EMPIRE
COMPANY LIMITED

Notice of 2020 Annual General Meeting of Shareholders to be held on September 10, 2020

Management Information Circular

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Invitation to Shareholders

EMPIRE
COMPANY LIMITED

July 16, 2020

Dear Shareholder:

We are pleased to invite you to join our Board of Directors and senior management team at our 2020 Annual General Meeting of Shareholders (the "**Meeting**") on September 10, 2020 at 11:00 a.m. (Atlantic).

This year, we are using a virtual meeting tool that will allow participation in the Meeting online or by phone in listen mode only. In response to the unprecedented and evolving public health impact of the novel coronavirus ("**COVID-19**"), and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, Empire strongly recommends that all participation in the Meeting be through the virtual meeting tool.

Registered shareholders and proxyholders (including non-registered shareholders who have appointed themselves as proxyholder) will be able to listen to the Meeting, ask questions and vote at the Meeting online in real time, but without having to attend the Meeting in person. Others wishing to attend the virtual Meeting as guests (including non-registered shareholders who have not appointed themselves as proxyholder) will be able to listen to the Meeting but will not be entitled to ask questions or to vote during the Meeting. The virtual Meeting will be available via a live audio webcast at **http://web.lumiagm.com/199783167, password: empire2020 (case sensitive)**. This will provide shareholders and proxyholders with an opportunity to participate at the Meeting regardless of their geographic location.

In accordance with the Company's articles and applicable company law, a quorum of shareholders (or their proxies) will physically attend the Meeting at Empire Company Limited's office at 115 King Street, Stellarton, Nova Scotia.

The items of business to be considered and voted upon at the Meeting are set out in the attached Notice of Annual General Meeting and Management Information Circular. Inside this document, you will find important information and detailed instructions about how to participate virtually at the Meeting. The situation with COVID-19 continues to evolve and it is possible that there may be new restrictions or other regulatory actions prior to the Meeting that may impact our procedures or arrangements for the Meeting. If any such developments cause a change in the Meeting arrangements described in the Notice of Annual General Meeting and Management Information Circular, Empire will advise shareholders by issuing a news release and posting the details on its website at www.empireco.ca.

Empire is committed to keeping you, our investors, informed about your investment. Our 2020 Annual Report and our Quarterly Reports are available on our website, www.empireco.ca, or at www.sedar.com or you can write to the following address and request a copy:

Investor Relations
Empire Company Limited
115 King Street
Stellarton, Nova Scotia
B0K 1S0
Email: investor.relations@empireco.ca

We look forward to speaking with you on September 10, 2020.

Sincerely,

signed "James M. Dickson"

James M. Dickson
Chair

signed "Michael Medline"

Michael Medline
President & Chief Executive Officer

Notice of Annual General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders (the "**Meeting**") of Empire Company Limited ("**Empire**") will be held:

September 10, 2020
11:00 a.m. (Atlantic Time)
Virtually via live audio webcast at: http://web.lumiagm.com/199783167, password: empire2020 (case sensitive)
Or by telephone in listen mode only: 1-888-390-0546 (North America) or 1-416-764-8688 (Toronto)

In accordance with the Company's articles and applicable company law, a quorum of shareholders (or their proxies) will physically attend the meeting at Empire Company Limited's office at 115 King Street, Stellarton, Nova Scotia. The Meeting is being held for the following purposes:

1. To receive the audited consolidated financial statements of Empire for the fiscal year ended May 2, 2020, together with the report of the auditor thereon;
2. To elect directors for the ensuing year and fix the maximum number of directors at 18;
3. To approve the remuneration of directors for the ensuing year;
4. To appoint the auditor for the ensuing year;
5. To authorize the directors to fix the remuneration of the auditor;
6. To consider an advisory resolution on executive compensation; and
7. To transact such other business as may properly come before the meeting.

This year, Empire is using a virtual meeting tool that will allow participation in the Meeting online or by phone in listen mode only. In response to the unprecedented and evolving public health impact of the novel coronavirus, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, Empire strongly recommends that all participation in the Meeting be through the virtual meeting tool.

This notice is accompanied by a management information circular (the "**Circular**"). The nature of the business to be transacted at the Meeting is described in further detail in the Circular.

Registered shareholders and proxyholders (including non-registered shareholders who have appointed themselves as proxyholder) will be able to listen to the Meeting, ask questions and vote at the Meeting online in real time, but without having to attend the Meeting in person. Others wishing to attend the virtual Meeting as guests (including non-registered shareholders who have not appointed themselves as proxyholder) will be able to listen to the Meeting but will not be entitled to ask questions or to vote during the Meeting. The virtual Meeting will be available via a live audio webcast at **http://web.lumiagm.com/199783167, password: empire2020 (case sensitive)**.

Empire encourages shareholders to continue to vote in advance by proxy or electronically at the virtual Meeting in accordance with the instructions provided in the Circular under the heading "Voting at the Annual General Meeting". Registered shareholders and appointees will need a personal control number to participate, ask questions, and vote in real time at the webcast Meeting through the online portal. Non-registered (or beneficial) shareholders may view a live webcast of the Meeting through the online portal but will not have the ability to vote virtually or ask questions. The virtual meeting tool will also allow shareholders and guests to listen to the Meeting by phone. The Meeting will be available via a live audio webcast at **http://web.lumiagm.com/199783167, password: empire2020 (case sensitive)**. Registered shareholders and proxyholders (including non-registered shareholders who have appointed themselves as proxyholder) wishing to attend and vote at the virtual Meeting will need to ensure that they remain connected to the virtual Meeting at all times in order to vote when balloting commences, and it is the shareholders' or proxyholders' responsibility to ensure internet connectivity for the duration of the Meeting.

This year, we are also utilizing Notice and Access to provide you with electronic access to our Circular and other meeting materials, rather than mailing paper copies. The shift to electronic delivery of the Circular is part of our commitment to reducing our environmental footprint as electronic delivery substantially reduces our printing and mailing costs, and has less environmental impact as it reduces materials, waste and energy consumption.

Class B common shareholders of record at the close of business on July 20, 2020 and their duly appointed proxyholders will be entitled to vote at the Meeting. Registered Non-Voting Class A shareholders of record at the close of business on July 20, 2020 and their duly appointed proxyholders are permitted to vote only on the advisory resolution on executive compensation at the Meeting.

Registered Class B common shareholders who wish to vote by proxy are requested to complete, sign, date and return the form of Class B common shareholder proxy to the Secretary of Empire, 115 King Street, Stellarton, Nova Scotia, B0K 1S0 no later than 11:00 a.m. (Atlantic time) on September 8, 2020, or if the Meeting is adjourned, not less than 48 hours (excluding Saturday, Sunday and holidays) before the time set for any reconvened meeting at which the proxy is to be used.

Registered Non-Voting Class A shareholders who wish to vote by proxy at the Meeting may vote on the advisory resolution on executive compensation by completing the form of Non-Voting Class A shareholder proxy and returning it to:

AST Trust Company (Canada)
Attention: Proxy Department
P.O. Box 721
Agincourt, Ontario
M1S 0A1

Alternatively, registered shareholders may also vote in advance online, by telephone, by email or by fax by following the instructions shown on the voting instruction form.

In addition, all shareholders who wish to vote by proxy in real time using the virtual meeting tool are requested to carefully follow the instructions set out in the Circular and on their proxy form or voting instruction form. **This year, the instructions also include the additional step of registering such proxyholder with our transfer agent, AST Transfer Company (Canada), after submitting their proxy form or voting instruction form. Please call 1-866-751-6315 (within North America) or 1 (212) 235-5754 (outside of North America). Failure to register the proxyholder will result in the proxyholder not receiving a control number that will act as their online sign-in credentials and is required for them to vote at the Meeting, consequently, such proxyholder will only be able to attend the Meeting online as a guest.**

If you are a non-registered shareholder eligible to vote and receive these materials through your broker or other intermediary, you should review the voting instruction form provided by your broker or intermediary for information on how to vote your shares.

Dated at Stellarton, Nova Scotia, this 16th day of July, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

signed "Doug Nathanson"

Doug Nathanson
Senior Vice President, General Counsel and Secretary

Management Information Circular

Section 1.

Summary

This summary highlights information contained elsewhere in this Management Information Circular ("**Circular**") for Empire Company Limited ("**Empire**" or the "**Company**"). This summary does not contain all the information that you should consider, and you should read this entire Circular carefully before voting.

Unless otherwise specified, the date of, and all information in this Circular is current as of July 16, 2020. All dollar amounts are in Canadian dollars ("**CAD**") unless otherwise specified.

Annual General Meeting of Shareholders

Date:	September 10, 2020
Time:	11:00 a.m. (Atlantic Time)
Place:	Virtually via live audio webcast at: **http://web.lumiagm.com/199783167, password: empire2020 (case sensitive)** In accordance with the Company's articles and applicable company law, a quorum of shareholders (or their proxies) will physically attend the Meeting at Empire Company Limited's office at 115 King Street, Stellarton, Nova Scotia
Record Date:	July 20, 2020
Voting:	Any registered Class B common shareholder of record at the time of the Annual General Meeting of Shareholders of the Company (the "**Meeting**") will be entitled to attend, speak and vote at the Meeting. Any registered Non-Voting Class A shareholder of record at the time of the Meeting will be entitled to attend and speak at the Meeting but shall not be entitled to vote at the Meeting, except on the non-binding advisory vote relating to executive compensation.

Virtual Participation

This year, Empire is using a virtual meeting tool that will allow participation in the Meeting online or by phone in listen mode only. In response to the unprecedented and evolving public health impact of the novel coronavirus ("**COVID-19**"), and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, Empire strongly recommends that all participation in the Meeting be through the virtual meeting tool.

Registered shareholders and proxyholders (including non-registered shareholders who have appointed themselves as proxyholder) will be able to listen to the Meeting, ask questions and vote at the Meeting online in real time, but without having to attend the Meeting in person. Others wishing to attend the virtual Meeting as guests (including non-registered shareholders who have not appointed themselves as proxyholder) will be able to listen to the Meeting but will not be entitled to ask questions or to vote during the Meeting. The virtual Meeting will be available via a live audio webcast at **http://web.lumiagm.com/199783167**, **password: empire2020 (case sensitive)**. Shareholders and proxyholders will have an opportunity to participate at the Meeting virtually via live audio webcast regardless of their geographic location in accordance with the instructions provided in the Circular under the heading "Voting at the Annual General Meeting".

The virtual meeting tool is intended to enhance shareholder engagement. Registered shareholders and proxyholders (including non-registered shareholders who have appointed themselves as proxyholder) will receive a personal control number that will allow them to listen to the Meeting, ask questions, and vote in real time at the webcast Meeting through the online portal. Non-registered (or beneficial) shareholders who have not appointed themselves as proxyholder may still view the live webcast and listen to the Meeting through the online portal but will not have the ability to vote virtually or ask questions in the live Meeting. The virtual meeting tool will also allow shareholders and guests to listen to the Meeting by phone. Registered shareholders and proxyholders (including non-registered shareholders who have appointed themselves as proxyholder) wishing to attend and vote at the virtual Meeting will need to ensure that they remain connected to the virtual Meeting at all times in order to vote when balloting commences, and it is the shareholders' or proxyholders' responsibility to ensure internet connectivity for the duration of the Meeting.

The situation with COVID-19 continues to evolve as we prepare this Circular. It is possible that there may be new restrictions or other regulatory actions prior to the Meeting that may impact the procedures or arrangements for the Meeting. If any such developments cause a change in the Meeting arrangements described in this document, Empire will advise shareholders by issuing a news release and posting the details on its website at www.empireco.ca.

Meeting Agenda

1. Receive the audited consolidated financial statements of Empire for the fiscal year ended May 2, 2020, together with the report of the auditor thereon;
2. Elect directors and fix the maximum number of directors at 18;
3. Approve directors' remuneration;
4. Appoint PricewaterhouseCoopers LLP as auditor for fiscal 2021;
5. Authorize the directors to fix the remuneration of the auditor; and
6. Advisory vote on approach to executive compensation.

Voting Matters

Motions	Board Vote Recommendation
Elect the Board of Directors (“**Board**”)	FOR EACH DIRECTOR NOMINEE
Fix the maximum number of directors at 18	For
Approve directors’ remuneration	For
Appoint PricewaterhouseCoopers LLP as auditor for fiscal 2021	For
Authorize directors to set auditor’s fees	For
Advisory vote on approach to executive compensation	For

As recommended by the Board of Directors, the persons named in the form of proxy or voting instruction form delivered to you intend to vote the shares represented in favour of the motions as noted above. Each of these matters is to be approved by a majority of votes cast.

Business of the Meeting

1. Audited Consolidated Financial Statements

The audited consolidated financial statements of Empire for the year ended May 2, 2020, and the report of the auditor thereon, will be tabled at the Meeting. These audited consolidated financial statements and the report of the auditor thereon are included in the 2020 Annual Report, which is available at www.sedar.com or www.empireco.ca. Additional copies of these documents may be obtained from the Investor Relations department of the Company upon request and will be available at the Meeting.

2. Election of the Board of Directors

There are 14 directors to be elected at the Meeting, each to hold office until the next Annual General Meeting or until his or her earlier resignation or retirement. Further information about the director nominees can be found in the section of this Circular entitled “About the Nominees for Election to the Board of Directors”. The following table provides summary information about each director nominee. Each of the current directors of the Company is also a director of Empire’s wholly-owned subsidiary, Sobeys Inc. (“**Sobeys**”).

BOARD NOMINEES – CURRENT DIRECTORS STANDING FOR ELECTION

Name	Age	Director Since	Occupation	Independent	Standing Committee Memberships[1] AC	CGC	HRC	NC	Other Current Reporting Issuer Boards	2019 Voting Results in Favour	Total Attendance Fiscal 2020
Cynthia Devine	56	2013	Chief Financial Officer, Maple Leaf Sports & Entertainment	✓	C	✓		✓		100%	100%
James M. Dickson	62	2015	Counsel, Stewart McKelvey	✓					Clearwater Seafoods Incorporated Crombie REIT	100%	100%
Sharon Driscoll	58	2018	Chief Financial Officer, Ritchie Bros. Auctioneers Inc.	✓	✓					100%	100%
Gregory Josefowicz	67	2016	Corporate Director	✓			✓		United States Cellular Corporation	100%	100%
Sue Lee	68	2014	Corporate Director	✓			✓		Waste Connections Inc.	100%	100%
William Linton	66	2015	Corporate Director	✓		✓	C	✓	Deveron UAS Corp. TMX Group Limited	100%	100%
Michael Medline	57	2017	President & CEO, Empire and Sobeys							100%	100%
Martine Reardon	58	2017	Corporate Director	✓	✓	✓		✓		100%	100%
Frank C. Sobey	67	2007	Corporate Director	✓		✓				100%	100%
John R. Sobey	71	1979	Corporate Director	✓	✓					100%	100%
Karl R. Sobey	65	2001	Corporate Director	✓			✓			100%	100%
Paul D. Sobey	63	1993	Corporate Director	✓		✓			Crombie REIT	100%	100%
Rob G.C. Sobey	53	1998	Corporate Director	✓		✓	✓			100%	100%
Martine Turcotte	59	2012	Corporate Director	✓	✓	C		C	CIBC	100%	100%

Notes:

1) Reflects committee memberships as of May 2, 2020. Audit Committee – AC, Corporate Governance Committee – CGC, Human Resources Committee – HRC, Nominating Committee – NC, Chair – C. See page 30 of this Circular for details.

It is proposed at the Meeting that the number of directors of the Company be fixed to a maximum of 18.

3. Directors' Fees

The Board recommends that shareholders approve the directors' fees below for the 12-month period beginning September 10, 2020. Fees are paid in cash or Deferred Stock Units ("**DSUs**"), subject to share ownership requirements. Further information about director compensation and the proposed changes for this year may be found in the section of this Circular entitled "Board of Directors' Compensation".

PROPOSED DIRECTORS' FEES(1)(2)	
Board Chair's Retainer	$ 450,000
Directors' All-Inclusive Retainer	
• Members of one committee	$ 220,000
• Members of two or more committees	$ 225,000
Committee Chairs' Additional Retainer	
• Audit	$ 30,000
• Human Resources	$ 25,000
• Corporate Governance/Nominating	$ 15,000

Notes:

1) Directors are subject to minimum share ownership guidelines of at least $580,000 as outlined in the section of this Circular entitled "Board of Directors' Compensation".
2) Directors who are not residents of Canada are paid their director fees in United States dollars ("**USD**") on the basis of a one-for-one exchange rate of CAD to USD. For example, for such directors who are a member of one committee, the Directors' All-Inclusive Retainer will be $220,000 in USD.

4. Appointment of Auditor

PricewaterhouseCoopers LLP were first appointed as auditor of the Company on June 24, 2015. The Audit Committee has reviewed the independence and performance of PricewaterhouseCoopers LLP following the completion of their fifth year as external auditor of the Company. Based on this review it has recommended to the Board that they be reappointed. The Board recommends that shareholders appoint PricewaterhouseCoopers LLP as the Company's auditor for fiscal 2021. Further information concerning their recommendation can be found in the section of this Circular entitled "Audit Committee Report".

5. Authorize Directors to Fix Auditor's Fees

The table below shows the fees charged by PricewaterhouseCoopers LLP for fiscal 2020 and fiscal 2019, to the Company and its subsidiaries.

AUDITOR'S FEES FOR EMPIRE COMPANY LIMITED AND ITS SUBSIDIARIES	Fiscal Year Ended	
	May 2, 2020	May 4, 2019
Audit Fees	$ 2,107,048	$ 2,070,000
Audit-Related Fees	535,460	351,035
Tax Fees	15,750	15,750
Other Fees	320,833	33,680
Total Fees	$ 2,979,091	$ 2,470,465

For fiscal 2020, audit fees include fees for the audit of the annual consolidated financial statements, reviews of quarterly interim condensed financial statements and audits of employee benefit plan financial statements. Audit-related fees are for services including special purpose audits, audit of transition to International Financial Reporting Standards 16 "Leases" and French translation. Tax fees include various consultations on specific items. Other fees include fees billed for all other services other than those presented in the categories of audit fees, audit-related fees and tax fees, including other advisory services.

The Board recommends that shareholders authorize the Board to fix the remuneration of the auditor.

6. Executive Compensation Advisory Vote

The Board, on the recommendation of the Corporate Governance Committee, has determined that it is appropriate to again hold a non-binding advisory vote relating to executive compensation. This will be the Company's eleventh annual advisory vote on executive compensation. At the 2019 Annual General Meeting of Shareholders there were 124,001,713 Non-Voting Class A shares (71.4 percent of the Non-Voting Class A shares outstanding) represented by proxy at the Meeting, of which 87.5 percent were voted in favour of the advisory resolution. 100 percent of the Class B common shares were voted in favour of the advisory resolution.

As a Non-Voting Class A shareholder or a Class B common shareholder, you have the opportunity to vote "For" or "Against" Empire's approach to executive compensation through the following resolution:

Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the Non-Voting Class A shareholders and the Class B common shareholders accept the approach to executive compensation disclosed in this Management Information Circular delivered in advance of the 2020 Annual General Meeting of Shareholders.

Since the vote is advisory, it will not be binding on the Board. However, the Board and, in particular, the Human Resources Committee ("**HR Committee**"), will consider the outcome of the vote as part of its ongoing review of executive compensation.

Set out below are summary tables describing the elements of executive compensation and the fiscal 2020 compensation summary for the Named Executive Officers ("**NEOs**") of the Company. Further information on executive compensation can be found in the section of this Circular entitled "Statement of Executive Compensation".

CURRENT EXECUTIVE COMPENSATION ELEMENTS

Element	Form		Time Period	Objectives
Base Salary	Cash		Annual	• Reflects each executive's scope of responsibility, performance and contribution
Variable Compensation	Profit Sharing Plan ("**PSP**")	Cash	Annual	• Rewards executives for achieving or exceeding annual performance goals
	Long-Term Incentive Program ("**LTIP**")	Performance Share Units ("**PSUs**") Deferred Stock Units ("**DSUs**")	Multi-year	• Rewards executives for achieving or exceeding three-year performance goals
		Restricted Share Units ("**RSUs**")	Multi-year	• Rewards executives for enhancing shareholder value
		Empire Stock Options ("**Stock Options**")	Multi-year	• Motivates the executive team to create long-term shareholder value • Retains key talent by offering competitive pay opportunities
Other Elements of Compensation				
Pension and Benefits	The purpose of the Company's pension plans is to provide periodic payments to the members of the plans during retirement until death in respect of their service as employees. Current NEOs participate in a defined contribution plan and a defined benefit supplemental executive retirement plan ("**DB SERP**"). A defined contribution SERP is now available, although the current NEOs do not participate in this plan. NEOs participate in the Company's benefits plans which offer medical, drug and dental insurance, critical illness insurance, group life and accidental death and dismemberment, short-term disability and employee-paid long-term disability insurance.			
Perquisites	Limited perquisites are provided, which include a Company leased vehicle, annual medical examination, executive financial planning allowance and club membership allowance.			

FISCAL 2020 COMPENSATION SUMMARY OF NAMED EXECUTIVE OFFICERS(1)

Name and Principal Position	Salary	Share Based Awards	Option Based Awards	Non-Equity Incentive Plan Compensation Annual (PSP)	Pension Value	All Other Compensation	Total Compensation
Michael Medline(2), President & CEO	$1,109,610	$ 1,856,250	$ 8,137,500 ($1,237,500 + $6,900,000)	$ 1,406,250	$ 471,000	$ 55,075	$ 13,035,685
Michael Vels, Chief Financial Officer	684,608	1,050,000	700,000	525,000	152,000	2,811	3,114,419
Pierre St-Laurent, EVP, Chief Operating Officer, Full Service	636,275	1,235,000	390,000	487,500	946,000	4,476	3,699,251
Simon Gagné, EVP, Human Resources	524,609	477,000	318,000	397,500	248,000	95,528	2,060,637
Vivek Sood EVP, Related Businesses	375,005	337,500	225,000	281,250	(8,000)	2,811	1,213,566

Notes:

1) The full summary compensation table is found on page 61 of this Circular under the heading "Summary Compensation Table".
2) Mr. Medline also received a Retention Grant valued at $6.9 million. Details of Mr. Medline's Retention Grant are described in the section of this Circular entitled "June 2019 CEO Retention Agreement".

Section 2.

Voting at the Annual General Meeting

DELIVERY OF PROXY MATERIALS AND SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation of Non-Voting Class A shareholders' proxies and Class B common shareholders' proxies (collectively referred to as the "**proxy**" or "**proxies**") by and on behalf of the management of Empire for use at the Meeting to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting.

This year, the Company is using Notice and Access to deliver this Circular to registered shareholder or non-registered (beneficial) shareholder ("**Beneficial Shareholder**") by providing electronic access to its Circular in connection with the Meeting instead of mailing out paper copies. Electronic delivery substantially reduces our printing and mailing costs, and has less environmental impact as it reduces materials, waste and energy consumption.

Instead of mailing the Circular to shareholders, the Company has made this Circular available on the AST Fulfilment website at www.meetingdocuments.com/astca/emp. In addition, the Circular is also posted on the Company's website at www.empireco.ca and on SEDAR at www.sedar.com. Shareholders will receive a notice of availability of proxy materials for the Meeting, together with a proxy form or voting instruction form, depending on whether they are a registered shareholder or a Beneficial Shareholder. See "How to Participate and Vote at the Meeting" below. The notice provides instructions on how shareholders may access and review an electronic copy of the Circular and how to request a paper copy of the proxy materials.

As permitted by applicable securities laws, the Company will distribute copies of its proxy-related materials to the depository and to intermediaries for onward distribution to Beneficial Shareholders. Applicable securities laws require intermediaries, brokers and their nominees to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary, broker and nominee has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted or otherwise represented at the Meeting. Please read these instructions carefully.

It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally by the officers and directors or other employees or agents of the Company at a nominal cost. There are two kinds of Beneficial Shareholders – those who object to their name being made known to the issuers of securities which they own ("**Objecting Beneficial Owners**") and those who do not object. The Company does not intend to pay for brokers or intermediaries to forward to Objecting Beneficial Owners the proxy-related materials and voting instruction form. Accordingly, Objecting Beneficial Owners will not receive these materials unless the Objecting Beneficial Owner's broker or intermediary assumes the cost of delivery. The cost of such solicitation for all registered shareholders and Beneficial Shareholders other than Objecting Beneficial Owners will be borne by the Company.

HOW TO ACCESS THE MEETING

Accessing the Virtual Meeting

This year, given the ongoing public health concerns, restrictions and other impacts of the global COVID-19 pandemic, and with the health and safety of our communities, shareholders, employees and other stakeholders in mind, you will be able to participate in the Meeting virtually using an internet connected device such as a laptop, computer, tablet or mobile phone. The Meeting platform will be supported across browsers and devices that are running the most updated version of the applicable software plugins.

The steps that you need to follow to access the virtual Meeting will depend on whether you are a registered shareholder, a Beneficial Shareholder, a proxyholder or a guest.

- If you hold shares registered in your name, you are a registered shareholder and you have received a proxy form.
- If you hold shares through a broker or other intermediary (such as a bank, trust company or securities dealer) or depository, you are a Beneficial Shareholder and your intermediary sent you a voting instruction form.

Please read and follow the applicable instructions on the following pages carefully.

HOW TO PARTICIPATE IN AND VOTE AT THE MEETING

Voting at the Virtual Meeting as a Registered Shareholder or Beneficial Shareholder

	REGISTERED SHAREHOLDERS	BENEFICIAL SHAREHOLDERS
Delivery of materials	The Company has arranged to send you a proxy form.	Your intermediary (typically through their agent Broadridge Financial Solutions, Inc.) has sent you a voting instruction form. The Company may not have record of your shareholdings as a Beneficial Shareholder and you must follow the instructions from your intermediary.
To participate and vote at the Meeting virtually	The Company has arranged to send you a proxy form. The control number located on the proxy form or in the email notification you received is your control number. You may complete and submit the form of proxy as in prior years. However, if you wish to access and vote at the virtual Meeting during the live webcast, you will require the control number located on the proxy form and you do not need to complete the form of proxy or return it to AST Transfer Company (Canada) ("**AST**") since you will be accessing and voting at the virtual Meeting during the live webcast. Please follow these steps: 1. **Log into http://web.lumiagm.com/199783167** at least 15 minutes before the Meeting starts. You should allow ample time to check into the virtual Meeting and to complete the related procedures. 2. Click on "Login" and then enter the control number on your proxy form (for registered shareholders) or as provided to you by AST (for those appointed as proxyholders) and **password: empire2020 (case sensitive)**. Even if you currently plan to access and vote at the virtual Meeting, you should consider voting your shares in advance so that your vote will be taken and counted if you later decide not to attend the Meeting. You should note that if you access and vote on any matter at the virtual Meeting you will revoke any previously submitted proxy.	A Beneficial Shareholder who receives a voting instruction form from their intermediary cannot use that voting instruction form to vote or otherwise represent shares directly at the Meeting. To vote your shares at the Meeting, your intermediary must appoint you as proxyholder by following the instructions set out under "Appointment of Proxyholders" below. **Please note that these steps must be completed prior to the proxy deadline or you will not be able to vote your shares at the Meeting.** To participate and vote at the Meeting, please follow these steps: 1. Ensure that you have appointed yourself as proxyholder as described under "Appointment of Proxyholders". 2. AST will provide you, as proxyholder, with a control number that will act as your online credentials by email and the proxyholder has been duly appointed **AND** completed both Step 1 and Step 2 as described under the subheading "Appointment of Proxyholders". This control number is different from the control number provided on your proxy form or voting instruction form. If both Steps 1 and 2 are not completed, your proxyholder will not be able to attend and vote on your behalf at the Meeting. Beneficial Shareholders who have not duly appointed themselves as proxyholders can login to the Meeting as guests. Guests can listen to the Meeting; however, are not able to vote at the Meeting. 3. **Log into http://web.lumiagm.com/199783167** at least 15 minutes before the Meeting starts. You should allow ample time to check into the virtual Meeting and to complete the related procedures. 4. Click on "Login" and then enter the control number as provided to you by AST (for proxyholders) and **password: empire2020 (case sensitive)**.
If you do not plan to attend the Meeting but wish to vote	You may complete the proxy form and return it in the envelope provided. Registered Non-Voting Class A shareholders may also vote online, by telephone, by email or by fax by following the instructions shown on the proxy form. You can also appoint a proxyholder to participate in the virtual Meeting and vote your shares online by completing and returning the proxy form. See "Appointment of Proxyholders" below.	You may also complete the voting instruction form and return it to your intermediary. Beneficial Shareholders of Non-Voting Class A shares may also vote online or by telephone by following the instructions shown on the voting instruction form the voting instruction form. You can also appoint a proxyholder to attend the virtual Meeting and vote your shares online by completing and returning the proxy form. See "Appointment of Proxyholders" below.

	REGISTERED SHAREHOLDERS	BENEFICIAL SHAREHOLDERS
Returning your proxy form or voting instruction form	The proxy form tells you how to submit your voting instructions, whether you vote online, by telephone, email or fax. AST must receive your proxy form or voting instructions, including any amended proxy form, by no later than 11:00 a.m. (Atlantic time) on September 8, 2020, or if the Meeting is postponed or adjourned, not less than 48 hours (not including Saturdays, Sundays or statutory holidays) before the postponed or adjourned meeting convenes (the "**proxy deadline**").	Return your voting instruction form using one of the methods noted on the voting instruction form provided by your intermediary. Remember that your intermediary must receive your voting instructions in sufficient time to act on them, generally one business day before the proxy deadline set out below. For your votes to count, AST must receive your voting instructions from your intermediary by no later than 11:00 a.m. (Atlantic time) on September 8, 2020, or if the Meeting is postponed or adjourned, not less than 48 hours (not including Saturdays, Sundays or statutory holidays) before the postponed or adjourned meeting convenes.
Changing your vote or revoking your proxy	If you have already provided voting instructions and change your mind about your vote, your proxy form may nevertheless be revoked, as to any matter on which a vote has not already been cast, by providing new voting instructions online at the website indicated on your proxy form (www.astvotemyproxy.com) at a later time or by an instrument in writing executed by the shareholder, or by the attorney of the shareholder authorized in writing, or if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized in writing and deposited with the Secretary of the Company prior to the commencement of the Meeting on the date of the Meeting or any adjournment thereof. You may also change or revoke your voting instructions by attending the virtual Meeting using your personal control number and voting at the Meeting. If you attend and vote at the virtual Meeting, your vote at the virtual Meeting will revoke your previous proxy form in respect of all matters.	If you have already provided voting instructions to your intermediary and change your mind about your vote, contact your intermediary through which you hold shares to obtain instructions regarding the procedure for the revocation of any voting instructions that you have previously provided to your intermediary.

Proxyholders

If you have been appointed as a proxyholder for a registered shareholder or Beneficial Shareholder (or you are a non-registered Shareholder who has appointed yourself as proxyholder), you can access and vote at the Meeting during the live webcast as follows:

1. AST will provide you, as proxyholder, with a control number that will act as your online credentials by email after the proxyholder has been duly appointed **AND** completed both Step 1 and Step 2 as described under the subheading "Appointment of Proxyholders". This control number is different from the control number provided on your proxy form or voting instruction form. If both Steps 1 and 2 are not completed, the proxyholder will not be able to attend and vote at the Meeting.
2. **Log into http://web.lumiagm.com/199783167** at least 15 minutes before the Meeting starts. You should allow ample time to check into the virtual Meeting and to complete the related procedures.
3. Click on "Login" and then enter the control number as provided to you by AST (for proxyholders) and **password: empire2020 (case sensitive)**.

Guests

If you wish to access the Meeting as a guest, you can log into the Meeting as set out below. Note that guests will be able to listen to the Meeting but will not be able to ask questions or vote. To join the Meeting, the log-in instructions are as follows:

1. **Log into http://web.lumiagm.com/199783167** at least 15 minutes before the Meeting starts. You should allow ample time to check into the virtual Meeting and to complete the related procedures.
2. Click on "Guest" and then complete the online form which will ask some simple questions, such as your name.

Difficulties in Accessing the Meeting

Shareholders with questions regarding the virtual Meeting portal or requiring assistance accessing the Meeting website may call AST at 1-800-387-0825 for additional information. Registered shareholders and proxyholders (including Beneficial Shareholders who have appointed themselves as proxyholder) wishing to attend and vote at the virtual Meeting will need to ensure that they remain connected to the virtual Meeting at all times in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting. Note that if you lose connectivity once the Meeting has commenced, there may be insufficient time to resolve your issue before ballot voting is completed. Therefore, even if you currently plan to access the Meeting and vote during the live webcast, you should consider voting your shares in advance or by proxy so that your vote will be counted in the event you experience any technical difficulties or are otherwise unable to access the Meeting.

Appointment of Proxyholders

James M. Dickson and Michael Medline, the persons named in the proxy form or voting instruction form, as applicable, that have been delivered to you are directors of the Company. **A shareholder has the right to appoint a person to represent such shareholder at the Meeting other than the persons named in the enclosed proxy form or voting instruction form.** Since the Meeting will also take place virtually, the process for appointing another person as your proxyholder (other than the named proxyholders) to vote on your behalf is different than it would be for an entirely in-person Meeting. You must therefore follow the instructions on your proxy form very carefully. Your right to appoint a proxyholder may be exercised by striking out the names of the persons designated and by inserting such other person's name in the blank space provided in the proxy form or voting instruction form, as applicable for return **AND**, if your proxyholder will be attending and voting at the virtual Meeting, by registering your proxyholder online with AST as described below. Failure to register the proxyholder will result in the proxyholder not receiving a control number which is required to vote at the virtual Meeting. Failing any designation, one of the persons already named on the proxy form or voting instruction form shall be deemed to have been appointed as the nominee of such shareholder for the purposes set out in the accompanying Notice of Annual General Meeting.

In order to be registered and appointed as proxyholder, please follow these steps:

Step 1: Submit your Proxy Form or Voting Instruction Form:

- To appoint someone other than James M. Dickson and Michael Medline as proxyholder, insert that person's name in the blank space provided on proxy form or voting instruction form (if permitted) and follow the return instructions for submitting such proxy form or voting instruction form well in advance of the Meeting.
- If your proxyholder intends to participate and vote on your behalf at the virtual Meeting, Step 1 must be completed before registering such proxyholder with AST as described in Step 2 below. This is an additional step to be completed once you have submitted your proxy form or voting instruction form. It is only required to be completed if your proxyholder will be participating and voting on your behalf at the virtual Meeting. If you are a Beneficial Shareholder and wish to vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary **AND, if you intend to participate and vote your shares at the virtual Meeting,** register yourself as your proxyholder with AST, as described in Step 2 below. By doing so, you are instructing your intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary.

Step 2: Register your Proxyholder (if your proxyholder will be participating in the virtual Meeting):

- To register a third-party proxyholder (or for Beneficial Shareholders, to appoint yourself as a proxyholder), you must call **1-866-751-6315 (within North America) or 1 (212) 235-5754 (outside of North America)** before the proxy deadline and provide AST with the required proxyholder contact information.
- AST will then provide the proxyholder with a control number via email.
- Without this control number, proxyholders (including Beneficial Shareholders who wish to appoint themselves as proxyholders) will not be able to vote at the Meeting.

Voting of Shares Represented by Proxies by Proxyholders

Shares represented by proxy form or voting instruction form are to be voted, or withheld from voting, in accordance with instructions specified by the shareholder on the proxy form or voting instruction form. If no instructions are given by the shareholder, the proxy form or voting instruction form confers discretionary authority upon the persons designated in the proxy form or voting instruction form with respect to the matters set out in the Notice of Annual General Meeting and other matters that may properly come before the Meeting or any adjournment thereof, but shall not confer authority to vote for the election of any person as a director of the Company, unless a bona fide proposed nominee for such election is named in this Circular, or to vote at any meeting other than the Meeting specified in the Notice of Annual General Meeting, or any adjournment thereof. **Unless otherwise instructed, where either James M. Dickson or Michael Medline has been appointed to vote on behalf of another shareholder, he will vote:**

a) **in favour of the election of those persons listed in this Circular as the proposed directors of the Company for the ensuing year and fixing the maximum number of directors at 18;**

b) **in favour of the approval of directors' remuneration as set out in this Circular;**

c) **in favour of the appointment of PricewaterhouseCoopers LLP as auditor of the Company for the ensuing year;**

d) **in favour of the authorization of the directors to fix the remuneration of the auditor of the Company; and**

e) **in favour of the advisory resolution on executive compensation.**

At the date of this Circular, management has no present knowledge that any business other than that referred to in the accompanying Notice of Annual General Meeting will be presented to the Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the proxy form or voting instruction form to vote on such matters in accordance with their best judgment with respect to the shares represented by such proxy.

NON-VOTING CLASS A SHARES (RESTRICTED SECURITIES)

As at July 3, 2020, the Company had 170,973,477 outstanding Non-Voting Class A shares. **Holders of Non-Voting Class A shares of record on July 20, 2020, the record date fixed by the directors, will be entitled to attend and speak at the Meeting, but shall not be entitled to vote at the Meeting, except on the non-binding advisory vote relating to executive compensation or except as required by law.**

If a formal take-over bid (other than a "Family Share Transaction" described below) is made for Class B common shares, then the conditions attaching to the Class B common shares and Non-Voting Class A shares generally provide that Canadian holders of Non-Voting Class A shares shall also be entitled to receive an offer to purchase their Non-Voting Class A shares on terms and conditions at least as favourable, including the price offered. If an offeror acquires Class B common shares pursuant to a formal take-over bid and does not make the same offer for Non-Voting Class A shares within 60 days, then unless otherwise determined by the Board of Directors, the Class B common shares acquired pursuant to the offer, as well as other Class B common shares held by the offeror and any others acting jointly or in concert with the offeror, shall convert to Non-Voting Class A shares.

A "Family Share Transaction" means any transfer of any kind of an interest in Class B common shares to one or more of the descendants of J.W. Sobey, now deceased and formerly a businessman of Stellarton, Nova Scotia. For this purpose, descendants include spouses, companies controlled by any such descendants or their affiliates and trusts for bona fide estate planning purposes primarily for the benefit of any such descendants.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Only the holders of Class B common shares at the close of business on July 20, 2020, the record date fixed by the directors, will be entitled to vote on all matters at the Meeting. As at July 3, 2020, the Company had 98,138,079 outstanding Class B common shares, each carrying the right to one vote per share at the Meeting. Each holder of Class B common shares of record at the time of the Meeting will be entitled to attend and vote at the Meeting.

To the knowledge of the Company's directors or executive officers, as at July 3, 2020, the only persons or companies that beneficially own, or control or direct, either directly or indirectly, 10 percent or more of the voting rights attached to the Class B common shares of the Company are the following:

CLASS B COMMON SHARE OWNERSHIP		
Shareholder	Number of Shares	Percentage of Total Class B Common Shares Issued and Outstanding
Class B Holdings Limited ("**CBHL**")[1]	91,183,092	92.91%

Notes:

1) CBHL is owned by DFS Investments Limited, Dunvegan Holdings Limited and Sumac Holdings Limited, with none of the shareholders of CBHL having a controlling interest in CBHL. The 91,183,092 Class B common shares beneficially owned by CBHL are registered as follows:
   a. DFS Investments Limited – 29,028,626 Class B common shares
      DFS Investments Limited is controlled by David F. Sobey. Pursuant to an agreement among the shareholders of CBHL, together with an agreement among the shareholders of DFS Investments Limited, David F. Sobey has the ability to exercise control or direction over 23,028,196 of the 29,028,626 Class B common shares beneficially owned by CBHL registered in the name of DFS Investments Limited and the children of David F. Sobey have the ability to exercise control or direction over the balance of 6,000,430 Class B common shares. David F. Sobey also owns 20,454 Class B common shares and beneficially owns another 18,078 Class B common shares other than through CBHL or DFS Investments Limited.
   b. Dunvegan Holdings Limited – 30,144,832 Class B common shares
      Dunvegan Holdings Limited is jointly controlled by the children of William Sobey (deceased). Pursuant to an agreement among the shareholders of CBHL, together with an agreement among the shareholders of Dunvegan Holdings Limited, each shareholder of Dunvegan Holdings Limited has the ability to exercise control or direction over a portion of the 30,144,832 Class B common shares beneficially owned by CBHL registered in the name of Dunvegan Holdings Limited.
   c. Sumac Holdings Limited – 32,009,634 Class B common shares
      Sumac Holdings Limited is controlled by Donald R. Sobey. Pursuant to an agreement among the shareholders of CBHL, together with an agreement among the shareholders of Sumac Holdings Limited, Donald R. Sobey has the ability to exercise control or direction over 23,048,200 of the 32,009,634 Class B common shares beneficially owned by CBHL registered in the name of Sumac Holdings Limited and the children of Donald R. Sobey have the ability to exercise control or direction over the balance of 8,961,434 Class B common shares.

QUESTIONS ABOUT VOTING

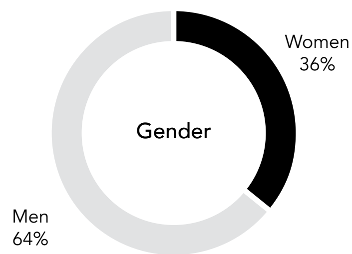
If you are a registered shareholder, please contact AST with any questions about voting. You will find their contact information on the inside of the back cover of this Circular. If you are a Beneficial Shareholder and you have questions about voting, please contact your intermediary by following the instructions on your voting instruction form.

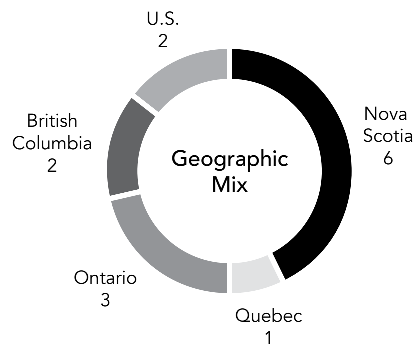
Section 3.

About the Nominees for Election to the Board of Directors

Board Nominees

There are 14 directors proposed to be elected at the Meeting, each to hold office until the next Annual General Meeting or until his or her earlier resignation or retirement.





Note:
Percentages in the Gender chart above reflect both independent and non-independent directors. Of the 13 independent directors, 5 are women.

All of the director nominees have previously been elected as directors of the Company. Directors of the Company are appointed directors of the Company's wholly-owned subsidiary, Sobeys, which is a reporting issuer as a result of certain outstanding public debt. The two companies are treated as one for all practical purposes.

The following nominee profiles include a summary of each nominee's career experience, key areas of expertise, Board and Committee meeting attendance for fiscal 2020, membership on other reporting issuer boards during the last five years, last year's annual meeting voting results and the value of compensation received for the last two years. This section also includes each nominee's equity ownership in the Company, which consists of Non-Voting Class A shares, Class B common shares and DSUs.

CYNTHIA DEVINE

Age: 56
Ontario, Canada
Director since 2013
Independent

Key Areas of Expertise:
CEO/Senior Executive
Financial/Accounting
Real Estate
Information Technology
Environmental, Social & Governance ("**ESG**")

Board and Committee Meeting Attendance[1]		
Board	6 of 6	100%
Audit (Chair)	4 of 4	100%
Corporate Governance	4 of 4	100%
Nominating	4 of 4	100%

Membership on Other Reporting Issuer Boards During the Last Five Years
None

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 210,000
Fiscal 2019	$ 173,000

Cynthia Devine is the Chief Financial Officer of Maple Leaf Sports & Entertainment, a professional sports and entertainment company. Previously, Ms. Devine was the Executive Vice President & Chief Financial Officer of RioCan Real Estate Investment Trust from March 2015 until April 2017. Prior to that, from 2003 until 2014, she was the Chief Financial Officer of Tim Hortons Inc. She previously served as a senior executive in a financial capacity at Maple Leaf Foods and Pepsi-Cola Canada, where she was Chief Financial Officer. She serves as a member of the Ivey Advisory Board for the Richard Ivey School of Business and as a member of the Board of Governors at North York General Hospital. She previously served as a Director of ING Direct Canada. Ms. Devine holds an Honours Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario and is a Fellow of the Institute of Chartered Professional Accountants of Ontario.

Securities Held									Share Ownership Status[8]
Year	NV Class A Shares[2]		Class B Shares[3][4]		DSUs[5]		Total of Shares and DSUs[6]	Total Value of Shares and DSUs ($)[7]	% of Ownership Requirement
July 2020	3,000	$ 99,900	1	$ n/a	52,214	$ 1,738,726	55,214	$ 1,838,626	317%
July 2019	3,000	$ 98,490	1	$ n/a	45,032	$ 1,478,401	48,032	$ 1,576,891	

JAMES M. DICKSON

Age: 62
Nova Scotia, Canada
Director since 2015
Independent

Key Areas of Expertise:
CEO/Senior Executive
Financial/Accounting
Food Retail/Supply Chain
Governance
ESG

Board and Committee Meeting Attendance(1)		
Board	6 of 6	100%

Membership on Other Reporting Issuer Boards During the Last Five Years	
Clearwater Seafoods Incorporated	2012 – present
Crombie REIT	2017 – present

Annual Meeting Voting Results

Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 425,000
Fiscal 2019	$ 400,000

James M. Dickson is the Chair of Empire Company Limited. He is counsel to the law firm of Stewart McKelvey, with over 30 years of experience practicing primarily in the areas of mergers and acquisitions, corporate finance and securities. Mr. Dickson serves as lead director of Clearwater Seafoods Incorporated and a trustee of Crombie REIT. He is the past Chair of the Board of Regents of Mount Allison University and past Chair of the IWK Health Centre Foundation. Mr. Dickson holds a Certificate in Engineering from Mount Allison University, a Bachelor of Civil Engineering from the Technical University of Nova Scotia and a Bachelor of Laws from the University of Calgary. He is a professional engineer and was appointed Queen's Counsel in 2010.

Securities Held — **Share Ownership Status(8)**

Year	NV Class A Shares(2)		Class B Shares(3)(4)		DSUs(5)		Total of Shares and DSUs(6)	Total Value of Shares and DSUs ($)(7)	% of Ownership Requirement
July 2020	22,150	$ 737,595	1	$ n/a	21,710	$ 722,943	43,860	$ 1,460,538	252%
July 2019	22,150	$ 727,184	1	$ n/a	18,179	$ 596,817	40,329	$ 1,324,001	

SHARON DRISCOLL

Age: 58
British Columbia, Canada
Director since 2018
Independent

Key Areas of Expertise:
CEO/Senior Executive
Financial/Accounting
Real Estate
Information Technology
ESG

Board and Committee Meeting Attendance(1)		
Board	6 of 6	100%
Audit	4 of 4	100%

Membership on Other Reporting Issuer Boards During the Last Five Years
None

Annual Meeting Voting Results

Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 174,500
Fiscal 2019	$ 131,500

Sharon Driscoll is the Chief Financial Officer of Ritchie Bros. Auctioneers Inc., an industrial auctioneer, selling heavy industrial equipment and trucks through live and online auctions. Sharon Driscoll was appointed Interim Co-CEO of Ritchie Bros. Auctioneers Inc. effective October 1, 2019, and served in the role until January 6, 2020. Previously, Ms. Driscoll was the Executive Vice President & Chief Financial Officer of Katz Group Canada Ltd. from 2013 until 2015. Prior to that, from 2008 until 2013, she was the Senior Vice President & Chief Financial Officer of Sears Canada Inc. Ms. Driscoll has a Bachelor of Commerce (Honours) degree from Queen's University and is a member of the Institutes of Chartered Professional Accountants of Ontario and British Columbia.

Securities Held — **Share Ownership Status(8)**

Year	NV Class A Shares(2)		Class B Shares(3)(4)		DSUs(5)		Total of Shares and DSUs(6)	Total Value of Shares and DSUs ($)(7)	% of Ownership Requirement
July 2020	0	$ 0	1	$ n/a	11,999	$ 399,567	11,999	$ 399,567	69%
July 2019	0	$ 0	1	$ n/a	6,474	$ 212,541	6,474	$ 212,541	

GREGORY JOSEFOWICZ

Age: 67
Michigan, United States
Director since 2016
Independent

Key Areas of Expertise:
CEO/Senior Executive
Food Retail/Supply Chain
Marketing/Branding
HR/Employee Engagement
ESG

Gregory Josefowicz is a corporate director. He is a seasoned retailer with over 38 years of business experience. Mr. Josefowicz was Chairman, President & Chief Executive Officer of Borders Group Inc. from 1999 until his retirement in 2006. Prior to that, he held progressively senior roles over a 30-year career at Jewel-Osco, ending as President until the acquisition by Albertsons in 1999. Mr. Josefowicz serves as Chairman of KeHE Distributors, LLC and as a director of United States Cellular Corporation. He previously served as the lead director of Roundy's Inc. and Winn-Dixie Stores, and as a director of Pet Smart, Inc., Tops Markets, Inc., True Value Company and SpartanNash. Mr. Josefowicz holds a Bachelor of Arts degree in Marketing from Michigan State University and a Master of Business degree in Finance from Northwestern University, Kellogg School of Management.

Board and Committee Meeting Attendance(1)		
Board	6 of 6	100%
Human Resources	6 of 6	100%

Membership on Other Reporting Issuer Boards During the Last Five Years	
United States Cellular Corporation	2009 – present
Pet Smart, Inc.	2004 – 2015
Roundy's Inc.	2011 – 2015

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received(9)	
Fiscal 2020	$ 177,500
Fiscal 2019	$ 149,000

Securities Held									Share Ownership Status(8)
Year	NV Class A Shares(2)		Class B Shares(3)(4)		DSUs(5)		Total of Shares and DSUs(6)	Total Value of Shares and DSUs ($)(7)	% of Ownership Requirement
July 2020	0	$ 0	1	$ n/a	33,802	$ 1,125,607	33,802	$ 1,125,607	194%
July 2019	0	$ 0	1	$ n/a	25,975	$ 852,759	25,975	$ 852,759	

SUE LEE

Age: 68
British Columbia, Canada
Director since 2014
Independent

Key Areas of Expertise:
CEO/Senior Executive
HR/Employee Engagement
Change Management/Transformation
Governance
ESG

Sue Lee is a corporate director with more than 30 years of business experience. She has held several senior roles, including her former role as Senior Vice President, Human Resources and Communications at Suncor Energy Inc., from which she retired in 2012. Ms. Lee serves as a director of Waste Connections Inc. She previously served as a director of Bonavista Energy Corporation, Progressive Waste Solutions, Altalink and Holcim Canada. Ms. Lee holds a Bachelor of Arts degree from Rhodes University as well as a Postgraduate Honours Diploma in Personnel Management and Organizational Behaviour from the University of the Witwatersrand in Johannesburg. She has completed the ICD Directors Education Program at the Haskayne School of Business in Calgary.

Board and Committee Meeting Attendance(1)		
Board	6 of 6	100%
Human Resources	6 of 6	100%

Membership on Other Reporting Issuer Boards During the Last Five Years	
Waste Connections Inc.	2016 – present
Progressive Waste Solutions	2014 – 2016
Bonavista Energy Corporation	2013 – 2016

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 177,500
Fiscal 2019	$ 168,500

Securities Held									Share Ownership Status(8)
Year	NV Class A Shares(2)		Class B Shares(3)(4)		DSUs(5)		Total of Shares and DSUs(6)	Total Value of Shares and DSUs ($)(7)	% of Ownership Requirement
July 2020	6,330	$ 210,789	1	$ n/a	37,802	$ 1,258,807	44,132	$ 1,469,596	253%
July 2019	6,330	$ 207,814	1	$ n/a	31,821	$ 1,044,683	38,151	$ 1,252,497	

WILLIAM LINTON

Age: 66
Ontario, Canada
Director since 2015
Independent

Key Areas of Expertise:
CEO/Senior Executive
Financial/Accounting
HR/Employee Engagement
Change Management/Transformation
ESG

Board and Committee Meeting Attendance[1]		
Board	6 of 6	100%
Corporate Governance	4 of 4	100%
Human Resources (Chair)	6 of 6	100%
Nominating	4 of 4	100%

Membership on Other Reporting Issuer Boards During the Last Five Years	
Deveron UAS Corp	2020 – present
TMX Group Limited	2012 – present

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 208,500
Fiscal 2019	$ 188,000

William Linton is a corporate director with more than 30 years of business experience including his role as Executive Vice President, Finance & Chief Financial Officer at Rogers Communications Inc., from which he retired in 2012. Previously, he held other senior executive positions including President & Chief Executive Officer of Call-Net Enterprises Inc., Chair & Chief Executive Officer of Prior Data Sciences Inc. and Executive Vice President and Chief Financial Officer of SHL Systemhouse Inc. Mr. Linton serves as a director of Deveron UAS Corp. and TMX Group Limited as well as a number of private companies. Mr. Linton holds a Bachelor of Commerce degree from Saint Mary's University and is a Fellow of the Institute of Chartered Professional Accountants of Ontario.

Securities Held									Share Ownership Status[8]
Year	NV Class A Shares[2]		Class B Shares[3][4]		DSUs[5]		Total of Shares and DSUs[6]	Total Value of Shares and DSUs ($)[7]	% of Ownership Requirement
July 2020	17,058	$ 568,031	1	$ n/a	38,709	$ 1,289,010	55,767	$ 1,857,041	320%
July 2019	12,058	$ 395,864	1	$ n/a	31,777	$ 1,043,239	43,835	$ 1,439,103	

MICHAEL MEDLINE

Age: 57
Ontario, Canada
Director since 2017
Non-Independent

Key Areas of Expertise:
CEO/Senior Executive
Marketing/Branding
Change Management/Transformation
Food Retail/Supply Chain
ESG

Board and Committee Meeting Attendance[1]		
Board	6 of 6	100%

Membership on Other Reporting Issuer Boards During the Last Five Years	
Canadian Tire Corporation Limited	2012 – 2016

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received

As an employee of Empire, Mr. Medline does not receive compensation for serving as a director.

Michael Medline was appointed President & Chief Executive Officer of Empire Company Limited and Sobeys Inc. in January 2017. Mr. Medline is a proven leader with a strong track record of success in Canadian retail. Mr. Medline has held senior retail leadership positions at Canadian Tire Corporation (CTC), including President & Chief Executive Officer of CTC. He began his career working with the Ontario Securities Commission, followed by two years practicing law with McCarthy Tétrault. He was Corporate Counsel for PepsiCo Canada before moving to Abitibi Consolidated Inc. where he held a variety of roles including Senior Vice President, Strategy and Corporate Development. Mr. Medline serves as a member of the Board of SickKids Foundation, Grocery Foundation and The Sobey Foundation. He is past Chair of the Retail Council of Canada and was on the Board of Governors for Canada's Sports Hall of Fame. Mr. Medline holds an MBA from Raymond A. Mason School of Business, William & Mary; an LL.B. from the University of Toronto; and a BA from Huron University College at Western University.

Securities Held									Share Ownership Status[8]
Year	NV Class A Shares[2]		Class B Shares[3][4]		DSUs[5]		Total of Shares and DSUs[6]	Total Value of Shares and DSUs ($)[7][10]	% of Ownership Requirement
July 2020	80,635	$ 2,685,146	1	$ n/a	109,628	$ 3,650,612	190,263	$ 6,335,758	See CEO Requirements on page 48
July 2019	80,635	$ 2,647,247	1	$ n/a	21,634	$ 710,244	102,269	$ 3,357,491	

MARTINE REARDON

Age: 58
New York, United States
Director since 2017
Independent

Key Areas of Expertise:
CEO/Senior Executive
Marketing/Branding
E-Commerce/Online Retailing
Change Management/Transformation
ESG

Board and Committee Meeting Attendance[1]		
Board	6 of 6	100%
Audit	4 of 4	100%
Corporate Governance	4 of 4	100%
Nominating	4 of 4	100%

Membership on Other Reporting Issuer Boards During the Last Five Years
None

Annual Meeting Voting Results

Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received[9]	
Fiscal 2020	$183,000
Fiscal 2019	$137,500

Martine Reardon is a corporate director with over 30 years of retail marketing experience including her role as Chief Marketing Officer at Macy's Inc., from which she retired in 2016. She previously held various progressively senior roles at Macy's. Ms. Reardon is the interim CEO of Crane Stationery and is a strategic advisor to the National Retail Federation. She serves on the advisory boards of Collette Travel and Mohawk Fine Papers Inc. In 2015, Ms. Reardon was ranked in the top ten of the "50 Most Influential CMOs in the World" by Forbes. Ms. Reardon holds a Bachelor of Science degree in Business Management from St. Francis College.

Securities Held — **Share Ownership Status[8]**

Year	NV Class A Shares[2]		Class B Shares[3][4]		DSUs[5]		Total of Shares and DSUs[6]	Total Value of Shares and DSUs ($)[7]	% of Ownership Requirement
July 2020	0	$ 0	1	$ n/a	24,541	$ 817,215	24,541	$ 817,215	141%
July 2019	0	$ 0	1	$ n/a	16,626	$ 545,832	16,626	$ 545,832	

FRANK C. SOBEY

Age: 67
Nova Scotia, Canada
Director since 2007
Independent

Key Areas of Expertise:
CEO/Senior Executive
Governance
Real Estate
HR/Employee Engagement

Board and Committee Meeting Attendance[1]		
Board	6 of 6	100%
Corporate Governance	4 of 4	100%

Membership on Other Reporting Issuer Boards During the Last Five Years	
Crombie REIT	2006 – 2019

Annual Meeting Voting Results

Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 174,000
Fiscal 2019	$ 130,000

Frank C. Sobey is a corporate director. Mr. Sobey was Vice President, Real Estate of Empire Company Limited until his retirement in June 2014 after 36 years with the Company. Mr. Sobey served as a trustee and Chairman of Crombie REIT, and as Chairman of the Dalhousie Medical Research Foundation, as well as a board member of the Canadian-U.S. Fulbright Program. Mr. Sobey graduated from Harvard University Business School's Advanced Management Program and earned the ICD.D designation. He holds an honorary degree from Dalhousie University.

Securities Held — **Share Ownership Status[8]**

Year	NV Class A Shares[2]		Class B Shares[3]		DSUs[5]		Total of Shares and DSUs	Total Value of Shares and DSUs ($)[7]	% of Ownership Requirement
July 2020	1,363,985	$ 45,420,701	8,795,233[11]	$ 292,881,259	29,787	$ 991,907	10,189,005	$ 339,293,867	58,499%
July 2019	1,363,985	$ 44,779,628	8,795,233[11]	$ 288,747,499	24,020	$ 788,577	10,183,238	$ 334,315,704	

JOHN R. SOBEY

Age: 71
Nova Scotia, Canada
Director since 1979
Independent

Key Areas of Expertise:
CEO/Senior Executive
Financial/Accounting
Food Retail/Supply Chain
Marketing/Branding
ESG

John R. Sobey is a corporate director. Mr. Sobey was President and Chief Operating Officer of Sobeys until his retirement in 2001 after 34 years with Sobeys. He previously served as a director of Atlantic Shopping Centers, Food Marketing Institute FMI, Hannaford Bros., Jace Holdings Limited and Medavie Inc. Mr. Sobey graduated from Harvard University Business School's Advanced Management Program.

Board and Committee Meeting Attendance[1]		
Board	6 of 6	100%
Audit	4 of 4	100%

Membership on Other Reporting Issuer Boards During the Last Five Years
None

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 174,500
Fiscal 2019	$ 133,000

Securities Held								Share Ownership Status[8]	
Year	NV Class A Shares[2]		Class B Shares[3]		DSUs[5]		Total of Shares and DSUs	Total Value of Shares and DSUs ($)[7]	% of Ownership Requirement
July 2020	143,184	$ 4,768,027	57,234	$ 1,905,892	0	$ 0	200,418	$ 6,673,919	1,151%
July 2019	143,184	$ 4,700,731	57,234	$ 1,878,992	0	$ 0	200,418	$ 6,579,723	

KARL R. SOBEY

Age: 65
Nova Scotia, Canada
Director since 2001
Independent

Key Areas of Expertise:
CEO/Senior Executive
Food Retail/Supply Chain
Governance
Marketing/Branding

Karl R. Sobey is a corporate director and President of Caribou River Investments Limited and JAFA Investments Limited. He was President of the Atlantic Division of Sobeys until his retirement in 2001 after 27 years with Sobeys. He graduated from the Advanced Management Program at the Richard Ivey School of Business, University of Western Ontario.

Board and Committee Meeting Attendance[1]		
Board	6 of 6	100%
Human Resources	6 of 6	100%

Membership on Other Reporting Issuer Boards During the Last Five Years
None

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 177,500
Fiscal 2019	$ 141,000

Securities Held								Share Ownership Status[8]	
Year	NV Class A Shares[2]		Class B Shares[3]		DSUs[5]		Total of Shares and DSUs	Total Value of Shares and DSUs ($)[7]	% of Ownership Requirement
July 2020	0	$ 0	7,730,501[12]	$ 257,425,683	0	$ 0	7,730,501	$ 257,425,683	44,384%
July 2019	0	$ 0	7,730,501[12]	$ 253,792,348	0	$ 0	7,730,501	$ 253,792,348	

PAUL D. SOBEY

Age: 63
Nova Scotia, Canada
Director since 1993
Independent

Key Areas of Expertise:
CEO/Senior Executive
Financial/Accounting
Real Estate
Governance
ESG

Board and Committee Meeting Attendance(1)		
Board	6 of 6	100%
Corporate Governance	4 of 4	100%

Membership on Other Reporting Issuer Boards During the Last Five Years	
Crombie REIT	2006 – present
Bank of Nova Scotia	1999 – 2017

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 174,000
Fiscal 2019	$ 142,500

Paul D. Sobey is a corporate director. Mr. Sobey was the President & Chief Executive Officer of Empire Company Limited from 1998 until his retirement in December 2013 after 31 years with the Company. He serves as a trustee of Crombie REIT. Mr. Sobey previously served as a director of the Bank of Nova Scotia, the Chairman of Wajax Income Fund (now Wajax Corporation), a director of Emera Inc., and a member of the Board of Governors and Chancellor of Saint Mary's University. Mr. Sobey holds a Bachelor of Commerce degree from Dalhousie University and graduated from Harvard University Business School's Advanced Management Program. He received an honorary Doctorate of Commerce from Saint Mary's University and is a Fellow of the Institute of Chartered Professional Accountants of Nova Scotia. In 2013, Mr. Sobey received the Queen Elizabeth II Diamond Jubilee Medal.

Securities Held										Share Ownership Status(8)
Year	NV Class A Shares(2)		Class B Shares(3)		DSUs(5)		Total of Shares and DSUs	Total Value of Shares and DSUs ($)(7)		% of Ownership Requirement
July 2020	612,345	$ 20,391,088	3,000,227(13)	$ 99,907,560	0	$ 0	3,612,572	$ 120,298,648		20,741%
July 2019	612,195	$ 20,098,362	3,000,227(13)	$ 98,497,452	0	$ 0	3,612,422	$ 118,595,814		

ROB G.C. SOBEY

Age: 53
Nova Scotia, Canada
Director since 1998
Independent

Key Areas of Expertise:
CEO/Senior Executive
Food Retail/Supply Chain
HR/Employee Engagement
Marketing/Branding
ESG

Board and Committee Meeting Attendance(1)		
Board	6 of 6	100%
Corporate Governance	4 of 4	100%
Human Resources	6 of 6	100%

Membership on Other Reporting Issuer Boards During the Last Five Years	
Norvista Capital Corporation	2014 – 2019
DHX Media Ltd.	2011 – 2018

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 186,000
Fiscal 2019	$ 163,000

Rob G.C. Sobey is a corporate director. Mr. Sobey was the President & Chief Executive Officer of Lawton's Drug Stores Limited from 2006 until his retirement in 2014 after 25 years with Sobeys. He serves as a director of SeaFort Capital and the Institute of Corporate Directors. Mr. Sobey is Chair of the Sobey Art Foundation, a member of the Queen's Smith School of Business Advisory Board and serves on several foundation and not-for-profit boards. For his work as Honorary Colonel of the 1st Field Artillery Regiment of Halifax (RCA), Mr. Sobey received a Queen Elizabeth II Diamond Jubilee Medal. He holds an undergraduate from Queen's University, a Master of Business Administration from Babson College, and the ICD.D designation.

Securities Held										Share Ownership Status(8)
Year	NV Class A Shares(2)		Class B Shares(3)		DSUs(5)		Total of Shares and DSUs	Total Value of Shares and DSUs ($)(7)		% of Ownership Requirement
July 2020	559,064	$ 18,616,831	3,000,227(14)	$ 99,907,560	7,698	$ 256,343	3,566,989	$ 118,780,734		20,479%
July 2019	551,718	$ 18,112,902	3,000,227(14)	$ 98,497,452	6,171	$ 202,594	3,558,116	$ 116,812,948		

MARTINE TURCOTTE

Age: 59
Québec, Canada
Director since 2012
Independent

Key Areas of Expertise:
CEO/Senior Executive
Information Technology
Change Management/Transformation
Governance
ESG

Board and Committee Meeting Attendance[1]		
Board	6 of 6	100%
Audit	4 of 4	100%
Corporate Governance (Chair)	4 of 4	100%
Nominating (Chair)	4 of 4	100%

Membership on Other Reporting Issuer Boards During the Last Five Years	
CIBC	2014 – present

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2019	100%	0%

Value of Compensation Received	
Fiscal 2020	$ 196,000
Fiscal 2019	$ 156,000

Martine Turcotte is a corporate director with more than 30 years of strategic, legal and regulatory experience at Bell related companies, including her most recent role as Vice Chair, Québec of BCE Inc. and Bell Canada, from which she retired in 2020. She serves as a director of CIBC and as Chair of the Board of Théâtre Espace Go Inc. Ms. Turcotte previously was a director of Bell Aliant Inc. Ms. Turcotte holds a Master of Business Administration degree from the London Business School and Bachelor of Civil Law and Common Law degrees from McGill University.

Securities Held									Share Ownership Status[8]
Year	NV Class A Shares[2]		Class B Shares[3][4]		DSUs[5]		Total of Shares and DSUs[6]	Total Value of Shares and DSUs ($)[7]	% of Ownership Requirement
July 2020	11,400	$ 379,620	1	$ n/a	48,228	$ 1,605,992	59,628	$ 1,985,612	342%
July 2019	11,400	$ 374,262	1	$ n/a	41,532	$ 1,363,495	52,932	$ 1,737,757	

Notes:

1) "Board and Committee Meeting Attendance" refers to the fiscal 2020 attendance at meetings of the Board and of the committee(s) on which the director sat. In addition to the Board meetings held during the fiscal year ended May 2, 2020, the Board members continue to be regularly engaged and updated on the COVID-19 pandemic crisis during 2020 through participation in three Board conference call sessions and numerous written updates.
2) "NV Class A Shares" refers to the number of Non-Voting Class A shares owned, directly or indirectly, or over which control or direction is exercised by a director.
3) "Class B Shares" refers to the number of Class B common shares owned, directly or indirectly, or over which control or direction is exercised by a director.
4) These shares are held of record by a director as a director's qualifying share under a Declaration of Trust for the benefit of Sumac Holdings Limited and are included in the total number of shares controlled by Sumac Holdings Limited as disclosed on page 10. The director's qualifying share is not included in the "Total Shares and DSUs" column for the director, and no value is attributed to the director for Class B common shares held as a director's qualifying share.
5) The Directors' Deferred Stock Unit Plan is described in this Circular in the section entitled "Board of Directors' Compensation – Directors' Deferred Stock Unit Plan". Mr. Medline's DSUs were issued under the Executive Deferred Stock Unit Plan described in this Circular in the section entitled "Components of Executive Compensation".
6) The director's qualifying share is not included in the "Total Shares and DSUs" column for the director, and no value is attributed to the director for Class B common shares held as a director's qualifying share.
7) Total Value of Shares and DSUs is based on the total of Non-Voting Class A shares, Class B common shares and DSUs valued at the closing price of the Non-Voting Class A shares on the Toronto Stock Exchange ("**TSX**") as at July 3, 2020 of $33.30 (July 5, 2019 – $32.83). No value is attributed to Class B common shares held as a director's qualifying share.
8) The Board has determined that directors are required to meet share ownership guidelines (through any combination of Non-Voting Class A shares, Class B common shares and DSUs) of at least $580,000, with the exception of the CEO. The CEO is subject to separate share ownership guidelines applicable to the NEOs of the Company. See the sections of this Circular entitled "Board of Directors' Compensation – Directors' Share Ownership Requirement" and "Compensation and Risk – Share Ownership".
9) As directors who are not Canadian residents, Gregory Josefowicz and Martine Reardon were paid their director fees in USD. For example, the All-Inclusive Directors' Retainer was $220,000 in USD. For fiscal 2020, using an average exchange rate of $1.3363, their total remuneration in CAD was $233,184 and $244,543, respectively. For fiscal 2019, using an average exchange rate of $1.3184, their total remuneration in CAD was $196,442 and $181,280, respectively.
10) In addition to his shareholdings, as at May 2, 2020, Michael Medline owned 1,659,263 options, all of which were issued under Empire's LTIP. See the section of this Circular entitled "Incentive Plan Awards" for more information regarding the options.
11) Includes 8,787,439 Class B common shares beneficially owned by CBHL and registered to Dunvegan Holdings Limited over which Frank C. Sobey has control or direction pursuant to an agreement among the shareholders of CBHL together with an agreement among the shareholders of Dunvegan Holdings Limited.
12) Includes 7,723,625 Class B common shares beneficially owned by CBHL and registered to Dunvegan Holdings Limited over which Karl R. Sobey has control or direction pursuant to an agreement among the shareholders of CBHL together with an agreement among the shareholders of Dunvegan Holdings Limited.
13) Includes 3,000,227 Class B common shares beneficially owned by CBHL and registered to DFS Investments Limited over which Paul D. Sobey has control or direction pursuant to an agreement among the shareholders of CBHL together with an agreement among the shareholders of DFS Investments Limited.
14) Includes 3,000,227 Class B common shares beneficially owned by CBHL and registered to Sumac Holdings Limited over which Rob G.C. Sobey has control or direction pursuant to an agreement among the shareholders of CBHL together with an agreement among the shareholders of Sumac Holdings Limited, as well as 551,718 Non-Voting Class A shares held by Sumac Holdings Limited pursuant to an agreement among the shareholders of Sumac Holdings Limited.

Aggregate Shareholdings of Current Directors

As at July 3, 2020, the directors of the Company own, or exercise control or direction over 1.6 percent of the Non-Voting Class A shares and 23.0 percent of the outstanding Class B common shares

AGGREGATE SHAREHOLDINGS OF CURRENT DIRECTORS				
	As at July 3, 2020		As at July 5, 2019	
Shareholdings	Number of Shares	Total Value[1]	Number of Shares	Total Value[1]
Non-Voting Class A shares	2,819,151	$ 93,877,728	2,806,655	$ 92,142,484
Class B common shares	22,583,422	752,027,954	22,583,422	741,413,743
DSUs	416,118	13,856,729	269,241	8,839,182
Total value of Non-Voting Class A shares, Class B common shares and DSUs		$ 859,762,411		$ 842,395,409

Note:

1) All values are based on the closing price of the Non-Voting Class A shares on the TSX as at July 3, 2020 of $33.30 (July 5, 2019 – $32.83).

Section 4.

Approach to Corporate Governance

Overview

Empire's goal is to create long-term, sustainable value for all of its stakeholders. This goal is at the forefront of the approach to governance by the Board and the Sobey family. The Board has had an independent chair and a majority of independent directors for many years. The Sobey family has long been committed to strong, engaged representation on the Board and believes that its interests and dedication to long-term value creation align with and serve well the interests of all shareholders. The senior family members have transitioned out of executive roles and become focused entirely on their roles as shareholders and, as applicable, Board members, strengthening this alignment.

On behalf of Empire's shareholders, the Board is responsible for the stewardship of the Company. To fulfil this responsibility, it establishes policies aimed at ensuring the Company's corporate governance practices are among the best in Canada. The Board and management of Empire believe that the highest standards of corporate governance are essential to the effective management of the Company and to build sustainable worth for our customers, business partners, employees and investors. While written policies and standards provide the foundation for governance, thorough oversight demands a Board that is fully engaged in ensuring the Company can continue to grow shareholder value. At Empire, every director is involved in establishing Empire's strategies, assessing performance and progress in meeting established short-term and long-term goals, and understanding the major risks to the Company's ability to deliver results. As the Board is composed of a diverse group of individuals with a combination of skills and experience, it is particularly capable of guiding and challenging the senior management team.

The Board, through its Corporate Governance Committee, regularly reviews the Company's corporate governance practices and ensures that regulatory standards for corporate governance are met. The Company has adapted its governance practices in response to changes in regulations and "best practices" in governance and will continue to respond to future corporate governance developments as appropriate. The Company's corporate governance practices are in alignment with National Policy 58-201 – Corporate Governance Guidelines ("**NP 58-201**"). In accordance with National Instrument 58-101 – Disclosure of Corporate Governance Practices ("**NI 58-101**"), the Company annually discloses information related to its system of corporate governance.

Highlights of the Company's Corporate Governance Practices

- The roles of the Chair and CEO are split and we have an independent Chair
- 13 of the 14 nominated directors are independent, with 100 percent independent directors on the various Board committees; only the CEO is considered non-independent
- As part of every regular Board meeting, independent directors meet *in camera*
- We utilize and disclose a Board skills matrix and have a diversity policy that includes a minimum target for women directors
- We have director orientation and continuing education
- We have share ownership requirements for directors
- We have a clawback policy regarding reimbursement of incentive and equity-based compensation
- We hold annual assessments of the Board, committees and individual directors
- We hold an annual advisory say on pay vote upon which the holders of Non-Voting Class A shares are entitled to vote
- We have an anti-hedging policy
- We have share ownership requirements for NEOs
- We have a post-retirement share ownership requirement for the CEO
- We have a large portion of executive compensation at risk
- We have a new director retirement and term limit policy

Board of Directors

Mandate of the Board

The Board is responsible for the stewardship of the Company including the strategic planning process, approval of the strategic plan, the identification of principal risks and implementation of systems to manage these risks (inclusive of food safety and occupational health and safety), succession planning, communications and the integrity of the Company's internal control and management information systems. The Board discharges certain of its responsibilities through delegation to its committees as more particularly set out in the committee mandates. The Board's written mandate, which confirms the Board's explicit responsibility for the stewardship of the Company, is set out in Appendix A of this Circular.

Meetings of the Board

The Board holds regular meetings at least once in each fiscal quarter, participates in an annual strategic planning session, and has additional meetings as and when necessary to carry out its duties effectively. The Board meetings held during fiscal 2020 and the attendance records of directors at such meetings are described under "Board and Committee Engagement – Summary of Board and Committee Meetings Held".

Director Meetings Without Management

At every regular Board meeting, and at the discretion of the Chair of the Board ("**Board Chair**") at other meetings, the directors meet with the CEO without other members of management present and then without the CEO present. In fiscal 2020, six such *in camera* sessions were held. At all regular meetings the directors also meet *in camera* in the absence of Sobey family members. Private non-management sessions during committee meetings are also regularly held by all the standing committees.

Board Committees

To help the Board fulfil its duties and responsibilities, the Board delegates certain powers, duties and responsibilities to committees to ensure a full review of certain matters. The four standing committees of the Board are: the Audit Committee, the Corporate Governance Committee, the Nominating Committee and the Human Resources Committee. Every member of each of these committees is independent according to the standards of corporate and securities laws as well as Empire's own governance policies.

The mandate of each committee and the position description of each committee Chair are available on the Empire website, www.empireco.ca. Reports from each of these committees concerning their work during fiscal 2020 are found in the section of this Circular entitled "Board Committee Reports".

Audit Committee

The Audit Committee is responsible to the Board for overseeing the policies and practices relating to the integrity of financial and regulatory reporting as well as internal controls to achieve the objectives of safeguarding corporate assets, reliability of information and compliance with policies and laws. The Audit Committee is also responsible for periodically reviewing the Enterprise Risk Management framework for the Company and assessing the adequacy and completeness of the process for identifying and assessing the key risks facing the Company and ensuring that primary oversight for each of such key risks is assigned to the Board or one of its Committees.

The Audit Committee is comprised of the following five directors appointed by the Board on the recommendation of the Corporate Governance Committee: Cynthia Devine (Chair), Sharon Driscoll, Martine Reardon, John R. Sobey and Martine Turcotte. The Board has determined that each of the members of the Audit Committee is independent within the meaning of applicable securities laws and "financially literate" within the meaning of National Instrument 52-110 – Audit Committees ("**NI 52-110**"). The Audit Committee met four times in fiscal 2020.

For further information about the Audit Committee as required by Part 5 of NI 52-110, see the section entitled "Audit Committee Information" and Appendix B of our Annual Information Form which is available on SEDAR at www.sedar.com and on our website.

Corporate Governance Committee

The Corporate Governance Committee is responsible for assisting the Board in fulfilling its responsibilities as they relate to corporate governance. As such, the Corporate Governance Committee is responsible for the annual assessment of the effectiveness and contribution of the Board, its committees and individual directors. The Corporate Governance Committee annually reviews the current director compensation and recommends adjustments to the Board, which in turn recommends director compensation to shareholders for approval at the Annual General Meeting. In addition, the Corporate Governance Committee annually reviews the size of the Board and makes recommendations to the Board when it believes a change would be in the best interests of the Company and the Corporate Governance Committee annually reviews the mandate of the Board and each Board committee, and reviews and advises the Board on the independence status of each director. Further information on the Corporate Governance Committee's fiscal 2020 review can be found in the section entitled "Board of Directors' Compensation" of this Circular.

The Corporate Governance Committee is comprised of the following directors: Martine Turcotte (Chair), Cynthia Devine, William Linton, Martine Reardon, Frank C. Sobey, Paul D. Sobey and Rob G.C. Sobey, all of whom are independent directors within the meaning of applicable securities laws. The Corporate Governance Committee met four times in fiscal 2020.

Further information on the Corporate Governance Committee's fiscal 2020 review can be found in the section of this Circular entitled "Board of Directors' Compensation".

Nominating Committee

The Nominating Committee is responsible for assisting the Board in fulfilling its responsibilities as they relate to proposing new nominees to the Board by identifying and recommending suitable candidates for election or appointment as directors to the Board. This process includes a review of the composition of the Board, including the competencies, skills, personal qualities (such as languages and residency), tenure and experience of its members and identification of whether any gaps exist in light of opportunities and risks facing the Company.

The Committee annually reviews a director skills matrix that has been developed to identify the key skills and experience required of current and potential members of the Board given the areas of importance to the Company's business. Further information about the experience and qualifications each director provides to the Board can be found in the section entitled "Skills and Experience of the Board" of this Circular. Mindful of the projected retirements of Board members, the Board's Diversity Policy and the director skills matrix, the Committee from time to time surveys the market for potential Board candidates, using external resources as appropriate, and maintains a list of potential candidates.

The Nominating Committee is comprised of the following directors: Martine Turcotte (Chair), Cynthia Devine, William Linton and Martine Reardon, all of whom are independent directors within the meaning of applicable securities laws. The Nominating Committee met four times in fiscal 2020.

Human Resources Committee

The HR Committee assists the Board in its oversight role with respect to the Company's human resources strategy, policies and programs.

The HR Committee's responsibilities include reviewing and recommending for Board approval overall Company policies in respect of executive management's compensation; providing advice to the executive management of the Company in relation to the terms and conditions of employment for senior and executive management which are designed to achieve the growth and profitability objectives of the Company and secure such key employees' long-term organizational commitment; conducting the annual performance review of the CEO; establishing annual and longer-term objectives for the CEO and recommending to the Board the CEO's annual compensation; reviewing recommendations of management related to annual salary increases and incentive payments; and reviewing and approving executive compensation disclosure contained in the Circular or otherwise required by applicable securities laws, including the Statement of Executive Compensation. Additionally, the Committee assists the Board in its oversight responsibility with respect to occupational health and safety, pension plans, the Company's group benefit plans, the Company's Human Resources people plan (including diversity and inclusion) and the labour relations strategy.

The HR Committee is comprised of the following directors: William Linton (Chair), Gregory Josefowicz, Sue Lee, Karl R. Sobey and Rob G.C. Sobey, all of whom are independent directors within the meaning of applicable securities laws. The HR Committee met six times in fiscal 2020.

Disclosure concerning consultants retained by the HR Committee with respect to executive compensation is found in the section entitled "Statement of Executive Compensation – Advisor to the Human Resources Committee" of this Circular and further information about the Company's executive compensation practices can be found in the section entitled "Statement of Executive Compensation" of this Circular.

Director Independence and Other Relationships

Independence of the Board

The Board is comprised of a majority of independent directors and will continue to be comprised of a majority of independent directors if all of the proposed nominees for election are elected at the Meeting. For a director to be considered independent, the Board must determine that the director does not have any material relationship with the Company, either directly or indirectly. The Board has a policy of having an independent, non-management Board Chair, which position is currently held by James M. Dickson.

Determination of Independence

The Board is responsible for determining the independence status of each director and proposed director, and for disclosing annually whether the Board has a majority of independent directors. The Board has adopted independence standards to assist with the independence determination. The independence standards fall within the meaning of the guidelines adopted by Canadian securities regulators in NI 58-101 and NI 52-110.

Current directors and proposed directors must fully disclose their relationships with the Company and provide other pertinent information on an annual basis. The Board reviews such relationships to identify any impact on director independence having regard to the criteria in the independence standards and whether any relationships between a director and the Company could reasonably be expected to interfere with the exercise of the director's independent judgment.

The Board has determined that all of the current directors of the Company with the exception of Michael Medline are independent. The Board has determined that Mr. Medline, who is President & CEO of Empire and Sobeys, is not independent as he is a member of the management of the Company. Accordingly, as of July 16, 2020, 13 of the 14 directors (who are also standing for re-election at the Meeting) are considered to be independent, comprising approximately 93 percent of the Board.

TABLE OF DIRECTORS' RELATIONSHIPS TO THE COMPANY			
Director	Independent	Non-Independent	Reason for Non-Independent Status
Cynthia Devine	✓		
James M. Dickson	✓		
Sharon Driscoll	✓		
Gregory Josefowicz	✓		
Sue Lee	✓		
William Linton	✓		
Michael Medline		✓	President & CEO
Martine Reardon	✓		
Frank C. Sobey	✓		
John R. Sobey	✓		
Karl R. Sobey	✓		
Paul D. Sobey	✓		
Rob G.C. Sobey	✓		
Martine Turcotte	✓		

The Board considered the independence status of Frank C. Sobey, Karl R. Sobey, Paul D. Sobey and Rob G.C. Sobey in the context of more than six years having passed since they held executive roles in the Company (or, in the case of Karl R. Sobey, since his brother Frank C. Sobey held an executive role). Paul D. Sobey retired in December 2013 as the President & CEO of Empire, Frank C. Sobey retired in June 2014 as the Vice President, Real Estate of Empire and Rob G.C. Sobey retired in January 2014 as the President & CEO of Lawton's Drug Stores Limited (an operating division of Sobeys). The Board, on the advice of the Corporate Governance Committee (in both cases working in the absence of the named Sobey family members) and with the benefit of advice from expert external legal counsel, concluded that these named Sobey family members have no direct or indirect material relationship with the Company that could be reasonably expected to interfere with the exercise of their independent judgment as directors and that they should be considered independent by the Board. The Board specifically does not believe that their status as significant Class B common shareholders interferes with their independent judgment. The Board believes that their interests are aligned with the long-term interests of other shareholders.

The Board has determined that Sharon Driscoll, Sue Lee, William Linton, Martine Reardon and Martine Turcotte have no relationships with the Company (other than as directors) and are therefore considered by the Board to be independent.

The Board has also determined that Cynthia Devine and Gregory Josefowicz are independent. Ms. Devine is CFO of Maple Leaf Sports and Entertainment, with which Sobeys has a sponsorship agreement. Mr. Josefowicz is Chairman of KeHE Distributors, LLC, a private U.S.-based company whose Canadian operation, Tree of Life Canada, supplies organic and natural products to Sobeys.

John R. Sobey is not an immediate family member to any member of the Board (he is a first cousin once removed to Frank C. Sobey, Paul D. Sobey and Rob G.C. Sobey) and retired from his management position at Sobeys in 2001. The Board considers John R. Sobey to be independent.

James M. Dickson is counsel to a law firm that provides legal services to Empire and its subsidiaries; he provides consulting services to that law firm through a professional corporation. He is not involved in the provision of legal services to Empire or any of its subsidiaries and payments to his professional corporation from the law firm are unrelated to services provided by the firm to the Company. He has no active role in the firm's management or direction. The Board considers Mr. Dickson to be independent.

Information on each of the proposed nominees for election at the Meeting are described under "About the Nominees for Election to the Board of Directors" in this Circular.

Majority Voting Policy

The Board believes that each of its members should carry the confidence and support of the shareholders. To this end, the Board has adopted a majority voting policy. This policy requires any nominee for election to the Board for whom the number of votes withheld was greater than the number of shares voted in favour of the nominee to submit his or her resignation promptly after the Meeting to the Corporate Governance Committee for its consideration. The Committee will make a recommendation to the Board after reviewing the matter. The Board will determine whether to accept the resignation within 90 days of the date of the Meeting, and will accept the resignation absent exceptional circumstances. The Board's decision to accept or reject the resignation will be promptly disclosed in a news release and if the Board has determined not to accept the resignation, the reasons for its decision will be fully set out in the news release. The nominee will not participate in any Committee or Board deliberations considering the resignation. This policy does not apply in circumstances involving contested director elections. Future nominees for election to the Board will be asked to subscribe to this statement before their names are put forward.

Diversity Policy

The Company recognizes the importance of having a diverse Board possessing a range of skills, perspectives and backgrounds reflective of the Company's customer and employee demographics, and believes that diversity can enhance the effectiveness of the Board. The Company's ongoing commitment to the representation of women on the Board is evidenced by the fact that six of the nine new independent directors recruited to the Board since 2012 are women.

The Board has adopted a written gender diversity policy requiring the Nominating Committee to ensure that there is at least one qualified female candidate on every short list it considers, whether it is working with an external search firm (which will generally be the case) or without. Further, in the searches carried out by the Nominating Committee over the past several years, the strong desire to increase the representation of women on the Board has been expressly communicated to search firms. While the Nominating Committee's mandate is to recommend to the Board the most qualified candidate for each search, the policy provides that gender diversity will be considered favourably in the assessment of individual candidates. The Board seeks to increase the representation of women on the Board whenever possible, and the Board has a target of a minimum level of 25 percent women on the Board. With five female directors since January 2018, the Board is currently 36 percent female and assuming all director nominees are elected at the Meeting, it will remain as such.

Further information on the Company's Diversity and Inclusion strategy, including details regarding the number of women in executive positions at the Company, can be found in the "Environmental, Social and Governance" section of this Circular.

Skills and Experience of the Board

Each director brings relevant experience to the Board. The skills matrix below shows the Board's mix of key skills and experience in areas that are important to the Company's business. The skills matrix is also used to identify those skills for which the Company will recruit when making changes to the Board. In recognition of the increasing importance of environmental, social and governance ("ESG") matters to the Company, ESG was added to the skills matrix as a key skill in fiscal 2019.

Director	CEO/ Senior Executive	Governance	Financial/ Accounting	HR/Employee Engagement	Food Retail/ Supply Chain	Information Technology	Marketing/ Branding	E-commerce/ Online Retailing	Change Management/ Transformation	Real Estate	ESG
Cynthia Devine	✓	✓	✓	✓	✓	✓			✓	✓	✓
James M. Dickson	✓	✓	✓	✓	✓					✓	✓
Sharon Driscoll	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Gregory Josefowicz	✓	✓	✓	✓	✓		✓			✓	✓
Sue Lee	✓	✓		✓					✓		✓
William Linton	✓	✓	✓	✓		✓			✓		✓
Michael Medline	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Martine Reardon	✓	✓		✓			✓	✓	✓		✓
Frank C. Sobey	✓	✓		✓						✓	
John R. Sobey	✓	✓	✓	✓	✓		✓			✓	✓
Karl R. Sobey	✓	✓			✓		✓				
Paul D. Sobey	✓	✓	✓	✓	✓					✓	✓
Rob G.C. Sobey	✓	✓	✓	✓	✓		✓				✓
Martine Turcotte	✓	✓	✓	✓		✓			✓		✓

Skill/Experience	Description of Skill/Competency	Number of Director Nominees
CEO/Senior Executive	Experience as a CEO or senior officer of a publicly listed company or a major organization	14
Governance	Prior or current experience as a board member of a Canadian organization (public, private or non-profit)	14
Financial/Accounting	Senior executive experience in financial accounting and reporting, corporate finance and familiarity with internal controls	10
HR/ Employee Engagement	Senior executive experience or board compensation committee participation with an understanding of compensation, benefits and pension programs, legislation and agreements, as well as expertise in executive compensation programs including base pay, incentives, equity and perquisites	13
Food Retail/Supply Chain	Senior executive experience in the food/retail industries combined with knowledge of the industry, markets, competitors, financial and operational issues and regulatory concerns	9
Information Technology	Senior executive experience in IT infrastructure management and IT security	4
Marketing/Branding	Senior executive experience in an industry where consumer marketing is a critical component	6
E-commerce/ Online Retailing	Senior executive experience with leading edge e-commerce, digital retailing, mobile apps and social media	3
Change Management/ Transformation	Senior executive experience in significant corporate change	7
Real Estate	Senior executive experience in real estate, whether commercial, residential, development or leasing	8
ESG	Experience with policies, practices or management of risks associated with environmental, social and governance issues relevant to the Company such as sustainability, energy reduction or other climate sensitive practices; community support; social governance; and health, wellness, safety and education for our employees	12

Interlocking Directorships

Board interlocks exist when two directors of one company sit on the board of another company. Committee interlocks exist when two directors sit together on another board and are also members of the same board committee.

The Board is of the view that it is prudent to have representation on the boards of Empire's equity accounted investments in order to provide counsel to management. As of May 2, 2020, Empire owns a 41.5 percent equity accounted interest in Crombie REIT, which currently is the only publicly traded equity accounted investment of the Company. The following directors serve as trustees of Crombie REIT.

Company	Director	Trustee Role
Crombie REIT	James M. Dickson	Governance and Nominating Committee; Investment Committee
	Paul D. Sobey	Human Resources Committee; Investment Committee

There are no other interlocking directorships.

Board of Directors' Assessment

The Corporate Governance Committee is responsible for annually assessing the effectiveness and contribution of the Board, its committees and individual directors. The following table summarizes the elements of evaluation.

ELEMENTS OF ANNUAL BOARD EVALUATION

Evaluation	Purpose	Reported to
Board of Directors' Survey	• Assess the Board of Directors' effectiveness • Self-assessment by all committees • All directors assess all committees • Directors also assess the committee members for the committee on which they sit • Feedback on CEO and management interaction and relationship with the Board and committees	Corporate Governance Committee and the Board of Directors
Director one-on-one interviews with the Board Chair and/or Chair of the Corporate Governance Committee	• Board review • Director peer review • Committee chair review • Self-evaluation • Feedback on CEO and management interaction and relationship with the Board and committees	
Chair of the Corporate Governance Committee interviews each director on the performance of the Board Chair	• Chair performance assessment	

Annually, each director completes a detailed confidential survey regarding his or her views on the effectiveness of the Board and its committees. The survey provides for quantitative responses in key areas as well as the option to provide substantive comments. The survey also provides the opportunity for directors to comment on the quality and completeness of information provided by management. An outside consultant is engaged to administer the survey and compile the results into a report to ensure confidentiality. Once the final report is completed, it is reviewed in detail by the Corporate Governance Committee and an action plan is developed to address issues disclosed in the report. The Board receives the full survey report together with the comments and recommendations of the Corporate Governance Committee, and any follow-up actions required are taken by, or with the oversight of, the Committee.

To get a clear understanding of the feedback obtained through the survey, the Board Chair and the Chair of the Corporate Governance Committee annually conduct one-on-one interviews with each director using a jointly developed set of interview questions. These interviews afford each director the opportunity to comment on the performance of the Board, the other directors and the committees and committee chairs, his or her own performance and the performance of management. The Chair of the Corporate Governance Committee also canvasses each director concerning the performance of the Board Chair.

The results are reviewed by the Corporate Governance Committee and reported to the Board. Any issues identified during the process are addressed by the Board Chair and/or the Chair of the Corporate Governance Committee. The Board Chair and the Chair of the Corporate Governance Committee provide the CEO with appropriate feedback and discuss and/or consider any comments the CEO may have.

Overall Results of the Board Survey and Assessment Process

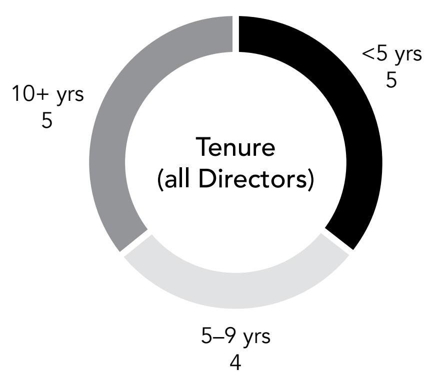
After reviewing the results of the annual Board survey and confidential individual director interviews, the directors have concluded that the Board continues to function effectively and efficiently, with appropriate oversight of risk management and strategic priorities. The directors continue to be very satisfied with the leadership of both the Board Chair and the CEO. In particular, the Board dynamics are good, and the directors are engaging in open, transparent discussion amongst themselves and with executives.

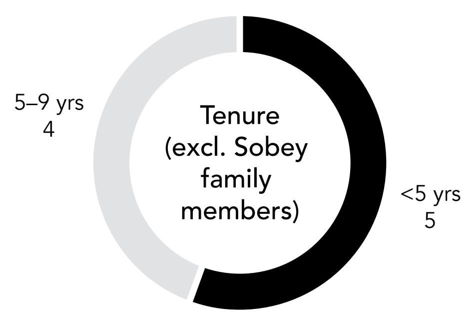
Board Renewals and Term Limits

The Board derives its strength from the diversity, qualities, competencies and experiences of its members. The composition and renewal of the Board are vital processes that demand rigour and analysis, and are best undertaken by the Board proactively. Board renewal provides an opportunity to broaden the diversity of the experience of the Board and expertise and promote fresh viewpoints and perspectives. The Board recognizes that the benefits of renewal must be weighed carefully against the benefits of continuity and experience gained through service on the Board. It is the view of the Board and the Corporate Governance Committee that implementing a reasonable retirement age and tenure limit strikes an appropriate balance between these competing ideals.

The Board has adopted a new director retirement age and term limit policy. To this end, commencing in fiscal 2021, unless the Board otherwise determines on an annual basis in respect of a particular director or directors, a director shall not be nominated for re-election at the Annual General Meeting of Shareholders: (1) following his or her 72nd birthday unless the director will not have completed 10 years of service on the Board; or (2) if the director has completed 15 years of service on the Board. The retirement age and term limit described above do not apply to the CEO or Sobey family members. Notwithstanding this policy, ongoing review of Board composition remains paramount and the responsibilities of the Board and its Committees are not at all diminished by implementing term limits.

The Board has a robust self-assessment mechanism under which the effectiveness of the Board and individual directors is reviewed annually. Since 2012, there has been strong Board renewal, with nine new independent directors joining the Board replacing directors who retired. The average tenure of current directors, excluding Frank C. Sobey, John R. Sobey, Karl R. Sobey, Paul D. Sobey and Rob G.C. Sobey, is five years.





Director Orientation and Continuing Education

The Corporate Governance Committee is responsible for establishing and continuing orientation and education programs for directors. The Office of the Corporate Secretary assists with the planning and implementation of these programs.

Orientation

When a new director joins the Board, an orientation program is developed for him/her, taking into account the director's background and skills as well as his/her intended committee involvement. The orientation program is designed to introduce the new director to the business and to the Company's expectations of directors. The orientation includes meetings with senior management of Empire and its major subsidiaries, meetings with the Board Chair and committee chairs, meetings with senior Sobey family members, and property and store tours. The new director is provided with the Directors' Handbook (which includes Board and committee mandates, position descriptions and the Code of Business Conduct and Ethics together with a selection of historical information about the Company), the current approved budget and business plan, recent Executive Committee bulletins, recent quarterly financial reports and annual disclosure documents, and recent Board and committee meeting documents including from the most recent Board strategy session. The new director is briefed by management in such areas as food safety, IT security, corporate governance and other topics of relevance or interest to the new director.

Continuing Education

The Company is committed to the ongoing education of directors to assist them in fulfilling their responsibility to be knowledgeable about the Company's business and about the duties and responsibilities of directors. To this end, the Company provides regular briefings (at Board and committee meetings, by providing written material and by inviting guest speakers to Board meetings and dinners) on such topics as different areas of the business, proposed and ongoing major projects, the competitive landscape, global and national economic trends, capital markets analysis and emerging financial and corporate governance issues. Directors are provided with opportunities to visit Company sites in various parts of the country as well as competitor locations and grocery businesses outside Canada. Directors are invited to attend employee town hall meetings. The Company has a corporate membership in the Institute of Corporate Directors ("**ICD**") and encourages directors to take advantage of the ICD's various offerings. The Company also encourages the participation of directors in other continuing director education programs and relevant industry-specific programs and reimburses directors for tuition and associated expenses.

During fiscal 2020, the directors of the Company received educational and informational briefings on various operational, financial and strategic topics including retail innovation, e-commerce, marketing, real estate, customer loyalty and COVID-19. These briefings were presented by internal speakers as well as renowned experts in the applicable fields. The directors also participated in several store tours across North America.

Position Description

The Board has adopted written position descriptions for the Board Chair and for the CEO, which positions are held by James M. Dickson and Michael Medline, respectively. The Board has also adopted written position descriptions for the chair of the committees. These position descriptions are reviewed regularly by the Board and are available on the Empire website, www.empireco.ca and summarized below.

Chair of the Board

The Chair is accountable for the overall effectiveness and efficiency of the Board's processes and governance and is responsible for leading the Board in the performance of its duties including the discharge of all fiduciary and legal obligations. Among other things, the Chair is expected to:

- Preside as Chair at all Board meetings and provide leadership and direction to the Board and its processes;
- Foster ethical and responsible decision making by the Board, Committees and its individual members;
- Establish and monitor procedures and structure to govern the Board's and Committees' activities and responsibilities in concert with the Corporate Governance Committee;
- Work with the CEO, the Corporate Secretary and other directors to prepare, prioritize and organize the agendas for Board and Committee meetings;
- Identify corporate and Board governance issues for consideration and ensure, in working with the Corporate Governance Committee, that each director and the Board overall is adding significant value;
- Ensure that adequate succession plans are in place in respect to Board and Committee membership;
- In conjunction with other directors, through the Board and its various committees, monitor management's performance, succession, strategic and operating decisions, as well as all aspects of corporate governance and reputation; and
- Act as an effective liaison among the Board, CEO, management and, to the extent necessary, the Company's shareholders.

Chief Executive Officer

The Board has approved a position description for the CEO. The Board holds the CEO responsible for, among other things:

- Developing and recommending to the Board a long-term strategy and vision for the Company that leads to creation of shareholder value;
- Developing and recommending to the Board annual business plans and budgets that support the Company's long-term strategy; and
- Achieving the Company's financial and operating goals and objectives.

Committee Chairs

The Board has approved general position descriptions for the committee chairs. In addition to the duties and responsibilities set out in the Board of Directors Mandate and any other applicable mandate or position description, the responsibilities of the chair of each committee include, among other matters, to:

- Attend and preside at all Committee meetings and provide leadership and direction to the Committee;
- Foster ethical and responsible decision making by the Committee and its individual members;
- Oversee the structure, composition, membership and activities delegated to the Committee;
- Work with the CEO, CFO and Corporate Secretary to organize and set the agenda for the meeting;
- With the assistance of the Corporate Secretary, ensure proper flow of information and review adequacy and timing of documentation for meetings of the Committee;
- Facilitate the Committee's interaction with management, the Board and other Committees; and
- Have a casting vote in case of deadlock.

Board and Committee Engagement

Summary of Board and Committee Meetings Held

A total of six Board meetings were held during the fiscal year ended May 2, 2020: four regular quarterly meetings, the annual strategy session and the annual budget meeting. The standing committees met in association with each regular quarterly Board meeting.

BOARD AND COMMITTEE MEETING SUMMARY	Regular	Special	Total
Board	6	0	6
Audit Committee	4	0	4
Corporate Governance Committee	4	0	4
Human Resources Committee	4	2	6
Nominating Committee	4	0	4

In addition to the Board meetings held during the fiscal year ended May 2, 2020 outlined above, the Board members continue to be regularly engaged and updated on the COVID-19 pandemic crisis during 2020 through participation in three Board conference call sessions and numerous written updates.

Record of Attendance

The following table summarizes the meetings of the Board and its standing committees held for the fiscal year ended May 2, 2020, and the attendance at such meetings of each director.

RECORD OF ATTENDANCE	Board	Audit Committee	Corporate Governance Committee	Human Resources Committee	Nominating Committee	Total
Cynthia Devine	6 of 6 100%	4 of 4 100%	4 of 4 100%		4 of 4 100%	**100%**
James M. Dickson	6 of 6 100%					**100%**
Sharon Driscoll	6 of 6 100%	4 of 4 100%				**100%**
Gregory Josefowicz	6 of 6 100%			6 of 6 100%		**100%**
Sue Lee	6 of 6 100%			6 of 6 100%		**100%**
William Linton	6 of 6 100%		4 of 4 100%	6 of 6 100%	4 of 4 100%	**100%**
Michael Medline	6 of 6 100%					**100%**
Martine Reardon	6 of 6 100%	4 of 4 100%	4 of 4 100%		4 of 4 100%	**100%**
Frank C. Sobey	6 of 6 100%		4 of 4 100%			**100%**
John R. Sobey	6 of 6 100%	4 of 4 100%				**100%**
Karl R. Sobey	6 of 6 100%			6 of 6 100%		**100%**
Paul D. Sobey	6 of 6 100%		4 of 4 100%			**100%**
Rob G.C. Sobey	6 of 6 100%		4 of 4 100%	6 of 6 100%		**100%**
Martine Turcotte	6 of 6 100%	4 of 4 100%	4 of 4 100%		4 of 4 100%	**100%**
Overall Board Attendance	**100%**	**100%**	**100%**	**100%**	**100%**	

Succession Planning

The Board is responsible for the appointment and evaluation of the performance of executive management, including approving the appointment of senior executives of the Company, reviewing their performance against the objective of maximizing shareholder value, measuring their contribution to that objective, and overseeing compensation policies. The Board and the HR Committee are also tasked with monitoring, reviewing and providing guidance on succession management.

Additional details on the Company's succession planning procedures are described under the section of this Circular entitled "Statement of Executive Compensation – Succession Planning".

Ethical Business Conduct and Ethics Hotline

The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**") covering all employees, officers and directors of the Company, which includes all of the elements recommended by NP 58-201. The Code is available on the Company's website, www.empireco.ca. The Company intends to roll out an updated Code in the near future.

The Board, through the Audit Committee, receives reports of unethical behaviour received through the Ethics Hotline and otherwise. On behalf of Empire's shareholders, the Board is responsible for the stewardship of the Company. To fulfil this responsibility, it establishes policies aimed at ensuring the Company's corporate governance practices are consistent with its commitment to conduct business with integrity and are among the best in Canada. Supporting these policies is the Code, that emphasizes accountability and a Corporate Disclosure Policy that ensures transparency. Sobeys has adopted a similar Code of Business Conduct, which is available on its website, www.sobeyscorporate.com.

All employees, officers and directors must confirm annually their compliance with the Code. The Board has never granted any waiver of the Code in favour of a director or executive officer and accordingly, no material change report has been required to be filed.

The Company has established a centralized confidential, anonymous reporting mechanism described in the Code referred to above, with telephone, online and mail avenues of communication to an independent third party. This mechanism is also publicized through posters in workplaces across the country. All reports received by the third party are automatically transmitted to senior executives in the internal audit and legal functions for confidential investigation and any necessary action. A quarterly report of all such reports and investigations is provided to the Audit Committee but any matters of a serious nature would be reported more frequently.

The Board does not nominate for election any candidate who has a material interest in any business conducted with the Company, or its subsidiaries, and requires directors to disclose any potential conflict of interest which may develop. Directors do not undertake any consulting activities for, or receive any remuneration from, the Company other than compensation for serving as a director. Directors who are also employees of the Company or one of its subsidiaries receive employment income as disclosed in this Circular but do not receive directors' fees.

The Board encourages a culture of ethical conduct by appointing officers of high integrity and monitoring their performance so as to set an example for all employees.

Corporate Disclosure Policy

The Company is committed to delivering effective communications to shareholders and keeping them informed of material developments. The Company has an established corporate disclosure policy, the objective of which is to ensure that communications with the investing public about the Company are timely, factual, accurate, and balanced, as well as broadly disseminated in accordance with all applicable legal and regulatory requirements. The policy extends to all employees and directors of the Company and its subsidiaries, and those authorized to speak on their behalf. It covers disclosures in documents filed with securities regulators and written statements made in the Company's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management, and information contained on the Company's website, social media and other electronic communications. It extends to all oral statements, including those made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls. Major disclosure documents including the annual and interim financial statements, related Management's Discussion and Analysis and earnings news releases, the information circulars for any meetings of shareholders and related news releases, the Annual Information Form, and any news release containing material information except for routine news releases or where immediate release is required to comply with law or stock exchange rules, are reviewed and approved by the relevant Board committee and/or Board.

Social Media

In addition to the corporate disclosure policy, Sobeys has a news media relations policy and an employee public statement and social media policy. These policies recognize that the way in which Sobeys employees communicate externally is continuing to evolve and that while this creates new opportunities for communication and collaboration, it also creates new responsibilities for employees. All employees of the Company are subject to the corporate disclosure policy, however these policies provide further guidance on public comments and statements on multi-media and social networking websites and speaking to the news media on behalf of the Company.

Environmental, Social and Governance

The Company's corporate governance approach extends to its focus on environmental sustainability and social issues and the management of the associated risks in these areas. The Company has long operated in a way that is committed to prioritizing the well-being of its customers and the communities it serves, without compromising the ability of future generations to prosper on the planet that we all share.

The Company's business operations have been built on principles that reflect its values, while delivering on the expectations of its stakeholders. These building blocks have enabled the Company to make and deliver on bold commitments to drive meaningful environmental and social change.

Environmental

In fiscal 2020, the Company took an inventory and assessment of its current practices, identified material issues in the business and determined areas where the Company is able to drive meaningful environmental change. Following this assessment, the Company defined two strategic pillars and four focus areas with respect to environmental sustainability:

The Planet: The Company's goal is to reduce its environmental impact in the areas most material to its business and enhance its resilience to climate change to protect the planet for future generations, by focusing on the reduction of waste and lowering of energy and emissions.

Waste Reduction: The Company is focused on reducing avoidable single-use plastics and food waste in its operations and supply chain and improving overall store waste diversion from landfills.

From its landmark initiative to eliminate plastic grocery bags from the Sobeys banner, removing 225 million plastic bags from circulation, to launching the mobile app, FoodHero, in its IGA stores, the Company has made meaningful progress in reducing waste throughout its operations over the past year. The Company has also been able to support its customers in making more sustainable choices such as implementing a reusable container program, encouraging reusable grocery and produce bags, and promoting a food repurposing campaign with recipes to help reduce food waste at home.

Looking forward, the Company will continue to build on the momentum gained by its waste reduction efforts in fiscal 2020. The Company is particularly focused on accelerating a national food rescue program and demonstrating meaningful progress against its goal to reduce food waste. At the same time, reduction of plastics and packaging, and improving recycling across its banners and distribution centres will also continue to be priority areas.

Energy & Emissions: The Company is focused on investing in its stores and warehouses to run its operations more efficiently and lower energy use and greenhouse gas ("**GHG**") emissions.

As a national grocery retailer, the Company embraces the responsibility it has to combat the impacts of climate change. The Company also recognizes the risks that climate change poses to food production and to the local communities it serves. In fiscal 2020, the Company continued its Energy Efficiency Initiative, investing in several energy saving initiatives in its stores and distribution centres to reduce electricity consumption and GHG emissions, such as lighting retrofits and improving the efficiency of walk-in fridges. The Company also developed strategic partnerships with vendors across Canada to continue forward with its actions to reduce its carbon impact. This includes conducting a full-scope assessment of its GHG emissions and setting a science-based emissions reduction target.

Products Pillar: The Company seeks to provide sustainable and ethical product choices that serve the needs of its customers by focusing on sustainable sourcing and through strong partnerships with its suppliers that can offer more sustainable solutions to its customers.

Sustainable Sourcing: The Company seeks to ensure the long-term viability of natural resources and the fair treatment of people and animals through its sustainable seafood, animal welfare and fair-trade sourcing practices.

Over the past year, the Company has developed ethically and environmentally conscious purchasing guidelines in product areas most material to its business. These guidelines, which are focused on its private label branded products, articulate its purchasing commitments and guide its sourcing teams in product categories such as sustainable seafood and palm oil.

Supplier Partnerships: The Company seeks to build strong partnerships with its local and national suppliers to bring more innovative, sustainable solutions to its customers.

As a company which began as a local supplier in Atlantic Canada, Empire strongly supports local producers, growers and suppliers across the country.

The Company actively pursues opportunities to collaborate with local and national partners who share its values and deliver on concepts that showcase sustainable innovations. The launch of a modular in-store vertical farm in select Safeway stores through a partnership with Infarm is a great example of the Company's efforts in this area. The Company will continue to seek and build partnerships with likeminded suppliers and organizations.

Social

Community Investment

The Company is committed to reducing barriers to help Canadians access healthy and affordable food. Support takes place from coast to coast through partnerships with community experts, service providers and support groups that educate and serve neighbours facing food insecurity.

In February 2020 the Company launched a partnership with The Grocery Foundation and the Toonies for Tummies campaign. Together with customers and store networks in Ontario and Western Canada, $896,805 was raised across five provinces. Funds raised will result in more than 448,000 meals for hungry school-aged children.

The Company continued its longstanding commitment to support food banks, local programs and food networks in 900 communities across Canada by making more than 10 million meals possible. Through an award-winning partnership with Special Olympics Canada, more than 47,000 athletes were empowered through sport and nutrition education programming.

On March 23, 2020, the Company created the Community Action Fund to help address the immediate emergency needs across the country during the COVID-19 pandemic. The fund donated millions of dollars to community programs and efforts chosen by front-line teammates at 1,500 grocery and pharmacy locations across Canada. The Company worked closely with food banks across the country to help alleviate the strain on their services. IGA in Quebec, together with La Tablée des Chefs and partners, filled the refrigerators of Food Banks of Quebec by preparing more than 800,000 meals for those in need during the COVID-19 pandemic. And the fund's efforts are ongoing, as the need to support frontline organizations continues to evolve in the long road to recovery.

When a natural disaster strikes, or neighbours face a difficult crisis, the Company is there to help. From providing immediate assistance through food and supplies to keeping the doors open as an essential service, the Company identifies immediate ways to step up and help local communities in times of need.

Diversity and Inclusion

Diversity and Inclusion is a critical priority for the Company. Rooted in Empire's core values, Diversity and Inclusion is key to enable the Company to innovate and serve diverse customers and communities across the country.

Over the last two years the focus of our strategy has been to enhance opportunities for women, to improve gender representation in leadership teams, and create workplace flexibility. While there is more progress to be made, this effort has significantly improved workplace flexibility and gender representation. As of May 2, 2020, three of eleven executive officers of the Company (approximately 27 percent) are women. Over the last year, the senior management group (senior vice presidents and vice presidents) has increased to approximately 32 percent women or a 10 percent growth rate, and director level representation has increased to approximately 34 percent women.

Empire believes that Diversity and Inclusion is fundamental to strengthening the Company and building high performing teams to serve diverse customers and communities across the country. While work continues on increasing gender representation across the enterprise for the betterment of the entire company, Empire recognized the need to broaden its focus. Specifically, as Empire continues to see crucial discussions and demand for action around race relations, with a heightened focus on anti-Black and anti-Indigenous racism, prioritizing Diversity and Inclusion as an organization is more important than ever. As a national Canadian retailer, with a rich history of more than 113 years, employing approximately 127,000 teammates through its subsidiaries, franchisees and affiliates, and serving 900 communities across the country, it is the Company's responsibility to listen, learn and take action – to contribute to addressing racial injustice and inequity, to improve diversity organizationally, and to make a meaningful shift to a more inclusive environment.

The Company's expanded Diversity and Inclusion strategy charts a path forward, to make meaningful change to a more diverse and inclusive workplace, with a heightened focus on accelerating action plans to improve upon systemic racial issues and inequalities.

Although Empire does not currently have defined diversity targets, the Company recognizes that measuring and monitoring Diversity and Inclusion efforts will be critical to ensure success. Therefore, the focus on broadening diversity enabled by established guidelines and policies for recruitment, talent management and succession planning include: gender balanced talent guidelines for hiring key roles, selection of store management development programs, and executive succession focused on building the talent pipeline with women successors. The introduction of diversity self-identification for applicants and employees is also a critical step in measuring the strategy's success beyond the initial focus on gender.

The Company's expanded focus on Diversity and Inclusion includes a number of priorities such as:

Attract, grow and retain diversity of teams: Tapping into the best talent, from a broad and diverse talent pool, is fundamental to building high performing teams. The Company will broaden its focus to attracting and retaining diverse teams, identifying opportunities and taking action to enhance diversity across the organization. A baseline will be set by enhancing self-identification participation throughout the Company's offices and establishing a baseline in corporate stores and warehouses. This baseline will inform focus areas for action, based on identified gaps and opportunities, at a Company and team level. The Company will take actions to expand the Company's talent pool externally to marginalized communities, through focused hiring and strategic partnerships, and will strengthen talent development efforts to grow and retain diverse talent by building talent development programs that meet the needs of marginalized communities, while benefiting everyone.

Advance on a culture of inclusion: Advancing on a culture of inclusion is a critical priority for everyone to thrive in diverse teams. Leaders who have a deep commitment and understanding of building a culture of inclusion, are instrumental to successful culture change. Elevating the Company's leadership capability will include unconscious bias and inclusive leadership development, education on allyship and anti-racism, and action planning to lead change. Teammates will be educated on the impacts of racism, the Company's stance on creating an equitable and inclusive environment for teammates, customers and communities. A systematic plan will be implemented to encourage healthy discussion on these crucial topics, and equip leaders and teams to foster openness, transparency and trust.

In order to ensure the Company is taking a fair, equitable and inclusive approach in the hiring, development and advancement of talent, these processes will be reviewed and actions will be taken to mitigate bias and promote equity.

Accelerate Diversity and Inclusion into business outcomes: Critical to the strategy is the acceleration of Diversity and Inclusion into business outcomes in order to innovate and better serve customers. The Company recognizes it has an important role to play, working with supplier partners to advance Diversity and Inclusion, and will create and activate on plans to progress in this area as a first priority.

Measuring and monitoring progress: Recognizing that what gets measured gets done, Diversity and Inclusion measures will be embedded into performance metrics, and progress will be monitored through quarterly scorecards and measures. This strategy is endorsed by the Company's HR Committee and Board, and governed by the CEO with active executive leadership, along with a Diversity and Inclusion Council comprised of a diverse group of senior leaders from across all key functions of the business. The governance model sets the tone from the top and oversees the execution of the strategy and measurable outcomes.

In order to ensure meaningful action plans are implemented to address racial inequities, while creating equity and inclusion for everyone, the Company is bringing more diverse voices to the table, seeking out thought leaders who represent marginalized communities, and listening to truly understand. The path forward will continue to be adjusted, as the Company continues to listen and learn. The Company will work with organizations such as the Black North Initiative, led by the Canadian Council of Business Leaders Against Anti-Black Systemic Racism, to learn and take action alongside others on the same journey, and to monitor the Company's progress against goals as part of a pledge to make systemic change.

Empire is committed to pursue change and to cultivate an environment that is diverse, equitable and inclusive – for teammates, customers and communities. The Company will hold itself accountable to listen, learn, take action, and ultimately change.

Governance

Oversight of the Company's Environmental and Social Strategies is through the Executive Committee and the Board.

Additional information on the Company's sustainability initiatives and progress, as well as details about the above mentioned, can be found on the Sobeys' Corporate website: **corporate.sobeys.com/sustainability**

Shareholder Engagement

The Company recognizes the importance of strong and consistent engagement with our shareholders. Management engages on a year-round basis with a wide range of constituents, including shareholders, fixed income investors, proxy advisory firms, and prospective shareholders, among others.

Our shareholder engagement takes various forms such as non-deal roadshows, meetings, calls and discussions with the CEO, CFO and other members of management, ordinary course quarterly conference calls and webcasts, news releases, general and industry-specific investor conferences with various members of management present, store tours, distribution centre tours, and routine discussions with our Investor Relations department. Due to the outbreak of the COVID-19 pandemic and accompanying government regulations discouraging public gatherings, management has continued to have discussions with shareholders, relying on conference calls and video conference calls while physical distancing protocols are in place.

Communicating with Us

Shareholders, employees and others can contact the Board directly by writing to our Senior Vice President, General Counsel and Secretary or the Chair of the Board, or by emailing our Board email address.

By mail:

Doug Nathanson
Senior Vice President, General Counsel and Secretary
Empire Company Limited
115 King Street
Stellarton, Nova Scotia
B0K 1S0

James M. Dickson
Chair of Empire Company Limited
Empire Company Limited
115 King Street
Stellarton, Nova Scotia
B0K 1S0

By email:

board@empireco.ca

Strategic Planning

Management is responsible for the development of individual business unit and corporate strategic plans which take into account, among other things, the opportunities and risks of the business, and for the implementation of the approved strategic plans. The Board is responsible for setting the long-term goals and objectives for the Company, the adoption of a strategic planning process and the annual approval of the strategic plans developed by management.

The Board monitors senior management's implementation of the plans and assesses the achievement of the Company's goals and objectives on an ongoing basis. Once per year the strategic plans are presented at a Board meeting for feedback and frequently, updates are provided at subsequent Board meetings.

Risk Management

The Board has overall responsibility for assessing the principal risks facing the Company, ensuring the implementation of the appropriate strategies and systems to manage such risks, and reviewing any material legal matters relating to the Company as a whole or its investment in any major operating company. The Audit Committee periodically reviews the Enterprise Risk Management ("**ERM**") framework as recommended by management, assesses the adequacy and completeness of the process for identifying and assessing the risks facing the Company and ensures that primary oversight for each of the key risks identified in the ERM framework is assigned to the Board or one of its Committees. The Audit Committee reports its conclusions and recommendations to the Board on a regular basis.

The primary purpose of ERM is to enable systematic risk management across the Company in order to achieve and sustain superior business performance. To that end, ERM is and will continue to be a dynamic, iterative and ongoing process in alignment with, and in support of, our strategic priorities and objectives.

Enterprise-wide risks generally fall into four broad categories:

1) Strategic Risks

These risks are closely linked with Company strategy and the external marketplace, as well as the political, economic and social environment, and can have a significant impact on business performance. Examples of such risks include:

- Competition;
- Critical incidents;
- Strategic partnerships/alliances; and
- E-commerce expansion.

2) Financial Risks

These risks are linked to Company cash flow and related impacts to financial performance outcomes. Examples of such risks include:

- Liquidity;
- Capital management;
- Foreign exchange; and
- Interest rate fluctuations.

3) Regulatory and Compliance Risks

These risks are linked to the regulatory environment that the Company operates within. Examples of such risks include:

- Regulatory changes;
- International treaties/trade tariffs;
- Disputes and litigations; and
- Tax.

4) Operational Risks

These risks arise from the day-to-day execution of the strategy and from decisions that management has to make on a regular basis to ensure that they can deliver their financial performance targets. Examples of such risks include:

- COVID-19 pandemic;
- Labour/union relationships;
- Cyber-security; and
- Food safety.

As part of the ERM process, the Company has worked to identify, assess, manage and report on risks through the ongoing ERM process, including ranking and identification of material risks and establishing clear executive ownership in each case. In addition, processes have been put in place to facilitate effective oversight by establishing risk appetite statements, key risk indicators, treatment action plans, dashboards and review cadence for risks identified as material. The key risks have been, and continue to be, embedded in the business and strategy discussions at the Board and/or Committee meetings. To this end, the senior leadership of the Company conducts, annually, a comprehensive assessment of the Company's effectiveness in managing existing/known risks, and also an identification and discussion of emerging risks (such as cyber-security, information protection and privacy).

In addition, the senior leadership of the Company fosters a strong risk management culture across the entire organization through the development and maintenance of business continuity and crisis management plans as key enablers to effectively respond to unforeseen events.

As part of effective governance, senior management reviews and discusses operational performance and risks with the Audit Committee and the Board at the quarterly Audit Committee and Board meetings. The Board continues to provide ongoing oversight, directly and through its Committees, over large investments and initiatives.

See the Company's fiscal 2020 Management's Discussion and Analysis for a broader discussion of the Company's risk management and mitigation.

Section 5.

Board of Directors' Compensation

Director Compensation Philosophy and Process

The philosophy of the Company's director compensation program is to provide compensation to attract and retain qualified directors to serve on the Board and to align their interests with the interests of shareholders. The Company's approach is designed to encourage directors to make decisions and take actions that will create long-term sustainable growth and result in long-term shareholder value creation.

To accomplish continued growth and expansion of the business, while discouraging excessive risk-taking, the director compensation program has been designed, under the direction of the Corporate Governance Committee, based on the following principles:

- Provide directors with compensation that is market competitive;
- Attract and retain leadership talent required to drive results;
- Align directors' interest with those of our shareholders;
- Reflect high standards of good governance; and
- Be easily understood by our shareholders.

While directors of the Company are automatically appointed directors of the Company's wholly-owned subsidiary, Sobeys, they receive no additional compensation for so serving. The companies are treated as one for all practical purposes.

Director Compensation Review

The Corporate Governance Committee annually reviews the current director compensation and recommends adjustments to the Board, which in turn recommends director compensation to shareholders for approval at the Meeting. The comparator group previously used for director compensation is listed below.

COMPARATOR GROUP	
Alimentation Couche-Tard Inc.	Hudson's Bay Company
Canadian Tire Corporation Limited	Loblaw Companies Limited
Dollarama Inc.	Metro Inc.
George Weston Limited	Saputo Inc.

In fiscal 2021, the committee will replace Hudson's Bay Company with Lululemon Athletica Inc. in the comparator group as a result of the privatization of Hudson's Bay Company in early 2020.

The director compensation package currently consists of an all-inclusive fixed fee compensation structure payable in cash and/or equity-based awards in the form of DSUs. Following its 2020 review of director compensation, the Corporate Governance Committee recommended no further change to the director compensation arrangements that were initially approved by shareholders at the Meeting in September 2019 and went into effect on November 3, 2019. In place of receiving annual Board and committee retainers and meeting fees, directors (other than the Board Chair) who are members of one committee receive an all-inclusive fee of $220,000 and directors who are members of two or more committees receive an all-inclusive fee of $225,000. Directors who serve as committee chair are paid additional retainers. The Board Chair receives an all-inclusive fee of $450,000.

Directors' Fees

During fiscal 2020, directors of the Company who were not employees of the Company or its subsidiaries received the following compensation for participating as a member of the Board and its Committees.

DIRECTORS' FEES[1]	2020	2019
Board Chair's Retainer[2]	$ 450,000	$ 400,000
Directors' Retainer		$ 100,000
Directors' All-Inclusive Retainer		
• Members of one committee	$ 220,000	
• Members of two committees	$ 225,000	
Committee Chairs' Additional Retainer		
• Audit	$ 30,000	$ 30,000
• Human Resources	$ 25,000	$ 25,000
• Corporate Governance/Nominating[3]	$ 15,000	$ 15,000
Committee Members' Retainer		
• Audit		$ 5,000
• Human Resources		$ 5,000
• Corporate Governance/Nominating[3]		$ 4,000
Meeting Fee		
• Board		$ 2,000
• Committee[3]		$ 2,000
• Telephone (Board or Committee)		$ 1,500

Notes:

1) The 2020 fees were approved at the Annual General Meeting in September 2019, and are applicable as of November 3,2019. Any meetings occurring after May 4, 2019 (Empire's fiscal year-end) but prior to November 3, 2019 were paid using the fiscal 2019 approved fees as listed above. Directors who are not residents of Canada are paid their director fees in USD. For example, for such directors their Directors' All-Inclusive Retainer for a member of one committee in fiscal 2020 was $220,000 in USD.
2) The Board Chair does not receive meeting fees.
3) Committee members who served on both the Corporate Governance and Nominating Committees are paid one retainer covering both committees. In fiscal 2019, one meeting fee was paid for the regular quarterly meetings of the committees, and separate meeting fees were paid for any additional meetings of either committee.

Directors' Deferred Stock Unit Plan

Since fiscal 2001, the Company has maintained the Directors' Deferred Stock Unit Plan ("**DSUP**") for its directors who are residents of Canada. Directors who are residents of the United States were added in March 2008 and effective January 1, 2011, the Company had a DSUP available to all directors regardless of place of residence. Under the DSUP, directors may elect to receive all or any portion of their fees in DSUs in lieu of cash. A DSU is a bookkeeping entry equivalent in value to a Non-Voting Class A share. The number of DSUs received is determined by the market value of a Non-Voting Class A share on the quarterly directors' fee payment date. Additional DSUs are received as dividend equivalents. DSUs cannot be redeemed for cash until the holder is no longer a director of the Company. The redemption value of a DSU equals the market value of a Non-Voting Class A share at the time of redemption, in accordance with the DSUP. On a quarterly basis, the Company values its DSU obligation at the current market value of a share and records any increase in the DSU obligation as an operating expense.

Directors' Share Ownership Requirement

In order to align the interest of directors with those of the Company's shareholders, the Board has determined that share ownership (any combination of Non-Voting Class A shares, Class B common shares and DSUs) of at least $580,000 is appropriate for the directors of the Company, with the exception of the CEO for whom a different requirement has been set by the Board (for further information on the share ownership guidelines applicable to the NEOs of the Company see the section of this Circular entitled "Compensation and Risk – Share Ownership"). The Board has established a requirement that all directors must take a minimum of 50 percent of their total fees in DSUs until this threshold is achieved and at any time their ownership declines below the threshold. Given the requirement for directors to take a certain percentage of their total fees in DSUs until their share ownership threshold is met, the Board does not believe it is necessary to require directors to purchase shares on the open market. All directors are expected to achieve their thresholds within five years of starting their Board service. After the threshold is met, directors are recommended to take a minimum of 25 percent of their total fees in DSUs.

Compensation Paid in Fiscal 2020

The following table details the remuneration paid to the directors during the fiscal year ended May 2, 2020. In accordance with Company policy, directors who are employees of the Company are not entitled to receive remuneration for their services as directors.

REMUNERATION OF EMPIRE DIRECTORS[1]

Director	Board Retainer[2]	Committee Retainer[2]	All-Inclusive Retainer[3]	Board Meeting Fees[2]	Committee Meeting Fees[2]	Total	% of Total Fees Allocated to DSUs
Cynthia Devine	$ 50,000	$ 17,000	$ 127,500	$ 3,500	$ 12,000	$ 210,000	100%
James M. Dickson	200,000	–	225,000	–	–	425,000	25%
Sharon Driscoll	50,000	2,500	110,000	4,000	8,000	174,500	100%
Gregory Josefowicz[4]	50,000	2,500	110,000	4,000	11,000	177,500	100%
Sue Lee	50,000	2,500	110,000	4,000	11,000	177,500	100%
William Linton	50,000	14,500	125,000	4,000	15,000	208,500	100%
Martine Reardon[4]	50,000	4,500	112,500	4,000	12,000	183,000	100%
Frank C. Sobey	50,000	2,000	110,000	4,000	8,000	174,000	100%
John R. Sobey	50,000	2,500	110,000	4,000	8,000	174,500	0%
Karl R. Sobey	50,000	2,500	110,000	4,000	11,000	177,500	0%
Paul D. Sobey	50,000	2,000	110,000	4,000	8,000	174,000	0%
Rob G.C. Sobey	50,000	4,500	112,500	4,000	15,000	186,000	25%
Martine Turcotte	50,000	10,000	120,000	4,000	12,000	196,000	100%

Notes:

1) Remuneration refers to the compensation paid to the directors during the fiscal year ended May 2, 2020, paid either in cash or DSUs.
2) From May 4, 2019 to November 3, 2019, director remuneration was based on fiscal 2019 approved fees.
3) Following November 3, 2019, director remuneration was based on the All-Inclusive Directors' Retainer.
4) Directors who are not residents of Canada are paid their director fees in USD. For example, for such directors their All-Inclusive Directors' Retainer in fiscal 2020 was $220,000 in USD. For fiscal 2020, using an average exchange rate of $1.3363, Mr. Josefowicz and Ms. Reardon's total remuneration in CAD was $233,184 and $244,543, respectively.

Compensation paid to Michael Medline in his capacity as an NEO of the Company is disclosed in the section of this Circular entitled "Compensation of Named Executive Officers".

Section 6.

Board Committee Reports

Audit Committee Report

Members as of May 2, 2020:

Cynthia Devine (Chair)

Sharon Driscoll

Martine Reardon

John R. Sobey

Martine Turcotte

The Audit Committee mandate is available on the Company's website at www.empireco.ca in the Governance section. All members of the Audit Committee are financially literate and independent. Additional information about the Audit Committee can be found in the Empire Annual Information Form for the fiscal year ending May 2, 2020. The Audit Committee met four times during fiscal 2020.

The Audit Committee is responsible to the Board for the policies and practices relating to the integrity of financial and regulatory reporting as well as internal controls to achieve the objectives of safeguarding corporate assets, reliability of information and compliance with policies and laws. The Audit Committee is also responsible for ensuring that the principal risks of the business are identified and appropriate risk management techniques are in place.

In fiscal 2020, in accordance with its mandate, the Audit Committee undertook the following:

Financial Management and Reporting:

- Reviewed and recommended to the Board approval of the Company's interim and annual financial statements, Management's Discussion and Analysis, dividend payments and quarterly financial and material news releases;
- Reviewed the financially related disclosures contained in the Annual Report and Annual Information Form;
- Reviewed the corporate disclosure policy and disclosure committee mandate;
- Monitored the disclosure controls and procedures and the design of internal controls on financial reporting;
- Ensured the effective operation of a system for the appropriate receipt and review of any complaints regarding accounting, internal accounting controls, or auditing matters, including the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- Reviewed the status and adequacy of the Company's efforts to ensure its businesses are conducted and its facilities are operated in an ethical and legally compliant way, and recommended to the Board, for approval, policy changes and program initiatives considered advisable.

External Auditor:

- Ensured that the external auditor is in good standing with the Canadian Public Accountability Board and that the lead partner and other partners fulfil the rotation requirements;
- Reviewed and confirmed that the relationship between the external auditor and Company management is independent;
- Reviewed the annual audit plan from the external auditor;
- Recommended to the Board the external auditor to be nominated for appointment;
- Recommended to the Board the compensation of the external auditor;
- Pre-approved all non-audit services by the Company's external auditor where appropriate;
- Reviewed, with the external auditor and management, all major accounting policies and practices adopted or proposed, significant risks and uncertainties, and key estimates and judgments; and
- Reviewed the quarterly and annual audit reports with the external auditor.

The Audit Committee monitors and reviews the independence of the auditor on an ongoing basis. The Audit Committee has reviewed the independence and performance of PricewaterhouseCoopers LLP following the completion of their fifth year as external auditor of the Company. Based on this review it has recommended to the Board that they be reappointed. A policy that requires the pre-approval of engagements for services of the external auditor has been implemented and, during the pre-approval process, it is considered whether the nature and extent of these services is compatible with maintaining the independence of the external auditor. It has been concluded that the independence of PricewaterhouseCoopers LLP has not been compromised by the services provided.

Internal Audit:

- Reviewed and approved the Internal Audit Charter and the Annual Plan;
- Reviewed quarterly reports from, and met *in camera* with, the Vice President, Internal Audit; and
- Ensured that the Internal Audit function is independent of management and has sufficient resources to carry out its mandate.

Risk Management:

- Reviewed the governance of significant business process change and information technology projects;
- Reviewed the adequacy and quality of the insurance coverage maintained by the Company;
- Reviewed quarterly Enterprise Risk Management reports and reviewed the Enterprise Risk Management framework for the Company and assessed the adequacy and completeness of the process for identifying and assessing the key risks facing the Company. For more information on risk management, please see the section entitled "Risk Management" of this Circular;
- Reviewed quarterly Environmental and Litigation Reports;
- Received quarterly Food Safety, Pharmacy, Information Technology and Security Reports; and
- Reviewed the status of compliance with laws and regulations and the scope and status of systems designed to ensure compliance therewith, and received reports from management, legal counsel and other third parties as determined by the Audit Committee on such matters.

Administration:

- Completed the annual Audit Committee self-assessment survey and reviewed the Audit Committee's financial literacy and independence; and
- Reviewed its mandate and recommended any changes to the Corporate Governance Committee.

This report is submitted by the members of the Audit Committee:

Cynthia Devine (Chair), Sharon Driscoll, Martine Reardon, John R. Sobey and Martine Turcotte

Corporate Governance Committee Report

Members as of May 2, 2020:

Martine Turcotte (Chair)

Cynthia Devine

William Linton

Martine Reardon

Frank C. Sobey

Paul D. Sobey

Rob G.C. Sobey

The Corporate Governance Committee mandate is available on the Company's website at www.empireco.ca in the Governance section. The Corporate Governance Committee is responsible for overseeing and advising the Board on all matters relating to corporate governance.

In fiscal 2020, in accordance with its mandate, the Corporate Governance Committee undertook the following:

- Received and discussed governance regulatory and best practice updates together with the evaluations of the Company's corporate governance published by various external parties;
- Conducted and reported on the annual Board assessment consisting of a confidential survey and individual interviews with all directors;
- Reviewed the current size of the Board and determined that it is appropriate at this time;
- Recommended to the Board the structure and composition of the Board's committees;
- Reviewed and approved a principled statement on the periodic rotation of committee chairs and members;
- Considered the issue of term limits and commenced development of a proposal that includes an age component and a tenure component and provides the Board with overriding discretion;
- Following a market review of director compensation that commenced in fiscal 2019, recommended to the Board changes to the annual compensation for directors including an all-inclusive fixed fee compensation structure for directors and changes to share ownership guidelines;
- Reviewed and advised the Board on the independence status of all directors;
- Reviewed and recommended the Management Information Circular to the Board for approval;
- Reviewed, and as necessary recommended revisions to, the mandate of the Board and committees, and the position descriptions for the Board Chair and committee chairs;
- Recommended the appointment of officers for the Company;
- Reviewed the governance of the Company's investment in Crombie REIT and the Company appointees serving as Crombie REIT trustees;
- Reviewed the corporate security function structure;
- Reviewed the expenses incurred by the CEO during the fiscal year, as well as corporate aircraft usage and related costs and charges;
- Received updates on the Company's Corporate Social Responsibility Strategy and Sustainability initiatives; and
- Reviewed the Corporate Governance Committee work plan.

This report is submitted by the members of the Corporate Governance Committee:

Martine Turcotte (Chair), Cynthia Devine, William Linton, Martine Reardon, Frank C. Sobey, Paul D. Sobey and Rob G.C. Sobey

Nominating Committee Report

Members as of May 2, 2020:


Martine Turcotte (Chair)


Cynthia Devine


William Linton


Martine Reardon

The Nominating Committee mandate is available on the Company's website at www.empireco.ca in the Governance section. All members of the Nominating Committee are independent directors. The Nominating Committee is responsible for fulfilling the Board's responsibilities relating to the composition of the Board and recruiting new directors.

In fiscal 2020, in accordance with its mandate, the Nominating Committee undertook the following:

- Reviewed the director skills matrix, and compared it to the Company's peers, to ensure alignment with evolving business priorities and determined that the mix of skills of the current directors is appropriate at this time;
- Reviewed the current composition of the Board, including the experience and tenure of the members, and determined that it is appropriate at this time;
- Discussed the need to weigh Board renewal against the benefits of continuity and experience, and commenced a process to identify potential director candidates to supplement the Board or fill vacancies in the future;
- Monitored and discussed regulatory and other developments concerning board composition and diversity; and
- Reviewed the Nominating Committee work plan.

This report is submitted by the members of the Nominating Committee:

Martine Turcotte (Chair), Cynthia Devine, William Linton and Martine Reardon

Human Resources Committee Report

Members as of May 2, 2020:





William Linton (Chair) | Gregory Josefowicz | Sue Lee | Karl R. Sobey | Rob G.C. Sobey

The Human Resources Committee mandate is available on the Company's website at www.empireco.ca in the Governance section.

In accordance with the mandate, the majority of the members of the Human Resources Committee are independent.

The Human Resources Committee assists the Board in its oversight role with respect to:

- The Company's human resources strategy, policies and programs (inclusive of occupational health and safety); and
- Strategic matters relating to the proper utilization of human resources within the Company, with special focus on management succession, development and compensation (inclusive of compensation risk).

In fiscal 2020, the Human Resources Committee, in accordance with its mandate, undertook the following:

- Reviewed and recommended for Board approval overall Company policies in respect of senior and executive management's compensation;
- Provided advice to the executive management of the Company in relation to the terms and conditions of employment for senior and executive management, which are designed to achieve the growth and profitability objectives of the Company and secure such key employees' long-term organizational commitment;
- Established short-term objectives and monitored the progress against these objectives. In consultation with the CEO set long-term goals and expectations;
- Recommended to the Board the appropriate annual compensation for the CEO having regard to performance and other relevant factors;
- In recognition of the CEO's significant contributions and to ensure that the Company benefits from his strong leadership for years to come, recommended to the Board that the Company enter into the June 2019 CEO Retention Agreement with the CEO. The June 2019 CEO Retention Agreement is described on page 60 of this Circular;
- Reviewed and monitored senior leadership succession plans that addresses both planned and unforeseen succession circumstances;
- Through quarterly management updates monitored, reviewed and provided guidance in respect of the Company's people development initiatives including talent management and development programs, processes and execution; succession management process, tools and execution; employment diversity; performance management process, tools and execution; and labour relations strategy and execution;
- Reviewed recommendations of management related to annual salary increases and incentive payments;
- Oversaw the Company's participation in Sobeys or other registered and non-registered pension plans and deferred profit sharing plan governance as more particularly outlined in pension and deferred profit sharing plan governance structure mandates, as approved by the Board from time to time;
- Reviewed the investment performance, regulatory compliance, and plan administration of the Company's pension plans, and recommended to the Board a revised group of fund managers as well as a new asset mix from which plan members may select;
- Fulfilled the Board's overall responsibility for occupational health and safety, inclusive of the responsibility of ensuring the Company has integrated the promotion of a safe and healthy work environment into its ongoing business planning and operations;
- Reviewed and approved an updated, simplified and modernized Code of Business Conduct and Ethics;
- Reviewed and approved executive compensation disclosure contained in the Company's Circular or as otherwise required by applicable securities laws, including the Compensation Discussion and Analysis; and
- Reviewed the comparator group for executive compensation along with other survey data from broader industry samples in assessing the competitiveness of the Company's executive compensation.

This report is submitted by the members of the Human Resources Committee:

William Linton (Chair), Gregory Josefowicz, Sue Lee, Karl R. Sobey and Rob G.C. Sobey

Section 7.

Statement of Executive Compensation

LETTER TO SHAREHOLDERS

Focus on Priorities

This has been a fiscal year like none in recent memory. We have learned many lessons, but one of the key takeaways has been the importance of leadership during times of crisis. Ensuring the Company has an excellent team of senior executives is one of the HR Committee's top priorities.

We could not have predicted how impactful our focus on talent would be until we witnessed our company's emergency response to the COVID-19 pandemic outbreak. Our leaders and employees at all levels went beyond the normal call of duty and we are so proud of how well they served Canadians this year.

CEO Retention Agreement

Last year, we entered into a retention agreement with our President & Chief Executive Officer, Michael Medline, to ensure we continued to benefit from his outstanding leadership for years to come. This decision was made after considering the following:

1. We have a high performing CEO and the Board believes we have the right leader to deploy our strategic plan for the long-term benefit of all stakeholders, including our employees, shareholders, business partners and communities;
2. Our CEO's total compensation is within market norms, but nevertheless below the 50th percentile (median) of our peer group; and
3. The Board is comfortable closing the pay gap with market median using an incentive vehicle totally aligned with our shareholders' interest that provides our CEO with a significant incentive to remain with the Company for several years and retire leaving the Company with a legacy of considerably improved recurring profitability.

Working with our independent advisor, the HR Committee concluded that the best approach to achieve such objectives of retention, performance improvement and competitiveness was to award our CEO a one-time stock option grant as follows:

- 500,000 time-based stock options vesting in full after six years, our CEO's potential retirement date;
- 250,000 performance-based stock options vesting only if our stock price reaches an average $46.33 or more for thirty days within the next six years; and
- 250,000 performance-based stock options vesting only if our stock price reaches an average of $59.33 or more for thirty days within the next six years.

The estimated grant-date value of this arrangement is $6,900,000 as you can see in the summary compensation table, or $1,150,000 per year if annualized over six years. This additional $1,150,000 per year closes the total compensation gap with the 50th percentile of our peer group in a very performance-contingent way.

Profit Sharing Plan

Fiscal 2020 ended on a very positive note financially. Taking into account our fiscal benefits of Project Sunrise and the impact of COVID-19 on results in the last few months, we concluded the year exceeding all budgeted financial goals.

Whereas all our employees responded to the COVID-19 challenge impressively, it was our frontline employees who really served the needs of our customers. As such, we provided them with a Hero Pay bonus for 8 weeks in fiscal 2020 and 14 weeks in total from March 8 to June 13, a very well-deserved and well-named special program.

As well, because it was the right thing to do for shareholders, our senior management recommended that annual Profit Sharing Plan (PSP) awards be capped at target for our NEOs, despite a formula which calculated awards far above target. The HR Committee concurred with this recommendation and the Board approved PSP award payments at target for our NEOs, including our CEO.

Fiscal 2021 Outlook

The Committee and the Board are very proud of our leadership team and our talent pipeline. We believe that shareholders can currently count on an outstanding team of executives and that agreements in place will retain our core group of leaders through the deployment of our ambitious strategic roadmap.

The Committee does not anticipate major changes to our compensation program or significant target total NEO compensation increases for fiscal 2021. However, with a fiscal year starting while the COVID-19 pandemic continues, incentive plan goal setting is much more challenging than usual, and the HR Committee recognizes that it may have to make discretionary pay decisions during fiscal 2021. Under any circumstances, the HR Committee will continue to make decisions and recommendations to the Board that are aligned with the long-term interest of shareholders and other stakeholders.

Conclusion

We believe in our approach to executive compensation, on which you are invited to vote. Our compensation-related decisions adhere to our guiding principles and, as such, achieve the right balance between earning the loyalty of talented and qualified executives, tying compensation closely to performance, promoting sound risk taking and aligning the interests of senior leaders with those of shareholders.

signed “William Linton”

William Linton
Chair of the Human Resources Committee

signed “James M. Dickson”

James M. Dickson
Chair of the Board

INTRODUCTION

This Statement of Executive Compensation is intended to provide Empire's shareholders with a description of the processes and decisions involved in the design, oversight and payout of its compensation programs for the NEOs for the 2020 fiscal year. For the fiscal year ended May 2, 2020, the NEOs were:

- Michael Medline, President & CEO
- Michael Vels, Chief Financial Officer
- Pierre St-Laurent, Executive Vice President & Chief Operating Officer, Full Service
- Simon Gagné, Executive Vice President, Human Resources
- Vivek Sood, Executive Vice President, Related Businesses

Role, Composition and Experience of the Human Resources Committee

The Board has delegated to the HR Committee responsibility for recommending to the Board for approval and implementing compensation policy for Empire and Sobeys executives. For the fiscal 2020 compensation decisions, the HR Committee consisted of the following directors: William Linton (Chair), Gregory Josefowicz, Sue Lee, Karl R. Sobey and Rob G.C. Sobey. All of the members of the HR Committee are independent within the meaning of applicable securities laws governing the disclosure of corporate governance practices and have gained relevant experience in human resources and compensation matters as described below.

Director	CEO/Senior Executive	Governance	HR/Employee Engagement	Change Management/ Transformation
William Linton	✓	✓	✓	✓
Gregory Josefowicz	✓	✓	✓	
Sue Lee	✓	✓	✓	✓
Karl R. Sobey	✓	✓		
Rob G.C. Sobey	✓	✓	✓	

William Linton has served as a director of the Company and Sobeys since 2015. He has been a member and Chair of the HR Committee since September 2016. Prior to that, he served as a member of the Audit Committee. His financial expertise, coupled with more than 30 years of business experience in senior executive roles, enable him to make a particular contribution in the discussion of risk in the executive compensation context. Mr. Linton serves as a director of Deveron UAS Corp. and TMX Group Limited as well as a number of private companies.

Gregory Josefowicz has served as a director of the Company and Sobeys since 2016. He has been a member of the HR Committee since September 2016. He has close to 40 years of retail business experience, 25 of which were at the senior executive and board level, so has had broad exposure to executive compensation approaches and programs in a range of companies. Mr. Josefowicz serves as Chairman of KeHE Distributors, LLC and as a director of United States Cellular Corporation.

Sue Lee has served as a director of the Company and Sobeys since 2014. She has been a member of the HR Committee since she joined the Board. In 2012, she retired from her role as Senior Vice President, Human Resources and Communications at Suncor Energy Inc. ("**Suncor**"). During her 16 years with Suncor, her responsibilities included executive compensation and succession planning, governance, merger integration strategy and stakeholder and government relations. Prior to joining Suncor, Ms. Lee had a 14-year career in human resources at TransAlta Corporation. She is a director and member of the compensation committee at Waste Connections Inc.

Karl R. Sobey has served as a director of the Company since 2001 and of Sobeys since 2007. Mr. Sobey was President of the Atlantic Division of Sobeys, with responsibility for all operations and employees in the division, until his retirement in 2001 after 27 years with Sobeys. Mr. Sobey graduated from the Advanced Management Program at the Richard Ivey School of Business, University of Western Ontario.

Rob G.C. Sobey has served as a director of the Company since 1998 and of Sobeys since 2007. Mr. Sobey was the President & Chief Executive Officer of Lawton's Drug Stores Limited from 2006 until his retirement in 2014 after 25 years with Sobeys. He chaired the Human Resources and Compensation Committee of DHX Media Ltd. for 8 years and gained human resources and compensation experience on the post-secondary and governmental agency sectors, including chairing the Art Gallery of Nova Scotia and the Nova Scotia Community College. Mr. Sobey is a director of SeaFort Capital and the Institute of Corporate Directors.

The HR Committee's mandate covers the development and ongoing review of executive compensation programs that reinforce the achievement of the Company's objectives including the establishment of annual base salary levels, the determination of annual Profit Sharing Plan ("**PSP**") awards, the determination of awards under the Company's LTIP, which includes PSUs/DSUs and Stock Options, and the oversight of succession planning. The Committee held six meetings in fiscal 2020 and provided regular reports to the Board on its activities and on the policies and practices implemented by the Company's Human Resources department. Further information on the HR Committee is set out in the section of this Circular entitled "Approach to Corporate Governance – Board Committees".

Succession Planning

Succession planning is critical to the Company's long-term sustainable growth. The HR Committee is responsible for monitoring, reviewing and providing guidance in respect of succession planning for executives. This includes preparing for planned and unplanned executive transitions arising from business transformations, employee movements, retirements, and voluntary and involuntary exits, as well as the development of special executive development and compensation arrangements. The Committee oversees a structured succession planning and assessment process for key senior executive roles that involves identifying and categorizing the degree of readiness of internal candidates to succeed each senior executive, and the overall succession health for each role.

Each year, succession plans are reviewed and updated for leadership positions at the vice president level and above, and select positions beyond the vice president level. Internal candidates are identified as successors for one or more identified positions, and the development actions required to increase readiness. Talent forums are held to ensure a broader view of talent and readiness, and to incorporate cross-functional perspective.

Succession action plans will include actions to accelerate the development of key talent internally, broaden diversity, or address gaps in succession for a particular role which can include sourcing of talent. Specified development objectives and associated actions are established for internal successors, including new experiences or assignments, external advisors to evaluate or coach, internal sponsorship, or orchestrated talent movement to broaden their leadership. A standard set of succession metrics are used to evaluate succession plans, including depth and breadth of succession, diversity of talent, progress of talent development and readiness, and retention. Best-in-class talent practices and technologies have been introduced to help retain talent and strengthen the succession pipeline. Succession scenarios with risk assessments are in place to address potential gaps. The Board regularly receives briefings on succession plans for key executives.

Compensation Philosophy and Process

The philosophy of the Company's executive compensation program is to provide compensation to attract, motivate and retain a highly skilled executive team and directly align their compensation to the attainment of both corporate and personal performance objectives. The Company's approach is to encourage management to make decisions and take actions that will create long-term sustainable growth and result in long-term shareholder value creation.

To accomplish continued growth and expansion of the business, while discouraging excessive risk-taking, the executive compensation program has been designed, under the direction of the HR Committee, based on the following principles:

- Provide executives with compensation that is market competitive;
- Attract and retain leadership talent required to drive results;
- Reflect a pay for performance philosophy;
- Align executives' interest with those of our shareholders;
- Reflect high standards of good governance; and
- Be easily understood by our shareholders.

The HR Committee has determined that the principles to compensate executive management should be identical to those applicable to all senior management, except that:

- Executives should have a greater portion of their compensation at risk than other employees;
- Executives' compensation should consider longer-term results of the Company;
- A meaningful portion of executives' compensation should be based on the results of the entire organization; and
- A significant portion of executives' compensation should mirror the experience of the Company's shareholders.

The Company has an established protocol for the HR Committee to review executive compensation annually, which is outlined below:

At the beginning of the performance year

↓ Establishes base salaries for the year

↓ Confirms the pay mix for the CEO and the executive officers

↓ Finalizes targets for incentive programs

↓ Approves LTIP awards through PSUs, DSUs and Stock Options

At the end of the performance year

↓ Assesses Company performance to determine if targets were met

↓ Makes decisions with respect to the Company's PSP and LTIP awards

All components of the compensation of the CEO and NEOs are subject to the approval of the Board.

Compensation and Risk

The HR Committee is actively involved in the risk oversight of the Company's compensation policy and practices and is satisfied that there are no inherent risks that would be likely to have a material adverse effect on the Company.

In keeping with the above-noted compensation principles, and as described in more detail in the section of this Circular entitled "Components of Executive Compensation", the Company's executive compensation is weighted towards at-risk compensation of medium-term and long-term results, thereby reducing the incentive for management to take undue risks. This is intended to solidify the alignment between executive compensation and shareholder interests. This conservative approach has served the Company well over the long term.

The Board believes that the following policies further mitigate risk associated with the executive compensation program:

Reimbursement of Incentive and Equity-Based Compensation (Clawback Policy)

The Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that it is in the Company's best interest to do so, require reimbursement under certain circumstances of all or a portion of incentive compensation received by certain designated executives including the CEO and CFO. Specifically, the Board may seek reimbursement of full or partial compensation from an executive or former executive in situations where: (i) the amount of incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of the Company's financial statements, and the incentive compensation payment received would have been lower had the financial results been properly reported; (ii) the executive or former executive engaged in fraud, theft, embezzlement or similar activities related to the finances of the Company; (iii) the executive or former executive has violated the Code of Business Conduct and Ethics in a material way; or (iv) the executive or former executive has engaged in serious misconduct resulting in damage to the Company's financial situation or reputation.

Hedging Policy

All insiders, officers and others who are routinely in possession of undisclosed material information ("**Restricted Person(s)**") are prohibited from entering into transactions that have the effect of hedging the economic value of any direct or indirect interests of the Restricted Person in the Non-Voting Class A shares of the Company or any other security of the Company or its subsidiaries. This restriction on hedging prohibits: (i) short selling of any security of Empire or any of its subsidiaries; (ii) selling a call or buying a put on any security of Empire or any of its subsidiaries; or (iii) entering into a monetization transaction or other hedging procedure designed to mitigate or offset a decrease in the market value of any security of Empire or any of its subsidiaries.

Share Ownership

The Board, on the recommendation of the HR Committee, introduced share ownership guidelines for the NEOs that became effective in fiscal 2015.

Executive share ownership aligns the interest of our executives (including our NEOs) with that of our shareholders. The Company's share ownership guidelines are tied to the executives' participation in the LTIP, which is designed to allow participants to achieve their respective share ownership requirements (a combination of Non-Voting Class A shares and vested DSUs) within five years, assuming target performance. PSUs and Stock Options are not taken into account for purposes of determining share ownership.

It is the policy of Empire that the CEO must retain, until one year following resignation or retirement, all Non-Voting Class A shares acquired through Company programs or with direct Company financial assistance except to the extent that, at the time of resignation or retirement, the CEO's ownership level exceeds three times salary. The CEO is free to dispose of any equity in excess of this threshold.

The share ownership guidelines are based on the participant's position as noted in the table below.

Position	Share Ownership Level
CEO	3 times salary
Executives with LTIP target of 150% of salary	2 times salary
All other participants	0.5 times salary

The following table sets forth the equity ownership for the NEOs who were employed by the Company as of May 2, 2020.

EQUITY OWNERSHIP[1]

Name	Non-Voting Class A Shares (#)	Non-Voting Class A Shares ($)	Vested DSUs[2] (#)	Vested DSUs[2] ($)	Total Equity Ownership ($)	Total Value as a Multiple of Base Salary[3]
Michael Medline	80,635	$2,500,491	109,628	$3,399,564	$5,900,056	5.24
Michael Vels	79,767	2,473,575	56,498	1,752,003	4,225,578	6.04
Pierre St-Laurent	1,456	45,151	26,303	815,656	860,807	1.32
Simon Gagné	14,043	435,473	44,824	1,389,992	1,825,466	3.44
Vivek Sood	1,707	52,934	25,739	798,166	851,100	2.27

Notes:

1) Securities held are reported as at May 2, 2020. Share value is calculated using the closing Non-Voting Class A share price on May 1, 2020 of $31.01.
2) Additional information on the value of DSUs can be found in the section of this Circular entitled “Incentive Plan Awards”.
3) Mr. St-Laurent was promoted to Executive Vice President, Merchandising and Quebec in fiscal 2019 and his multiple of base salary required was adjusted. He is expected to exceed his Share Ownership Guidelines within the expected 5-year time frame as his LTIP grants vest and mature over the next few years.

Advisor to the Human Resources Committee

When deemed appropriate, the HR Committee may retain the services of an external executive compensation consultant to provide independent advice and information on:

- The Company’s compensation practices and program design;
- Appropriate total compensation levels based on competitive practice and benchmark analysis;
- Updates on ongoing trends in executive compensation design and governance; and
- Any other information in support of evaluating compensation recommendations and making effective decisions pertaining to executive compensation.

In fiscal 2019, the HR Committee appointed Hexarem Inc. as its consultant for executive compensation services. In fiscal 2020, the HR Committee retained the services of Hexarem Inc. to perform executive compensation-related work including: reviewing the pay packages of some members of the executive team; completing pay-performance sensitivity analyses; benchmarking total compensation against companies in our comparator group; completing market research; reviewing the Statement of Executive Compensation section of the management information circular prepared in connection with the annual general meeting of the Company held in respect of fiscal 2019; and providing ongoing advice to the HR Committee and other Board members.

In fiscal 2019, the HR Committee retained Hugessen Consulting Inc. to review the Statement of Executive Compensation section of the management information circular prepared in connection with the annual general meeting of the Company held in respect of fiscal 2018.

While the HR Committee receives information and advice from Hexarem Inc. on matters of executive compensation, the Committee formulates its own recommendations and decisions, which may reflect considerations other than Hexarem’s information and advice.

As independent advisors, neither Hexarem Inc. nor Hugessen Consulting Inc. provided any services for the direct benefit of management.

HUMAN RESOURCES COMMITTEE CONSULTANTS’ FEES

	Hexarem Inc.		Hugessen Consulting Inc.	
	Fiscal 2020	Fiscal 2019	Fiscal 2020	Fiscal 2019
Executive Compensation-Related Fees	$ 61,294	$ 53,739	$ 0	$ 4,013

Compensation Benchmarking

From time to time, and as part of the HR Committee's deliberations in establishing total direct compensation (base salary, plus PSP, plus LTIP), a number of Canadian median competitive references are reviewed to provide context for setting and adjusting executive compensation. Historically, these have included retail companies, autonomous companies of similar size, diversified companies operating in Canada and real estate companies.

In reviewing executive compensation, the HR Committee considered the publicly disclosed executive compensation of the following group of large Canadian publicly traded companies which are considered by the HR Committee to be comparators:

COMPARATOR GROUP	
Alimentation Couche-Tard Inc.	Hudson's Bay Company
Canadian Tire Corporation Limited	Loblaw Companies Limited
Dollarama Inc.	Metro Inc.
George Weston Limited	Saputo Inc.

To provide additional context and remain aware of broader market trends, the HR Committee also generally considers survey data from broader industry samples in assessing the competitiveness of the Company's executive compensation.

In fiscal 2021, the committee will replace Hudson's Bay Company with Lululemon Athletica Inc. in the comparator group as a result of the privatization of Hudson's Bay Company in early 2020.

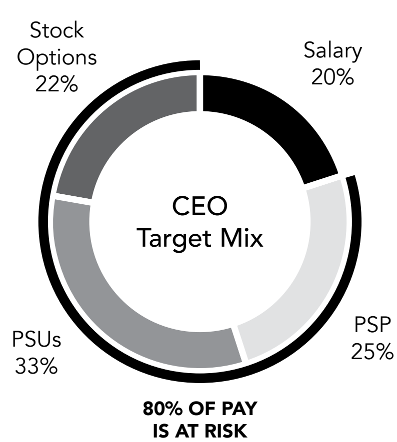
COMPENSATION DISCUSSION AND ANALYSIS

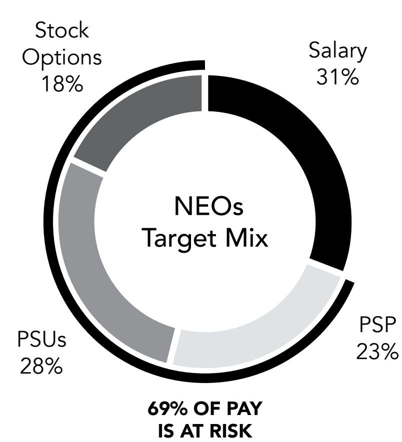
Components of Executive Compensation

The key elements of Empire's compensation program for executives, including the NEOs, are base salary, PSP and LTIP, which consists of a weighted percentage of PSUs or DSUs, and Stock Options. Benefits, perquisites and other fringe benefits are not, in aggregate, a material element of total compensation.

These elements provide, in aggregate, a total compensation package that is designed to attract and retain highly qualified individuals while also creating a strong incentive to align efforts and motivate executives to deliver Company performance that creates long-term sustainable shareholder value.

The base salary portion of executive compensation is fixed while the PSP and LTIP portions are variable. The total value of the compensation package is weighted towards the variable incentive components, thereby putting a significant portion of executive pay at risk. The pie charts below show the total target direct compensation pay mix for the CEO and the NEOs, outlining the weighting of pay mix that is at risk.





Further, the total value of the compensation package that is at risk for the CEO, as well as each NEO, is illustrated in the table below.

PERCENTAGE OF FISCAL 2020 TARGET TOTAL DIRECT COMPENSATION[1]

			LTIP					
Name	Salary	PSP	PSUs/ DSUs[2]	Stock Options[3]	% of Pay at Risk[4]	Target Total Direct Compensation	Pay not at Risk ($)	Pay at Risk ($)[4]
Michael Medline	20%	25%	33%	22%	80%	$ 5,625,000	$ 1,125,000	$ 4,500,000
Michael Vels	31%	23%	28%	18%	69%	2,275,000	700,000	1,575,000
Pierre St-Laurent	31%	23%	28%	18%	69%	2,112,500	650,000	1,462,500
Simon Gagné	31%	23%	28%	18%	69%	1,722,500	530,000	1,192,500
Vivek Sood	31%	23%	28%	18%	69%	1,218,750	375,000	843,750

Notes:
1) Total direct compensation excludes benefits, pension and perquisites.
2) The number in this column for Mr. Vels and Mr. St-Laurent does not include the special one-time issuances of PSUs described in the section of this Circular entitled "LTIP – Awards in the Most Recently Completed Fiscal Year".
3) The number in this column for Mr. Medline does not include the Stock Options issued pursuant to the Retention Grant described in the section of this Circular entitled "June 2019 CEO Retention Agreement". The number in this column for Mr. Vels does not include the special LTIP Grant of Stock Options.
4) Pay at risk represents the aggregate of the PSP and LTIP (PSUs/DSUs and Stock Options).

The table below highlights the alignment of the CEO and NEOs' fiscal 2020 pay at risk and the need to achieve specific short-term and long-term performance metrics, along with the need to materially grow shareholder wealth before the majority of the fiscal 2020 pay at risk would be earned by the CEO and NEOs.

PAY AT RISK POTENTIAL EARNINGS FISCAL 2020 SENSITIVITY[1]

Name	Pay at Risk[2]	Scenario A[3]	Scenario B[4]	Scenario C[5]	Scenario D[6]	Scenario E[7]
Michael Medline	$4,500,000	$ 773,000	$2,180,000	$3,262,000	$4,031,000	$5,064,000
Michael Vels	1,575,000	262,000	787,000	1,155,000	1,528,000	2,046,000
Pierre St-Laurent	1,462,500	244,000	731,000	1,072,000	1,315,000	1,640,000
Simon Gagné	1,192,500	199,000	596,000	874,000	1,072,000	1,337,000
Vivek Sood	843,750	141,000	422,000	619,000	758,000	946,000

Notes:
1) For Mr. Medline, this table does not include the Retention Grant described in the section of this Circular entitled "June 2019 CEO Retention Agreement". For Mr. Vels, this table does not include the special LTIP grant of Stock Options and PSUs described in the section of this Circular entitled "LTIP – Awards in the Most Recently Completed Fiscal Year". For Mr. St-Laurent, this table does not include the one-time grant of RSUs described in the section of this Circular entitled "LTIP – Awards in the Most Recently Completed Fiscal Year".
2) Pay at risk represents the aggregate of the PSP and LTIP (PSUs/DSUs and Stock Options) values.
3) Scenario A: Pay at risk earned if target PSP performance is not achieved, PSU and DSU performance is not achieved and stock price does not grow.
4) Scenario B: Pay at risk earned if target PSP performance is achieved, PSU and DSU performance is not achieved and stock price does not grow.
5) Scenario C: Pay at risk earned if target PSP performance is achieved, PSU and DSU performance is achieved and stock price does not grow.
6) Scenario D: Pay at risk earned if target PSP performance is achieved, PSU and DSU performance is achieved and stock price grows by 10%.
7) Scenario E: Pay at risk earned if target PSP performance is achieved, PSU and DSU performance is achieved and stock price grows by 25%.

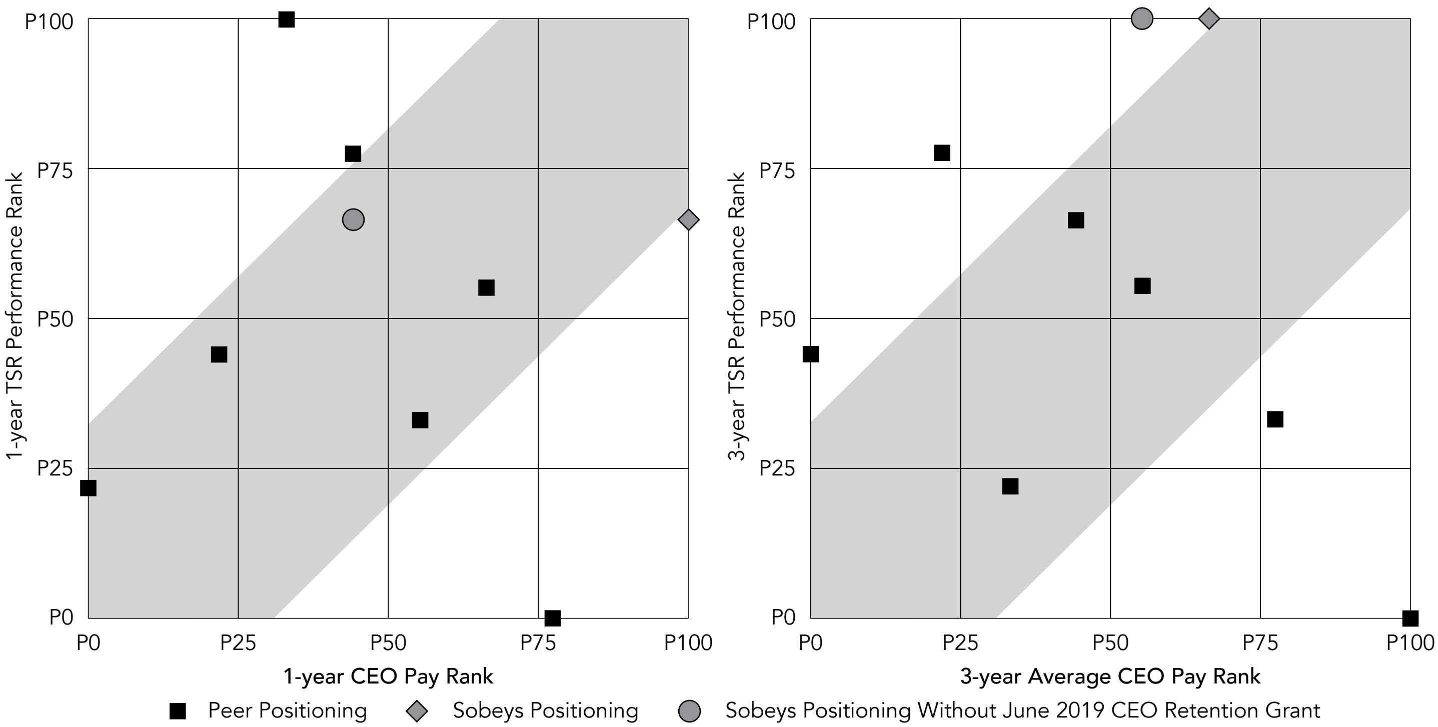
The table below illustrates the relative positioning of Sobeys' CEO and NEOs Total Direct Compensation ("**TDC**") and Total Shareholder Return ("**TSR**") performance ranking against the Company's comparator group on a one-year and three-year basis. The strong share price performance evidences the progress made on various business transformations and improvements. Please see page 50 of the Circular for the comparator group companies.

FISCAL 2020 CEO AND NEO TOTAL DIRECT COMPENSATION AND TOTAL SHAREHOLDER RETURN

	1-Year		3-Year	
	Total Direct Compensation Position (percentile)	Total Shareholder Return (percentile)	Total Direct Compensation Position (percentile)	Total Shareholder Return (percentile)
CEO without Retention Grant	< P50	P67	> P50	P100
CEO with Retention Grant	P100	P67	> P50	P100
NEOs without Retention Grant	P33	P67	P33	P100

The graphs below further illustrate the relative positioning of the CEO's TDC and TSR performance ranking against the comparator group by showing the specific positioning against the seven members of the comparator group, showing the TDC with and without the June 2019 CEO Retention Grant noted on page 60 of this Circular. Sobeys has the highest three-year TSR amongst its peers and demonstrates strong pay for performance. Relative to its disclosed peers, Sobeys' one-year positioning is just above the pay for performance alignment zone however, without the June 2019 CEO Retention Grant, Sobeys is within the zone for pay and performance alignment on TSR and CEO pay.

PAY-FOR-PERFORMANCE ANALYSIS
TOTAL SHAREHOLDER RETURN – CEO



More detail on each element and its purpose within the total executive compensation program is described in the following table and further in this Circular.

CURRENT ELEMENTS OF EXECUTIVE COMPENSATION				
Element	Form		Time Period	Objectives
Base Salary	Cash		Annual	• Reflects each executive's scope of responsibility, performance and contribution
Variable Compensation	PSP	Cash	Annual	• Rewards executives for achieving or exceeding annual performance goals
	LTIP	Performance Share Units ("**PSUs**") Deferred Stock Units ("**DSUs**")	Multi-year	• Rewards executives for achieving or exceeding three-year performance goals
		Restricted Share Units ("**RSUs**")	Multi-year	• Rewards executives for enhancing shareholder value
		Stock Options	Multi-year	• Motivates executive team to create long-term shareholder value • Retains key talent by offering competitive pay opportunities
Other Elements of Compensation				
Pension and Benefits	The purpose of the Company's pension plans is to provide periodic payments to the members of the plans during retirement and until death in respect of their service as employees. Current NEOs participate in a defined contribution plan and a defined benefit supplemental executive retirement plan ("**DB SERP**"). A defined contribution SERP is now available although the current NEOs do not participate in this plan. NEOs participate in the Company's benefit plan which offers medical, drug and dental insurance, critical illness insurance, group life and accidental death and dismemberment, short-term disability and employee-paid long-term disability insurance.			
Perquisites	Limited perquisites are provided, which include a company leased vehicle, annual medical examination, executive financial planning allowance and club membership allowance.			

BASE SALARY	***Base salary reflects executives' scope of responsibility, performance and contribution.***

Base salary is reviewed annually by the HR Committee to ensure that it continues to reflect individual performance and market conditions for Empire and Sobeys executives.

ANNUAL PROFIT SHARING PLAN	***The Annual Profit Sharing Plan is designed to reward executives for achieving or exceeding annual performance goals.***

The annual incentive awards to executives are predominately based on pre-determined performance targets for the fiscal year. Achievement of target performance results in incentive payouts at target level. If performance exceeds pre-determined performance target levels, the plan provides for enhanced payouts up to specified maximum levels. It is also possible to receive no payment under the plan.

All NEOs participate in the Company's PSP. The PSP awards are based on the attainment of Board-approved annual sales and profitability targets (i.e., "target" performance) weighted 40 percent sales and 60 percent profitability. The NEOs' PSP awards are also based on the achievement of specific goals tied to the successful implementation of the Company's strategic initiatives ("**KPIs**").

For all NEOs, 75 percent of their PSP target is based on the achievement of Empire's consolidated sales and profitability targets and 25 percent of their PSP target is based on the achievement of the KPIs. Profitability is defined as adjusted net earnings. The KPIs are established each fiscal year and are dependent on key fiscal year initiatives determined by the Board. The achievement of the KPIs is not dependent on the achievement of the sales and profitability component of the PSP award. If the non-financial KPIs are achieved, the KPI component will increase at the same ratio that the sales and profitability performance increased above target. The targets for the fiscal 2020 PSP awards are described on page 57 of this Circular.

FINANCIAL COMPONENT OF PSP

		Performance Range (as % of Target)		
Performance Metric	Weighting	Threshold	Target	Max
Empire Sales	40%	97%	100%	103%
Empire Profitability (adjusted net earnings)[1]	60%	85%	100%	115%
Payout Level (as % of Target Award)		40%	100%	200%

Note:

1) Adjusted net earnings is a non-GAAP measure and does not have a standardized meaning under GAAP. The Company measures adjusted net earnings by adjusting reported net income for specific items to provide for a more comparable year-over-year performance metric. For more information about the Company's use of non-GAAP financial measures, including how it measures adjusted net earnings, please see the "Non-GAAP Financial Measures & Financial Metrics" section of the MD&A for the fiscal year ended May 2, 2020.

Actual fiscal 2020 PSP awards are described on pages 57 and 58 of this Circular.

It is important to note that the HR Committee may exercise its discretion to increase the amount of an award beyond two times the target percentage if this is in the interest of ensuring there is an appropriate link between exceptional business performance and compensation. Conversely, the HR Committee may exercise its discretion to lower the amount of an award earned if this is in the interest of ensuring there is an appropriate link between specific business performance and compensation.

LONG-TERM INCENTIVE PROGRAM	***The primary goal of the LTIP is to motivate the Company's executives to build value for the Company by linking a significant portion of their total compensation to the achievement of long-term financial objectives.***

The Company's LTIP has been established to assist in motivating Company executives to create longer-term shareholder value by providing them with incentive awards that are linked to strong sustainable growth. All NEOs participate in the LTIP and awards are considered annually by the HR Committee. LTIP participants can be granted share units (PSUs and/or DSUs) and Stock Options, in accordance with the terms of the Empire PSU Plan, Executive Deferred Stock Unit Plan ("**EDSUP**") and Empire Long-Term Incentive Plan, respectively.

The PSU and DSU plans both state that the HR Committee has the discretion to grant any PSU or DSU award, in whole or in part, based solely upon time vesting and has the authority to determine the vesting schedule of PSUs or DSUs granted under each such award, subject to a maximum vesting period of three fiscal years. PSUs/DSUs issued strictly in time vested based units may also be referred to herein as restricted share units ("**RSUs**").

LTIP participants must elect in advance whether any share unit based awards they receive will be in the form of PSUs or DSUs. Participants can elect to receive either their entire annual share unit based awards, or only a percentage of their award in PSUs or DSUs. The performance criteria, performance period and maximum three-year vesting will be the same in either case. The principal difference is that PSUs will be paid shortly after the vesting date in the form of Empire Non-Voting Class A shares purchased on the open market, whereas DSUs will vest but be payable in cash only when the participant retires or leaves the Company. The election is required to be made by December 15 of the calendar year prior to the grant of the award.

The table below outlines the key features of the Company's LTIP which is applicable to all NEOs.

<table>
<tr><th colspan="4">LONG-TERM INCENTIVE PROGRAM</th></tr>
<tr><th>Form of Award</th><th>PSU</th><th>DSU[1]</th><th>Stock Options</th></tr>
<tr><td>Timing/Form of Payment</td><td>Paid immediately after vesting; paid in the form of Empire Non-Voting Class A shares purchased on the open market</td><td>Deferred payout until retirement; paid in cash</td><td>Paid when option is exercised; paid in the form of Empire Non-Voting Class A shares issued from treasury</td></tr>
<tr><td>Weighting of LTIP Award</td><td colspan="2">60% (35% based on performance vesting and 25% based on time vesting)</td><td>40%</td></tr>
<tr><td>Number of Units Issued</td><td colspan="2">Award size is based on base salary, LTIP target, award weighting and grant price
Formula is:
Base Salary * LTIP Target * Share Unit Weighting / Grant Price = # PSUs/DSUs Granted
Grant Price is Volume Weighted Average Price ("VWAP") of Empire Non-Voting Class A shares on the TSX for the 5 days preceding the start of the applicable performance period.
The number of units calculated are presented to the HR Committee for approval by the Board</td><td>Award size is based on base salary, LTIP target, award weighting, and grant price.
The value of an Empire Non-Voting Class A Stock Option is determined using the Black-Scholes model and this value is used to establish the Stock Option grant multiplier of four.
Formula is:
Base Salary * LTIP Target * Stock Option Weighting / (Grant Price * 4) = # Stock Options Granted
Grant Price is VWAP of Empire Non-Voting Class A shares on the TSX for the 5 days preceding the effective date of the Stock Options.
The number of Stock Options calculated are presented to the HR Committee for approval by the Board.</td></tr>
<tr><td>Performance Period</td><td colspan="2">3 years</td><td>Up to 8 years
(plan allows for up to 10 years)</td></tr>
<tr><td>Performance Metrics and Vesting Criteria</td><td colspan="2">The number of units that vest under an award is dependent on time vesting and the achievement of performance measures.
Performance Measures for Performance-Based Units:
Earnings Per Share ("EPS") and Return on Capital Employed ("ROCE") based upon adjusted net earnings.
<table>
<tr><th colspan="5">PERFORMANCE MEASURES, PERFORMANCE LEVELS AND ADJUSTMENT FACTORS</th></tr>
<tr><th></th><th></th><th colspan="2">Performance Measures</th><th>Adjustment Factor (% Vesting of Award)</th></tr>
<tr><td rowspan="4">Performance Level</td><td>Below Threshold Level</td><td rowspan="4">EPS
(50% weight)</td><td rowspan="4">ROCE
(50% weight)</td><td>Below which 0% of the Award will vest</td></tr>
<tr><td>At Threshold Level</td><td>30% of the Award will vest</td></tr>
<tr><td>At Target Level</td><td>100% of the Award will vest</td></tr>
<tr><td>At Maximum Level</td><td>200% of the Award will vest</td></tr>
</table>
Each year constitutes one-third of the performance criteria to earn an award. Performance can be achieved in a single year and is not dependent on achieving all three years' EPS and ROCE performance to earn a partial award. Target performance is earned when the average of the three-year EPS and ROCE performance equals 100% of target performance.
At the end of the three fiscal year period, the HR Committee reviews the Company's actual performance against the performance measures and determines the performance level achieved for each fiscal year.
The number of PSUs or DSUs subject to performance vesting criteria that will vest is adjusted upwards or downwards based on the actual performance against the specified ROCE and EPS performance measures, with a payout range for those PSUs/DSUs of zero times target to two times target. The EPS and ROCE above threshold level and below maximum level will be calculated via interpolation unless specifically at threshold level or target level wherein they will be deemed to be at 30% and 100% vesting, respectively. The number of time-based units awarded are then added to the performance-based units to be vested to determine the total number of units to be vested.
The total number of vested units are then subject to a Relative (Absolute) Metric where the value of PSUs/DSUs earned and paid upon vesting will be modified according to the relative three-year growth in the Non-Voting Class A shares compared to the growth in the publicly traded shares of the Company's two main grocery competitors, Loblaw Companies Limited and Metro Inc. If the growth in the Non-Voting Class A shares is higher than both Loblaw and Metro, then the PSUs/DSUs would vest at a 10% premium value. If the growth in the Non-Voting Class A shares is lower than both Loblaw and Metro, then the PSUs/DSUs would vest at a 10% reduced value. If the growth in the Non-Voting Class A shares is higher than one of either Loblaw or Metro, then neither the 10% vesting premium nor 10% vesting discount would apply.</td><td>Stock Options generally vest at the rate of 25% of the grant, at the end of each fiscal year for the first four years of the term.</td></tr>
</table>

Notes:

1) Participant must elect to take DSUs by December 15 of the year prior to the grant of the award, or will be issued PSUs. Participants are granted DSUs until share ownership guidelines are met.

In setting the performance levels for both ROCE and EPS, as well as the respective adjustment factors, the Board has the authority to set a minimum performance level at or below which the adjustment factor will be zero and no PSUs/DSUs will vest for the term. The Board also has the authority to amend or adjust the performance measures, performance levels and adjustment factors during the term of an award as it determines appropriate. The fiscal 2020 PSU and DSU performance targets are described on page 57 of this Circular.

The Board may terminate the PSU and DSU plans, provided that such termination shall not affect the rights of a participant holding PSUs or DSUs at the time of such termination without his or her consent.

Compensation Changes for Fiscal 2021

In recognition of additional responsibilities that have been assumed by the Executive Vice President, Related Businesses his annual base salary has been increased from $375,000 to $400,000 per year.

Pension and Benefits

Eligible employees of the Company participate in a defined contribution ("**DC**") pension plan that is registered under the Nova Scotia Pension Benefits Act and the Income Tax Act ("**ITA**"). Contributions to all plans are subject to the limits permitted under the ITA. Upon retirement, the employee's credits in the plans may be used to, among other things, purchase an annuity that provides pension income payable during the lifetime of the retiree and continues to a surviving spouse. If elected by the retiree, the pension income may have certain guaranteed payment periods.

The Company has several DC plans as outlined in the table below, of which the NEOs participate in the Executive Plan. Additionally, the NEOs, as well as certain other executives, participate in the defined benefit ("**DB**") supplemental executive retirement plan ("**SERP**"), also noted below.

Pension Plan	Plan Type	Plan Overview
Employee Plan	DC	Eligibility – Eligible full time and part time employees Contribution and Match – Required contribution of 2.5% of regular earnings matched 100% by the Company. Voluntary Contributions – Members can make additional unmatched contributions up to 10% of regular earnings subject to limits permitted under the ITA. Certain management-level members are eligible for a company match of the first 2% of any voluntary contribution.
Senior Management Plan	DC	Eligibility – Employees defined as Senior Management Contribution and Match – Member required contribution of $2,500 annually. Company contributes an amount equal to 6% of each member's regular earnings, subject to limits permitted under the ITA. Voluntary Contributions – Members can make additional unmatched contributions up to 10% of regular earnings subject to limits permitted under the ITA.
Executive Plan	DC	Eligibility – Employees defined as Executive including NEOs Contribution and Match – Member required contribution of $3,500 annually. Company contributes an amount equal to 12% of each member's regular earnings, subject to limits permitted under the ITA. Voluntary Contributions – Members can make additional unmatched contributions, subject to limits permitted under the ITA.
Supplemental Executive Retirement Plan	DB	Eligibility – NEOs as well as certain other executives. Under the provisions of this plan, supplementary payments will be made to these executives upon retirement if the level of payments to them under the Executive Plan does not reach certain target levels. Calculation Methodology – Target levels are determined as an annual accrual of 2% per credited year of service to a maximum of 60% of the average of the executive's annualized pensionable earnings (base salary) during the 60 months of continuous service prior to the executive's date of retirement.

Supplemental Executive Retirement Plan

The Company implemented a new defined contribution supplemental executive retirement plan ("**DC SERP**") in January 2020. This DC SERP replaces the existing DB SERP and will be the supplemental executive pension plan used when determining new supplemental executive pension plan members. Existing members of the DB SERP will continue to remain members of the DB SERP noted above. A few key attributes of the new DC SERP are:

- There are currently no members in the DC SERP;
- The annual Company DC SERP contribution will total 16 percent of an executive's base pay including contributions to their Defined Contribution Pension Plan. Incentive awards earned are not eligible for DC SERP contributions;
- The new DC SERP will have immediate vesting;
- There is no past service recognition for the new DC SERP; and
- The new DC SERP will be a funded plan.

Fiscal 2020 Compensation Decisions

Year in Review

The Company's fiscal 2020 results reflect a significant improvement over fiscal 2019. Sales and profitability were both ahead of target: sales were \$26.6 billion compared to a target of \$26.0 billion. Reported adjusted net earnings were \$596.8 million (\$2.20 per diluted share) compared to a target of \$481.0 million (\$1.77 per diluted share). The plan design excluded fuel sales from sales. As well, gains on the sale of capital assets are excluded from adjusted net earnings to determine incentive awards. Details of the Company's financial performance in fiscal 2020 can be found in the Company's fiscal 2020 Management's Discussion and Analysis.

Base Salary

Base salaries for the NEOs for fiscal 2020 were set at the beginning of the year having regard to the factors set out in the section of this Circular entitled "Components of Executive Compensation".

PSP – Awards in the Most Recently Completed Fiscal Year

The PSP award is based on the attainment of the Board-approved sales and profitability targets in addition to the attainment of certain KPIs. The KPIs for fiscal 2020 were focused on three important strategic initiatives. These initiatives were based on the achievement of specific targets for Project Sunrise cost savings, replenishment service levels as well as improvements in gross margins. As described on page 53 of this Circular, the weighting of the PSP awards for these NEOs was 75 percent financial results and 25 percent KPI achievement. Two of the KPIs were achieved which resulted in a 75 percent achievement of KPI performance based on specific plan requirements.

The table below sets out the performance metrics and fiscal 2020 actual financial performance:

FISCAL 2020 PSP PERFORMANCE

Performance Metric	Performance Range (as % of Target) Threshold	Target	Max	Fiscal 2020 Actual Financial Performance (as % of Target)	Payout as % of Target
Empire Sales	97%	100%	103%	102.6%	Calculated: 193.3%
Empire Profitability (adjusted net earnings)	85%	100%	115%	114.0%	Actually Paid: 100.0%

With the PSP component weighting of 40 percent sales and 60 percent profitability, and the actual performance at 102.6 percent of target for sales and 114.0 percent of target for profitability, the result would have been a 193.3 percent payout of the PSP target rate associated with financial performance.

However, management determined that it would not be appropriate for senior management annual incentive awards to include positive gains resulting from the COVID-19 pandemic. The Board agreed with this recommendation and therefore set the NEOs' fiscal 2020 awards at the target rate instead of paying awards based on the actual sales and profit achievements noted above. Management and the Board believed this approach was appropriate given that the Company was performing close to budget expected performance levels immediately before COVID-19 impacted the Company's financial results later in fiscal 2020.

Management also recommended, and the Board concurred that (i) it would not be appropriate for non-store management employees to receive an annual incentive award which included the positive gains resulting from the COVID-19 pandemic and (ii) store management annual incentive awards should include the positive gains from the COVID-19 impact given that such teams faced significant added accountabilities, expectations, responsibilities and challenges during the COVID-19 pandemic.

The individual PSP results for each of the NEOs are set out in the following table:

FISCAL 2020 PSP PAYOUTS										
			Weighting				Calculated Award			
Name	PSP Target (% of Base Salary)	PSP Target ($)	Financial Performance	KPI	Achievement of Target Financial Performance (%)[1]	Achievement of Target KPI Performance (%)[2]	Calculated Payout as a % of PSP Target (%)[3]	Calculated Total PSP Payout Percent (% of Base Salary)	Calculated PSP Award ($)	Actual PSP Award ($)[4]
Michael Medline	125%	$ 1,406,250	75%	25%	145%	36.2%	181.2%	226.6%	$ 2,548,784	**$ 1,406,250**
Michael Vels	75%	525,000	75%	25%	145%	36.2%	181.2%	135.9%	951,546	**525,000**
Pierre St-Laurent	75%	487,500	75%	25%	145%	36.2%	181.2%	135.9%	883,579	**487,500**
Simon Gagné	75%	397,500	75%	25%	145%	36.2%	181.2%	135.9%	720,456	**397,500**
Vivek Sood	75%	281,250	75%	25%	145%	36.2%	181.2%	135.9%	509,757	**281,250**

Note:

1) The Achievement of Target Financial Performance is calculated by multiplying the weighting of target PSP that is based on financial performance by the Fiscal 2020 Actual Financial Performance. For example, for Mr. Vels, the Achievement of Target Financial Performance is 75% multiplied by the 193.3% Calculated Payout as a % of PSP target found in the table entitled "Fiscal 2020 PSP Performance" on page 57 of this Circular.
2) The Achievement of Target KPI Performance is calculated by multiplying the weighting of target PSP that is based on KPI performance by the actual KPI achievement of 75%, described in the section of this Circular entitled "PSP – Awards in the Most Recently Completed Fiscal Year", and then by the Fiscal 2020 Actual Financial Performance. For example, for Mr. Vels, the Achievement of Target KPI Performance is 25% multiplied by 75%, and then multiplied by 193.3%.
3) The Calculated Payout as a % of PSP Target is calculated by adding together the Achievement of Target Financial Performance and the Achievement of Target KPI Performance, resulting in a calculated payout of 181.2%.
4) For fiscal 2020, as noted above, the Board used discretion to cap the Actual PSP Award at the target award value.

LTIP – Awards in the Most Recently Completed Fiscal Year

For fiscal 2020, the following table outlines the PSUs, DSUs and Stock Options granted to the NEOs.

FISCAL 2020 LTIP AWARDS[1]														
	PSU and DSU Awards									Stock Option Awards				
Name	LTIP Target (% of Base Salary)	PSU/ DSU Target (% of Base Salary)	Total Number of PSUs/ DSUs Granted	Number of PSUs Granted (Time-Based)[1]	Number of PSUs Granted (Performance-Based)[1]	Number of DSUs Granted (Time-Based)	Number of DSUs Granted (Performance-Based)	PSU/ DSU Granted Price[2]	Value of Fiscal 2020 PSU/DSU-Based Awards[3]	Stock Option Target (% of Base Salary)	Number of Stock Options Granted[1][4]	Option Exercise Price	Value of Fiscal 2020 Stock Option-Based Awards[3]
Michael Medline	275%	165%	61,792	0	0	25,747	36,045	$ 30.04	$ 1,856,250	110%	157,995	$ 31.33	$ 1,237,500
Michael Vels	150%	90%	34,953	5,825	8,156	8,738	12,234	30.04	1,050,000	60%	89,370	31.33	700,000
Pierre St-Laurent	150%	90%	40,701	21,227	0	8,114	11,360	30.04	1,235,000	60%	49,792	31.33	390,000
Simon Gagné	150%	90%	15,878	0	0	6,616	9,262	30.04	477,000	60%	40,600	31.33	318,000
Vivek Sood	150%	90%	11,235	0	0	4,681	6,554	30.04	337,500	60%	28,726	31.33	225,000

Note:

1) For Mr. Vels, the numbers in the Stock Options and PSU columns include a special LTIP grant that was equal to the value of his base salary of $700,000 issued in recognition of his significant contributions to the Company and to secure his retention until retirement. For Mr. St-Laurent, the number in the PSU column represents a special one-time PSU award issued in recognition of his significant contributions to the Company and to secure a non-compete agreement. Mr. St-Laurent's PSUs, also referred to as RSUs are units that are scheduled to vest solely based on time vesting.
2) For Mr. St-Laurent, the number in the PSU/DSU Grant Price column is the weighted average price of the PSUs and DSUs issued to him in fiscal 2020.
3) The value of the fiscal 2020 PSUs, DSUs and Stock Option awards was determined as of June 27, 2019, the date of grant, except for Mr. St-Laurent whose additional grant of RSUs was determined as of January 20, 2020, the date of the additional grant.
4) For Mr. Medline, the number in this column does not include the special grant of 1,000,000 Stock Options described in the section of this Circular entitled "June 2019 CEO Retention Agreement".

The performance targets for the DSUs relate to a three-year vesting period ending in fiscal 2022. The EPS and ROCE targets for the three-year vesting period are developed considering the Company's business strategies and expected operating performance. These measures are approved by the HR Committee and are developed to be aligned with shareholder growth expectations.

The table below sets out the performance metrics for fiscal 2020 performance. The DSU performance targets for fiscal 2021 and fiscal 2022 are forward-looking and will be disclosed at the time of vesting of the DSUs.

FISCAL 2020 PSU AND DSU PERFORMANCE TARGETS AND ACHIEVEMENTS

	Target Performance & Performance Range (as % of Target)				
Performance Metric[(1)]	Threshold[(2)]	Target	Max[(3)]	Fiscal 2020 Target[(4)]	Fiscal 2020 Calculated Achievement[(5)]	**Fiscal 2020 Actual Achievement[(5)]**
Empire EPS	< 90%	100%	110%	$ 1.77	$ 2.02	**$ 1.78**
Empire ROCE	< 90%	100%	110%	7.63%	8.10%	**7.54%**

Notes:

1) Earnings used to determine target EPS and target ROCE exclude capital gains of Empire and Sobeys.
2) Performance at threshold results in a 30% achievement of the target award. Performance below threshold results in 0% achievement of target award.
3) Performance at maximum performance results in a 200% achievement of target award.
4) Performance achievement between 90% and 99% and performance achievement between 101% and 110% is calculated by interpolation.
5) For fiscal 2020, as noted below, the Board approved that the fiscal 2020 EPS and ROCE performance achievement exclude the positive financial impact of COVID-19. The Fiscal 2020 Actual Achievement, which excludes the impact of COVID-19, was used to determine the vesting of DSU and PSU awards.

Consistent with the annual PSP, management recommended, and the Board concurred that the fiscal 2020 EPS and ROCE performance achievement exclude the positive financial impact of COVID-19, essentially setting the actual EPS and ROCE performance at target rates of achievement.

June 2019 CEO Retention Agreement

The June 2019 CEO Retention Agreement was announced in the Company's 2018 management information circular because of its significance.

Mr. Medline joined Empire as President & CEO in January 2017 while the shares of the Company's common stock were trading on the TSX for less than $17.00. In January 2019, within two years of Mr. Medline's appointment, the shares of the Company had almost doubled principally as a result of improvements that Mr. Medline had spearheaded on multiple fronts, and noticeable across several key financial metrics.

As the Company was embarking further on an ambitious strategic roadmap, the Board discussed how critically it needed stable and strong leadership, and how Mr. Medline was the CEO the Company needed to lead the development over the next several years. Consequently, the Board mandated the HR Committee to develop an agreement designed to maximize the prospect that Mr. Medline would remain CEO of the Company for at least six more years, a timeframe consistent with the horizon of the strategic plan.

The HR Committee and Mr. Medline quickly agreed on guiding principles of long-term retention, shareholder alignment, market competitiveness, pay for performance and stretch performance goals.

On June 27, 2019 (the "**Grant Date**"), the Board, on the recommendation of the HR Committee, entered into a retention agreement (the "**June 2019 CEO Retention Agreemen**t") with Mr. Medline, awarding Mr. Medline a retention grant of 1,000,000 Stock Options granted in accordance with the terms of the LTIP.

The June 2019 CEO Retention Agreement provides Mr. Medline with incentives to remain as President and Chief Executive Officer until June 27, 2025 through a combination of time-based and long-term performance-based Stock Options as follows:

Time-Based Stock Options: The time-based awards comprise 500,000 Stock Options to purchase Non-Voting Class A shares which vest in full on the sixth anniversary of the Grant Date.

Performance-Based Stock Options: The performance-based awards comprise 500,000 Stock Options that will only vest on the achievement of certain performance-based metrics that are linked directly to the market value of the Non-Voting Class A shares as follows:

- 250,000 performance-based Stock Options vest if and when both of the following vesting conditions have been met:
  - *Performance condition:* The 30-day VWAP of the Non-Voting Class A shares reaching $15.00 above the Stock Option exercise price on the TSX ($46.33) within six years of the Grant Date; and
  - *Time condition:* Even if the performance condition noted above has been met earlier, the performance-based Stock Options will not vest sooner than 25 percent on the fourth anniversary of the Grant Date, 25 percent on the fifth anniversary of the Grant Date and 50 percent on the sixth anniversary of the Grant Date, respectively; and
- 250,000 performance-based Stock Options vest if and when both of the following vesting conditions have been met:
  - *Performance condition:* The 30-day VWAP of the Non-Voting Class A shares reaching $28.00 above the Stock Option exercise price on the TSX ($59.33) within six years of the Grant Date; and
  - *Time condition:* Even if the performance condition noted above has been met earlier, the performance-based Stock Options will not vest sooner than 25 percent on the fourth anniversary of the Grant Date, 25 percent on the fifth anniversary of the Grant Date and 50 percent on the sixth anniversary of the Grant Date, respectively.

Any performance-based Stock Options for which the performance conditions have not been met before June 27, 2025, being the sixth anniversary of the Grant Date, will be forfeited and cancelled.

Given the market and industry challenges that will face the Company in the coming years, the Board designed the June 2019 CEO Retention Agreement to incent Mr. Medline to remain with the Company over at least six years and to further align his interests with those of shareholders and other stakeholders. The six-year vesting schedule of the time-based Stock Options granted under the June 2019 CEO Retention Agreement and the fact that 50 percent of the performance-based Stock Options granted under the June 2019 CEO Retention Agreement are at risk based on the performance of the Non-Voting Class A shares, also over a six-year period, serve to align Mr. Medline's interests with shareholders.

The fair market value of the retention grant on the Grant Date was $6.9 million, as outlined in the Summary Compensation Table on the following page. The annualized value of the retention grant of $1.15 million ($6.9 million divided by 6 years), when added to regular annual pay, realigns Mr. Medline's target total compensation with the 50^{th} percentile of the CEO positions in our peer group.

Compensation of Named Executive Officers

The following table sets out the compensation earned for services rendered during the last three fiscal years in respect of the individuals who were the NEOs for fiscal 2020:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Share-Based Awards[1]	Option-Based Awards[2][3]	Non-Equity Incentive Plan Compensation Annual (PSP)	Pension Value[4]	All Other Compensation[5]	Total Compensation
Michael Medline	2020	$ 1,109,610	$ 1,856,250	$ 8,137,500	$ 1,406,250	$ 471,000	$ 55,075	$ 13,035,685
President & CEO				($1,237,500 + $6,900,000)				
	2019	1,008,172	1,691,250	1,127,500	1,298,333	368,000	2,833	5,496,088
	2018	900,003	1,850,000	900,000	1,620,000	263,000	2,779	5,535,782
Michael Vels	2020	$ 684,608	$ 1,050,000	$ 700,000	$ 525,000	$ 152,000	$ 2,811	$ 3,114,419
Chief Financial Officer	2019	597,306	540,000	360,000	534,375	97,000	2,361	2,131,042
	2018	524,229	1,970,000	580,000	783,000	87,000	285,940	4,230,169
Pierre St-Laurent	2020	$ 636,275	$ 1,235,000	$ 390,000	$ 487,500	$ 946,000	$ 4,476	$ 3,699,251
EVP, Chief Operating Officer,	2019	535,393	495,000	330,000	489,844	2,353,000	3,861	4,207,098
Full Service	2018	350,004	315,000	210,000	315,000	68,000	3,694	1,261,698
Simon Gagné	2020	$ 524,609	$ 477,000	$ 318,000	$ 397,500	$ 248,000	$ 95,528	$ 2,060,637
EVP, Human Resources	2019	496,076	445,500	297,000	440,859	33,000	95,078	1,807,513
	2018	488,079	745,500	297,000	668,250	303,000	95,033	2,596,862
Vivek Sood	2020	$ 375,005	$ 337,500	$ 225,000	$ 281,250	$ (8,000)	$ 2,811	$ 1,213,566
EVP, Related Businesses	2019	371,636	337,500	225,000	222,656	143,000	2,361	1,302,153
	2018	350,006	315,000	210,000	315,000	68,000	52,316	1,310,322

Notes:

1) The amounts in this column represent the compensation value of the PSUs/DSUs granted, inclusive of special grants issued to Mr. Vels and Mr. St-Laurent in fiscal 2020 as outlined on page 58 of this Circular, as well as special grant awards to Mr. Medline, Mr. Vels and Mr. Gagné in fiscal 2018.
2) The amounts in this column represent the compensation value of Stock Options granted under the LTIP as follows:
   a. In fiscal 2020, Stock Options were granted at a grant price of $31.33. The HR Committee used 25% of the grant price to estimate the compensation value of each option. As a result, the compensation value per Stock Option was $7.83. For accounting purposes, the Stock Options were valued using the Black-Scholes Option Pricing Model at $6.79 per Stock Option which is $1.04 lower than the compensation value used for purposes of determining Stock Option grants. The awards to Mr. Medline, Mr. Vels, Mr. St-Laurent, Mr. Gagné and Mr. Sood were valued for accounting purposes at $1,066,616, $603,332, $336,143, $274,089 and $193,928, respectively;
   b. In fiscal 2019, Stock Options were granted at a grant price of $25.68. The HR Committee used 25% of the grant price to estimate the compensation value of each option. As a result, the compensation value per Stock Option was $6.42. For accounting purposes, the Stock Options were valued using the Black-Scholes Option Pricing Model at $5.70 per Stock Option which is $0.72 lower than the compensation value used for purposes of determining Stock Option grants. The awards to Mr. Medline, Mr. Vels, Mr. St-Laurent, Mr. Gagné and Mr. Sood were valued for accounting purposes at $1,001,523, $319,772, $293,124, $263,812 and $199,857, respectively; and
   c. In fiscal 2018, Stock Options were granted at a grant price of $19.06. The HR Committee used 20% of the grant price to estimate the compensation value of each option. As a result, the compensation value per Stock Option was $3.81. For accounting purposes, the Stock Options were valued using the Black-Scholes Option Pricing Model at $3.48 per Stock Option which is $0.33 lower than the compensation value used for purposes of determining Stock Option grants. The awards to Mr. Medline, Mr. Vels, Mr. St-Laurent, Mr. Gagné and Mr. Sood were valued for accounting purposes at $781,045, $503,338, $191,835, $257,743 and $191,835, respectively.
3) In fiscal 2020, an additional 1,000,000 Stock Options were granted to Mr. Medline as described on page 60 of this Circular in the section entitled "June 2019 CEO Retention Agreement". The Grant Date fair market value of the Stock Options was estimated at $6,900,000 using the Monte Carlo Option Pricing Model. The actual value, if any, that Mr. Medline may realize on such Stock Options is contingent upon the satisfaction of the time and performance-based conditions to vesting. The annualized target value of the retention grant is $1,150,000 ($6,900,000 divided by 6 years).
4) The Pension Value is the compensatory change that is described in the section of this Circular entitled "Pension Plan, Benefits and Other Compensation – Defined Benefits Plan Table".
5) For Mr. Vels, who joined the Company in mid-June 2017, the amount in this column includes a signing bonus of $275,000 as well as a car allowance. For Mr. Gagné, the amounts in this column include a relocation benefit amount for each of fiscal 2020, fiscal 2019 and fiscal 2018. For Mr. Sood, the amount in this column for fiscal 2018 includes a $50,000 performance bonus. All Other Compensation also includes premiums paid in respect of the group life and accidental death and dismemberment insurance of the NEOs. With the exception of Mr. Medline, the value of perquisites did not exceed $50,000 in aggregate or 10% or more of the NEO's salary and is therefore not included in this column. For Mr. Medline, the value of perquisites, inclusive of a company automobile, fitness club membership, executive medical and financial planning fees, was greater than $50,000 in aggregate and has therefore been included.

Incentive Plan Awards

OUTSTANDING STOCK OPTION-BASED AWARDS AND SHARE-BASED AWARDS

	Stock Option-Based Awards					Share-Based Awards		
Name	Fiscal Year of Grant	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In-the-Money Options[1]	Number of Units of Shares that Have Not Vested	Market or Payout Value of Share-Based Awards that Have Not Vested[2]	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed[3][4]
Michael Medline	2020	157,995	$ 31.33	June 2027	$ 0	61,792	$ 1,916,170	$ 0
	2020[5]	1,000,000	31.33	June 2027	0	0	0	0
	2019	175,623	25.68	June 2026	936,071	67,812	2,102,850	0
	2018	236,096	19.06	June 2025	2,821,347	0	0	3,548,381
	2017	89,549	15.60	June 2024	1,379,950	0	0	4,490,853
Michael Vels	2020	89,370	$ 31.33	June 2027	$ 0	34,953	$ 1,083,893	$ 0
	2019	56,074	25.68	June 2026	298,874	21,651	671,398	0
	2018	152,150	19.06	June 2025	1,818,193	0	0	2,401,482
Pierre St-Laurent	2020	49,792	$ 31.33	June 2027	$ 0	40,701	$ 1,262,138	$ 0
	2019	51,401	25.68	June 2026	273,967	19,847	615,455	0
	2018	55,089	19.06	June 2025	658,314	0	0	643,042
	2017	14,724	20.68	June 2024	152,099	0	0	181,409
	2016	3,837	30.25	June 2023	2,916	0	0	0
	2015	4,893	22.38	June 2022	42,210	0	0	0
	2014	10,236	25.33	June 2021	58,140	n/a	n/a	n/a
	2014	10,236	27.44	June 2021	36,543	n/a	n/a	n/a
Simon Gagné	2020	40,600	$ 31.33	June 2027	$ 0	15,878	$ 492,377	$ 0
	2019	46,261	25.68	June 2026	246,571	17,862	553,901	0
	2018	77,911	19.06	June 2025	931,036	0	0	1,066,005
	2017	65,280	20.68	June 2024	674,342	0	0	492,966
	2016	43,761	30.25	June 2023	33,258	0	0	0
	2015	57,984	22.38	June 2022	500,209	0	0	0
	2014	0	25.33	June 2021	0	n/a	n/a	n/a
	2014	0	27.44	June 2021	0	n/a	n/a	n/a
Vivek Sood	2020	28,726	$ 31.33	June 2027	$ 0	11,235	$ 348,397	$ 0
	2019	35,046	25.68	June 2026	186,795	13,532	419,627	0
	2018	55,089	19.06	June 2025	658,314	0	0	643,042
	2017	13,302	20.68	June 2024	137,410	0	0	163,919
	2016	4,458	30.25	June 2023	3,388	0	0	0
	2015	5,892	22.38	June 2022	50,828	0	0	0
	2014	10,449	25.33	June 2021	59,350	n/a	n/a	n/a
	2014	10,449	27.44	June 2021	37,303	n/a	n/a	n/a

Notes:

1) The amounts in this column are based on the closing Non-Voting Class A share price on May 1, 2020 of $31.01.
2) The amounts in this column are based on the closing Non-Voting Class A share price on May 1, 2020 of $31.01 and assume that 100% of target performance measures will be achieved; actual payout will range from 0% to 200%.
3) The amounts in this column represent the payout values for the vested share units that have not yet been paid as of May 2, 2020, specifically:
   a. For fiscal 2018, the fiscal 2018 DSU awards, which vested at 130.30% of the target award granted. For Mr. Medline, the award of 23,753 RSUs to recognize his contribution to the Company during the first few months of his employment. For Mr. Gagné, the amount in this column also includes the value of the vested units from the special one-time grant of time based RSUs issued in fiscal 2018. The payout value for all awards is at $31.44, the VWAP immediately preceding the vesting date; and
   b. For Fiscal 2017, the fiscal 2017 DSU awards, which vested at 77.02%. For Mr. Medline, the award of 64,102 PSUs issued to him at the time of hire to secure his employment as well as the 13,681 RSUs granted to him for completing specific objectives established by the Board for the balance of fiscal 2017. The payout value in this column for the vested fiscal 2017 DSUs is based on the closing Non-Voting Class A share price on May 2, 2020 of $31.01. The payout value in this column for Mr. Medline's vested PSU award is $31.44, the VWAP immediately preceding the vesting date.
4) The amount in this column for Mr. Vels represents the value of the PSUs that have vested from his special one-time grant of PSUs issued in fiscal 2018. The payout value for his award is $31.44, the VWAP immediately preceding the vesting date.
5) The Stock Options in this row are those issued pursuant to the retention grant described in the section of this Circular entitled "June 2019 CEO Retention Agreement".

Mr. Gagné exercised Stock Options in fiscal 2020. No other NEO exercised Stock Options in fiscal 2020 or at any previous time.

The following outlines the incentive plan awards vested or earned during fiscal 2020.

Under the terms of the Stock Option Plan, at the end of fiscal 2020, 100 percent of the fiscal 2016 Stock Option grant was vested, 75 percent of the fiscal 2017 Stock Option grant was vested, 50 percent of the fiscal 2018 Stock Option grant was vested and 25 percent of the fiscal 2019 Stock Option grant was vested.

For the share-based awards, the DSUs awarded for fiscal 2018 vested and matured at the end of fiscal 2020. These fiscal 2018 DSUs vested at 130.30 percent of the target award. For Mr. Medline, the value of share-based awards vested during 2020 also includes $1,247,634 for the grants of RSUs issued to him in fiscal 2018 for his contributions to the Company and meeting specific performance objectives during fiscal 2017. Additionally, the PSUs issued to Mr. Medline to secure his employment in fiscal 2018 also vested during fiscal 2020 with payout value of $3,354,334. For Mr. Gagné, the share-based award includes the $156,540 value of the vested units from the special one-time grant of units issued in fiscal 2018. For Mr. Vels, the share-based award represents the $625,184 value of the vested units from the special one-time grant of PSUs issued in fiscal 2018. The payout value for all awards is at $31.44, the VWAP immediately preceding the vesting date.

The amounts in the "Non-Equity Incentive Plan – Value Earned During the Year" column represent the aggregate of the PSP Payouts in respect of fiscal 2020.

INCENTIVE PLAN AWARDS VESTED OR EARNED DURING THE FISCAL YEAR

Name	Option-Based Awards – Value Vested During the Year	Share-Based Awards – Value Vested During the Year	Non-Equity Incentive Plan – Value Earned During the Year
Michael Medline	$ 2,878,967	$ 7,358,626	$ 1,406,250
Michael Vels	975,269	2,401,482	525,000
Pierre St-Laurent	707,696	643,042	487,500
Simon Gagné	2,120,469	1,066,005	397,500
Vivek Sood	682,440	643,042	281,250

The following table sets out aggregate information relating to all equity compensation plans of the Company.

AGGREGATE NUMBER OF SECURITIES AVAILABLE FOR ISSUANCE UNDER ALL COMPENSATION PLANS OF THE COMPANY

	Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights			Securities Remaining Available for Future Issuance Under Equity Compensation Plans		Total Securities Issuable Under Equity Compensation Plan	
Plan Category	Number	Percent of issued and outstanding shares	Weighted Average Exercise Price	Number	Percent of issued and outstanding shares	Number	Percent of issued and outstanding shares
Equity Compensation Plans Approved by Shareholders	4,685,664	1.7%	$ 26.03	4,365,541	1.6%	9,051,205	3.3%
Equity Compensation Plans Not Approved by Shareholders	nil	nil	nil	nil	nil	nil	nil
Total	4,685,664	1.7%	$ 26.03	4,365,541	1.6%	9,051,205	3.3%

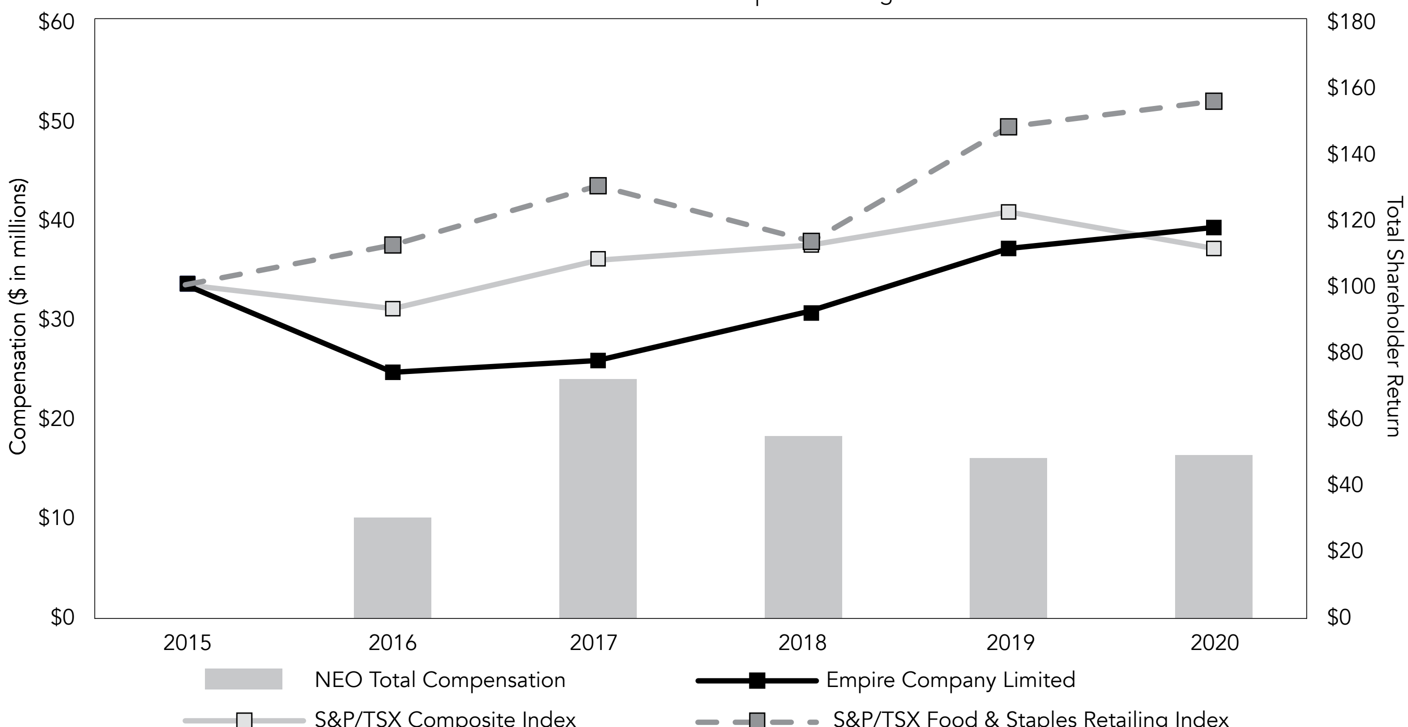
Performance Graph

The following graph illustrates the total cumulative return on a $100 investment in Empire's Non-Voting Class A shares starting on May 2, 2015, with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Food and Staples Retailing Index over the same five-year period ending May 2, 2020; total cumulative return assumes reinvestment of all dividends. Empire Non-Voting Class A shares are included in each of these indices.

The trend in the Company's total cumulative shareholder return is shown in the graph below along with the trend in the amount of total compensation paid to the NEOs for the five years ended May 2, 2020, as shown in the section entitled "Summary Compensation Table" of this Circular. Over the last five years, the total return performance of Non-Voting Class A shares has averaged 3.0 percent compared to the S&P/TSX Composite Index total return of 2.1 percent and 9.2 percent total return for the S&P/TSX Food and Staples Retailing Index over the same period. Over the past two years, the trend in the Company's total NEO compensation, excluding special items such as termination payments or one-time pension adjustments, has not increased with the positive trend in the Company's Total Shareholder Return.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN

Among Empire Company Limited, the S&P/TSX Composite Index and the S&P/TSX Food & Staples Retailing Index



Note:
The bar in the graph above and the number in the table below for fiscal 2018 include the total compensation for six NEOs. The bars in the graph above and the numbers in the table below for fiscal 2017 include the total compensation for seven NEOs. Further details on NEO compensation can be found in the section of this Circular entitled "Compensation of Named Executive Officers".

($ in millions)	May 7, 2016	May 6, 2017	May 5, 2018	May 4, 2019	May 2, 2020
Number of NEOs	5	7	6	5	5
Total NEO Compensation	$ 9.9	$ 23.8	$ 18.1	$ 16.0	$ 16.2

Note:
Total NEO Compensation for fiscal 2020 does not include Mr. Medline's Retention Grant described in the section of this Circular entitled "June 2019 CEO Retention Agreement".

Five-Year Cumulative Total Shareholder Return on $100 Investment

	May 2, 2015	May 7, 2016	May 6, 2017	May 5, 2018	May 4, 2019	May 2, 2020	Compound Annual Growth Over Five Years
Empire Company Limited	$ 100.00	$ 73.51	$ 76.59	$ 90.70	$ 110.35	$ 116.02	3.0%
S&P/TSX Composite Index	$ 100.00	$ 92.17	$ 107.82	$ 112.06	$ 121.20	$ 110.97	2.1%
S&P/TSX Food & Staples Retailing Index	$ 100.00	$ 112.29	$ 130.10	$ 114.24	$ 148.11	$ 155.27	9.2%

Pension Plan, Benefits and Other Compensation

The following table sets forth the estimated annual retirement income for the NEOs at various levels of remuneration and service. No additional credit is given for years of service over 30.

	Years of Service			
Remuneration[1]	15	20	25	30
$ 125,000	$ 37,500	$ 50,000	$ 62,500	$ 75,000
$ 150,000	$ 45,000	$ 60,000	$ 75,000	$ 90,000
$ 175,000	$ 52,500	$ 70,000	$ 87,500	$ 105,000
$ 200,000	$ 60,000	$ 80,000	$ 100,000	$ 120,000
$ 250,000	$ 75,000	$ 100,000	$ 125,000	$ 150,000
$ 300,000	$ 90,000	$ 120,000	$ 150,000	$ 180,000
$ 400,000	$ 120,000	$ 160,000	$ 200,000	$ 240,000
$ 500,000	$ 150,000	$ 200,000	$ 250,000	$ 300,000
$ 600,000	$ 180,000	$ 240,000	$ 300,000	$ 360,000
$ 700,000	$ 210,000	$ 280,000	$ 350,000	$ 420,000
$ 800,000	$ 240,000	$ 320,000	$ 400,000	$ 480,000
$ 900,000	$ 270,000	$ 360,000	$ 450,000	$ 540,000
$ 1,000,000	$ 300,000	$ 400,000	$ 500,000	$ 600,000
$ 1,100,000	$ 330,000	$ 440,000	$ 550,000	$ 660,000

Note:

1) Average of employee's base salary over the last five years.

In some cases, minimum pension targets in excess of those outlined in the above table have been established.

The pension benefits offered to the NEOs are determined as the greater of a defined benefit promise and a defined contribution promise. As a result, the Annual Benefits Payable, the Defined Benefit Obligation and the Compensatory and Non-Compensatory Changes set out in the following table are presented on a combined basis in respect of all the pension programs in which these executives have accrued some pension benefits, including the defined contribution plans and the Deferred Profit Sharing Plan. The Closing Present Value of Defined Benefits Obligation represents the present value of the projected benefit earned for all service to date, under all of the Company's pension programs, including the defined contribution plans. The Annual Benefits Payable accrued at May 2, 2020 is based on a deferred pension payable at age 65 and payable as a 60 percent joint life and survivor pension.

DEFINED BENEFITS PLAN TABLE							
Name	Number of Years Credited Service	Annual Benefits Payable ($)[1] At Year-End	Annual Benefits Payable ($)[1] At Age 65	Opening Present Value of Defined Benefit Obligation at May 5, 2019[2]	Compensatory Change[3]	Non-Compensatory Change[4]	Closing Present Value of Defined Benefits Obligation at May 2, 2020[2]
Michael Medline	3.25	$ 64,000	$ 227,000	$ 589,000	$ 471,000	$ (67,000)	$ 993,000
Michael Vels	2.83	36,000	112,000	211,000	152,000	93,000	456,000
Pierre St-Laurent	28.83	246,000	256,000	3,930,000	946,000	661,000	5,537,000
Simon Gagné	22.83	220,000	278,000	3,176,000	248,000	472,000	3,896,000
Vivek Sood	19.83	139,000	194,000	1,573,000	(8,000)	210,000	1,775,000

Notes:

1) The Annual Benefits Payable at age 65 is estimated based on total projected credited service at age 65, final average earnings at May 2, 2020 and the terms of the pension arrangements in effect on May 2, 2020.
2) The Opening Present Value of Defined Benefit Obligation at May 5, 2019 and Closing Present Value of Defined Benefit Obligation at May 2, 2020 were calculated based on the methods and assumptions used to determine year-end pension plan obligations as disclosed in the fiscal 2019 and fiscal 2020 Consolidated Financial Statements, respectively.
3) The Compensatory Change includes the annual employer service cost, which represents the value of the projected pension benefit earned during the year, and the impact related to the difference between actual and expected salary increases during fiscal 2020. It also included the impact of past service recognition under the DB SERP for new members designated during the year. For Mr. St-Laurent, this amount reflects an adjustment for his base salary associated with his promotion to Executive Vice President & Chief Operating Officer, Full Service.
4) The Non-Compensatory Change reflects all other changes in the Opening and Closing Present Value of Defined Benefit Obligation that are not included in the Compensatory Change.

The projected credited years of service at normal retirement (age 65) for each of Michael Medline, Michael Vels, Pierre St-Laurent, Simon Gagné and Vivek Sood are 11, 9, 42, 29 and 33, respectively.

Empire and Sobeys accrue a liability for amounts owing in respect of the DB SERP arrangements on an annual basis; however, these benefits are unsecured and unfunded. While the DB SERP pension benefits are not capped at an absolute level, due to the fact that the calculation of the DB SERP benefit excludes bonus from the formula (i.e., it is based on salary only), the view is that there are sufficient controls on value delivered in place.

Employment Contracts and Retirement Arrangements

Michael Medline – In June 2019, the Board, on the recommendation of the HR Committee, entered in the June 2019 CEO Retention Agreement with Mr. Medline. Pursuant to the terms of the June 2019 CEO Retention Agreement, Mr. Medline was granted 1,000,000 Stock Options – half of which time-vest in six years and half of which vest only if certain performance-based metrics are attained within that six-year time period, as described under the section of this Circular entitled "June 2019 CEO Retention Agreement".

The June 2019 CEO Retention Agreement contains provisions relating to how Mr. Medline's retention Stock Options would be treated upon death, voluntary and involuntary termination of employment prior to June 2025 that are consistent with industry practice and company standards. Please refer to Appendix B of this Circular for more information regarding the terms of the Stock Option Plan. In particular:

- Mr. Medline's vested or unvested retention Stock Options are forfeited if he is terminated for cause.
- In the event of a termination of his employment by the Company without cause, (i) the time-based retention Stock Options will continue to vest as if Mr. Medline remained actively employed for the entire term; and (ii) for performance-based retention Stock Options whose performance conditions have been met prior to or within the 24-month severance period post-termination (and in any event prior to the sixth anniversary of the Grant Date), such performance-based retention Stock Options will vest as if Mr. Medline remained actively employed for the entire term.
- If Mr. Medline delivers notice of resignation before August 1, 2025, his retention Stock Options will be treated according to the Stock Option Plan rules for resignation.

The June 2019 CEO Retention Agreement also provides that if Mr. Medline retires no sooner than June 2022, his previously granted ordinary course long-term incentive grants will be treated according to the plan rules for retirement of plan members with 15 years of tenure, meaning that his previously granted outstanding Stock Options will continue to vest for four years post retirement date and his outstanding PSUs/DSUs will continue to vest until their three-year maturity dates. The same treatment will be provided if Mr. Medline is terminated without cause.

Mr. Medline's employment contract contains a provision that allows him to trigger a constructive dismissal in the event of a change of control of the Company which results in a material adverse change to his role or compensation. The employment contract now further provides for a 24-month severance package upon termination without cause or a change of control, and also contains customary non-competition and non-solicitation provisions. If Mr. Medline's employment had terminated without cause on May 1, 2020, he would have received estimated severance benefits of $6,052,500, which includes 24 months of continued base salary, 24 months of PSP payments at target, and pension and SERP accruals for 24 months. In addition, he would be entitled to continued health, dental and group life insurance coverage as well as certain perquisites for 24 months. If a change of control occurred on May 1, 2020 and Mr. Medline triggered a constructive dismissal or was terminated without cause on such date, he would receive the same severance benefits but paid in a lump sum.

Michael Vels – Michael Vels is party to an arrangement with the Company governing how his long-term incentive grants are treated upon his eventual retirement. Provided Mr. Vels retires no sooner than June 30, 2022, his long-term incentive grants will be treated according to the plan rules for retirement of plan members with 15 years of tenure. The same treatment will be provided if Mr. Vels is terminated without cause. Mr. Vels also received an additional LTIP grant equal to one year of base salary ($700,000). Mr. Vels' severance entitlements upon a termination without cause will be determined in accordance with applicable employment standards legislation and common law.

Simon Gagné – Simon Gagné is party to a retirement arrangement with the Company. Upon notice of his retirement as Executive Vice President, Human Resources, Mr. Gagné will continue with the Company for two years as an HR consultant and will receive a one-time grant of $1,000,000 in time vested share units that vest 36 months following his retirement. If the Company terminates his consultancy without cause during the two-year period of his retirement, then he is entitled to the greater of his entitlements under applicable employment standards legislation and his continued base salary and benefits through the end of the two-year period. In addition, if Mr. Gagné's retirement date is after May 4, 2021, he is entitled to a specified cash bonus of not greater than $1,000,000 during the two-year period in which he serves in the role as HR Consultant depending on the specific timing of his retirement. Mr. Gagné's severance entitlements upon a termination without cause (should it occur prior to him giving notice of his retirement) will be determined in accordance with applicable employment standards legislation and common law.

Pierre St-Laurent – In January 2020, Pierre St-Laurent's employment agreement was amended to provide that should his employment be terminated without cause, his long-term incentive grants will be treated according to the plan rules for retirement of plan members with 15 years of tenure. His agreement was also amended in January 2020 to include a customary non-competition provision. Mr. St-Laurent's severance entitlements upon a termination without cause will be determined in accordance with applicable employment standards legislation and common law.

Section 8.

Indebtedness of Directors, Officers and Employees

As at July 16, 2020, there is no outstanding indebtedness to the Company and its subsidiaries by any of its executive officers, directors, employees and former executive officers, directors and employees of the Company or its subsidiaries other than routine indebtedness.

Section 9.

Additional Information

Directors' and Officers' Insurance

Directors' and officers' liability insurance is provided for the benefit of the directors and officers of the Company through participation in a directors' and officers' insurance policy. The total policy limit for fiscal 2020 was $50 million annually for the Company and the other subsidiaries of Empire, collectively. Where a non-indemnifiable claim was advanced against a director or officer, no policy deductible applied. Where the Company granted indemnification for a claim advanced against a director or officer, the Company is responsible for covering the first $100,000 of such claim, or $250,000 in the case of a securities claim. The Company paid an annual premium of $206,000 for this coverage in fiscal 2020.

Effective May 1, 2020, the total policy limit was increased to $100 million annually for the Company and the other subsidiaries or Empire, collectively. Where a non-indemnifiable claim is advanced against a director or officer, no policy deductible applies. Where the Company grants indemnification for any claim advanced against a director or officer, the Company will now be responsible to cover the first $1,000,000 of such claim.

Annual Information Form

Financial information is provided in the Company's comparative financial statements and Management's Discussion and Analysis for its most recently completed financial year. A copy of the Company's Annual Report, audited annual consolidated financial statements and Management's Discussion and Analysis, as well as the Company's Annual Information Form together with a copy of the other documents incorporated by reference therein, may be accessed under the Company's profile on SEDAR (www.sedar.com) or obtained, without charge, by contacting the Investor Relations department of the Company at 115 King Street, Stellarton, Nova Scotia, B0K 1S0 or investor.relations@empireco.ca.

Contact the Board of Directors

General information about Empire Company Limited can be requested through the "Contact Us" button on our website at www.empireco.ca. You may communicate with the Board through the Office of the Corporate Secretary. We receive inquiries on many subjects and have developed a process to manage inquiries so that the appropriate people respond to them. The Office of the Corporate Secretary reviews all letters and emails addressed to the Board or to individual directors. Matters relating to the Company's financial disclosure, internal accounting controls or audit matters will be referred to the Audit Committee. Other matters may be referred to the Board Chair and/or to committees of the Board as appropriate. While the Board oversees management, it does not participate in day-to-day operations; therefore inquiries related to operational matters will be directed to the appropriate member(s) of management for response. The Office of the Corporate Secretary may, in its discretion, decline to forward correspondence that is not relevant to Empire or not appropriate for the Board to consider. The Office of the Corporate Secretary maintains a log of all correspondence received and its disposition. Directors may review the log at any time and request copies of correspondence received.

Contact the Board

By mail:	Doug Nathanson Senior Vice President, General Counsel and Secretary	Empire Company Limited 115 King Street Stellarton, Nova Scotia B0K 1S0
By email:	board@empireco.ca	

Section 10.

Directors' Approval

The contents and the sending of this Circular have been approved by the Board of Directors of the Company.

signed "Doug Nathanson"

Doug Nathanson
Senior Vice President, General Counsel and Secretary
Stellarton, Nova Scotia

July 16, 2020

Appendix A – Mandate of the Board of Directors

By virtue of the Articles of Association of the Company, the management of the Company is vested in the Board of Directors ("**Board**"), subject to the provisions of applicable statutes and the Memorandum and Articles of Association of the Company.

The Board of Directors of the Company shall have responsibility for the stewardship of the Company including the strategic planning process, approval of the strategic plan, the identification of principal risks and implementation of systems to manage these risks (inclusive of food safety and occupational health and safety), succession planning, communications and the integrity of the Company's internal control and management information systems. The Board discharges certain of its responsibilities through delegation to its committees as more particularly set out in the committee mandates.

The following points outline the key principles or guidelines governing how the Board will operate to carry out its overall stewardship responsibility:

Independent Chair

The Board has adopted a policy of having an independent, non-management Chair.

Size of the Board

The ideal size of the Board will provide a diversity of expertise and opinion, as well as efficient operation and decision making. The Corporate Governance Committee will review the size of the Board annually and make recommendations to the Board when it believes a change would be in the best interests of the Company.

Director Retirement Age and Term Limit

Unless the Board otherwise determines on an annual basis in respect of a particular director or directors, a director shall not be nominated for re-election at the Annual General Meeting of Shareholders:

1. following his or her 72nd birthday unless the director will not have completed 10 years of service on the Board; or
2. if the director has completed fifteen (15) years of service on the Board.

The retirement age and term limit described above shall not apply to the Company's Chief Executive Officer ("**CEO**") or to Sobey family members. Notwithstanding this policy, ongoing review of Board composition remains paramount and the responsibilities of the Board and its Committees are not at all diminished by implementing term limits.

The Board may, on an annual basis, waive the retirement age and term limit of a director if their continued service is in the best interest of the Company. The Board may exercise this discretion for such reasons as it deems appropriate from time to time, including the desire to maintain specific competencies, skills, experience, institutional knowledge, shareholder representation and diversity.

Board Composition

The Nominating Committee shall have responsibility for the nominating function of the Company and shall annually make a recommendation to the Board as to the Board nominees for election at the Company's next Annual General Meeting of Shareholders. This process shall include a determination of the competencies, skills and personal qualities (such as languages and residency) required of directors in light of opportunities and risks facing the Company. The Board will then consider the Nominating Committee's recommendation and make its determination.

Board Assessment

The Board is responsible for assessing and developing its effectiveness.

The Corporate Governance Committee shall implement a process for assessing the effectiveness of the Board as a whole, the committees and the contributions of individual directors. The Board shall assess directors on an ongoing basis, including periodic formal surveys of directors and ongoing assessments by the Chair of the Board ("**Chair**") and the Chair of the Corporate Governance Committee.

The Board, through the Corporate Governance Committee, shall establish and conduct orientation and education programs for new recruits to the Board, through which the performance expectations for Board members shall be communicated.

The Board shall provide continuing education opportunities for all directors so that they may enhance their skills and abilities as directors and ensure that their knowledge and understanding of the Company's business remains current.

The Corporate Governance Committee shall also be responsible for recommending proposals to the Board concerning the compensation of directors, including the adequacy and form of compensation.

Board Contacts with Senior Management

All of the directors shall have open access to the Company's senior management. It is expected that directors will exercise judgment to ensure that such contact does not distract management from the Company's business operations. Written communications from directors to members of management will be copied to the CEO.

Board Meetings

The Board shall hold regular meetings at least once in each fiscal quarter, with additional meetings held as and when necessary. The Board shall, at every regularly scheduled meeting and at other meetings at its discretion, meet without management present to ensure that the Board functions independently of management. Further, at every Board meeting, an *in camera* meeting of independent directors will take place. The Board shall maintain a policy which permits Board committees and individual directors to engage outside advisors at the cost of the Company, provided that approval is first obtained from the Corporate Governance Committee.

The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the directors in their deliberations. Management attendees will be excused for any agenda items which are reserved for discussion among directors only.

Board Meeting Agendas and Information

The Chair and the CEO, in consultation with the Corporate Secretary and members of senior management as appropriate, will develop the agenda for each Board meeting. Agendas will be distributed to the directors before each meeting, and all Board members shall be free to suggest additions to the agenda in advance of the meeting.

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the directors in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

Committees

The Board of Directors delegates certain responsibilities to the standing Committees of the Board to allow an in-depth review of issues. The standing Committees of the Board are the Audit Committee, the Human Resources Committee, the Corporate Governance Committee and the Nominating Committee. Other committees may be struck as the Board determines is appropriate. All of the members of the Audit and Nominating Committees shall be independent directors. The majority of the members of the Human Resources and Corporate Governance Committees will be independent. Each committee has a written mandate that is reviewed and approved annually.

Committee Meetings

The schedule and agenda for the meetings of each committee will be determined by the committee Chair in consultation with management, staff and committee members. Each committee will report to the Board on the results of each committee meeting. The Chair of the Board shall be a non-voting, non-quorum member of each committee.

Review of Independence of Outside Directors

The Corporate Governance Committee will review on an annual basis any relationships between directors and the Company which might be construed in any way to compromise the designation of any director as being independent. The objective of such review will be to determine the existence of any relationships, to ensure that the composition of the Board remains such that the majority of the directors are independent and unrelated and that where any relationships exist, the director is acting appropriately.

Directors Who Change Their Present Job Responsibility

The Board shall maintain a policy which requires that a director who makes a change in principal occupation shall offer a resignation to the Board for consideration. The Board will take the opportunity to review, through the Corporate Governance Committee, the continued appropriateness of Board membership under such circumstances.

Strategic Planning

Management is responsible for the development of individual business unit and corporate strategic plans which take into account, among other things, the opportunities and risks of the business, and for the implementation of strategic plans. The Board shall be responsible for setting the long-term goals and objectives for the Company, the adoption of a strategic planning process and the annual approval of the strategic plans developed by management. The Board shall monitor senior management's implementation of the plans and shall assess the achievement of the Company's goals and objectives on an ongoing basis.

Managing Risk

The Board shall have overall responsibility for assessing the principal risks facing the Company, ensuring the implementation of the appropriate strategies and systems to manage such risks, and reviewing any material legal matters relating to the Company as a whole or its investment in any major operating company.

The Audit Committee shall periodically review the enterprise risk management framework for the Company and assess the adequacy and completeness of the process for identifying and assessing the key risks facing the Company. The Audit Committee shall report its findings on such matters to the full Board on a regular basis.

Succession Planning

The Board shall have responsibility for the appointment and evaluation of the performance of executive management, including approving the appointment of senior executives of the Company, reviewing their performance against the objective of maximizing shareholder value, measuring their contribution to that objective, and overseeing compensation policies.

The Human Resources Committee shall have responsibility for recommending proposals to the full Board concerning the compensation of executive management, including incentive programs and awards made pursuant thereto. This committee shall also monitor, review and provide guidance in respect of executive management training, development and succession planning.

Communications Policy

The Board shall have the responsibility for reviewing and approving the Company's policies and practices with respect to the disclosure of financial and other information including insider reporting and trading. This includes the review and approval of the content of the Company's major communications to shareholders and the investing public, encompassing the Annual Report, Management Information Circular, Annual Information Form and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including the Management's Discussion and Analysis) and news releases relating to financial matters. The Board also has responsibility for monitoring all of the Company's external communications. However, the Board believes that it is the function of management to speak for the Company in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public.

The Board shall have the responsibility for reviewing and approving the Company's policies and practices with respect to disclosure of financial and other information, including insider reporting and trading.

The Board shall approve and monitor the disclosure policies designed to assist the Company in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the Company's policies relating to communication and disclosure on an annual basis.

Generally, communications from shareholders and the investment community will be directed to the Director, Investor Relations, who will coordinate an appropriate response depending on the nature of the communication. It is expected that if communications from stakeholders are made to the Chair or to other individual directors, management will be informed and consulted to determine any appropriate response.

Internal Control and Management Information Systems

The Board has responsibility for the integrity of the Company's internal control and management information systems. All material matters relating to the Company and its business require the prior approval of the Board. In particular, capital expenditures or commitments in excess of $15 million for Empire and Sobeys or $25 million for Sobeys Developments Limited Partnership must be approved by the Board in advance. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Company's business. The Grants of Operating Authority outlines the Board authorization required of the Company and its subsidiaries.

The Audit Committee has responsibility for ensuring internal controls are appropriately designed, implemented and monitored and for ensuring that management and financial reporting is complete and accurate, even though management may be charged with developing and implementing the necessary procedures. The Board reviews and approves the annual financial statements as well as the quarterly financial statements.

Governance, Integrity and Corporate Conduct

The Board oversees the ethical, legal and social conduct of the Company. The Board oversees the development of the Company's corporate governance policies, principles and guidelines. The Board develops and monitors compliance with the Company's Code of Business Conduct and Ethics for directors, officers and employees.

Management and Human Resources

The Board selects, appoints and evaluates the performance of the CEO and establishes the appropriate compensation for the CEO. In consultation with the CEO and the Human Resources Committee, the Board appoints all officers of the Company and determines the terms of employment, training, development and succession of senior management specifically including the overall percentage salary increase for those executives (in addition to the CEO) whose compensation is subject to public disclosure.

Appendix B – Selected Information About the Empire Stock Option Plan

The following are additional terms of the Empire Stock Option Plan:

Stock Options Outstanding

A maximum of 9,051,205 Non-Voting Class A shares may be issued under the Stock Option Plan, which is 3.3 percent of the total outstanding Non-Voting Class A shares and Class B common shares of the Company as of May 2, 2020.

A total of 4,685,664 Stock Options were outstanding at fiscal year ended May 2, 2020. These Stock Options are exercisable into Non-Voting Class A shares and represent 1.7 percent of the total outstanding Non-Voting Class A shares and Class B common shares of the Company as of May 2, 2020. A total of 4,365,541 additional Stock Options may be granted under the Plan, representing 1.6 percent of the total outstanding Non-Voting Class A shares and Class B common shares of the Company as of May 2, 2020. By comparison, at the end of fiscal 2019, there were outstanding a total of 4,293,288 Stock Options representing 1.6 percent of the total outstanding Non-Voting Class A shares and Class B common shares of the Company.

The table below sets out the number of outstanding Stock Options and weighted average exercise price as of May 2, 2020.

STOCK OPTIONS OUTSTANDING

	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	4,293,288	$ 23.31
Granted(1)	1,730,178	31.38
Exercised(2)	(1,115,115)	24.57
Expired	(3,525)	30.23
Forfeited	(219,162)	22.46
Balance, end of year	4,685,664	$ 26.03
Stock options exercisable, end of year	1,732,433	

Notes:

1) The Company's annual burn rate under the Stock Option Plan, calculated as described in Section 613(p) of the TSX Company Manual, was 0.6% in 2020, 0.5% in 2019 and 0.5% in 2018. The burn rate is calculated by dividing the number of securities granted during the fiscal period by the weighted average number of Non-Voting Class A shares and Class B common shares of the Company outstanding at the last day of the relevant fiscal year.
2) Mr. Gagné exercised Stock Options in fiscal 2020. No other NEO exercised Stock Options in fiscal 2020.

Eligibility

Key executives who are full-time employees of the Company (or any company affiliated with the Company) and who are designated by the HR Committee from time to time as eligible are eligible to participate in the Stock Option Plan.

Insider Participation Limits

No options or Non-Voting Class A shares shall be issued pursuant to the Stock Option Plan where such grants, together with all of the Company's other share compensation arrangements, could result at any time in:

i. The number of Non-Voting Class A shares reserved for issuance pursuant to share compensation arrangements granted to insiders exceeding 10 percent of those outstanding; and
ii. The issuance to insiders, within a one-year period, of a number of Non-Voting Class A shares exceeding 10 percent of those outstanding.

Assignment

Options are not assignable by participants.

Vesting

Stock Options generally vest at the rate of 25% of the grant at the end of each fiscal year for the first four years of the term.

Expiry

The maximum term of Stock Options granted pursuant to the Empire Stock Option Plan is 10 years. Except as otherwise determined by the HR Committee from time to time:

- If, before the option expiry date, the employment of the participant by the Company is terminated by the Company without cause, there is no further vesting of the options beyond the termination date and vested options may only be exercised by the participant at any time prior to the earlier of (i) the 90-day period immediately following the termination date and (ii) the expiry of the options in accordance with the terms thereof.
- If, before the option expiry date, the employment of the participant by the Company is terminated by the Company with cause, the options shall expire and terminate simultaneously with the act or event which caused the termination of employment of the participant.

- If, before the option expiry date, the employment of a participant by the Company is terminated by reason of death of the participant, the options are deemed to be fully vested immediately following the death of the participant and may only be exercised by the participant's estate at any time prior to the earlier of: (i) four years following the date of death; and (ii) the expiry of the options in accordance with the terms thereof.
- If, before the option expiry date, a participant becomes disabled and eligible for the long-term disability benefits under the Company's long-term disability plan, the options continue to vest for one year following the disability date and vested options may only be exercised by the participant at any time prior to the earlier of (i) two years following the disability date and (ii) the expiry of the options in accordance with the terms thereof.
- If, before the option expiry date, the employment of a participant by the Company is terminated due to retirement of the participant and the participant has less than 15 years service with the Company, the options continue to vest for one year following the retirement date and vested options may only be exercised by the participant at any time prior to the earlier of (i) one year following the retirement date and (ii) the expiry of the option in accordance with the terms thereof. If the participant accepts employment with a competitor of the Company at any time prior to exercising the vested options, the termination of the participant's employment will not be deemed to be a retirement and such options will be governed as if the participant had resigned. In addition, where a participant retires before February 1st of the fiscal year in which the options were granted, such options expire and terminate immediately upon retirement.
- If, before the option expiry date, the employment of a participant by the Company is terminated due to retirement of the participant and the participant has more than 15 years service with the Company, the options will continue to vest for four years following the retirement date and vested options may only be exercised by the participant at any time prior to the earlier of (i) four years following the retirement date and (ii) the expiry of the option in accordance with the terms thereof. If the participant accepts employment with a competitor of the Company at any time prior to exercising the vested options, the termination of the participant's employment will not be deemed to be a retirement and such options will be governed as if the participant resigned. In addition, where a participant retires before February 1st of the fiscal year in which the options were granted, such options expire and terminate immediately upon retirement.

If, before the expiry of an option, the employment of a participant is terminated for any reason (including resignation), there is no further vesting of the options beyond the termination date and vested options may only be exercised by the participant at any time prior to the earlier of (i) 30 days immediately following the termination date and (ii) the expiry of the option in accordance with the terms thereof.

<u>Method of Exercise</u>

The Stock Option Plan also contains a 'cashless' exercise feature whereby the participant may elect to receive the value of any option gain in the form of issued Non-Voting Class A shares instead of exercising the option in the traditional manner by the participant paying cash to acquire Non-Voting Class A shares. The number of Non-Voting Class A shares received under the cashless exercise feature equals the option gain divided by the VWAP of Non-Voting Class A shares on the TSX for the 5 days preceding the exercise date.

<u>Amendments to the LTIP</u>

From time to time, subject to necessary regulatory approval from administrative bodies with jurisdiction over the LTIP, the Board of Directors of the Company may, **without shareholder approval**, terminate or amend any of the provisions of the LTIP, including amendments to:

- reduce the number of Non-Voting Class A shares issuable under the LTIP;
- increase or decrease the maximum number of Non-Voting Class A shares any single participant is entitled to receive under the LTIP;
- amend the vesting provisions of each option;
- amend the terms of the LTIP relating to the effect of termination, cessation or death of a participant on the right to exercise options;
- amend the assignability of grants required for estate planning purposes;
- increase the exercise price or purchase price;
- amend the process by which a participant can exercise his or her option;
- add and/or amend any form of financial assistance provision to the LTIP;
- amend the eligibility requirement for participants in the LTIP;
- allocate and reallocate the number of Non-Voting Class A shares issuable to participants pursuant to the LTIP;
- bring the LTIP into compliance with securities, corporate or tax laws and the rules and policies of the TSX;
- add covenants of the Company for the protection of participants; and
- cure or correct any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

No Amendment Shall:

- divest any participant of options granted to him or her;
- divest any participant of his or her entitlement to the participant's pledged shares and stock dividend shares as provided herein or of any rights a participant may have in respect of the participant's pledged shares and the stock dividend shares; or
- have the effect of altering the terms of repayment of any loan made to a participant, without the prior written consent of the participant.

Notwithstanding any other provision of this LTIP, none of the following amendments shall be made to this LTIP without approval of the shareholders:

- a reduction in the option price or award price, or cancellation and re-issue of options;
- any amendment that extends the term of an award beyond its original expiry date, except as permitted by the LTIP in the event of a blackout period;
- any amendment to increase the maximum limit of the number of Non-Voting Class A shares that may be:
  - issued to insiders within any one year period; or
  - issuable to insiders, at any time under the LTIP, or when combined with all share compensation arrangement, which could exceed 10 percent of the Company's issued and outstanding Non-Voting Class A shares and Class B common shares;
- an increase to the maximum number of Non-Voting Class A shares issuable under the LTIP;
- any amendment adding participants to the LTIP that may permit the introduction or re-introduction of non-employee directors on a discretionary basis; and
- any amendment to the amending provisions of the LTIP.

During fiscal 2020, the Company made minor amendments to the Stock Option Plan to clarify how the Company interprets the provisions relating to cessation of employment. The changes were made without shareholder approval as permitted by the amendment provisions of the Stock Option Plan.

Shareholder and Investor Information

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AFFILIATED COMPANY WEB ADDRESS

www.sobeyscorporate.com

INVESTOR RELATIONS AND INQUIRIES

Shareholders, analysts and investors should direct their financial inquiries or requests to:

Email: investor.relations@empireco.ca

Communication regarding investor records including changes of address or ownership, lost certificates or tax forms, should be directed to the Company's transfer agent and registrar, AST Trust Company (Canada).

TRANSFER AGENT

AST Trust Company (Canada)
Investor Correspondence
P.O. Box 700, Station B
Montreal, Quebec
H3B 3K3
Telephone: 1-800-387-0825
Email: inquiries@astfinancial.com

MULTIPLE MAILINGS

If you have more than one account, you may receive a separate mailing for each. If this occurs, please contact AST Trust Company (Canada) at 1-800-387-0825 to eliminate the multiple mailings.

DIVIDEND RECORD AND PAYMENT DATES FOR FISCAL 2021

Record Date	Payment Date
July 15, 2020	July 31, 2020
October 15, 2020*	October 31, 2020*
January 15, 2021*	January 31, 2021*
April 15, 2021*	April 30, 2021*

*Subject to approval by the Board of Directors

OUTSTANDING SHARES

As at June 17, 2020	
Non-Voting Class A shares	170,971,038
Class B common shares, voting	98,138,079

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

STOCK SYMBOL

Non-Voting Class A shares – EMP.A

SOLICITORS

Stewart McKelvey
Halifax, Nova Scotia

AUDITOR

PricewaterhouseCoopers, LLP
Halifax, Nova Scotia

Design: Craib Design & Communications www.craib.com Printed in Canada

EMPIRE
COMPANY LIMITED

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