

Appendix A – Statement of Corporate Governance Practices

The Board, through its Corporate Governance Committee, ensures that regulatory standards for corporate governance are met. It also considers and adopts where appropriate best practices in governance that go beyond the requirements mandated by regulation.

The Company has adapted its governance practices in response to the changes in regulations and best practices and will continue to respond to future corporate governance developments as appropriate. The Company's corporate governance practices are substantially in alignment with NP 58-201. In addition, this appendix discloses the Company's current corporate governance practices in accordance with the requirements of NI 58-101.

1. Board of Directors

Disclose the identity of directors who are independent.

The Board has determined that all of the current directors of the Company with the exception of Michael Medline are independent.

Disclose the identity of directors who are not independent and describe the basis for that determination.

See the section entitled "Director Independence and Other Relationships" of this Circular.

Disclose whether or not a majority of directors are independent.

As of July 2018, 13 of 14 directors are considered to be independent. Of the directors proposed for election at the Meeting, 13 of 14 are considered to be independent.

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

All of the directorships of the current and proposed directors with other public entities are disclosed in the section entitled "Board Nominees" of this Circular.

Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

The independent directors meet in the absence of non-independent directors and members of management at every regular meeting of the Board and at other meetings as determined by the Board Chair. Private sessions during committee meetings are regularly held by all the standing committees. During fiscal 2018, the Board and Committees held the following meetings of solely independent directors:

Board – 6
Audit – 4
Human Resources – 4
Corporate Governance – 4
Nominating – 4

Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.

James M. Dickson, the Board Chair, is an independent director. He is counsel to the law firm Stewart McKelvey, providing services to the firm through a professional corporation. He has served as Board Chair since October 2016.

Amongst other things, the Chair is expected to:

- Provide leadership to ensure effective functioning of the Board;
- Lead in the assessment of Board and committee performance;
- Assist the Human Resources Committee in monitoring and evaluating the performance of the CEO and senior officers of the Company;
- Lead the Board and committees in ensuring succession plans are in place at the senior management level; and
- Act as an effective liaison among the Board and management.

Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

The attendance record of each director for Board and committee meetings during fiscal 2018 is disclosed in the table in the "Committee Membership" and "Record of Attendance" sections of this Circular.

2. Board Mandate

Disclose the text of the board's written mandate.

The Board's written mandate, which confirms the Board's explicit responsibility for the stewardship of the issuer, is set out in Appendix B of this Circular.

3. Position Descriptions

Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Board has developed written position descriptions for the Board Chair and for the committee chairs, which are available on the Empire website, www.empireco.ca.

Disclose whether or not the board and CEO have developed a written position description for the CEO. The board should also approve the corporate goals and objectives that the CEO is responsible for meeting. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board approved a position description for the CEO, utilized for the CEO search in 2016. 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.

4. Orientation and Continuing Education

Briefly describe what measures the board takes to orient new directors regarding

- The role of the board, its committees and its directors; and*
- The nature and operation of the issuer's business.*

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 will include 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 will be 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 will be briefed by management in such areas as food safety, IT security, corporate governance and other topics of relevance or interest to the new director.

The board should provide continuing education opportunities for all directors.

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 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.

5. Ethical Business Conduct

Disclose whether or not the board has adopted a written code of business conduct and ethics for the directors, officers and employees. If the board has adopted a written code:

The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**") covering all employees and directors of the Company, which includes all of the elements recommended by NP 58-201.

Disclose how a person or company may obtain a copy of the code;

The Code is available on the Company's website, www.empireco.ca.

Describe how the board monitors compliance with its code or, if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and

The Board, through the Audit Committee, receives reports of unethical behaviour received through the Ethics Hotline and otherwise. More information on ethical business conduct is described in the section entitled "Ethical Business Conduct" in this Circular.

Provide a cross reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from 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.

Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

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.

Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

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.

6. Nomination of Directors

Describe the process by which the board identifies new candidates for board nomination.

The Nominating Committee is responsible for identifying new candidates for the Board. It regularly identifies director skill and experience needs, having regard to projected retirements and to the Board's Diversity Policy, and oversees a director recruitment search and nomination process leading to recommendations to the Board for consideration and recommendation for election by the shareholders.

Disclose whether or not the board has a nominating committee composed entirely of independent directors.

The Nominating Committee is composed entirely of independent directors.

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

The Nominating Committee mandate encompasses these responsibilities and provides for the effective functioning of the committee. The mandate of the Nominating Committee is available on the Empire website, www.empireco.ca.

Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps: competency/skill assessment of what is required, what exists, gaps, etc. The board should also consider the appropriate size of the board.

The Nominating Committee monitors the composition of the Board and identifies the needs and any gaps that may exist. The committee also considers the appropriate size of the Board. As a result of the work of the Nominating Committee, the committee Chair maintains an evergreen list of potential candidates.

The Nominating Committee of the Board is responsible for the identification and recommendation of suitable candidates for election or appointment as directors. This process includes a determination of the competencies, skills and personal qualities required of new directors in light of opportunities and risks facing the Company. A skills matrix has been developed to ensure that the Board composition is appropriate and that the key areas of expertise noted are appropriately represented.

Director Skills Matrix

Skill/Experience	Description	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	12
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

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
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	✓	✓	✓	✓		✓			✓	

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

The Nominating Committee undertakes, on an ongoing basis, the responsibility of identifying prospective Board members. It recommends new nominees to the Board.

In making its recommendations, the nominating committee should consider: competencies and skills necessary, current assessment of competencies and skills and those of director nominees.

As noted above, the Nominating Committee includes these factors in its deliberations.

7. Compensation

Describe the process by which the board determines the compensation for the issuer's directors and officers.

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. Further information on the Corporate Governance Committee's fiscal 2018 review can be found in the section entitled "Board of Directors' Compensation" of this Circular.

The HR Committee is responsible for executive compensation. Further information on executive compensation can be found in the section entitled "Executive Compensation" of this Circular.

Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

The HR Committee acts as a compensation committee in respect of executive compensation. The HR Committee is composed entirely of independent directors.

If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The HR Committee is responsible for monitoring the executive compensation practices and policies of the Company and making recommendations to the Board with respect thereto.

Included in the HR Committee's responsibilities are:

- Reviewing and approving corporate goals and objectives regarding CEO and other executive compensation;
- Evaluating the performance of the CEO;
- Recommending CEO and other executive compensation;
- Recommending the design of incentive compensation and equity-based plans; and
- Reviewing executive compensation disclosure before the issuer publicly discloses this information.

The mandate of the HR Committee is available on the Empire website, www.empireco.ca.

If a compensation consultant or advisor has been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

No consultant or advisor has been retained to assist in determining compensation for directors. Disclosure concerning consultants retained by the HR Committee with respect to executive compensation are found in the section entitled "Advisor to the Human Resources Committee" of this Circular.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The four standing committees of the Board are: Audit, Corporate Governance, Human Resources and Nominating.

The mandate of each committee is available on the Empire website, www.empireco.ca. Reports from each of these committees concerning their work during fiscal 2018 are found in the section of this Circular entitled "Board Committee Reports".

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.

If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees and its individual directors are performing effectively.

The Corporate Governance Committee is responsible for annual assessment of the effectiveness and contribution of the Board, its committees and individual directors. More information on Board assessment can be found in the section entitled "Board of Directors' Assessment" of this Circular.

10. Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

Information on Board renewal can be found in the section entitled "Board of Directors Retirement and Renewal" of this Circular.

11. Policies Regarding the Representation of Women on the Board

- a) *Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.*
- b) *If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions; (ii) the measures taken to ensure that the policy has been effectively implemented; (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy; and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.*

Information on the representation of women on the Board can be found in the section entitled "Board of Directors' Gender Diversity Policy" of this Circular.

12. Consideration of the Representation of Women in the Director Identification and Selection Process

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

Information on the representation of women in the director identification and nomination process can be found in the section entitled "Board of Directors' Gender Diversity Policy" of this Circular.

13. Consideration Given to the Representation of Women in Executive Officer Appointments

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

Information on the representation of women in the executive officer positions and appointments can be found in the section entitled "Representation of Women in Executive Management" of this Circular.

14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

- c) *For purposes of this item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.*
- d) *Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.*
- e) *Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.*
- f) *If the issuer has adopted a target referred to in either (b) or (c), disclose:*
 - (i) the target; and*
 - (ii) the annual and cumulative progress of the issuer in achieving the target.*

Information on targets for the representation of women on the Board and in executive officer positions can be found in the sections entitled "Board of Directors' Gender Diversity Policy" and "Representation of Women in Executive Management" of this Circular.

15. Number of Women on the Board and in Executive Officer Positions

- a) *Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.*
- b) *Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.*

Information on the number of women on the Board and in executive officer positions can be found in the sections entitled "Board of Directors' Gender Diversity Policy" and "Representation of Women in Executive Management" of this Circular.