

## CORPORATE GOVERNANCE

The Board of Directors of Metro inc. (the "Corporation") believes that good corporate governance is essential and the Corporation imposes to its directors, officers and employees a rigorous code of ethics.

The Corporation intends to comply as much as possible with the guidelines adopted by the Canadian Securities Administrators and with the standards of other regulatory bodies. The following table sets forth the statement of corporate governance practices of the Corporation. The information therein contained is up to date as at December 9, 2016, and will be further updated in December 2017 in view of the filing of the Management Proxy Circular for the Annual General Meeting of Shareholders to be held in 2018.

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Canadian Securities Administrators Corporate Governance Guidelines	Observations
<b>BOARD OF DIRECTORS</b>	
1. The board should have a majority of independent directors.	1. The Board of Directors was comprised of a majority of independent directors, in that out of the 14 directors who served on the Board of Directors during the 2016 financial year, 12 were considered independent directors. In order to determine if a director is independent, the Board of Directors reviews information provided by the directors or the nominees in a questionnaire which is annually handed to them. During the 2016 financial year, the independent directors were: Mrs. Maryse Bertrand, Stephanie Coyles, Paule Gauthier (until January 26, 2016), Christine Magee, Marie-José Nadeau and Line Rivard and Messrs. Marc DeSerres, Claude Dussault, Russell Goodman, Marc Guay, Christian W.E. Haub, Michel Labonté, Réal Raymond and Michael T. Rosicki (until January 26, 2016). Mr. Eric R. La Flèche cannot be considered independent because he holds a senior executive position within the Corporation. Mr. Serge Ferland cannot be considered independent because he is a shareholder and an executive of companies which own food stores operating under the Metro banner and therefore carries a business relationship with the Corporation.
	If, following the Meeting on January 24, 2017, the nominees proposed by the Corporation are elected, the Board of Directors will continue to be comprised of a majority of independent directors, in that 12 of the 13 proposed nominees are independent directors, namely the independent directors hereinabove mentioned.
	A record of attendance of each director at Board of Directors and Committee meetings held since the beginning of the Corporation's most recently completed financial year is included on page 16 of the Management Proxy Circular which has been prepared and filed in view of the 2017 Annual

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General Meeting of Shareholders (the "Circular") and a copy of which can be found in the "Investor Relations" section of the [www.corpo.metro.ca](http://www.corpo.metro.ca) Website (the "Corporate Website").

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| 2. If a director is presently a director of any other reporting issuer, identify both the director and the other issuer.                                  | 2. The information pertaining to the directors who serve on the board of another reporting issuer which can be found in the "Governance/Board of Directors" section of the Corporate Website. The Board of Directors has adopted this year a policy limiting the number of directorships of its directors to a maximum of four (4) public companies, including the Corporation. As well, no more than two (2) directors of the Corporation shall hold a director seat at the same board of another public company at the same time. Therefore, the Corporate Governance and Nominating Committee (the "Corporate Governance Committee") of the Corporation shall take into consideration the directorships of potential nominees and shall not propose a slate of directors for election by shareholders if the election of those directors would result in more than two (2) directors holding a director seat at the same time at the same board of another public company. A director of the Corporation shall obtain the prior approval of the Corporate Governance Committee before submitting his or her candidacy as director of another public company. |
| 3. The chair of the board should be an independent director.  | 3. The role and responsibilities of the Chair of the Board of Directors are described in Exhibit H of the Circular. Mr. Réal Raymond, Chair of the Board of Directors, is an independent director.  |
| 4. The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. | 4. A meeting of non-management directors, chaired by the Chair of the Board, takes place at the end of each meeting of the Board of Directors and a meeting of the independent directors is held whenever needed.   |
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**BOARD MANDATE**

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| 5. The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer. | 5. The Board of Directors has adopted a written mandate in which it acknowledges its stewardship responsibility. The text of said mandate can be found in the "Governance" section of the Corporate Website. Every year, the Corporate Governance Committee reviews the mandate of the Board of Directors to determine if it requires updating, and in such case, makes the recommendations to this effect to the Board of Directors. |
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**POSITION DESCRIPTIONS**

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6. The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board should develop a clear position description for the president and CEO. The board should also develop or approve the goals and objectives that the president and CEO must meet.

6. The Board of Directors has adopted a written mandate for the position of Chair of the Board of Directors, the text of which is included in Exhibit H of the Circular. The Board of Directors has also adopted a mandate for the position of Chair of each Board committee, the text of which can be found in the "Governance/Committees" section of the Corporate Website. The mandate of the President and Chief Executive Officer is described in the Corporation's By-Laws. The President and Chief Executive Officer reports to the Board of Directors and his responsibilities include: directing and managing all of the Corporation's business, subject however to the powers vested exclusively to the Board of Directors or its shareholders; without limiting the generality of the foregoing, establishing the objectives, action plans, policies and strategies of the Corporation and its subsidiaries and, with the approval of the Board of Directors, implementing same, and performing all other tasks which may be assigned to him from time to time by the Board of Directors of the Corporation.

At the beginning of each year, the President and Chief Executive Officer's objectives are approved by the Board of Directors, upon recommendation of the Human Resources Committee.

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**ORIENTATION AND CONTINUING EDUCATION**

7. The board should ensure that all new directors receive a comprehensive orientation. All new directors should understand the nature and operation of the issuer's business. The board should provide continuing education opportunities for all directors.

7. There is a training and orientation program intended for new members of the Board of Directors. Pursuant to this program, the new directors are provided with reports on the Corporation's business operations and internal affairs. The new directors meet with the Chair of the Board of Directors and the President and Chief Executive Officer to discuss the operations of the Corporation and the Corporation's expectations towards each director. The Chair of the Board of Directors also informs new directors about the Corporation's corporate governance practices and, in particular, the role of the Board of Directors, its committees and each director. This program also allows new directors to visit the Corporation's main facilities and to meet the executive officers.

The Corporation acknowledges that a board of directors' good performance stems from directors who are well informed; as such, the Corporation provides each director with a handbook that contains relevant documentation and information about the Corporation, including the Information Policy and the Directors' Code of Ethics.

At each meeting of the Board of Directors, the directors have the opportunity to hear presentations given by executive officers on various topics regarding the Corporation's operations. The directors also take part, at least once a year, in organized visits of the Corporation's facilities and food stores. On a yearly basis, the Corporate Governance Committee reviews and suggests matters upon which information sessions for Board members would be appropriate. Board members also have the opportunity to share their interest in that regard. This year, one (1) of the information sessions that took place focused on information systems of the Corporation, which allowed Board members to better understand the impact of such systems on the Corporation's activities. Board members and executives attended a strategic planning session which also took place this year.

The Corporation ensures that all directors are members of the Institute of Corporate Directors ("ICD"). ICD is a member-based organization regrouping a community of directors in Canada and offering educational and training activities.

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**BUSINESS ETHICS**

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| <p>8. The board should adopt a written code of business conduct and ethics. The code should be applicable to directors, officers and employees of the issuer.</p>   | <p>8. The Board of Directors has adopted a code of ethics for directors (the "Directors' Code of Ethics") and a new code of conduct for executives and employees (the "Code of conduct"). These codes are available on the SEDAR Website (<a href="http://www.sedar.com">www.sedar.com</a>) and in the "Governance" section of the Corporate Website. These codes address the elements recommended in Policy Statement 58-201 to Corporate Governance Guidelines of the Canadian Securities Administrators ("Policy Statement 58-201"). These codes also have provisions prohibiting employees and directors of the Corporation from short selling, directly or indirectly, the Corporation's Shares or Options or trading in put or call options, as well as executive compensation clawback provisions (for further details on these provisions, please refer to the "Other Key Policies of the Corporation" section on pages 43 and 44 of the Circular). The Board has also adopted a "Director Resignation Policy" which requires a director to offer his or her resignation to the Chair of the Board of Directors, same being subject to the approval of the Board of Directors, in the event that: i) such director no longer meets the legal requirements or those set forth by the Board of Directors; or ii) there is a material change in the functions of such director, responsibilities or tasks; or iii) such director has breached or noted a potential breach to the Directors' Code of Ethics.</p> |
| <p>9. The board should be responsible for monitoring compliance with the code of ethics. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.</p> | <p>9. The Corporate Governance Committee is responsible for overseeing compliance with the Directors' Code of Ethics. This committee is also responsible for reviewing the Directors' Code of Ethics to make sure that it is up to date and that it covers all regulatory requirements and corporate governance matters. The Human Resources Committee is responsible for overseeing compliance with the Code of conduct applicable to senior executives. The Corporation's Vice-President, Human Resources, makes recommendations to the Human Resources Committee whenever the Corporation's senior management deems that amendments need to be made to the Code of conduct. Furthermore, every year, or otherwise when needed, she reports to the Human Resources Committee on any non-compliance with the Code of conduct by senior executives of the Corporation. No waivers have been sought for directors or senior executives and there are no breaches to report in this respect.</p>   |
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| <p>10. The board must ensure that directors exercise independent judgment in considering transactions and agreements in which a director or executive officer has a material interest.</p> | <p>10. The Directors' Code of Ethics provides that: "every director must avoid situations involving a conflict of interest between his or her personal interests and his or her obligations as a director. Every director must disclose to the Board any direct or indirect interest in any organization, business or association that could place the director in a conflict of interest. A director should not participate in any discussion or decision relating to the organization, business or association in which such director has such an interest. The director should also withdraw from the meeting for the duration of any discussions and votes on the matter." The Directors' Code of Ethics further provides that: "any transaction outside the ordinary course of business between a director and the Corporation must be submitted to the Corporate Governance Committee for its prior approval. If a member of the Committee is concerned, that member should be excluded from the Committee's proceedings and the discussions relating to the matter." The Code of conduct applicable to senior executives specifies, among other things, that executives and employees must avoid situations of conflict of interests. Moreover, the Code of conduct applicable to senior executives specifies that: "Employees shall avoid situations where they may become involved, directly or indirectly, in a business similar to, or in competition with, METRO's or in any entity that does or seeks to do business with METRO". Every year, the directors and senior executives of the Corporation must declare all conflicts of interest in a questionnaire, and must furthermore notify the Corporation of any subsequent change in their situation. The Corporation's Vice-President, General Counsel and Corporate Secretary, reviews the directors' questionnaires and reports back to the Corporate Governance Committee about all actual or potential breach of the Directors' Code of Ethics regarding conflicts of interest. The Corporation's Vice-President, Human Resources, executes the same duties with respect to actual or potential conflicts of interest of any senior executives by informing, whenever necessary, the Human Resources Committee.</p> |
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11. The board must take steps to encourage and promote a culture of ethical business conduct.

11. The rules of conduct applicable to employees found in the Code of conduct specify, among other things, that all executives and employees must act with care, honesty, diligence, efficiency, commitment, loyalty and fidelity in order to ensure that the Corporation maintains a reputation of quality, dependability and integrity. The Code of conduct also requires that employees perform their duties in the best interest of the Corporation and its shareholders while respecting human rights and the law. In addition, not only does the Code of conduct incites employees to avoid all conflicts of interest throughout their work but said code also incites them not to accept gifts unless same qualifies as a business practice defined in the Code of conduct. When hired, all employees must sign a form pursuant to which they acknowledge having read the Code of conduct and undertake to comply with same. They must also sign a disclosure of private interests form, which is updated on a regular basis.

All new candidates to the position of director receive a copy of the Directors' Code of Ethics, acknowledge in writing that they have read and understood said Code of Ethics and undertake to respect same. The list of competencies and expectations of directors provides that the directors of the Corporation must act with integrity and respect the highest ethical and fiduciary standards.

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**NOMINATION OF DIRECTORS**

12. The board should appoint a nominating committee composed entirely of independent directors.

12. The Corporate Governance Committee is responsible for succession planning of the Board of directors and recommending nominees to the Board of Directors for the position of directors of the Corporation. The committee is comprised of five (5) directors, all of whom are independent.

13. The nominating committee should have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

13. The Board of Directors has adopted a mandate for the Corporate Governance Committee as well as an administrative resolution governing the procedure of all committees. The Corporate Governance Committee, pursuant to these documents, carries all of the responsibilities recommended in Policy Statement 58-201, and its mandate further provides that it has the authority to retain the services of an external advisor, if need be. Every year, the Corporate Governance Committee reviews its mandate to determine if it requires updating and in such case, makes recommendations to this effect to the Board of Directors.

For further details, the text of the Corporate

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Governance Committee's mandate can be found in the "Governance/Committees" section of the Corporate Website.

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14. Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps: consider what competencies and skills the board, as a whole, should possess and assess what competencies and skills each existing director possesses.

14. The Board of Directors has established and adopted the "List of competencies and expectations of Directors", the text of which can be found in the "Governance/Directors' Skills" section of the Corporate Website. In addition, the Corporate Governance Committee has also established a skills and experience matrix of the directors currently serving on the Board of Directors. This matrix showing the skills and experience of the nominees for the positions of director can be found on page 13 of the Circular. The Corporate Governance Committee ensures that the choice of nominees takes into account the competencies, experience and skills that the Board of Directors should overall possess, and reports back to the Board of Directors accordingly.

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15. The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making by the board.

15. The Board of Directors examines its size on a yearly basis. Regarding the upcoming year, the Board of Directors has concluded that it would remain efficient with 13 members, such number being sufficiently high so as to allow a diversity of point of views without hindering its efficiency.

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16. The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.

16. The Corporate Governance Committee is responsible for identifying and recommending to the Board of Directors new nominees for the position of director. As such, the committee maintains an "evergreen" list of potential nominees. Prior to the selection of any new nominee for the position of director, the Chair of the Board of Directors, the President and Chief Executive Officer and the Chair of the Corporate Governance Committee meet with the potential nominee in order to evaluate his competencies and independence.

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17. In making its recommendations, the nominating committee should consider the competencies and skills that the board considers to be necessary for the board, as a whole, to possess and those that the board considers each existing director and new nominee to possess.

17. The Corporate Governance Committee ensures that the Board of Directors possesses all of the required competencies, experience and skills. It also ensures that all nominees for the position of director possess all required competencies, experience and skills to complete the Board's team and carry out its mandate efficiently.

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**COMPENSATION**

18. The board should appoint a compensation committee composed entirely of independent directors.

18. The Human Resources Committee is comprised of five (5) directors, all of whom are independent.

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| 19. The compensation committee should have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations and the manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. | 19. The Board of Directors has adopted a mandate for the Human Resources Committee as well as an administrative resolution governing the procedure of all committees. The Human Resources Committee, pursuant to these documents, carries all of the responsibilities recommended in Policy Statement 58-201, and its mandate further provides that it has the authority to retain the services of an external advisor, if need be. Every year, the Human Resources Committee reviews its mandate to determine if it requires updating and in such case, makes recommendations to this effect to the Board of Directors. |
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For further details, the text of the Human Resources Committee's mandate can be found in the "Governance/Committees" section of the Corporate Website.

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| 20. The compensation committee should be responsible for: reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation; making recommendations to the board with respect to non-CEO officer compensation, incentive-compensation plans and equity-based plans and reviewing executive compensation disclosure before the issuer publicly discloses this information. | 20. These responsibilities are specified in the Human Resources Committee's mandate. The "Executive Compensation" section, which can be found on pages 23 to 44 of the Circular, indicates the manner in which the Human Resources Committee performs its task.<br><br>The directors' compensation is recommended to the Board of Directors by the Corporate Governance Committee. Such recommendation is based on the compensation paid to directors of the companies included in the reference group, the directors' involvement, their responsibilities and the risks which they assume, as well as the best practices in Canada. |
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**OPERATIONS OF THE BOARD OF DIRECTORS**

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| 21. Identify the standing committees of the board other than the audit, nominating and compensation committees, and describe their function.      | 21. The standing committees of the Board of Directors are: the Human Resources Committee, the Audit Committee and the Corporate Governance Committee. The texts of these committees' mandates can be found in the "Governance/Committees" section of the Corporate Website.   |
| 22. The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution. | 22. The Corporate Governance Committee is responsible for overseeing the Corporation's corporate governance matters. Said committee assesses on an annual basis the overall effectiveness of the Board of Directors, of its committees and of each of its members using a questionnaire which is distributed to each director, and submits its conclusions to the Board of Directors. Every year, said committee ensures that |
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the mandate of each committee of the Board of Directors is carried out. The committee's assessment also pertains to the manner in which the Chair of the Board of Directors and the Chairs of each committee fulfill their duties.

The individual assessment of each member of the Board of Directors consists of a two-part questionnaire completed by each director. The first part consists of a performance analysis by each director of the Board of Directors and the directors and the second part consists of a self-assessment. This assessment is completed and followed by meetings between the Chair of the Board of Directors and each director.

The results of this analysis are reviewed by the Corporate Governance Committee. The Corporate Governance Committee Chair submits a complete report of said analysis results to the Board of Directors and, in light of the foregoing, the Corporate Governance Committee and the Board of Directors assess the process, the effectiveness and/or the need for change in the composition of the Board of Directors and its committees or with respect to their Chairs.

Following the Corporate Governance Committee and the Board of Directors' analysis of the above mentioned report, management is advised of the relevant recommendations for improvements, in particular with respect to training and development programs for directors, which require its involvement.

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