or an affiliated entity, the optionee no longer complies with the provisions of the Code of conduct of the Corporation.

As at December 6, 2018, 3,042,420 Shares of the Corporation could be issued on account of Option grants already made pursuant to the Option Plan, representing 1.2% of the issued and outstanding share capital of the Corporation. On said date, 5,276,516 Shares were reserved for outstanding and new Options, representing 2.1% of the issued and outstanding share capital of the Corporation.

The Corporation's annual burn rate, which represents the number of Options awarded under the Options Plan divided by the weighted average number of Shares outstanding as at the end of a financial year, was 0,2% in 2018, 0,2% in 2017 and 0,2% in 2016.

The grant of Options is limited to all Vice-Presidents and to the President and Chief Executive Officer of the Corporation and of its subsidiaries as these persons have a direct influence on the decisions that may have an impact on the stock price. As a consequence, since 2016, senior directors no longer receive Options but are receiving a greater number of PSUs.

The full text of the Option Plan can be found on the Corporation's corporate Internet website ([www.corpo.metro.ca](http://www.corpo.metro.ca)).

**PERFORMANCE SHARE UNIT PLAN (PSU PLAN)** The Board of Directors approves the number of PSUs granted. The Human Resources Committee manages the PSU Plan and may amend it. The Human Resources Committee also establishes the performance goals to be achieved, which are confirmed by the Board of Directors of the Corporation.

The vesting date of PSUs is determined on the grant date and shall not exceed three (3) years following said grant date. On the vesting date, each PSU entitles its holder, subject to the achievement of performance goals determined by the Board of Directors, to one (1) Share of the Corporation or, at the sole discretion of the Corporation, to a cash equivalent, or a combination of both. The PSU Plan is not dilutive with respect to the issued and outstanding Shares of the Corporation, in that PSUs are settled in Shares purchased on the secondary market and/or paid in cash. Furthermore, PSUs are not transferable or assignable.

The Board of Directors has adopted amendments to the PSU Plan this year to allow the Corporation to postpone any payment of PSUs that become vested during a trading prohibition period, as those periods are determined in accordance with the Information Policy of the Corporation, for a period of 15 business days following the expiry of such trading prohibition period.

Unless the Human Resources Committee decides otherwise, PSUs expire in the event of termination of employment of their holder for any reason whatsoever except for death or retirement.

If the PSU holder retires prior to the vesting date, such PSU holder is entitled, on such vesting date, to a number of PSUs that is proportionate to the number of days between the grant date and the retirement date and the total number of days between the grant date and the PSUs' vesting date, while taking into account the extent to which the performance goals have been met.

If the PSU holder is deceased prior to the vesting date, the Corporation will pay to the holder's estate, within 60 days of his or her death, a number of PSUs calculated in the same manner as if the holder had retired, and the Human Resources Committee will thus have to

determine whether the performance goals would have otherwise been achieved at the vesting date and to what extent.

In the event of a change of control of the Corporation, all PSUs will vest and will have to be paid within 120 days of the change of control, and the Human Resources Committee will thus have to determine whether the performance goals would have otherwise been achieved at the vesting date and to what extent.

The rights of a PSU holder shall terminate immediately upon the occurrence of one (1) of the two (2) following events:

- i) if, during the PSU holder's service with the Corporation or an affiliated entity, or during the two-year period following the termination of such PSU holder's service, the PSU holder participates in a business operating in the grocery or pharmacy industry in either the province of Québec or the province of Ontario, thereby competing with the Corporation; or
- ii) if, during or after the PSU holder's service with the Corporation or an affiliated entity, the PSU holder no longer complies with the provisions of the Code of conduct of employees of the Corporation.

The full text of the PSU Plan can be found on the Corporation's corporate Internet website ([www.corpo.metro.ca](http://www.corpo.metro.ca)).

## PENSION PLAN BENEFITS

**DEFINED BENEFIT PLANS TABLE** The following table illustrates the annual benefits payable at the normal age of retirement (age 65) under the combined base and supplemental plans, according to the final average salary and years of credited service under these plans.

Name	Number of years of credited service <sup>(1)</sup>	Annual benefits payable (\$)		Accrued value at start of year (\$)	Compensatory change (\$) <sup>(2)</sup>	Non-Compensatory change (\$) <sup>(3)</sup>	Accrued value at year-end (\$)
		At year-end	At age 65				
Eric R. La Flèche	27.1 <sup>(4)</sup>	658,700	1,000,000	6,960,000	2,226,000 <sup>(5)</sup>	289,000	9,475,000
François Thibault	6.2	60,800	178,500	781,000	123,000	43,000	947,000
Christian Bourbonnière	21.0	202,700	240,600	3,335,000	147,000	56,000	3,538,000
Carmine Fortino	4.1	33,300	74,600	312,000	96,000	19,000	427,000
Serge Boulanger	21.6 <sup>(4)</sup>	130,700	226,700	1,948,000	100,000	90,000	2,138,000

<sup>(1)</sup> As at September 29, 2018, Messrs. Eric R. La Flèche, François Thibault, Christian Bourbonnière, Carmine Fortino and Serge Boulanger had 27.7, 6.2, 21.5, 4.1, and 22.2 years of service respectively with the Corporation. However, there is no increase in benefits as a result of the difference between the number of years of service and the number of years of credited service. No more than the actual years of service are considered under the Pension Plan.

<sup>(2)</sup> The variations attributable to compensatory elements represent the value of the projected retirement benefits earned during the period beginning October 1, 2017 and ending September 30, 2018, taking into account any gain or loss related to salary variation. The amounts indicated are consistent with the information presented in note 23 to the 2018 Consolidated Financial Statements.

<sup>(3)</sup> The variations attributable to non-compensatory elements include accrued interests on obligations at the beginning of the financial year, other realized gains and losses incurred, the amendments to actuarial assumptions as well as the contributions paid by the NEO during the period beginning October 1, 2017 and ending September 30, 2018.

<sup>(4)</sup> Including 1.3 and 5.8 years under the management and professional plan for Mr. Eric R. La Flèche and Mr. Serge Boulanger respectively. These years are not considered for the purposes of the supplemental plan.

<sup>(5)</sup> Mr. La Flèche's pension value includes a one-time charge of 1.976 million dollars added to his pension benefits as a result of the changes brought to his pension plan during the 2018 financial year.

There is no defined contribution pension plan for the NEOs.

**TERMINATION OF EMPLOYMENT OR CHANGE OF CONTROL BENEFITS** This section describes the benefits for NEOs in the event of termination of employment or change of control benefits. In addition to the standard provisions of the Option Plan and the PSU Plan applicable, Messrs. La Flèche and Fortino each have an employment contract providing for payments or specific benefits in the event of a change of control or termination of employment. The following two (2) tables describe the standard provisions under the Option Plan and PSU Plan:

**EVENT UNDER OPTION PLAN**

Termination with just and sufficient cause	All vested and unvested Options expire on the event date
Resignation or other termination of employment	Vesting ceases on event date Exercise of Options extended for 30 days after event date <sup>(1)</sup>
Retirement	Vesting continues for 2 years after event date Exercise of unexpired Options may continue for an additional period of 364 days <sup>(1)</sup>
Change of control	All Options granted become vested and exercisable

<sup>(1)</sup> Subject to compliance with i) non-competition and non-solicitation provisions in the Option plan during employment and two (2) years after event date; and ii) Code of conduct during employment and until Options expire. All Options granted under the Option Plan, whether vested or unvested, expire in the event of non-compliance.

**EVENT UNDER PSU PLAN**

Termination with just and sufficient cause	All rights to PSUs expire on the event date
Resignation or other termination of employment	All rights to PSUs expire on the event date
Retirement	Continued vesting of PSUs until end of performance period with settlement prorated to the number of days worked over the period <sup>(1)</sup>
Change of control	All PSUs granted become vested Achievement of Performance goals estimated by Human Resources Committee Settlement within 120 days of the event date

<sup>(1)</sup> Subject to compliance with i) non-competition and non-solicitation provisions in the PSU plan during employment and two (2) years after event date; and ii) Code of conduct during employment and until PSUs expire. All PSU granted under the PSU Plan, whether vested or unvested, expire in the event of non-compliance.

The following table describes the applicable provisions under the employment contract of Mr. Eric R. La Flèche:

Event	Severance		Options	PSU
	Salary	AIP		
Termination with just and sufficient cause	—	—	As per Option Plan	As per PSU Plan
Termination without just and sufficient cause or constructive dismissal (other than following a change of control)	2X	2X Bonus of current financial year or 2X average of preceding 3 years <sup>(1)</sup>	Vesting and exercise continue for 2 years after event date <sup>(2)</sup>	Continued vesting of PSUs until end of performance period with settlement prorated to the number of days worked over the period <sup>(2)</sup>
Resignation (President and Chief Executive Officer must provide 120-day notice)	—	—	As per Option Plan <sup>(2)</sup>	As per PSU Plan <sup>(2)</sup>
Retirement	—	—	As per Option Plan <sup>(2)</sup>	As per PSU Plan <sup>(2)</sup>
Termination without just and sufficient cause or constructive dismissal within 24 months of change of control (double trigger)	2X	2X Bonus of current financial year or 2X average of preceding 3 years <sup>(1)</sup>	All Options granted become vested and exercisable	All PSUs granted become vested. Achievement of Performance goals estimated by Human Resources Committee

<sup>(1)</sup> At the election of the President and Chief Executive Officer.

<sup>(2)</sup> Subject to compliance with i) non-competition and non-solicitation provisions during employment and two (2) years after event date; and ii) Code of conduct during employment and until Options and PSU expire. All Options and PSUs granted under the Option Plan and PSU Plan, whether vested or unvested, expire in the event of non-compliance.



The following table describes the applicable provisions under the employment contract of Mr. Carmine Fortino:

Event	Severance		Options	PSU	Other
	Salary	AIP			
Termination with just and sufficient cause	—	—	As per Option Plan	As per PSU Plan	—
Termination without just and sufficient cause or constructive dismissal	1X + 1 month per additional year of service after 3 years (max 1.5X)	Bonus of current financial year pro-rated and bonus during severance period	As per Option Plan <sup>(1)</sup>	As per PSU Plan <sup>(1)</sup>	All employee benefits continue during severance period
Resignation (NEO must provide 12-week notice)	—	—	As per Option Plan <sup>(1)</sup>	As per PSU Plan <sup>(1)</sup>	—
Retirement	—	—	As per Option Plan <sup>(1)</sup>	As per PSU Plan <sup>(1)</sup>	—
Change of control	1X + 1 month per additional year of service after 3 years (max 1.5X) <sup>(2)</sup>	Bonus of current financial year pro-rated and bonus during severance period <sup>(2)</sup>	As per Option Plan	As per PSU Plan	—

<sup>(1)</sup> Subject to compliance with i) non-competition and non-solicitation provisions during employment and two (2) years after event date; and ii) Code of conduct during employment and until Options and PSU expire. All Options and PSUs granted under the Option Plan and PSU Plan, whether vested or unvested, expire in the event of non-compliance.

<sup>(2)</sup> Only if termination without just and sufficient cause or constructive dismissal (double trigger).

The following table is a summary of estimated incremental payments to NEOs and the estimated value of Share-based awards as well as Option-based awards the vesting of which is accelerated in the event of termination of employment or change of control as if such event had occurred on September 28, 2018:

	Event	Severance		Options	PSU <sup>(1)</sup>	Other	Total
		Salary	AIP				
Eric R. La Flèche	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	2,000,000	2,628,267	2,196,973 <sup>(2)</sup>	1,452,896 <sup>(3)</sup>	—	8,278,136
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control + termination within 24 months (double trigger required)	2,000,000	2,628,267	2,311,879	3,027,563	—	9,967,709
François Thibault	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	— <sup>(4)</sup>	— <sup>(4)</sup>	—	—	—	—
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control	—	—	356,765	1,025,394	—	1,382,159
Christian Bourbonnière	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	— <sup>(4)</sup>	— <sup>(4)</sup>	—	—	—	—
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control	—	—	474,276	864,674	—	1,338,950
Carmine Fortino	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	580,450	915,950	—	—	137,000	1,633,400
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control	580,450 <sup>(5)</sup>	915,950 <sup>(5)</sup>	299,516	864,674	137,000 <sup>(5)</sup>	2,797,590
Serge Boulanger	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	— <sup>(4)</sup>	— <sup>(4)</sup>	—	—	—	—
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control	—	—	193,360	426,712	—	620,072

<sup>(1)</sup> Based on the closing price on September 28, 2018 (\$40.18).

<sup>(2)</sup> The Options continue to vest for a period of two (2) years but we have used the value thereof as if accelerated on September 28, 2018.

<sup>(3)</sup> Since the PSUs continue to vest until the end of the performance period prorated to the number of days worked, we have used the value thereof at Level 2, as if accelerated on September 28, 2018.

<sup>(4)</sup> In accordance with applicable law.

<sup>(5)</sup> Only if termination without just and sufficient cause or constructive dismissal (double trigger).

All NEOs are subject to provisions of non-competition, non-solicitation, non-disparagement and confidentiality in accordance with the

Option Plan, the PSU Plan, the Code of conduct for employees as well as in the case of Messrs. La Flèche and Fortino, in accordance with their employment contract.

Change of control is defined in the Option Plan, PSU Plan and the employment contract of Mr. La Flèche, substantially as follows: i) the sale of the whole or a substantial part of the business of the Corporation to a person who is not an affiliate of the Corporation; ii) the merger or the consolidation of the Corporation or any other operation or transaction with a corporation or corporate entity which is not an affiliate of the Corporation, if the control of the surviving or resulting entity is thereby passed to one or several shareholders who are not affiliates of the Corporation; or iii) any change in the Share ownership of the Corporation or any other transaction resulting in control of the Corporation being granted to a person, or a group of persons, or persons acting in concert, or corporate entity associated or affiliated with any such person or group of persons. Without limiting the generality of the foregoing, a person or a group of persons holding a number of Shares and/or other securities which, directly or following conversion thereof, entitles or would entitle the holders thereof to cast 50% or more of the votes attaching to all the Shares of the Corporation entitled to vote in the election of directors of the Corporation, is deemed to be in a position to exercise control of the Corporation.

## **OTHER KEY POLICIES OF THE CORPORATION**

**CODE OF CONDUCT OF EMPLOYEES** The Board of Directors adopted in 2016 a new code of conduct of employees (“Code of conduct”) replacing the Policy regarding conflicts of interest and professional ethics. This Code of conduct applies to all employees of the Corporation, including executives. The Code of conduct:

- i) puts an emphasis on the duties of care, loyalty, confidentiality, non-solicitation of employees and duty to act in the best interest of the Corporation;
- ii) aims at fostering a safe and respectful work environment exempt from any form of harassment;
- iii) establishes rules regarding certain business practices, including gifts, invitations and solicitations; and
- iv) sets out rules of conduct with respect to conflicts of interest.

The Code of conduct now integrates the compensation clawback policy and the no-hedging policy which are summarized in the sections below. The full text of the Code of conduct can be found on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Corporation’s corporate Internet website ([www.corpo.metro.ca](http://www.corpo.metro.ca)).

**EXECUTIVE COMPENSATION CLAWBACK** Certain provisions of the Code of conduct dealing with awards under the Corporation’s AIP and LTIP plans were amended in 2018 to widen their scope. These new provisions now provide that the Board of Directors may, at its sole discretion, to the full extent permitted by law and to the extent it determines that it is in the Corporation’s best interest to do so: i) require reimbursement of all or a portion of any performance-based incentive compensation awarded to an executive after November 15, 2011 over a 24-month period preceding the triggering event; ii) require the reimbursement of any profit realized, over a 24-month period preceding the triggering event, by the executive from the exercise or following the vesting of performance-based incentive compensation awards after November 15, 2011; or iii) effect the cancellation of unvested performance based incentive compensation awards granted to the executive after November 15, 2011, if:

- i) the amount of the performance-based incentive compensation awarded to, or received by, or the profit realized by, the executive was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of, or affected by, a material restatement of all or a portion of the Corporation’s financial statements (except where the cause of such restatement was beyond the reasonable control of the Corporation, such as in the case of a change in accounting or reporting standards), and the amount of the performance-based incentive compensation that would have been awarded to, or received by, or the profit realized by the executive would have been lower had the financial results been properly reported; or
- ii) the executive committed a material breach of the Code of conduct or the Corporation’s policies or engaged in inappropriate conduct resulting in significant losses, fines or penalties or any behaviour that could have a significant negative impact on the reputation, market performance or financial performance of the Corporation.

**NO-HEDGING** Certain provisions of the Code of conduct prohibit employees of the Corporation from, directly or indirectly, short selling the Corporation’s Shares or Options, or trading in put or call options. These provisions apply as well to the directors of the Corporation in virtue of their code of ethics. The purpose of these provisions is to avoid speculation by employees and directors on the Corporation’s Shares.

**INFORMATION POLICY** The Corporation's Information Policy provides that the employees and directors of the Corporation are subject to trading prohibition periods with respect to trading the securities of the Corporation when important information is not publicly disclosed. In addition, any director or officer of the Corporation shall continue to be bound by these trading prohibition periods during an additional period of three (3) months following termination of service.

#### **14. CORPORATE GOVERNANCE**

The Board of Directors believes that good corporate governance is essential and the Corporation imposes to its directors, officers and employees rigorous rules of ethics.

The Corporation intends to comply as much as possible with the guidelines adopted by the Canadian Securities Administrators and with the standards of other regulatory bodies. The statement of the Corporation's corporate governance practices is set forth in Exhibit H to this Circular. Additional information on the Board of Directors and its committees is set out in "The Board of Directors and its Committees" section found on page 16 of this Circular.

#### **15. OTHER MATTERS**

Management of the Corporation knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to management should properly come at the Meeting, the form of proxy confers discretionary authority upon the Proxyholders to vote on such matters.

#### **16. SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING**

Proposals for any matters that persons entitled to vote at the 2020 annual shareholders' meeting wish to raise at said meeting must be received by the Corporation by September 16, 2019, at the latest.

#### **17. ADDITIONAL INFORMATION**

Financial information about the Corporation can be found in the Consolidated Financial Statements and in the Management's Discussion and Analysis for the most recent financial year of the Corporation forming part of the Annual Report. This Circular as well as the Annual Information Form and the Annual Report are available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as on the Corporation's corporate Internet website ([www.corpo.metro.ca](http://www.corpo.metro.ca)) and the Corporation will promptly provide a copy of any such document free of charge to shareholders of the Corporation who send a written request to the following address: 11 011, Maurice-Duplessis Blvd, Montréal (Québec) H1C 1V6, to the attention of the Finance Department.

#### **18. APPROVAL BY THE DIRECTORS**

The content and transmission of this Circular have been approved by the directors of the Corporation.

Montréal, December 13, 2018



Simon Rivet  
Corporate Secretary

## EXHIBIT A - SHAREHOLDER RIGHTS PLAN

### Summary or Principal Terms of the Rights Plan

#### Effective Date and Term

If approved by shareholders at the Meeting, the Rights Plan will be entered into by the Corporation and the Rights Agent and come into force on January 30, 2019, being the day following approval of the Rights Plan at the Meeting (the "Effective Date").

After the Effective Date, the Rights Plan must be reconfirmed by the requisite majority of Independent Shareholders (as defined below) at every third annual meeting of the holders of the Corporation's common shares (for the purposes of this section only of the Circular, the "Common Shares") following the Meeting. The Rights Plan and the Rights will terminate at the close of business on the date of such third annual meeting if the Rights Plan is not so reconfirmed or presented for reconfirmation at such meeting, unless terminated earlier in accordance with the terms of the Rights Plan (in either such case, the "Expiration Time"), provided that termination will not occur if a Flip-in Event has occurred, and not been waived, prior to the date that the Rights Plan would otherwise have terminated.

#### Issue of Rights

The Corporation will issue one right (a "Right") in respect of each Common Share outstanding at 5:00 p.m. (Montréal time) on January 30, 2019 (the "Record Time"). The Corporation will issue Rights on the same basis for each Common Share issued after the Record Time but prior to the earlier of the Separation Time (as defined below) and the Expiration Time.

The Rights are not exercisable prior to the Separation Time. After the Separation Time, each Right entitles the registered holder thereof to purchase from the Corporation one Common Share at an exercise price equal to three (3) times the market price of a Common Share determined as at the Separation Time, subject to adjustment and certain anti-dilution provisions (the "Exercise Price"). If a Flip-in Event occurs (as described below), each Right will be adjusted and, except as described under "Flip-in Event" below, will entitle the registered holder to receive from the Corporation, upon payment of the Exercise Price, Common Shares having an aggregate market value equal to twice the Exercise Price.

#### Rights Certificates and Transferability

Before the Separation Time, the Rights will be evidenced by the certificates for the Common Shares (or by the book entry form registration for the associated Common Share if issued in book entry form) and will be transferable only together with, and will be transferred by a transfer of, the associated Common Shares and will not be transferable separate from such shares. At the Separation Time, the Rights will separate from the associated Common Shares and, from and after such time, the Rights will be evidenced by separate Rights Certificates (or separate book entry registration) which will be transferable and traded separately from the shares.

#### Separation Time

The "Separation Time" is the close of business on the tenth (10<sup>e</sup>) trading day after the earliest to occur of: (i) the "Stock Acquisition Date", which is the first date of public announcement of facts indicating that a person has become an Acquiring Person (as defined below), (ii) the date of the commencement of, or first public announcement of the intent of any person (other than the Corporation or a subsidiary thereof) to make a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid, as each such term is defined below), and (iii) the date on which a Permitted Bid or Competing Permitted Bid fails to qualify as such. In any case, the Separation Time can be such later date determined by the Board of Directors. A "Take-over Bid" is an offer to acquire Voting Shares (as defined below) of the Corporation or securities convertible into or exercisable or exchangeable for Voting Shares ("Convertible Securities") or both, where the securities subject to the offer, together with the securities "Beneficially Owned" (as defined below) by the person making the Take-over Bid (the "Offeror"), constitute 20% or more of the Corporation's outstanding Voting Shares.

#### Acquiring Person

In general, an "Acquiring Person" is a person who is the Beneficial Owner of 20% or more of the Corporation's outstanding Common Shares and any other shares of the Corporation entitled to vote generally in the election of directors ("Voting Shares"). Excluded from the definition of "Acquiring Person" are the Corporation and its subsidiaries, and any person who becomes the Beneficial Owner of 20% or more of the Voting Shares as a result of one or more, or any combination, of the following:

- i) an acquisition or redemption by the Corporation which reduces the outstanding number of Voting Shares;
- ii) an "Exempt Acquisition", meaning a share acquisition in respect of which the Board of Directors has waived the application

of the Rights Plan where permitted by the Rights Plan (see “Redemption, Waiver and Termination” below), or which is only a temporary step in an acquisition transaction by the Corporation or subsidiary thereof, or is made pursuant to a distribution by the Corporation by way of a prospectus as long as the person does not thereby increase its percentage ownership of the outstanding Voting Shares, or is made pursuant to a distribution by the Corporation by way of a private placement as long as the person does not thereby become the Beneficial Owner of more than 25% of the Voting Shares outstanding immediately prior to such private placement and all necessary stock exchange approvals are obtained and complied with, or which is made pursuant to an amalgamation, merger, reorganization, arrangement, business combination or similar transaction (but not including a Take-over Bid) requiring shareholder approval;

- iii) a “Permitted Bid Acquisition”, meaning an acquisition made pursuant to a Permitted Bid or Competing Permitted Bid;
- iv) a “Pro Rata Acquisition”, meaning an acquisition as a result of a stock dividend, stock split or other event in respect of which securities are acquired on the same pro rata basis as all other holders of Voting Shares, or pursuant to a dividend reinvestment plan of the Corporation, or as a result of any other event pursuant to which all holders of Voting Shares or Convertible Securities are entitled to receive Voting Shares or Convertible Securities of the same class or series (including as a result of a rights offering made to all holders of such securities on a pro rata basis); and
- v) a “Convertible Security Acquisition”, meaning an acquisition of Voting Shares on the exercise of Convertible Securities acquired by such person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition.

Also excluded from the definition of “Acquiring Person” are underwriters or members of banking or selling groups acting in connection with a distribution of securities by way of a prospectus or private placement.

### **Beneficial Ownership**

In general, a person is deemed to “Beneficially Own” Voting Shares actually held by it and, in certain circumstances, Voting Shares held by others. Included are holdings of a person’s “Affiliates” (generally, a person that controls, is controlled by, or is under common control with another person) and “Associates” (generally, a spouse or relatives that share the same residence). Also included are securities which the person or any of the person’s Affiliates or Associates has the right to acquire within 60 days (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities by way of a prospectus or private placement, and other than pledges or hypothecations of securities granted as security in the ordinary course of business of the pledgee or hypothecatee), as well as securities which are subject to a lock-up agreement or similar commitment to deposit or tender such securities to a Take-over Bid made by the person or any of the person’s Affiliates, Associates or Joint Actors (as defined below).

A person is also deemed to Beneficially Own any securities Beneficially Owned (as described above) by any other person with whom the person is acting jointly or in concert (a “Joint Actor”). A person is a Joint Actor with anyone who is party to an agreement, arrangement or understanding with the first person, or an Affiliate or Associate thereof, for the purpose of acquiring or offering to acquire Voting Shares or Convertible Securities (subject to the same exclusions mentioned in the immediately preceding paragraph for underwriters, banking and selling group members, pledgees and hypothecatees).

### Institutional Shareholder Exemption

The definition of “Beneficial Ownership” contains several exclusions whereby a person is not considered to “Beneficially Own” a security. There are exemptions from the deemed Beneficial Ownership provisions for institutional shareholders acting in the ordinary course of business. These exemptions apply to:

- i) an investment manager (“Investment Manager”) holding securities in the ordinary course of business in the performance of its duties for the account of any other person (a “Client”), including the acquisition or holding of securities for non-discretionary accounts held on behalf of the Client by a broker or dealer registered under applicable securities law;
- ii) a licensed trust company (“Trust Company”) acting as trustee or administrator or in a similar capacity in relation to estates of deceased or incompetent persons (an “Estate Account”) or in relation to other accounts (“Other Accounts”) and which holds the security in the ordinary course of its duties for such accounts;
- iii) a person established by statute (“Statutory Body”) whose ordinary business or activity includes the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies;
- iv) the administrator or the trustee (“Administrator”) of one or more pension plans (a “Plan”) registered under applicable law, or the Plan itself; and

- v) a Crown agent or agency (“Crown Agent”).

The foregoing exemptions only apply so long as the Investment Manager, Trust Company, Statutory Body, Administrator, Plan or Crown Agent is not making or has not announced an intention to make a Take-over Bid and is not a Joint Actor of any other person who is making or has announced an intention to make a Take-over Bid, other than an offer to acquire Voting Shares or Convertible Securities pursuant to a distribution by the Corporation or by means of ordinary market transactions through the facilities of a stock exchange or over-the-counter market.

Furthermore, a person will not be deemed to “Beneficially Own” a security because: (i) the person is a Client of the same Investment Manager, an Estate Account or an Other Account of the same Trust Company, or Plan with the same Administrator as another person or Plan on whose account the Investment Manager, Trust Company or Administrator, as the case may be, holds such security, or (ii) the person is the Client of an Investment Manager, Estate Account, Other Account or Plan and the security is owned at law or in equity by the Investment Manager, Trust Company or Plan, as the case may be.

#### Permitted Lock-up Agreement Exemption

A person will not be deemed to “Beneficially Own” any security where the holder of such security has agreed to deposit or tender such security pursuant to a Permitted Lock-up Agreement (as defined below) to a Take-over Bid made by such person or such person’s Affiliates or Associates or a Joint Actor, or such security has been deposited or tendered pursuant to a Take-over Bid made by such person or such person’s Affiliates, Associates or Joint Actors until the earliest time at which any such tendered security is accepted unconditionally for payment or is taken up or paid for.

A “Permitted Lock-up Agreement” is essentially an agreement between a person and a holder of Voting Shares and/or Convertible Securities who is not an Affiliate, Associate or Joint Actor of such person (the terms of which are publicly disclosed and a copy of the agreement is made available to the public within the time frames set forth in the definition of Permitted Lock-up Agreement), pursuant to which the holder (a “Locked-up Person”) agrees to deposit or tender Voting Shares and/or Convertible Securities to a Take-over Bid (the “Lock-up Bid”) made or to be made by such person or any of its Affiliates, Associates or Joint Actors and which further provides that such agreement permits the Locked-up Person to withdraw its Voting Shares and/or Convertible Securities in order to deposit or tender them to another Take-over Bid or support another transaction:

- A) i) at a price or value that exceeds the price under the Lock-up Bid, or ii) that contains an offering price that exceeds the offering price in the Lock-up Bid by as much as or more than a specified amount not greater than seven percent (7%) of the offering price in the Lock-up Bid; or
- B) if the Lock-up Bid is for less than 100% of the Voting Shares or Convertible Securities held by Independent Shareholders, and the price or value of the consideration offered under the other Take-over Bid or transaction is not less than that offered under the Lock-up Bid, the number of Voting Shares or Convertible Securities to be purchased under such other Take-over Bid or transaction i) exceeds the number of Voting Shares or Convertible Securities the Offeror has offered to purchase under the Lock-up Bid, or ii) exceeds by as much as or more than a specified number not greater than seven percent (7%) of the number of Voting Shares or Convertible Securities offered to be purchased by the Offeror under the Lock-up Bid.

A Permitted Lock-up Agreement may contain a right of first refusal or require a period of delay to give the person who made the Lock-up Bid an opportunity to match a higher price in another Take-over Bid or transaction or other similar limitation on a Locked-up Person’s right to withdraw Voting Shares and/or Convertible Securities so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares and/or Convertible Securities during the period of the other Take-over Bid or transaction. Finally, under a Permitted Lock-up Agreement no “break up” fees, “top up” fees, penalties, expenses or other amounts that exceed in aggregate the greater of (i) 2.5% of the price or value of the consideration payable under the Lock-up Bid; and (ii) 50% of the amount by which the price or value of the consideration received by a Locked-up Person under another Take-over Bid or transaction exceeds what such Locked-up Person would have received under the Lock-up Bid; can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender Voting Shares and/or Convertible Securities to the Lock-up Bid or withdraws Voting Shares and/or Convertible Securities previously tendered thereto in order to deposit such Voting Shares and/or Convertible Securities to another Take-over Bid or support another transaction.

The Rights Plan therefore requires that a person making a Take-over Bid, in order to avoid being deemed the Beneficial Owner of the securities subject to a lock-up agreement and potentially triggering the provisions of the Rights Plan, structure any lock-up agreement to meet the criteria of a Permitted Lock-up Agreement.

## Flip-in Event

A “Flip-in Event” occurs when any person becomes an Acquiring Person. In the event that, prior to the Expiration Time, a Flip-in Event which has not been waived by the Board of Directors occurs (see “Redemption, Waiver and Termination” below), each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person or a transferee of such a person, which Rights will become null and void) shall constitute the right to purchase from the Corporation, upon exercise thereof in accordance with the terms of the Rights Plan, that number of Common Shares having an aggregate market value on the date of the Flip-in Event equal to twice the Exercise Price, on payment of the Exercise Price (subject to anti-dilution adjustments set forth in the Rights Plan).

For example, if at the time of the Flip-in Event the Exercise Price is \$150 and the market price of the Common Shares is \$50, the holder of each Right would be entitled to purchase Common Shares having an aggregate market price of \$300 (that is, 6 Common Shares) for \$150 (that is, a 50% discount from the market price). Thus, the potential exercise of the Rights following a Flip-in Event creates the threat of substantial economic and voting dilution to the Acquiring Person’s Beneficial Ownership of Voting Shares.

## Permitted Bid and Competing Permitted Bid

A Take-over Bid that qualifies as a Permitted Bid or Competing Permitted Bid will not trigger the exercise of the Rights.

A “Permitted Bid” is a Take-over Bid made by way of a Take-over Bid circular and which complies with the following additional provisions:

- A) the Take-over Bid is made to all holders of record of Voting Shares, other than the Offeror;
- B) the Take-over Bid contains irrevocable and unqualified conditions that:
  - i) no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date which is not less than 105 days following the date of the Take-over Bid;
  - ii) unless the Take-over Bid is withdrawn, Voting Shares may be deposited under the Take-over Bid at any time prior to the close of business on the date of first take-up or payment for Voting Shares and all Voting Shares deposited thereunder may be withdrawn at any time prior to the close of business on such date;
  - iii) more than 50% of the aggregate of the outstanding Voting Shares held by Independent Shareholders must be deposited under the Take-over Bid and not withdrawn at the close of business on the date of first take-up or payment for Voting Shares; and
  - iv) in the event that more than 50% of the aggregate of the outstanding Voting Shares held by Independent Shareholders have been deposited under the Take-over Bid and not withdrawn as at the close of business on the date of first take-up or payment for Voting Shares thereunder, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits of Voting Shares for not less than ten (10) days from the date of such public announcement.

“Independent Shareholders” generally means holders of Voting Shares other than any Acquiring Person, any Offeror, any Affiliate, Associate or Joint Actor of an Acquiring Person or Offeror, or any employee benefit plan, stock purchase plan, deferred profit sharing plan or similar plan or trust for the benefit of employees of the Corporation or its subsidiaries so long as the beneficiaries of the plan or trust direct how Voting Shares will be voted and whether such shares will be tendered to a Take-over Bid.

A “Competing Permitted Bid” is a Take-over Bid that is made after a Permitted Bid or another Competing Permitted Bid has been made but prior to its expiry, and satisfies all the requirements of a Permitted Bid as described above.

## Redemption, Waiver and Termination

- i) *Redemption of Rights on Approval of Holders of Voting Shares or Rights.* The Board of Directors may, after having obtained the prior approval of the holders of Voting Shares or Rights, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right, appropriately adjusted for anti-dilution as provided in the Rights Plan (the “Redemption Price”).
- ii) *Waiver of Inadvertent Acquisition.* The Board of Directors may waive the application of the Rights Plan in respect of the occurrence of any Flip-in Event if the Board of Directors has determined that a person became an Acquiring Person under the Rights Plan by inadvertence and without any intent or knowledge that it would become an Acquiring Person, but the



waiver must be on the condition that the Acquiring Person reduces its Beneficial Ownership of Voting Shares within 30 days, or such earlier or later date as the Board of Directors may determine, such that the person is no longer an Acquiring Person.

- iii) *Deemed Redemption.* In the event that a person who has made a Permitted Bid, Competing Permitted Bid or a Take-over Bid in respect of which the Board of Directors has waived or has deemed to have waived the application of the Rights Plan consummates the acquisition of the Voting Shares, the Board of Directors shall be deemed to have elected to redeem the Rights for the Redemption Price.
- iv) *Discretionary Waiver with Mandatory Waiver for Concurrent Bids.* The Board of Directors may, prior to the occurrence of a Flip-in Event that would occur by reason of a Take-over Bid made by means of a take-over bid circular to all holders of record of Voting Shares (a "qualified bid"), waive the application of the Rights Plan to such Flip-in Event upon prior written notice to the Rights Agent. However, if the Board of Directors waives the application of the Rights Plan for any such qualified bid, the Board of Directors shall be deemed to have waived the application of the Rights Plan in respect of any other Flip-in Event occurring by reason of any other qualified bid made prior to the expiry of any bid for which the waiver is, or is deemed to have been, granted.
- v) *Discretionary Waiver respecting Acquisition not by Take-over Bid Circular.* The Board of Directors may, with the prior consent of the holders of Voting Shares, determine, at any time prior to the occurrence of a Flip-in Event as to which the application of the Rights Plan has not been waived, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular to holders of Voting Shares and otherwise than by inadvertence in the circumstances described in (ii) above, to waive the application of the Rights Plan to such Flip-In Event. However, if the Board of Directors waives the application of the Rights Plan, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than 10 business days following the meeting of shareholders called to approve such a waiver.
- vi) *Redemption of Rights on Withdrawal or Termination of Bid.* Where a Take-over Bid that is not a Permitted Bid or Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price. In such event, the Rights Plan will continue to apply as if the Separation Time had not occurred and one Right will remain attached to each Common Share as provided for in the Rights Plan.
- vii) *Waiver with Divestiture Arrangement.* The Board of Directors may, before the 10th trading day after a Stock Acquisition Date or such later trading day as the Board of Directors may determine, by written notice to the Rights Agent, waive the application of the Rights Plan to the related Flip-in Event provided the Acquiring Person has reduced its Beneficial Ownership of Voting Shares (or entered into a contractual arrangement with the Corporation to do so within 15 days or such earlier or later date as the Board of Directors may determine) such that at the time the waiver becomes effective the person is no longer an Acquiring Person. In such event, the Flip-in Event shall be deemed not to have occurred.

If the Board of Directors is deemed to have elected or elects to redeem the Rights as described above, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights is to receive the Redemption Price. Within 10 business days of any such election or deemed election to redeem the Rights, the Corporation will notify the holders of the Voting Shares or, after the Separation Time, the holders of the Rights.

#### **Anti-dilution Adjustments**

The Exercise Price of a Right, the number and kind of shares subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including:

- i) if there is a dividend payable in Common Shares or Convertible Securities or other securities of the Corporation (other than pursuant to any optional stock dividend program or dividend reinvestment plan or a dividend payable in Common Shares in lieu of a regular periodic cash dividend) on the Common Shares, or a subdivision or consolidation of the Common Shares, or an issuance of Common Shares or Convertible Securities or other securities of the Corporation in respect of, in lieu of or in exchange for Common Shares; or
- ii) if the Corporation fixes a record date for the distribution to all holders of Common Shares of certain rights or warrants to acquire Common Shares or Convertible Securities, or for the making of a distribution to all holders of Common Shares of evidences of indebtedness or assets (other than regular periodic cash dividends or stock dividends payable in Common Shares) or rights or warrants.

## **Supplements and Amendments**

Subject to the exceptions described below, the Corporation may supplement, amend, delete, vary, restate or rescind any provision of the Rights Plan and the Rights at any time, and from time to time, prior to the Separation Time with the prior approval by majority vote of the holders of Common Shares (other than those shareholders who do not qualify as Independent Shareholders), or, after the Separation Time, with the prior approval by majority vote of the holders of Rights (other than those holders whose Rights have become null and void as described under “Flip-in Event” above).

The Corporation may, without the consent of the holders of Common Shares or Rights, make amendments to the Rights Plan (i) to correct any clerical or typographical error, or (ii) as required to maintain the validity or effectiveness of the Rights Plan as a result of any change in any applicable legislation, rules or regulation. However, in the case of an amendment required in the circumstances referred to in (ii) above, for such amendment to remain in effect the amendment must be submitted for confirmation:

- i) if made prior to the Separation Time, by the holders of Common Shares at the next shareholders’ meeting called by the Board of Directors and approved by an affirmative vote of a majority of the votes cast by holders of Common Shares (other than those shareholders who do not qualify as Independent Shareholders) at such meeting; or
- ii) if made after the Separation Time, by the holders of Rights at a meeting called by the Board of Directors to be held not later than the date of the next meeting of the holders of Common Shares called by the Board of Directors and approved by the affirmative vote of a majority of the votes cast by holders of Rights (other than those holders whose Rights have become null and void as described under “Flip-in Event” above) at such meeting.

## **Rights Agent**

The Rights Plan contains customary provisions concerning the duties, liabilities, indemnification and replacement of the Rights Agent.

**The foregoing description of the Rights Plan is qualified in its entirety by reference to the full text of the Rights Plan in this Exhibit A.**

**In the event of a contradiction between the English version and the French translation of the Rights Plan, the English version shall prevail.**

## **RESOLUTION APPROVING THE CORPORATION'S SHAREHOLDER RIGHTS PLAN**

### **BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF THE CORPORATION THAT:**

1. the Shareholder Rights Plan evidenced by the draft Shareholder Rights Plan Agreement between the Corporation and AST Trust Company (Canada), as Rights Agent, the adoption of which was authorized by the Board of Directors subject to the approval thereof by the shareholders of the Corporation pursuant to this resolution, and the full text of which is reproduced as Exhibit A to this Circular, be, and it is hereby, authorized, approved and adopted;
2. any two (2) of the Chair of the Board of Directors, the President and Chief Executive Officer, the Executive Vice President, Chief Financial Officer and Treasurer and the Vice-President, General Counsel and Corporate Secretary, acting together, be, and each of them is hereby, authorized and directed, for and on behalf and in the name of the Corporation, to sign and execute all documents, to conclude any agreements and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution, including compliance with all applicable securities laws and regulations; and
3. the Board of Directors be, and it is hereby, authorized to cause all measures to be taken, such further agreements to be entered into and such further documents to be executed as may be deemed necessary or advisable to give effect to and fully carry out the intent of this resolution.

**SHAREHOLDER RIGHTS PLAN AGREEMENT**

**Dated as of [●], 2019**

**Between**

**METRO INC.**

**and**

**AST TRUST COMPANY (CANADA)**

**as Rights Agent**

## TABLE OF CONTENTS

### ARTICLE 1 INTERPRETATION

- 1.1 Certain Definitions
- 1.2 Currency
- 1.3 Headings and Interpretation
- 1.4 Number and Gender
- 1.5 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares
- 1.6 Acting Jointly or in Concert
- 1.7 Statutory References

### ARTICLE 2 THE RIGHTS

- 2.1 Issue of Rights and Legend on Common Share Certificates
- 2.2 Initial Exercise Price, Exercise of Rights and Detachment of Rights
- 2.3 Adjustments to Exercise Price; Number of Rights
- 2.4 Date on Which Exercise is Effective
- 2.5 Execution, Authentication, Delivery and Dating of Right Certificates
- 2.6 Registration, Registration of Transfer and Exchange
- 2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates
- 2.8 Persons Deemed Owners
- 2.9 Delivery and Cancellation of Certificates
- 2.10 Agreement of Rights Holders
- 2.11 Rights Certificate Holder not Deemed a Shareholder

### ARTICLE 3 ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF A FLIP-IN EVENT

- 3.1 Flip-in Event

### ARTICLE 4 THE RIGHTS AGENT

- 4.1 General
- 4.2 Merger or Amalgamation or Change of Name of Rights Agent
- 4.3 Duties of Rights Agent
- 4.4 Change of Rights Agent
- 4.5 Compliance with Money Laundering Legislation
- 4.6 Privacy Provision

### ARTICLE 5 MISCELLANEOUS

- 5.1 Redemption and Termination of Rights
- 5.2 Waiver of Flip-In Events
- 5.3 Approval
- 5.4 Expiration
- 5.5 Issuance of New Rights Certificates
- 5.6 Supplements and Amendments
- 5.7 Fractional Rights and Fractional Shares
- 5.8 Rights of Action
- 5.9 Notices
- 5.10 Notice of Proposed Actions
- 5.11 Costs of Enforcement
- 5.12 Benefits of this Agreement
- 5.13 Governing Law and Jurisdiction
- 5.14 Language
- 5.15 Severability
- 5.16 Effective Date
- 5.17 Reconfirmation
- 5.18 Determinations and Actions by the Board of Directors
- 5.19 Fiduciary Duties of the Board of Directors
- 5.20 Regulatory Approvals
- 5.21 Declaration as to Non-Canadian Holders
- 5.22 Time of the Essence

- 5.23 Successors
- 5.24 Execution in Counterparts

**ATTACHMENT 1 – Form of Rights Certificate**

## SHAREHOLDER RIGHTS PLAN AGREEMENT

THIS SHAREHOLDER RIGHTS PLAN AGREEMENT is dated as of the [●] day of [●], 2019.

### BETWEEN:

**METRO INC.,**  
a corporation existing under the laws of the Province of Québec  
(the "Corporation"),

– and –

**AST TRUST COMPANY (CANADA),**  
a corporation existing under the laws of Canada  
(the "Rights Agent").

**WHEREAS** the Board of Directors (as hereinafter defined) of the Corporation has determined that it is advisable and in the best interests of the Corporation to adopt a shareholder rights plan (the "Rights Plan") to (a) ensure, to the extent possible, that all holders of the Common Shares (as hereinafter defined) of the Corporation and the Board of Directors have adequate time to consider and evaluate any unsolicited Take-over Bid (as hereinafter defined) for the Common Shares, (b) provide the Board of Directors with adequate time to identify, solicit, develop and negotiate value-enhancing alternatives, as considered appropriate, to any unsolicited Take-over Bid, (c) encourage the fair treatment of the Corporation's shareholders in connection with any unsolicited Take-over Bid and (d) generally assist the Board of Directors in enhancing shareholder value;

**AND WHEREAS** the Board of Directors authorized the Corporation to adopt the Rights Plan, substantially in the form and on the terms provided for in this Agreement, subject to approval of the Rights Plan by resolution passed by at least a majority of the votes cast by the holders of Common Shares (as hereinafter defined) at a meeting of shareholders of the Corporation called by the Board of Directors for, amongst other purposes, the purpose of approving the Rights Plan (the "**Rights Plan Approval Resolution**");

**AND WHEREAS** the Rights Plan Approval Resolution was duly passed by the holders of Common Shares at a meeting held on [●], 2019;

**AND WHEREAS** in order to implement the Rights Plan, the Board of Directors has authorized the issuance of:

- a) one Right (as hereinafter defined) effective at the Record Time (as hereinafter defined) in respect of each Common Share outstanding at the Record Time; and
- b) one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined);

**AND WHEREAS** each Right entitles the Holder (as hereinafter defined) thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein;

**AND WHEREAS** the Corporation desires to appoint the Rights Agent to act on behalf of the Corporation and the holders of Rights, and the Rights Agent has agreed to act on behalf of the Corporation and the holders of Rights in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;

**NOW THEREFORE**, in consideration of the foregoing premises and the respective covenants and agreements set forth herein, the parties hereby agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated:

- (a) **“Acquiring Person”** means any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term “Acquiring Person” shall not include:
- (i) the Corporation or any Subsidiary of the Corporation;
  - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or any combination of:
    - (A) a Corporate Acquisition which, by reducing the number of Voting Shares outstanding, increases the percentage of Voting Shares Beneficially Owned by such Person to 20% or more of the Voting Shares then outstanding;
    - (B) an Exempt Acquisition;
    - (C) a Permitted Bid Acquisition;
    - (D) a Pro Rata Acquisition; or
    - (E) a Convertible Security Acquisition;

provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the Voting Shares then outstanding by reason of one or any combination of a Corporate Acquisition, an Exempt Acquisition, a Permitted Bid Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition, and thereafter becomes the Beneficial Owner of additional Voting Shares in an amount greater than 1% of the outstanding Voting Shares (other than pursuant to any one or any combination of a Corporate Acquisition, an Exempt Acquisition, a Permitted Bid Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition), then as of the date and time such Person becomes the Beneficial Owner of such additional Voting Shares, such Person shall become an Acquiring Person;
  - (iii) for a period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Clause (vii) of the definition of Beneficial Owner solely because such Person makes or announces an intention to make a Take-over Bid in respect of Voting Shares and/or Convertible Securities either alone or by acting jointly or in concert with any other Person. For the purposes of this definition, **“Disqualification Date”** means the first date of a public announcement of facts indicating that any Person is making or intends to make a Take-over Bid, either alone, through such Person’s Affiliates or Associates or by acting jointly or in concert with any other Person; or
  - (iv) an underwriter or member of a banking or selling group that acquires Voting Shares from the Corporation in connection with a distribution of securities of the Corporation pursuant to a prospectus or by way of private placement;
- (b) **“Affiliate”**, where used to indicate a relationship with a specified Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person;
- (c) **“Agreement”** means this shareholder rights plan agreement, as amended, modified, supplemented or restated from time to time; **“hereof”**, **“herein”**, **“hereto”** and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;
- (d) **“Associate”**, where used to indicate a relationship with a specified Person, means (i) a spouse of such specified Person, (ii) any Person with whom such specified Person is living in a conjugal relationship outside marriage, or (iii) any relative of such specified Person or of a Person mentioned in Clause (i) or (ii) of this definition if that relative resides in the same home as the specified Person;
- (e) a Person shall be deemed the **“Beneficial Owner”** of, and to have **“Beneficial Ownership”** of, and to **“Beneficially Own”**:
- (i) any securities as to which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;
  - (ii) any securities as to which such Person or any of such Person’s Affiliates or Associates has or shares the right to acquire or become the owner at law or in equity (A) upon the exercise of any Convertible Securities, or (B) pursuant to any agreement, arrangement or understanding (whether or not in writing), in



either case if such right is exercisable immediately or within a period of 60 days and whether or not on condition or the happening of any contingency or the marking or any payment (other than (1) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities pursuant to a prospectus or by way of private placement, and (2) pledges or hypothecations of securities granted as security in the ordinary course of business of the pledgee or hypothecatee);

- (iii) any securities which are subject to a lock-up agreement or similar commitment to deposit or tender such securities to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person; and
- (iv) any securities which are Beneficially Owned within the meaning of Clauses (i), (ii) and (iii) of this definition by any other Person with whom such Person is acting jointly or in concert with respect to the Corporation or any of its securities;

provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to have "Beneficial Ownership" of, or to "Beneficially Own", any security:

- (v) by reason of such security having been deposited or tendered pursuant to any Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in Clause (iv) of this definition until the earlier of such deposited or tendered security being accepted unconditionally for payment or exchange or being taken up or paid for;
- (vi) by reason of the holder of such security having agreed pursuant to a Permitted Lock-up Agreement to deposit or tender such security to a Take-over Bid made by such Person, any of such Person's Affiliates or Associates or any other person referred to in Clause (iv) of this definition, until the earlier of such deposited or tendered security being accepted unconditionally for payment or exchange or being take up or paid for;
- (vii) where such Person, any of such Person's Affiliates or Associates or any other Person referred to in Clause (iv) of this definition holds such security provided that:
  - (A) the ordinary business of any such Person (the "**Investment Manager**") includes the management of mutual funds or investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and/or includes the acquisition or holding of securities for a non-discretionary account of a Client (as defined below) by a dealer or broker registered under applicable securities laws to the extent required and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person (a "**Client**");
  - (B) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an "**Estate Account**") or in relation to other accounts (each an "**Other Account**") and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts;
  - (C) such Person (the "**Statutory Body**") is established by statute for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies and the Statutory Body holds such security in the ordinary course of and for the purposes of the management of such investment funds;
  - (D) such Person (the "**Administrator**") is the administrator or trustee of one or more pension funds or plans (a "**Plan**") registered under the laws of Canada or any province thereof or the corresponding laws of the jurisdiction by which such Plan is governed, or is such a Plan, and holds such security for the purposes of its activities as such Administrator or Plan; or
  - (E) such Person is a Crown agent or agency (a "**Crown Agent**");

but only if the Investment Manager, the Trust Company, the Statutory Body, the Administrator, the Plan or the Crown Agent, as the case may be, (1) is not then making a Take-over Bid or has not then announced an intention to make a Take-over Bid and (2) is not then acting jointly or in concert with any other Person who is making a Take-over Bid or who has announced an intention to make a Take-over Bid, other than an Offer to Acquire Voting Shares or Convertible Securities pursuant to a distribution by the Corporation or by

means of ordinary market transactions (including prearranged trades entered into in the ordinary course of the business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market;

- (viii) because such Person is:
    - (A) a Client of or has an account with the same Investment Manager as another Person on whose account the Investment Manager holds such security;
    - (B) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security; or
    - (C) a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;
  - (ix) where such Person is:
    - (A) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager;
    - (B) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company; or
    - (C) a Plan and such security is owned at law or in equity by the Administrator of the Plan; or
  - (x) where such Person is the registered holder of securities as a result of carrying on the business of, or acting as a nominee of, a securities depository;
- (f) **"Board of Directors"** means the board of directors of the Corporation, or any duly constituted and empowered committee thereof;
  - (g) **"Book Entry Form"** means, in reference to securities, securities that have been issued and registered in uncertificated form and includes securities evidenced by an advice or other statement and securities which are maintained electronically on the records of the Corporation's transfer agent but for which no certificate has been issued;
  - (h) **"Book Entry Rights Exercise Procedures"** has the meaning attributed thereto in Subsection 2.2(c);
  - (i) **"Business Day"** means any day other than a Saturday, Sunday or a day on which banking institutions in the city of Montréal (or, for purposes only of the proviso to the definition of "close of business", banking institutions in each city designated for depositing securities in acceptance of the Competing Permitted Bid or Permitted Bid, as the case may be, referred to in such proviso) are authorized or obligated by law to close;
  - (j) **"Canadian Dollar Equivalent"** of any amount which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. - Canadian Exchange Rate in effect on such date;
  - (k) **"close of business"** on any date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal office of the transfer agent for the Common Shares in the city of Montréal (or, after the Separation Time, the principal office of the Rights Agent in the city of Montréal) is closed to the public; provided, however, that for the purposes of the definition of **"Permitted Bid"**, **"close of business"** on any date means 11:59 p.m. (local time at the place of deposit) on such date (or, if any such date is not a Business Day, 11:59 p.m. (local time at the place of deposit) on the next succeeding Business Day);
  - (l) **"Common Shares"** means the common shares in the capital of the Corporation and any other share of the Corporation into which such shares may be sub-divided, consolidated, re-classified or changed;
  - (m) **"Competing Permitted Bid"** means a Take-over Bid that:
    - (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry, termination or withdrawal of that Permitted Bid or Competing Permitted Bid; and
    - (ii) satisfies all the requirements of the definition of a Permitted Bid;

provided, however, that a Take-over Bid that qualified as a Competing Permitted Bid shall cease to be a Competing Permitted Bid at any time and as soon as such time when such Take-over Bid ceases to meet any of the requirements of this definition;

- (n) **“controlled”**: a Person is considered to be “controlled” by another Person or two or more Persons acting jointly or in concert if:
- (i) in the case of a Person other than a partnership or a limited partnership, including a corporation or body corporate:
    - (A) securities entitled to vote in the election of directors or trustees carrying more than 50% of the votes for the election of directors or trustees of such Person are held, directly or indirectly, by or on behalf of the other Person or Persons; and
    - (B) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors or trustees of such Person;
  - (ii) in the case of a partnership other than a limited partnership, more than 50% of the interests in such partnership are held, directly or indirectly by the other Person or Persons; and
  - (iii) in the case of a limited partnership, the other Person or each of the other Persons is a general partner of the limited partnership,

and **“controls”**, **“controlling”** and **“under common control with”** shall be interpreted accordingly;

- (o) **“Convertible Securities”** means at any time any securities issued by the Corporation (including rights, warrants, convertible notes and options but excluding the Rights) carrying any purchase, exercise, conversion or exchange rights, pursuant to which the holder thereof may acquire Voting Shares or other securities convertible into or exercisable or exchangeable for Voting Shares, directly or indirectly (in each case, whether such right is exercisable immediately or after a specified period and whether or not on conditions or the happening of any contingency or the making of any payment);
- (p) **“Convertible Security Acquisition”** means the acquisition of Voting Shares upon the exercise, conversion or exchange of Convertible Securities acquired by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition;
- (q) **“Co-Rights Agents”** has the meaning attributed thereto in Subsection 4.1(a);
- (r) **“Corporate Acquisition”** means an acquisition or a redemption of Voting Shares by the Corporation which by reducing the number of Voting Shares outstanding increases the proportionate number of Voting Shares Beneficially Owned by any Person;
- (s) **“Effective Date”** has the meaning attributed thereto in Subsection 5.16;
- (t) **“Election to Exercise”** has the meaning attributed thereto in Clause 2.2(d)(ii);
- (u) **“Exempt Acquisition”** means an acquisition of Voting Shares or Convertible Securities:
- (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Section 5.2; or
  - (ii) made as an intermediate step in a series of related transactions in connection with the acquisition by the Corporation or one or more of its Subsidiaries of securities or assets of a Person, provided that the Person who acquires such Voting Shares and/or Convertible Securities distributes or is deemed to distribute such Voting Shares and/or Convertible Securities to its security holders within 10 Business Days of the completion of such acquisition, and following such distribution no Person has become the Beneficial Owner of 20% or more of the then outstanding Voting Shares; or
  - (iii) pursuant to a distribution of Voting Shares and/or Convertible Securities made by the Corporation:
    - (A) pursuant to a prospectus, provided that such Person does not thereby become the Beneficial Owner of a greater percentage of the Voting Shares so offered than the percentage of Voting Shares Beneficially Owned by such Person immediately prior to such distribution; or

- (B) by way of a private placement, provided that:
  - (I) all necessary stock exchange approvals for such private placement have been obtained and such private placement complies with the terms and conditions of such approvals; and
  - (II) such Person does not thereby become the Beneficial Owner of more than 25% of the Voting Shares outstanding immediately prior to such private placement (and for purposes of making this determination, the securities to be issued to such Person pursuant to the private placement will be deemed to be Beneficially Owned by such Person but will not be included in the aggregate number of outstanding Voting Shares immediately prior to such private placement); or
- (iv) pursuant to an amalgamation, merger, reorganization, arrangement, business combination or other similar transaction (statutory or otherwise, but for greater certainty not including a Take-over Bid), agreed to in writing by the Corporation, that requires approval in a vote of holders of Voting Shares to be obtained prior to such Person acquiring such Voting Shares and/or Convertible Securities, and such approval has been obtained; or
- (v) pursuant to the exercise of Rights;
- (v) **"Exercise Price"** means, as of any date, the price at which a Holder may purchase the securities issuable upon exercise of one whole Right. Until adjustment thereof in accordance with the terms hereof, the Exercise Price shall be:
  - (i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Common Share; and
  - (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share;
- (w) **"Expansion Factor"** has the meaning attributed thereto in Subsection 2.3(b);
- (x) **"Expiration Time"** means the close of business on the date of termination of this Agreement pursuant to Subsection 5.17;
- (y) **"Flip-in Event"** means a transaction or other action in or pursuant to which any Person becomes an Acquiring Person;
- (z) **"Holder"** of any Rights, unless the context otherwise requires, means the registered holder of such Rights (or, prior to the Separation Time, of the associated Common Shares);
- (aa) **"Independent Shareholders"** means the holders of Voting Shares other than:
  - (i) any Acquiring Person;
  - (ii) any Offeror (other than any Person who by virtue of Clause 1.1(e)(vii) at the relevant time is not deemed to Beneficially Own the Voting Shares held by such Person);
  - (iii) any Affiliate or Associate of any Acquiring Person or any Offeror referred to in Clause (ii) of this definition;
  - (iv) any Person acting jointly or in concert with any Acquiring Person or any Offeror referred to in Clause (ii) of this definition; and
  - (v) any employee benefit plan, stock purchase plan, deferred profit sharing plan and any other similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation (unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid, in which case such plan or trust shall be considered an Independent Shareholder);
- (bb) **"Market Price"** per security of any securities on any date of determination means the average of the daily closing prices per security of such securities (determined as described below) on each of the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous

to any of the events described in Section 2.3 shall have caused the closing prices used to determine the Market Price on any such Trading Day not to be fully comparable with the closing price on such date of determination (or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day), each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in order to make it fully comparable with the closing price on such date of determination (or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day). The closing price per security of any securities on any date shall be:

- (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each such security on such date, as reported by the principal stock exchange in Canada on which such securities are listed or admitted to trading;
  - (ii) if for any reason none of such prices described in (i) above is available for such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the last sale price or, if such price is not available, the average of the closing bid and asked prices, for each such security on such date, as reported by such other securities exchange on which such securities are listed or admitted to trading (and if such securities are listed or admitted to trading on more than one other securities exchange such prices shall be determined based on the securities exchange on which such securities are then listed or admitted to trading on which the largest number of such securities were traded during the most recently completed financial year);
  - (iii) if for any reason none of such prices described in (ii) above is available for such day or the securities are not listed or admitted to trading on a Canadian stock exchange or other securities exchange, the last sale price, or if no sale takes place, the average of the high bid and low asked prices for each such security on such date in the over-the-counter market, as quoted by any reporting system then in use (as determined by the Board of Directors); or
  - (iv) if for any such date none of such prices described in (iii) above is available or the securities are not listed or admitted to trading on a Canadian stock exchange or any other securities exchange and are not quoted by any such reporting system, the average of the closing bid and asked prices for such date as furnished by a professional market maker making a market in the securities selected in good faith by the Board of Directors, provided, however, that if on any such date none of such prices is available, the closing price per security of such securities on such date shall mean the fair value per security of such securities on such date as determined in good faith by a nationally or internationally recognized firm of investment dealers or investment bankers selected by the Board of Directors. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof;
- (cc) “**NI 62-103**” means National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*, as may be amended and in force from time to time, adopted by the Canadian securities regulatory authorities, and any comparable successor law, rule, instrument or regulation thereto in force in the Province of Québec;
- (dd) “**NI 62-104**” means National Instrument 62-104 *Take-Over Bids and Issuer Bids*, as may be amended and in force from time to time, adopted by the Canadian securities regulatory authorities, and any comparable successor law, rule, instrument or regulation thereto in force in the Province of Québec;
- (ee) “**Nominee**” has the meaning attributed thereto in Subsection 2.2(c);
- (ff) “**Offer Date**” means the date of a Take-over Bid;
- (gg) “**Offer to Acquire**” shall include:
- (i) an offer to purchase, a public announcement of an intention to make an offer to purchase, or a solicitation of an offer to sell, and
  - (ii) an acceptance of an offer to sell, whether or not such offer to sell has been solicited;
- or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;
- (hh) “**Offeror**” means a Person who has announced an intention to make or who has made a Take-over Bid;

- (ii) **“Offeror’s Securities”** means Voting Shares Beneficially Owned by an Offeror on the date of an Offer to Acquire;
- (jj) **“Permitted Bid”** means a Take-over Bid made by an Offeror that is made by means of a take-over bid circular and which also complies with the following additional provisions:
  - (i) the Take-over Bid is made to all holders of Voting Shares of record, other than the Offeror; and
  - (ii) the Take-over Bid contains, and the provisions for take-up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:
    - (1) no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid (A) prior to the close of business on a date that is not earlier than 105 days following the Offer Date of the Take-over Bid, and (B) only if, at the close of business on the date Voting Shares are first taken up or paid for under such Take-over Bid, more than 50% of the outstanding Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
    - (2) Voting Shares may be deposited or tendered pursuant to such Take-over Bid, unless such Take-over Bid is withdrawn, at any time prior to the close of business on the date Voting Shares are first taken up or paid for under the Take-over Bid;
    - (3) any Voting Shares deposited or tendered pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
    - (4) in the event that the requirement in Sub-clause (ii)(1)(B) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than 10 days from the date of such public announcement;

provided, however, that a Take-over Bid that qualified as a Permitted Bid shall cease to be a Permitted Bid at any time and as soon as such time when such Take-over Bid ceases to meet any of the requirements of this definition;
- (kk) **“Permitted Bid Acquisitions”** means an acquisition of Voting Shares and/or Convertible Securities made pursuant to a Competing Permitted Bid or a Permitted Bid; provided, however, for greater certainty, that any acquisition of Voting Shares or Convertible Securities made pursuant to a Competing Permitted Bid or Permitted Bid that ceased to be a Competing Permitted Bid or Permitted Bid by reason of such acquisition ceasing to meet all of the requirements of the definition of “Competing Permitted Bid” or “Permitted Bid”, as applicable, including before such acquisition ceased to be a Competing Permitted Bid or Permitted Bid, as applicable, will not be a Permitted Bid Acquisition;
- (ll) **“Permitted Lock-up Agreement”** means an agreement (the **“Lock-up Agreement”**) between a Person and a holder of Voting Shares and/or Convertible Securities who is not an Affiliate or Associate of such Person or another Person with whom, and in respect of which security, such Person is acting jointly or in concert (each a **“Locked-up Person”**) pursuant to which such Locked-up Person agrees to deposit or tender Voting Shares and/or Convertible Securities to a Take-over Bid (the **“Lock-up Bid”**) made or to be made by such Person, any of such Person’s Affiliates or Associates or any other Person with whom, and in respect of which security, such Person is acting jointly or in concert; provided that:
  - (i) the terms of such Lock-up Agreement are publicly disclosed and a copy of the Lock-up Agreement is made available to the public (including the Corporation) not later than the date of the Lock-up Bid or, if the Lock-up Bid has been made prior to the date on which such Lock-up Agreement is entered into, not later than the date of such Lock-up Agreement (or, if such date is not a Business Day, on the Business Day next following such date);
  - (ii) the Lock-up Agreement permits such Locked-up Person to terminate its obligation to deposit or tender to or not to withdraw Voting Shares and/or Convertible Securities from the Lock-up Bid, and to terminate any obligation with respect to the voting of such securities, in order to deposit or tender such securities to another Take-over Bid or to support another transaction:
    - (A) where the price or value of the consideration per Voting Share or Convertible Security offered under such other Take-over Bid or transaction:
      - (l) exceeds the price or value of the consideration per Voting Share and/or Convertible Security offered under the Lock-up Bid; or

- (II) exceeds by as much as or more than a specified amount (the “**Specified Amount**”) the price or value of the consideration per Voting Share or Convertible Security at which the Locked-up Person has agreed to deposit or tender Voting Shares and/or Convertible Securities to the Lock-up Bid, provided that such Specified Amount is not greater than 7% of the price or value of the consideration per Voting Share or Convertible Security offered under the Lock-up Bid; and
- (B) if the number of Voting Shares or Convertible Securities offered to be purchased under the Lock-up Bid is less than 100% of the Voting Shares or Convertible Securities held by Independent Shareholders, where the price or value of the consideration per Voting Share or Convertible Security offered under such other Take-over Bid or transaction is not less than the price or value of the consideration per Voting Share or Convertible Security offered under the Lock-up Bid and the number of Voting Shares and/or Convertible Securities to be purchased under such other Take-over Bid or transaction:
  - (I) exceeds the number of Voting Shares and/or Convertible Securities that the Offeror has offered to purchase under the Lock-up Bid; or
  - (II) exceeds by as much as or more than a specified number (the “**Specified Number**”) the number of Voting Shares or Convertible Securities that the Offeror has offered to purchase under the Lock-up Bid, provided that the Specified Number is not greater than 7% of the number of Voting Shares or Convertible Securities offered to be purchased under the Lock-up Bid;

and for greater certainty, such Lock-up Agreement may contain a right of first refusal or require a period of delay to give the Offeror under the Lock-up Bid an opportunity to match the higher price, value or number in such other Take-over Bid or transaction, or other similar limitation on a Locked-up Person's right to withdraw Voting Shares and/or Convertible Securities from the Lock-up Agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares and/or Convertible Securities in sufficient time to deposit or tender to the other Take-over Bid or support the other transaction; and

(iii) no “**break-up**” fees, “**top-up**” fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:

- (1) the cash equivalent of 2.5% of the price or value of the consideration payable under the Lock-up Bid to a Locked-up Person; and
- (2) 50% of the amount by which the price or value of the consideration payable under another Take-over Bid or other transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid,

shall be payable by a Locked-up Person pursuant to the Lock-up Agreement in the event that the Locked-up Bid is not successfully concluded or if any Locked-up Person fails to deposit or tender Voting Shares and/or Convertible Securities to the Lock-up Bid or withdraws Voting Shares and/or Convertible Securities previously deposited or tendered thereto in order to deposit or tender to another Take-over Bid or support another transaction;

(mm) “**Person**” shall include any individual, firm, partnership, association, fund, trust, trustee, executor, administrator, personal or other legal representative, government, governmental entity or authority, body corporate, corporation, syndicate, organization or other organized group whether incorporated or unincorporated, or other entity;

(nn) “**Pro Rata Acquisition**” means an acquisition by a Person of Voting Shares or Convertible Securities:

- (i) as a result of a stock dividend, a stock split or other event in respect of securities of the Corporation of one or more particular classes or series pursuant to which a Person becomes the Beneficial Owner of Voting Shares or Convertible Securities on the same pro rata basis as all other holders of securities of the particular class, classes or series (other than holders resident in a jurisdiction where a distribution of such securities is restricted or impracticable as a result of applicable law);
- (ii) pursuant to any regular dividend reinvestment plan or other plan made available by the Corporation to holders of its securities where such plan permits the holder to direct that some or all of: (A) dividends paid in respect of shares of any class of the Corporation, (B) proceeds of redemption of shares of the Corporation, (C) interest paid on evidences of indebtedness of the Corporation, or (D) optional cash payments be applied to the purchase from the Corporation of further securities of the Corporation; or

- (iii) as a result of any other event pursuant to which all holders of Voting Shares or Convertible Securities (other than holders resident in a jurisdiction where a distribution of such securities is restricted or impracticable as a result of applicable law) are entitled to receive Voting Shares or Convertible Securities of the same class or series, including pursuant to the receipt and/or exercise of rights (other than the Rights) issued by the Corporation and distributed to all of the holders of a series or class of Voting Shares or Convertible Securities on a pro rata basis to subscribe for or purchase Voting Shares or Convertible Securities, provided that such rights are acquired directly from the Corporation and not from any other Person, and provided further that such Person does not become the Beneficial Owner of a greater percentage of Voting Shares than the percentage of Voting Shares Beneficially Owned by such Person immediately prior to such acquisition;
- (oo) "**QBCA**" means the *Business Corporations Act*, CQLR, c. S-31.1, and the regulations made thereunder, each as may be amended and in force from time to time, and any comparable successor laws or regulations thereto;
- (pp) "**Record Date**" means [●], 2019;
- (qq) "**Record Time**" means 5:00 p.m. (Montréal time) on the Record Date;
- (rr) "**Redemption Price**" has the meaning attributed thereto in Subsection 5.1(a);
- (ss) "**regular periodic cash dividends**" means cash dividends paid in any fiscal year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:
  - (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
  - (ii) 300% of the arithmetic mean of the aggregate amounts of the annual cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and
  - (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year;
- (tt) "**Rights**" means the herein described rights to purchase Common Shares and/or other securities pursuant to the terms and subject to the conditions set forth in this Agreement;
- (uu) "**Rights Certificate**" means the certificate representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment 1;
- (vv) "**Rights Holders' Special Meeting**" means a meeting of Holders of Rights called by the Board of Directors for the purpose of approving a supplement, amendment, deletion, variation, restatement or rescission of any of the provisions of this Agreement and/or the Rights pursuant to Subsection 5.6(c);
- (ww) "**Rights Register**" has the meaning attributed thereto in Subsection 2.6(a);
- (xx) "**Securities Act**" means the *Securities Act*, CQLR, c. V-1.1 and the rules, instruments and regulations made thereunder, each as may be amended and in force from time to time, and any comparable successor laws, rules, instruments or regulations thereto;
- (yy) "**Separation Time**" means the close of business on the tenth Trading Day after the earliest of:
  - (i) the Stock Acquisition Date;
  - (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to make, a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and
  - (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such;

or such later date as may be determined by the Board of Directors in its sole discretion; provided, however, that if any Take-over Bid referred to in Clause (ii) of this definition or any Permitted Bid or Competing Permitted Bid referred to in Clause (iii) of this definition expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made and provided, further, that if the application of Section 3.1 to a Flip-in Event has been waived pursuant to the



provisions of Section 5.2, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;

- (zz) **“Special Shareholders’ Meeting”** means a special or annual meeting of holders of Common Shares called by the Board of Directors for, amongst other purposes, the purpose of approving a supplement, amendment, deletion, variation, restatement or rescission of any of the provisions of this Agreement and/or the Rights pursuant to Subsection 5.6(b);
- (aaa) **“Stock Acquisition Date”** means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a news release issued or report filed pursuant to the early warning requirements of NI 62-103) by the Corporation or a Person of facts indicating that any Person has become an Acquiring Person;
- (bbb) **“Subsidiary”**: a body corporate is a Subsidiary of another body corporate if:
- (i) it is controlled by (A) that other, or (B) that other and one or more bodies corporate, each of which is controlled by that other, or (C) two or more bodies corporate, each of which is controlled by that other, or
  - (ii) it is a Subsidiary of a body corporate that is that other’s Subsidiary;
- (ccc) **“Take-over Bid”** means an Offer to Acquire Voting Shares or Convertible Securities (or both) if, assuming that the Voting Shares or Convertible Securities that are the subject of the Offer to Acquire are acquired and are Beneficially Owned at the date of such Offer to Acquire by the Person making such Offer to Acquire, such Voting Shares (including Voting Shares that may be acquired by such Person upon conversion, exercise or exchange of Convertible Securities) together with the Offeror’s Securities, would constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire;
- (ddd) **“Trading Day”**, when used with respect to any securities, means a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;
- (eee) **“U.S. - Canadian Exchange Rate”** means, on any date:
- (i) if, on such date, the Bank of Canada publishes the daily average exchange rate for such date for the conversion of one United States dollar into Canadian dollars, such rate; or
  - (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Board of Directors from time to time acting in good faith; and
- (fff) **“Voting Shares”** means, collectively, the Common Shares of the Corporation and any other shares of capital stock or voting interests of the Corporation entitled to vote generally in the election of all directors of the Corporation.

## **1.2 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

## **1.3 Headings and Interpretation**

The division of this Agreement into Articles, Sections, Subsections, Clauses and Sub-clauses and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. For the purposes of this Agreement, the words “including” or “include” are deemed to mean “including without limitation” or “include without limitation”.

## **1.4 Number and Gender**

Wherever the context so requires, terms used herein importing the singular number only shall include the plural and vice-versa and words importing only one gender shall include all others.

## **1.5 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares**

For purposes of this Agreement, the percentage of Voting Shares Beneficially Owned by any Person shall be and be deemed to be the product determined by the formula:

100 x A/B

Where:

- A = the number of votes for the election of all directors generally attaching to the Voting Shares Beneficially Owned by such Person; and
- B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

Where any Person is deemed to Beneficially Own unissued Voting Shares which may be acquired pursuant to Convertible Securities, such Voting Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Voting Shares Beneficially Owned by such Person in both the numerator and the denominator above, but no other unissued Voting Shares which may be acquired pursuant to any other outstanding Convertible Securities shall, for the purposes of that calculation, be deemed to be outstanding.

#### **1.6 Acting Jointly or in Concert**

For purposes of this Agreement, a Person is acting jointly or in concert with another Person if such first-mentioned Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person or any of such other Person's Affiliates or Associates to acquire or make an Offer to Acquire any Voting Shares or Convertible Securities (other than (i) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities pursuant to prospectus or by way of private placement, and (ii) pledges or hypothecations of securities granted as security in the ordinary course of business of the pledgee or hypothecatee).

#### **1.7 Statutory References**

Unless the context otherwise requires or except as expressly provided herein, any reference herein to a specific part, section, subsection, clause or rule of any statute or regulation shall refer to the same as it exists on the date hereof.

### **ARTICLE 2** **THE RIGHTS**

#### **2.1 Issue of Rights and Legend on Common Share Certificates**

(a) One Right shall be issued at the Record Time in respect of each Common Share issued and outstanding at the Record Time, and one Right shall be issued in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time.

(b) Certificates issued for Common Shares, including Common Shares issued upon the exercise, conversion or exchange of Convertible Securities, after the Record Time but prior to the close of business on the earlier of the Separation Time and the Expiration Time shall evidence one Right for each Common Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them a legend in substantially the following form:

*Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in the Shareholder Rights Plan Agreement dated as of the [●] day of [●], 2019, as may be amended and restated from time to time (the "Rights Agreement"), between METRO INC. (the "Corporation") and AST Trust Company (Canada), as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file and may be inspected during normal business hours at the principal executive offices of the Corporation. In certain circumstances set forth in the Rights Agreement, such Rights may be amended, may be redeemed, may expire, may become null and void, or may become exercisable and will thereafter be evidenced by separate certificates and no longer be evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge as soon as is reasonably practicable after the receipt of a written request therefor.*

Certificates representing Common Shares that are issued and outstanding as at the Record Time shall evidence one Right for each Common Share evidenced thereby notwithstanding the absence of the foregoing legend until the earlier of the Separation Time and the Expiration Time.

(c) Registered holders of Common Shares who have not received a share certificate and are entitled to do so on the earlier of the Separation Time and the Expiration Time shall be entitled to Rights as if such certificates had been issued and such Rights shall for all purposes hereof be evidenced by the corresponding entries on the Corporation's securities registers for the Common Shares.

(d) Any Common Shares issued and registered in Book Entry Form after the Record Time but prior to the close of business on the earlier of the Separation Time and the Expiration Time shall evidence, in addition to such Common Shares, one Right for each Common Share represented by such registration and the registration record of such Common Shares shall include the legend provided for in Subsection 2.1(a). Common Shares registered in Book Entry Form that are issued and outstanding as at the Record Time, which as at the Effective Date represent Common Shares, shall also evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the afore-mentioned legend, until the close of business on the earlier of the Separation Time and the Expiration Time.

## **2.2 Initial Exercise Price, Exercise of Rights and Detachment of Rights**

(a) Subject to adjustment as provided herein, each Right will entitle the Holder thereof, after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price as at the Business Day immediately preceding the date of exercise of the Right, one Common Share (which Exercise Price and number of Common Shares are subject to adjustment as set forth herein). Notwithstanding any other provision of this Agreement, any Rights Beneficially Owned by the Corporation or any of its Subsidiaries shall be void.

(b) Until the Separation Time, (i) the Rights shall not be exercisable and no Right may be exercised, and (ii) for administrative purposes, each Right will be evidenced by the certificates for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to be a Rights Certificate) or by the Book Entry Form registration for the associated Common Share and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.

(c) From and after the Separation Time and prior to the Expiration Time, the Rights shall be exercisable and the registration and transfer of the Rights shall be separate from and independent of the Common Shares. Promptly following the Separation Time, the Corporation will determine whether it wishes to issue Rights Certificates or whether it will maintain the Rights in Book Entry Form. In the event the Corporation determines to maintain the Rights in Book Entry Form, it will put in place such alternative procedures as are directed by the Rights Agent for the Rights to be maintained in Book Entry Form (the “**Book Entry Rights Exercise Procedures**”), it being hereby acknowledged that such procedures shall, to the greatest extent possible, replicate in all substantive respects the procedures set out in this Agreement with respect to the exercise of the Rights Certificates and the procedures set out in this Agreement shall be modified only to the extent necessary, as determined by the Rights Agent, to permit the Corporation to maintain the Rights in Book Entry Form. In such event, the Book Entry Rights Exercise Procedures shall be deemed to replace the procedures set out in this Agreement with respect to the exercise of Rights and all provisions of this Agreement referring to Rights Certificates shall be applicable to Rights registered in Book Entry Form in like manner as to Rights in certificated form.

In the event that the Corporation determines to issue Rights Certificates, it will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time and, in respect of each Convertible Security converted into or exchanged or exercised for Common Shares after the Separation Time and prior to the Expiration Time, promptly after such conversion, exchange or exercise to the holder so converting, exchanging or exercising (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a “**Nominee**”)), at such holder’s address as shown on the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose),

- (i) a Rights Certificate in substantially the form of Attachment 1 hereto, appropriately completed, representing the number of Rights held by such Holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation made pursuant thereto or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or admitted to trading, or to conform to standard usage; and
- (ii) a disclosure statement prepared by or on behalf of the Corporation describing the Rights.

For greater certainty, a Nominee shall be sent the materials provided for in Clauses (i) and (ii) in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person. In order for the Corporation to determine whether any Person is holding Common Shares which are Beneficially Owned by another Person, the Corporation may require such first mentioned Person to furnish it with such information and documentation as the Corporation considers necessary or advisable in order to make such determination.

(d) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent, at its principal office in the city of Montréal or any other office of the Rights Agent or Co-Rights Agent in the cities designated from time to time for that purpose by the Corporation with the approval of the Rights Agent:

- (i) the Rights Certificate evidencing such Rights;

- (ii) an election to exercise such Rights (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate appropriately completed and duly executed by the Holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
- (iii) payment by certified cheque, banker’s draft or money order payable to or to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the Holder of the Rights being exercised.

(e) In the event that the Corporation determines to issue Rights Certificates, then upon receipt of a Rights Certificate, accompanied by an Election to Exercise appropriately completed and duly exercised in accordance with Clause 2.2(d)(ii) that does not indicate that such Right is null and void as provided by Subsection 3.1(b) and by payment as set forth in Clause 2.2(d)(iii), the Rights Agent (unless otherwise instructed in writing by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:

- (i) requisition the transfer agent to register, in the name of the Holder of the Rights being exercised or in such other name or names as may be designated by such Holder, certificates (or if Common Shares are then issued and registered in Book Entry Form, registration in Book Entry Form) representing the number of Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
- (ii) after receipt from the transfer agent of any certificates or confirmation of Book Entry Form registration referred to in Clause 2.2(e)(i), deliver such certificates or confirmation of such Book Entry Form registration to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such Holder;
- (iii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares;
- (iv) when appropriate, after receipt, deliver such cash (less any amounts required to be withheld) by way of cheque to or to the order of the registered holder of the Rights Certificate; and
- (v) tender to the Corporation all payments received on exercise of the Rights.

(f) In case the Holder of any Rights shall exercise less than all the Rights evidenced by such Holder’s Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such Holder or to such Holder’s duly authorized assigns.

- (g) The Corporation covenants and agrees that it will:
  - (i) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares or registration in Book Entry Form of such shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;
  - (ii) take all such action as may be necessary and within its power to comply with any applicable requirements of the QBCA, the Securities Act, the securities laws or comparable legislation of each of the other provinces and territories of Canada and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;
  - (iii) on or before the issuance thereof, use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed or admitted to trading upon issuance on the principal exchange or exchanges on which the Common Shares are then listed or admitted to trading at that time;
  - (iv) if required, cause to be reserved and kept available out of its authorized and unissued Common Shares, the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights; and
  - (v) pay when due and payable any and all Canadian and United States federal, provincial and state transfer taxes (not including any tax in the nature of income or capital gains taxes of the Holder or exercising Holder or any liability of the Corporation to withhold tax) and charges which may be payable in respect of

the original issuance or delivery of the Rights Certificates, or certificates for Common Shares or registration in Book Entry Form of Common Shares to be issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares or registration in Book Entry Form of Common Shares in a name other than that of the Holder of the Rights being transferred or exercised.

### **2.3 Adjustments to Exercise Price; Number of Rights**

- (a) The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3 and in Subsection 3.1(a).
- (b) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time:
- (i) declare or pay a dividend on the Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or carrying a right to purchase Common Shares or other securities of the Corporation) other than (A) pursuant to any regular dividend reinvestment plan of the Corporation providing for the acquisition of Common Shares, or (B) the issue of Common Shares (or other securities exchangeable for or convertible into or carrying a right to acquire Common Shares or other securities of the Corporation) to holders of Common Shares in lieu of but not in an amount which exceeds the value of regular periodic cash dividends;
  - (ii) subdivide or change the then outstanding Common Shares into a greater number of Common Shares;
  - (iii) consolidate or change the then outstanding Common Shares into a smaller number of Common Shares; or
  - (iv) issue any Common Shares (or other securities exchangeable for or convertible into or carrying a right to purchase Common Shares or other securities of the Corporation) in respect of, in lieu of or in exchange for existing Common Shares except as otherwise provided in this Section 2.3;

the Exercise Price and the number of Rights outstanding (or, if the payment or effective date therefor occurs after the Separation Time, the securities purchasable on exercise of Rights) shall be adjusted in the following manner.

If the Exercise Price and the number of Rights are to be adjusted:

- (A) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other securities of the Corporation) (the "Expansion Factor") that a holder of one Common Share immediately prior to such dividend, subdivision, consolidation, change or issuance would hold thereafter as a result thereof; and
- (B) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be allocated among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the securities of the Corporation issued in respect of such dividend, subdivision, consolidation, change or issuance, so that each such Common Share (or other security of the Corporation) will have exactly one Right associated with it in effect following the payment or effective date of the event referred to in Clause 2.3(b)(i), 2.3(b)(ii), 2.3(b)(iii) or 2.3(b)(iv), as the case may be.

For greater certainty, if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, consolidation, change or issuance would hold thereafter as a result of such dividend, subdivision, consolidation, change or issuance.

Adjustments pursuant to this Subsection 2.3(b) shall be made successively whenever an event referred to in this Subsection 2.3(b) occurs.

- (c) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares, shares having the same rights, privileges, restrictions and conditions as Common Shares ("**equivalent common shares**"), or securities convertible into or exchangeable for or carrying a right to purchase Common Shares or equivalent common shares at a price per Common Share or per equivalent common share (or, if a security convertible into or exchangeable for or carrying a right to purchase Common Shares or equivalent common shares, having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per share) less than 90% of the Market Price per Common Share on the second Trading Day immediately preceding such

record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

- (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares and/or equivalent common shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights) would purchase at such Market Price per Common Share; and
- (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares and/or equivalent common shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the Holders of Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights, options or warrants are not so issued, or if issued, are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would have been in effect if such record date had not been fixed, or to the Exercise Price which would be in effect based upon the number of Common Shares, equivalent common shares or securities convertible into or exchangeable or exercisable for Common Shares actually issued upon the exercise of such rights, options or warrants, as the case may be.

For the purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to a dividend reinvestment plan or any employee benefit, stock option or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that, in all such cases, the right to purchase Common Shares is at a price per share of not less than 90% of the current market price per share (determined as provided in such plans) of the Common Shares.

(d) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Common Shares (including any such distribution made in connection with a merger in which the Corporation is the continuing corporation or an amalgamation) of evidences of indebtedness or assets, including cash (other than a regular periodic cash dividend or a dividend paid in Common Shares, but including any dividend payable in securities other than Common Shares), or subscription rights, options or warrants (excluding those referred to in Subsection 2.3(c)) at a price per Common Share that is less than 90% of the Market Price per Common Share on the second Trading Day immediately preceding such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction:

- (i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the Holders of Rights), on a per share basis, of the portion of the evidences of indebtedness, cash, assets, subscription rights, options or warrants so to be distributed; and
- (ii) the denominator of which shall be such Market Price per Common Share.

Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be readjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.

(e) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price; provided, however, that any adjustments which by reason of this Subsection 2.3(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a Common Share or Right. Notwithstanding the first sentence of this Subsection 2.3(e), any adjustment required by this Section 2.3 shall be made no later than the Expiration Time.

(f) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time issue any securities of the Corporation (other than Common Shares), or rights, options or warrants to subscribe for or purchase any such securities of the Corporation, or securities convertible into or exchangeable for or carrying a right to purchase any such securities of the Corporation, in a transaction referred to in Clause 2.3(b)(ii) or (iv), if the Board of Directors acting in good faith determines that the adjustments contemplated by Subsection 2.3(b) in connection with such transaction will not appropriately protect the interests of the Holders of Rights, the Board of Directors acting in good faith may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Subsection 2.3(b), such

adjustments, rather than the adjustments contemplated by Subsection 2.3(b), shall be made. The Corporation and the Rights Agent shall have authority, with such prior approval of the holders of the Common Shares or the Holders of Rights as may be required to amend this Agreement in accordance with Section 5.6 and subject to receipt of all necessary approvals of the securities exchanges on which the Common Shares are at the relevant time listed or approved to trading, to amend this Agreement as appropriate to provide for such adjustments.

(g) Unless the Corporation shall have exercised its election as provided in Subsection 2.3(h), upon each adjustment of an Exercise Price as a result of the calculations made in Subsections 2.3(c) and 2.3(d), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares, as the case may be (calculated to the nearest one ten-thousandth), obtained by:

- (i) multiplying:
  - (A) the number of such Common Shares which would have been issuable upon the exercise of a Right immediately prior to this adjustment; by
  - (B) the relevant Exercise Price in effect immediately prior to such adjustment of the relevant Exercise Price; and
- (ii) dividing the product so obtained by the relevant Exercise Price in effect immediately after such adjustment of the relevant Exercise Price.

(h) The Corporation may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which such a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of the relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Corporation shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Subsection 2.3(h), the Corporation shall, as promptly as is practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing, subject to Section 5.7, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Corporation, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Corporation, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates to be so distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Corporation, the relevant adjusted Exercise Price and shall be registered in the names of holders of record of Rights Certificates on the record date specified in the public announcement.

(i) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.

(j) If as a result of an adjustment made pursuant to this Section 2.3, the holder of any Right thereafter exercised shall become entitled to receive any securities other than Common Shares, thereafter the number of such other securities so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as is practicable to the provisions with respect to the Common Shares contained in this Section 2.3, and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other securities.

(k) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificate theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.

(l) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the Holder of any Right exercised after such record date of the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such Holder a due bill or other appropriate instrument evidencing such Holder's right to receive such additional Common Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

(m) Notwithstanding anything in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in its

good faith judgment the Board of Directors shall determine to be advisable in order that any (i) consolidation or subdivision of Common Shares, (ii) issuance wholly for cash of any Common Share or securities that by their terms are convertible into or exchangeable for Common Shares, (iii) stock dividends, or (iv) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Corporation to holders of its Common Shares, shall not be taxable to such shareholders.

(n) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon exercise of the Rights is made at any time after the Separation Time pursuant to this Section 2.3, the Corporation shall promptly:

- (i) file with the Rights Agent and with the transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or change; and
- (ii) give, or cause the Rights Agent to give, notice of the particulars of such adjustment or change to Holders of the Rights who request a copy;

provided that failure to file such certificate or cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

#### **2.4 Date on Which Exercise is Effective**

Each Person in whose name any certificate for Common Shares or other securities is issued or a registration in Book Entry Form for Common Shares or other securities is made upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares or other securities represented thereby or therein on, and such certificate or registration shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Subsection 2.2(d) (together with a duly completed and executed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising Holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the applicable securities transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such shares or other securities on, and such certificate or registration shall be dated, the next succeeding Business Day on which the applicable securities transfer books of the Corporation are open.

#### **2.5 Execution, Authentication, Delivery and Dating of Right Certificates**

Rights will be evidenced, in the case of Rights in Book Entry Form, by a statement issued under the Rights Agent's direct registration system or, alternatively, if the Corporation determines to issue Rights Certificates, by the following procedures:

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any two of its officers or directors, provided that at the time of such execution none of such officer or director, any Affiliate or Associate of such officer or director or any Person with whom such officer or director or any such Affiliate or Associate is acting jointly or in concert has commenced or publicly announced an intention to commence a Take-over Bid. The signature of any officers or directors on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers or directors of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent in writing of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall countersign (manually in a manner satisfactory to the Corporation) and send such Rights Certificates to the Holders of the Rights pursuant to Subsection 2.2(d). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

#### **2.6 Registration, Registration of Transfer and Exchange**

(a) After the Separation Time, the Corporation will cause to be kept a register (the "Rights Register") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed "Rights Registrar" for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Subsection 2.6(c) and the other provisions of this Agreement, the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the Holder or the designated transferee or transferees as required pursuant to the Holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as



did the Rights Certificates so surrendered. Alternatively, in the case of the exercise of Rights in Book Entry Form, the Rights Agent shall provide the Holder or designated transferee or transferees with one or more statements issued under the Rights Agent's direct registration system evidencing the same aggregate number of Rights as did the direct registration system's records for the Rights transferred or exchanged.

(b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.

(d) The Corporation shall not be required to register the transfer or exchange of any Rights after the Rights have been terminated pursuant to the provisions of this Agreement.

## **2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates**

(a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

(b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate and (ii) such security and indemnity as may be required by each of them in their sole discretion to save each of them and any of their agents harmless, then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

(c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.

(d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence a contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall entitle the Holder of the Rights to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Corporation hereunder.

## **2.8 Persons Deemed Owners**

Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever.

## **2.9 Delivery and Cancellation of Certificates**

All Rights Certificates surrendered upon exercise or for redemption or for registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation on request by the Corporation.

## **2.10 Agreement of Rights Holders**

Every Holder of Rights, by accepting such Rights, becomes a party to this Agreement and for greater certainty is bound by the provisions herein and consents and agrees with the Corporation and the Rights Agent and with every other Holder of Rights that:

- (a) such Holder shall be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share certificate representing such Right;
- (c) after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer or exchange, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) such Holder is not entitled and has waived his right to receive any fractional Rights or any fractional Common Shares upon exercise of a Right (except as provided herein);
- (f) subject to the provisions of Section 5.6, without the approval of any Holder of Rights or Common Shares and upon the sole authority of the Board of Directors, this Agreement may be supplemented or amended from time to time as provided herein; and
- (g) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any Holder of a Right or any other Person, or be held in breach of this Agreement, as a result of its inability to perform any of its obligations under this Agreement by reason of a preliminary or permanent injunction or other order, decree, ruling or decision issued or made by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or a stock exchange, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, delaying, prohibiting or otherwise restraining performance of such obligation, and any performance times provided for in this Agreement shall be extended for a period of time equivalent to the time lost because of any delay in performance that is excusable under this Subsection.

## **2.11 Rights Certificate Holder not Deemed a Shareholder**

No Holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever to be the holder of any Common Share or any other share or security of the Corporation which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed to confer upon the Holder of any Right or Rights Certificate, as such, any of the rights, title, benefits or privileges of a holder of Common Shares or any other shares or securities or assets of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of shares of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares or securities or assets of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until such Rights shall have been duly exercised in accordance with the terms and provisions hereof.

## **ARTICLE 3 ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF A FLIP-IN EVENT**

### **3.1 Flip-in Event**

(a) Subject to Subsection 3.1(b) and Sections 5.1 and 5.2, in the event that prior to the Expiration Time a Flip-in Event shall occur, the Corporation shall take such action as shall be necessary to ensure and provide within 10 Business Days of the Stock Acquisition Date, or such longer period as may be required to satisfy all applicable requirements of the Securities Act and the securities laws or comparable legislation of each of the other provinces and territories of Canada and, if applicable, of the United States of America and each of the states thereof, that, except as provided below, each Right shall thereafter constitute the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3, without duplication, in the event that after such date of occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred with respect to such Common Shares).

(b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of a Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by:

- (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person); or
- (ii) a transferee or other successor in title, direct or indirect, of Rights held by an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person), whether or not for consideration, in a transfer that the Board of Directors has determined is part of a plan, arrangement, understanding or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person), that has the purpose or effect of avoiding Clause 3.1(b)(i),

shall become null and void without any further action, and any Holder of such Rights (including transferees or other successors in title) shall thereafter have no right to exercise such Rights under any provision of this Agreement and further shall thereafter not have any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The Holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this Subsection 3.1(b) shall be deemed to be an Acquiring Person for the purposes of this Subsection 3.1(b) and such Rights shall be null and void.

(c) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including all such acts and things as may be required to satisfy the requirements of the QBCA, the Securities Act and the securities laws or comparable legislation of each of the other provinces and territories of Canada and, if applicable, of the United States of America and each of the states thereof in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

(d) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Clause 3.1(b)(i) or (ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

*The Rights represented by this Rights Certificate were Beneficially Owned by a Person who was an Acquiring Person or who was an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or was acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person. This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Subsection 3.1(b) of the Rights Agreement.*

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall impose such legend only if instructed to do so by the Corporation in writing or if a Holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such Holder is not a Person described in such legend. The issuance of a Rights Certificate without the legend referred to in this Subsection 3.1(d) shall be of no effect on the provisions of Subsection 3.1(b).

## **ARTICLE 4**

### **THE RIGHTS AGENT**

#### **4.1            General**

(a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the Holders of the Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint one or more co-rights agents ("**Co-Rights Agents**") as it may deem necessary or desirable, subject to the prior written approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Corporation may determine with the written approval of the Rights Agent and the Co-Rights Agents. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder (including the reasonable fees and disbursements of any expert or advisor retained by the Rights Agent with the prior approval of the Corporation). The Corporation also agrees to indemnify the Rights Agent and its directors, officers, employees, Affiliates and agents for, and to hold them harmless against, any loss, liability, cost, claim, action, damage, suit or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, its officers, directors, employees, Affiliates and agents, for anything done, suffered or omitted by the Rights Agent in connection with the acceptance, execution and administration of this Agreement and the exercise and performance of its duties hereunder, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement on the resignation or removal of the Rights Agent. In the event of any disagreement arising regarding the terms of this Agreement, the Rights Agent shall be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by written agreement between the parties to this Agreement or by a court of competent jurisdiction.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares or any Rights Certificate or certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged by the proper Person or Persons.

(c) The Corporation will inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent, and at any time, upon request, shall provide to the Rights Agent an incumbency certificate with respect to the then current directors and officers of the Corporation, provided that failure to inform the Rights Agent of any such events, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events.

#### **4.2 Merger or Amalgamation or Change of Name of Rights Agent**

(a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

#### **4.3 Duties of Rights Agent**

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Corporation and the Holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) The Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Corporation (where such approval may reasonably be obtained and such approval not be unreasonably withheld), retain and consult with such other experts or advisors as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the Corporation's expense) and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert or advisor.
- (b) Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a person believed by the Rights Agent to be an officer or a director of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.
- (c) Nothing in this Agreement shall be construed as relieving the Rights Agent from liability for its own negligence, bad faith or wilful misconduct.
- (d) The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only.
- (e) Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (i) breach by any

other party of securities laws or other rules of any securities regulatory authority, (ii) lost profits or (iii) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

- (f) The Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Subsection 3.1(b)) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 hereof describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable.
- (g) The Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.
- (h) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any person believed by the Rights Agent to be an officer or a director of the Corporation, and to apply to such persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such person. All such instructions shall, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions will be confirmed in writing as soon as is reasonably practicable after the giving of such instructions.
- (i) The Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity.
- (j) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in good faith in the selection and continued employment thereof.

#### **4.4 Change of Rights Agent**

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 days' notice (or such lesser notice as is acceptable to the Corporation) in writing mailed to the Corporation and to the transfer agent of Common Shares by registered or certified mail, and to the Holders of the Rights in accordance with Section 5.9 at the Corporation's expense. The Corporation may remove the Rights Agent upon 60 days' notice in writing, mailed to the Rights Agent and to the transfer agent of the Common Shares by registered or certified mail, and to the Holders of the Rights in accordance with Section 5.9. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 60 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the Holder of any Rights (which Holder shall, with such notice, submit such Holder's Rights Certificate for inspection by the Corporation), then the outgoing Rights Agent or Holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent at the Corporation's expense. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Québec. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon payment by the Corporation to the predecessor Rights Agent of all outstanding fees and expenses owed by the Corporation to the predecessor Rights Agent pursuant to this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and the transfer agent of the Common Shares, and mail or cause to be mailed a notice thereof in writing to the Holders of the Rights. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

#### **4.5 Compliance with Money Laundering Legislation**

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable sanctions legislation or regulation or applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, provided that the Rights Agent promptly notifies the Corporation of such determination together with the reasons therefor in accordance with Section 5.9. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable sanctions legislation or regulation or applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Corporation, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance to the extent not prohibited by the applicable sanctions legislation or regulation or the applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, as the case may be; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction, acting reasonably, within such 10-day period, then such resignation shall not be effective.

#### **4.6 Privacy Provision**

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action in connection with this Agreement that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

### **ARTICLE 5 MISCELLANEOUS**

#### **5.1 Redemption and Termination of Rights**

(a) The Board of Directors may, with the prior approval of the holders of Voting Shares or the Holders of the Rights obtained in accordance with Subsection 5.3(a) or 5.3(b), as applicable, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to Section 5.2, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right, appropriately adjusted in a manner analogous to the applicable adjustment to the Exercise Price provided for in Section 2.3 if an event analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "Redemption Price").

(b) If a Person acquires, pursuant to a Permitted Bid Acquisition or an Exempt Acquisition occurring under Subsection 5.2(b), outstanding Voting Shares and/or Convertible Securities, the Board of Directors shall, notwithstanding the provisions of Subsection 5.1(a), immediately upon such acquisition and without further formality, be deemed to have elected to redeem all of the Rights at the Redemption Price.

(c) Where a Take-over Bid that is not a Permitted Bid or Competing Permitted Bid expires, is terminated or is otherwise withdrawn after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all but not less than all of the then outstanding Rights at the Redemption Price.

(d) If the Board of Directors elects or is deemed to have elected to redeem the Rights and, in circumstances where Subsection 5.1(a) is applicable, the requisite approval is given by the holders of Voting Shares or Rights, as applicable, (i) the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the Holders of Rights shall be to receive the Redemption Price, and (ii) subject to Subsection 5.1(f), no further Rights shall thereafter be issued.

(e) Within 10 Business Days of the Board of Directors electing or having been deemed to have elected to redeem the Rights or, in circumstances where Subsection 5.1(a) is applicable, within 10 Business Days after the requisite approval is given by the holders of Voting Shares or Rights, as applicable, the Corporation shall give notice of redemption to the Holders of the outstanding Rights by mailing such notice to each such Holder at his last address as it appears upon the Rights Register or, prior to the Separation Time, on the register of Voting Shares maintained by the Corporation's transfer agent or transfer agents. Each such notice of redemption shall state the method by which the payment of the Redemption Price shall be made.

(f) Upon the Rights being redeemed pursuant to Subsection 5.1(c), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates (or, if the Rights are maintained in Book Entry Form, confirmations of registration of Rights) representing the number of Rights held by each holder of record of Voting Shares as of the Separation Time had not been mailed to each such holder and, for all purposes of this Agreement, the Separation Time shall be deemed not to have occurred and Rights shall remain attached to the outstanding Voting Shares, subject to and in accordance with the provisions of this Agreement.

(g) The Corporation shall not be obligated to make a payment of the Redemption Price to any Holder of Rights unless the Holder is entitled to receive at least \$1.00 in respect of all Rights held by such Holder.

## **5.2 Waiver of Flip-In Events**

(a) The Board of Directors may, with the prior approval of the holders of Voting Shares obtained in accordance with Subsection 5.3(a), at any time prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of Voting Shares and/or Convertible Securities otherwise than in the circumstances described in Subsection 5.2(b) or 5.2(c), waive the application of Section 3.1 to such Flip-in Event by written notice delivered to the Rights Agent. In the event that the Board of Directors proposes such a waiver, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than 10 Business Days following the meeting of shareholders called to approve such waiver.

(b) The Board of Directors may, at any time prior to the occurrence of a Flip-in Event that would occur by reason of a Take-over Bid made by means of a take-over bid circular sent to all holders of record of Voting Shares (which, for greater certainty, shall not include the circumstances described in Subsection 5.2(c)), waive the application of Section 3.1 to such Flip-in Event by written notice delivered to the Rights Agent; provided, however, that if the Board of Directors waives the application of Section 3.1 to such a Flip-in Event, the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a take-over bid circular sent to all holders of record of Voting Shares prior to the expiry, termination or withdrawal of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this Subsection 5.2(b).

(c) The Board of Directors may, by written notice delivered to the Rights Agent, waive the application of Section 3.1 in respect of the occurrence of a Flip-in Event if the Board of Directors has determined, following a Stock Acquisition Date and prior to the Separation Time, that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred; provided, however, that any such waiver pursuant to this Subsection 5.2(c) must be on the condition that such Person, within 30 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "Disposition Date"), has reduced its Beneficial Ownership of Voting Shares such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and Section 3.1 shall apply thereto.

(d) The Board of Directors may, prior to the close of business on the tenth Trading Day following a Stock Acquisition Date or such later Trading Day as the Board of Directors may from time to time determine, by written notice delivered to the Rights Agent, waive the application of Section 3.1 to the related Flip-in Event, provided that the Acquiring Person has reduced its Beneficial Ownership of Voting Shares (or has entered into a contractual arrangement with the Corporation or other undertaking, in form acceptable to the Board of Directors, to do so within 15 days of the date on which such contractual arrangement or other undertaking is entered into or such earlier or later date as the Board of Directors may determine) such that at the time the waiver becomes effective pursuant to this Subsection 5.2(d) such Person is no longer an Acquiring Person. In the event of such waiver becoming effective prior to the Separation Time, for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred.

## **5.3 Approval**

(a) If a redemption of Rights pursuant to Subsection 5.1(a) or a waiver of a Flip-in Event pursuant to Subsection 5.2(a) is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the holders of Voting Shares. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of such holders duly held in accordance with applicable laws and regulatory requirements and any requirements in the articles and/or by-laws of the Corporation applicable to meetings of holders of Common Shares.

(b) If a redemption of Rights pursuant to Subsection 5.1(a) is proposed at any time after the Separation Time, such redemption shall be submitted for approval to the Holders of Rights. Such approval shall be deemed to have been given if the redemption is approved by the affirmative vote of a majority of the votes cast by Holders of Rights represented in person or by proxy and entitled to vote at a meeting of such Holders. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in Clauses (i) to (v) inclusive of the definition of Independent Shareholders or whose Rights have become null and void pursuant to Subsection 3.1(b)) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall, to the extent reasonably practicable, be those which are provided in the Corporation's articles and/or by-laws and in applicable laws and regulatory requirements with respect to meetings of shareholders of the Corporation, applied mutatis mutandis.

## **5.4 Expiration**

No Person shall have any rights whatsoever pursuant to or arising out of this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Subsection 4.1(a).

## 5.5 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

## 5.6 Supplements and Amendments

(a) The Corporation may, at any time and from time to time, supplement or amend any of the provisions of this Agreement and/or the Rights without the consent of any holders of Common Shares or Holders of Rights in order to correct any clerical or typographical error or, subject to Subsection 5.6(f), as required to maintain the validity or effectiveness of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder.

(b) Subject to Subsection 5.6(a), the Corporation may, at any time before the Separation Time, with the prior consent of the holders of Common Shares obtained as set forth below, supplement, amend, delete, vary, restate or rescind any of the provisions of this Agreement and/or the Rights (whether or not such action would materially adversely affect the interests of the Holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Common Shares at a Special Shareholders' Meeting, which Special Shareholders' Meeting shall be called and held in compliance with applicable laws and regulatory requirements and any requirements in the articles and/or by-laws of the Corporation applicable to meetings of holders of Common Shares. Subject to compliance with any requirements imposed as aforesaid, consent shall be given if the proposed supplement, amendment, deletion, variation, restatement or rescission is approved by the affirmative vote of a majority of the votes cast by all holders of Common Shares (other than any such holder who does not qualify as an Independent Shareholder with respect to all Common Shares Beneficially Owned by such Person), represented in person or by proxy at the Special Shareholders' Meeting.

(c) Subject to Subsection 5.6(a), the Corporation may, at any time after the Separation Time and before the Expiration Time, with the prior consent of the Holders of Rights obtained as set forth below, supplement, amend, delete, vary, restate or rescind any of the provisions of this Agreement and/or the Rights (whether or not such action would materially adversely affect the interests of the Holders of Rights generally). Such consent shall be deemed to have been given if provided by the Holders of Rights at a Rights Holders' Special Meeting, which Rights Holders' Special Meeting shall be called and held in compliance with applicable laws and regulatory requirements and, to the extent reasonably practicable, with the requirements in the articles and/or by-laws of the Corporation applicable to meetings of holders of Common Shares, applied *mutatis mutandis*. Subject to compliance with any of the requirements imposed as aforesaid, consent shall be given if the proposed supplement, amendment, deletion, variation, restatement or rescission is approved by the affirmative vote of a majority of the votes cast by Holders of Rights (other than Holders of Rights whose Rights have become null and void pursuant to Subsection 3.1(b)), represented in person or by proxy at the Rights Holders' Special Meeting.

(d) Notwithstanding anything in this Section 5.6 to the contrary, no such supplement, amendment, deletion, variation, restatement or rescission shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement, amendment, deletion, variation, restatement or rescission.

(e) The Corporation shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation, restatement or rescission to or of this Agreement pursuant to this Section 5.6 within five Business Days of the date of any such supplement, amendment, deletion, variation, restatement or rescission, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation, restatement or rescission.

(f) Any supplement or amendment to this Agreement made by the Corporation pursuant to Subsection 5.6(a) to maintain the validity or effectiveness of this Agreement as a result of any change in applicable legislation, rules or regulations thereunder (a "**Rectifying Amendment**") shall:

- (i) if made prior to the Separation Time, be submitted to the holders of Common Shares for confirmation at the next meeting of such shareholders called by the Board of Directors and approved by the affirmative vote of a majority of the votes cast by all holders of Common Shares (other than any such holder who does not qualify as an Independent Shareholder with respect to all Common Shares Beneficially Owned by such Person), represented in person or by proxy at such meeting; or
- (ii) if made after the Separation Time, be submitted to the Holders of Rights for confirmation at a meeting called by the Board of Directors to be held (substantially in accordance with the requirements applicable to a Rights Holders' Special Meeting pursuant to Subsection 5.6(c)) on a date not later than the date of the next meeting of the holders of Common Shares called by the Board of Directors and approved by the affirmative vote of a majority of the votes cast by Holders of Rights (other than Holders of Rights whose Rights have become null and void pursuant to Subsection 3.1(b)), represented in person or by proxy at such meeting.

Any Rectifying Amendment shall be effective from the date of the resolution of the Board of Directors approving such Rectifying Amendment until it is confirmed or ceases to be effective (as provided for below) and, where such Rectifying Amendment is



confirmed, it continues in force and effect in the form and on the terms so confirmed. If any such Rectifying Amendment is not confirmed by the holders of Common Shares or the Holders of Rights, or is not submitted to the holders of Common Shares or the Holders of Rights for confirmation, as required by Clause (i) or (ii) above, then such Rectifying Amendment shall cease to be effective from and after the termination of the meeting at which the Rectifying Amendment failed to be confirmed or to which such Rectifying Amendment should have been but was not submitted for confirmation or from and after the date by which any such meeting should have been but was not held, as the case may be.

## **5.7 Fractional Rights and Fractional Shares**

(a) The Corporation shall not be required in any circumstances to issue fractions of Rights or to distribute Rights Certificates (or, if the Rights are maintained in Book Entry Form, confirmation of registrations of Rights) which evidence fractional Rights. After the Separation Time, in lieu of issuing fractional Rights, the Corporation shall, subject to Subsection 3.1(b), pay to the Holders of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one whole Right that the fraction of a Right which would otherwise be issuable is of one whole Right.

(b) The Corporation shall not be required in any circumstances to issue fractional Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares or, if Common Shares are then issued and registered in Book Entry Form, to register fractional Common Shares in Book Entry Form. In lieu of issuing fractional Common Shares, the Corporation shall, subject to Subsection 3.1(b), pay to the registered Holders of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one whole Common Share that the fraction of a Common Share which would otherwise be issuable upon exercise of such Right is of one whole Common Share at the date of such exercise.

(c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to Subsection 5.7(a) or 5.7(b), respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares, as the case may be.

## **5.8 Rights of Action**

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective registered Holders of the Rights. Any registered Holder of any Rights, without the consent of the Rights Agent or of the registered Holder of any other Rights, may, on such Holder's own behalf and for such Holder's own benefit and the benefit of other Holders of Rights enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce, or otherwise act in respect of, such Holder's right to exercise such Holder's Rights in the manner provided in such Holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the Holders of Rights, it is specifically acknowledged that the Holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

## **5.9 Notices**

(a) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the Holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered or sent by registered or certified mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

METRO INC.  
11011 Maurice-Duplessis Blvd.  
Montréal, Québec  
H1C 1V6

Attention: General Counsel  
Facsimile: 514-356-5841

(b) Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or by a Holder of Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by registered or certified mail, postage prepaid, addressed (until another address is filed in writing with the Corporation), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

AST Trust Company (Canada)  
2001 University Street  
Suite 1600  
Montréal, Québec  
H3A 2A6

Attention: Branch Manager  
Facsimile: 514-285-8846

(c) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on any Holder of Rights shall be sufficiently given or made if delivered or sent by registered or certified mail, postage prepaid, addressed to such Holder at the address of such Holder as it appears upon the Rights Register or, prior to the Separation Time, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the Holder receives the notice.

(d) Any notice given or made in accordance with this Section 5.9 shall be deemed to have been given and to have been received on the day of delivery, if so delivered; on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed; and on the day of facsimile transmission or sending of the same by other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

#### **5.10 Notice of Proposed Actions**

If the Corporation proposes after the Separation Time and before the Expiration Time to effect the liquidation, dissolution or winding up of the Corporation or the sale of all or substantially all of the Corporation's assets, then, in each such case, the Corporation will give to each Holder of a Right, in accordance with Section 5.9, a notice of such proposed action. The notice shall specify the date on which such liquidation, dissolution, winding up or sale is to take place, and such notice must be so given not less than 20 Business Days prior to the date of taking of such proposed action.

#### **5.11 Costs of Enforcement**

The Corporation agrees that if the Corporation or any other Person the securities of which are purchasable upon exercise of Rights fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation or such Person will reimburse the Holder of any Rights for the costs and expenses (including reasonable legal fees) incurred by such Holder in actions to enforce his rights pursuant to any Rights or this Agreement.

#### **5.12 Benefits of this Agreement**

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the Holders of the Rights any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the Holders of the Rights.

#### **5.13 Governing Law and Jurisdiction**

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Québec and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

#### **5.14 Language**

The parties to this Agreement have agreed that this Agreement as well as any document or instrument relating to it be drawn up in English only but without prejudice to any such document or instrument which may from time to time be drawn up in French only or in both French and English. *Les parties aux présentes ont convenu que la présente Convention ainsi que tous autres actes ou documents s'y rattachant soient rédigés en anglais seulement mais sans préjudice à tous tels actes ou documents qui pourraient à l'occasion être rédigés en français seulement ou à la fois en anglais et en français.*

#### **5.15 Severability**

If any Section, Subsection, Clause, Sub-clause, term or provision hereof or the application thereof to any circumstance or any right hereunder shall, in any jurisdiction and to any extent, be invalid or unenforceable, such Section, Subsection, Clause, Sub-clause, term or provision or such right shall be ineffective only as to such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining Sections, Subsections, Clauses, Sub-clauses, terms and provisions hereof or rights hereunder in such jurisdiction or the application of such Section, Subsection, Clause, Sub-clause, term or provision or rights hereunder in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

#### **5.16 Effective Date**

This Agreement shall be effective and in full force and effect in accordance with its terms from and after [●], 2019

(the “Effective Date”).

#### **5.17 Reconfirmation**

This Agreement must be reconfirmed by the holders of Common Shares by a resolution passed by a majority of the votes cast by all holders of Common Shares (other than any such holder who does not qualify as an Independent Shareholder with respect to all Common Shares Beneficially Owned by such Person) voting in respect of such resolution, represented in person or by proxy, at the annual meeting of shareholders of the Corporation to be held in 2022 and every third annual meeting of shareholders of the Corporation thereafter. If this Agreement is not so reconfirmed at any such annual meeting, this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect as of the close of business on the date of termination of the annual meeting; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event in respect of which the application of Section 3.1 has been waived pursuant to Section 5.2) prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.17.

#### **5.18 Determinations and Actions by the Board of Directors**

All actions, calculations, interpretations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors in good faith for the purposes of this Agreement (i) may be relied on by the Rights Agent (and for the purposes of such reliance by the Rights Agent, the good faith of the Board of Directors shall be presumed), and (ii) shall not subject the Board of Directors or any director of the Corporation to any liability to the Holders of the Rights.

#### **5.19 Fiduciary Duties of the Board of Directors**

Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of Voting Shares and/or Convertible Securities reject or accept any Take-over Bid or take any other action (including the commencement, prosecution, defence or settlement of any litigation and the submission of additional or alternative Take-over Bids or other proposals to the holders of the Voting Shares and/or Convertible Securities with respect to any Take-over Bid or otherwise) that the Board of Directors believes is necessary or appropriate in the exercise of its fiduciary duties.

#### **5.20 Regulatory Approvals**

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority, including any necessary approvals of any stock exchange on which the Common Shares are listed.

#### **5.21 Declaration as to Non-Canadian Holders**

If, in the opinion of the Board of Directors (who may rely upon the advice of legal counsel), any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada, the Board of Directors acting in good faith may take such actions as it may deem appropriate to ensure that such compliance is not required, including establishing procedures for the issuance to a Canadian resident fiduciary of Rights or securities issuable on exercise of Rights, the holding thereof in trust for the Persons entitled thereto and the sale thereof and remittance of the proceeds of such sale (if any) to the Persons entitled thereto. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada, in which such issue or delivery would be unlawful without registration or other qualification of the relevant Persons or securities for such purposes under the applicable laws of such jurisdiction.

#### **5.22 Time of the Essence**

Time shall be of the essence in this Agreement.

#### **5.23 Successors**

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

#### **5.24 Execution in Counterparts**

This Agreement may be executed in any number of counterparts; each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute one and the same instrument.

[The remainder of this page has been intentionally left blank.]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**METRO INC.**

Per:

\_\_\_\_\_  
Name:

Title:

Per:

\_\_\_\_\_  
Name:

Title:

**AST TRUST COMPANY (CANADA)**

Per:

\_\_\_\_\_  
Name:

Title:

Per:

\_\_\_\_\_  
Name:

Title:

## ATTACHMENT 1

[FORM OF RIGHTS CERTIFICATE]

### RIGHTS CERTIFICATE

Certificate No. \_\_\_\_\_

\_\_\_\_\_ Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION OR TERMINATION ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(b) OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, OR TRANSFEREES OF AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, MAY BECOME VOID WITHOUT ANY FURTHER ACTION.

This certifies that \_\_\_\_\_, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement dated as of the [●] day of [●], 2019, (the "Rights Agreement") between METRO INC., a corporation existing under the laws of the Province of Québec, (the "Corporation") and AST Trust Company (Canada), a corporation existing under the laws of Canada, as rights agent (the "Rights Agent", which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Expiration Time (as such term is defined in the Rights Agreement), one fully paid and non-assessable Common Share of the Corporation (a "Common Share") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in the city of Montréal. Until adjustment thereof in certain events as provided in the Rights Agreement, the Exercise Price shall be: (i) until the Separation Time (as such term is defined in the Rights Agreement), an amount equal to three times the Market Price (as such term is defined in the Rights Agreement), from time to time, per Common Share; and (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share.

In certain circumstances described in the Rights Agreement, the number of Common Shares which each Right entitles the registered holder thereof to purchase shall be adjusted as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights. Copies of the Rights Agreement are on file at the registered office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights entitling the holder to purchase a like aggregate number of Common Shares as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate may be, and under certain circumstances are required to be, redeemed by the Corporation at a redemption price of \$0.00001 per Right, rounded down to nearest whole cent for each holder of Rights.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof, a payment by cheque will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote, receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities of the Corporation which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders of the Corporation at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders of the Corporation (except as provided in the Rights Agreement), or to receive dividends, distributions or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation.

Date:

\_\_\_\_\_

**METRO INC.**

By:

\_\_\_\_\_

By:

\_\_\_\_\_

Countersigned:

**AST TRUST COMPANY (CANADA)**

By:

\_\_\_\_\_

(To be attached to each Rights Certificate)

**FORM OF ELECTION TO EXERCISE**

TO: METRO INC.

AND TO: AST TRUST COMPANY (CANADA)

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ whole Rights represented by the attached Rights Certificate to purchase the Common Shares issuable upon the exercise of such Rights and requests that certificates for such Common Shares be issued to:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City and Province or State)

\_\_\_\_\_  
(Social Insurance Number or other taxpayer identification number)

If such number of Rights are not all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City and Province or State)

\_\_\_\_\_  
(Social Insurance Number or other taxpayer identification number)

Dated:

Signature:

Signature Guaranteed: \_\_\_\_\_

\_\_\_\_\_  
(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by a Schedule 1 Canadian chartered bank, a major Canadian trust company or a member of a recognized Medallion Guarantee Program.

**CERTIFICATE**

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in concert with any of the foregoing (all capitalized terms and the phrase "acting jointly or in concert" are used as defined in the Rights Agreement).

Signature: \_\_\_\_\_

**NOTICE**

In the event the certification set forth in the Form of Election to Exercise is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with any of the foregoing (all capitalized terms and the phrase "acting jointly or in concert" are used as defined in the Rights Agreement) and accordingly such Rights shall be null and void.



**FORM OF ASSIGNMENT**

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate)

FOR VALUE RECEIVED \_\_\_\_\_

hereby sells, assigns and transfers unto \_\_\_\_\_  
(Please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein, and hereby irrevocably constitutes and appoints \_\_\_\_\_, as attorney, to transfer the within Rights on the books of the Corporation, with full power of substitution.

Dated: \_\_\_\_\_

Signature : \_\_\_\_\_

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by a Schedule 1 Canadian chartered bank, a major Canadian trust company or a member of a recognized Medallion Guarantee Program.

**CERTIFICATE**

(To be completed if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in concert with any of the foregoing (all capitalized terms and the phrase "acting jointly or in concert" are used as defined in the Rights Agreement).

Signature: \_\_\_\_\_

**NOTICE**

In the event the certification set forth in the Form of Assignment is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with any of the foregoing (all capitalized terms and the phrase "acting jointly or in concert" are used as defined in the Rights Agreement) and accordingly such Rights shall be null and void.

## EXHIBIT B - SHAREHOLDER PROPOSAL

The proposal below was submitted by the Mouvement d'éducation de la défense des actionnaires ("MÉDAC"), 82, Sherbrooke Street West, Montréal (Québec) H2X 1X3, a holder of Shares of the Corporation, for consideration at the Meeting. The proposal was submitted in French by the MÉDAC and translated into English by the Corporation for the purposes of this English version of the Circular. On the date the MÉDAC submitted its proposal, it held 80 Shares. These Shares had been held since June 24, 2010.

*MÉDAC's wording (as translated by the Corporation):*

**Proposal: Incorporation of environmental, social and governance (ESG) metrics in senior management compensation**

***It is proposed that the compensation committee prepare a report, as part of the record of its yearly activities, assessing the importance it attaches to integrating environmental, social and governance metrics in the evaluation process of senior management's performance and performance-based compensation.***

*MÉDAC's Argument in support of its proposal:*

First and foremost, it is worth noting that the guidelines published in 2012 by the United Nations Principles for Responsible Investment (PRI) and the United Nations Global Compact recognized how resorting to ESG metrics can help create and protect value for shareholders.

These objectives could be described as follows: the rate of representation of women in management, the integration of people from different social-cultural backgrounds, the introduction of paper, energy and water consumption reduction initiatives, the adoption of measures to ensure sustainable employability of personnel with respect to the automation of tasks, the deployment of various employee health and wellness programs, etc.

In this regard, it should be noted that businesses that engage in ESG dynamics have a better reputation among their clientele, adapt more easily to changes, manage risks better, are more innovating and are better equipped to develop long lasting value for shareholders and other stakeholders.

Integrating financial objectives in the evaluation process of senior management's performance and performance-based compensation play a critical role in attaining these specific financial objectives. It would be important to reassure shareholders and other stakeholders that ESG metrics serve as an important guide in the evaluation of the CEO and the management team's performance.

**THE BOARD AND MANAGEMENT RECOMMEND TO VOTE “AGAINST” THE PROPOSAL FOR THE FOLLOWING REASONS:**

The Corporation recognizes the importance of adopting environmental, social and governance (“ESG”) best practices, to ensure sustainable shareholder value, as well as creating value for the Corporation’s other stakeholders. In order to achieve this, we decided to implement a company-wide corporate responsibility (“CR”) plan built on four (4) ESG pillars being delighted customers, respect for the environment, strengthened communities and empowered employees. The Corporation’s CSR approach is embedded in every level of the corporate structure and involves key individuals at every decision-making stage. Some of our most notable CR initiatives include:

- the implementation of a thorough responsible procurement program based on our Supplier Code of Conduct and our Framework for Responsible Procurement, which include specific engagements;
- the adoption of a Sustainable Fisheries and Aquaculture policy;
- the adoption of a Diversity Policy that is regularly updated to reflect best practices in promoting a diversified work environment at every corporate level;
- the implementation of various innovative techniques to grow and improve the business in an environmentally-friendly way, including by: reducing the amount of energy used in stores and offices, reducing waste and constantly updating its policies to include more proactive measures; and
- donations to local communities in the form of money or commodities equivalent to approximately 1% of its net income over the last three (3) years.

For more information, we invite you to consult our latest CR report and 2016-2020 Responsibility Plan which can be found on our website: <https://corpo.metro.ca/en/corporate-social-responsibility.html>.

The Board and senior management share a mutual commitment to ESG engagement, which has been demonstrated by their actions in promoting the Corporation’s CR strategies. Each year, the senior management of the Corporation reviews the CR strategies to align them with the Corporation’s business strategies. The Board reviews the impact of such strategies before approving the Corporation’s policies and CR plans and reports. The Human Resources Committee regularly reviews the performance measures used in the Corporation’s executive compensation program and will continue to evaluate whether the incorporation of new performance measures (which may include ESG-related goals) would help promote the Corporation’s objectives and create long-term shareholder value.

The value generated by incentivizing executives to prioritize ESG issues is difficult to quantify and measure when assessing senior management compensation. In fact, we believe that leveraging ESG performance represents a long-term commitment, well beyond the term of any member of the Board or senior management. We believe that long-term results are better obtained through the current company-wide efforts to promote CR than with simply focusing on senior management’s compensation program. For all those reasons, the Board does not think that the preparation of a report beyond the Corporation’s existing CR report, which is reviewed and approved by the Board, is necessary.

**In light of the foregoing, the Corporation recommends that the shareholders vote “AGAINST” this proposal.**

## EXHIBIT C - MANDATE OF THE BOARD OF DIRECTORS

The Board of Directors is elected by the shareholders and is responsible for the management of the affairs of the Corporation in all respects.

**Corporate Governance** / The Board of Directors is responsible for ensuring that the Corporation is properly governed and that the relevant corporate governance guidelines are complied with. Among other matters, consistent with the corporate governance guidelines of the Canadian Securities Administrators, the Board of Directors assumes special responsibility for the following five matters, either directly or through one of its committees: the adoption of a strategic planning process for the Corporation and its subsidiaries at least once a year which takes into consideration, if need be, any opportunities and risks of the Corporation; the identification of the principal risks associated with the Corporation's activities and the implementation of appropriate systems to manage these risks; the appointment, training, evaluation, supervision and compensation of senior management as well as succession planning; a communications policy with shareholders and the public at large; oversight of major labor relations issues and the integrity of the Corporation's internal control and management information systems.

**Important Decisions** / In addition to decisions requiring the Board's approval pursuant to the law or the Corporation's articles and by-laws, the Board makes all important decisions with regard to, among other matters, major investments and divestitures of significant assets.

**Rules of Ethics** / The Board of Directors sees that rules of ethics are established for the directors, officers and employees of the Corporation and that adequate procedures are put in place in order to ensure compliance with such rules of ethics.

**Internal Governance** / The Board of Directors recommends to the shareholders the nominees proposed to be elected as directors, approves the compensation and indemnities of directors and is responsible for succession planning at the Board level. The Board determines the expectations and responsibilities of directors. The Board of Directors reviews its own effectiveness as well as that of the committees of the Board and of individual directors.

**Committees** / The Board of Directors creates the committees which are considered advisable for the performance of the Board's duties and responsibilities.

**Management** / Management is responsible for the day-to-day management of the Corporation's operations. The Board approves the general goals for the Corporation which management is responsible for meeting.

The Board's main expectations of management are the protection of the Corporation's interests and the long term maximization of the shareholders' investment, while striking a proper balance between the short and medium term goals, as well as the interests of the employees, the customers and the stakeholders of the Corporation.

## EXHIBIT D - MANDATE OF THE HUMAN RESOURCES COMMITTEE

### 1. Mandate

The Committee's mandate is to:

- approve or, as the case may be, recommend to the Board of Directors (the "Board") policies regarding human resources management, compensation and ethics;
- review risk identification and management relating to compensation policies and practices and review disclosure in this respect;
- review and recommend to the Board policies and practices on Management compensation including base salary, Short Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP);
- make recommendations to the Board as to the appointment of the President and Chief Executive Officer and senior executives (Metro Inc.'s vice-presidents, including the executive and senior vice-presidents);
- review and approve corporate objectives relevant to the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, and the Executive Vice-President and Chief Operating Officer;
- evaluate the performance of the President and Chief Executive Officer, the Executive Vice-President and Chief Financial Officer, and the Executive Vice-President and Chief Operating Officer with respect to such corporate objectives and make recommendations to the Board regarding their compensation;
- evaluate the performance of the other NEOs and of the other Senior and Executive Vice-Presidents, approve their compensation (base salary and STIP) and make recommendations to the Board with respect to LTIP grants;
- annually review the succession plans for the President and Chief Executive Officer, senior officers and other executives, ensure the follow-up of the action plans and make appropriate recommendations to the Board;
- ensure that the policies and procedures regarding ethical standards governing various transactions and operations conducted by senior executives and managers in general are being applied;
- receive and examine reports regarding pension funds from management and the Corporation's pension committees and, in turn, report on a yearly basis to the Corporation's Board;
- review and approve the executive compensation information to be included in the annual disclosure documents prescribed by legal and regulatory authorities.

### 2. Outside advisor

The Committee has the authority to engage and compensate any outside advisor or consultant that it determines to be necessary to assist the Committee in carrying out its duties. The Committee must pre-approve services, other than services the consultant or outside advisor provides to the Committee, to be rendered by the consultant or outside advisor to the Corporation at the request of management. The Committee may delegate to its Chair the power to pre-approve all services to be provided by the consultant or advisor to the Corporation at the request of management. Nevertheless, the Chair, if this power is delegated to him, must disclose to the Committee, on an informational basis, all such pre-approved decisions at the next Committee meeting.

### 3. Composition

The Committee is made up of at least three (3) members and at most five (5) independent directors. A member of the Audit Committee sits as a member of the Committee.

Each member of the Committee has direct experience that is relevant with human resources and senior management compensation matters.

## EXHIBIT E - MANDATE OF THE AUDIT COMMITTEE

### 1. Objectives of the Committee and general scope of responsibilities of the parties:

- 1.1. The objectives of the Committee are to review the adequacy and effectiveness of the actions taken by the various parties herein involved to discharge themselves of their responsibilities herein described and to assist the Board in its oversight of:
  - 1.1.1. the integrity of the Company's financial statements;
  - 1.1.2. the internal and external auditor qualifications and independence;
  - 1.1.3. the performance of the Company's internal audit function and external auditor;
  - 1.1.4. the effectiveness of internal controls;
  - 1.1.5. the Company's compliance with legal and regulatory requirements; and
  - 1.1.6. the identification of the material risks that may affect the Company and the implementation of appropriate measures to manage such risks.
- 1.2. Management is responsible for:
  - 1.2.1. the preparation, presentation and integrity of the Company's financial statements and for maintaining appropriate accounting policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations; and
  - 1.2.2. identifying the material risks and putting in place appropriate measures allowing to manage such risks.
- 1.3. The external auditor is responsible for auditing the Company's annual financial statements and reviewing the Company's interim financial statements.
- 1.4. The internal auditor is responsible, by bringing a systematic and disciplined approach, for evaluating and improving the effectiveness of the Company's risk management and control processes.

### 2. Scope of mandate

The responsibilities of the Committee extend to Metro Inc., its subsidiaries and their divisions. In this mandate, the word «Company» refers to Metro inc., its subsidiaries and their divisions.

### 3. Composition and Organization

- 3.1. The Committee is composed of a minimum of 3 and a maximum of 6 members of the Board of Directors who are all independent directors. All members must be financially literate.
- 3.2. At any time, the Committee may communicate directly with the external auditor, the internal auditor or the management of the Company.

### 4. Specific responsibilities

The Audit Committee must periodically inform the Board about its work and advise it about its recommendation.

#### 4.1. Financial Information

- 4.1.1. The Committee reviews, before their public disclosure, the audited annual and interim financial statements, the MD&A, the investor fact sheet and all press releases relating to the financial statements.
- 4.1.2. The Committee reviews with the management of the Company and the external auditor the choice of accounting policies and its justification as well as the various estimates made by management which may have a significant impact on the financial position.
- 4.1.3. The Committee ensures that adequate procedures are in place for the review of the Company's disclosure to the public

of information extracted or derived from the Company's financial statements, other than the information covered by paragraph 4.1.1 hereof, and periodically assesses the adequacy of such procedures.

4.1.4. The Committee reviews, before they are released, any prospectus relating to the issuance of securities by the Company, the Annual Information Form and the Management Proxy Circular.

#### 4.2. Internal Control

4.2.1. The Committee verifies that Company Management has implemented mechanisms in order to comply with regulations on internal controls and financial reporting.

4.2.2. Every quarter and every fiscal year, the Committee reviews with Company Management the conclusions of the work supporting the certification letters to be filed with the authorities.

4.2.3. The Committee reviews with the Company Management all material weaknesses and significant deficiencies identified pertaining to internal controls and financial reporting, as well as any fraud, and the corrective measures implemented.

#### 4.3. Internal Audit

4.3.1. The Committee examines the appointment, replacement, reassignment or dismissal of the Senior Director of the Internal Audit Department and reviews the mandate, annual audit plan, and resources of the internal audit function.

4.3.2. The Committee meets the Senior Director of the Internal Audit Department to review the results of the internal audit activities, including any significant issues reported to management by the internal audit function and management's responses and/or corrective actions.

4.3.3. The Committee reviews the performance, degree of independence and objectivity of the internal audit function and adequacy of the internal audit process.

4.3.4. The Committee reviews with the Senior Director of the Internal Audit Department any issues that may be brought forward by him, including any difficulties encountered by the internal audit function, such as audit scope, access to information and staffing restrictions.

4.3.5. The Committee ensures the effectiveness of the coordination between the internal audit and the external audit.

#### 4.4. External Audit

4.4.1. The Committee has the authority and the responsibility to recommend to the Board of directors:

- i) the appointment and the revocation of any public accounting firm engaged for the purpose of preparing or issuing an audit report, or performing other audit, review or certification services (collectively the «external auditor»); and
- ii) the compensation of the external auditor.

4.4.2. The external auditor communicates directly with the Committee. The Committee reviews the reports of the external auditors which are sent to it directly. The Committee also monitors all the work performed by the external auditors, its audit plans and the results of its audits.

4.4.3. The Committee discusses with the external auditors, by means of meetings, problems encountered during the audit, including the existence, if applicable, of restrictions imposed by the management of the Company or areas of disagreement with the latter about the financial information and ensures that such disagreements are resolved.

4.4.4. The Committee, or one or more of its members to whom it has delegated authority, pre-approves non-audit services that are assigned to the external auditors. The Committee may also adopt policies and procedures concerning the pre-approval of non-audit services that are assigned to the external auditors. It monitors the fees paid with respect to such mandates.

4.4.5. The Committee makes sure that the external auditor has obtained the cooperation of the employees and officers of the Company.

4.4.6. The Committee examines the post-audit letter or the recommendation letter of the external auditor as well as the

reactions of management and management's response to the deficiencies observed.

4.4.7. The Committee examines the qualifications, performance and independence of the external auditor and ensures that the audit report accompanying the financial statements is issued by an audit firm that is a participant in the program of the Canadian Public Accountability Board ("CPAB") and that the firm respects any sanctions and restrictions imposed by this Board. The Committee takes into account the opinions of management and the Company's internal auditor in assessing the qualifications, performance and independence of the external auditor. In particular, the Committee examines each year the quality of the work performed by the external auditor in order to facilitate an informed recommendation concerning the appointment of the audit firm which will act as external auditor of the Company.

4.4.8. At least, once a year, or at any other time indicated below, the external auditor i) reports to the Committee on the external auditor's internal quality-control procedures in place; ii) reports to the Committee as to its internal evaluation of the quality of work of the members of the audit firm involved in the audit of the Company; iii) reports to the Committee as to its inscription as a duly registered participant of the CPAB and whether it holds proper authority to audit Canadian issuers; iv) provides the members of the Committee, in a timely fashion, with a copy of any report, notice, information and findings of the CPAB which the external auditor may or must provide copy of to the Committee, including any annual public report on the quality of audits performed by public accounting firms as well as any significant findings emerging from any inspection of the audit file of the Company, the content of which the external auditor must discuss with the members of the Committee.

4.4.9. The Committee reviews and approves the Company's hiring policy concerning (current and former) partners and (current and former) employees of the (current and former) external auditor.

#### 4.5. Miscellaneous

4.5.1. The Committee establishes procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and to preserve confidentiality and the protection of the anonymity of persons who may file such complaints.

4.5.2. The Committee has the authority to engage any advisor it deems necessary in order to help it in the performance of its duties, and to set the compensation of such advisor as well as to obtain from the Company the funds necessary to pay such compensation.

4.5.3. The Committee analyses the conditions surrounding the departure or appointment of the officer responsible for finance and any other key financial executive who participates in the financial information process.

#### 4.6. Compliance with legal and regulatory requirements

4.6.1. The Committee reviews the reports received from time to time regarding any material legal or regulatory issues that could have a significant impact over the Company's business.

#### 4.7. Risk Management

4.7.1. The Committee reviews the material risks identified by Company Management. The Committee examines the effectiveness of the measures put in place to manage these risks by questioning the management of the Company regarding how risks are managed as well as obtaining opinions from management regarding the degree of integrity of the risk mitigation systems and acceptable thresholds;

4.7.2. The Committee reviews on a regular basis the management policies regarding material risks recommended by Company Management and obtains from the management of the Company on a regular basis reasonable assurance that the Company's risk management policies for material risks are being adhered to. The Committee also reviews reports on material risks, including financial hedging activities and environment.



## EXHIBIT F - MANDATE OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

### 1. Corporate Governance

The Committee develops and monitors Company policy on corporate governance. The Committee ensures the Company's strict compliance with the corporate governance guidelines and standards of the legislative and regulatory authorities.

The Committee prepares the Company's Statement of Corporate Governance Practices for annual disclosure as required by the legislative and regulatory authorities.

Each year, the Committee supports the Chair of the Board of Directors of the Company (the "Board") in the conduct of an assessment of the effectiveness of the Board and its committees with respect to their mandate.

The Committee makes recommendations to the Board on the directors' compensation based on their involvement, duties, the risks they assume and on best Canadian practices. The Committee is also charged with regularly reviewing the indemnification procedure regarding directors' liability and directors' liability insurance coverage.

The Committee develops and provides an orientation and education program for new directors as well as a continuing education program for all directors. The program covers, among other things, the nature of the Company's operations, its strategies and what it expects from the directors.

The Committee oversees the application of the Code of ethics of the Directors, including whether conflicts of interest are properly identified, reviewed and resolved. The Committee monitors, reviews and provides guidance in respect of potential conflicts of interest and will make recommendations to the Board as to the actions to be taken, if necessary, with respect to any situation giving rise to a conflict of interest.

The Committee ensures that the policy on communications to shareholders and the general public is updated as needed and that Company Management discharges its responsibilities under the policy.

Lastly, the Committee receives and rules on requests of directors seeking to engage outside advisers at the Company's expense.

### 2. Candidates

The Committee's mandate also includes recommending candidates to the Board for election as directors of the Company by seeking persons who have the required knowledge, experience, integrity and availability and who meet the selection criteria set from time to time by the Committee to fill the position of director. The Committee considers each candidate's profile in light of the competencies and skills that each current director possesses, the competencies and skills that the Board, as a whole, should possess and finally the requirements that the Board considers relevant such as independence, absence of conflicts of interest, diversity and others. The Committee maintains an up-to-date directors' skills matrix. The Committee is responsible for the succession planning of the Board and elaborates the selection process for new directors. The Committee makes recommendations to the Board with respect to the appropriate number of directors to compose the Board. Upon recommendation from the Chair of the Board, the Committee proposes to the Board the nomination of committee members and committee Chairs. The Committee also recommends to the Board the director who will serve as Chair of the Board.

### 3. Outside advisor

The Committee has the authority to retain, at the expense of the Company, any outside advisor necessary to allow it to carry out its duties.

### 4. Composition

The Committee is made up of at least three (3) independent directors appointed by the Board. The Committee members are appointed by the Board.

## EXHIBIT G - LIST OF COMPETENCIES AND EXPECTATIONS OF DIRECTORS

The directors of Metro Inc., who represent a variety of business sectors, must each have the necessary competencies to promote the interests of all the shareholders of the Corporation and ensure that the Board of Directors works effectively and productively. This document constitutes a non-exhaustive list of the personal competencies and values which the directors of the Corporation should demonstrate as well as of the expectations with respect to such directors.

- 1. BACKGROUND AND EXPERIENCE** The directors of the Corporation must have superior experience, knowledge, competencies and a background which will allow them to make a significant contribution to the Corporation's Board of Directors and its committees.
- 2. INTEGRITY AND ACCOUNTABILITY** The directors of the Corporation must show integrity and respect the highest ethical and fiduciary standards, in particular those set forth in the code of ethics of the Corporation's directors.
- 3. KNOWLEDGE** The directors of the Corporation must have the appropriate knowledge to fulfill their duties well. Specifically, they must fully understand their role and duties and be able to read financial statements as well as understand the use of financial ratios and other measures of the Corporation's performance. They must also continually expand their knowledge of the Corporation's operations and the major trends in the business sector in which the Corporation operates.
- 4. CONTRIBUTION** The directors of the Corporation must significantly contribute to the proceedings and work of the Board and its committees including by expressing their point of view in an objective, logical and persuasive manner. They must be able to propose new ideas while keeping in mind the strategies of the Corporation and objectives that it must achieve.
- 5. TEAMWORK** The directors of the Corporation must work as a team in an effective and productive manner. They must show respect for others, specifically by listening to and taking the points of view of others into consideration.
- 6. AVAILABILITY, PREPARATION AND ATTENDANCE AT MEETINGS** The directors of the Corporation must be sufficiently available to fulfill their role properly. They must also adequately prepare themselves for all meetings of the Board and its committees and attend such meetings, except in exceptional circumstances.
- 7. ADVICE** The directors of the Corporation must exercise judgment based on sound information and solid reasoning as well as be able to provide wise and thoughtful advice on a wide range of issues.
- 8. VISION AND STRATEGY** The directors of the Corporation must always act in the best interests of the Corporation, of all its shareholders and all its stakeholders. To do so, they must have perspective and be able to think strategically. They must be able to anticipate future consequences and trends.

## EXHIBIT H - STATEMENT OF CORPORATE GOVERNANCE PRACTICES

---

**Canadian Securities Administrators  
Corporate Governance Guidelines and Disclosure  
Requirements**

**Observations**

---

**BOARD OF DIRECTORS**

- |   |  |
|---|--|
| <p>1. The board should have a majority of independent directors.</p>  | <p>1. The Board of Directors was comprised of a majority of independent directors, in that out of the 15 directors who served on the Board of Directors at one time or another during the 2018 financial year, 12 were considered independent directors. In order to determine if a director is independent, the Board of Directors reviews information provided by the directors or the nominees in a questionnaire which is annually completed by them. During the 2018 financial year, the independent directors serving on the Board were: Mses. Maryse Bertrand, Stephanie Coyles, Christine Magee, Marie-José Nadeau and Line Rivard and Messrs. Marc DeSerres, Claude Dussault, Russell Goodman, Marc Guay, Christian W.E. Haub, Michel Labonté and Réal Raymond. Messrs. Eric R. La Flèche and François J. Coutu cannot be considered independent because they hold senior executive positions within the Corporation or one of its subsidiaries. In addition to the foregoing, Mr. François J. Coutu cannot be considered independent because he is a shareholder and an executive of companies which own drugstores operating under the Jean Coutu Group banners and therefore carries a business relationship with the Corporation. Mr. Michel Coutu also cannot be considered independent as one of his family members, his brother François J. Coutu, is a senior executive of the Jean Coutu Group, a wholly-owned subsidiary of the Corporation.</p> <p>If, following the Meeting on January 29, 2019, the nominees proposed by the Corporation are elected, the Board of Directors will continue to be comprised of a majority of independent directors, in that 11 of the 14 proposed nominees are independent directors, namely the independent directors hereinabove mentioned.</p> <p>A record of attendance of each director at Board of Directors and Committee meetings held since the beginning of the Corporation's most recently completed financial year is included on page 18 of this Circular.</p> |
| <p>2. If a director is presently a director of any other reporting issuer, identify both the director and the other issuer.</p> | <p>2. The information pertaining to the directors who serve on the board of another reporting issuer can be found on pages 6 to 12 of this Circular. The Board of Directors has adopted a policy limiting the number of directorships of its directors to a maximum of four (4) public companies, including the Corporation. As well, no more than two (2) directors of the Corporation shall hold a director seat at the same board of another public company at the same time. Therefore, the Corporate Governance Committee of the Corporation shall take into consideration the directorships of potential nominees and shall not propose a slate of directors for election by shareholders if the election of</p>   |
-

---

those directors would result in more than two (2) directors holding a director seat at the same time at the same board of another public company. A director of the Corporation shall obtain the prior approval of the Corporate Governance Committee before submitting his or her candidacy as director of another public company.

- 
- |   |   |
|---|---|
| 3. The chair of the board should be an independent director.  | 3. The role and responsibilities of the Chair of the Board of Directors are described in Exhibit I to this Circular. Mr. Réal Raymond, Chair of the Board of Directors, is an independent director. |
| 4. The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. | 4. A meeting of the independent directors, chaired by the Chair of the Board, takes place at the end of each meeting of the Board of Directors.   |
- 

**BOARD MANDATE**

- |   |  |
|---|--|
| 5. The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer. | 5. The Board of Directors has adopted a written mandate in which it acknowledges its stewardship responsibility. The text of said mandate can be found in Exhibit C to this Circular. Every year, the Corporate Governance Committee reviews the mandate of the Board of Directors to determine if it requires updating, and in such case, makes the recommendations to this effect to the Board of Directors. |
|---|--|
- 

**POSITION DESCRIPTIONS**

- |   |   |
|---|---|
| 6. The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board should develop a clear position description for the president and CEO. The board should also develop or approve the goals and objectives that the president and CEO must meet. | 6. The Board of Directors has adopted a written mandate for the position of Chair of the Board of Directors, the text of which is included in Exhibit I to this Circular. The Board of Directors has also adopted a mandate for the position of Chair of each Board committee, the text of which is included in Exhibit J to this Circular. The mandate of the President and Chief Executive Officer is described in the Corporation's By-Laws. The President and Chief Executive Officer reports to the Board of Directors and his responsibilities include: i) directing and managing all of the Corporation's business, subject however to the powers vested exclusively to the Board of Directors or its shareholders; ii) without limiting the generality of the foregoing, establishing the objectives, action plans, policies and strategies of the Corporation and its subsidiaries and, with the approval of the Board of Directors, implementing same; and iii) performing all other tasks which may be assigned to him from time to time by the Board of Directors of the Corporation. |
|---|---|

At the beginning of each year, the President and Chief Executive Officer's objectives are approved by the Board of Directors, upon recommendation of the Human Resources Committee.

**ORIENTATION AND CONTINUING EDUCATION**

7. The board should ensure that all new directors receive a comprehensive orientation. All new directors should understand the nature and operation of the issuer's business. The board should provide continuing education opportunities for all directors.

7. There is a training and orientation program intended for new members of the Board of Directors. Pursuant to this program, the new directors are provided with reports on the Corporation's business operations and internal affairs. The new directors meet with the Chair of the Board of Directors and the President and Chief Executive Officer to discuss the operations of the Corporation and the Corporation's expectations towards each director. The Chair of the Board of Directors also informs new directors about the Corporation's corporate governance practices and, in particular, the role of the Board of Directors, its committees and each director. This program also allows new directors to visit the Corporation's main facilities and to meet the executive officers.

The Corporation acknowledges that a board of directors' good performance stems from directors who are well informed; as such, the Corporation provides each director with a handbook that contains relevant documentation and information about the Corporation, including the Information Policy and the Directors' Code of Ethics.

At each meeting of the Board of Directors, the directors have the opportunity to hear presentations given by executive officers on various topics regarding the Corporation's operations. The directors also take part, at least once a year, in organized visits of the Corporation's facilities and food stores. On a yearly basis, the Corporate Governance Committee reviews and suggests matters upon which information sessions for Board members would be appropriate. Board members also have the opportunity to share their interest in that regard. This year, two (2) sessions took place and focused on succession planning and shareholder engagement, which allowed Board members to keep themselves up-to-date on these fast changing aspects of corporate governance. All of the directors attended these sessions. Board members and executives attended a strategic planning session which also took place this year.

The Corporation ensures that all directors are members of the Institute of Corporate Directors ("ICD") and pays the cost of this membership. ICD is a member-based organization regrouping a community of directors in Canada and offering educational and training activities.

**BUSINESS ETHICS**

- |   |   |
|---|---|
| <p>8. The board should adopt a written code of business conduct and ethics. The code should be applicable to directors, officers and employees of the issuer.</p>   | <p>8. The Board of Directors has adopted a code of ethics for directors (the "Directors' Code of Ethics") and a Code of conduct for executives and employees. These codes are available on SEDAR (<a href="http://www.sedar.com">www.sedar.com</a>) and on the Corporation's corporate Internet website (<a href="http://www.corpo.metro.ca">www.corpo.metro.ca</a>). These codes address the elements recommended in Policy Statement 58-201 to Corporate Governance Guidelines of the Canadian Securities Administrators ("Policy Statement 58-201"). These codes also have provisions prohibiting employees and directors of the Corporation from short selling, directly or indirectly, the Corporation's securities or Options or trading in put or call options, as well as executive compensation clawback provisions (for further details on these provisions, please refer to the "Other Key Policies of the Corporation" section on page 49 of this Circular). The Board has also adopted a "Director Resignation Policy" which requires a director to offer his or her resignation to the Chair of the Board of Directors, same being subject to the approval of the Board of Directors, in the event that: i) such director no longer meets the legal requirements or those set forth by the Board of Directors; or ii) there is a material change in the functions of such director, responsibilities or tasks; or iii) such director has breached or noted a potential breach to the Directors' Code of Ethics.</p> |
| <p>9. The board should be responsible for monitoring compliance with the code of ethics. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.</p> | <p>9. The Corporate Governance Committee is responsible for overseeing compliance with the Directors' Code of Ethics. This committee is also responsible for reviewing the Directors' Code of Ethics to make sure that it is up to date and that it covers all regulatory requirements and corporate governance matters. The Human Resources Committee is responsible for overseeing compliance with the Code of conduct applicable to senior executives. The Corporation's Vice-President, Human Resources, makes recommendations to the Human Resources Committee whenever the Corporation's senior management deems that amendments need to be made to the Code of conduct. Furthermore, every year, or otherwise when needed, she reports to the Human Resources Committee on any non-compliance with the Code of conduct by senior executives of the Corporation. No waivers have been sought for directors or senior executives and there are no breaches to report in this respect.</p>  |
-

- |  |  |
|--|--|
| <p>10. The board must ensure that directors exercise independent judgment in considering transactions and agreements in which a director or executive officer has a material interest.</p> | <p>10. The Directors' Code of Ethics provides a definition of a conflict of interest that includes a non-exhaustive list of situations, real or apparent, where directors may be inclined to favour their interests over the interests of the Corporation, or where their loyalty or judgement may be affected. Directors must report to the Chair of the Board and to the Chair of the Corporate Governance Committee any real or apprehended situation that could give rise to a conflict of interest as soon as they become aware of the situation. The Corporate Governance Committee shall review any situation involving a conflict of interest or situation that could give rise to a conflict of interest and make recommendations to the Board. If a member of the Corporate Governance Committee is involved in the situation potentially giving rise to a conflict of interest, such member must be excluded from the Corporate Governance Committee's proceedings and the discussions relating to the matter. The Code of conduct applicable to senior executives specifies, among other things, that executives and employees must avoid situations of conflict of interests. Moreover, the Code of conduct applicable to senior executives specifies that: "Employees shall avoid situations where they may become involved, directly or indirectly, in a business similar to, or in competition with, METRO's or in any entity that does or seeks to do business with METRO". Every year, the directors and senior executives of the Corporation must declare all conflicts of interest in a questionnaire, and must furthermore notify the Corporation of any subsequent change in their situation. The Corporation's Vice-President, General Counsel and Corporate Secretary, reviews the directors' questionnaires and reports back to the Corporate Governance Committee about all actual or potential breach of the Directors' Code of Ethics regarding conflicts of interest. The Corporation's Vice-President, Human Resources, executes the same duties with respect to actual or potential conflicts of interest of any senior executives by informing, whenever necessary, the Human Resources Committee.</p> |
| <p>11. The board must take steps to encourage and promote a culture of ethical business conduct.</p>   | <p>11. The rules of conduct applicable to employees found in the Code of conduct specify, among other things, that all executives and employees must act with care, honesty, diligence, efficiency, commitment, loyalty and fidelity in order to ensure that the Corporation maintains a reputation of quality, dependability and integrity. The Code of conduct also requires that employees perform their duties in the best interest of the Corporation and its shareholders while respecting human rights and the law. In addition, not only does the Code of conduct incites employees to avoid all conflicts of interest throughout their work but said code also incites them not to accept gifts unless same qualifies as a business practice defined in the Code of conduct.</p>  |
-

As already mentioned, the Board of Directors amended in 2018 the clawback provisions of the Code of conduct to widen their scope. When hired, all employees must sign a form pursuant to which they acknowledge having read the Code of conduct and undertake to comply with same. They must also sign a disclosure of private interests form, which is updated on a regular basis.

All new candidates to the position of director receive a copy of the Directors' Code of Ethics, acknowledge in writing that they have read and understood said Code of Ethics and undertake to respect same. The list of competencies and expectations of directors provides that the directors of the Corporation must act with integrity and respect the highest ethical and fiduciary standards.

---

**NOMINATION OF DIRECTORS**

- |  |  |
|--|--|
| <p>12. The board should appoint a nominating committee composed entirely of independent directors.</p>   | <p>12. The Corporate Governance Committee is responsible for succession planning of the Board of Directors and recommending nominees to the Board of Directors for the position of directors of the Corporation. The committee is comprised of five (5) directors, all of whom are independent.</p>  |
| <p>13. The nominating committee should have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.</p> | <p>13. The Board of Directors has adopted a mandate for the Corporate Governance Committee as well as an administrative resolution governing the procedure of all committees. The Corporate Governance Committee, pursuant to these documents, carries all of the responsibilities recommended in Policy Statement 58-201, and its mandate further provides that it has the authority to retain the services of an external advisor, if need be. Every year, the Corporate Governance Committee reviews its mandate to determine if it requires updating and in such case, makes recommendations to this effect to the Board of Directors.</p> <p>For further details, the text of the Corporate Governance Committee's mandate is included in Exhibit F to this Circular.</p> |
| <p>14. Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps: consider what competencies and skills the board, as a whole, should possess and assess what competencies and skills each existing director possesses.</p>   | <p>14. The Board of Directors has established and adopted the "List of competencies and expectations of Directors", the text of which is included in Exhibit G to this Circular. In addition, the Corporate Governance Committee has also established a skills and experience matrix of the directors currently serving on the Board of Directors. This matrix showing the skills and experience of the nominees for the positions of director can be found on page 13 of this Circular. The Corporate Governance Committee ensures that the choice of nominees takes into account the competencies, experience and skills that the Board of Directors should overall possess, and reports back to the</p>   |
-



---

**Canadian Securities Administrators  
Corporate Governance Guidelines and Disclosure  
Requirements**

**Observations**

---

Board of Directors accordingly.

- 
- |  |   |
|--|---|
| 15. The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making by the board.  | 15. The Board of Directors examines its size on a yearly basis. Regarding the upcoming year, the Board of Directors has concluded that it would remain efficient with 14 members. The Board of Directors considers that its composition allows a diversity of point of views without hindering its efficiency.  |
| 16. The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.  | 16. The Corporate Governance Committee is responsible for identifying and recommending to the Board of Directors new nominees for the position of director. As such, the committee maintains an "evergreen" list of potential nominees. Prior to the selection of any new nominee for the position of director, the Chair of the Board of Directors, the President and Chief Executive Officer and the Chair of the Corporate Governance Committee meet with the potential nominee in order to evaluate his or her competencies and independence. |
| 17. In making its recommendations, the nominating committee should consider the competencies and skills that the board considers to be necessary for the board, as a whole, to possess and those that the board considers each existing director and new nominee to possess. | 17. The Corporate Governance Committee ensures that the Board of Directors possesses all of the required competencies, experience and skills. It also ensures that all nominees for the position of director possess all required competencies, experience and skills to complete the Board's team and carry out its mandate efficiently.   |

---

**COMPENSATION**

- |   |   |
|---|---|
| 18. The board should appoint a compensation committee composed entirely of independent directors.   | 18. The Human Resources Committee is comprised of five (5) directors, all of whom are independent.  |
| 19. The compensation committee should have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations and the manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. | 19. The Board of Directors has adopted a mandate for the Human Resources Committee as well as an administrative resolution governing the procedure of all committees. The Human Resources Committee, pursuant to these documents, carries all of the responsibilities recommended in Policy Statement 58-201, and its mandate further provides that it has the authority to retain the services of an external advisor, if need be. Every year, the Human Resources Committee reviews its mandate to determine if it requires updating and in such case, makes recommendations to this effect to the Board of Directors.<br><br>For further details, the text of the Human Resources Committee's mandate is included in Exhibit D to this Circular. |
-

---

**Canadian Securities Administrators  
Corporate Governance Guidelines and Disclosure  
Requirements**

**Observations**

20. The compensation committee should be responsible for: reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation; making recommendations to the board with respect to non-CEO officer compensation, incentive-compensation plans and equity-based plans and reviewing executive compensation disclosure before the issuer publicly discloses this information.

20. These responsibilities are specified in the Human Resources Committee's mandate. The "Executive Compensation" section, which can be found on pages 24 to 50 of this Circular, indicates the manner in which the Human Resources Committee performs its task.

The directors' compensation is recommended to the Board of Directors by the Corporate Governance Committee. Such recommendation is based on the compensation paid to directors of the companies included in the reference group, the directors' involvement, their responsibilities and the risks which they assume, as well as the best practices in Canada.

---

**OPERATIONS OF THE BOARD OF DIRECTORS**

21. Identify the standing committees of the board other than the audit, nominating and compensation committees, and describe their function.

21. The standing committees of the Board of Directors are: the Human Resources Committee, the Audit Committee and the Corporate Governance Committee. The texts of these committees' mandates are included in Exhibits D, E and F to this Circular.

22. The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution.

22. The Corporate Governance Committee is responsible for overseeing the Corporation's corporate governance matters. Said committee assesses on an annual basis the overall effectiveness of the Board of Directors, of its committees and of each of its members using a questionnaire which is distributed to each director, and submits its conclusions to the Board of Directors. Every year, said committee ensures that the mandate of each committee of the Board of Directors is carried out. The committee's assessment also pertains to the manner in which the Chair of the Board of Directors and the Chairs of each committee fulfill their duties.

The individual assessment of each member of the Board of Directors consists of a five-part questionnaire completed by each director. The first part consists of an analysis of the corporate governance practices of the Board of Directors as a whole. The second and third parts focus on the effectiveness and performance of the Board, the Board committees and their respective chairs. The fourth part consists of an assessment by each director of his or her own performance as well as all other directors' performance. Finally, the fifth part is intended to be more open-ended and seeks additional comments that may not have been addressed in the questionnaire. Each director must complete the questionnaire and is invited to provide any additional comments. This assessment is completed and followed by meetings between the Chair of the Board of Directors and each director.

The results of this analysis are reviewed by the Corporate

---

**Canadian Securities Administrators  
Corporate Governance Guidelines and Disclosure  
Requirements**

---

**Observations**

Governance Committee. The Corporate Governance Committee Chair submits a complete report of said analysis results to the Board of Directors and, in light of the foregoing, the Chair of the Board of Directors, with the help of the Corporate Governance Committee, assesses the process, the effectiveness and/or the need for change in the composition of the Board of Directors and its committees or with respect to their Chairs.

Following the Corporate Governance Committee and the Board of Directors' analysis of the above mentioned report, management is advised of the relevant recommendations for improvements, in particular with respect to training and development programs for directors, which require its involvement.

---

## **EXHIBIT I - MANDATE OF THE CHAIR OF THE BOARD OF DIRECTORS**

The mandate of the Chair of the Board of Metro Inc. (the "Corporation") sets out the responsibilities of the Chair of the Board and what is expected of him. These responsibilities and expectations are in addition to the Chair of the Board's responsibilities pursuant to legislation. The Chair of the Board shall also have the responsibilities and powers assigned to the Chair of the Board pursuant to the Corporation's articles and by-laws as well as those which may be specifically assigned to the Chair of the Board from time to time by the Board of Directors.

The Chair of the Board of the Corporation has the following responsibilities:

### **Effectiveness of the Board**

The Chair:

- ensures that the members of the Board of Directors work as a team, in an effective and productive manner, and demonstrates the necessary leadership to achieve this objective;
- ensures that the Board of Directors has the administrative support necessary to perform its work;
- ensures that the directors receive the appropriate information to perform their duties.

### **Management of the Board**

The Chair:

- ensures that the Board of Directors fulfills its mandate;
- chairs the meetings of the Board of Directors and those of the external directors;
- establishes with the President and Chief Executive Officer the agenda for each meeting of the Board of Directors;
- takes the necessary measures so that the meetings of the Board of Directors are effective and productive and that an appropriate period of time is set aside to study and consider each item on the agenda;
- once the potential nominees for the position of director of the Corporation have been identified by the Corporate Governance and Nominating Committee, meets with such nominees to explore their interest and aptitude to sit on the Corporation's Board of Directors;
- meets with all Board members and seeks their feedback on Board and committee effectiveness and other matters;
- when deemed appropriate, attends the meetings of Board committees and provides comments and advice to members of these committees, as needed.

### **Senior executives, shareholders and other stakeholders of the Corporation**

The Chair:

- fosters a strong working relationship between the Board of Directors and senior management. Specifically, the Chair periodically meets with the President and Chief Executive Officer to discuss issues relating to governance and the Corporation's results, and keeps the President and Chief Executive Officer informed of any comments and advice of directors;
- chairs meetings of shareholders;
- together with the President and Chief Executive Officer, fosters strong relationships between the Corporation and key stakeholders including investors and shareholders;
- ensures that the Board participates in the strategic development of the Corporation.

## **EXHIBIT J - MANDATE OF COMMITTEE CHAIRS**

The mandate of the chairs of Metro Inc.'s Board committees sets out the responsibilities of each committee chair and what is expected of him. The chair of a committee has the following responsibilities:

### **EFFICIENCY OF THE COMMITTEE**

- the Chair ensures that the members of the committee work as a team, in an effective and productive manner, and demonstrates the necessary leadership to achieve this objective;
- the Chair ensures that the committee has the administrative support necessary to perform its work;
- the Chair ensures that the directors receive the appropriate information to perform their duties.

### **MANAGEMENT OF THE COMMITTEE**

- the Chair ensures that the committee fulfills its mandate;
- the Chair chairs the meetings of the committee;
- the Chair establishes with the Chair of the Board and the President and Chief Executive Officer the agenda for each meeting of the committee;
- the Chair takes the necessary measures so that the meetings of the committee are effective and productive and an appropriate period of time is set aside to study and consider each item on the agenda;
- each committee Chair periodically provides the Board with a report on the work and all the decisions or recommendations of the committee.