



ANNUAL INFORMATION FORM OF METRO INC.
Financial year ended September 29, 2018

December 13, 2018

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N.B.: All disclosures in this Annual Information Form are as of September 29, 2018 unless otherwise indicated.

Documents referred to from time to time in this Annual Information Form are incorporated by reference.

Unless the context indicates otherwise, the use in this Annual Information Form of the terms “our” and “we” and “METRO” collectively refer to Metro Inc. and its subsidiaries, and the term *Metro* refers to the stores operated under the *Metro* and *Metro Plus* banners.

This Annual Information Form pertains to the 52-week fiscal year of the Corporation ended on September 29, 2018. Unless stated otherwise, all amounts set forth herein are expressed in Canadian dollars.

FORWARD-LOOKING INFORMATION Throughout this annual information form (the “Annual Information Form”), different statements have been used that could, within the context of the regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained in this Annual Information Form, which does not constitute a historical fact, may be deemed a forward-looking statement. Expressions such as “continue”, “will”, “intend”, “consider”, “should”, “expects”, “plans”, “believes”, “projected” and other similar expressions as well as the use of the future or conditional tenses are generally indicative of forward-looking statements. The forward-looking statements contained in this Annual Information Form are based upon certain assumptions regarding the Canadian food industry, the economy in general, Metro Inc.’s (the “Corporation”) annual budget as well as its 2019 action plan.

These forward-looking statements do not provide any guarantee as to the future performance of the Corporation and are subject to potential known and unknown risks, as well as uncertainties that could cause the outcome to differ significantly. An economic slowdown or recession or the arrival of a new competitor are examples of risks described under the “Risk Management” section on pages 32 to 35 of the Corporation’s 2018 Management’s Discussion and Analysis and Consolidated Financial Statements which could have an impact on these statements. The Corporation believes these statements to be reasonable and relevant at the date of publication of this Annual Information Form and to represent its expectations. The Corporation does not intend to update any forward-looking statement contained herein, except as required by applicable law.

1. INCORPORATION

- 1.1. INCORPORATION OF THE ISSUER** The Corporation is currently governed by the *Business Corporations Act* (Québec). The Corporation results from the amalgamation of Métro-Richelieu Group Inc. and United Grocers Inc. on April 30, 1982. The name of the resulting company was Groupe des Épiciers Unis Métro-Richelieu Inc.

Métro-Richelieu Group Inc. was incorporated under the name Magasins LaSalle Stores Limited by letters patent dated December 22, 1947 under the *Companies Act* (Québec). In September 1976, the Corporation, then known as Metro Food Stores Ltd., merged with Richelieu Groceries Limited to form Métro-Richelieu Inc. In 1979, it amended its name to Métro-Richelieu Group Inc.

United Grocers Inc. was incorporated under the *Companies Act* (Québec) by letters patent dated August 31, 1928.

Since the amalgamation of Métro-Richelieu Group Inc. and United Grocers Inc. on April 30, 1982, Groupe des Épiciers Unis Métro-Richelieu Inc. changed its name twice: once by certificate of amendment dated September 25, 1986 from Groupe des Épiciers Unis Métro-Richelieu Inc., which name it had used since the amalgamation on April 30, 1982, to Métro-Richelieu Inc., and a second time by certificate of amendment dated January 26, 2000, to its present name.

The share capital of the Corporation is composed of an unlimited number of common shares and an unlimited number of preferred shares. The Corporation’s previous dual-class share structure was eliminated on February 1st, 2012 by certificate of consolidation. All the issued and outstanding Class B multiple-voting shares of the Corporation at the time were converted into Class A subordinate-voting shares (one vote per share) on a one to one basis. The subordinate-voting shares were then designated as common shares. The Corporation has also amended its ticker symbol from “MRU.A” to “MRU” to reflect the elimination of its dual class share structure.

The Corporation’s head office and principal place of business is located at 11011 Maurice-Duplessis Boulevard, Montréal (Québec) H1C 1V6.

1.2. INTERCORPORATE RELATIONSHIPS Metro Inc. is a holding company which carries on its business through its subsidiaries. The following table lists the Corporation's main subsidiaries, the jurisdiction under which they are incorporated, the percentage of voting rights and the percentage of non-voting securities that the Corporation holds in its subsidiaries:

	Percentage of voting rights	Percentage of non-voting shares	Jurisdiction of incorporation
Metro Richelieu Inc. ("Metro Richelieu")	100%	100%	Canada
McMahon Distributeur pharmaceutique Inc. ("McMahon")*	100%	100%	Canada
Metro Québec Real Estate Inc.*	100%	100%	Canada
The Jean Coutu Group (PJC) Inc. ("the Jean Coutu Group")	100%	N/A	Québec
RX Information Centre Ltd**	100%	N/A	Canada
Pro Doc Ltd ("Pro Doc")**	100%	100%	Québec
Metro Ontario Inc. ("Metro Ontario")	100%	100%	Canada
Metro Ontario Pharmacies Limited***	100%	100%	Canada
Metro Ontario Real Estate Limited***	100%	N/A	Canada
Adonis Group Inc. ("Adonis Group")*	100%	100%	Canada
Phoenicia Group Inc. ("Phoenicia Group")*	100%	100%	Canada
Première Moisson Group Inc. ("Première Moisson Group")*	75%	N/A	Canada
MissFresh Inc. ("MissFresh")*	70%	N/A	Canada

* The Corporation holds the shares of this corporation indirectly through Metro Richelieu Inc.

** The Corporation holds the shares of this corporation indirectly through The Jean Coutu Group (PJC) Inc.

*** The Corporation holds the shares of this corporation indirectly through Metro Ontario Inc.

2. GENERAL DEVELOPMENT OF THE BUSINESS OVER THE PAST THREE YEARS

In 2018, the Corporation completed the acquisition of the Jean Coutu Group. This transaction allowed the Corporation to significantly increase its pharmacy activities, going from 254 drugstores at the end of the 2015 financial year to 669 drugstores operating under the various pharmacy banners at the end of the 2018 financial year. The transaction is more fully described below.

In addition to this significant transaction, over the past three (3) financial years, both METRO and its retailers carried major work on a total of 135 food stores, which included the opening of 20 stores (including relocations), the expansion of 25 stores and the renovation of 90 stores. This represents an increase of 2.14% of its food retail network area for all food banners combined.

These investments laid solid and durable foundations for METRO and its retailers to continue to grow the network. Here are more details on the highlights of the past three (3) years:

2018

Business acquisitions: On May 11, 2018, the Corporation completed the acquisition of all the outstanding class A subordinate voting shares of the Jean Coutu Group and all of the outstanding class B shares of the Jean Coutu Group for a total consideration of 4.5251 billion dollars (the "Transaction"), the terms of which are more fully described in the Business Acquisition Report dated July 25, 2018 available on SEDAR. As a result of the Transaction, the Jean Coutu Group became a direct wholly-owned subsidiary of the Corporation. Under the terms of the acquisition, the aggregate consideration transferred to the Jean Coutu Group shareholders consisted of 3.3772 billion dollars in cash and the issuance of approximately 28 million common shares of the Corporation representing 1.1479 billion dollars.

Prior to the Transaction, the Jean Coutu Group's class A shares were listed on the Toronto Stock Exchange. Following completion of the Transaction, the class A shares were delisted from the Toronto Stock Exchange and the Jean Coutu Group ceased to be a reporting issuer in each of the provinces of Canada.

In October 2017, to finance the cash portion of the purchase price payable in relation to the Transaction, the Corporation secured access to committed bank facilities fully underwritten by Bank of Montreal, Canadian Imperial Bank of Commerce and National

Bank of Canada which consisted of a 500 million dollars term loan facility (itself consisting of a 3-year 100 million dollars tranche A, 4-year 150 million dollars tranche B and a 5-year 250 million dollars tranche C), a 1-month 250 million dollars bridge term facility, an asset sale term facility of 1.5 billion dollars and a 1-year 1.2 billion dollars term facility. In the end, only the 500 million dollars term loan facility and the 1-month 250 million dollars bridge term facility were used as the Corporation financed the remaining cash portion of the purchase price of the acquisition by disposing of its investment in Alimentation Couche-Tard Inc. and by issuing unsecured senior notes by way of private placement, the whole as described below.

The Corporation completed the sale of a majority of its interests in Alimentation Couche-Tard Inc. in October 2017, for proceeds, net of the related fees and commissions, of 1.534 billion dollars. The proceeds of such sale were used to finance part of the cash portion of the purchase price payable in relation to the Transaction. The 1.5 billion dollars asset sale term facility was thus terminated.

The Corporation completed its issuance of unsecured senior notes by private placement on December 4, 2017 for an aggregate principal amount of 1.2 billion dollars. Such private placement was comprised of 300 million dollars aggregate principal amount of Series F unsecured senior notes, bearing interest at a fixed nominal rate of 2.68% and maturing on December 5, 2022; 450 million dollars aggregate principal amount of Series G unsecured senior notes, bearing interest at a fixed nominal rate of 3.39% and maturing on December 6, 2027; and 450 million dollars aggregate principal amount of Series H unsecured senior notes, bearing interest at a fixed nominal rate of 4.27% and maturing on December 4, 2047. The proceeds of such issuance were used to finance the last part of the cash portion of the purchase price payable in relation to the Transaction. The Corporation therefore terminated the 1.2 billion dollars term facility.

On December 6, 2017, the Corporation amended the terms of the 500 million dollars term loan facility, resulting in a 1-year 100 million dollars tranche A, a 2-year 200 million dollars tranche B and a 3-year 200 million dollars tranche C. On May 11, 2018, the Corporation reimbursed the 100 million dollars tranche A and the 250 million dollars bridge loan, and on June 11, 2018, the Corporation reimbursed half of tranche B (100 million dollars). During the fourth quarter of the 2018 financial year, the Corporation reimbursed the 100-million-dollar balance of tranche B and the total amount of the 200 million tranche C. Both facilities were officially terminated on September 10, 2018.

As a consequence of the Transaction, METRO must divest ten (10) drugstores in accordance with the agreement concluded with the Commissioner of Competition of Canada.

In addition to the foregoing, METRO also acquired the remaining minority interests of the founders of Adonis Group and Phoenicia Group in accordance with the terms of the shareholder agreement that had been concluded between the parties. The transaction was completed during the first quarter of the year for a cash consideration of 221.2 million dollars, including financial costs of 1.8 million dollars. Both Adonis Group and Phoenicia Group became wholly-owned subsidiaries of METRO.

Operational developments: The Corporation announced on October 11, 2017, a 400 million dollars investment over six (6) years¹ in the Ontario distribution network. With this investment, the Corporation will modernize the Toronto distribution network by building a new automatic distribution centre for frozen food close to the current West Mall facility and a new automatic distribution centre for fresh food close to the current Vickers facility. With a modernized supply chain and advanced technology, METRO will be able¹ to meet its customers' needs more efficiently. Work on the new distribution centers started in 2018 and is scheduled¹ to be completed in 2023. The new distribution centres will offer a wider variety of products, greater accuracy in order picking and more flexibility, and allow METRO to improve¹ service to its retail network and customers. This major investment will position METRO to pursue¹ further growth and expansion in the Ontario market.

In 2018, METRO continued to work on improving its food retail network. It opened one (1) new *Adonis* store in Gatineau, converted one (1) *Metro* store into a *Super C* store and carried out major renovations in 14 other locations in Québec. The new *Adonis* store is the first of the *Adonis* stores located outside the Greater Montréal and Toronto areas. In Ontario, three (3) new *Food Basics* stores were opened and major renovations in 12 other *Metro* or *Food Basics* stores were carried out.

Première Moisson Group opened a new retail location in Gatineau, which constitutes the third store opened outside the Greater Montréal area, and therefore increasing the number of operating *Première Moisson* bakeries to 27.

¹ See the "Forward-Looking Information" section on page 1 of this Annual Information Form.

In addition to the acquisition of the Jean Coutu Group, the Corporation's pharmacy activities continued to grow in 2018 in Québec and in Ontario with the opening of four (4) drugstores (including relocations) under various banners.

The popularity of METRO's online grocery service for the *Metro* stores, which is currently available in a territory reaching 60% of the population of Québec, continued to grow, with the promise of guaranteed freshness. In June 2018, in an effort to better serve its customers, *Metro* became the first banner in Québec to offer same-day delivery for all its online services. METRO expects¹ to launch the online grocery service in Ontario in 2019.

Following the Transaction, the Corporation started working toward the integration of the Jean Coutu Group into METRO. Towards the end of the 2018 financial year, METRO's private labels Irresistibles and Selection made their debut in the *PJC* drugstores. The Jean Coutu Group's private brand for health and beauty products, Personnelle, will gradually be introduced¹ into the *Brunet*, *Super C* and Québec *Metro* stores, and eventually¹ in Ontario stores. Over-the-counter products of the Personnelle brand will also be added¹ to the *Brunet* drugstores' product line-up. This will ensure¹ that the value of all of METRO's brands will be maximized in the best interests of customers across METRO's various banners.

Corporate and Financial Developments: In May 2018, the Corporation's entered into an amended and restated credit agreement for the 600 million dollars revolving, unsecured, renewable credit facility (the "Credit Facility") to which it has had access since 2011. In the second part of the 2018 financial year, the banking syndicate also agreed to an extension of the maturity date of the Credit Facility from November 3, 2022 to November 3, 2023.

In the second half of the 2018 financial year, the Corporation disposed of the remaining portion of its investment in Alimentation Couche-Tard Inc. over the course of several transactions for total sales proceeds amounting to 326 million dollars. The last disposal closed on November 5, 2018, thus completing the sale of all of the Corporation's shares in Alimentation Couche-Tard Inc.

SUBSEQUENT EVENTS

After a period of approximately one (1) year during which the normal course issuer bid program was not renewed, in particular because the Corporation intended, during this period, to allocate the surplus cash available to reimburse part of the debt incurred for the Transaction, the board of directors of the Corporation authorized, on November 20, 2018, the reinstatement of the normal course issuer bid program starting on November 23, 2018. The Corporation will be able to repurchase, in the normal course of business, between November 23, 2018 and November 22, 2019 up to seven (7) million of its common shares representing approximately 2.7% of its issued and outstanding shares on November 13, 2018. Repurchases will be made through the facilities of the Toronto Stock Exchange at market price, in accordance with its policies and regulations, as well as by other means as may be permitted by the TSX and any other securities regulatory authorities, including through the facilities of alternative trading systems or by private agreements. The Corporation considers¹ that the normal course issuer bid program provides it with an additional option for using its excess funds.

In accordance with the agreement entered into with the Commissioner of Competition of Canada, METRO completed the divestiture of five (5) drugstores in November 2018. The remaining divestitures should be completed¹ before the end of the first half of the 2019 financial year.

2017

Business acquisitions: METRO acquired a majority stake in MissFresh, a company specializing in online sales and home delivery of ready-to-cook meals. MissFresh's three (3) co-founders have retained 30% of the share capital and continue to take an active part in the company's management with the existing team.

Operational developments: In 2017, METRO continued to work on improving its food retail network. In collaboration with the retailers, METRO invested over 305 million dollars, in the aggregate, on several store projects, which resulted in the opening of ten (10) new stores and the completion of major renovations in 45 stores. Such improvements represented, in total, a net increase of 1.2% of its retail network area for all food retail banners combined.

¹See the "Forward-Looking Information" section on page 1 of this Annual Information Form.

METRO continued to deploy its online grocery services for the *Metro* stores throughout the province of Québec. The platform was originally introduced in three (3) stores in the Montréal area in 2016. Since October 2017, METRO has extended the platform to the population of the Greater Montréal area, including the South shore and the North shore of Montréal, as well as the Québec City and Outaouais regions.

METRO also continued to improve the digital convergence of the *Metro* stores with the integration of coupons and reward cheques from the *metro&moi* program in the *My Metro* mobile application.

METRO also launched a mobile application for the stores of each of the *Super C* and *Food Basics* banners, the features of which include viewing flyers and weekly specials as well as receiving exclusive supplier coupons and finding store location.

In Ontario, the wine offer was extended to certain *Metro* and *Food Basics* stores that were granted a licence to sell wine. In December 2017, METRO also launched a new selection of Québec local wines which are now featured as an important category of the wine offer in many of its Québec *Metro* stores.

Première Moisson Group opened a new bakery in Ville Saint-Laurent. A new exclusive line of Première Moisson products was also introduced in September 2017 under the trademark Collection Première Moisson in a number of *Metro* stores. The Collection Première Moisson products are offered exclusively in *Metro* stores alongside the other Première Moisson products that were already part of METRO'S product offer under the Première Moisson trademark.

The *Brunet* banner continued to grow with the opening of three (3) new drugstores for a total of 183 pharmacies.

McMahon was granted an exclusive contract for the distribution of prescription drugs in the public health institutions of four (4) regions in Québec, two (2) of which represent new business for McMahon.

In Ontario, METRO launched a new layout concept in three (3) *Metro* in-store drugstores.

Corporate and financial developments: The Corporation continued its 2016-2017 normal course issuer bid program, buying back over seven (7) million shares on the market over the financial year until it expired on September 11, 2017. The Corporation did not renew its normal course issuer bid program after September 11, 2017 as the Corporation chose, for the period between September 11, 2017 and November 23, 2018, to allocate its available surplus funds to reimburse part of the debt incurred for the Transaction.

The maturity date of the Credit Facility of the Corporation was extended to November 3rd, 2022.

2016

Operational developments: In 2016, METRO continued to work on improving its food retail network. In collaboration with the retailers, METRO opened eight (8) new stores, including two (2) *Adonis* stores, and carried out major renovations and expansions of 43 stores, for a gross expansion of 428,300 square feet and a net increase of 135,100 square feet or 0.7% of its retail network area.

In the first quarter of the 2016 financial year, METRO launched the *My kind of savings* program for the Québec *Metro* banners. This program is designed to help customers discover new ways of saving money.

The *Super C* banner continued to grow by opening new stores and ensuring that products are always fresh, always in stock and always at great prices as promised in its *Zero Compromise* advertising campaign to customers.

In Ontario, the *Food Basics* and *Metro* banners managed to position themselves favourably in the highly competitive market by offering innovative responses to consumer expectations. During the 2016 financial year, Metro Ontario was initially granted nine (9) licences to sell beer and was later granted another 12 licences to sell beer and wine in some of its *Metro*, and *Food Basics* stores.

METRO developed and implemented an easy-to-use customized digital e-commerce platform. The platform was tested over the summer of 2016 by employees and officially deployed on October 25, 2016 in two (2) stores located in Montréal and one (1) store located in Laval.

METRO celebrated the 75th anniversary of the *Marché Richelieu* banner and revamped its look with a modern logo and updated store concept.

METRO opened two (2) new *Adonis* stores located in Laval and in Montréal's Griffintown district, bringing the total number of stores to nine (9) in Québec, and two (2) in Ontario.

Première Moisson Group opened a new bakery in Québec City, the first in the region. It also expanded the offer of Première Moisson branded products in *Metro* stores across Québec and Ontario.

The *Brunet* banner continued to grow with the opening of three (3) new drugstores.

Corporate and financial developments: The Corporation continued its 2015-2016 normal course issuer bid program, buying back over eight (8) million shares on the market over the 2016 financial year. The program was then renewed for the period starting on September 12, 2016 and ending on September 11, 2017.

The maturity date of the Credit Facility of the Corporation was extended to November 3rd, 2021.

3. DESCRIPTION OF THE BUSINESS

3.1. BUSINESS OF THE CORPORATION With annual sales of more than 14 billion dollars, METRO is a leader in the food and pharmacy industry in Québec and Ontario. On account of its retailer, franchisor, manufacturer and distributor activities, it operates a network of a total of 657 food stores and 669 drugstores and supplies more than 700 small retail outlets.

As of September 29, 2018, METRO, its franchisees and affiliated retailers, operated under the following principal banners:

- Food: *Metro, Metro Plus, Super C, Food Basics, Marché Richelieu, Adonis* and *Première Moisson*; and
- Pharmacy: *PJC Jean Coutu, PJC Santé, PJC Santé Beauté, Brunet, Brunet Plus, Brunet Clinique, CliniPlus, Metro Pharmacy* and *Drug Basics*.

Overall, it is important that METRO ensure that its supply chain works efficiently and that goods and information flow between the various suppliers and its distribution centers and, ultimately, the stores. METRO continuously evaluates its supply chain, including methods of distribution, facilities, technologies, modes of transportation and relations with suppliers and, when appropriate, implements changes to its supply chain infrastructure to ensure a continued, cost-efficient system.

METRO's activities are not dependent on a single customer or a small number of customers. It holds sufficient inventories to ensure product availability. METRO maintains business relationships with a large number of national and regional suppliers. It is not dependent on any one of these third-party providers.

METRO also strives to source its products in a responsible way. Additional information on METRO's Responsible Procurement Framework can be found in the "Social and Environmental Policies" section on page 12 of this Annual Information Form.

Food Retail Network and Supply Chain: The Corporation's activities in the food retail industry are located in the provinces of Québec and Ontario.

Each store is either operated by one of the Corporation's subsidiaries (*Metro Richelieu, Metro Ontario, Adonis Group* or *Première Moisson Group*), by a franchisee or by an affiliate retailer under a franchise or an affiliation agreement, as applicable.

The following table shows the number of food stores supplied or operated, as the case may be, by METRO during the 2018 and 2017 financial years, for each banner by province:

	Québec		Ontario	
	September 2018	September 2017	September 2018	September 2017
<i>Metro Plus</i>	114	113	—	—
<i>Metro</i>	85	88	134	134
<i>Super C</i>	97	97	—	—
<i>Marché Richelieu</i>	57	58	—	—
<i>Adonis</i>	10	9	2	2
<i>Première Moisson</i>	26	25	1	1
<i>Food Basics</i>	—	—	131	129
Total	389	390	268	266

The majority of METRO's food retail network is serviced by four (4) warehouses owned by METRO which ensure procurement and storage of grocery products, general merchandise, non-perishable goods and certain dairy products. It also operates nine (9) warehouses for the procurement and storage of meat, frozen foods, produce as well as products for the supply of small retail outlets.

The *Adonis* stores are operated by Adonis Group and supplied by two (2) distribution centers operated by Phoenicia Group.

Each *Première Moisson* store is either a corporate store operated by Première Moisson Group or is a franchised or affiliated store operated by a franchise or affiliated retailer. All 27 *Première Moisson* stores are supplied by two (2) food preparation plants owned by Première Moisson Group. Première Moisson Group also distributes a selection of products under the Première Moisson and Collection Première Moisson trademarks in several of METRO's food stores. The Collection Première Moisson products include ready-to-eat products, pastries, pies and cakes and are exclusive to *Metro* stores.

In 2017, METRO entered into a partnership with MissFresh, a Montréal-based company specializing in the online sales and home delivery of ready-to-cook meals. This partnership enables METRO to better meet the growing demands of its customers who wish to eat healthy and balanced meals, but who have little time for shopping and cooking. The customers of MissFresh can opt to have their order delivered to them or pick it up in one (1) of the participating *Metro* stores located in Québec and a few stores located in Ontario.

Pharmacy Retail Network and Supply Chain: As a result of the Transaction, METRO was able to add 417 drugstores operated under the *PJC Jean Coutu*, *PJC Santé* and *PJC Santé Beauté* (the "*PJC* banners", and "*PJC* drugstores" shall refer to drugstores operated under the *PJC* banners) and over 22,000 employees to the pharmacy retail network. The Jean Coutu Group is the largest pharmacy chain in Québec. Its activities mainly include franchising, wholesaling and generic drugs distribution. The combination of METRO and the Jean Coutu Group will allow both the *PJC* and the *Brunet* banners (hereafter defined) to develop¹ their full potential, to strengthen the Corporation's presence in the pharmacy sector and better satisfy customer needs. The Transaction represents the Corporation's biggest acquisition to date.

The Corporation's activities in the pharmacy retail industry covers a wide-ranging territory, which includes the provinces of Québec, Ontario and, since the Transaction, New Brunswick.

¹ See the "Forward-Looking Information" section on page 1 of this Annual Information Form.

The following table shows the number of pharmacies supplied or operated by METRO, as the case may be, during the 2018 and 2017 financial years, for each banner and by province:

	Québec		Ontario		New Brunswick	
	September 2018	September 2017	September 2018	September 2017	September 2018	September 2017
<i>Brunet</i>	85	87	—	—	—	—
<i>Brunet Plus</i>	52	51	—	—	—	—
<i>Brunet Clinique</i>	23	24	—	—	—	—
<i>Clini Plus</i>	20	21	—	—	—	—
<i>PJC Jean Coutu</i>	322	—	8	—	18	—
<i>PJC Jean Coutu Santé</i>	39	—	1	—	2	—
<i>PJC Jean Coutu Santé Beauté</i>	19	—	—	—	8	—
<i>Metro Pharmacy</i>	—	—	44	43	—	—
<i>Drug Basics</i>	—	—	28	30	—	—
Total	560	183	81	73	28	—

In Québec, the Corporation's pharmacy retail activities are franchise based. Its subsidiary, the Jean Coutu Group, acts as franchisor and wholesaler for all drugstores operating under the *PJC* banners. In addition, METRO's subsidiary, McMahon, acts as franchisor and wholesaler for all drugstores operating under the *Brunet*, *Brunet Plus*, *Brunet Clinique* and *CliniPlus* banners (the "*Brunet* banners" and "*Brunet* drugstores" shall refer to drugstores operated under the *Brunet* banners).

In Ontario, the Corporation's pharmacy retail activities are either corporate or franchise based. Some of METRO's stores located in Ontario, which are operated by Metro Ontario under the *Metro* and *Food Basics* banners, have full in-store pharmacy services. These drugstores are operated under two (2) banners, namely *Metro Pharmacy* and *Drug Basics*. McMahon supplies these drugstores. The Jean Coutu Group also acts as franchisor and wholesaler for the drugstores operating under the *PJC* banners in Ontario.

In New Brunswick, METRO has a strong presence through 28 drugstores under the *PJC* banners which are operated by the franchised drugstore owners affiliated to the *PJC* banners.

METRO also operates four (4) distribution centers. Two (2) distribution centers are operated by McMahon and supply a wide market of independent drugstores and health care institutions such as hospitals and nursing homes as well as the *Brunet* drugstores. The Jean Coutu Group operates the two (2) other distribution centers which service all of the *PJC* drugstores.

Distribution of Generic Drugs: The Corporation, through its subsidiary the Jean Coutu Group, owns all interests in Pro Doc, a generic drug distributor located in Laval that is mostly involved in the wholesale distribution of generic drugs. Pro Doc owns a portfolio of approximately 146 generic molecules and 322 different products. These products are sold under the Pro Doc trademark. The generic drugs distributed by Pro Doc are exclusively sold in Québec, mainly to the Jean Coutu Group and McMahon, as well as to Québec pharmacists.

Loyalty Programs: The Air Miles® Reward Program is offered to customers of the *Metro* banner throughout Ontario and in *PJC* drugstores across Québec, Ontario and New Brunswick. This program offers METRO's customers discounts and other loyalty rewards, while providing METRO with increased customer loyalty and insight into customer buying habits as part of an overall customer relationship management strategy.

In Québec, METRO, through its *metro&moi* loyalty program, allows consumers the opportunity to collect points that can be applied towards purchases in *Metro* stores and online at metro.ca. This program allows METRO to build customer loyalty through the development and implementation of consumer-focused strategies.

3.2. PRODUCTS, BRANDS AND SERVICES METRO's retail network meets customer needs by offering friendly stores, a personalized service and a wide range of quality products at very competitive prices.

Products and Brands: METRO owns several private brands, including various products under the Irresistibles and the Selection trademarks offered or currently being deployed in a majority of its stores. Certain other private brands such as the products offered under the Phoenicia and Cedar trademarks are offered in the *Adonis* stores and other food stores, whereas the *Première Moisson* stores offer a wide selection of products under the *Première Moisson* trademarks. Several *Metro* stores also carry a variety of exclusive products under the Collection *Première Moisson* trademark. Products under the *Première Moisson* trademark are also sold in *Metro*, *Super C*, *Adonis* and *Food Basics* stores.

The *PJC* drugstores carry more than 3,800 private label product items. They also carry a selection of exclusive brand products. The Jean Coutu Group's private label offerings include the *Personnelle* line of beauty and cosmetic products, over-the-counter medications and personal care products.

Towards the end of the 2018 financial year, METRO's private labels *Irresistibles* and *Selection* made their debut in the *PJC* drugstores. The Jean Coutu Group's private brand for health and beauty products, *Personnelle*, will gradually be introduced¹ into the *Brunet* drugstores and the *Super C* as well as Québec *Metro* stores, and eventually¹ in Ontario stores. Over-the-counter products of the *Personnelle* brand will also be added¹ to the *Brunet* drugstores' product line-up.

Through its partnership with *MissFresh*, METRO offers healthy and balanced ready-to-cook meals through an online sale platform and home delivery service. All *MissFresh* orders may be delivered at home and may also be picked-up in participating *Metro* stores located in Québec and Ontario. In addition, METRO has also introduced the sale of ready-to-cook meals in most *Metro* stores located in Québec after testing this initiative in five (5) *Metro* stores. Just like those offered to *MissFresh.com* subscribers, ready-to-cook meals sold in *Metro* store include all pre-sorted fresh ingredients and a recipe card.

Digital platforms: In 2018, METRO continued the implementation of its online grocery service for its *Metro* banner. Following the launch of the service in three (3) stores in Montréal in October 2016, the service was extended at the end of the 2017 financial year to the Québec City, Montréal and Outaouais regions. The service is now available in a territory reaching 60% of the Québec population. In June 2018, in an effort to better serve its customers, *Metro* became the first banner in Québec to offer same-day delivery for all its online services. To preserve the freshness of food products ordered, METRO developed a Tri-Zones process which includes a tempered zone, a refrigerated zone and a frozen zone in its pick-up locations as well as delivery trucks.

After concluding its partnership with *MissFresh* in August 2017, METRO continues to leverage synergies in the online sales and home delivery of ready-to-cook meals business. It is now possible for *MissFresh* customers to pick-up their delivery in one of the participating *Metro* stores located in Québec in addition to a few stores located in Ontario.

The online grocery shopping service is part of, along with the current partnership with *MissFresh*, the Corporation's overall digital strategy, which aims to position METRO as the retailer that offers the food experience that best meets consumers' needs and behaviors.

Both of METRO's discount banners, *Super C* and *Food Basics*, now have mobile applications launched in 2017 allowing customers to find the closest store, view the flyers and access coupons. The websites of the *Super C* and *Food Basics* banners are also adapted to mobile devices.

METRO also continued to improve the digital convergence of the *Metro* stores with the integration of coupons and reward cheques from the *metro&moi* program in the *My Metro* mobile application.

METRO encourages customers to be active through the *Active Health Challenge* launched in 2016 by McMahon for the *Brunet* banners. It is an interactive tool that helps users develop an active lifestyle with mind and body wellness tips. METRO also has an electronic and exclusive coupon program on the *Brunet* Internet website (www.brunet.ca).

¹ See the "Forward-Looking Information" section on page 1 of this Annual Information Form.

The Jean Coutu Group has also developed, through its subsidiary, Rx Information Centre Ltd., a proprietary pharmacy workflow and prescription management information system which is used in nearly all drugstores under the *PJC* banners. This system is designed to enable an efficient workflow process that optimizes pharmacy services through fast prescription filling, verification of quality control, reduction in filling errors, reduced chances of adverse drug interaction, examination of workflow data, documentation and monitoring of patient records, and maximization of the availability of high-demand prescription products. At the patient's request, this system also allows customers to refill their prescriptions at any *PJC* banner drugstores within the same province (except for Ontario), and access through the Jean Coutu Group's mobile application or website to their health record, and when appropriate their family's, containing the list of their prescriptions.

On November 30, 2017, METRO, together with Tink, CGI and Publicis, won a Boomerang award for the My Online Grocery service in the "Site or Application - Transactional, Large Business (e-commerce)" category. This competition, organized by Infopresse, recognizes excellence in interactive communications and new technologies. METRO's digital platform stands out for its ease of use and customization in a market where flexibility and speed feature prominently in consumers' daily lives.

- 3.3. BANNER SERVICES** METRO's banner networks are structured to meet specific consumer needs. Each one presents a consistent image to the public and is supported by specialized technical support services.

METRO offers a range of services to affiliated retailers and franchisees operating under the *Metro*, *Metro Plus* and *Marché Richelieu* banners and many of these services are invoiced directly to their users in order to ensure their self-financing. The services include merchandising, marketing and advertising programs as well as retail accounting and data processing, store layouts and equipment, insurance programs and other analysis and advisory programs. Overall, these products and programs reflect METRO's objective to offer these affiliated retailers and franchisees a comprehensive, high-quality service. METRO also offers these retailers a range of commercial programs, as well as rebates and loyalty incentives, all of which are competitive in the food industry.

The franchised drugstore owners of the *PJC* and *Brunet* drugstores own their businesses and are responsible for managing their stores and layout, and for funding their inventory. The Jean Coutu Group and McMahon generate revenues from royalties, based on a percentage of store sales, and from the sale of merchandise to the franchised drugstore owners, mainly delivered from their distribution centers, and from services rendered to them. Each of the Jean Coutu Group and McMahon operates two (2) distribution centers and coordinates several other services for the benefit of their franchised drugstore owners, which may include centralized purchasing, marketing, training, human resources, operational consulting, information systems, and private label programs.

METRO grants the right to operate under any of its banners at its sole discretion. Retailers who wish to operate under one of METRO's banners must first meet certain criteria. Most banner retailers are bound by various agreements with METRO.

- 3.4. HUMAN RESOURCES** As at September 29, 2018, METRO employed, directly or indirectly, close to 90,000 employees. Direct employees accounted for 41,213 persons, 33,864 of whom were governed by 161 collective agreements.

During the last financial year, METRO negotiated and renewed 21 collective agreements covering 9,427 employees. These agreements shall be in effect for periods ranging from 12 months to 84 months and expired or will expire between November 11, 2018 and December 31, 2025. As at September 29, 2018, 11 collective agreements covering 8,039 employees had expired and were or were soon to be under negotiation. Over the next financial year, 26 collective agreements covering 6,470 employees will expire. Finally, 103 collective agreements will expire between October 26, 2019 and January 30, 2025. These collective agreements cover 9,928 employees.

METRO considers¹ its labour relations to be satisfactory.

With respect to METRO's employees' participation in pension plans, the majority of the employees participate in multi-employer pension plans. For accounting purposes, these plans are considered as defined contribution plans and are not administrated by METRO because said plans cover employees of a number of different corporations.

¹ See the "Forward-Looking Information" section on page 1 of this Annual Information Form.

The remaining portion of METRO's employees either participate in defined contribution pension plans or in defined benefit pension plans. By law, the administration of all Québec employees' pension plans is the responsibility of each plan's respective pension committee. In Ontario, these plans are administrated by METRO or by a board of trustees.

The investment policies of the above plans are reviewed annually in order to ensure that the asset allocation is appropriate.

The liabilities associated with the defined benefit pension plans represent a small portion of the Corporation's market capitalization and compares favourably to other public corporations.

- 3.5. INTELLECTUAL PROPERTY** METRO has procedures in place to protect its intellectual property. METRO uses and has exclusive ownership of several trademarks and trade names. Its principal banners are *Metro*, *Metro Plus*, *Super C*, *Marché Richelieu*, *Food Basics*, *Adonis*, *Première Moisson*, *PJC Jean Coutu*, *PJC Santé*, *PJC Santé Beauté*, *Brunet*, *Brunet Plus*, *Brunet Clinique*, *Clini Plus*, *Metro Pharmacy* and *Drug Basics*. Its principal private labels are identified by the following trademarks, among others: Irresistibles, Selection, Personnelle, PJC, PJC Délices, Phoenicia, Cedar, Première Moisson, Collection Première Moisson and Pro Doc. It also operates a ready-to-cook meal service business under the trademark MissFresh. METRO takes the appropriate measures to protect these assets with the intellectual property authorities or otherwise.
- 3.6. COMPETITIVE ENVIRONMENT** The food and drugstore industry in Canada is highly competitive, but METRO continues to work to increase its market shares¹, including by carefully selecting sites for future stores, actively focusing its dynamic marketing efforts on consumer needs, and modernizing its stores, information systems and digital platforms. METRO's retail network competes with local, regional, national and international businesses, including independently owned supermarkets and drugstores, mass merchandisers, warehouse clubs, online retailers, discount stores, convenience stores and other specialty chains, groups and banners.
- 3.7. SEASONALITY** Other than certain holiday periods in the year that correlate with higher sales, there is no significant seasonality factors affecting METRO's business.
- 3.8. RESEARCH AND DEVELOPMENT** METRO, through its marketing research department, generates studies on consumer food habits and needs. METRO continued to improve its product offering in its stores and to focus even more on customer experience and innovation. METRO's teams constantly seek out innovative products as well as develop new in-store merchandising concepts. It created a department dedicated to customer experience, to define and implement a distinctive shopping experience in its *Metro* stores. The latest *Metro* stores in Québec and Ontario are part of a new generation of stores offering distinctive products and services. The joint venture with the British firm Dunhumby also contributes to the development and implementation of strategies to better meet customers' needs and build strong loyalty.

METRO completed this year the launch of over 320 new private brand products, brought improvements to more than 700 existing products, whether it be to the packaging or the recipe, including sodium reduction and other recipe improvements. Complete information on the sorting of materials for recycling purposes were also added to the packaging of more than 700 products. This year METRO's private labels Irresistibles and Selection made their debut in the *PJC* drugstores. METRO also launched 50 new items for healthy products under the Irresistibles Naturalia, Irresistibles Life Smart and Irresistibles Organic brands. The Jean Coutu Group's private brand for health and beauty products, Personnelle, will gradually be introduced¹ into the *Brunet*, *Super C* and Québec *Metro* stores, and eventually¹ in Ontario stores. Over-the-counter medications of the Personnelle brand will also be added¹ to the *Brunet* drugstores' product line-up. This will ensure¹ that the value of all of METRO's brands will be maximized in the best interests of customers across METRO's various banners.

METRO's private brands products were honoured in 2018 with more than 12 awards for their innovation, design and recipes, including five (5) Canadian Grand Prix new products awards, two (2) international Vertex awards for the design of Irresistibles products as well as four (4) 2018 International Salute to Excellence Awards from the PLMA (Private Label Manufacturers Association). The Jean Coutu Group received a Vertex award for its range of hair removal products.

The *metro&moi* program was rated top for customer engagement amongst loyalty programs in Québec in the recent Léger/R3 LoyauT Report in September 2018.

¹ See the "Forward-Looking Information" section on page 1 of this Annual Information Form.

Following a recent study on the reputation of businesses operating in Canada, led by the Reputation Institute and Argyle Public Relationships, the Jean Coutu Group was ranked second out of all participating Canadian businesses. These results reflect the outstanding work done to date by the current Jean Coutu Group teams and their commitment to good customer service.

3.9. SOCIAL AND ENVIRONMENTAL POLICIES In 2010, the Corporation established its first corporate responsibility (“CR”) plan. The 2010-2015 plan defined the Corporation’s commitments and intentions with respect to the economic, social and environmental sustainability of its business activities. In November 2015, a second plan was published covering the 2016-2020 period. Intimately linked to its business strategy, the Corporation’s CR approach is based on four (4) pillars: delighted customers, respect of the environment, strengthened communities and empowered employees, each of which carry specific priorities. Since 2010, the Corporation publishes annually a report on the progress of the different CR projects. The Jean Coutu Group’s operations will be integrated over time¹ into the Corporation’s CR plan.

Codes and Policies: The Corporation published in 2017 its Responsible Procurement Framework and Supplier Code of Conduct for Responsible Procurement. These initiatives enable METRO to provide its customers with the responsible products they are looking for and to communicate its expectations and requirements to their suppliers to better meet the challenges in its supply chain. These documents bring structure to policies that have already been implemented 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 and published 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 five (5) principles: healthy species, responsible operating methods, product traceability, respect for workers and socioeconomic development.

Launched in Québec in 2013, and in Ontario in 2016, the Corporation’s Local Purchasing Policy is driven by the following guiding principles that enable METRO 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 METRO’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 2018, more than 300 regional suppliers in Québec and Ontario were offering more than 1,700 local products in METRO’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 throughout the year.

The environmental policy of the Corporation specifies that METRO 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 METRO’s operations on the environment. METRO’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 and optimize its packaging and printing materials. Moreover, environmental audits are carried out regularly in all of METRO’s facilities and, if necessary, corrective measures are taken quickly.

To the Corporation’s knowledge, requirements relating to environmental protection do not and will¹ not have any significant impact on its capital spending, earnings or competitive position within the normal course of its operating activities.

To adapt to the constant evolution of the business environment of the Corporation, a new code of conduct for employees (the “Code of Conduct”) was developed and came into effect on November 17, 2016. The Corporation’s clawback policy, which is incorporated in the Code of Conduct, was amended in 2018 to widen the scope of such policy to allow the Corporation’s board of directors to be able to require from any executive officer reimbursement of the performance-based compensation awarded to him or her over a 24-month period preceding the triggering event in the following cases: i) a material restatement of the Corporation’s financial statements that impacts the value of the performance-based

¹ See the “Forward-Looking Information” section on page 1 of this Annual Information Form.

compensation without the need to prove negligence or fraud; ii) a material breach of the Code of Conduct or other policies by the executive officer that has a significant negative impact on the Corporation; or iii) inappropriate conduct by the executive officer having a significant negative impact on the Corporation.

The Corporation also released in 2017 a revised version of the Code of ethics for the directors of the Corporation.

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

In an effort to ensure the well-being of its employees at work, the Corporation adopted in 1999 a policy prohibiting any form of harassment. The Corporation also adopted in 2015 a written policy on diversity amongst its employees, including its executive management. According to the 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.

Community programs: The Corporation launched in 2012 the *Green Apple School Program*, which aims to encourage children to develop healthy eating habits by taking part in completing a project focusing on a healthy diet, whose scope will have a positive impact on their home, school or community. This program allows each year donation in grants of 1,000 dollars each, 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. The program was put in place in 2013, after a pilot project took place in 12 *Metro* and *Super C* stores in the Greater Montréal area, and has steadily grown over the years. In 2018, more than 3,200,000 kilograms of food were redistributed.

The Corporation makes donations on a regular basis mainly to United Way, the Red Cross, MIRA, Sainte Justine's Tree of Lights, and helps with fundraising efforts through the Corporation's Full Plate Program, an employee donation initiative in Ontario which supports food donation organizations, and the Toonies for Tummies program to feed young people. The Corporation won the "Thanks A Million" award from United Way Canada for the 2017 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.

3.10. REGULATIONS METRO's operating activities require certain government permits and licences. In particular, METRO holds licences and permits for the sale of alcoholic beverages, tobacco, lottery tickets and for the distribution of pharmaceutical products and medical devices. METRO believes that it holds all licences and permits required for the proper conduct of its activities in accordance with the law. Moreover, METRO sells or distributes certain food and health products which are subject to price regulation, such as: prescription drugs, milk, beer and wine.

3.11. LOAN OPERATIONS The Corporation does not have any loan operations. However, in the normal course of its business, situations may arise where METRO grants loans to various parties, including to its retailers.

3.12. RISK FACTORS The risk factors that may affect the Corporation are described on pages 32 to 35 of the Corporation's 2018 Management's Discussion and Analysis and Consolidated Financial Statements under the "Risk Management" Section.

4. DIVIDENDS

The board of directors of the Corporation maintains its dividend policy aimed at offering an annual dividend that represents 20% to 30% of the preceding financial year's adjusted net earnings¹ with a target payout of 25%.

In the past three (3) financial years, the Corporation paid the following dividends per share:

Dividends paid

Class of shares	2018	2017	2016
Common shares	\$ 0.7025	\$ 0.6275	\$ 0.5367

5. SHARE CAPITAL STRUCTURE

The common shares are the only shares of the Corporation carrying the right to vote at a meeting of shareholders. Each holder of common shares is entitled, at the meeting or any adjournment thereof, to one (1) vote for each common share registered in the name of such holder at the close of business on the Record Date. As at December 6, 2018, there were 256,277,506 common shares of the Corporation issued and outstanding, representing in the aggregate 100% of the votes attached to all common shares of the Corporation.

Information concerning the issued share capital can be found in note 21 of the Consolidated Financial Statements on pages 68 to 70 of the Corporation's 2018 Management's Discussion and Analysis and Consolidated Financial Statements.

6. MARKET FOR SECURITIES

6.1. TRADING PRICE AND VOLUME The common shares of the Corporation are listed on the Toronto Stock Exchange under the ticker symbol MRU. The table below shows the monthly range close-of-market highs and lows, monthly trading volume and average daily volume for the last financial year.

Trading price and volume

Month	Monthly high (\$)	Monthly low (\$)	Total monthly volume	Average daily volume
October, 2017	43.33	40.51	10,172,575	484,408
November, 2017	42.26	39.55	9,438,358	429,016
December, 2017	41.36	40.10	9,193,237	483,855
January, 2018	42.66	40.07	12,773,545	580,616
February, 2018	41.16	38.32	11,406,702	600,353
March, 2018	42.29	39.50	9,328,415	444,210
April, 2018	42.66	39.89	7,563,899	360,186
May, 2018	43.77	40.31	15,541,251	706,421
June, 2018	45.31	41.97	10,303,488	490,642
July, 2018	45.44	42.69	7,666,147	365,055
August, 2018	44.00	40.15	7,543,068	342,867
September, 2018*	41.40	39.97	9,294,188	489,168

* For the period ended September 29, 2018.

6.2. CREDIT RATINGS AND DEBTS Credit Ratings: During the financial year, Standard & Poor's and Dominion Bond Rating Services ("DBRS") both maintained a credit rating of BBB/Stable trends for the Corporation. These credit ratings were

¹ See Section on "Non-IFRS measurements" of the Corporation's 2018 Management's Discussion and Analysis and Consolidated Financial Statements.

confirmed for the Corporation upon closing on December 4, 2017 of the private placement described below of 1.2 billion dollars principal amount unsecured senior notes.

Credit ratings established by these rating agencies are based on quantitative and qualitative considerations relevant to the Corporation. The credit ratings are intended to indicate the risk that the Corporation will not satisfy its obligations on a timely basis and disregard certain factors such as market risk or price risk, since these factors should be considered by investors as risk factors in their decision-making process. Such ratings do not constitute a recommendation to purchase, hold or sell the securities and may be changed or withdrawn at any time by the rating agencies.

The Standard & Poor's and DBRS ratings for long term borrowing vary between AAA and D. The BBB rating granted by Standard & Poor's and the BBB/Stable trends granted by DBRS confirm the existence of adequate protection mechanisms. However, an unfavourable economic situation or changing circumstances could have a greater effect on the Corporation's ability to meet its financial commitments compared to companies that have obtained a higher rating.

In 2018, the Corporation paid fees to rating agencies to obtain its credit rating and expects¹ to pay similar fees in the future. The Corporation also paid a one-time rating service fee in relation to the private placement of 1.2 billion dollars unsecured senior notes dated December 4, 2017.

Debts: The Corporation has access to a 600 million dollars five-year revolving credit facility since 2011. The Credit Facility is unsecured, renewable and bears interest at rates which vary in accordance with bankers' acceptance rates. The Credit Facility's maturity date has been extended to November 3, 2023

On October 12, 2005, the Corporation issued the following medium-term notes: i) 10-year series A medium term notes maturing on October 15, 2015 in a principal amount of 200 million dollars bearing interest at a rate of 4.98% per annum (the "Series A Notes"); and ii) 30-year series B medium term notes maturing on October 15, 2035 in a principal amount of \$400 million dollars bearing interest at a rate of 5.97% (the "Series B Notes").

On December 1, 2014, the Corporation closed a private placement of 300 million dollars aggregate principal amount of 3.20% series C senior unsecured notes due December 1, 2021 (the "Series C Notes") and 300 million dollars aggregate principal amount of 5.03% series D senior unsecured notes due December 1, 2044 (the "Series D Notes"). The Series C Notes carry a coupon of 3.20% and were priced at \$999.88 per \$1,000 principal amount, for an effective yield of 3.202% per annum if held to maturity. The Series D Notes carry a coupon of 5.03% and were priced at \$999.54 per \$1,000 principal amount, for an effective yield of 5.033% per annum if held to maturity. The Corporation reimbursed all Series A Notes on December 31, 2014 using part of the proceeds of the Series C Notes and Series D Notes offering. The redemption price was \$1,029.28 per \$1,000 principal amount of the notes redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. The remaining portion of the proceeds of the offering was used for working capital and other general corporate purposes.

On February 27, 2017, the Corporation closed a private placement offering of 400 million dollars aggregate principal amount of Series E floating rate senior unsecured notes due February 27, 2020 (the "Series E notes"). The Series E Notes were issued at par and bear interest at a rate equal to the 3-month bankers' acceptance rate (CDOR) plus 57 basis points (or 0.57%), to be set quarterly commencing on the day of closing. The Corporation used the net proceeds for the repayment of indebtedness outstanding under the Credit Facility and for general corporate purposes.

In October 2017, to finance the cash portion of the purchase price payable in relation to the Transaction, the Corporation secured access to committed bank facilities fully underwritten by Bank of Montreal, Canadian Imperial Bank of Commerce and National Bank of Canada which consisted of a 500 million dollars term loan facility (itself consisting of a 3-year 100 million dollars tranche A, 4-year 150 million dollars tranche B and a 5-year 250 million dollars tranche C), a 1-month 250 million dollars bridge term facility, an asset sale term facility of 1.5 billion dollars and a 1-year 1.2 billion dollars term facility. In the end, only the 500 million dollars term loan facility and the 1-month 250 million dollars bridge term facility were used as the Corporation financed the remaining cash portion of the purchase price of the acquisition by disposing of its investment in Alimentation Couche-Tard Inc. and by issuing unsecured senior notes by way of private placement, the whole as described below.

¹ See the "Forward-Looking Information" section on page 1 of this Annual Information Form.

The Corporation completed the sale of a majority of its interests in Alimentation Couche-Tard Inc. in October 2017, for proceeds, net of the related fees and commissions, of 1.534 billion dollars. The proceeds of such sale were used to finance part of the cash portion of the purchase price payable in relation to the Transaction. The 1.5 billion dollars asset sale term facility was thus terminated.

The Corporation completed its issuance of unsecured senior notes by private placement on December 4, 2017 for an aggregate principal amount of 1.2 billion dollars. Such private placement was comprised of 300 million dollars aggregate principal amount of Series F unsecured senior notes, bearing interest at a fixed nominal rate of 2.68% and maturing on December 5, 2022 (the "Series F Notes"); 450 million dollars aggregate principal amount of Series G unsecured senior notes, bearing interest at a fixed nominal rate of 3.39% and maturing on December 6, 2027 (the "Series G Notes"); and 450 million dollars aggregate principal amount of Series H unsecured senior notes, bearing interest at a fixed nominal rate of 4.27% and maturing on December 4, 2047 (the "Series H Notes"). The Series F Notes carry a coupon of 2.68% and were priced at \$999.95 per \$1,000 principal amount, for an effective yield of 2.681% per annum if held to maturity. The Series G Notes carry a coupon of 3.39% and were priced at \$999.41 per \$1,000 principal amount, for an effective yield of 3.397% per annum if held to maturity. The Series H Notes carry a coupon of 4.27% and were priced at \$998.99 per \$1,000 principal amount, for an effective yield of 4.276% per annum if held to maturity. The proceeds of such issuance were used to finance the last part of the cash portion of the purchase price payable in relation to the Transaction. The Corporation therefore terminated the 1.2 billion dollars term facility.

On December 6, 2017, the Corporation amended the terms of the 500 million dollars term loan facility, resulting in a 1-year 100 million dollars tranche A, a 2-year 200 million dollars tranche B and a 3-year 200 million dollars tranche C. On May 11, 2018, the Corporation reimbursed the 100 million dollars tranche A and the 250 million dollars bridge loan, and on June 11, 2018 the Corporation reimbursed half of tranche B (100 million dollars). During the fourth quarter of the 2018 financial year, the Corporation reimbursed the 100-million-dollar balance of tranche B and the total amount of the 200 million tranche C. Both facilities were officially terminated on September 10, 2018.

The Corporation's financial debt position as at September 29, 2018 was comprised of:

- The Credit Facility to a maximum of 600 million dollars;
- Series B notes in the amount of 400 million dollars, bearing interest at a fixed nominal rate of 5.97% and maturing October 15, 2035;
- Series C notes in the amount of 300 million dollars, bearing interest at a fixed nominal rate of 3.20% and maturing December 1, 2021;
- Series D notes in the amount of 300 million dollars, bearing interest at the fixed nominal rate of 5.03% and maturing December 1, 2044;
- Series E notes in the amount of is 400 million dollars, bearing interest at a rate equal to the 3-month bankers' acceptance rate (CDOR) plus 0.57% and maturing February 27, 2020;
- Series F notes in the amount of 300 million dollars, bearing interest at the fixed nominal rate of 2.68% and maturing December 5, 2022;
- Series G notes in the amount of 450 million dollars, bearing interest at the fixed nominal rate of 3.39% and maturing December 6, 2027; and
- Series H notes in the amount of 450 million dollars, bearing interest at the fixed nominal rate of 4.27% and maturing December 4, 2047.

The table below indicates the principal amount outstanding at the end of the financial year of the Credit Facility and medium-term notes mentioned hereinabove.

Financing*

Type	Maturing	Principal amount outstanding as of September 29, 2018	Principal amount outstanding as of September 30, 2017
Revolving Credit Facility**	Nov. 3, 2023	—	—
Medium (E) term notes (3 years)	Feb. 27, 2020	\$400 million	\$400 million
Medium (C) term notes (7 years)	Dec. 1, 2021	\$300 million	\$300 million
Medium (F) term notes (5 years)	Dec. 5, 2022	\$300 million	—
Medium (G) term notes (10 years)	Dec. 6, 2027	\$450 million	—
Medium (B) term notes (30 years)	Oct. 15, 2035	\$400 million	\$400 million
Medium (D) term notes (30 years)	Dec. 1, 2044	\$300 million	\$300 million
Medium (H) term notes (30 years)	Dec. 4, 2047	\$450 million	—
TOTAL	—	\$2,600 million	\$1,400 million

* Amounts shown are rounded to the nearest million.

** As at September 29, 2018 and as at September 30, 2017, \$600 million remained undrawn from the Credit Facility.

6.3. PRIOR SALES The medium-term notes are neither traded nor listed on any recognized stock exchange.

7. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Escrowed Securities (as at September 29, 2018)

Class of shares	Number of Escrowed Securities	Percentage of Class
Common shares	512,002	0.2%

The escrowed shares are common shares of the Corporation pledged to METRO by some of its retailers. Escrowed shares are held as collateral by METRO to be released and returned to the owner according to the required terms of credit or when the owner is no longer a client of METRO and no longer has any debts towards METRO.

8. DIRECTORS AND OFFICERS

8.1. **NAME, OCCUPATION AND SECURITY HOLDING** The name, principal occupation and place of residence of each director of the Corporation as well as the composition of the Human Resources, Corporate Governance and Nominating, and Audit Committees on the date of this Annual Information Form are indicated below:

List of Directors

Name/Place of residence	Function	Director since/ Expiry of current term of office	Principal occupation	Previously held positions in last 5 years if different than current position
Bertrand, Maryse Westmount, Québec	Director	Since 2015/ January 2019	Corporate Director	From 2016 to 2017, she was Strategic Advisor and Counsel at Borden Ladner Gervais LLP. From 2009 to 2015, she was Vice-President, Real Estate Services, Legal Services and General Counsel at CBC/Radio-Canada.
Coutu, François J. Montréal, Québec	Director	Since May 2018/ January 2019	President of The Jean Coutu Group (PJC) Inc.	_____
Coutu, Michel Montréal, Québec	Director	Since May 2018/ January 2019	President of MMC Consulting Inc.	_____
Coyles, Stephanie Toronto, Ontario	Director	Since 2015/ January 2019	Corporate Director	From 2012 to 2017, she was a self-employed strategy consultant.
DeSerres, Marc Montréal, Québec	Director	Since 2002/ January 2019	President of Omer DeSerres inc.	_____
Dussault, Claude Québec, Québec	Director	Since 2005/ January 2019	President of ACVA Investing Corporation	_____
Goodman, Russell Mont-Tremblant, Québec	Director	Since 2012/ January 2019	Corporate Director	_____
Guay, Marc Oakville, Ontario	Director	Since 2016/ January 2019	Corporate Director	From 2008 to 2015, he was President of PepsiCo Foods Canada Inc.
Haub, Christian W.E. Greenwich, CT, United States	Director	Since 2006/ January 2019	Chief Executive Officer of The Tengelmann Group	From 2012 to 2018, he was Co-Chief Executive Officer of the Tengelmann Group
La Flèche, Eric R. Town of Mount-Royal, Québec	Director and President and Chief Executive Officer	Since 2008/ January 2019	President and Chief Executive Officer of the Corporation	_____

Name/Place of residence	Function	Director since/ Expiry of current term of office	Principal occupation	Previously held positions in last 5 years if different than current position
Magee, Christine Oakville, Ontario	Director	Since 2016/ January 2019	Co-founder and Co-Chair of the board of directors of Sleep Country Canada Holdings Inc.	From 1994 to 2014, she was President of Sleep Country Canada Holdings Inc.
Nadeau, Marie-José Montréal, Québec	Director	Since 2000/ January 2019	Corporate Director	From 2013 to 2016, she was Chair of the World Energy Council. From 1993 to 2015, she was a member of the senior executive team of Hydro-Québec, including as Executive Vice-President, Corporate Affairs and Secretary General.
Raymond, Réal Montréal, Québec	Director and Chair of the board of directors	Since 2008/ January 2019	Chair of the board of directors of the Corporation	From 2010 to 2015, he was Lead Director of the Corporation.
Rivard, Line Montréal, Québec	Director	Since 2014/ January 2019	Corporate Director	_____

Composition of the standing committees of the board of directors of the Corporation

Human Resources Committee	Audit Committee	Corporate Governance and Nominating Committee
DeSerres, Marc Dussault, Claude (Chair) Haub, Christian W.E. Nadeau, Marie-José Rivard, Line	Bertrand, Maryse Coyles, Stephanie Goodman, Russell (Chair) Guay, Marc Rivard, Line	Bertrand, Maryse Dussault, Claude Goodman, Russell Magee, Christine Nadeau, Marie-José (Chair)

To the Corporation's knowledge, the directors and executive officers of the Corporation own or control as a group and directly or indirectly, 545,563 common shares corresponding to 0.21% of the issued and outstanding shares of the Corporation as at December 6, 2018.

The name, principal occupation and place of residence of the executive officers of the Corporation are indicated below. Each executive officer of the Corporation has held the principal occupation within the Corporation indicated opposite his or her name as of December 13, 2018 since at least five (5) years, except for Marie-Claude Bacon, Mireille Desjarlais, Carmine Fortino, Dan Gabbard, Frédéric Legault, Gino Plevano, Roberto Sbrugnera. From 2010 to 2013, Mrs. Bacon held the position of Senior Director, Corporate Affairs at METRO. Prior to May 1, 2015, Mrs. Desjarlais held the position of Controller, Franchisees and Super C at the Corporation. Mr. Fortino was President and Chief Executive Officer of Seroyal International Inc. from 2007 to 2011 and then following its acquisition by Atrium Innovations Inc. became President, North America Operations of Atrium Innovations Inc. until 2014. Mr. Gabbard held the position of Senior Vice-President, Logistics and Supply Chain at Wal-Mart Canada Corp. from 2012 to 2016. Mr. Legault held the position of Vice-President, Information Systems from 2006 to 2013 at Dollarama Inc. and from 2013 to 2015 at MEGA Brands Inc. Mr. Plevano joined the Corporation in 2012 and held the position of Senior Director, Digital Strategy until September 2015 and of Vice-President,

Digital Strategy and Loyalty until August 2017. Prior to September 17, 2014, Mr. Sbrugnera held the position of Senior Director, Treasury, Risks and Investor Relations and Assistant Treasurer at the Corporation.

Name / Place of residence	Occupation
Eric R. La Flèche Town of Mount-Royal, Québec	President and Chief Executive Officer
François Thibault Beaconsfield, Québec	Executive Vice-President, Chief Financial Officer and Treasurer
Christian Bourbonnière Boucherville, Québec	Executive Vice-President and Québec Division Head
Carmine Fortino Stoney Creek, Ontario	Executive Vice-President and Ontario Division Head
Serge Boulanger Candiac, Québec	Senior Vice-President, National Procurement and Corporate Brands
Martin Allaire Saint-Lambert, Québec	Vice-President, Real Estate and Engineering
Marie-Claude Bacon Brossard, Québec	Vice-President, Public Affairs and Communications
Geneviève Bich Westmount, Québec	Vice-President, Human Resources
Mireille Desjarlais Longueuil, Québec	Vice-President, Corporate Controller
Dan Gabbard Mississauga, Ontario	Vice-President, Supply Chain
Frédéric Legault Montréal, Québec	Vice-President, Information Systems
Gino Plevano Dorval, Québec	Vice-President, Digital Strategy and Online Shopping
Simon Rivet Brossard, Québec	Vice-President, General Counsel and Corporate Secretary
Roberto Sbrugnera Boucherville, Québec	Vice-President, Treasury, Risk and Investors Relations and Assistant Treasurer
Yves Vézina Montréal, Québec	National Vice-President, Logistics and Distribution

8.2. CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS To the Corporation's knowledge, no director or executive officer of the Corporation, as at the date of this Annual Information Form, and no shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- a) is or was, in the past ten (10) years before the date of this Annual Information Form, a director or chief executive officer or chief financial officer of any other corporation that:
 - i) was the subject of a cease trade or similar order, or an order that denied such person or corporation access to any exemption under securities legislation for a period of more than 30 consecutive days, where such order was issued while the director or officer was acting as director, chief executive officer or chief financial officer, except for Mr. Christian W.E. Haub, who was chairman of the board of The Great Atlantic & Pacific Tea Company, Inc., the shares of which were suspended from trading on the New York Stock Exchange and which filed for protection from its creditors; or

- ii) after that person ceased to act in that capacity, was the subject of a cease trade or similar order or an order that denied that person or corporation access to any exemption under securities legislation for a period of more than 30 consecutive days as a result of an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer; or
- b) is, as at the date of the Annual Information Form, or has been within the ten (10) years before the date of the Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for i) Mr. Christian W.E. Haub who was chairman of the board of The Great Atlantic & Pacific Tea Company, Inc., which filed for protection from its creditors in 2010; ii) Mrs. Stephanie Coyles, who was a director of Postmedia Network Canada Corp., while it completed a restructuring under a plan of arrangement under the *Canada Business Corporations Act* in 2016; and iii) Mr. Marc Guay, who was a director of Trusted Health Group Inc. until May 13, 2016 for which company a receiver was appointed on November 28, 2016; or
- c) has, or an entity controlled, directly or indirectly, by such director or executive officer has, within the ten (10) years before the date of the Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets; or
- d) was subject to penalties or sanctions relating to securities legislation imposed by a court or by a securities regulatory authority, or entered into a settlement agreement with such authority; or
- e) was subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

8.3. CONFLICT OF INTEREST To the Corporation's knowledge, no director or officer of the Corporation or of one of its subsidiaries has an existing or potential material conflict of interest with the Corporation or one of its subsidiaries, with the exception of the following: Mr. François J. Coutu, director of the Corporation and President of the Jean Coutu Group, has a client to supplier business relationship with the Jean Coutu Group as a franchised drugstore owner of *PJC* drugstores. This relationship has no material impact on the Corporation or its subsidiaries and is concluded in the normal course of the Corporation's business, in accordance with the same terms and conditions applicable to other Jean Coutu Group franchised drugstore owners.

9. LEGAL PROCEEDINGS

The Corporation is involved in various claims and litigation as a regular part of its business. While the final outcome of these claims and litigation cannot be predicted, nor can we estimate the amount of loss, or range of loss, if any, that may result from these proceedings, based on the information currently available, management believes¹ that the resolution of these claims and litigation (which, in certain cases, are subject to applicable deductibles covered by insurance) will not¹ have a material adverse effect on the Corporation's financial position or consolidated earnings.

In October 2017, the Canadian Competition Bureau began an investigation into the supply and sale of commercial bread which involves certain Canadian suppliers and retailers, including the Corporation. The Corporation continues to fully cooperate with the Competition Bureau. Class actions lawsuits have also been filed against the Corporation, suppliers and other retailers. Based on the information available to date, the Corporation does not believe¹ that it or any of its employees have violated the *Competition Act*. At this stage, the Corporation does not believe¹ that these matters will have a material adverse effect on the Corporation's business, results of operations or financial condition.

During the 2016 fiscal year, an application for authorization to institute a class action was served to the Jean Coutu Group by Sopropharm, an association constituted under the *Professional Syndicates Act* of which certain franchised drugstore owners of the Jean Coutu Group are members. The application seeks a declaratory judgement granting the class action and ordering,

¹ See the "Forward-Looking Information" section on page 1 of this Annual Information Form.

amongst others, i) to set aside certain contractual provisions of the Jean Coutu Group's standard franchise agreements, including the clause providing for the payment of royalties payable on sales of medication by franchised establishments; ii) to restore certain benefits; and iii) to reduce certain contractual obligations. On November 1, 2018, the Court granted the application for authorization to institute a class action, the authorization process being merely a procedural step and the judgment in no way decides the case on the merits. The Corporation intends¹ to contest this action on the merits. However, since any litigation involves uncertainty, it is not possible to predict the outcome of this litigation or the amount of potential losses. No provision for contingent losses has been recognized in the Corporation's annual consolidated financial statements.

10. PERSONS WITH AN INTEREST IN MATERIAL TRANSACTIONS

There are no persons with an interest in material transactions.

11. TRANSFER AGENT AND REGISTRAR

AST Trust Company (Canada) acts as transfer agent and registrar.

The registers of transfers for common shares of the Corporation are held in Montréal.

12. MATERIAL CONTRACTS

Except for the Combination Agreement with the Jean Coutu Group which was filed on October 6, 2017 on the Corporation's profile on SEDAR (www.sedar.com), the Corporation is not bound by any material contracts for which a filing is required.

13. INTEREST OF EXPERTS

13.1. NAME OF EXPERTS – Ernst & Young LLP are the Corporation's external auditors.

13.2. INTEREST OF THE CORPORATION'S EXTERNAL AUDITORS For the 2018 financial year, the Corporation's Audit Committee obtained written confirmation from Ernst & Young LLP confirming the auditor's independence and objectivity with respect to the Corporation, in accordance with the Code of Ethics of the Québec Order of Chartered Professional Accountants.

14. INFORMATION ON THE AUDIT COMMITTEE

The information on the Audit Committee mandated by regulatory standards can be found in Schedules A and B hereto.

15. ADDITIONAL INFORMATION

Additional information regarding directors' and officers' compensation and information regarding principal holders of the Corporation's securities, options to purchase securities and interest of insiders in material transactions, are, as the case may be, contained in the Corporation's Management Proxy Circular dated December 13, 2018 prepared for its next Annual General Shareholders' Meeting. Additional financial information is included in the 2018 Management's Discussion and Analysis and Consolidated Financial Statements contained in the Corporation's 2018 Annual Report.

These documents are available to the public under the conditions stipulated by law and copies of same may be obtained from the Finance Department at the Corporation's head office, 11011 Maurice-Duplessis Boulevard, Montréal, Québec, H1C 1V6, or through the Corporation's corporate Internet website (www.corpo.metro.ca).

Additional information concerning the Corporation is also available on the Corporation's corporate Internet website (www.corpo.metro.ca) and on SEDAR's website (www.sedar.com).

Upon request to the Corporate Secretary, the Corporation will provide to any person or corporation,

¹ See the "Forward-Looking Information" section on page 1 of this Annual Information Form.

- a) when the securities of the Corporation are in the course of a distribution under a preliminary short form prospectus or a short form prospectus:
- i) one copy of the Corporation's Annual Information Form, together with one copy of any document, or the relevant pages of any document, incorporated by reference in the Annual Information Form;
 - ii) one copy of the Corporation's consolidated financial statements for its most recently completed financial year for which financial statements have been filed together with the independent auditor's accompanying report and one copy of the Corporation's most recent interim financial statements that have been filed, if any, for any period after the end of its most recently completed financial year;
 - iii) one copy of the Management Proxy Circular for the Corporation's most recent Annual General Shareholders' Meeting that involved the election of directors, or one copy of any annual filing prepared instead of that management proxy circular, as appropriate;
 - iv) one copy of any other document that is incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under clauses i), ii) or iii);
- b) at any other time, one copy of any other document referred to in a) i), ii) and iii), for which the Corporation may require payment of a reasonable charge if the request is made by a person or corporation that does not hold Corporation securities.

SCHEDULE A - INFORMATION ON THE AUDIT COMMITTEE

MANDATE OF THE AUDIT COMMITTEE The mandate of the Audit Committee, which was approved by the board of directors, is set forth in Exhibit B to this Annual Information Form.

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

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

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

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

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

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

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

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

POLICY CONCERNING THE HIRING OF PARTNERS OR EMPLOYEES OF THE AUDITORS The Audit Committee has approved a

policy governing the Corporation's hiring of certain candidates to key positions. This policy applies to any partner, employee or former partner or employee of the current or former external auditors of the Corporation who applies for a position which entitles the candidate to exercise decision-making authority or significantly influence decision-making regarding the presentation of financial information or auditing matters. More specifically, the candidate must not have been involved in the auditing of the Corporation's financial statements within the 12 months preceding the hiring date. Moreover, the eventual hiring of such candidate must not compromise the independence of the Auditors.

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

FEES FOR THE SERVICES OF THE AUDITORS

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

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

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

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

SCHEDULE B - MANDATE OF THE AUDIT COMMITTEE

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

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

2. Scope of mandate

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

3. Composition and Organization

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

4. Specific responsibilities

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

4.1. Financial Information

- 4.1.1. The Committee reviews, before their public disclosure, the audited annual and interim financial statements, the MD&A, the investor fact sheet and all press releases relating to the financial statements.

- 4.1.2. The Committee reviews with the management of the Company and the external auditor the choice of accounting policies and its justification as well as the various estimates made by management which may have a significant impact on the financial position.
- 4.1.3. The Committee ensures that adequate procedures are in place for the review of the Company's disclosure to the public of information extracted or derived from the Company's financial statements, other than the information covered by paragraph 4.1.1 hereof, and periodically assesses the adequacy of such procedures.
- 4.1.4. The Committee reviews, before they are released, any prospectus relating to the issuance of securities by the Company, the Annual Information Form and the Management Proxy Circular.

4.2. Internal Control

- 4.2.1. The Committee verifies that Company Management has implemented mechanisms in order to comply with regulations on internal controls and financial reporting.
- 4.2.2. Every quarter and every fiscal year, the Committee reviews with Company Management the conclusions of the work supporting the certification letters to be filed with the authorities.
- 4.2.3. The Committee reviews with the Company Management all material weaknesses and significant deficiencies identified pertaining to internal controls and financial reporting, as well as any fraud, and the corrective measures implemented.

4.3. Internal Audit

- 4.3.1. The Committee examines the appointment, replacement, reassignment or dismissal of the Senior Director of the Internal Audit Department and reviews the mandate, annual audit plan, and resources of the internal audit function.
- 4.3.2. The Committee meets the Senior Director of the Internal Audit Department to review the results of the internal audit activities, including any significant issues reported to management by the internal audit function and management's responses and/or corrective actions.
- 4.3.3. The Committee reviews the performance, degree of independence and objectivity of the internal audit function and adequacy of the internal audit process.
- 4.3.4. The Committee reviews with the Senior Director of the Internal Audit Department any issues that may be brought forward by him, including any difficulties encountered by the internal audit function, such as audit scope, access to information and staffing restrictions.
- 4.3.5. The Committee ensures the effectiveness of the coordination between the internal audit and the external audit.

4.4. External Audit

- 4.4.1. The Committee has the authority and the responsibility to recommend to the Board of directors:
 - i) the appointment and the revocation of any public accounting firm engaged for the purpose of preparing or issuing an audit report, or performing other audit, review or certification services (collectively the "external auditor"); and
 - ii) the compensation of the external auditor.
- 4.4.2. The external auditor communicates directly with the Committee. The Committee reviews the reports of the external auditors which are sent to it directly. The Committee also monitors all the work performed by the external auditors, its audit plans and the results of its audits.

- 4.4.3. The Committee discusses with the external auditors, by means of meetings, problems encountered during the audit, including the existence, if applicable, of restrictions imposed by the management of the Company or areas of disagreement with the latter about the financial information and ensures that such disagreements are resolved.
- 4.4.4. The Committee, or one or more of its members to whom it has delegated authority, pre-approves non-audit services that are assigned to the external auditors. The Committee may also adopt policies and procedures concerning the pre-approval of non-audit services that are assigned to the external auditors. It monitors the fees paid with respect to such mandates.
- 4.4.5. The Committee makes sure that the external auditor has obtained the cooperation of the employees and officers of the Company.
- 4.4.6. The Committee examines the post-audit letter or the recommendation letter of the external auditor as well as the reactions of management and management's response to the deficiencies observed.
- 4.4.7. The Committee examines the qualifications, performance and independence of the external auditor and ensures that the audit report accompanying the financial statements is issued by an audit firm that is a participant in the program of the Canadian Public Accountability Board ("CPAB") and that the firm respects any sanctions and restrictions imposed by this Board. The Committee takes into account the opinions of management and the Company's internal auditor in assessing the qualifications, performance and independence of the external auditor. In particular, the Committee examines each year the quality of the work performed by the external auditor in order to facilitate an informed recommendation concerning the appointment of the audit firm which will act as external auditor of the Company.
- 4.4.8. At least, once a year, or at any other time indicated below, the external auditor i) reports to the Committee on the external auditor's internal quality-control procedures in place; ii) reports to the Committee as to its internal evaluation of the quality of work of the members of the audit firm involved in the audit of the Company; iii) reports to the Committee as to its inscription as a duly registered participant of the CPAB and whether it holds proper authority to audit Canadian issuers; iv) provides the members of the Committee, in a timely fashion, with a copy of any report, notice, information and findings of the CPAB which the external auditor may or must provide copy of to the Committee, including any annual public report on the quality of audits performed by public accounting firms as well as any significant findings emerging from any inspection of the audit file of the Company, the content of which the external auditor must discuss with the members of the Committee.
- 4.4.9. The Committee reviews and approves the Company's hiring policy concerning (current and former) partners and (current and former) employees of the (current and former) external auditor.

4.5. Miscellaneous

- 4.5.1. The Committee establishes procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and to preserve confidentiality and the protection of the anonymity of persons who may file such complaints.
- 4.5.2. The Committee has the authority to engage any advisor it deems necessary in order to help it in the performance of its duties, and to set the compensation of such advisor as well as to obtain from the Company the funds necessary to pay such compensation.
- 4.5.3. The Committee analyses the conditions surrounding the departure or appointment of the officer responsible for finance and any other key financial executive who participates in the financial information process.

4.6. Compliance with legal and regulatory requirements

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.