

**METRO INC.**

**PERFORMANCE SHARE UNIT PLAN**

**APRIL 11, 2006**

**AMENDED ON AUGUST 31, 2007, ON JANUARY 24, 2011, ON APRIL 17, 2012,  
ON SEPTEMBER 24, 2015, ON DECEMBER 9, 2016 AND ON SEPTEMBER 26, 2017**

**METRO INC.**

**PERFORMANCE SHARE UNIT PLAN**

**SECTION 1. PURPOSES OF THE PLAN**

The purposes of this Performance Share Unit Plan are: i) to compensate executives and other key employees of the Corporation who are particularly contributing to the creation of economic value for the Corporation and its shareholders; ii) to encourage executives and other key employees of the Corporation to focus on practices that will create economic value for the Corporation and its shareholders; iii) to retain and motivate executives and other key employees of the Corporation by linking part of their compensation to the performance of the Corporation.

**SECTION 2. DEFINITIONS**

For the purpose of this Plan, the following terms shall have the following meanings:

- 2.1 “Award” means the PSUs granted to an Eligible Participant under the Plan on an Award Date, evidenced by an Award Confirmation and subject to the terms and conditions of the Plan and the Award Confirmation;
- 2.2 “Award Confirmation” means a confirmation containing the elements set out in Schedule A to this Plan, issued to the Eligible Participant by the Corporation confirming the grant of an Award to the Eligible Participant in accordance with the Plan, and containing such additional terms and conditions not inconsistent with the Plan as the Committee shall deem desirable;
- 2.3 “Award Date” means the date on which an Award is granted, which date may be on or, if determined by the Committee at the time of grant, after the date that the Committee resolves to grant the Award;
- 2.4 “Board” means the board of directors of Metro;
- 2.5 “Cash Equivalent” means an amount equal to the number of PSU Shares for which a cash payment is made as determined by the Corporation and rounded down to the nearest integer multiplied by the closing price of a Share on the Toronto Stock Exchange on the trading day preceding the cash payment date;
- 2.6 “Change of Control” means:
  - (i) the sale of the whole or a substantial part of the business of the Corporation to a person who is not an affiliate of Metro;

- (ii) the merger or the consolidation of Metro or any other operation or transaction with a corporation or corporate entity which is not an affiliate of Metro, if the control of the surviving or resulting entity is thereby passed to one or several shareholders who are not affiliates of Metro; or
- (iii) any change in the share ownership of Metro or any other transaction resulting in control of Metro being granted to a person, or a group of persons, or persons acting in concert, or persons associated or affiliated with any such person or group of persons. Without limiting the generality of the foregoing, a person or a group of persons holding a number of shares and/or other securities which, directly or following conversion thereof, entitles or would entitle the holders thereof to cast 50% or more of the votes attaching to all the Shares (as hereinafter defined) of Metro entitled to vote in the election of directors of Metro, is deemed to be in a position to exercise control of Metro.

The words and phrases used in this section, which are defined in the securities laws applicable to Metro, have the same meaning as therein;

- 2.7 “Code of conduct of employees” refers to the Code of conduct of employees adopted by the Board, as same may be amended from time to time;
- 2.8 “Committee” means the Human Resources Committee of the Board;
- 2.9 “Corporation” means Metro and its subsidiaries;
- 2.10 “Eligible Participant” means any officer or other employee of the Corporation or a partnership controlled by the Corporation designated by the Committee as eligible to participate in the Plan;
- 2.11 “Expiry Date” means the date on which a PSU expires pursuant to the Award Confirmation relating to that Award;
- 2.12 “Metro” means Metro Inc.;
- 2.13 “Plan” means this Performance Share Unit Plan of the Corporation, as same may be amended from time to time;
- 2.14 “Performance Share Unit” or “PSU” means the right of an Eligible Participant to whom a grant of such unit is made to receive on the Vesting Date, at the option of the Corporation, one of the following or a combination thereof:
  - i) the Cash Equivalent; and/or
  - ii) one Share,

as determined by the Committee in accordance with section SECTION 4 and in accordance with the performance objectives achieved on the Vesting Date, unless such unit expires prior to its Vesting Date or is reimbursed or cancelled in accordance with the Clawback provisions of the Code of conduct of employees;

- 2.15 "PSU Holder" means an Eligible Participant to whom an Award has been granted;
- 2.16 "PSU Shares" means the Shares that a PSU Holder may receive pursuant to a particular Award Confirmation;
- 2.17 "Share(s)" means Common Shares of Metro;
- 2.18 "Trust Agreement" means the trust agreement relating to the Plan entered into between Metro and the Trustee;
- 2.19 "Trust Fund" means the Trust Fund established under the Trust Agreement;
- 2.20 "Trustee" means CST Trust Company or any successor trustee appointed under the Trust Agreement;
- 2.21 "Vesting Date" means, in respect of an Award, the date when the Award is fully vested as determined by the Committee in accordance with section 4.3; and
- 2.22 "Vesting Period" means in respect of an Award, the period between the Award Date of such Award and the Vesting Date of such Award.

### **SECTION 3. GENERAL PROVISIONS OF THE PLAN**

#### **3.1 Administration**

The Board shall approve the number of PSUs to be granted to PSU Holders. The Plan will be administered by the Committee, subject only to the supervisory authority of the Board.

The Committee may appoint one or more third parties to perform such administrative duties under the Plan as the Committee may delegate from time to time, including all record keeping activities.

#### **3.2 Interpretation**

The Committee has full and complete authority to interpret the Plan and to prescribe such rules and regulations and make such determinations as it deems necessary or desirable for the administration of the Plan and all such interpretations, determinations or other actions taken by the Committee shall be final and binding on the Corporation and each Eligible Participant and conclusive for all purposes thereunder, subject only to the supervisory authority of the Board.

3.3 Non-dilutive Plan

The Plan is non-dilutive. Vested Awards will be settled, at the option of the Corporation, in Cash Equivalent or in Shares purchased by the Trustee on the open market in accordance with the Trust Agreement or a combination of both. The Plan will not rely upon shares from Treasury, nor are there any corresponding shares reserved in Treasury for purposes of this Plan.

3.4 Amendment of Plan or Awards

The Committee may amend, suspend or terminate the Plan or any Award granted thereunder at any time, provided that no such amendment, suspension or termination may:

- a) be made without obtaining any required regulatory approval;
- b) in the case of Awards, alter or impair any rights of a PSU Holder under Awards previously granted without the consent or the deemed consent of the PSU Holder, except in cases where the Clawback provisions of the Code of conduct of employees apply and provided, however, that in the event the Plan is terminated, the Committee may at its discretion, elect to accelerate the Vesting Date specified in an Award Confirmation on such terms as it may determine.

3.5 Expenses

All expenses relating to the administration of the Plan shall be borne by the Corporation. However, the Corporation will not be liable for any subsequent expenses or costs once the PSU Shares and/or the Cash Equivalent have been delivered or paid to a PSU Holder.

3.6 Compliance with Laws and Stock Exchange Rules

The Plan, the grant and vesting of Awards under the Plan, the distribution of Shares and the payment of the Cash Equivalent on vesting of Awards, as the case may be, will be subject to all applicable federal, provincial and foreign laws, as well as all applicable policies, rules and regulations of any stock exchanges on which the Shares are listed for trading.

**SECTION 4. GRANT OF AWARDS**

4.1 Grant of Awards

The Committee, subject to confirmation by the Board, shall from time to time designate the Eligible Participants to whom a grant of PSUs may be made and shall determine the number of PSUs granted under the Award as well as the conditions and performance objectives to be achieved for PSUs to become vested on the Vesting Date. The Committee shall further have discretion to establish at the time of each grant, within the restrictions set forth in the Plan, the Award Date, the Vesting Date (subject to section 4.3), the performance objectives which must be achieved to trigger payment of the PSUs in accordance with the provisions of section 4.10, and other particulars applicable to an Award granted hereunder.

A PSU Holder who retires in accordance with an approved retirement pension plan from the Corporation or is granted an authorized leave because of long-term illness or other reasons, shall not be entitled to be granted any Award.

Whenever appropriate, the Corporation shall, unless otherwise determined by the Committee, deliver to the Trustee, in accordance with the Trust Agreement, a direction to purchase Shares on the open market sufficient to reflect the number of Shares which may be delivered to PSU Holders relating to an Award provided, however, that the direction of the Corporation may provide for the purchase of a lesser number of Shares than the maximum number of Shares which may be delivered to PSU Holders relating to an Award. The Corporation shall deliver to the Trustee, in accordance with the Trust Agreement, sufficient funds to pay for the purchase of such Shares and related brokerage fees.

4.2 Award Confirmation

Upon the grant of an Award, the Corporation will issue to the Eligible Participant selected to receive same an Award Confirmation containing the terms and conditions of the Award. The Corporation reserves the right to require the Eligible Participant in question to accept in writing or electronically the terms and conditions of his or her grant. Subject to the terms of the Plan, the acceptance of the grant by the Eligible Participant, if required by the Corporation, and the satisfaction of the terms and conditions of the Confirmation Award, the PSU Holder has the right to receive the PSU Shares and/or the Cash Equivalent.

4.3 Vesting Date

The Vesting Date of an Award will be determined by the Committee at the time of grant, subject however to a maximum term of three years from the Award Date and will be subject to the provisions of section 4.4 relating to early vesting, reimbursement, cancellation or expiry.

4.4 Early Vesting, Expiry, Reimbursement or Cancellation of Awards

a) Unless otherwise determined by the Committee at or after the time of grant:

- i) Awards shall expire immediately upon the PSU Holder thereof ceasing to be an Eligible Participant as a result of being dismissed from his office or employment with or without cause or upon a voluntary resignation provided that, for greater certainty, for the purpose of determining when an Eligible Participant has ceased to be an Eligible Participant, the Eligible Participant's period of employment shall not be extended or deemed to be extended by any compensatory payment in lieu of common or civil law notice of severance or statutory severance entitlement otherwise applicable to the Eligible Participant;

- ii) Awards, or part thereof, shall vest upon the Vesting Date, vest before the Vesting Date or expire, as the case may be, in the following events and manner:
  - 1) if a PSU Holder retires in accordance with an approved retirement pension plan from the Corporation or if he is granted an authorized leave because of long-term illness or other reasons before the Vesting Date, a portion of the Award attributable to a fiscal year or years (or portion thereof) preceding such event shall vest upon the occurrence of such event according to the achievement of specific performance objectives included in the Confirmation Award provided, however, that PSU Shares and/or the Cash Equivalent, if any, to which the PSU Holder may be entitled shall be delivered and/or paid in accordance with the Plan only upon the original Vesting Date specified in the Award Confirmation relating to such Award. The portion of the Award attributable to a particular fiscal year or years (or portion thereof) shall be calculated by dividing (i) the number of days from the Award Date to the date of the occurrence of the retirement or leave of absence, as the case may be, by (ii) the total number of days from the Award Date to the Vesting Date, as stipulated in the relevant Award Confirmation and multiplying the quotient thus obtained by the number of PSU representing a particular Award;
  - 2) if a PSU Holder dies before the Vesting Date, a portion of the Award attributable to a fiscal year or years (or portion thereof) shall vest in the same manner as in the case where such PSU Holder retires or takes an authorized leave of absence under subsection 4.4(a)(ii)(1) hereof except that: (a) PSU Shares and/or the Cash Equivalent, if any, to which the PSU Holder's estate may be entitled shall be delivered and/or paid within 60 days from the death of the PSU Holder; and (b) if the vesting occurs before the end of the period during which specific performance objectives are to be measured, the Committee will use its best effort to estimate whether these performance objectives would have been achieved on the Vesting Date specified in the Award Confirmation and if the Committee determines that these performance objectives would have been achieved in whole or in part, the number of PSU Shares and/or the Cash Equivalent will be calculated as if those specific performance objectives would have been achieved in whole or in part as determined by the Committee;

- 3) if a Change of Control occurs before the Vesting Date, all Awards shall vest on the day the Change of Control occurs and the PSU Shares and/or the Cash Equivalents to which PSU Holders are entitled shall be delivered and/or paid no later than 120 days after the occurrence of such Change of Control. If the vesting occurs before the end of the period during which specific performance objectives are to be measured, the Committee will use its best effort to estimate whether these performance objectives would have been achieved on the Vesting Date specified in the Award Confirmation and if the Committee determines that these performance objectives would have been achieved in whole or in part, the number of PSU Shares and/or the Cash Equivalent will be calculated as if those specific performance objectives would have been achieved in whole or in part as determined by the Committee;
- iii) Any Award (or part thereof) which has not vested at the time of the occurrence of an event contemplated in section 4.4a)ii) above shall expire immediately upon the occurrence of such event. Any Shares held in the Trust Fund relating to PSU which have expired, which have been cancelled, which have not vested or which have not been delivered in accordance with section 4.10 as a result of failure to meet the stipulated performance objectives or otherwise shall be dealt with by the Trustee, as the Corporation may direct, to satisfy obligations to deliver PSU Shares and/or to pay the Cash Equivalent to other Eligible Participants or otherwise in accordance with the Trust Agreement.
- iv) Notwithstanding any provision of the Plan, including without limitation section 4.4 (a) (ii), any Award granted under this plan shall expire immediately upon the occurrence of any of the following events:
  - 1) if, during the PSU Holder's service with the Corporation and the two-year period following termination of such PSU Holder's service, the PSU Holder:
    - x) in the capacity of principal, agent, officer, employee, director, consultant, lender, shareholder or any other capacity, participated or took part, directly or indirectly, in grocery or pharmacy industry operations in either the province of Ontario or the province of Québec, other than on behalf of the Corporation, in which case the PSU Holder will be considered as competing with the Corporation; or
    - y) in the capacity of principal, agent, officer, employee, director, consultant, lender, shareholder or any other capacity, assisted financially or in any other way, directly or indirectly, any person, corporation, partnership, association or corporation whatsoever with a view to setting up, developing or actively operating a business in either the province of Ontario or the province of Québec that may rightly be considered as competing with the Corporation's grocery or pharmacy business; or
  - 2) if, whether before or after termination of the PSU Holder's service with the Corporation or an entity affiliated with the Corporation, the PSU Holder's no longer complies with the provisions of the Code of conduct of employees.



- v) Notwithstanding any provision of the Plan, including without limitation section 4.4a)ii), the Board may require in accordance with the Clawback provisions of the Code of conduct of employees: (i) the reimbursement of all or a portion of vested PSU; (ii) the reimbursement of any Cash Equivalent or any profit realized from the sale of Shares delivered as a settlement for the PSU; or (iii) effect the cancellation of PSUs granted to the Eligible Participant and any Award.

4.5 Non-Assignable

The rights of a PSU Holder under an Award may not be assigned, encumbered, pledged, transferred or alienated in any way. Notwithstanding the foregoing, in the case where a PSU Holder dies, his estate shall have the rights of such PSU Holder under the Plan and the Award Confirmation, subject to section 4.4a)ii)2) hereof.

4.6 No Implied Rights

- a) A PSU Holder will not have any rights as a shareholder of Metro with respect to those of the PSU Shares, if any, that the PSU Holder may receive under this Plan until such PSU Holder actually receives PSU Shares in accordance with the terms of this Plan and an Award Confirmation;
- b) Nothing in this Plan or in any Award Confirmation will confer or be construed as conferring on a PSU Holder any right to remain as an officer or other employee of the Corporation, or an Eligible Participant the right to be granted Awards hereunder.

4.7 Dividends

No PSU Holders shall be entitled to any dividend declared on the PSU Shares during the period prior to their delivery to the PSU Holder according to this Plan. Any such dividend may be used by the Trustee to purchase Shares on the open market or as provided in the Trust Agreement or as instructed by the Corporation.

4.8 Record Keeping

The Corporation may instruct the Trustee to maintain individual records for each PSU Holder which shall record the number of PSU awarded to each PSU Holder from time to time. PSU Holders shall, if applicable, use the electronic PSU management and payment system determined by the Corporation and shall comply with its terms of use.

4.9 Taxes

The Trustee shall be authorized to withhold or deduct such amounts, if any, as may be required to be withheld or deducted under applicable taxation laws or, subject to applicable laws, as instructed by the PSU Holder. The PSU Holder will reimburse all amounts that the Corporation or Trustee must pay to Tax Authorities in accordance with applicable laws relating to Tax matters resulting from the delivery of PSU Shares and/or Cash Equivalent in accordance with section 4.10 hereunder.

4.10 Vesting of the Award

Unless an Award has expired or has been cancelled in accordance with the terms hereof and subject to subsection 4.4a)ii) hereof, the Corporation shall, no later than fifteen (15) business days after the Vesting Date: i) direct the Trustee to deliver to the PSU Holder (or, if deceased, his estate), in accordance with the terms of the Trust Agreement, a certain number of PSU Shares represented by such vested Award; and/or ii) direct the Trustee to sell, in accordance with the terms of the Trust Agreement, a number of Shares to satisfy the obligation to pay the Cash Equivalent so as to enable the Trustee to pay the Cash Equivalent to the PSU Holder in accordance with the direction of the Corporation; and/or iii) pay part or all of the Cash Equivalent to the PSU Holder. Notwithstanding the above, if the Vesting Date falls during a prohibited trading window affecting the PSU Holder or on the last day of a permitted trading window, the Corporation shall have until the expiry of a fifteen (15) business day period following the beginning of the next permitted trading window to take the above-mentioned measures.

**SECTION 5. ADJUSTMENT TO SHARES**

The number of PSU held in the records in respect of a PSU Holder will be adjusted in the following events and manner, subject to the right of the Committee to make such other or additional adjustments as are appropriate in the circumstances:

- a) upon (i) a subdivision of the Shares into a greater number of Shares or (ii) a consolidation of the Shares into a lesser number of Shares, the number of PSU held in the personal account of a PSU Holder will be adjusted to reflect such greater or lesser number of Shares as would have resulted from the subdivision or consolidation if the PSU Shares had been issued and outstanding at the relevant time;
- b) upon a capital reorganization, reclassification or change of the Shares, a consolidation, an amalgamation, arrangement or other form of business combination of Metro with another corporation or a sale, lease or exchange of all or substantially all of the property of Metro, other than a Change of Control, the Corporation will deliver at such time in lieu of the number of PSU Shares underlying an Award, the kind and amount of shares or other securities or property as would have resulted from such event if the PSU Shares had been issued and outstanding at the relevant time or the Cash Equivalent or a combination of both.

The Committee shall have the right to make such adjustments as it deems appropriate in the circumstances upon the occurrence of any other event which has an impact on the number of Shares which may be delivered to a PSU Holder. An adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative.

Metro will not be required to issue fractional Shares or other securities under the Plan and any fractional interest in a Share or other security that would otherwise be delivered will be cancelled without payment therefore.

**SECTION 6. EFFECTIVE DATE**

The Plan is effective as of April 11, 2006.

### **SCHEDULE A – AWARD CONFIRMATION**

The following elements should be included in the Award Confirmation:

1. Award Date;
2. Name of the PSU Holder;
3. Number of Performance Share Units granted (the “Award”);
4. The Vesting Date;
5. Description of the performance objectives.