Notice of 2020 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 28, 2020 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.

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VOTE BY PROXY

Internet

Phone

Fax

Mail

For more information regarding how to vote your shares, please refer to pages 2 to 4 of this Circular.

Please vote early to ensure that the voting rights associated to your shares are exercised during the Meeting. AST Trust Company (Canada), our transfer agent, must have received your vote by 10:00 a.m. (Eastern Standard Time), on January 27, 2020.

Detailed voting instructions are provided on page 2 of this Circular.

Your vote is important!

Notice of 2020 Annual General Meeting of Shareholders

When

Tuesday, January 28, 2020 at 10:00 a.m. (Eastern Standard Time)

Where

Centre Mont-Royal, 2200, Mansfield Street, Montréal (Québec)

Business of the Meeting

1. receiving the Consolidated Financial Statements of the Corporation for the financial year ended September 28, 2019 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 5 of the Management Proxy Circular (the "Circular");
5. 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 12, 2019 are entitled to receive notice of, to attend and to vote at this Meeting.

Documents related to the Meeting

METRO INC. 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 website (www.corpo.metro.ca/en/investor-relations/annual-general-meeting.html) or on SEDAR (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.

If paper copy of the Meeting materials is required, we recommend sending the request as soon as possible, and ideally before January 16, 2020, in order to allow shareholders sufficient time to receive and review said Meeting materials and return the form of proxy or voting instruction form in the prescribed time.

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 form of proxy or voting instruction form at their earliest convenience, but before 10:00 a.m. (Eastern Standard Time) on January 27, 2020.

By order of the Board of Directors,

Simon Rivet
Corporate Secretary
Montréal, Québec
December 12, 2019

1. Voting information

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 28, 2020, 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.

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, over the 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.

1.1 How to vote

Holders of shares of record at the close of business in Montréal, Québec, on December 12, 2019 (the "Record Date") will be entitled to attend the Meeting and any adjournment thereof and exercise the voting rights attached to their shares.

As at December 4, 2019, there were 254,226,006 shares of the Corporation issued and outstanding. You are either a registered shareholder or a non-registered shareholder. You can vote in both cases, but the voting instructions vary depending on your status. The Corporation's transfer agent is AST Trust Company (Canada) ("AST").

Registered shareholders

You are a registered shareholder if your name appears on a share certificate or on a direct registration statement of our transfer agent, AST. If you receive a form of proxy, it means that you are a registered shareholder.

Voting rights exercised by proxy

Voting instructions can be given in multiple manners:

Internet
Go to www.astvotemyproxy.com and follow the instructions.

Phone
Dial 1-888-489-7352 and follow the instructions.

Fax
Fill your form of proxy and return it to 1-866-781-3111 (Canada and United States) or to 416-368-2502 (other countries) or scan and send your form of proxy by email at proxyvote@astfinancial.com.

Mail
Return your filled form of proxy in the included prepaid envelope at:
AST Trust Company (Canada)
C.P. 721
Agincourt (Ontario) M1S 0A1

All forms of proxy must be received by 10:00 a.m. (Eastern Standard Time) on January 27, 2020.

Voting in person

If you wish to vote in person at the Meeting, you do not have to return a form of proxy. You must register with a representative of AST when you arrive at the Meeting. An in-person vote at the Meeting will cancel any vote submitted through a form of proxy before the Meeting.

Non-registered shareholders

You are a non-registered shareholder when an intermediary (a bank, a trust company, a broker or another financial institution) holds your shares in your benefit. If you receive a voting instruction form, it means you are a non-registered shareholder.

Voting rights exercised by proxy

Your intermediary will provide voting instructions in its voting instruction form. Please refer to the voting instruction form provided by your intermediary.

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.

All voting instruction forms must be returned to your intermediary by 10:00 a.m. (Eastern Standard Time) on January 27, 2020.

Voting in person

If you wish to vote in person at the Meeting, you must name yourself as proxyholder in the space provided for such purpose on your voting instruction form. To do so, you have to write your name on the voting instruction form and return it following the instructions provided. You are also required to sign in with a representative of AST before attending the Meeting.

QUESTIONS

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.

1.2 Appointment of a proxyholder

As a shareholder, you have the right to appoint another person (a "Proxyholder") to attend the Meeting and exercise your voting rights. **You have the right to appoint a Proxyholder other than the persons whose names already appear as Proxyholders in the form of proxy or voting instruction form, by inserting the name of the Proxyholder of your choice in the blank space provided for that purpose in the form of proxy or voting instruction form.** The Proxyholder needs not be a shareholder of the Corporation. If the shareholder is a corporation, the form of proxy or voting instruction 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 form of proxy or voting instruction form.

1.3 Revocation of a proxy

A shareholder who executes and returns the form of proxy or voting instruction 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, before the proxy or voting instruction form is acted upon at the Meeting or any adjournment thereof.

1.4 Exercise of discretion

The form of proxy, 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.

Unless contrary instructions are indicated in the form of proxy or voting instruction form, your voting rights will be exercised as follows:

✓ **FOR electing each director nominated by management**

✓ **FOR the re-appointment of Ernst & Young LLP, Chartered Professional Accountants as external auditors of the Corporation**

✓ **FOR the advisory resolution on executive compensation**

1.5 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 form of proxy 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 (www.corpo.metro.ca/en/investor-relations/annual-general-meeting.html) or on SEDAR (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.

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 16, 2020 to ensure timely receipt. If you request a paper copy of the materials, please take note that no additional form of proxy 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.

1.6 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 4, 2019, there were 254,226,006 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 4, 2019, exercised or claimed to exercise beneficial ownership, control or direction over 10% of the Corporation's Shares was:

Name	Approximate number of Shares	Approximate percentage of Shares
Fidelity Management & Research Company[1]	47,067,594	18.51%

[1] On the basis of the information available on SEDAR (www.sedar.com).

2. Business of the Meeting

2.1 Receiving the financial statements

The Consolidated Financial Statements of the Corporation for the financial year ended September 28, 2019 and the report of the independent auditors thereon will be submitted at the Meeting. These Consolidated Financial Statements appear in the Corporation's 2019 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) as well as on the Corporation's corporate Internet Website (www.corpo.metro.ca/en/investor-relations/annual-general-meeting.html).

2.2 Electing 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 Director has set at 13 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" with respect to the election in an uncontested election of directors during an annual general meeting of the shareholders will promptly offer his or her resignation to the Chair of the Board following said meeting of shareholders. The Corporate Governance and Nominating Committee (the "Corporate Governance 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 offer to resign, 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.

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

Management recommends voting **"FOR"** the election of each of the 13 candidates.

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

2.3 Appointing the auditor

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. For more information on the review of the quality of the work of the Auditors, please refer to page 18 of this Circular.

The Board of Directors and management are recommending that shareholders vote "**FOR**" the appointment of Ernst & Young LLP as auditors of the Corporation.

Unless contrary instructions are indicated, the Proxyholders in the form of proxy 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.

AUDITOR'S INDEPENDENCE

For the 2019 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 28, 2019 and September 29, 2018, the following fees were billed by the Auditors for audit services, audit-related services, tax services and other services provided by the Auditors:

	2019	2018
Audit fees	$2,139,457	$1,987,172
Audit-related fees	$381,601	$310,039
Tax fees	$154,011	$563,566
All other fees	—	—
Total	**$2,675,069**	**$2,860,777**

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.

2.4 Considering an advisory resolution 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 on the Corporation's approach to executive compensation at each annual general meeting of the shareholders. The Corporation's approach to executive compensation is further described in the "Executive Compensation Discussion and Analysis" section on pages 23 to 38 of this Circular.

At the 2019 annual general meeting of shareholders, the Corporation's approach to executive compensation was approved by 96.31% 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 2020 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 Discussion and Analysis" section on pages 23 to 38 of this Circular.

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

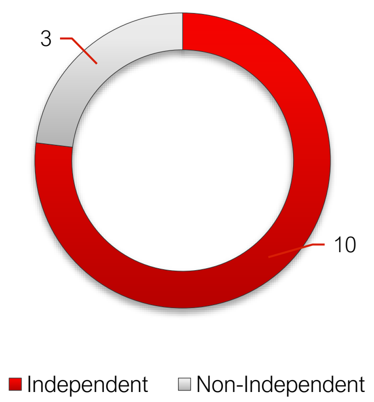
Unless contrary instructions are indicated, the Proxyholders in the form of proxy or voting instruction form intend to vote "FOR" the advisory resolution on executive compensation. It should be noted that to be adopted, this resolution requires a favorable vote of a simple majority of the votes cast.

2.5 Shareholder proposal

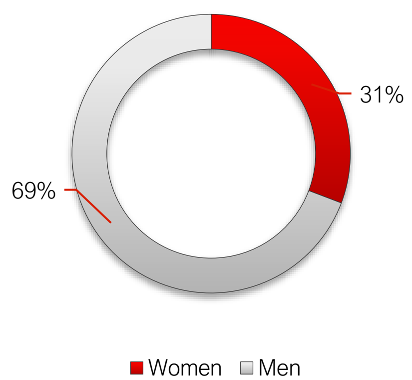
Exhibit A to this Circular sets forth one (1) proposal received from a shareholder. However, since the Corporation already has in place measures to ensure the sustainability of its environmental, social and corporate governance ("ESG") approach and a section on environmental, social and corporate governance has been included on page 48 of this Circular, it was agreed with the shareholder not to present the proposition for a vote at the Meeting.

3. Information on director nominees

SIZE OF THE BOARD AND INDEPENDENCE



GENDER DIVERSITY



TOTAL EQUITY HOLDINGS OF DIRECTOR NOMINEES

The following table discloses the total holdings in Shares and deferred share units ("DSUs") of the director nominees as of December 4, 2019 and December 6, 2018. The total value of Shares and DSUs is determined by multiplying the number of Shares and DSUs held by each director nominee by the closing price of the Shares on the Toronto Stock Exchange on December 4, 2019 ($57.58) and on December 6, 2018 ($45.92).

	December 4, 2019	December 6, 2018
Shares	326,393	355,481
DSUs	201,800	179,779
Total value	**$30,413,353**	**$24,579,139**

DIRECTOR NOMINEES

Nominees for the position of director are the current directors of the Corporation, except for Ms. Marie-José Nadeau and Mr. Marc DeSerres who will be retiring.

Unless contrary instructions are indicated, the persons named as Proxyholder in the form of proxy or voting instruction form intend to vote "FOR" the election, as directors of the Corporation, of each of the 13 nominees whose names are set forth herein.

The Board of Directors considers that the composition of the group of proposed director nominees as well as the number of individuals in that group will allow the Board to function efficiently, in the Corporation's and its stakeholders' best interests.

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 form of proxy 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, information relating to their board and committee meeting attendance and 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 Bertrand and Mr. Russell Goodman who both serve on the board of directors of Gildan Activewear Inc. and for Ms. Maryse Bertrand and Mr. Pierre Boivin who both serve on the board of directors of the National Bank of Canada.

Maryse Bertrand

Ad. E.

Westmount (Québec) Canada

Corporate Director

Age: **60**

Status: **Independent**

Director since: **2015**

2019 annual meeting votes in favour: **99.54%**

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. She is also the Chair of the board of directors of the Institute of Corporate Directors (ICD) (Quebec Chapter). 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 Philips & 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 for her exceptional contribution to the legal profession. Ms. Bertrand holds a Bachelor's degree in Civil Law (B.C.L.) from McGill University and a Master's degree in Risk Management from New York University (Stern School of Business).

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Audit	5/5	—	5/5
Corporate Governance	4/4	—	4/4
Total attendance		**100%**	

Other public company board membership

	Since
Gildan Activewear Inc.	2018
National Bank of Canada	2012

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	1,800[3]	1,800[3]
DSUs	8,232	6,970
Total value at risk	**$577,643**	**$402,718**
Value at risk as multiple of base annual retainer[2]	5.25	4.74
Variation	**43%**	

Minimum holding requirement met	Target
✓	3 x base annual retainer

Pierre Boivin

Montréal (Québec) Canada

President and Chief Executive Officer –Claridge Inc.

Age: **66**

Status: **Independent**

Director since: **2019**

2019 annual meeting votes in favour: **n/a**

Mr. Boivin is President and Chief Executive Officer of Claridge Inc., a private investment firm. He is also a member of the board of directors of the National Bank of Canada, the Canadian Tire Corporation, Limited and the CH Group Inc., which manages the activities of the Club de Hockey Canadien, Bell Centre, evenko and L'Équipe Spectra Inc. Since 2017, he has been involved in the development of artificial intelligence in Quebec and Canada. From 1999 to 2011, Mr. Boivin was President and Chief Executive Officer of the Club de hockey Canadien Inc., the Bell Centre and evenko. He studied Commerce at McGill University. Mr. Boivin was named Chevalier de l'Ordre national du Québec in 2017. In 2009, the Université de Montréal awarded him an honorary Doctorate and he was appointed Officer of the Order of Canada.

Meeting attendance during the 2019 financial year[4]

	Regular	Ad hoc	Total
Board	1/1	—	1/1
Corporate Governance	0/0	—	0/0
Human Resources	1/1	—	1/1
Total attendance		**100%**	

Other public company board membership

	Since
Canadian Tire Corporation, Limited	2013
National Bank of Canada	2013

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	—	—
DSUs	34	—
Total value at risk	**$1,958**	—
Value at risk as multiple of base annual retainer [2]	0.02%	—
Variation	n/a	

Minimum holding requirement met	Target
September 23, 2022	3 x base annual retainer

François J. Coutu

Montréal (Québec) Canada

Corporate Director

Age: **64**

Status: **Non-Independent**

Director since: **2018**

2019 annual meeting votes in favour: **97.31%**

Mr. Coutu has held various management positions within The Jean Coutu Group (PJC) Inc. over a period of more than 25 years, including President and Chief Executive Officer from 2007 to 2018 and President until May 31, 2019, 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 a director 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.

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Total attendance		**100%**	

Other public company board membership

n/a

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	—	—
DSUs	414	—
Total value at risk	**$23,838**	—
Value at risk as multiple of base annual retainer [2]	**0.22**	—
Variation	**n/a**	

Minimum holding requirement met	Target
May 11, 2021	3 x base annual retainer

Michel Coutu

Town of Mount Royal (Québec) Canada

President – MMC Investments Inc.

Age: **66**

Status: **Non-Independent**

Director since: **2018**

2019 annual meeting votes in favour: **98.12%**

Mr. Coutu has been President of MMC Investments 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 was 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 Doctorate *Honoris Causa* from the Massachusetts College of Pharmacy and Health Sciences.

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Total attendance		**100%**	

Other public company board membership

n/a

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	180	180
DSUs	2,935	811
Total value at risk	**$179,362**	**$45,507**
Value at risk as multiple of base annual retainer [2]	**1.63**	**0.54**
Variation	**294%**	

Minimum holding requirement met	Target
May 11, 2021	3 x base annual retainer

Stephanie Coyles
Toronto (Ontario) Canada

Corporate Director
Age: **52**
Status: **Independent**
Director since: **2015**

2019 annual meeting votes in favour: **99.78%**

Ms. Coyles is a director and member of the Audit Committee and the Governance, Nomination and Investment Committee of Sun Life Financial Inc., as well as a director and member of the Audit Committee and of the Human Resources and Compensation Committee of Hudson's Bay Company. She was a member of the board of directors of Postmedia Network Inc. in 2016. Prior to becoming a corporate director, Ms. Coyles was Chief Strategic Officer at LoyaltyOne Co. from 2008 to 2012 and, before that, spent most of her career as a management consultant and eventually as a partner at McKinsey & 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) and completed a CERT certificate in cybersecurity oversight from Carnegie Mellon University.

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Audit	5/5	—	5/5
Total attendance		**100%**	

Other public company board membership

	Since
Hudson's Bay Company	2019
Sun Life Financial Inc.	2017

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	1,000	1,000
DSUs	11,649	9,389
Total value at risk	**$728,329**	**$477,063**
Value at risk as multiple of base annual retainer [2]	**6.62**	**5.61**
Variation	**53%**	

Minimum holding requirement met	Target
✓	3 x base annual retainer

Claude Dussault
Québec (Québec) Canada

President – ACVA Investing Corporation
Age: **65**
Status: **Independent**
Director since: **2005**

2019 annual meeting votes in favour: **94.14%**

Mr. Dussault is President of ACVA Investing Corporation, a private portfolio management company, and has also been chair of the board of directors of Intact Financial Corporation since January 1, 2008. 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 University of Pennsylvania (Wharton School of Business).

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Human Resources (Chair)	4/4	—	4/4
Corporate Governance	4/4	—	4/4
Total attendance		**100%**	

Other public company board membership

	Since
Intact Financial Corporation	2000

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	12,000	12,000
DSUs	39,586	37,741
Total value at risk	**2,970,322$**	**$2,284,107**
Value at risk as multiple of base annual retainer[2]	**27.00**	**26.87**
Variation	**30%**	

Minimum holding requirement met	Target
✓	3 x base annual retainer

Russell Goodman
FCPA, FCA
Lac-Tremblant-Nord (Québec) Canada

Corporate Director
Age: **66**
Status: **Independent**
Director since: **2012**

2019 annual meeting votes in favour: **98.46%**

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Audit (Chair)	5/5	—	5/5
Corporate Governance	4/4	—	4/4
Total attendance		**100%**	

Other public company board membership

	Since
Gildan Activewear Inc.	2010
Northland Power Inc.	2014

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 IG Wealth Management 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 and is a Fellow of the Order of Professional Chartered Accountants of Québec. He is a recipient of the Governor General of Canada's Sovereign's medal for Volunteers and is a member of the Canadian Ski Hall of Fame. He is also a graduate of the Directors Education Program of the Institute of Corporate Directors (ICD).

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	8,100	8,100
DSUs	11,272	9,822
Total value at risk	**$1,115,440**	**$822,978**
Value at risk as multiple of base annual retainer [2]	10.14	9.68
Variation	**36%**	

Minimum holding requirement met	Target
✓	3 x base annual retainer

Marc Guay
Oakville (Ontario) Canada

Corporate Director
Age: **61**
Status: **Independent**
Director since: **2016**

2019 annual meeting votes in favour: **99.98%**

Meeting attendance during the 2019 financial year[5]

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Audit	5/5	—	5/5
Human Resources	2/2	—	2/2
Total attendance		**100%**	

Other public company board membership

	Since
Boston Pizza Royalties Income Fund	2018

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 was named Chair of the board of trustees in 2019. He is 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 the Advanced Executive Program of Northwestern University (Kellogg School of Business). He is a graduate of the Directors Education Program of the Institute of Corporate Directors (ICD).

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	3,350	3,350
DSUs	7,307	5,342
Total value at risk	**$613,630**	**$399,137**
Value at risk as multiple of base annual retainer [2]	5.58	4.70
Variation	**54%**	

Minimum holding requirement met	Target
✓	3 x base annual retainer

Christian W. E. Haub
Greenwich (Connecticut)
United States

Chief Executive Officer – The Tengelmann Group

Age: **55**

Status: **Independent**

Director since: **2006**

2019 annual meeting votes in favour: **94.36%**

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Human Resources	4/4	—	4/4
Total attendance		**100%**	

Other public company board membership

n/a

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 & 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.

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	13,500	13,500
DSUs	55,737	52,789
Total value at risk	**$3,986,666**	**$3,043,991**
Value at risk as multiple of base annual retainer [2]	**36.24**	**35.81**
Variation	**31%**	

Minimum holding requirement met	Target
✓	3 x base annual retainer

Eric R. La Flèche
Town of Mount Royal (Québec)
Canada

President and Chief Executive Officer of the Corporation

Age: **57**

Status: **Non-Independent**

Director since: **2008**

2019 annual meeting votes in favour: **98.24%**

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Total attendance		**100%**	

Other public company board membership

	Since
Bank of Montreal	2012

Mr. La Flèche has been 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 the Harvard Business School. He is a director and member of the Human Resources Committee of the Bank of Montreal. Mr. La Flèche is involved with several not-for-profit organizations, including Centraide of Greater Montréal.

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	266,438	266,438
DSUs[6]	—	—
Total at risk value	**$15,341,500**	**$12,234,833**
Value at risk as multiple of base annual retainer [6]	**—**	**—**
Variation	**25%**	

Minimum holding requirement met[7]	Target
✓	5 x base salary

Christine Magee

Oakville (Ontario) Canada

Chair of the board of directors – Sleep Country Canada Holdings Limited

Age: **60**

Status: **Independent**

Director since: **2016**

2019 annual meeting votes in favour: **98.70%**

Ms. Magee is co-founder and chair of the board of directors of Sleep Country Canada Holdings Inc. where she also assumed the role of President from 1994 to 2014. Ms. Magee serves on the board of directors of TELUS Corporation where she is a member of the Audit Committee and also serves on the board of directors of different not-for-profit organizations (Trillium Health Partners, Plan International Canada, The Talent Fund and the University of Western Ontario Entrepreneurship Advisory Council). 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. 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.

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Corporate Governance	4/4	—	4/4
Total attendance		**100%**	

Other public company board membership

	Since
Sleep Country Canada Holdings Inc.	2015
TELUS Corporation	2018

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	1,125	1,125
DSUs	8,947	6,728
Total value at risk	**$579,946**	**$360,610**
Value at risk as multiple of base annual retainer [2]	**5.27**	**4.24**
Variation	**61%**	

Minimum holding requirement met	Target
✓	3 x base annual retainer

Réal Raymond

Montréal (Québec) Canada

Chair of the Board of the Corporation

Age: **69**

Status: **Independent**

Director since: **2008**

2019 annual meeting votes in favour: **99.01%**

Mr. Raymond has been 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.

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Total attendance		**100%**	

Other public company board membership

n/a

Information on equity holdings

	December 4, 2019[1]	December 6, 2018[1]
Shares	18,000	18,000
DSUs	39,172	36,198
Total value at risk	**$3,291,964**	**$2,488,772**
Value at risk as multiple of base annual retainer [2]	**13.17**	**9.96**
Variation	**32%**	

Minimum holding requirement met	Target
✓	3 x base annual retainer

Line Rivard
Montréal (Québec) Canada

Corporate Director

Age: **60**

Status: **Independent**

Director since: **2014**

2019 annual meeting votes in favour: **99.96%**

Meeting attendance during the 2019 financial year

	Regular	Ad hoc	Total
Board	6/6	—	6/6
Audit	5/5	—	5/5
Human Resources	4/4	—	4/4
Total attendance		**100%**	

Other public company board membership

n/a

Ms. 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).

Information on equity holdings

	December 4, 2019[(1)]	December 6, 2018[(1)]
Shares	900	900
DSUs	16,515	13,989
Total value at risk	**$1,002,756**	**$683,703**
Value at risk as multiple of base annual retainer [(2)]	9.12	8.04
Variation	**47%**	

Minimum holding requirement met	Target
✓	3 x base annual retainer

Notes on the tables of director nominees:

(1) Total value at risk is calculated by using the Shares' closing price on the Toronto Stock Exchange on December 4, 2019 ($57.58) and on December 6, 2018 ($45.92).

(2) Calculated using the annual base retainer as of September 28, 2019 ($110,000) and as of September 29, 2018 ($85,000).

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

(4) Mr. Boivin was appointed director of the Corporation effective September 23, 2019 at which time he also became member of the Human Resources and the Corporate Governance and Nominating Committees.

(5) Mr. Guay became a member of the Human Resources Committee in January 2019.

(6) As President and Chief Executive Officer of the Corporation, Mr. La Flèche does not receive compensation for acting as director and does not receive DSUs.

(7) As President and Chief Executive officer of the Corporation, Mr. La Flèche is not subject to the Corporation's shareholding guidelines for directors. He is subject to shareholding requirements for executive officers. More information on these requirements can be found in the "Shareholding requirements for NEOs" section at page 32 of this Circular.

3.1 Director nominees' skills and experience matrix

The Board of Directors and the Corporate Governance Committee believe that directors should possess two (2) types of qualifications:

i) general qualifications that all directors must exhibit; and
ii) particular skills and experience that should be represented on the Board as a whole, but not necessarily by each director.

The Corporate Governance Committee strives to maintain an engaged, independent board with broad diverse experience and judgment that is committed to representing the long-term interests of its shareholders and stakeholders. As such, to serve on the Board, all directors must have extensive experience, meet expectations and have the core competencies listed in Exhibit F, 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 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.

	M. Bertrand	P. Boivin	F. J. Coutu	M. Coutu	S. Coyles	C. Dussault	R. Goodman	M. Guay	C. W. E. Haub	E. R. La Flèche	C. Magee	R. Raymond	L. Rivard
Independence	✓	✓			✓	✓	✓	✓	✓		✓	✓	✓
Leadership: CEO / Senior officer of public or private company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Prior or current public company board experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial / Accounting	✓	✓			✓	✓	✓	✓		✓	✓	✓	✓
Real estate	✓		✓	✓			✓		✓	✓	✓		✓
Retail / Marketing			✓	✓	✓			✓	✓	✓	✓		✓
Human resources / Compensation	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Digital / Ecommerce / Information technology		✓			✓	✓				✓			
Supply chains			✓	✓	✓			✓	✓	✓	✓		
Social & environmental responsibility	✓	✓				✓		✓		✓	✓	✓	

On average, director nominees have 6.7 years of experience as directors of the Corporation and their years of service go up to 14.9 years.

Additional information on the director 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 2019 Annual Information Form (the "Annual Information Form"). The Annual Information Form is available on SEDAR (www.sedar.com) as well as on the Corporation's corporate Internet Website (www.corpo.metro.ca).

3.2 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.

In addition, 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 Committee of the Corporation takes into consideration the directorships of potential director nominees and does not propose a slate of directors for election by shareholders if the election of those directors would result in more than two (2) simultaneous situations where two (2) directors hold a director seat at the same board of another public company. A director of the Corporation must obtain the prior approval of the Corporate Governance Committee before submitting his or her candidacy as director of another public company.

3.3 Diversity

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* 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 four (4) women among the group of 13 nominees for the position of director representing 31 % of the Corporation's directors. The Corporation will continue to meet its 30% target in gender diversity as it has since 2015. The Corporation will continue to measure its diversity policy's efficiency with regards to its target on an annual basis to ensure it continues to meet or exceed the target.

In making its decision to select a director nominee, the Corporate Governance Committee takes into consideration the profiles of each director already serving on the Board and aims to foster diversity, particularly in terms of competence, experience, skills, geographical representation, and personal attributes, including the representation of men and women on the Board of Directors. For more information on director succession planning, please refer to section "Director succession planning" below.

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 guidelines and policies for the recruitment and the succession planning processes, which the Corporation considers to be more efficient to favour the representation of women. The Corporation reviews the effectiveness of its diversity policy applicable to its employees every two (2) years and will make changes as may be necessary.

The table below illustrates the representation of women on the Board of Directors as well as, at the senior management and management levels for the last three (3) financial years:

	Board of Directors				Senior management[2]			Management (excluding senior management)		
	Target	Number of women	Total number	% of women	Number of women	Total number	% of women	Number of women	Total number	% of women
2020 Financial year[1]	30%	4	13	31%	—	—	—	—	—	—
2019 Financial year	30%	5	15	33%	9	55	16%	99	290	34%
2018 Financial year	30%	5	14[3]	36%[3]	12	57	21%	92	277	33%

Notes:

(1) In accordance with the nominees proposed in this Circular.

(2) This group includes the President and Chief Executive Officer of the Corporation and the Vice-Presidents of the Corporation and its major subsidiaries.

(3) This value has been restated from the value indicated in the Management Proxy Circular of the preceding financial year.

3.4 Director succession planning

The Board of Directors recognizes the importance of ensuring proper succession planning for its directors. The Board has delegated its responsibilities in the recruitment and succession planning of candidates to the Board of Directors to the Corporate Governance Committee.

The Corporate Governance Committee reviews the competence, experience and skills of each of the nominees for the position of director and recommends to the Board of Directors the nominees who best meet the required profile at the time of nomination. To this effect, an evergreen list of potential candidates is maintained at all times. This list may be used in the event that a vacancy occurs on the Board of Directors or when a director announces his or her intent not to be a director nominee at the next annual general meeting.

The Corporate Governance Committee makes its recommendations

* *Founded in 1962, Catalyst is a non-profit membership international organization expanding opportunities for women and businesses.*

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 F 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.

Both the Chair of the Board and The Corporate Governance Committee are in charge of director succession planning. The Corporate Governance Committee maintains the evergreen list of potential director nominees while reviewing the experience and expertise needs of the Board on an annual basis. The candidacy of each potential director nominee is examined, and the Corporate Governance Committee determines if he or she should remain on the evergreen list. As necessary, the Chair of the Board meets with potential director nominees to discuss their interest and the contributions they could bring to the Board of Directors. This discussion is reported to the Corporate Governance Committee who decides whether to recommend or not the potential director nominee. The Chair of the Board and the Corporate Governance Committee always keep in mind the retirement dates of all directors according to the Board Retirement Policy to ensure succession is planned accordingly.

3.5 Evaluation of the effectiveness of the Board, the committees and the directors

The Board of Directors has designed a comprehensive effectiveness assessment for itself, the committees and the directors under the supervision of the Corporate Governance Committee. This assessment occurs on an annual basis using questionnaires after these have been reviewed by the Corporate Governance Committee. These questionnaires cover a variety of subjects, including but not limited to corporate governance and include both quantitative and qualitative answers. Every three (3) years, a detailed questionnaire replaces the usual questionnaire and only includes qualitative answers. During the assessment process, the Corporate Governance Committee also ensures that the mandate of each committee of the Board of Directors is carried out and assesses the manner in which the Chair of the Board of Directors and the Chairs of each committee fulfill their duties.

The usual assessment consists of a six-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 and of the effectiveness and performance of the Board and the Board committees. The second, third and fourth parts are more open-ended and seek additional comments that may not have been addressed in the first part. The fifth part consists of an assessment by each director of the other directors' performance. Finally, the sixth part is a self-assessment of the performance of the director.

The Chair of the Board meets with each director individually on an annual basis to discuss the performance and contributions of the director to the Board and its committees. These individual discussions are also an opportunity to address the Board's effectiveness and possible improvements. These meetings also allow the Chair of the Board to obtain feedback from directors on his performance as Chair and on the performance of the other directors. The Chair reports on the progress of these discussions to the Corporate Governance Committee.

The results of this assessment are reviewed by the Corporate Governance Committee. The Chair of the Corporate Governance Committee submits a complete report of this analysis to the Board of Directors. 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, its committees or 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.

3.6 Director orientation and continuing education

There is a training and orientation program intended for new members of the Board of Directors. Pursuant to this program, new directors are provided with reports on the Corporation's business operations and internal affairs. 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, periodically, in organized visits of the Corporation's facilities and its food stores and pharmacies network. 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, three (3) sessions took place and focused on information technologies, e-commerce and the food retail business around the globe, which allowed Board members to keep themselves up to date on these fast-changing aspects of the business. All 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.

3.7 The Board of Directors and its committees

There currently are three (3) permanent committees: the Human Resources Committee, the Corporate Governance Committee and the Audit Committee. 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 B to this Circular.

The role of the Chair of the Board and Chief Executive Officer are separate. The Chair of the Board manages the Board, ensures that the Board operates effectively, and ensures that the Board maintains proper relationships and adequately fulfills its obligations with respect to the Corporation's senior management, shareholders and other stakeholders. The mandate of the Chair of the Board is included in Exhibit H to this Circular.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee has six (6) members, all of whom are independent directors. This Committee met four (4) times during the 2019 financial year. The text of the Human Resources Committee's mandate is included in Exhibit C to this Circular. The composition of this Committee is described in the "Human Resources Committee" section on page 23 of this Circular.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The Corporate Governance Committee has six (6) members, all of whom are independent directors. This Committee met four (4) times during the 2019 financial year. The text of the Corporate Governance Committee's mandate is included in Exhibit E to this Circular.

AUDIT COMMITTEE

The Audit Committee has five (5) members, all of whom are independent directors. The Committee met five (5) times during the 2019 financial year. The text of the mandate of the Audit Committee is included in Exhibit D to this Circular.

At the end of the 2019 financial year, the Audit Committee was composed of the following independent directors who possess the skills and experience that is relevant to the performance of his or her duties on the Audit Committee and to be considered financially literate:

- Russell Goodman, Chair of the Audit Committee, 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.

- Maryse Bertrand is a member of the Audit Committee of National Bank of Canada and of Gildan Activewear Inc., and a member of the Investment and Risk Committee of PSP Investments. She was special counsel at Borden Ladner Gervais LLP in matters of risk management and governance and holds a Master's degree in Risk Management.

- Stephanie 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 of Sun Life Financial Inc. and of Hudson's Bay Company.

- Marc Guay served as president for a period of 15 years, first at Frito Lay Canada Inc. and then at PepsiCo Foods Canada Inc. 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.

- Line Rivard has held, for more than 20 years, 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.

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 report 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 regarding complaints

The Audit Committee approved a policy allowing anyone, including the employees of the Corporation, to submit an anonymous complaint regarding illegal acts (such as fraud, theft, vandalism, harassment, intimidation, questionable practices, including questionable practices regarding accounting, internal controls and auditing matters) in connection with the Corporation's activities. Complaints may be submitted over the telephone, by email, through an online platform or by mail. All complaints received that are related to questionable practices regarding accounting, internal controls and auditing matters are sent directly to the Senior Director, Internal Audit, who is responsible for reviewing such complaints and, if need be, making due inquiry. At each meeting of the Audit Committee, a report of all complaints received together with the results of any investigation and, if applicable, any corrective measures to be implemented is made. Complaints that are not related to questionable practices regarding accounting, internal controls and auditing matters are reviewed by the Corporation's Director, Security and Loss Prevention and, if need be, investigated. A report of all such complaints is made at every meeting of the Human Resources Committee.

The full text of the Corporation's policy regarding complaints can be found on the Corporation's corporate Internet website (www.corpo.metro.ca).

Policy regarding 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.

3.8 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 "Summary of the Corporation's compensation policies and practices and associated risks" section, on page 25 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) as well as on the Corporation's corporate Internet website (www.corpo.metro.ca).

3.9 Strategic planning

In conformity with the mandate of the Board of Directors, which can be found in Exhibit B to this Circular, the Board of Directors adopts a strategic planning process for the Corporation and its subsidiaries. To this effect, the President and Chief Executive Officer, as well as senior management of the Corporation prepare and 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.

4. 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. During the 2019 financial year, the Board of Directors modified director compensation and decided, like many other Canadian public companies, to adopt a flat-fee compensation structure without any meeting fees. The Board of Directors made that decision based on the fact that a flat-fee formula is simpler and would not penalise Board members as the number of meetings from one committee to another is similar.

Director compensation for the financial year ended September 28, 2019 consisted of the following elements:

Elements of compensation	Director	Amount
Base annual retainer	Chair of the Board	$250,000
	Director	$110,000
Committee chair retainers	Chair of the Audit Committee	$15,000
	Chair of the Corporate Governance and Nominating Committee	$10,000
	Chair of the Human Resources Committee	$10,000
Additional compensation for a second committee	All directors who sit on more than one (1) committee	$10,000

4.1 Director shareholding guidelines

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. The director shareholding guidelines require that a director hold three (3) times his or her base annual retainer in deferred share units (each a "DSU") and/or Shares. Each director has three (3) years to comply with this minimum shareholding requirement.

Until each director holds three (3) times his or her base annual retainer in DSUs and/or in Shares each director must receive his or her base annual retainer or, at such director's option, his or her total annual compensation in DSUs. Afterwards, 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 $110,000 for directors who are not employees of the Corporation and $250,000 for the Chair of the Board, the minimum shareholding requirement represents $330,000 for non-employee directors and $750,000 for the Chair of the Board.

The following table contains information on the achievement of the shareholding guidelines by each director nominee who is not an employee of the Corporation:

Name	Shareholding requirement	Total value of DSUs and Shares held at the end of the financial year ($)	Value of DSUs and Shares as a multiple of base annual retainer	Guidelines met or deadline to meet guidelines
Maryse Bertrand	3 x base annual retainer ($330,000)	577,643	5.25	✓
Pierre Boivin	3 x base annual retainer ($330,000)	1,958	0.02	September 23, 2022
François J. Coutu[(1)]	3 x base annual retainer ($330,000)	23,838	0.22	May 11, 2021
Michel Coutu[(1)]	3 x base annual retainer ($330,000)	179,362	1.63	May 11, 2021
Stephanie Coyles	3 x base annual retainer ($330,000)	728,329	6.62	✓

Name	Shareholding requirement	Total value of DSUs and Shares held at the end of the financial year ($)	Value of DSUs and Shares as a multiple of base annual retainer	Guidelines met or deadline to meet guidelines
Claude Dussault	3 x base annual retainer ($330,000)	2,970,322	27.00	✓
Russell Goodman	3 x base annual retainer ($330,000)	1,115,440	10.14	✓
Marc Guay	3 x base annual retainer ($330,000)	613,630	5.58	✓
Christian W. E. Haub	3 x base annual retainer ($330,000)	3,986,666	36.24	✓
Christine Magee	3 x base annual retainer ($330,000)	579,946	5.27	✓
Réal Raymond	3 x base annual retainer ($750,000)	3,291,964	13.17	✓
Line Rivard	3 x base annual retainer ($330,000)	1,002,756	9.12	✓

Note:

(1) At the closing of the Transaction (as defined below), following the issuance of Shares of the Corporation as consideration, the Coutu family held approximately 8% of the Corporation's issued and outstanding Shares.

4.2 Deferred Share Unit Plan

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 average closing price of a Share of the Corporation on the Toronto Stock Exchange (the "TSX") for the five (5) trading days preceding the date of the credit (the "DSU Value");
- DSU holders are credited additional DSUs in an amount equal to the dividends paid on Shares of the Corporation. The number of DSUs credited is calculated by multiplying the amount of a declared dividend by the number of DSUs held by the DSU holder and then dividing this number by the DSU Value;
- 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 1st 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.

4.3 Director compensation table

The following table shows all components of the compensation earned by the directors in relation to the 2019 financial year of the Corporation.

Mr. François J. Coutu retired from his position as President of The Jean Coutu Group (PJC) Inc. ("Jean Coutu Group") effective July 10, 2019 at which time he started to receive compensation as a director of the Corporation. As he was a Named Executive Officer during the 2019 financial year, his director compensation is included in the "Summary Compensation Table" at page 39 of this Circular.

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.

Name	Retainer ($)[1]	Other compensation ($)	Total ($)
Maryse Bertrand	120,000	—	120,000
Pierre Boivin[2]	1,971	—	1,971
Michel Coutu	110,000	—	110,000
Stephanie Coyles	110,000	—	110,000
Marc DeSerres[3]	110,000	—	110,000
Claude Dussault	130,000	—	130,000
Russell Goodman	135,000	—	135,000
Marc Guay	116,687	—	116,687
Christian W.E. Haub	110,000	—	110,000
Christine Magee	110,000	—	110,000
Marie-José Nadeau[4]	123,313	—	123,313
Réal Raymond	250,000	—	250,000
Line Rivard	120,000	—	120,000

Notes:

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

(2) Mr. Boivin was appointed director of the Corporation effective September 23, 2019. Compensation declared in the table reflects compensation earned by Mr. Boivin between his appointment and the end of the financial year (September 28, 2019).

(3) Mr. DeSerres is not a director nominee at the Meeting.

(4) Ms. Nadeau is not a director nominee at the Meeting.

4.4 Director compensation payment table

The following table illustrates how the fees earned by the directors in relation to the 2019 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	60,000	50%	60,000	50%	120,000
Pierre Boivin[1]	—	—	1,971	100%	1,971
Michel Coutu	—	—	110,000	100%	110,000
Stephanie Coyles	—	—	110,000	100%	110,000
Marc DeSerres[2]	55,000	50%	55,000	50%	110,000
Claude Dussault	65,000	50%	65,000	50%	130,000
Russell Goodman	67,500	50%	67,500	50%	135,000
Marc Guay	—	—	116,687	100%	116,687
Christian W.E. Haub	—	—	110,000	100%	110,000
Christine Magee	—	—	110,000	100%	110,000
Marie-José Nadeau[3]	92,485	75%	30,828	25%	123,313
Réal Raymond	125,000	50%	125,000	50%	250,000
Line Rivard	—	—	120,000	100%	120,000

Notes:

(1) Mr. Boivin was appointed director of the Corporation effective September 23, 2019. Compensation declared in the table reflects compensation earned by Mr. Boivin between his appointment and the end of the financial year (September 28, 2019).

(2) Mr. DeSerres is not a director nominee at the Meeting.

(3) Ms. Nadeau is not a director nominee at the Meeting.

4.5 Share-based awards

The following table shows, as at December 4, 2019, the share-based awards under the DSU Plan held by each Director since his or her appointment, which have vested but have not yet been paid. There are no option-based awards for directors. 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.

	Share-based awards	
Name	Share-based awards that have vested (number) – DSUs(1)	Market or payout value of share-based awards that have vested but have not been paid ($)(2)
Maryse Bertrand	8,232	473,999
Pierre Boivin(3)	34	1,958
Michel Coutu	2,935	168,997
Stephanie Coyles	11,649	670,749
Marc DeSerres(4)	44,475	2,560,871
Claude Dussault	39,586	2,279,362
Russell Goodman	11,272	649,042
Marc Guay	7,307	420,737
Christian W.E. Haub	55,737	3,209,336
Christine Magee	8,947	515,168
Marie-José Nadeau(5)	37,993	2,187,637
Réal Raymond	39,172	2,255,524
Line Rivard	16,515	950,934

Notes:

(1) The number of DSUs include DSUs granted as dividend payment on the DSUs held by each director.

(2) Based on the closing price on December 4, 2019 ($57.58).

(3) Mr. Boivin was appointed director of the Corporation effective September 23, 2019. DSU awards declared in the table reflect DSUs awarded to Mr. Boivin with respect to compensation earned between his appointment and the end of the financial year (September 28, 2019).

(4) Mr. DeSerres is not a director nominee at the Meeting.

(5) Ms. Nadeau is not a director nominee at the Meeting.

5. Executive compensation discussion and analysis

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 28, 2019. 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 at the end of the most recently completed financial year of the Corporation, namely: the Executive Vice-President, Ontario Division Head and National Supply Chain, the Executive Vice-President and Québec Division Head and the Senior Vice-President, National Procurement and Corporate Brands. It also includes the former President of the Jean Coutu Group who would have been considered one of the top three (3) most highly paid executive officers if not for the fact that he retired from the Corporation effective July 10, 2019. 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 28, 2019.

5.1 Compensation governance

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, to ensure that they are consistent with best practices while also considering new compensation trends. The text of the mandate of the Human Resources Committee can be found in Exhibit C to this Circular.

HUMAN RESOURCES COMMITTEE

At the end of the 2019 financial year, the Human Resources Committee was comprised of the following independent directors: Claude Dussault (Chair), Pierre Boivin, Marc DeSerres, Marc Guay, Christian W.E. Haub and Line Rivard.

Each Human Resources Committee member has the relevant experience and competencies to perform his or her duties:

- Claude Dussault (Chair) acquired his human resources experience while acting as President and Chief Executive Officer of ING Canada Inc. (now Intact Financial Corporation).
- Pierre Boivin acquired his experience by being a member of the Canadian Tire Limited Human Resources Committee and being the Chair of the National Bank of Canada Human Resources Committee. He has also been chief executive officer of a number of major corporations and currently serves as Chief Executive Officer of Claridge Inc., a private investment firm.
- Marc DeSerres acquired his experience in human resources by serving as President of Omer DeSerres Inc. for close to 40 years.
- Marc Guay acquired his experience in human resources while acting as President of Pepsico Foods Canada Inc. and of Frito Lay Canada Inc. for numerous years.
- Christian W.E. 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 Chief Executive Officer of The Tengelmann Group, a large German Corporation operating in the retail sector.
- Line Rivard acquired experience in human resources, from 1989 to 2009, 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.

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 2019 financial year. None of the members of the Human Resources Committee is or has been an officer, employee or executive of the Corporation.

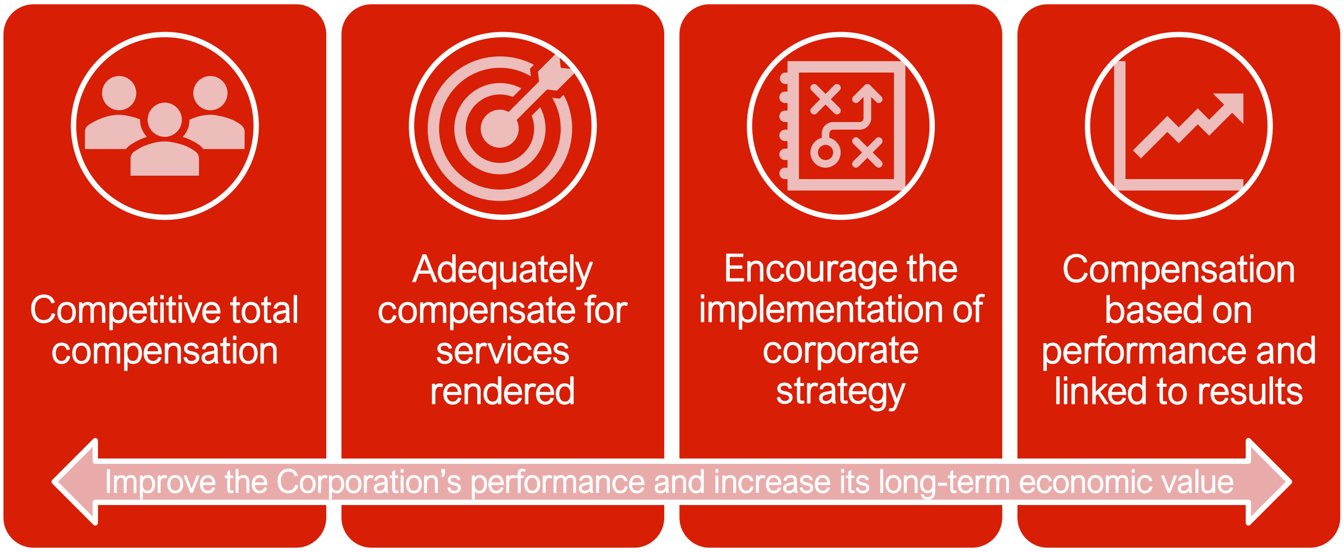
SUCCESSION PLANNING

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 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.

5.2 Compensation objectives

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 Corporation has developed a compensation structure for executive officers based on the following objectives:



5.3 Overview of NEO compensation

The following table illustrates the elements of executive compensation for the 2019 financial year. Further information and detail on each element of NEO compensation is found in the section "NEO compensation components" at page 28 of this Circular.

	Direct compensation				Indirect compensation	
Elements	Base salary	Annual incentive plan (“AIP”)	Long-term incentive plan (“LTIP”)		Pension plan	Other benefits
			Performance share units (“PSU”)	Options		
Purpose	Recruit and retain competent individuals	Reward personal and corporate performance achieved in the year	Reward achievement of longer-term corporate performance and align senior management's interests with shareholders		Retain competent individuals and offer long-term financial security	
Performance evaluation period	Annual merit-based review	Annual	Three (3) years	Two (2) to seven (7) years		
		Payout at risk				

5.4 Summary of the Corporation's compensation policies and practices and associated risks

The Corporation's compensation policies and practices encourage and promote the alignment of senior management's interests with those of the shareholders while protecting the Corporation from excessive risk taking. The Human Resources Committee reviews risk identification and management with regards to the Corporation's compensation policies and practices and related disclosure. As shown in the following table, many components of the Corporation's compensation policies and practices limit risk-taking by senior management in a number of ways.

Pay for performance

What the Corporation does	What the Corporation doesn't do
• Executive officers are primarily compensated in relation to the Corporation's financial results, which are approved by the Board of Directors after having been reviewed by the Auditors and the Audit Committee. • 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. • Some AIP objectives are based on the Corporation's budget, which is approved by the Corporation's Board of Directors. • Compensation payable to executive officers under the AIP in the event that certain performance objectives have been partially achieved may be adjusted when justified by the circumstances up to a total amount equal to five percent (5%) of the base salary of all executive officers (excluding the CEO) and must be approved by the Human Resources Committee or the Board in the case of the CFO.	• The Corporation does not grant to its executive officers compensation that is solely based on fixed compensation. • The Corporation does not offer variable compensation that is not predominantly linked to the Corporation's financial results. • The Corporation does not allow the CEO to receive a portion of his compensation under the AIP if certain performance objectives have not been fully achieved, even if justified by the circumstances, without the approval of the Board of Directors.

Promote sound risk taking

What the Corporation does	What the Corporation doesn't do
• The Human Resources Committee reviews the identification and management of risks arising from the Corporation's compensation policies and practices. • The Human Resources Committee's external advisor evaluates the risks associated with the executive officers' compensation and advises the Human Resources Committee. • The base salary for executive officers is fixed 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. • Performance objectives are diversified and include absolute performance objectives, as well as performance objectives relative to a peer group. • Amounts payable under the AIP are capped. • Options and PSUs vest over a long-term period therefore minimizing short-term risk-taking. • The Corporation's Code of conduct includes compensation clawback provisions for the recovery of compensation paid to the executive officers in the event of misappropriation and provisions prohibiting hedge transactions.	• The Corporation does not base performance objectives solely on absolute performance objectives. • The Corporation does not pay compensation under the AIP without the approval of the Human Resources Committee and, with respect to the CEO and CFO, of the Board of Directors. • The Corporation does not allow hedging on its securities.

Aligning with shareholders' interests

What the Corporation does	What the Corporation doesn't do
• Performance objectives for the executive officers under the AIP and the LTIP are diversified, realistic and coherent. • Options and PSUs are awarded to encourage sustained, long-term performance. • Option and PSU grants are limited to a set number following an established policy. • The Human Resources Committee receives an annual presentation on the cost of the LTIP and on the potential dilution that could result from the exercise of Options awarded. • Minimum shareholding (in Shares and PSUs) requirements have been established for executive officers and other members of management.	• The Corporation does not allow executive officers and other members of management to sell all of the Shares acquired upon exercise of stock Options or vesting of PSUs until the minimal shareholding requirement has been met.

COMPENSATION RISKS

The Human Resources Committee has retained the services of an external compensation consultant 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.

EXECUTIVE COMPENSATION CLAWBACK

The provisions of the Code of conduct relating to AIP and LTIP awards 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:

a) 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

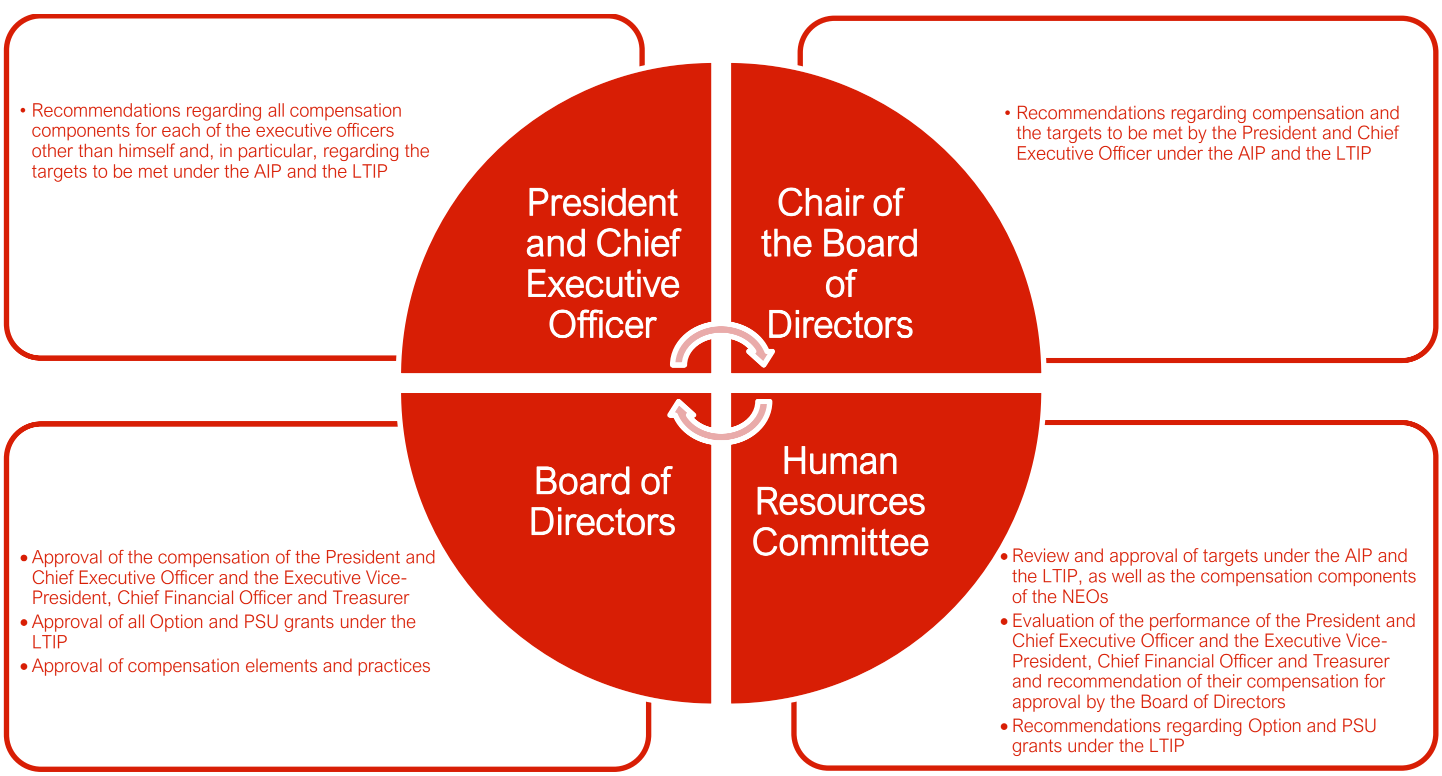
b) the executive committed a material breach of the Code of conduct or the Corporation's policies or engaged in inappropriate conduct resulting in significant losses, fines or penalties or any behaviour that could have a significant negative impact on the reputation, market performance or financial performance 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 by virtue of their Code of Ethics. The purpose of these provisions is to avoid speculation by employees and directors on the Corporation's Shares.

5.5 Decision-making process

The Corporation along with the Board of Directors has put in place a rigorous annual process to evaluate the Corporation's executive officers' performance and determine their compensation.



5.6 External compensation consultant

Since April 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, the 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 2019 financial year, PCI did not receive any mandates from management of the Corporation although the firm continued a mandate given by the Jean Coutu Group's senior management prior to the acquisition by the Corporation, which was in compliance with corporate governance rules in force at the Jean Coutu Group at the time. For the 2018 and 2019 financial years, the Corporation paid PCI the following fees:

	2019	2018
Executive compensation – Related fees	$81,178	$59,763
Other fees	$60,112	—
Total	**$141,290**	**$59,763**

5.7 Sources of information

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.

5.8 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 during the 2018 financial year and is now comprised of 12 publicly traded Canadian companies. The following table shows the Corporation's position compared to the other companies of the reference group with respect to various financial measures:

	Sales(1)	Operating Income(2)	ROE(3)	Market Capitalization(4)
Alimentation Couche-Tard Inc.	$78,325	$4,664	22.3%	$45,449
Maple Leaf Foods Inc.	$3,496	$344	5.0%	$3,732
Hudson's Bay Company	$9,376	-$125	-34.3%	$1,832
Loblaw Companies Limited	$46,693	$3,528	6.2%	$27,366
Dollarama Inc.	$3,549	$884	n/a	$14,896
Empire Company Limited	$25,161	$1,070	10.1%	$9,725
The North West Company Inc.	$2,013	$177	22.3%	$1,374
Premium Brands Holdings Corporation	$3,026	$222	10.3%	$3,461
Quebecor Inc.	$4,181	$1,732	67.3%	$7,709
Restaurant Brands International Inc.	$7,097	$2,931	31.9%	$27,601
Saputo Inc.	$13,502	$1,221	14.8%	$16,412
Canadian Tire Corporation, Limited	$14,059	$1,743	15.2%	$9,327
Median of the reference group	*$7,367*	*$1,145*	*14.8%*	*$9,526*
METRO INC.	***$14,383***	***$1,011***	***40.1%(5)***	***$14,815***

Notes:

(1) In millions of dollars. The financial data of the Corporation is for the 2018 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. Amounts that are not disclosed in Canadian dollars have been converted to Canadian dollars using the Bank of Canada daily rate on September 27, 2019 ($1.3249).

(2) Operating Income before depreciation and amortization and associate's earnings. In millions of dollars. The financial data of the Corporation is for the 2018 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. Amounts that are not disclosed in Canadian dollars have been converted to Canadian dollars using the Bank of Canada daily rate on September 27, 2019 ($1.3249).

(3) ROE: Return on Equity. The financial data of the Corporation is for the 2018 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.

(4) In millions of dollars. The market capitalization data is dated September 27, 2019, and reflects the number of shares outstanding, obtained from the most recent annual and quarterly reports, multiplied by the closing price on that date.

(5) The Corporation's ROE for the 2018 financial year includes 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.

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.

5.9 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 2019 financial year(1)			
Name and principal occupation	Base salary	AIP	LTIP(2)	At-risk compensation(3)
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, Ontario Division Head and National Supply Chain	35%	26%	39%	65%
Serge Boulanger Senior Vice-President, National Procurement and Corporate Brands	51%	26%	23%	49%
François J. Coutu Former President, Jean Coutu Group	53%	47%	—	47%

Notes:

(1) Target total direct compensation includes base salary and short-term and long-term compensation (except for Mr. Coutu who does not participate in the LTIP under the terms of his employment contract) but excludes benefits and pension plans.

(2) The LTIP includes the Stock Option Plan and the Performance Share Unit Plan. The target under the Performance Share Unit Plan is set at Level 2.

(3) At risk compensation represents the sum of the AIP and the LTIP.

5.10 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 been partially 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* as described in the "Highlights for the 2019 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) personal or 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.

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.

	Percentage of the base salary paid if maximum threshold is achieved			
Name and principal occupation	Corporate goals	Divisional goals	Personal or 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%	30%	20%	100%
Christian Bourbonnière Executive Vice-President and Québec Division Head	30%	50%	20%	100%
Carmine Fortino Executive Vice-President, Ontario Division Head and National Supply Chain	30%	50%	20%	100%
Serge Boulanger Senior Vice-President, National Procurement and Corporate Brands	30%	15%	30%	75%
François J. Coutu Former President, Jean Coutu Group	40%	60%	35%	135%

Each year, new performance goals (corporate, divisional and personal or 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 2019 Financial Year" section on page 33 of this Circular.

* *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 28, 2019.*

LONG-TERM INCENTIVE PLAN (LTIP)

The LTIP is comprised of the Stock Option Plan (the "Option Plan") and the Performance Share Unit Plan (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 the 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. In general, the Options granted 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, at its sole discretion, grant additional Options and PSUs to executives under specific circumstances, such as appointments, promotions or change of duties.

Mr. François J. Coutu's employment agreement provides that he does not participate in the Corporation's LTIP.

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 a multiple of 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 2019 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 reached while also being achievable. In 2019, the Board of Directors of the Corporation, upon recommendation of the Human Resources Committee, adjusted the Corporation's ROE target levels from their 2018 levels to take into account the significant increase in Shareholders' equity as a result of the acquisition of the Jean Coutu Group by the Corporation on May 11, 2018 (the "Transaction"). 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 while remaining realistic and reachable to avoid undue risk taking.

In 2019, the PSU goals were set according to the following five (5) criteria:

- ROE higher than 11%;
- ROE higher than 11.5%;
- ROE higher than 12%;
- EPSG higher than Loblaw Companies Limited's EPSG; and

- EPSG higher than Empire Company Limited's EPSG.

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

2018	2017
• ROE higher than 13%;	• ROE higher than 20.5%;
• ROE higher than 14%;	• ROE higher than 21.5%;
• ROE higher than 15%.	• ROE higher than 22%.

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 32 of this Circular).

To determine the fair value of all PSUs standard grants for compensation purposes, the Corporation is using a target level, being Level 2 of PSUs. The Corporation considers that using a 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 2019 is available in the "Long-Term Incentive Plan For The 2019 Financial Year" section on page 36 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 service. 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 as of 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. Mr. La Flèche can opt for early retirement as of now; the pension for the years of service prior to 2017 would then be reduced by 0.5% for each month between the date of retirement and the date at which Mr. La Flèche reaches age 60 and the pension for the years of service from January 1, 2017 would be reduced by 5/12 of one percent (1%) for each month between the retirement date and the date upon which Mr. La Flèche reaches age 62. Notwithstanding the foregoing, Mr. La Flèche's pension is limited to a maximum total annual pension of 1 million dollars for a retirement at age 63 or after. If Mr. La Flèche retires before the age of 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.

Mr. Coutu's pension benefits are provided under a base plan and a supplemental plan, both of a defined benefit type. These plans are non-contributory. 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, the pension of the supplemental plan being reduced to account for the payment method and the indexation of the base plan pension. Final average earnings are defined as the annual average of the base salary received by Mr. Coutu during the three (3) consecutive years 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 60 monthly payments and reversible to the spouse, at 67% in the case of the base plan pension and at 60% in the case of the supplemental plan pension. Mr. Coutu can opt for early retirement; the pension would therefore not be reduced since he is over 60 years old. The base plan pension is increased yearly during the retirement following increases in consumer prices; the supplemental plan pension is not indexed. Mr. Coutu retired on July 10, 2019.

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 expense.

EMPLOYMENT CONTRACTS

The President and Chief Executive Officer, Mr. Eric R. La Flèche, the Executive Vice-President, Ontario Division Head and National Supply Chain, Mr. Carmine Fortino, and the former President of the Jean Coutu Group, Mr. François J. Coutu, 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, Ontario Division Head and National Supply Chain.

Mr. Coutu's contract came into effect on October 17, 2015 for a period of three (3) years, renewable at the will of the parties and sets out the terms and conditions of his compensation as President of the Jean Coutu Group. The contract was amended as part of the Transaction and the duration was extended to May 31, 2019, the date upon which he ceased to be President of the Jean Coutu Group, but Mr. Coutu remained employed by the Corporation until July 10, 2019 at which time he retired. As per the terms of his amended employment contract, a consulting agreement was signed between Mr. Coutu and the Corporation, the term of which started on July 11, 2019 and will end on May 31, 2020.

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 following the Transaction to provide, amongst other things an increased participation in the PSU Plan, 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.

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 30 of this Circular.

Under his amended contract, Mr. Coutu waived his participation to the LTIP and, as a result, did not receive Options and PSUs. He did however maintain his participation to the AIP as same is described in the section "Annual Incentive Plan (AIP)" on page 29 of this Circular.

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

5.11 Shareholding requirements for NEOs

NEOs and other executives are required to hold a certain number of Shares and PSUs, except for Mr. François J. Coutu since he does not participate in the LTIP according to his employment contract.

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 and other officers who have an equivalent role 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	Shareholding requirement	Value of securities held at the end of the financial year(1)	Value of securities as multiple of base salary(2)	Shareholding requirement met
Eric R. La Flèche	5 x base salary	$17,776,806	17.78	✓
François Thibault	2 x base salary	$2,259,011	4.38	✓
Christian Bourbonnière	2 x base salary	$2,758,311	5.45	✓
Carmine Fortino	2 x base salary	$2,038,432	3.76	✓
Serge Boulanger	1.5 x base salary	$1,809,977	4.78	✓

Notes:

(1) Value calculated using the closing price on September 27, 2019 ($57.91).

(2) The multiple of base salary is calculated using the base salary set out in the summary compensation table in the "Compensation for the 2019 financial year" section at page 39 of this Circular.

The dollar value of each NEO's equity-based holdings, based on the closing price of the Shares on September 27, 2019 ($57.91), are set forth in the following table. 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.

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	15,429,425	7,962,369	7,990,245	4,694,764	36,076,802
François Thibault	1,459,564	1,324,424	1,499,432	1,598,895	5,882,315
Christian Bourbonnière	2,074,684	546,608	1,629,068	1,367,255	5,617,615
Carmine Fortino	1,158,200	795,783	1,573,913	1,760,464	5,288,360
Serge Boulanger	1,494,078	231,947	667,904	631,798	3,025,728

5.12 Compensation decisions for the 2019 financial year

HIGHLIGHTS OF THE 2019 FINANCIAL YEAR

The Corporation achieved strong financial and operational results in 2019 despite a very competitive environment, with growth in total sales, operating income and net earnings.

On May 11, 2018, the Corporation completed the acquisition of the Jean Coutu Group. Consequently, in the 2018 financial year, the results of the Jean Coutu Group were consolidated with the Corporation's results for slightly more than 20 weeks whereas the 2019 financial year includes the Jean Coutu Group results for the entire year.

Total sales for the 2019 financial year reached 16,767.5 million dollars versus 14,383.4 million dollars for the 2018 financial year, representing an increase of 16.6%. When excluding the sales from the Jean Coutu Group, sales for the 2019 financial year were up 3.2%.

Net earnings for the 2019 financial year amounted to 714.4 million dollars, down 58.4%, whereas fully diluted net earnings per share were $2.78, down 61.2% from 2018. Adjusted net earnings* for the 2019 financial year stood at 731.6 million dollars, an increase of 26.3% from 2018, and adjusted fully diluted net earnings* per share were $2.84, up 17.8% from 2018. For more details on the adjustments made to net earnings, please refer to the "Net Earnings Adjustments" section on page 17 in the Annual Report.

The increase in sales and profitability is attributable to the Corporation's merchandising strategies, its investments in the retail network and an effective execution by its teams.

BASE SALARY FOR THE 2019 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. The Human Resources Committee is satisfied that the base salaries are adequate compared to the reference group.

ANNUAL INCENTIVE PLAN FOR THE 2019 FINANCIAL YEAR

Except with the approval of the Board of Directors, no amount is payable under the AIP with respect to any given goal if the minimum threshold is not achieved. The goals to be met under the AIP for the 2019 financial year were as follows:

** 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 28, 2019 which can be found in the 2019 Annual Report.*

Name	Corporate Goals[(1)]		Divisional Goals[(1)]						Personal or Sector-based Goals
			Quebec Division		Ontario Division		Pharmacy Division		
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	
Eric R. La Flèche	96%	105%	96%	103%	96%	103%	96%	103%	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.
François Thibault	96%	103%	96%	103%	96%	103%	96%	103%	
Christian Bourbonnière	96%	103%	96%	103%	—	—	—	—	
Carmine Fortino	96%	103%	—	—	96%	103%	—	—	
Serge Boulanger	96%	103%	96%	103%	96%	103%	96%	103%	
François J. Coutu	96%	104%	—	—	—	—	96%	103%	

Note:

(1) Goals are established as a percentage of budgeted adjusted net earnings* or divisional contribution.

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* as well as the results achieved for the 2019 financial year.

Name	Minimum Threshold $671.8M	Target $699.8M	Maximum Threshold $720.8M[(1)]	Results Achieved $731.6M
Eric R. La Flèche	36%	60%	90%	84%
François Thibault	20%	37.5%	50%	50%
Christian Bourbonnière	12%	22.5%	30%	30%
Carmine Fortino	12%	22.5%	30%	30%
Serge Boulanger	12%	22.5%	30%	30%
François J. Coutu	16%	28%	40%	40%

Note:

(1) This is the maximum threshold for all NEOs except for Messrs. La Flèche and Coutu. The maximum threshold for Mr. La Flèche is $734.8M and for Mr. Coutu is $727.8M. 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.

** 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 28, 2019.*

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 2019 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(1)	Results Achieved
Eric R. La Flèche	12%	22.5%	30%	30%
François Thibault	12%	22.5%	30%	30%
Christian Bourbonnière	20%	37.5%	50%	50%
Carmine Fortino	20%	37.5%	50%	50%
Serge Boulanger	6%	11%	15%	15%
François J. Coutu	24%	44%	60%	60%

Note:

(1) 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.

Personal or Sector-based goals

The NEOs may receive a bonus of up to a maximum of 20% to 35% of their base salary for achieving all of their personal or 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 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 $7,684 under the AIP with respect to certain divisional and personal or 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 2019 financial year:

Name	Target bonus as % of base salary	Maximum bonus as % of base salary	Bonus earned as % of base salary	Bonus earned ($)(1)
Eric R. La Flèche	100%	150%	139.4%	1,393,800
François Thibault	75%	100%	96.4%	501,280
Christian Bourbonnière	75%	100%	100%	511,000
Carmine Fortino	75%	100%	99%	563,539
Serge Boulanger	50%	75%	67.3%	256,413
François J. Coutu	100%	135%	131.6%	1,053,981

Note:

(1) The bonus is calculated based on the base salary in effect on January 1, 2019 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. Since 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 personal or 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 personal or sectorial goals. 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.

The percentage of the target compensation associated with undisclosed goals for the 2019 financial year is as follows for each of the NEOs:

Name and principal occupation	Percentage of target compensation relating to undisclosed objectives
Eric R. La Flèche President and Chief Executive Officer	13%
François Thibault Executive Vice-President, Chief Financial Officer and Treasurer	16%
Christian Bourbonnière Executive Vice-President and Québec Division Head	24%
Carmine Fortino Executive Vice-President, Ontario Division Head and National Supply Chain	24%
Serge Boulanger Senior Vice-President, National Procurement and Corporate Brands	18%
François J. Coutu Former President, Jean Coutu Group	48%

LONG-TERM INCENTIVE PLAN FOR THE 2019 FINANCIAL YEAR

The Option and PSU awards granted during the 2019 financial year were determined according to the factors described in the "Long-Term Incentive Plan (LTIP)" section on page 30 of this Circular. During the financial year 2019, Mr. Fortino received a special PSU award to reflect his additional responsibilities for the national supply chain.

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 2019 financial year. The PSUs were granted to each NEO on January 31, 2019, and the level reached will be determined in January 2022 at the time of payment. Four (4) out of the five (5) performance criteria were met for the 2019 financial year.

	Level 1			Level 2			Level 3		
Name	% of salary(1)	Number of PSUs(2)	Value ($)(3)	% of salary(1)	Number of PSUs(2)	Value ($)(3)	% of salary(1)	Number of PSUs(2)	Value ($)(3)
Eric R. La Flèche	90%	18,940	899,839	120%	25,260	1,200,103	150%	31,570	1,499,891
François Thibault	50%	5,530	262,730	75%	8,290	393,858	100%	11,050	524,986
Christian Bourbonnière	50%	5,530	262,730	75%	8,290	393,858	100%	11,050	524,986
Carmine Fortino	50%	6,050	287,436	75%	9,080	431,391	100%	12,100	574,871
	—	4,000	190,040	—	6,000	285,060	—	8,000	380,080
Serge Boulanger	30%	2,370	112,599	45%	3,550	168,661	60%	4,740	225,197

Notes:

(1) Percentage of the salary class or of the salary, as the case may be.

(2) The number of PSUs indicated per level is not cumulative.

(3) Value calculated using the closing price of the Share on the trading day preceding the January 2019 PSU grant ($47.51).

The following table provides details about the Options granted to each NEO for the 2019 financial year:

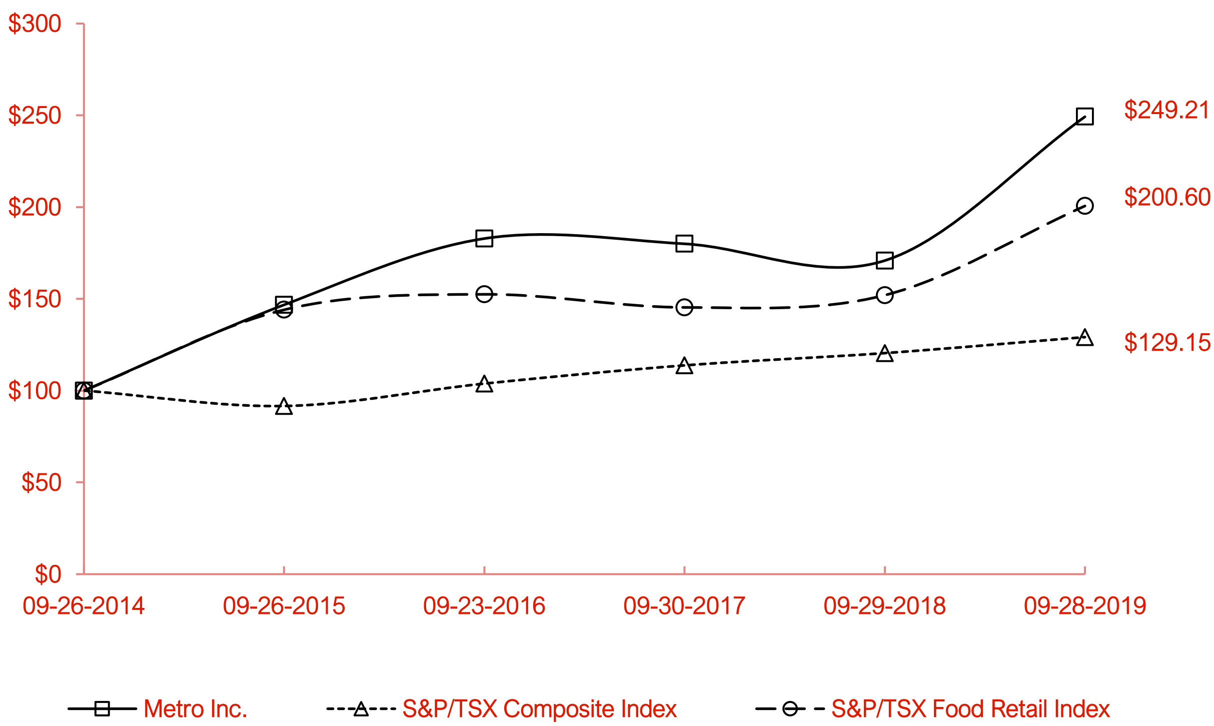
Name	Grant date	Underlying securities	Expiry date	Options value ($)[(1)]
Eric R. La Flèche	January 31, 2019	105,200	January 30, 2026	999,610
François Thibault	January 31, 2019	19,300	January 30, 2026	183,389
Christian Bourbonnière	January 31, 2019	19,300	January 30, 2026	183,389
Carmine Fortino	January 31, 2019	21,200	January 30, 2026	201,442
Serge Boulanger	January 31, 2019	7,900	January 30, 2026	75,066

Note:

(1) 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 $47.51. For additional details on the calculation method, refer to the "Long-Term Incentive Plan (LTIP)" section on page 30 of this Circular.

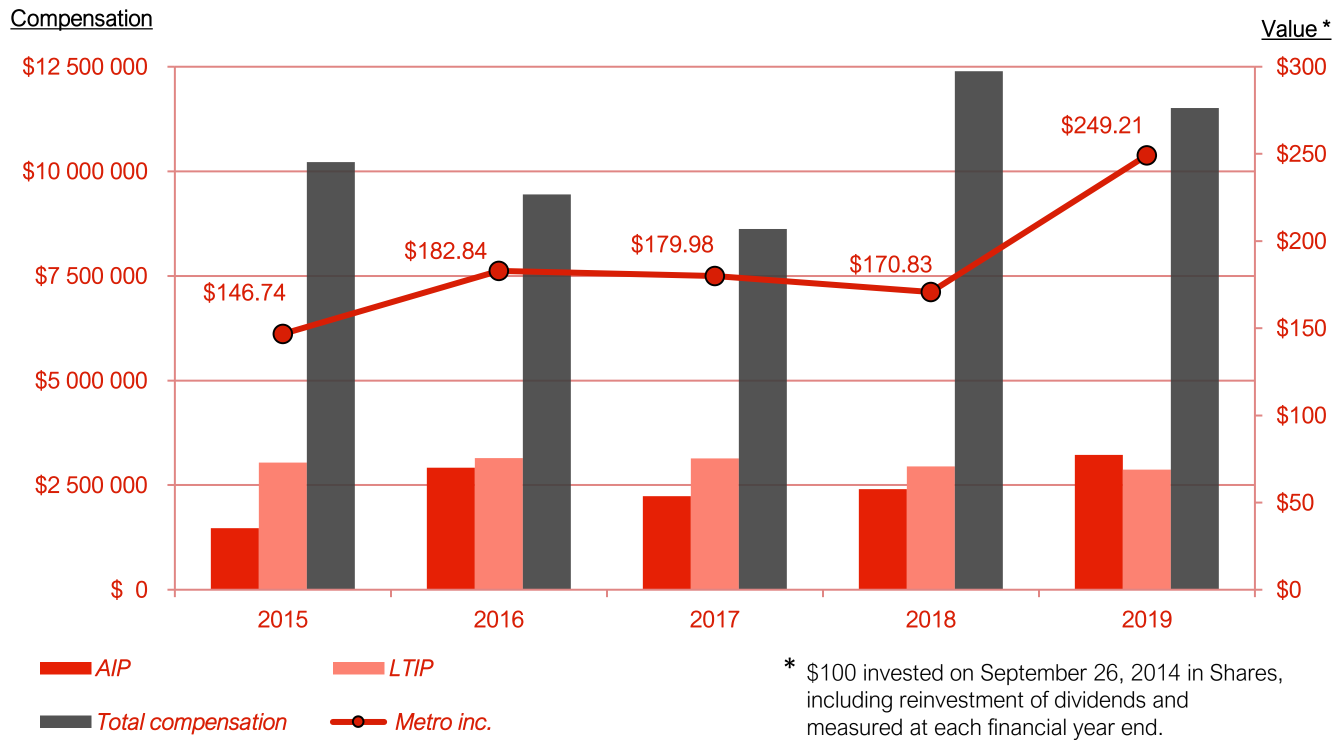
5.13 Stock performance graph

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 26, 2014 and ending September 28, 2019.



	2014	2015	2016	2017	2018	2019
Metro Inc.	100.00	146.74	182.84	179.98	170.83	249.21
S&P/TSX Composite Index	100.00	91.62	103.81	113.74	120.43	129.15
S&P/TSX Food Retail Index	100.00	144.03	152.46	145.34	151.98	200.60

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 2015 to 2019 period.



* $100 invested on September 26, 2014 in Shares, including reinvestment of dividends and measured at each financial year end.

As illustrated by the graph, there was a slight decrease in total compensation between 2015 and 2016 whereas shareholder return increased during that period. 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, Mr. La Flèche's compensation would only have been slightly up in 2018 compared to 2017. In 2019, compensation charges grew at a similar rate than in 2018 if the one-time charges incurred in 2018 are excluded. Total shareholder return increased by more than 45% during that period. Between 2015 and 2019, the total annual NEO compensation went from 10.2 million dollars to 11.5 million dollars. The Share price went from $35.73 in 2015 to $57.91 in 2019.

It should be noted that the above graph does not illustrate the compensation earned by NEOs between years 2015 and 2019, 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 2015 to 2019. It is important to note that some values used in the Corporation's management proxy circular may be different from those used in this Circular with respect to PSUs granted in 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 2019 financial year represented 1.61% of net earnings and 0.08% of market capitalization.

* Mr. Coutu's compensation is not reflected in the graph as he retired in 2019 and as his compensation during the 2017 – 2019 period is not representative of the compensation offered by the company to its NEO for the following reasons:

i) For most of that period his compensation came from the Jean Coutu Group prior to the acquisition by the Corporation; and
ii) In 2019, in addition to his compensation as an employee, Mr. Coutu also received director and consulting fees.

6. Compensation for the 2019 financial year

6.1 Summary compensation table

The following table sets forth the NEO's compensation for the financial years ended September 28, 2019, September 29, 2018 and September 30, 2017.

Name and principal occupation	Financial year	Salary ($)	Share-based awards ($)(2)	Option-based awards ($)(3)	Non-equity incentive plan compensation / Annual incentive plans ($)	Pension value ($)(4)	Other compensation ($)(5)	Total compensation ($)
Eric R. La Flèche	2019	1,000,000(1)	1,200,103	999,610	1,393,800	359,000	5,525	4,958,038
President and Chief Executive Officer	2018	932,212	1,491,638(6)	899,758	1,025,733	2,226,000(7)	5,387	6,580,728
	2017	891,827	787,301	874,600	912,100	52,000	7,456	3,525,284
François Thibault	2019	515,962	393,858	183,389	501,280	135,000	2,985	1,732,473
Executive Vice-President, Chief Financial Officer and Treasurer	2018	502,500	539,608(6)	175,342	397,096	123,000	3,148	1,740,694
	2017	502,366	249,828	174,598	393,878	136,000	3,232	1,459,903
Christian Bourbonnière	2019	505,914	393,858	183,389	511,000	141,000	3,028	1,738,188
Executive Vice-President and Québec Division Head	2018	493,500	374,968	175,342	305,096	147,000	3,097	1,499,003
	2017	492,655	249,828	174,598	314,765	87,000	3,171	1,322,018
Carmine Fortino	2019	542,278	716,451(8)	201,442	563,539	97,000	3,111	2,123,821
Executive Vice-President, Ontario Division Head and National Supply Chain	2018	533,175	374,968	175,342	480,613	96,000	3,086	1,663,184
	2017	532,630	249,828	174,598	394,600	74,000	3,165	1,428,822
Serge Boulanger	2019	378,578	168,661	75,066	256,413	76,000	2,284	957,001
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
François J. Coutu	2019	609,970	—	—	1,053,981	51,000	179,646(9)	1,830,156
Former President, Jean Coutu Group	2018	1,024,201(10)	—(11)	—(11)	1,205,582(10)	26 000(10)	29,420(10)	2,818,256(10)
	2017	1,003,936(12)	—(12)	263,043(12)	961,269(12)	(44,600)(12)	—(12)	2,183,648(12)

Notes:

(1) Mr. La Flèche's employment contract was amended in 2018 and his annual base salary was increased to 1 million dollars following the Transaction.

(2) 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 and in certain cases, the value of such PSUs may even be null. The compensation 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 2019 Consolidated Financial Statements. The table in the "Long-term incentive plan for the 2019 financial year" section on page 36 of this Circular provides assistance in determining the accounting value of the PSUs for the 2019 financial year (Level 3) as well as the difference between the value on the grant date (Level 2) and the accounting value.

(3) 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 compensation 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 to the 2019 Consolidated Financial Statements. The accounting value of the Options granted in 2019 as determined using the Black-Scholes model is $6,57 per Option and the compensation value used in this Circular is $9.50 per Option.

(4) The variations attributable to compensation components represent the value of the projected pension benefits earned during the periods beginning October 1, 2018 and ending September 30, 2019, for the 2019 financial year, beginning October 1, 2017 and ending September 30, 2018, for the 2018 financial year, and beginning October 1, 2016 and ending September 30, 2017, for the 2017 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 2019 Consolidated Financial Statements.

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

(6) These amounts include a one-time special PSU grant in 2018 in recognition for Messrs. La Flèche's and Thibault's contribution to the Transaction.

(7) 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 where his pension benefits were increased to allow him to henceforth reach a maximum annual pension of 1 million dollars per year starting at age 63.

(8) This amount includes a one-time special PSU grant in 2019 to reflect Mr. Fortino's additional responsibilities for the national supply chain.

(9) Other compensation for Mr. Coutu includes: director fees ($24,095), consulting fees ($115,130) under a consulting agreement with the Corporation which provides that Mr. Coutu will receive $43,000 in monthly consulting fees, and other compensation ($40,421).

(10) This information comes from the Corporation's records for the period from May 11, 2018 until the end of the 2018 financial year and from the Jean Coutu Group files for the period prior to May 11, 2018. For more information on the Jean Coutu Group compensation policies, practices and plans as well as all elements of compensation please refer to the Jean Coutu Group Management Information Circular dated April 26, 2017 available on SEDAR (www.sedar.com).

(11) Mr. Coutu forfeited his Option-based awards on closing of the Transaction.

(12) This information is based on the Jean Coutu Group Management Information Circular dated April 26, 2017. For more information on the Jean Coutu Group compensation policies, practices and plans as well as all elements of compensation please refer to the Jean Coutu Group Management Information Circular dated April 26, 2017 available on SEDAR (www.sedar.com).

6.2 Incentive plan awards

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table shows, as at September 28, 2019 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.

	Option-based awards							Share-based awards		
	Number of securities underlying unexercised Options				Value of unexercised in-the-money Options at financial year-end ($)[1]					
Name	Vested	Not vested	Option exercise price ($)	Option expiration date	Vested	Not vested	Total	Number of Share-based awards that have not vested[2]	Market or payout value of Share-based awards that have not vested ($)[3]	Vesting date
Eric R. La Flèche	144,000	36,000	21.90	April 17, 2021	5,185,440	1,296,360	6,481,800	19,570	1,133,299	Jan. 26, 2020
	72,420	48,280	35.42	April 23, 2022	1,628,726	1,085,817	2,714,543	36,240	2,098,658	Feb. 1, 2021
	43,400	65,100	40.31	Jan. 27, 2023	763,840	1,145,760	1,909,600	25,260	1,462,807	Jan. 31, 2022
	21,740	86,960	40.23	Jan. 25, 2024	384,363	1,537,453	1,921,816	—	—	—
	—	109,300	41.16	Jan. 31, 2025	—	1,830,775	1,830,775	—	—	—
	—	105,200	47.51	Jan. 30, 2026	—	1,094,080	1,094,080	—	—	—
Total	**281,560**	**450,840**	—	—	**7,962,369**	**7,990,245**	**15,952,614**	**81,070**	**4,694,764**	—
François Thibault	21,600	5,400	21.90	April 17, 2021	777,816	194,454	972,270	6,210	359,621	Jan. 26, 2020
	14,100	9,400	35.42	April 23, 2022	317,109	211,406	528,515	13,110	759,200	Feb. 1, 2021
	8,680	13,020	40.31	Jan. 27, 2023	152,768	229,152	381,920	8,290	480,074	Jan. 31, 2022
	4,340	17,360	40.23	Jan. 25, 2024	76,731	306,925	383,656	—	—	—
	—	21,300	41.16	Jan. 31, 2025	—	356,775	356,775	—	—	—
	—	19,300	47.51	Jan. 30, 2026	—	200,720	200,720	—	—	—
Total	**48,720**	**85,780**	—	—	**1,324,424**	**1,499,432**	**2,823,856**	**27,610**	**1,598,895**	—
Christian Bourbonnière	—	9,000	21.90	April 17, 2021	—	324,090	324,090	6,210	359,621	Jan. 26, 2020
	14,100	9,400	35.42	April 23, 2022	317,109	211,406	528,515	9,110	527,560	Feb. 1, 2021
	8,680	13,020	40.31	Jan. 27, 2023	152,768	229,152	381,920	8,290	480,074	Jan. 31, 2022
	4,340	17,360	40.23	Jan. 25, 2024	76,731	306,925	383,656	—	—	—
	—	21,300	41.16	Jan. 31, 2025	—	356,775	356,775	—	—	—
	—	19,300	47.51	Jan. 30, 2026	—	200,720	200,720	—	—	—
Total	**27,120**	**89,380**	—	—	**546,608**	**1,629,068**	**2,175,676**	**23,610**	**1,367,255**	—
Carmine Fortino	7,500	7,500	24.69	Sep. 23, 2021	249,175	249,175	498,350	6,210	359,621	Jan. 26, 2020
	14,100	9,400	35.42	April 23, 2022	317,109	211,406	528,515	9,110	527,560	Feb. 1, 2021
	8,680	13,020	40.31	Jan. 27, 2023	152,768	229,152	381,920	15,080	873,283	Jan. 31, 2022
	4,340	17,360	40.23	Jan. 25, 2024	76,731	306,925	383,656	—	—	—
	—	21,300	41.16	Jan. 31, 2025	—	356,775	356,775	—	—	—
	—	21,200	47.51	Jan. 30, 2026	—	220,480	220,480	—	—	—
Total	**34,620**	**89,780**	—	—	**795,783**	**1,573,913**	**2,369,696**	**30,400**	**1,760,464**	—
Serge Boulanger	—	3,180	21.90	April 17, 2021	—	114,512	114,512	3,260	188,787	Jan. 26, 2020
	5,940	3,960	35.42	April 23, 2022	133,591	89,060	222,651	4,100	237,431	Feb. 1, 2021
	3,720	5,580	40.31	Jan. 27, 2023	65,472	98,208	163,680	3,550	205,581	Jan. 31, 2022
	1,860	7,440	40.23	Jan. 25, 2024	32,885	131,539	164,424	—	—	—
	—	9,100	41.16	Jan. 31, 2025	—	152,425	152,425	—	—	—

	—	7,900	47.51	Jan. 30, 2026	—	82,160	82,160	—	—	—
Total	11,520	37,160	—	—	231,947	667,904	899,852	10,910	631,798	—

Notes:

(1) Based on the difference between the closing price of the Share on September 27, 2019 ($57.91) and the Option exercise price.

(2) PSUs vesting in January 2020 have reached Level 2. The number and value of PSUs vesting in January 2021 and February 2022 were determined using Level 2 which constitutes the target Level.

(3) Based on the closing price on September 27, 2019 ($57.91). See the "Long-Term Incentive Plan" and "Employment Contracts" sections on pages 30 and 32 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 28, 2019, with respect to each NEO, the value of the Options which vested, whether or not exercised, the value of the PSUs that vested during the year and the value of the compensation under the AIP earned during such financial year.

Name	Option-based awards – Value vested during the financial year ($)(1)	Share-based awards – Value vested during the financial year ($)(2)	Non-equity incentive plan compensation – Value earned during the financial year ($)(3)
Eric R. La Flèche	2,686,131	928,345	1,393,800
François Thibault	428,848	294,562	501,280
Christian Bourbonnière	507,740	294,562	511,000
Carmine Fortino	388,113	294,562	563,539
Serge Boulanger	221,185	154,883	256,413
François J. Coutu	—	—	1,053,981

Notes:

(1) This amount represents the amount that would have been earned in 2019 if the Options that vested during the 2019 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.

(2) This amount represents the value of PSUs granted in 2016 that vested in 2019, based on the closing price on January 30, 2019 ($47.51), which is the trading day preceding their settlement date. For further details, see the table below entitled "PSUs granted in January 2016 and paid in January 2019".

(3) This amount represents the amount earned in 2019 under the AIP.

Please refer to the "Long-Term Incentive Plan (LTIP)" and "Employment Contracts" sections on pages 30 and 32 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 2016 and paid in January 2019

Name	Number of PSUs(1)	Value ($)(2)
Eric R. La Flèche	19,540	928,345
François Thibault	6,200	294,562
Christian Bourbonnière	6,200	294,562
Carmine Fortino	6,200	294,562
Serge Boulanger	3,260	154,883

Notes:

(1) Level 2 reached.

(2) Based on the Share closing price on January 30, 2019 ($47.51), 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 ($)[1]	Exercise price ($)
Eric R. La Flèche	April 26, 2013	36,000	49.03	22.10
	April 18, 2014	36,000	49.65	21.90
	April 24, 2015	24,140	49.47	35.42
	January 28, 2016	21,700	48.98	40.31
	January 26, 2017	21,740	48.98	40.23
François Thibault	April 26, 2013	5,100	49.03	22.10
	April 18, 2014	5,400	49.65	21.90
	April 24, 2015	4,700	49.47	35.42
	January 28, 2016	4,340	48.98	40.31
	January 26, 2017	4,340	48.98	40.23
Christian Bourbonnière	April 26, 2013	4,320	49.03	22.10
	April 18, 2014	9,000	49.65	21.90
	April 24, 2015	4,700	49.47	35.42
	January 28, 2016	4,340	48.98	40.31
	January 26, 2017	4,340	48.98	40.23
Carmine Fortino	September 24, 2014	7,500	57.55	24.69
	April 24, 2015	4,700	49.47	35.42
	January 28, 2016	4,340	48.98	40.31
	January 26, 2017	4,340	48.98	40.23
Serge Boulanger	April 26, 2013	2,700	49.03	22.10
	April 18, 2014	3,180	49.65	21.90
	April 24, 2015	1,980	49.47	35.42
	January 28, 2016	1,860	48.98	40.31
	January 26, 2017	1,860	48.98	40.23

Note:

(1) Based on the Share closing price on the trading day preceding the vesting date.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth, as at December 4, 2019, information regarding equity compensation plans pursuant to which equity securities of the Corporation may be issued. Only the Option Plan qualifies as such.

Plan category	Number of securities to be issued upon exercise of Options (a)	Number of securities to be issued upon exercise of Options as % of issued and outstanding Shares (b)	Weighted-average exercise price of Options ($)(c)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (d)
Equity compensation plans approved by security holders	2,281,340	0.90%	37.30	1,907,996
Total	**2,281,340**	**0.90%**	**37.30**	**1,907,996**

6.3 Additional information on the long-term incentive plans

STOCK OPTION PLAN (OPTION PLAN)

The grant of Options is limited to all executives 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).

Dilution impact of the Option Plan

To reduce the future dilutive effects of the Option Plan, the Board of Directors has imposed limits to the Options and Shares that can be issued during a year under the Option Plan.

Absolute maximum number of Shares issued after Options are exercised	30,000,000, which represents 11,8% of issued and outstanding Shares of the Corporation as at December 4, 2019
Annual maximum number of Shares that can be issued after Options are exercised or under any other compensation plan	10% of issued and outstanding Shares of the Corporation
Maximum number of Shares that can be issued to insiders after Options are exercised or under any other compensation plan at all time	10% of issued and outstanding Shares of the Corporation
Maximum number of Options that can be held by an employee of the Corporation	Options on more than 5% of issued and outstanding Shares of the Corporation

Annual burn rate

The following table indicates key measures regarding the Option Plan and its dilution impact on the Corporation's share capital:

	December 4, 2019	December 6, 2018	December 4, 2017
Shares that can be issued Number of Shares of the Corporation that can be issued on account of Option grants already made pursuant to the Option Plan.	2,245,020	3,042,420	3,180,080
Dilution Number of granted but unexercised Options, expressed as a percentage of the total issued and outstanding Shares on the specified date.	0.9%	1.2%	1.4%
Options that can be granted and Options that have not vested Number of Shares available for already made and future grants of Options, expressed as a percentage of the total issued and outstanding Shares on the specified date.	1.6%	2.1%	2.5%
Annual burn rate Number of Options awarded under the Options Plan divided by the weighted average number of Shares issued and outstanding as at the end of the applicable financial year.(1)	0.2%	0.2%	0.2%

Note:

(1) The information on the annual burn rate in this table is presented for the financial year ended before the date of each column.

Terms of the Option Plan

All grants under the Option Plan must comply with the terms of the Option Plan. These terms and conditions are detailed in the following table. This table is only a summary of the principal terms and conditions of the Option Plan. The full text of the Option Plan can be found on the Corporation's corporate Internet website (www.corpo.metro.ca).

Subscription price	May under no circumstance be less than the market price(1) of the Shares when the TSX closes on the trading day preceding the date of the grant, and is payable in full when the Option is exercised. The Corporation has historically been using the market price(1) of the Shares when the TSX closes on the trading day preceding the date of the grant.
Maximum term	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 period 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.
Expiry of Options	Options expire: • 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.
Transfer/cession	No Option is transferable or assignable unless dictated by will or pursuant to succession laws and, during the lifetime of the optionee, only he or she may exercise any Option.
Change of control	All Options granted under the Option Plan will vest and may be exercised at the discretion of the optionees.
Financial assistance	The Option Plan does not allow financial assistance to optionees in relation to the exercise of their Options.
Plan changes – approval of Shareholders	The approval of Shareholders is required in order to make the following changes: • 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); • any amendment which would allow non-employee directors to participate to the Option Plan on a discretionary basis; • 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; • 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; • 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; • 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; • 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); • 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 • the addition of any form of financial assistance and any amendment to a financial assistance provision which is more favorable to employees.
Plan changes by the Board of Directors	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: • make any amendment of a "housekeeping" or clerical nature or in order to clarify the Option Plan's provisions; • make any amendment regarding any vesting period; • 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; • make any amendment resulting from a split, a consolidation, a reclassification, a Share dividend declaration or any other amendment pertaining to the Shares; • discontinue the Option Plan; and • 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.
Termination of the rights of an optionee	Immediately upon the occurrence of one (1) of the two (2) following events: • 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 • 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.

Note:

(1) 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.

PERFORMANCE SHARE UNIT PLAN (PSU PLAN)

The following table details the terms and conditions of the PSU Plan. This table is only a summary of the principal terms and conditions of the PSU Plan. The full text of the PSU Plan can be found on the Corporation's corporate Internet website (www.corpo.metro.ca).

Approval of grants	By the Board of Directors.
Management and changes to the PSU Plan	By the Human Resources Committee.
Establishment of goals	By the Board of Directors after evaluation and recommendation of the Human Resources Committee.

Vesting date of PSUs	Determined on the grant date and shall not exceed three (3) years following said grant date.
Rights of PSU holders	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. It is possible 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.
Dilution	None; PSUs are settled in Shares purchased on the secondary market and/or paid in cash.
Transfer and cession	None, except in the case of death of the holder.
Expiry of PSUs	When the holder's employment is terminated for whatever reason.
Retirement	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.
Death	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.
Change of control	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.
Termination of rights of a PSU holder	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 the Corporation.

6.4 Pension plan benefits

DEFINED BENEFIT PLANS TABLE

The following table illustrates the annual benefits payable at the normal age of retirement (establish at the age of 65) under the combined base and supplemental plans, according to the final average salary and years of credited service under these plans. There is no defined contribution pension plan for the NEOs.

Name	Number of years of credited service(1)	Annual benefits payable ($) At year-end	Annual benefits payable ($) At age 65	Accrued value at start of year ($)	Compensatory change ($)(2)	Non-Compensatory change ($)(3)	Accrued value at year-end ($)
Eric R. La Flèche	28.1(4)	717,800	1,000,000	9,475,000	359,000	1,968,000	11,802,000
François Thibault	7.2	72,200	183,800	947,000	135,000	230,000	1,312,000
Christian Bourbonnière	22.0	217,500	247,800	3,538,000	141,000	418,000	4,097,000
Carmine Fortino	5.1	42,400	76,900	427,000	97,000	99,000	623,000
Serge Boulanger	22.6(4)	141,300	232,200	2,138,000	76,000	495,000	2,709,000
François J. Coutu	28.5(5)	659,700	659,700(5)	10,813,000	51,000	1,599,000	12,463,000

Notes:

(1) As at September 28, 2019, Messrs. Eric R. La Flèche, François Thibault, Christian Bourbonnière, Carmine Fortino and Serge Boulanger had 28.7, 7.2, 22.5, 5.1, and 23.2 years of service respectively with the Corporation. At the time of his retirement on July 10, 2019, Mr. François J. Coutu had 38.6 years of service 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.

(2) The variations attributable to compensatory elements represent the value of the projected retirement benefits earned during the period beginning September 30, 2018 and ending September 28, 2019, considering any gain or loss related to salary variation. The amounts indicated are consistent with the information presented in note 23 to the 2019 Consolidated Financial Statements.

(3) 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 September 30, 2018 and ending September 28, 2019.

(4) 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.

(5) As of, July 10, 2019, the date upon which Mr. François J. Coutu retired. The years of service credited for the supplemental plan are 35 years.

TERMINATION OF EMPLOYMENT OR CHANGE CONTROL BENEFITS

This section describes the benefits for NEOs in the event of termination of employment or change of control. 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 general terms of the Option Plan and the PSU Plan are described in the section "Additional information on the long term incentive plans" at page 43 of this Circular.

The following table describes the applicable provisions under the employment contracts of Messrs. Eric R. La Flèche and Carmine Fortino respectively:

Eric R. La Flèche

Event	Severance		Options	PSUs
	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(1)	Vesting and exercise continue for 2 years after event date(2)	Continued vesting of PSUs until end of performance period with settlement prorated to the number of days worked over the period(2)
Resignation (President and Chief Executive Officer must provide 120-day notice)	—	—	As per Option Plan(2)	As per PSU Plan(2)
Retirement	—	—	As per Option Plan(2)	As per PSU Plan(2)
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(1)	All Options granted become vested and exercisable	All PSUs granted become vested. Achievement of Performance goals estimated by Human Resources Committee

Notes:

(1) At the election of the President and Chief Executive Officer.

(2) Subject to compliance with i) non-competition and non-solicitation provisions during employment and two (2) years after event date; and ii) the 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.

Carmine Fortino

Event	Severance		Options	PSUs	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(1)	As per PSU Plan(1)	All employee benefits continue during the indemnity period
Resignation (NEO must provide 12-week notice)	—	—	As per Option Plan(1)	As per PSU Plan(1)	—
Retirement	—	—	As per Option Plan(1)	As per PSU Plan(1)	—
Change of control	1X + 1 month per additional year of service after 3 years (max 1.5X)(2)	Bonus of current financial year pro-rated and bonus during severance period(2)	As per Option Plan	As per PSU Plan	—

Notes:

(1) Subject to compliance with i) non-competition and non-solicitation provisions during employment and two (2) years after event date; and ii) the 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.

(2) Only in the event of termination without just and sufficient cause or constructive dismissal (double trigger).

The following table is a summary of estimated incremental payments (in $) to NEOs (except for Mr. Coutu who retired on July 10, 2019) and the estimated value (in $) 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, 2019:

		Severance					
Name	Event	Salary	AIP	Options	PSUs[(1)]	Other	Total
Eric R. La Flèche	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	2,000,000	2,787,600	4,865,870[(2)]	2,487,333[(3)]	—	12,140,803
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control + termination within 24 months (double trigger required)	2,000,000	2,787,600	7,990,245	4,694,764	—	17,472,609
François Thibault	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	—[(4)]	—[(4)]	—	—	—	—
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control	—	—	1,499,432	1,598,895	—	3,098,327
Christian Bourbonnière	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	—[(4)]	—[(4)]	—	—	—	—
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control	—	—	1,629,068	1,367,255	—	2,996,323
Carmine Fortino	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	676,667	1,081,700	—	—	137,400	1,895,767
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control	676,667[(5)]	1,081,700[(5)]	1,573,913	1,760,464	137,400[(5)]	5,230,144
Serge Boulanger	Termination with just and sufficient cause	—	—	—	—	—	—
	Termination without just and sufficient cause or constructive dismissal	—[(4)]	—[(4)]	—	—	—	—
	Resignation	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—
	Change of control	—	—	667,904	631,798	—	1,299,703

Notes:

(1) Based on the closing price on September 27, 2019 ($57.91).

(2) The Options continue to vest for a period of two (2) years but we have used the value thereof as if accelerated on September 27, 2019.

(3) 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 27, 2019.

(4) In accordance with applicable law.

(5) Only in the event of termination without just and sufficient cause or constructive dismissal (double trigger).

All NEOs are subject to provisions of non-competition, non-sollicitation, 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.

6.5 Other key policies of the Corporation

The Corporation has adopted various policies in order to meet regulatory requirements it is subjected to. These policies apply to all of the employees of the Corporation.

EMPLOYEE CODE OF CONDUCT

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 section "Summary of the Corporation's compensation policies and practices and associated risks" at page 25 of this Circular. The full text of the Code of conduct can be found on SEDAR (www.sedar.com) and on the Corporation's corporate Internet website (www.corpo.metro.ca).

INFORMATION POLICY

The purpose of the Information Policy is to ensure that all Company communications aimed at the general investing public are correct, timely and widely distributed in accordance with all applicable legal and regulatory requirements. A committee was established to, among other things, review the information and authorize its disclosure before it is released to the public. When the committee deems information to be important, it authorizes disclosure unless disclosure of that information can seriously harm the interests of the Company, in which case the information is kept confidential. A decision to keep the information confidential is reviewed periodically by the committee.

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.

The Information Policy also contains information on circumstances in which employees and directors of the Corporation may not trade on the Corporation's Shares even if they are not under a trading prohibition period.

Any employee of the Corporation who commits a breach of the Information Policy is subject to disciplinary measures, including summary dismissal without prior notice.

7. 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 G to this Circular.

The Corporate Governance Committee chaired by Ms. Marie-José Nadeau develops and monitors Corporation's policy on corporate governance. A copy of the mandate of the Corporate Governance Committee can be found in Exhibit E 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 17 of this Circular.

7.1 Environmental, social and governance factors

Environmental, social and governance ("ESG") factors are integrated in the Corporation's corporate responsibility ("CR") approach which dates back to almost ten (10) years when the Corporation adopted its first corporate responsibility plan for the 2010-2015 period. This first plan defined the Corporation's commitments and intentions with respect to the economic, social and environmental sustainability and the governance of its business activities. In November 2015, a second plan was released for the 2016-2020 period. CR is at the core of the Corporation's business practices and is followed by all teams. This approach is based on four (4) pillars: delighted customers, respect of the environment, strengthened communities and empowered employees, each of which carry specific priorities. The Corporation has published since 2010 an annual report on the progress of the different CR projects related to each of these pillars.

Delighted customers

With the objective of satisfying its customers' needs, the Corporation seeks to offer products that meet its clients' expectations while working toward a more responsible supply chain that is committed to the adoption of best practices. The Corporation prioritizes food quality and safety, healthy eating habits and responsible products.

The Corporation published in 2017 its Responsible Procurement Framework and Supplier Code of Conduct for Responsible Procurement. These initiatives enable the Corporation to provide its customers with the responsible products they are looking for and to communicate its expectations and requirements to its suppliers to better meet the challenges in its supply chain. These documents create a framework for policies in this area, such as the Corporation's sustainable fisheries and local purchasing policies. They are based on four (4) key principles: business ethics, respect for workers and contribution to socioeconomic development, protection of the environment and respect for animal health and welfare.

The Sustainable Fisheries and Aquaculture Policy, first adopted in May 2010, was updated in June 2018. The policy covers fresh, frozen and canned fish and seafood. It is designed to oversee the procurement practices and foster the adoption of responsible, ethical fisheries and aquaculture practices. It is built around four (4) principles: healthy species, responsible operating methods, product traceability, and respect for workers and socioeconomic development.

Respect of the environment

The Corporation's initiatives to reduce its environmental impact include actions to reduce its carbon footprint, optimize energy consumption in new and existing buildings, improve its waste management, improve energy efficiency of its product transportation and optimize its packaging and printing materials.

The Corporation's Environmental Policy specifies that the Corporation must take the necessary steps to comply with applicable legal requirements and to improve, on an ongoing basis, its environmental performance. A committee comprised of members of management ensures the implementation of the policy and of programs to reduce the impact of the Corporation's operations on the environment.

In 2019, the Corporation adopted a Packaging and Printed Materials Management Policy which covers the Corporation's corporate, food and pharmacy activities. The Corporation will adopt practices to lower the use of resources and reduce waste production while contributing to the global movement to reduce single-use plastics. Rooted in two established concepts, life cycle approach and circular economy, the Policy is based on the following four (4) principles: reduce the use of packaging and printed materials; implement optimal design; select eco responsible materials; facilitate recovery and recycling.

Strengthened communities

The Corporation plays a part in the economic and social well-being of the communities in which it does business by investing in these communities and supporting local suppliers. Launched in 2013 in Québec and in 2016 in Ontario, the Corporation's Local Purchasing Policy is driven by the following guiding principles that enable the Corporation to optimize the accessibility and promotion of local products in Québec and Ontario: support the regional and provincial producers and processors, including those with whom the Corporation's retailer have developed direct ties, and support innovative practices. Purchasing locally helps build a strong agri-food system and helps the local economy. The local purchasing program is now solidly established in Québec and Ontario. In 2019, 260 regional suppliers in Québec and Ontario were offering more than 1,500 local products in the Corporation's food retail stores. In April 2018, Metro Ontario was honoured with the Foodland Ontario VISION Award in recognition of its significant contribution to the promotion of local products.

The Corporation launched in 2012 the *Green Apple School Program*, which aims to encourage children to develop healthy eating habits by completing a project focusing on a healthy diet, the scope of which will have a positive impact on their home, school or community. This program allows each year the donation of $1,000 grants to elementary and high schools in Québec and Ontario.

The *One More Bite* (*Récupartage*) program is a food recovery program implemented in the *Metro, Super C* and *Food Basics* stores in Québec and Ontario. Unsold quality products such as meat, prepared foods, dairy and bakery items are collected in stores and redistributed to community organizations. In place since 2013, the program has steadily grown over the years. In 2019, more than 3,800,000 kilograms of food were redistributed, which allowed the distribution of more than seven (7) million meals to the community.

Thanks to its well-established network, the Corporation makes regular donations, both in cash and food, and helps with fundraising of various community organizations. The Corporation also brings together its clients, suppliers and employees to create a durable impact in the communities it serves. The Corporation won the "Thanks A Million" award from United Way Canada for the second consecutive year for the 2018 donation campaign. This award is presented annually to Canadian companies that donate $1 million or more to United Way, an amount that the Corporation has exceeded more than once.

Empowered employees

The Corporation seeks to provide a quality experience to its employees throughout their professional lives. The Corporation achieves this objective by ensuring health and safety at work, promoting an ethical and respectful work environment, offering a positive work environment and developing talent.

To adapt to the constant evolution of the business environment of the Corporation, the Code of conduct was developed and came into effect on November 17, 2016 which replaced the conflicts of interest and professional ethics policy. The Corporation also adopted in 2015 a written policy on diversity amongst its employees, including its executive management. According to this policy, the Corporation considers personal attributes in selecting candidates for job positions, including the representation of men and women. To ensure that women candidates are considered for management positions, the policy also provides that, whenever possible, at least one female candidate shall be among the group of identified candidates for each such position.

Launched in 2015, the WIN (Women's Inspirational Network) program includes activities to foster the career development of women within the organization by focusing on the exchange of ideas, experiences and contacts. The program offers skills development workshops, lunch and learn presentations, networking and volunteering activities and opportunities to participate in workshops on sensitive social issues that women face. The Corporation also seeks to encourage women to take on positions at more senior levels.

CR governance

Corporate governance with regards to CR is an integral part of the Corporation's management structure, ensuring the implementation and monitoring of governance and control mechanisms to guarantee a prudent and coherent management of CR issues. CR was therefore incorporated in the Corporation's corporate strategy and the management committee is responsible for ensuring that CR priorities are aligned with this strategy and monitors the achievement of the corporate objectives. In order to maintain a close monitoring of the CR priorities, each priority falls under the responsibilities of a member of management who ensures the priority is advancing. The Board of Directors is also involved in the monitoring of the CR approach by approving each plan and the annual reports. The Board of Directors also approves corporate strategy and monitors its achievement, which includes the Corporation's CR approach which is integrated to the corporate strategy.

The various programs and policies mentioned above are available on the Corporation's corporate Internet website (www.corpo.metro.ca).

7.2 Shareholder engagement

The Board of Directors has adopted a written policy regarding shareholder engagement as it believes that constructive engagement with the Company's shareholders is important for good corporate governance and transparency. Under the terms of this policy, the Board welcomes shareholder inquiries and comments relating to the following matters ("Board Matters"):

- Corporate governance practices and disclosure;
- Board performance;
- Executive performance and compensation; and
- Board and Committee composition and qualifications.

Matters not directly related to the foregoing are most appropriately addressed by management through Metro's Investor Relations team. All shareholder inquiries and comments relating to Metro's business and operations, financial results, strategic direction and similar matters should be directed to Metro's Investor Relations team at finance@metro.ca.

The Board has designated the Corporate Secretary as its agent to receive communications addressed to the Board or any director. Shareholders or other stakeholders may communicate with the Board by writing to the Corporate Secretary at secretaire.corpo@metro.ca.

The Chair of the Board or the Chair of the Corporate Governance and Nominating Committee will consider each request and determine how to proceed. Any subsequent communication or meeting will be limited to the predetermined topics identified in the communication or meeting's agenda.

The Board may also decide, in certain circumstances, to engage directly with shareholders to discuss Board Matters.

The text of the policy is available on the Corporation's corporate Internet website (www.corpo.metro.ca).

8. Other business

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.

9. Shareholder proposals for the 2021 annual meeting

Proposals for any matters that persons entitled to vote at the 2021 annual general meeting of the Shareholders wish to raise at said meeting must be received by the Corporation by September 14, 2020, at the latest.

10. 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) as well as on the Corporation's corporate Internet website (www.corpo.metro.ca).

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.

11. Directors' approval

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

Montréal, December 12, 2019

Simon Rivet
Corporate Secretary

Exhibit A – Shareholder Proposal

The proposal below was submitted by the Mouvement d'éducation et de 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.

Since the Corporation already has in place measures to ensure the sustainability of its corporate responsibility approach integrating environmental, social and governance (ESG) factors and a section on corporate responsibility has been included on page 48 of this Circular, it was agreed with the MÉDAC to not present the proposition for a vote at the Meeting. The Corporation has nevertheless decided to present its views on the proposal.

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

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

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 including 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:

At last year's annual general meeting, this proposal received an important percentage of votes in favour: 6.76%

While recognizing *Metro Inc.*'s achievements in this area, we cannot agree with the reasons that lead you to not integrate ESG criteria in your executive officers' performance assessment:

> "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."[*]

As Peter Drucker, we believe that "everything that is measured improves". To this end, we wish to underline that, according to a recent survey by Mercer, close to 60% of Canadian corporations use or could consider using these criteria both in their short- and long-term compensation programs.[**]

This reflects a comment made by Marie-Claude Bacon, Vice-President, Public Affairs and Communications:

> Recently, we perceived a growing interest in obtaining information on our strategy and practices to integrate environmental, social and governance (ESG) factors into our business management, including from the financial community.[***]

Let us remind that corporations with precise ESG strategies generally benefit from a better reputation with their clients, better adapt to changes, better manage risks, are more innovative and are therefore better equipped to develop a long-term plus value for their shareholders and their stakeholders.

While the inclusion of financial objectives to assess executive officers' performance is important to align the interests of the executive officers and shareholders, the inclusion of ESG objectives to assess executive officers' performance is an essential tool to favour a financial and extra-financial performance to the level expected by shareholders and stakeholders.

Response from the Board of Directors

The Corporation has integrated environmental, social and governance ("ESG") factors in its corporate strategy through the adoption of a corporate responsibility ("CR") plan for the period from 2016 and 2020 following a first CR plan for the period from 2010 to 2015. ESG and CR concepts underline the Corporation's strategic vision. By adopting a formal plan, supported by the executive team and the Board of Directors, the Corporation can structure its approach, prioritize its actions and make real, structural progress in terms of its ESG performance. The Corporation has adopted multiple policies in order to meet the objectives of the CR plan, such as the Packaging and Printed Materials Management Policy, the Sustainable Fisheries and Aquaculture Policy, the Responsible Procurement Framework, the Supplier Code of Conduct and the Local Purchasing Policy, to name

[*] *2018 Management Information Circular, Metro Inc.*
[**] https://www.mercer.us/content/dam/mercer/attachments/north-america/us/us-2019-environmental-socialand-governance-esg-incentive-plan-metrics-spot-survey.pdf
[***] *Corporate Responsibility Report: financial year 2018, Metro Inc.*

a few. In addition to these policies, there are numerous initiatives to achieve the vision established in the Corporation's CR plan. The CR policies, initiatives as well as the governance structure are described in the "Environmental, social and governance factors" section at page 48 of this Circular.

The Corporation believes that the actions already taken as well as the CR and ESG governance structure are appropriate, testify to the importance given to these issues by the Corporation and ensure the sustainability of the approach. These actions contribute to increasing the Corporation's long-term value and therefore serve well the Corporation's shareholders and stakeholders, including the local communities where the Corporation carries out its operations.

Exhibit B – 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 C – 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 D – 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 oversees and approves 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 its 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

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 E – 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 F – 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 G – Statement of corporate governance practices

Canadian Securities Administrators Corporate Governance Guidelines and Disclosure Requirements	Observations
Board of Directors	
1. The board should have a majority of independent directors.	1. At the end of the 2019 financial year, 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 2019 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 2019 financial year, the independent directors serving on the Board at one time or another were: Mses. Maryse Bertrand, Stephanie Coyles, Christine Magee, Marie-José Nadeau and Line Rivard and Messrs. Pierre Boivin, Marc DeSerres, Claude Dussault, Russell Goodman, Marc Guay, Christian W.E. Haub and Réal Raymond. Mr. Eric R. La Flèche cannot be considered independent because he holds a senior executive position with the Corporation. Mr. François J. Coutu cannot be considered independent because he held a senior executive position with the Jean Coutu Group, a subsidiary of the Corporation, within the last three years and 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, was, within the last three (3) years, a senior executive of the Jean Coutu Group, a wholly-owned subsidiary of the Corporation and his son holds a senior executive position with the Jean Coutu Group. If, following the Meeting on January 28, 2020, 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 10 of the 13 proposed nominees will be independent directors, namely the following director nominees: Mses. Maryse Bertrand, Stephanie Coyles, Christine Magee and Line Rivard and Messrs. Pierre Boivin, Claude Dussault, Russell Goodman, Marc Guay, Christian W.E. Haub and Réal Raymond. A record of attendance of each director nominee at Board of Directors and Committee meetings held since the beginning of the Corporation's most recently completed financial year is included in the director nominees profiles on pages 7 to 13 of this Circular.
2. If a director is presently a director of any other reporting issuer, identify both the director and the other issuer.	2. The information pertaining to the directors who serve on the board of another reporting issuer can be found on pages 7 to 13 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. In addition, 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 takes into consideration the directorships of potential director nominees and does not propose a slate of directors for election by shareholders if the election of those directors would result in more than two (2) simultaneous situations where two (2) directors hold a director seat at the same board of another public company. A director of the Corporation must 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 H 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 B 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 H 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 I 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, new directors are provided with reports on the Corporation's business operations and internal affairs. 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, periodically, in organized visits of the Corporation's facilities and its food stores and pharmacies network. 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, three (3) sessions took place and focused on information technologies, e-commerce and the food retail business around the globe, which allowed Board members to keep themselves up to date on these fast-changing aspects of the business. 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.
Business Ethics 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.	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 (www.sedar.com) and on the Corporation's corporate Internet website (www.corpo.metro.ca). 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 provisions providing for the clawback of executives' compensation (for further details on these provisions, please refer to the "Summary of the Corporation's compensation policies and practices and associated risks" section on page 25 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.
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.	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 and employees of the Corporation. 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.
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.	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. In addition, the Code of conduct specifies, among other things, that executives and employees must avoid situations of conflict of interests. Moreover, the Code of conduct 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 breaches 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.
11. The board must take steps to encourage and promote a culture of ethical business conduct.	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 requires employees to avoid all conflicts of interest throughout their work but it also requires them not to accept gifts unless same qualifies as a business practice defined in the Code of conduct. 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 12. The board should appoint a nominating committee composed entirely of independent directors.	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 six (6) directors, all of whom are independent.
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.	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. For further details, the text of the Corporate Governance Committee's mandate is included in Exhibit E to this Circular.
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.	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 F 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 14 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 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 13 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 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 six (6) 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. For further details, the text of the Human Resources Committee's mandate is included in Exhibit C to this Circular.
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 Discussion and Analysis" section, which can be found on pages 23 to 38 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 that the Corporation uses to determine executives' compensation, the directors' involvement, their responsibilities and the risks that 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 C, D and E 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 Board of Directors has designed a comprehensive effectiveness assessment for itself, the committees and the directors under the supervision of the Corporate Governance Committee. This assessment occurs on an annual basis using questionnaires after these have been reviewed by the Corporate Governance Committee. These questionnaires cover a variety of subjects, including but not limited to corporate governance and include both quantitative and qualitative answers. Every three (3) years, a detailed questionnaire replaces the usual questionnaire and only includes qualitative answers. During the assessment process, the Corporate Governance Committee also ensures that the mandate of each committee of the Board of Directors is carried out and assesses the manner in which the Chair of the Board of Directors and the Chairs of each committee fulfill their duties. The usual assessment consists of a six-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 and of the effectiveness and performance of the Board and the Board committees. The second, third and fourth parts are more open-ended and seek additional comments that may not have been addressed in the first part. The fifth part consists of an assessment by each director of the other directors' performance. Finally, the sixth part is a self-assessment of the performance of the director. The Chair of the Board meets with each director individually on an annual basis to discuss the performance and contributions of the director to the Board and its committees. These individual discussions are also an opportunity to address the Board's effectiveness and possible improvements. These meetings also allow the Chair of the Board to obtain feedback from directors on his performance as Chair and on the performance of the other directors. The Chair reports on the progress of these discussions to the Corporate Governance Committee.

The results of this assessment are reviewed by the Corporate Governance Committee. The Chair of the Corporate Governance Committee submits a complete report of this analysis to the Board of Directors. 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, its committees or 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 H – 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 I – 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.