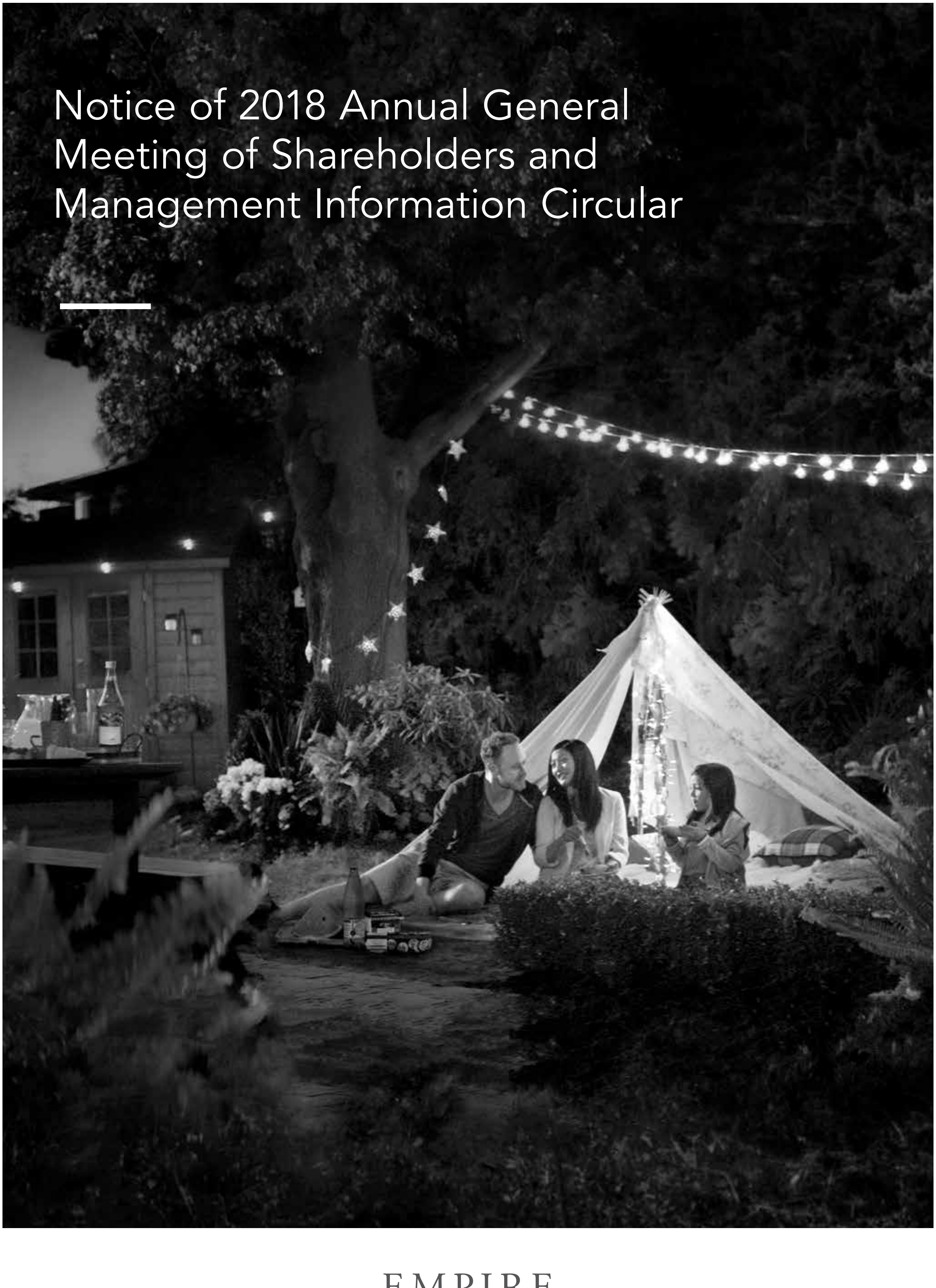
Notice of 2018 Annual General Meeting of Shareholders and Management Information Circular



EMPIRE
COMPANY LIMITED

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Invitation to Shareholders

EMPIRE
COMPANY LIMITED

July 19, 2018

Dear Shareholder:

We are pleased to invite you to join our Board of Directors and senior management team at our 2018 Annual General Meeting of Shareholders:

September 13, 2018
11:00 a.m. (Atlantic Time)
Cineplex Cinemas
612 East River Road
New Glasgow, Nova Scotia

The items of business to be considered and voted upon at this meeting are set out in the attached Notice of Annual General Meeting and Management Information Circular. In addition, this meeting provides you with the opportunity to meet, listen to and ask questions of the people who are responsible for the performance of Empire Company Limited.

Empire is committed to keeping you, our investors, informed about your investment. Our 2018 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
E-mail: investor.relations@empireco.ca

We will audiocast the Annual General Meeting at www.empireco.ca. We encourage you to visit our website at any time before the meeting as it provides useful information about our Company.

We look forward to seeing you on September 13, 2018.

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

EMPIRE
COMPANY LIMITED

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

September 13, 2018
11:00 a.m. (Atlantic Time)
Cineplex Cinemas
612 East River Road
New Glasgow, Nova Scotia

for the following purposes:

1. To receive the audited consolidated financial statements of Empire for the fiscal year ended May 5, 2018, 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.

Your attendance at this meeting is welcomed.

Class B common shareholders who are unable to be present in person at the meeting are requested to complete, sign, date and return the enclosed form of Class B common shareholder proxy, in the envelope provided for that purpose, to the Secretary of Empire, 115 King Street, Stellarton, Nova Scotia, B0K 1S0.

Non-Voting Class A shareholders are eligible to vote on the advisory resolution on executive compensation. Non-Voting Class A shareholders who are unable to be present in person at the meeting may appoint a proxy to attend and speak on their behalf and vote on the advisory resolution on executive compensation by completing the enclosed form of Non-Voting Class A shareholder proxy and returning it in the envelope provided for that purpose to:

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

Dated at Stellarton, Nova Scotia, this 19th day of July, 2018.

BY ORDER OF THE BOARD

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 of the information that you should consider, and you should read this entire Circular carefully before voting.

Annual General Meeting of Shareholders

Date : September 13, 2018
Time : 11:00 a.m. (Atlantic Time)
Place : Cineplex Cinemas
612 East River Road
New Glasgow, Nova Scotia
Record Date : July 23, 2018
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 and vote at the Meeting either in person or by proxy. 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 either in person or by proxy but shall not be entitled to vote at the Meeting, except on the non-binding advisory vote relating to executive compensation.

Meeting Agenda

1. Receive the audited consolidated financial statements;
2. Elect directors and fix the maximum number of directors at 18;
3. Approve directors' fees;
4. Appoint PricewaterhouseCoopers LLP as auditor for fiscal 2019;
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	FOR EACH DIRECTOR NOMINEE
Fix the maximum number of directors at 18	For
Approve directors' fees	For
Appoint PricewaterhouseCoopers LLP as auditor for fiscal 2019	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 enclosed proxy 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 5, 2018, 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 were mailed to registered shareholders and beneficial shareholders who have requested a copy along with this Notice of Annual General Meeting of Shareholders and Circular. 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. These documents are also available at www.sedar.com or www.empireco.ca.

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	2017 Voting Results in Favour	Total Attendance Fiscal 2018
Cynthia Devine	54	2013	Chief Financial Officer, Maple Leaf Sports & Entertainment	✓	C	✓		✓		100%	95%
James M. Dickson	60	2015	Counsel, Stewart McKelvey	✓					Clearwater Seafoods Incorporated Crombie REIT	100%	100%
Sharon Driscoll	56	2018	Chief Financial Officer, Ritchie Bros. Auctioneers Inc.	✓	✓					n/a	100%
Gregory Josefowicz	65	2016	Corporate Director	✓			✓		United States Cellular Corporation	100%	91%
Sue Lee	66	2014	Corporate Director	✓			✓		Waste Connections Inc.	100%	100%
William Linton	64	2015	Corporate Director	✓		✓	C	✓	TMX Group Limited	100%	100%
Michael Medline	55	2017	President & CEO, Empire and Sobeys							100%	100%
Martine Reardon	56	2017	Corporate Director	✓	✓					100%	100%
Frank C. Sobey	65	2007	Corporate Director	✓		✓			Crombie REIT	100%	100%
John R. Sobey	69	1979	Corporate Director	✓	✓					100%	100%
Karl R. Sobey	63	2001	Corporate Director	✓			✓			100%	100%
Paul D. Sobey	61	1993	Corporate Director	✓		✓			Crombie REIT	100%	100%
Rob G.C. Sobey	51	1998	Corporate Director	✓		✓	✓		DHX Media Ltd. Norvista Capital	100%	100%
Martine Turcotte	57	2012	Vice Chair, Québec, BCE Inc. and Bell Canada	✓	✓	C		C	CIBC	100%	84%

Notes:

1) Reflects committee memberships as of May 5, 2018. Audit Committee – AC, Corporate Governance Committee – CGC, Human Resources Committee – HRC, Nominating Committee – NC, Chair – C. In addition to the standing committees, the Board has established an ad hoc committee to oversee the Project Sunrise transformation. See page 19 of this Circular for details.

3. Directors' Fees

The Board recommends that shareholders approve the directors' fees below for the 12-month period beginning September 13, 2018. The recommended fees reflect no change from the prior year. Further information about director compensation may be found in the section of this Circular entitled "Board of Directors' Compensation".

PROPOSED DIRECTORS' FEES	
Directors' Retainer	$ 100,000
Board Chair's Retainer	$ 400,000
Meeting Fee	
• Board	$ 2,000
• Committee	$ 2,000
• Telephone (Board or Committee)	$ 1,500
Committee Chairs' Retainer	
• Audit	$ 30,000
• Human Resources	$ 25,000
• Corporate Governance/Nominating	$ 15,000
Committee Members' Retainer	
• Audit	$ 5,000
• Human Resources	$ 5,000
• Corporate Governance/Nominating	$ 4,000

The Board has determined that share ownership (any combination of Non-Voting Class A shares, Class B common shares and Deferred Stock Units ("**DSUs**")) of at least four times the directors' retainer 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. Based on the current director retainer of $100,000, the share ownership guidelines require minimum holdings valued at $400,000 in any combination of Non-Voting Class A shares, Class B common shares and DSUs. 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 this threshold.

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 third 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 as the Company's auditor for fiscal 2019. 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 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 ninth annual advisory vote on executive compensation. At the 2017 annual general meeting of shareholders there were 116,231,968 Non-Voting Class A shares (67.0% of the Non-Voting Class A shares outstanding) represented by proxy at the meeting, of which 86.3% were voted in favour of the motion. 100% 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 of the 2018 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 2018 compensation summary for the Named Executive Officers ("**NEOs**"). 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
		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. NEOs participate in a defined contribution plan and the Supplemental Executive Retirement Plan ("**SERP**"). 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 2018 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, President & CEO	$ 900,003	$1,850,000	$ 900,000	$1,620,000	$263,000	$ 2,779	$ 5,535,782
Michael Vels, CEO	524,229	1,970,000	580,000	783,000	87,000	285,940	4,230,169
Clinton Keay, Interim CFO[2]	416,158	340,702	157,775	374,544	(69,000)	2,316	1,222,496
Lyne Castonguay, EVP, Merchandising	560,001	504,000	336,000	756,000	146,000	2,316	2,304,317
Simon Gagné, EVP, Human Resources	488,079	745,500	297,000	668,250	303,000	95,033	2,596,862
Jason Potter, EVP, Operations	559,998	504,000	336,000	756,000	(28,000)	110,190	2,238,188

Notes:

1) The full summary compensation table is found on page 42 of this Circular.
2) Mr. Keay was Interim CFO early in fiscal 2018. Effective mid-June, with the appointment of Michael Vels as CFO, Mr. Keay assumed the role of EVP, Technology and Transformation Management.

Section 2.

Voting at the Annual General Meeting

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. It is expected that the solicitation will be primarily by mail, but Proxies may also be solicited personally by the officers and directors of the Company. The cost of such solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of Proxy 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 form of Proxy.** Such right 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 form of Proxy. Failing any designation, one of the persons already named on the Proxy 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.

If the accompanying separate form of Proxy is executed and returned, the Proxy may nevertheless be revoked by an instrument in writing revoking the Proxy and 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 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.

VOTING OF SHARES REPRESENTED BY PROXIES

Shares represented by Proxy will be voted, or withheld from voting, in accordance with instructions specified by the shareholder on the form of Proxy. If no instructions are given by the shareholder, the Proxy confers discretionary authority upon the Proxy nominees 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 for the ensuing year;**
d) **in favour of the authorization of the directors to fix the remuneration of the auditor; and**
e) **in favour of the advisory resolution on executive compensation.**

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 Proxies to vote the Proxies in accordance with what they consider to be in the best interest of the Company.

NON-VOTING CLASS A SHARES

On July 6, 2018, the Company had 173,548,969 outstanding Non-Voting Class A shares. 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 either in person or by Proxy, but shall not be entitled to vote at the Meeting, except on the non-binding advisory vote relating to executive compensation.

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.

CLASS B COMMON SHARES

On July 6, 2018, the Company had 98,138,079 outstanding Class B common shares each carrying the right to one vote per share at the Meeting. Any registered Class B common shareholder of record at the time of the Meeting will be entitled to attend and vote at the Meeting either in person or by Proxy.

As at July 6, 2018, the only shareholders of the Company owning of record, or known to own beneficially, either directly or indirectly, or exercising control or direction over more than 10 percent of the Class B common shares of the Company were as follows:

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)]	90,933,092	92.66%

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 90,933,092 Class B common shares beneficially owned by CBHL are registered as follows:
   a. DFS Investments Limited – 28,949,037 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 22,965,059 of the 28,949,037 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 and over the balance of 5,983,978 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 – 30,062,183 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 30,062,183 Class B common shares beneficially owned by CBHL registered in the name of Dunvegan Holdings Limited.
   c. Sumac Holdings Limited – 31,921,872 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 Sumac Holdings Limited, Donald R. Sobey has the ability to exercise control or direction over 22,985,008 of the 31,921,872 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 and over the balance of 8,936,864 Class B common shares.

Section 3.

Notice to Beneficial Shareholders

The information set forth in this section is of significant importance to many shareholders as a substantial number of the shareholders do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to as "**Beneficial Shareholders**") should note that only Proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of the shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Company. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Securities Inc., which acts as nominee for many Canadian brokerage firms). Shares held by CDS & Co. or otherwise for brokers or their nominees can only be voted at the Meeting (for or against resolutions) or otherwise represented upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers or their nominees are prohibited from voting or otherwise representing shares on behalf of their clients. The Company does not know for whose benefit the shares registered in the name of CDS & Co. or other custodians are held; therefore, except as set forth below, Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their shares in person or by way of proxy.

Applicable regulatory policy requires 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. Often, the Form of Proxy supplied to a Beneficial Shareholder by its broker is identical to the Form of Proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of or otherwise represent the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediary.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scanable voting instruction form in lieu of the Form of Proxy. In these cases, Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free number or use Broadridge's dedicated voting website at www.proxyvote.com to deliver the Beneficial Shareholders' voting instructions. Broadridge tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment or postponement thereof. **A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote or otherwise represent shares directly at the Meeting or any adjournment or postponement thereof. The voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the shares voted. Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of an intermediary, a Beneficial Shareholder may attend the Meeting as a proxy holder for the registered shareholder and vote their shares in that capacity. To do this, a Beneficial Shareholder must enter their own name in the blank space on the form of proxy provided to them and return the form of proxy to their intermediary in accordance with the instructions provided by such intermediary well in advance of the Meeting.**

There are two kinds of Beneficial Shareholders – those who object to their name being made known to the issuers of securities which they own (called "Objecting Beneficial Owners") and those who do not object (called "Non-Objecting Beneficial Owners"). 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.

Section 4.

Approach to Governance

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. In recent years, 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 fulfill 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 long and short-term goals, and understanding the major risks to the Company's ability to deliver results. Because the Board is composed of a diversity of individuals with a combination of skills and experience, it is particularly capable of guiding and challenging the senior management team.

In accordance with National Instrument ("**NI**") 58-101, the Company annually discloses information related to its system of corporate governance. The Company's disclosure is set out throughout this Circular and summarized in Appendix A.

Majority Voting

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.

Board of Directors Retirement and Renewal

Empire does not impose a term limit on directors apart from the expected retirement age of 72 for directors who are not Sobey family members. The Board believes that it is important to balance the knowledge and experience of long-serving directors with the fresh perspective of new directors. The Board has a robust self-assessment mechanism under which the effectiveness of the Board and individual directors is reviewed annually. Over the past six years, there has been strong Board renewal, with nine new independent directors joining the Board replacing independent directors who retired.

Board of Directors Gender Diversity Policy

The Company recognizes the importance of having a diverse Board with 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. There have been women on the Empire (and Sobeys, when it was a public company) Board for many years. The Board's commitment to the representation of women on the Board is evidenced by the fact that six of the nine new independent directors recruited since 2012 are women.

The Board has adopted a written 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, but the policy specifies a requirement to maintain a minimum level of 25 percent women on the Board. With five female directors, the Board is currently 36 percent female and assuming all director nominees are elected at the Meeting, it will remain as such.

Section 5.

About the Nominees for Election to the Board of Directors

Board Nominees

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.

All of the director nominees have previously been elected as directors of the Company, except for Sharon Driscoll, who was appointed to the Board effective January 17, 2018. Directors of the Company are appointed directors of the Company's wholly-owned subsidiary, Sobeys Inc., which is a reporting issuer as a result of certain outstanding public debt. The two companies are treated as one for all practical purposes.

CYNTHIA DEVINE

Age: 54
Ontario, Canada
Director since 2013
Independent

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

Cynthia Devine is the Chief Financial Officer of Maple Leaf Sports & Entertainment. 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. 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.

Board and Committee Meeting Attendance[1]		
Board	6 of 7	86%
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
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$163,500
Fiscal 2017	197,000

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	3,000	1	37,911	40,912	$1,075,576	269%
July 2017	3,000	1	30,213	33,214	736,022	

JAMES M. DICKSON

Age: 60
Nova Scotia, Canada
Director since 2015
Independent

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

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 prior to his retirement from the partnership in 2016. Mr. Dickson serves as a 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.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	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
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$375,000
Fiscal 2017	232,500

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	16,020	1	14,224	30,245	$795,141	199%
July 2017	16,020	1	8,010	24,031	532,527	

SHARON DRISCOLL

Age: 56
British Columbia, Canada
Director since 2018
Independent

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

Sharon Driscoll is the Chief Financial Officer of Ritchie Bros. Auctioneers Inc. 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.

Board and Committee Meeting Attendance[1]		
Board	2 of 2	100%
Audit	1 of 1	100%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2017	n/a	n/a

Value of Compensation Received	
Fiscal 2018	$37,442
Fiscal 2017	n/a

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	0	1	1,513	1,514	$39,803	10%
July 2017	n/a	n/a	n/a	n/a	n/a	

GREGORY JOSEFOWICZ

Age: 65
Michigan, United States
Director since 2016
Independent

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

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 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 Masters of Business degree in Finance from Northwestern University, Kellogg School of Management.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	100%
Human Resources	3 of 4	75%

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
Tops Markets, Inc.	2008 – 2013

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$141,000
Fiscal 2017	144,750

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	0	1	18,309	18,310	$481,370	120%
July 2017	0	1	7,351	7,352	162,920	

SUE LEE

Age: 66
Alberta, Canada
Director since 2014
Independent

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

Sue Lee is a corporate director with more than 30 years of business experience including her most recent role as Senior Vice President, Human Resources and Communications at Suncor Energy Inc., from which she retired in 2012. She previously had a 14 year career with TransAlta Corporation, culminating in the role of Vice President of Human Resources. 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	7 of 7	100%
Human Resources	4 of 4	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
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$157,000
Fiscal 2017	184,500

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	3,330	1	25,092	28,423	$747,241	187%
July 2017	3,330	1	17,877	21,208	469,969	

WILLIAM LINTON

Age: 64
Ontario, Canada
Director since 2015
Independent

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

William Linton is a corporate director with more than 30 years of business experience including his most recent 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 CSL Group Inc. and TMX Group Limited as well as a number of private companies in the technology and music industries. 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.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	100%
Human Resources (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	
TMX Group Limited	2012 – present

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$175,000
Fiscal 2017	176,912

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	12,058	1	24,318	36,377	$956,351	239%
July 2017	12,058	1	16,339	28,398	629,300	

MICHAEL MEDLINE

Age: 55
Ontario, Canada
Director since 2017
Non-Independent

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

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. Previously, Mr. Medline was the President & Chief Executive Officer of Canadian Tire Corporation (CTC), with more than 15 years in a variety of senior retail leadership positions with CTC, including President of FGL Sports (Sport Chek and Sports Experts). Mr. Medline began his career working with the Ontario Securities Commission in 1989, followed by two years practicing law with McCarthy Tétrault. He was Corporate Counsel for PepsiCo Canada before moving to Abitibi Consolidated Inc. where, between 1994 and 2001, he held a variety of roles including Senior Vice President, Strategy and Corporate Development. Mr. Medline serves as a member of the Board of the SickKids Foundation, was on the Board of Governors for Canada's Sports Hall of Fame and is a past Chair and current board member of the Retail Council of Canada. 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 Western University.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	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
2017	100%	0%

Value of Compensation Received

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

Securities Held / **Share Ownership Status[7]**

Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	47,800	1	90,997	138,798	$3,648,999	See CEO Requirements on page 34
July 2017	30,000	1	26,864	56,865	1,260,128	

MARTINE REARDON

Age: 56
New York, United States
Director since 2017
Independent

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

Martine Reardon is a corporate director with over 30 years of retail marketing experience including her most recent 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 a strategic advisor to the National Retail Federation and on the advisory boards of Lumanu, Inc. and Snap+Style, 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.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	100%
Audit	3 of 3	100%

Membership on Other Reporting Issuer Boards During the Last Five Years

None

Annual Meeting Voting Results

Year	Votes in Favour	Votes Withheld
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$125,786
Fiscal 2017	40,115

Securities Held / **Share Ownership Status[7]**

Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	0	1	9,721	9,722	$255,591	64%
July 2017	0	1	2,532	2,533	56,131	

FRANK SOBEY

Age: 65
Nova Scotia, Canada
Director since 2007
Independent

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

Frank C. Sobey is Chairman of Crombie REIT. 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 board member of the Canadian-U.S. Fulbright Program. He previously served as Chairman of the Dalhousie Medical Research Foundation. Mr. Sobey graduated from Harvard University Business School's Advanced Management Program and earned the ICD.D designation. He holds an honourary degree from Dalhousie University.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	100%
Corporate Governance	4 of 4	100%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$127,500
Fiscal 2017	139,500

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6][8]	% of Ownership Requirement
July 2018	1,354,743	8,762,841[9]	18,835	10,136,419	$266,486,456	66,622%
July 2017	1,354,743	8,720,790[9]	13,022	10,088,555	223,562,379	

JOHN R. SOBEY

Age: 69
Nova Scotia, Canada
Director since 1979
Independent

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

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 the Company. He previously served as a director of Atlantic Shopping Centers, Hannaford Bros. and Medavie Inc. Mr. Sobey graduated from Harvard University Business School's Advanced Management Program.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	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
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$128,000
Fiscal 2017	146,500

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	142,509	57,234	0	199,743	$5,251,244	1,313%
July 2017	142,509	57,234	0	199,743	4,426,305	

KARL R. SOBEY

Age: 63
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 the Company. 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	7 of 7	100%
Human Resources	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
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$128,500
Fiscal 2017	158,500

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	0	7,730,501[10]	0	7,730,501	$203,234,871	50,809%
July 2017	0	7,693,404[10]	0	7,693,404	170,485,833	

PAUL D. SOBEY

Age: 61
Nova Scotia, Canada
Director since 1993
Independent

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

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 and Chancellor of Saint Mary's University. 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 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 honourary 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.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	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
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$142,000
Fiscal 2017	156,000

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	612,195	3,992,001[11]	0	3,604,196	$94,754,313	23,689%
July 2017	612,195	2,979,498[11]	0	3,591,693	79,591,917	

ROB G.C. SOBEY

Age: 51
Nova Scotia, Canada
Director since 1998
Independent

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

Rob G. C. Sobey is a corporate director. Mr. Sobey was the President & Chief Executive Officer of Lawton's Drug Stores Limited until his retirement in 2014 after 25 years with Sobeys. He serves as a director of DHX Media Ltd., SeaFort Capital and Norvista Capital. Mr. Sobey is Chair of the NSCC Capital Campaign, the D&R Sobey Queens Scholarship Program, the Kings University D&R Sobey Scholarship, and the Sobey Art Foundation. Mr. Sobey is President of the Donald R. Sobey Foundation, Honourary Chair of Venture for Canada, a member of the Queen's University School of Business Advisory Board, a member of the WWF Atlantic Council, Co-Chair of the Tate Canada Foundation, and is a Founding Partner and Fellow of CDL Atlantic. As Honourary Colonel of the 1st Field Artillery Regiment of Halifax (RCA), Mr. Sobey received a Queen Elizabeth II Diamond Jubilee Medal for service to the Canadian Forces. He has an honours undergraduate degree from Queen's University, a Masters of Business Administration degree from Babson College, and the ICD.D designation.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	100%
Corporate Governance	4 of 4	100%
Human Resources	4 of 4	100%

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

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$153,500
Fiscal 2017	174,000

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	551,718	2,992,001[12]	4,569	3,548,288	$93,284,492	23,321%
July 2017	551,718	2,979,498[12]	2,831	3,534,047	78,314,482	

MARTINE TURCOTTE

Age: 57
Québec, Canada
Director since 2012
Independent

Key Areas of Expertise:
CEO/Senior Executive
Financial/Accounting
Information Technology
Change Management/Transformation

Martine Turcotte is Vice Chair, Québec of BCE Inc. and Bell Canada. She has more than 25 years of strategic, legal and regulatory experience at Bell related companies. Prior to becoming Vice Chair, Ms. Turcotte was Executive Vice-President and Chief Legal & Regulatory Officer of BCE and Bell Canada. She first joined BCE in August 1988 as legal counsel. She serves as a director of CIBC. Ms. Turcotte is a member of the Board of Governors of McGill University and the Chair of the Board of Théâtre Espace Go Inc. Ms. Turcotte previously was a director of Bell Aliant Inc. Ms. Turcotte holds a Masters of Business Administration degree from the London Business School and Bachelor of Civil Law and Common Law degrees from McGill University.

Board and Committee Meeting Attendance[1]		
Board	7 of 7	100%
Audit	3 of 4	75%
Corporate Governance (Chair)	3 of 4	75%
Nominating (Chair)	3 of 4	75%

Membership on Other Reporting Issuer Boards During the Last Five Years	
CIBC	2014 – present
Bell Aliant Inc.	2011 – 2014

Annual Meeting Voting Results		
Year	Votes in Favour	Votes Withheld
2017	100%	0%

Value of Compensation Received	
Fiscal 2018	$143,250
Fiscal 2017	150,500

Securities Held						Share Ownership Status[7]
Year	NV Class A Shares[2]	Class B Shares[3][4]	DSUs[5]	Total of Shares and DSUs	Total Value at Risk ($)[6]	% of Ownership Requirement
July 2018	11,400	1	35,107	46,508	$1,222,695	306%
July 2017	11,400	1	28,356	39,757	881,015	

Notes:

1) "Board and Committee Meeting Attendance" refers to the fiscal 2018 attendance at meetings of the Board and of the committee(s) on which the director sat.
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 6.
5) The Deferred Stock Unit Plan ("DSUP") is described in this Circular in the section entitled "Board of Directors' Compensation". 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) Total Value at Risk 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 6, 2018 of $26.29 (July 7, 2017 – $22.16).
7) See the section of this circular entitled "Board of Directors' Compensation".
8) In addition to his shareholdings, as at May 5, 2018, Frank C. Sobey owns 34,284 options all of which were issued under Empire's LTIP prior to his 2014 retirement.
9) Includes 8,755,047 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.
10) 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.
11) Includes 2,992,001 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 and 20,454 held jointly with other family members.
12) Rob G.C. Sobey exercises some control or direction over 2,992,001 Class B common shares beneficially owned by CBHL and registered to Sumac Holdings Limited 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. In addition to his shareholdings, as at May 5, 2018, Rob G.C. Sobey owns 66,774 options all of which were issued under Empire's LTIP prior to his 2014 retirement.

Shareholdings of Current Directors

Of the shares outstanding, directors own, or exercise control or direction over 1.6 percent of the Non-Voting Class A shares and 23.0 percent of the Class B common shares.

SHAREHOLDINGS OF CURRENT DIRECTORS

	July 6, 2018		July 7, 2017	
Shareholdings	Number of Shares	Total Value[(1)]	Number of Shares	Total Value[(1)]
Non-Voting Class A shares	2,754,773	$ 72,422,982	2,736,973	$ 60,651,322
Class B common shares	22,534,587	592,434,292	22,430,433	497,058,395
DSUs	280,596	7,376,869	176,130	3,903,041
Total value of Non-Voting Class A shares, Class B common shares and DSUs		$ 672,234,143		$ 561,612,758

Note:

1) All values are based on the closing price of the Non-Voting Class A shares on the TSX as at July 6, 2018 of $26.29 (July 7, 2017 – $22.16).

Director Independence and Other Relationships

The Board has a policy of having an independent, non-management Chair. At every Board meeting, the directors meet without management present and the independent directors meet in camera.

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 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, "Disclosure of Corporate Governance Practices" and NI 52-110, "Audit Committees".

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 Michael Medline is not independent. Mr. Medline is the President & CEO of Empire and Sobeys.

In June 2017, for the first time, 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 three 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 had 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 reaffirmed this assessment in June 2018. The Board specifically does not believe that their status as significant Class B common shareholders interferes with their independent judgement. 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 and Martine Reardon 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, Gregory Josefowicz and Martine Turcotte are independent. Ms. Devine is CFO of Maple Leaf Sports and Entertainment, with which Sobeys has a sponsorship agreement. Mr. Josefowicz is a director of KeHE Distributors, a private U.S.-based company whose Canadian operation, Tree of Life Canada, supplies organic and natural products to Sobeys. Ms. Turcotte is Vice-Chair, Québec of BCE Inc. and Bell Canada, a supplier of telecommunications services to the Company. In all three cases, the relationships are considered not to be material.

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

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	✓		

Interlocking Directorships

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 5, 2018, 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
	Frank C. Sobey	Chairman
	Paul D. Sobey	Human Resources Committee; Investment Committee

There are no other interlocking directorships.

Section 6.

Board and Committee Engagement

Committee Membership

The following table summarizes the standing Committee membership of the Board as of May 5, 2018.

COMMITTEE MEMBERSHIP				
Director	Audit Committee	Corporate Governance Committee	Human Resources Committee	Nominating Committee
Cynthia Devine	Chair	✓		✓
James M. Dickson[(1)]				
Sharon Driscoll	✓			
Gregory Josefowicz			✓	
Sue Lee			✓	
William Linton		✓	Chair	✓
Michael Medline[(2)]				
Martine Reardon	✓			
Frank C. Sobey		✓		
John R. Sobey	✓			
Karl R. Sobey			✓	
Paul D. Sobey		✓		
Rob G.C. Sobey		✓	✓	
Martine Turcotte	✓	Chair		Chair

Notes:
1) James M. Dickson, as Board Chair, is not a member of any of the committees; however, he attended committee meetings in a non-voting capacity.
2) Michael Medline was not a member of any of the committees; however, as President & CEO, he attended committee meetings in a non-voting capacity, at the invitation of the committee chairs.

Summary of Board and Committee Meetings Held

A total of seven Board meetings were held during the year: four regular quarterly meetings, one conference call, 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	1	7
Audit Committee	4	0	4
Corporate Governance Committee	4	0	4
Human Resources Committee	4	0	4
Nominating Committee	4	0	4

At the beginning of fiscal 2018, the Board established the Project Sunrise Transformation Oversight Committee to help monitor the progress of Project Sunrise. The Committee is responsible for overseeing the transformation effort, monitoring progress and reviewing management's risk mitigation strategies. It is an ad hoc committee with limited duration.

Record of Attendance

The following table summarizes the meetings of the Board and its standing committees held for the fiscal year ended May 5, 2018, 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 7	86%	4 of 4	100%	4 of 4	100%			4 of 4	100%	95%
James M. Dickson	7 of 7	100%									100%
Sharon Driscoll(1)	2 of 2	100%	1 of 1	100%							100%
Gregory Josefowicz	7 of 7	100%					3 of 4	75%			91%
Sue Lee	7 of 7	100%					4 of 4	100%			100%
William Linton	7 of 7	100%			4 of 4	100%	4 of 4	100%	4 of 4	100%	100%
Kevin Lynch(2)	1 of 2	50%			1 of 2	50%	1 of 2	50%	1 of 2	50%	50%
Michael Medline	7 of 7	100%									100%
Martine Reardon	7 of 7	100%	3 of 3	100%							100%
Frank C. Sobey	7 of 7	100%			4 of 4	100%					100%
John R. Sobey	7 of 7	100%	4 of 4	100%							100%
Karl R. Sobey	7 of 7	100%					4 of 4	100%			100%
Paul D. Sobey	7 of 7	100%			4 of 4	100%					100%
Rob G.C. Sobey	7 of 7	100%			4 of 4	100%	4 of 4	100%			100%
Martine Turcotte	7 of 7	100%	3 of 4	75%	3 of 4	75%			3 of 4	75%	84%
Overall Board Attendance		**96%**		**95%**		**89%**		**88%**		**81%**	

Notes:

1) Sharon Driscoll was appointed to the Board effective January 17, 2018.
2) Kevin Lynch retired from the Board on September 14, 2017.

Board of Directors' Assessment

The Corporate Governance Committee is responsible to annually assess 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 subjective 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 are 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. The improvements initiated last year concerning the setting of priorities and manner of presentation of information to the directors were noted.

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.

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 reviews and approves the risk management framework as recommended by management, receives reports from management on the risk profile of the Company, assesses the adequacy and completeness of the process for identifying and assessing the risks facing the Company and provides direction with respect to improvements to risk mitigation or changes to risk thresholds. The Audit Committee reports its conclusions and recommendations to the Board on a regular basis.

Enterprise Risk Management ("**ERM**") has been firmly established within the Company. The primary purpose of ERM is to enable intelligent and systematic risk management across the companies 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 three broad categories:

1) Regulatory, Legal and Compliance Risks

A robust process is in place to systematically address the management, reporting, oversight and governance with respect to these types of risks, which include:

- CEO/CFO certification of disclosure controls and procedures, and internal controls over financial reporting;
- Environmental and litigation;
- Food safety and security; and
- Occupational health and safety.

2) 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; such risks are managed, on an ongoing basis, by business operations and functional management. Senior management oversees and monitors these operational risks through a systematic internal governance process that includes:

- Quarterly operational reviews;
- Strategic review of store network plans;
- The annual business and capital plan;
- Forecasting processes; and
- The monitoring of key performance indicators.

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.

3) Business and 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:

- Liquidity and capital management;
- Competition;
- Reputation; and
- Human capital.

Since launching the ERM process, the Company has worked with discipline and rigour to identify, assess, manage and report on the business and strategic risks through the ongoing ERM process. Inherently, the key business and strategic risks have been, and continue to be, embedded in the business and strategy discussions at the Board and/or Board committee meetings. To fully leverage the benefits of the ERM process, the Company continues to develop a clear and systematic link between the risks and the business strategy. To this end, the senior leadership of the Company conducts, annually, a comprehensive assessment of the Company's effectiveness in managing existing/known business and strategic 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.

See the Company's 2018 Management's Discussion and Analysis for a broader discussion of risk management and mitigation.

Ethical Business Conduct

On behalf of Empire's shareholders, the Board is responsible for the stewardship of the Company. To fulfill 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 a Code of Business Conduct and Ethics that emphasizes accountability and a Corporate Disclosure Policy that ensures transparency. The Empire Code of Business Conduct and Ethics is available on the Company's website, www.empireco.ca. Sobeys has adopted a similar Code, which is available on its website, www.sobeyscorporate.com.

All employees, officers and directors must confirm annually their compliance with the Code of Business Conduct and Ethics. The Board has never granted a waiver of the provisions of the Code.

The companies have established a centralized confidential, anonymous reporting mechanism described in the Codes 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.

Board of Directors' Compensation

Director Compensation Philosophy and Process

The philosophy of the director compensation program is to provide compensation to attract and retain qualified directors to serve on the Board and align their interests with the interests of shareholders. The Company's approach is 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:

- To provide directors with compensation that is market competitive;
- To attract and retain leadership talent required to drive results;
- To align directors' interest with those of our shareholders;
- To reflect high standards of good governance; and
- To be easily understood by our shareholders.

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

Director Compensation Review

The director compensation package consists of an annual retainer and meeting fees payable in cash and/or equity-based awards in the form of DSUs. Directors who serve as committee chairs are paid retainers for so doing.

The Corporate Governance Committee annually reviews the current director compensation against director compensation paid in the comparator group below together with other publicly available information and recommends adjustments to the Board, which in turn recommends director compensation to shareholders for approval at the Meeting.

Following its 2018 review, the Corporate Governance Committee recommended no change to the current compensation arrangements.

COMPARATOR GROUP	
Alimentation Couche-Tard Inc.	Maple Leaf Foods Inc.
Canadian Tire Corporation Limited	Metro Inc.
Dollarama Inc.	North West Company
George Weston Limited	Saputo Inc.
Hudson's Bay Company	The Jean Coutu Group (PJC) Inc.
Loblaw Companies Limited	

Directors' Fees

During fiscal 2018, directors of the Company who were not employees of the Company or its subsidiaries received compensation for participating as a member of the Board and its committees.

DIRECTORS' FEES[1]	2018	2017
Directors' Retainer	$ 100,000	$ 100,000
Board Chair's Retainer[2]	$ 400,000	$ 300,000
Meeting Fee[3]		
• Board	$ 2,000	$ 2,000
• Committee[4]	$ 2,000	$ 2,000
• Telephone (Board or Committee)	$ 1,500	$ 1,500
Committee Chairs' Retainer		
• Audit	$ 30,000	$ 30,000
• Human Resources	$ 25,000	$ 25,000
• Corporate Governance/Nominating[4]	$ 15,000	$ 15,000
Committee Members' Retainer		
• Audit	$ 5,000	$ 5,000
• Human Resources	$ 5,000	$ 5,000
• Corporate Governance/Nominating[4]	$ 4,000	$ 4,000

Notes:

1) The 2018 fees were approved at the Annual General Meeting in September 2017, and are applicable as of the September 2017 Board meeting. Any meetings occurring after May 6, 2017 (Empire's fiscal year-end) but prior to the September 2017 Board meeting were paid using the 2017 approved fees as listed above. Directors who live outside Canada were paid their fees in U.S. dollars.
2) The Board Chair does not receive meeting fees.
3) Meeting fees may be payable to directors who attend meetings of committees of which they are not members either by invitation or at the discretion of the committee chair.
4) Committee members who served on both the Corporate Governance and Nominating Committees are paid one retainer covering both committees. One meeting fee is paid for the regular quarterly meetings of the committees, and separate meeting fees are 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 resident in Canada. Directors in 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 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 four times the director retainer 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 see the section of this Circular entitled "Compensation and Risk"). 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 to take DSUs until their share ownership threshold is met, the Board does not think it is necessary to require directors to purchase shares on the open market.

As of July 6, 2018, based on the current director retainer of $100,000, the share ownership guidelines require minimum holdings valued at $400,000 in any combination of Non-Voting Class A shares, Class B common shares and DSUs.

Compensation Paid in 2018

The following table details the remuneration paid to the directors during the fiscal year ended May 5, 2018. In accordance with Company policy, employees of the Company who serve as directors are not entitled to receive compensation for so doing.

REMUNERATION OF EMPIRE DIRECTORS[1]

Director	Board Retainer	Committee Retainer	Board Meeting Fees	Committee Meeting Fees	Total	% of Total Fees Allocated to DSUs
Cynthia Devine	$ 100,000	$ 34,000	$ 13,500	$ 16,000	$ 163,500	100%
James M. Dickson	375,000	–	–	–	375,000	25%
Sharon Driscoll	29,945	1,497	4,000	2,000	37,442	100%
Gregory Josefowicz[2]	100,000	9,500	15,500	16,000	141,000	100%
Sue Lee[3]	100,000	25,000	15,000	17,000	157,000	100%
William Linton	100,000	33,500	15,500	26,000	175,000	100%
Kevin Lynch	36,000	5,990	2,000	4,000	47,990	0%
Martine Reardon[2]	100,000	4,286	15,500	6,000	125,786	100%
Frank C. Sobey	100,000	4,000	15,500	8,000	127,500	100%
John R. Sobey	100,000	5,000	15,000	8,000	128,000	0%
Karl R. Sobey	100,000	5,000	15,500	8,000	128,500	0%
Paul D. Sobey	100,000	8,500	15,500	18,000	142,000	0%
Rob G.C. Sobey	100,000	13,500	15,000	25,000	153,500	25%
Martine Turcotte	100,000	17,250	15,000	11,000	143,250	100%

Notes:

1) Remuneration refers to the compensation paid to the directors during the fiscal year ended May 5, 2018, paid either in cash or DSUs.
2) As directors who live outside of Canada, Gregory Josefowicz and Martine Reardon were paid in U.S. dollars.
3) Sue Lee received an additional retainer of $20,000 for chairing the Project Sunrise Transformation Oversight Committee.

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

Section 7.

Board Committee Reports

Audit Committee Report

Members as of May 5, 2018:


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 5, 2018. The Audit Committee met four times during fiscal 2018.

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.

Since the beginning of fiscal 2018, 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 press releases
- Reviewed the financially related disclosures contained in the Annual Report and Annual Information Form
- 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
- 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 fulfill 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 judgements
- Reviewed the quarterly and annual audit reports with the external auditor

The table below shows the fees charged by PricewaterhouseCoopers LLP for fiscal 2018 and fiscal 2017, to the Company and its subsidiaries.

AUDITOR'S FEES FOR EMPIRE COMPANY LIMITED AND ITS SUBSIDIARIES

	Fiscal Year Ended	
	May 5, 2018	May 6, 2017
Audit Fees	$ 2,070,000	$ 2,225,000
Audit Related Fees	463,950	152,110
Tax Fees	150,000	4,750
Other Fees	72,000	45,200
Total Fees	$ 2,755,950	$ 2,427,060

For fiscal 2018, 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 and French translation. Tax fees include various consultations on specific items. Other fees include Canadian Public Accountability Board fees and International Financial Reporting Standards 16, "Leases" modelling.

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 third 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 Chief Auditor
- 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 as a part of monitoring the principal risks of the business to ensure appropriate risk management techniques are in place. For more information on risk management, please see the section entitled "Compensation and Risk" of this Circular
- Reviewed quarterly Environmental, Litigation and Hedge Reports
- Received quarterly Food Safety, Pharmacy and IT Security Reports
- 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
- 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 5, 2018:

Martine Turcotte (Chair)

Cynthia Devine

William Linton

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 2018, 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, and including a briefing from an independent governance expert
- Recommended to the Board a broader executive incentive compensation clawback policy
- Conducted the annual Board assessment consisting of a confidential survey and individual interviews with all directors
- Led the Board's engagement with the Canadian Coalition for Good Governance
- Recommended to the Board the structure and composition of the Board's committees
- Following a review of data from other companies, recommended to the Board the annual compensation for directors including Board Chair and committee chair compensation
- 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
- Reviewed the expenses incurred by the CEO during the fiscal year
- Reviewed corporate aircraft usage and related costs and charges

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

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

Nominating Committee Report

Members as of May 5, 2018:

Martine Turcotte (Chair)

Cynthia Devine

William Linton

The Nominating Committee mandate is available on the Company's website at www.empireco.ca in the Governance section. All members of the 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 2018, in accordance with its mandate, the Nominating Committee undertook the following:

- Recruited one new independent director with financial expertise to address identified skills requirements and consistent with the Board's desire to increase the percentage of women on the Board notwithstanding prior achievement of the agreed target of 25 percent female directors
- Reviewed the director skills matrix to ensure alignment with evolving business priorities and determined that the mix of skills of the directors following the most recent new director appointment is appropriate
- Reviewed the current size of the Board and determined that it is appropriate
- Monitored and discussed regulatory and other developments concerning board diversity

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

Martine Turcotte (Chair), Cynthia Devine and William Linton

Human Resources Committee Report

Members as of May 5, 2018:

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)
- 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 2018, 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 these considerations and other relevant factors
- Reviewed and monitored senior leadership succession plans that addresses both planned and unforeseen succession circumstances
- Reviewed, monitored and provided guidance to the executive management of the Company with respect to employee engagement
- Provided advice and guidance to the executive management of the Company in relation to the transformation to the future organizational structure
- 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
- 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 recommended for Board approval the appointment of Empire and Sobeys officers
- Reviewed and approved executive compensation disclosure contained in the Company's Information Circular or as otherwise required by applicable securities laws, including the Compensation Discussion and Analysis
- Reviewed and approved modifications to the compensation strategy along with changes to specific design elements for the base pay program, the PSP annual incentive plan and the long-term incentive plan, which will be implemented in fiscal 2019

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 8.

Statement of Executive Compensation

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 2018 fiscal year. For the fiscal year ended May 5, 2018, the NEOs were:

- Michael Medline, President & Chief Executive Officer
- Michael Vels, Chief Financial Officer
- Clinton Keay, former Interim Chief Financial Officer
- Lyne Castonguay, Executive Vice President, Merchandising
- Simon Gagné, Executive Vice President, Human Resources
- Jason Potter, Executive Vice President, Operations

Clinton Keay was Interim CFO early in the fiscal year. As of mid-June 2017, when Michael Vels joined the Company as CFO, Mr. Keay assumed the role of EVP, Technology and Transformation Management.

Following the end of fiscal 2018, in early June 2018, Jason Potter left the Company and Lyne Castonguay assumed the role of EVP, Store Experience.

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 2018 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.

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.

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 in a range of companies to executive compensation approaches and programs.

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. 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 the Company. 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 until his retirement in January 2014 after 25 years with Sobeys. Mr. Sobey is the Chair of the Human Resources Committee of DHX Media Ltd. He sits on the Queen's School of Business Advisory Board, the Tate Canada Foundation and the Atlantic Council of the WWF.

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 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 four meetings in fiscal 2018 and provided regular reports to the Board on its activities and on the policies and practices implemented by the Company's Human Resources Department.

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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. The Committee oversees a structured succession planning and assessment process for all senior executive roles that involves identifying and categorizing the degree of readiness of internal candidates to succeed each senior executive. Specified development objectives are established for each internal candidate. 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 receives a detailed briefing on succession plans for senior executives.

Representation of Women in Executive Management

Management believes it can be effective in developing women in executive positions without setting formal targets. Specifically, the Company has a number of specific initiatives underway to accelerate the development and advancement of women, including strategic partnerships with Catalyst Canada and the Canadian Centre for Diversity and Inclusion and a networking partnership with NEW (Network of Executive Women for Retail and Consumer Packaged Goods). The Company has established a diversity and inclusion roadmap with a primary focus on gender that emphasizes the development of internal candidates and has launched a flexible work arrangement policy that should allow for greater flexibility for women (and men) with family responsibilities. In addition, executive management of the Company considers diversity when reviewing talent development, succession planning and external hiring.

The Executive Committee of the Company is 33 percent female, the senior management group (senior vice presidents and vice presidents) is 24 percent female and the director level is 32 percent female. In the past year, 23 percent of promotions and 50 percent of new hires at the VP level have been female, and 40 percent of promotions and 67 percent of new hires at the director level have been female.

Compensation Philosophy and Process

The philosophy of the 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:

- To provide executives with compensation that is market competitive;
- To attract and retain leadership talent required to drive results;
- To reflect a pay for performance philosophy;
- To align executives' interest with those of our shareholders;
- To reflect high standards of good governance; and
- To 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. As outlined below, the HR Committee:

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 and long-term results, thereby reducing the incentive to take undue risks and 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

NEO share ownership aligns the interest of our executives with that of shareholders. The Board, on the recommendation of the HR Committee, introduced share ownership guidelines for the NEOs that became effective in fiscal 2015.

These guidelines are tied to the NEOs' 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. Participants are not expected to buy shares on the open market.

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 150% LTIP Target	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 5, 2018, as well as their granted PSUs, DSUs and Stock Options.

EQUITY OWNERSHIP[(1)]

Name	Non-Voting Class A Shares (#)	Non-Voting Class A Shares ($)	Total Equity Ownership ($)	Total PSUs[(2)] (#)	Total DSUs[(2)] (#)	Total Stock Options[(2)] (#)
Michael Medline	47,800	$1,195,478	$1,195,478	101,536	90,997	325,645
Michael Vels	25,000	625,250	625,250	52,807	41,330	152,150
Clinton Keay	10,000	250,100	250,100	7,080	36,578	154,496
Lyne Castonguay	48,652	1,216,787	1,216,787	104,749	47,502	167,929
Simon Gagné	6,814	170,418	170,418	27,379	40,439	328,036
Jason Potter	12	300	300	16,329	47,930	410,747

Notes:

1) Securities held are reported as at May 5, 2018. Share value is calculated using the closing Non-Voting Class A share price on May 5, 2018 of $25.01.
2) Information on the value of PSUs, DSUs and Stock Options can be found in the section of this Circular entitled "Incentive Plan Awards". The Total DSUs column reports DSUs that have been granted but that have not yet vested.

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.

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 2018, the HR Committee retained the services of executive compensation consultants Hugessen Consulting Inc. to review the Statement of Executive Compensation section of the Circular.

In fiscal 2017, the HR Committee retained the services of Hugessen Consulting Inc. to perform compensation related work including reviewing the pay packages of incoming members of the executive team, reviewing the severance for the outgoing CEO and reviewing the arrangements for the interim CEO, together with a review of the Statement of Executive Compensation section of the Circular.

While the HR Committee receives information and advice from Hugessen Consulting Inc. on matters of executive compensation, the Committee formulates its own recommendations and decisions, which may reflect considerations other than Hugessen's information and advice. Hugessen Consulting Inc. was first retained by the HR Committee in fiscal 2014.

HUMAN RESOURCES COMMITTEE CONSULTANTS' FEES

	Hugessen Consulting Inc. Fiscal 2018	Hugessen Consulting Inc. Fiscal 2017
Executive Compensation-Related Fees	$ 10,121	$ 331,500
All Other Fees	–	–
Total Consulting Fees	$ 10,121	$ 331,500

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 industry 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.

The HR Committee also generally considers survey data from a broader industry sample in assessing the competitiveness of the Company's executive compensation.

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. As illustrated in the following table, the total value of the compensation package is weighted towards the variable incentive components, thereby putting a significant portion of executive pay at risk.

PERCENTAGE OF FISCAL 2018 TARGET TOTAL DIRECT COMPENSATION(1)

			LTIP		
Name and Position	Salary	PSP	PSUs/DSUs	Stock Options	Pay at Risk(2)
Michael Medline, President & CEO	22%	22%	34%	22%	78%
Michael Vels, CFO	31%	23%	28%	18%	69%
Clinton Keay, Interim CFO	37%	19%	26%	18%	63%
Lyne Castonguay, EVP, Merchandising	31%	23%	28%	18%	69%
Simon Gagné, EVP, Human Resources	31%	23%	28%	18%	69%
Jason Potter, EVP, Operations	31%	23%	28%	18%	69%

Notes:
1) Total direct compensation excludes benefits, pension and perquisites.
2) Pay at risk represents the aggregate of the PSP and LTIP (PSUs/DSUs and Stock Options) percentages.

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

CURRENT ELEMENTS OF EXECUTIVE COMPENSATION				
Element	Form		Time Period	Objective
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
		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. NEOs participate in a defined contribution plan and the SERP. 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.

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. With the exception of the CEO, the NEOs' PSP awards are based on the achievement of specific goals tied to the successful implementation of the Company's reorganization and transformation initiatives ("**KPI**s").

Eighty percent of the PSP target for the NEOs (with the exception of the CEO) is dependent upon the achievement of consolidated sales and profitability targets for Empire and 20 percent of their PSP target is dependent on the achievement of the established KPIs. Profitability is defined as adjusted net earnings. The targets for the fiscal 2018 PSP awards are described on page 40 of this Circular.

The maximum PSP award for the NEOs is set at two times the target award; this is achieved at 115 percent of target profitability and 103 percent of target sales and, with the exception of the CEO, the achievement of the KPIs. The minimum PSP award for the NEOs is 40 percent of the target award if 85 percent of target profitability and 97 percent of target sales are achieved, and with the exception of the CEO, the non-financial KPIs are achieved. If 85 percent of target profit and 97 percent of target sales are not achieved, and with the exception of the CEO, the non-financial KPIs are not achieved, then no PSP award is earned or paid. The sales and profit results achieved compared to their respective targets map to PSP matrices, which set out the corresponding PSP award that is earned as a percent of the NEO's salary. Actual fiscal 2018 PSP awards are described on page 41 of this Circular.

With the objective of rewarding the NEOs (with the exception of the CEO) for the successful implementation of the Company's reorganization and transformation initiatives that will help create long-term growth and sustainability, the Board approved the following changes to the PSP plan design for fiscal 2018:

- Twenty percent of the target award is linked to the achievement of non-financial KPIs.
- The achievement of the KPIs is mutually exclusive from the achievement of the sales and profitability component of the PSP award.
- The KPIs will be established each fiscal year dependent on key fiscal year initiatives determined by the Board.
- If the non-financial KPIs are achieved, the KPI component will increase at the same ratio as the sales and profitability performance increase above target.

It is important to note that the HR Committee may exercise its discretion to increase the 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 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. The LTIP also serves to help attract and retain key talent. The performance period in which the awards are measured is over a three to eight year period. All NEOs participate in the LTIP and awards are considered annually by the HR Committee. In fiscal 2018, LTIP participants were issued PSUs, DSUs and Stock Options, as outlined in the Empire PSU Plan and Empire Long-Term Incentive Plan, respectively.

The Empire Long-Term Incentive Plan provides for: (i) share purchase entitlements under the Share Purchase Plan portion of the Empire Long-Term Incentive Plan; (ii) share option awards under the Stock Option Plan portion of the Empire Long-Term Incentive Plan ("**Stock Option Plan**"); and (iii) share incentive awards under the Medium-Term Performance Plan portion of the plan. The Company's current practice is to use only the Stock Option Plan portion of the Empire Long-Term Incentive Plan in combination with the Empire PSU/DSU Plan.

In the first quarter of fiscal 2017, the Company implemented a new Executive Deferred Stock Unit Plan ("**EDSUP**"). LTIP participants must elect in advance whether any performance awards they receive will be in the form of 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 unless the Company ceases to be publicly traded, 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 performance award.

The number of PSUs/DSUs and Stock Options granted is based on the level of responsibility of the participant. The executive team (including the NEOs) has 40 percent of their LTIP award granted in Stock Options and 60 percent in PSUs/DSUs. Of the 60 percent PSU/DSU award, 35 percent is performance based and 25 percent is time based. The ratio for all other participants in the Company's LTIP is 30 percent Stock Options and 70 percent PSUs/DSUs. For those participants, of the 70 percent PSU/DSU award, 30 percent is performance based and 40 percent is time based.

PSUs/DSUs

PARTICIPANT'S BASE SALARY × TARGET PSU/DSU % ÷ GRANT PRICE = THE NUMBER OF PSUs/DSUs GRANTED

Each year, participants may be awarded a target number of PSUs/DSUs that track Empire's underlying Non-Voting Class A share price over a three-year period. The number of PSUs/DSUs awarded is governed by a formula, as shown above, where the grant price is no less than the trailing volume weighted average trading price ("**VWAP**") of Empire Non-Voting Class A shares on the TSX for the five days immediately preceding the start of the applicable term. The target award of PSUs/DSUs resulting from this calculation is presented to the HR Committee for approval.

The number of PSUs/DSUs that vest under an award is dependent on time vesting and the achievement of performance measures, specifically return on equity ("**ROE**"), calculated by using adjusted net earnings and adjusted net earnings per share ("**EPS**") criteria. The target level for both the ROE and EPS performance requirements has been established based on a seven percent annual compounded growth rate in Empire's adjusted net earnings, but this may be modified by the Board with respect to specific grants.

In setting the performance levels for both ROE 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 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.

Each award has a fixed term of not more than three years. At the end of the three fiscal year performance period, the HR Committee reviews the Company's actual performance against the performance measures and determines the performance level achieved. The number of PSUs or DSUs that vest is adjusted upwards or downwards based on the actual performance against the specified ROE and EPS performance measures, with a payout range of zero times target to two times target.

PERFORMANCE MEASURES, PERFORMANCE LEVELS AND ADJUSTMENT FACTORS

	3-Year Average Performance	Performance Measures		Adjustment Factor (% Vesting of Award)
Performance Level	Below Threshold Level	Adjusted net EPS (50% weight)	ROE, based upon adjusted net earnings (50% weight)	Below which 0% of the Award will vest
	At Threshold Level			30% of the Award will vest
	At Target Level			100% of the Award will vest
	At Maximum Level			200% of the Award will vest

The net earnings per share and ROE 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 percent and 100 percent vesting, respectively.

At May 5, 2018 there were 471,693 PSUs and 803,777 DSUs outstanding.

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.

Stock Options

PARTICIPANT'S BASE SALARY × TARGET STOCK OPTION % ÷ SHARE PRICE/5 = THE TARGET GRANT OF STOCK OPTIONS

The NEOs and other management participate in the Stock Option Plan, which is designed to reward participants for performance over a long-term period. The Stock Option Plan provides for the issuance of Stock Options with a term of up to ten years. Empire's current practice is to grant options having a term of eight years. Stock Options may be granted to officers or management of the Company or its subsidiaries as approved by the HR Committee, or in the case of the CEO, by the Board. Stock Options vest at the rate of 25 percent of the grant at the end of each fiscal year for the first four years of the term.

In the Stock Option Plan, the granting of Stock Options is governed by a formula, as shown above, where the grant price equals the VWAP of Empire Non-Voting Class A shares on the TSX for the five days immediately preceding the effective date of the options. The target grant of Stock Options resulting from this calculation is presented to the HR Committee for approval.

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 share price.

A maximum of 9,600,000 Non-Voting Class A shares may be issued under the Stock Option Plan, which is 3.5 percent of the total outstanding Non-Voting Class A shares and Class B common shares of the Company.

A total of 4,686,155 Stock Options were outstanding at fiscal year ended May 5, 2018. 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. By comparison, at the end of fiscal 2017, there were outstanding a total of 4,949,863 Stock Options representing 1.8 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 5, 2018.

STOCK OPTIONS OUTSTANDING	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	4,949,863	$ 24.27
Granted[1]	1,338,980	19.43
Exercised[2]	(122,805)	22.26
Expired	(749,971)	25.92
Forfeited	(729,912)	23.45
Balance, end of year	4,686,155	$ 22.81
Stock options exercisable, end of year	2,301,032	

Notes:

1) The Company's annual burn rate under the Option Plan, calculated as described in Section 613(p) of the TSX Company Manual, was 0.5% in 2018, 0.6% in 2017 and 0.28% in 2016.
2) No NEO exercised stock options in fiscal 2018.

The Board may terminate the Stock Option Plan portion of the Empire Long-Term Incentive Plan, provided that such termination shall not affect the rights of a participant holding options at the time of such termination without his or her consent. For additional terms of the Stock Option Plan including insider participation limits, assignment, expiry and amendment, see Appendix C to this Circular.

Compensation Changes for Fiscal 2019

The base salary of the CEO will be $1,025,000 effective June 24, 2018 through the remainder of fiscal 2019. The CEO's LTIP target will increase from 250% of base salary to 275% of base salary.

For PSP purposes in fiscal 2019, all NEOs will have 25 percent of their PSP target award associated with specific goals tied to the successful implementation of the Company's reorganization and transformation initiative. Seventy-five percent of their fiscal 2019 PSP award will be associated with the achievement of Empire's target sales and adjusted net earnings.

In the LTIP, the stock option multiplier will be changed from five to four as a result of the recent valuation of a stock option.

Pension and Benefits

Eligible employees of the Company participate in a defined contribution pension plan (the "**Employee Plan**") that is registered under the Nova Scotia Pension Benefits Act and Income Tax Act ("***ITA***"). Under the Employee Plan, members are currently required to contribute 2.5 percent of their regular earnings and such contributions are matched by the Company. In addition, members may make additional unmatched voluntary contributions of as much as ten percent of their earnings, subject to the maximum annual money purchase contribution limit permitted under the *ITA*. Certain management-level members are eligible for a Company match of the first two percent of any voluntary contributions. 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.

Certain senior management employees contribute to a second defined contribution plan (the "**Senior Management Plan**"). Each member is required to contribute $2,500 annually to the Senior Management Plan. The Company contributes an amount equal to six percent of each member's salary. In addition, members may make additional unmatched voluntary contributions of as much as ten percent of their earnings. All contributions are capped by the annual maximum permitted by the *ITA*.

A third defined contribution plan exists for executive officers and certain senior management employees of the Company, including the NEOs (the "**Executive Plan**"). Currently, each member is required to contribute $3,500 annually to the Executive Plan. The Company contributes an amount equal to 12 percent of each member's salary. In addition, members may make additional unmatched voluntary contributions; however, all contributions are capped by the maximum permitted by the *ITA*.

The defined benefit pension plans formerly maintained by The Oshawa Group Limited ("**Oshawa**"), which was acquired by Sobeys in 1998, have been amended to require employee contribution levels matching those under the Employee Plan, the Senior Management Plan, and the Executive Plan, except for certain legacy arrangements. Employees who were participants of the Oshawa pension plans have become subject to the Employee Plan, the Senior Management Plan, and the Executive Plan (as applicable), except where an employee was over 50 years of age, had a minimum of ten years of service, and elected to remain under the Oshawa pension plans.

Supplemental Executive Retirement Plan

The NEOs, as well as certain other executives, participate in the SERP. 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. These target levels are determined as an annual accrual of two percent per credited year of service to a maximum of 60 percent of the average of the executive's annualized pensionable earnings during the 60 months of continuous service prior to the executive's date of retirement.

Fiscal 2018 Compensation Decisions

Year in Review

Our fiscal 2018 results – the first full fiscal year under the leadership of the CEO and his executive team – reflected a significant improvement over fiscal 2017. Sales and profitability were both ahead of target: sales were $24.2 billion compared to a target of $23.7 billion. Reported adjusted net earnings were $344.3 million ($1.27 per diluted share) compared to a target of $168.3 million. For compensation purposes, 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 2018 can be found in the Company's 2018 Management's Discussion and Analysis.

Base Salary

Base salaries for the NEOs for fiscal 2018 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". The Board is satisfied that these base salaries were appropriate in all the circumstances.

PSP – Awards in the Most Recently Completed Fiscal Year

For the CEO, the PSP award is based on the attainment of the Board-approved sales and profitability targets noted. For the remaining NEOs, the PSP awards are based on these financial results together with the attainment of certain KPIs to reward them for achieving non-financial objectives focused on two important Project Sunrise initiatives. These initiatives were the implementation of the new functional organizational structure and the creation of new key national merchandising and replenishment operating models. The weighting of the PSP awards for these NEOs was 80 percent financial results and 20 percent KPI achievement. These Project Sunrise initiatives were effectively implemented and the associated KPIs were achieved by the NEOs.

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)	60%	85%	100%	115%
Payout Level (as % of Target Award)		40%	100%	200%

In all cases, the sales and profit results as a percentage of their respective targets map to PSP matrices, which set out the corresponding PSP award expressed as a percentage of the NEO's salary. All NEOs have the ability to earn a range of PSP award from 40 percent of their PSP target award (a threshold PSP award) to 200 percent of their PSP target award (a maximum PSP award).

The table below sets out the performance metrics and fiscal 2018 actual performance:

FISCAL 2018 PSP PERFORMANCE

	Performance Range (as % of Target)			Fiscal 2018 Actual Performance	
Performance Metric	Threshold	Target	Max	(as % of Target)	Payout as % of Target
Empire Sales	97%	100%	103%	101.6%	180%
Empire Profitability (adjusted net earnings)	85%	100%	115%	181.2%	

With the PSP component weighting of 40 percent sales and 60 percent profitability and the actual performance at 101.6 percent of target for sales and 181.2 percent of target for profitability, the payout of 180 percent of target is one-third related to sales achievement and two-thirds related to profitability achievement.

The individual PSP results for each of the NEOs are set out here:

FISCAL 2018 PSP PAYOUTS									
			Weighting		Payout as % of Target				
Name[1]	PSP Target (% of Base Salary)	PSP Target ($)	Financial Performance	KPI	Achievement of Target Financial Performance (%)	Achievement of Target KPI Performance (%)	Payout as % of PSP Target (%)	Total Payout Percent (% of Base Salary)	Actual Fiscal 2018 PSP Award ($)
Michael Medline	100%	$ 900,000	100%	n/a	180%	n/a	180%	180%	$ 1,620,000
Michael Vels	75%	435,000	80%	20%	144%	36%	180%	135%	783,000
Clinton Keay	50%	208,080	80%	20%	144%	36%	180%	90%	374,544
Lyne Castonguay	75%	420,000	80%	20%	144%	36%	180%	135%	756,000
Simon Gagné	75%	371,250	80%	20%	144%	36%	180%	135%	668,250
Jason Potter	75%	420,000	80%	20%	144%	36%	180%	135%	756,000

LTIP – Awards in the Most Recently Completed Fiscal Year

For fiscal 2018, the following PSUs, DSUs and Stock Options were granted:

FISCAL 2018 LTIP AWARDS													
	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 2018 PSU/DSU-Based Awards[3]	Stock Option Target (% of Base Salary)	Number of Stock Options Granted	Option Exercise Price[4]	Value of Fiscal 2018 Stock Option-Based Awards[3]
Michael Medline	250%	150%	87,886	23,753	0	26,722	37,411	$ 21.05	$ 1,850,000	100%	236,096	$ 19.06	$ 900,000
Michael Vels	150%	90%	94,137	22,803	30,004	17,220	24,110	20.93	1,970,000	60%	152,150	19.06	580,000
Clinton Keay	120%	72%	15,780	0	0	8,717	7,063	21.59	340,702	48%	39,222	20.11	157,775
Lyne Castonguay	150%	90%	23,942	0	0	9,976	13,966	21.05	504,000	60%	88,142	19.06	336,000
Simon Gagné	150%	90%	35,414	14,251	0	8,818	12,345	21.05	745,500	60%	77,911	19.06	297,000
Jason Potter	150%	90%	23,942	0	0	9,976	13,966	21.05	504,000	60%	88,142	19.06	336,000

Notes:

1) Mr. Medline, Mr. Vels and Mr. Gagné were each issued a special one-time PSU award in fiscal 2018. Mr. Medline received a special one-time award of 23,753 PSUs to recognize his contribution to the Company during the first few months of his employment. Mr. Vels received a special one-time award of 52,807 PSUs at the time of hire to secure his employment and for anticipated lost incentive compensation in his previous employment. Mr. Gagné received a special one-time award of 14,251 PSUs to recognize his past service and performance.
2) Mr. Medline, Mr. Vels and Mr. Gagné received grants of PSUs and DSUs during fiscal 2018 at different grant prices therefore the PSU/DSU grant price in this column reflects the weighted average price of the grants issued during the year. Mr. Keay received two DSU grants at different grant prices during fiscal 2018 therefore the PSU/DSU grant price in this column reflects the weighted average price of the grant issued during the year.
3) The value of the fiscal 2018 PSUs, DSUs and Stock Option awards was determined as of June 28, 2017, the date of grant, with the exception of Mr. Vels whose PSU award was determined as of the date of hire, June 12, 2017. Mr. Keay's second grant of DSUs and Stock Option awards was determined as of December 12, 2017.
4) Mr. Keay received two Stock Option grants at different grant prices during fiscal 2018 therefore the Option grant price in this column reflects the weighted average price of the grants issued during the year.

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 2018:

COMPENSATION OF NAMED EXECUTIVE OFFICERS

					Non-Equity Incentive Plan Compensation			
Name and Principal Position	Year	Salary	Share-Based Awards(1)	Option-Based Awards(2)	Annual (PSP)	Pension Value(3)	All Other Compensation(4)	Total Compensation
Michael Medline, President & CEO	2018	$ 900,003	$ 1,850,000	$ 900,000	$ 1,620,000	$ 263,000	$ 2,779	$ 5,535,782
	2017	280,386	1,707,093	279,396	0	83,000	764	2,350,639
	2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Michael Vels, CFO	2018	$ 524,229	$ 1,970,000	$ 580,000	$ 783,000	$ 87,000	$ 285,940	$ 4,230,169
	2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Clinton Keay, Interim CFO	2018	$ 416,158	$ 340,702	$ 157,775	$ 374,544	$ (69,000)	$ 2,316	$ 1,222,496
	2017	414,903	436,968	187,272	62,424	19,000	2,314	1,122,881
	2016	414,551	214,200	91,800	61,200	14,000	2,202	797,953
Lyne Castonguay, EVP, Merchandising	2018	$ 560,001	$ 504,000	$ 336,000	$ 756,000	$ 146,000	$ 2,316	$ 2,304,317
	2017	465,383	4,995,000	330,000	412,500	113,000	1,864	6,317,747
	2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Simon Gagné, EVP, Human Resources	2018	$ 488,079	$ 745,500	$ 297,000	$ 668,250	$ 303,000	$ 95,033	$ 2,596,862
	2017	448,654	405,000	270,000	0	76,000	95,031	1,294,685
	2016	448,367	397,154	264,770	0	69,000	96,702	1,275,993
Jason Potter, EVP, Operations	2018	$ 559,998	$ 504,000	$ 336,000	$ 756,000	$ (28,000)	$ 110,190	$ 2,238,188
	2017	558,290	504,000	336,000	0	65,000	107,874	1,571,164
	2016	557,705	493,999	329,333	0	59,000	112,150	1,552,187

Notes:

1) The numbers in this column represent the compensation value of the PSUs/DSUs granted. The fiscal 2018 PSU/DSU awards, including special one-time awards to Mr. Medline, Mr. Vels and Mr. Gagné, are described in more detail in the table entitled "Fiscal 2018 LTIP Awards" on page 41 of this Circular. For fiscal 2017, the numbers in this column for Mr. Medline and Ms. Castonguay include special PSU awards. Mr. Medline received a special one-time award at the time of hire to secure his employment in addition to an award of PSUs granted for completing specific objectives established by the Board in fiscal 2017. Ms. Castonguay received a special one-time award to compensate her for anticipated lost incentive compensation in her previous employment.
2) The numbers in this column represent the compensation value of Stock Options granted under the LTIP as follows:
   a. In fiscal 2018, Stock Options were granted at grant price of $19.06. The HR Committee used 20 percent of the grant price to estimate compensation value of each option. The awards to Michael Medline, Michael Vels, Clinton Keay, Lyne Castonguay, Simon Gagné and Jason Potter were valued at $781,045 ,$503,338, $143,685, $291,558, $257,743 and $291,588, respectively, for accounting purposes using the Black-Scholes Option Pricing Model method as at May 5, 2018;
   b. In fiscal 2017, Stock Options were granted at grant price of $20.68. The HR Committee used 20 percent of the grant price to estimate compensation value of each option. The awards to Michael Medline, Clinton Keay, Lyne Castonguay, Simon Gagné and Jason Potter were valued at $198,638, $126,904, $223,625, $182,965 and $227,689, respectively, for accounting purposes using the Black-Scholes Option Pricing Model method as at May 6, 2017; and
   c. In fiscal 2016, Stock Options were granted at grant price of $30.25. The HR Committee used 20 percent of the grant price to estimate compensation value of each option. The awards to Clinton Keay, Simon Gagné and Jason Potter were valued at $62,786, $296,916 and $225,283, respectively, for accounting purposes using the Black-Scholes Option Pricing Model method as at May 7, 2016.
3) The Pension Value is the compensatory change that is described in the section of this Circular entitled "Pension Plan, Benefits and Other Compensation".
4) For Mr. Vels, who joined the Company in mid-June 2017, the number in this column includes a signing bonus of $275,000 as well as an $8,942 car allowance. For Mr. Gagné and Mr. Potter, the numbers in this column include a relocation benefit amount for each of fiscal 2018, fiscal 2017 and fiscal 2016. All Other Compensation also includes premiums paid in respect of the group life and accidental death and dismemberment insurance of the NEOs. The value of perquisites for any of the NEOs did not exceed $50,000 in aggregate or 10 percent or more of the NEO's salary, and is therefore not included in this column.

Incentive Plan Awards

OUTSTANDING STOCK-OPTION BASED AWARDS AND SHARE-BASED AWARDS

		Option-Based Awards						Share-Based Awards		
Name[1]	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]
Michael Medline	2018	236,096	$	19.06	June 2025	$	1,404,771	87,886	$ 2,198,029	$ 0
	2017	89,549		15.60	June 2024		842,656	104,647	2,617,221	0
Michael Vels	2018	152,150	$	19.06	June 2025	$	905,293	94,137	$ 2,354,366	$ 0
Clinton Keay	2018	6,471	$	25.44	June 2025	$	0	1,941	$ 48,544	$ 0
	2018	32,751		19.06	June 2025		194,868	13,839	346,113	0
	2017	45,278		20.68	June 2024		196,054	20,798	520,158	0
	2016	15,171		30.25	June 2023		0	0	0	106,294
	2015	20,103		22.38	June 2022		52,804	0	0	0
	2014	17,361		25.33	June 2021		0	n/a	n/a	n/a
	2014	17,361		27.44	June 2021		0	n/a	n/a	n/a
Lyne Castonguay	2018	88,142	$	19.06	June 2025	$	524,445	23,942	$ 598,789	$ 0
	2017	79,787		20.68	June 2024		345,478	128,309	3,209,008	0
Simon Gagné	2018	77,911	$	19.06	June 2025	$	463,570	30,664	$ 766,907	$ 120,610
	2017	65,280		20.68	June 2024		282,662	19,276	482,093	0
	2016	43,761		30.25	June 2023		0	0	0	143,754
	2015	57,984		22.38	June 2022		152,305	0	0	0
	2014	41,550		25.33	June 2021		0	n/a	n/a	n/a
	2014	41,550		27.44	June 2021		0	n/a	n/a	n/a
Jason Potter	2018	88,142	$	19.06	June 2025	$	524,445	23,942	$ 598,789	$ 0
	2017	81,237		20.68	June 2024		351,756	23,988	599,940	0
	2016	54,435		30.25	June 2023		0	0	0	178,845
	2015	72,123		22.38	June 2022		189,443	0	0	0
	2014	57,405		25.33	June 2021		0	n/a	n/a	n/a
	2014	57,405		27.44	June 2021		0	n/a	n/a	n/a

Notes:

1) The numbers in this column are based on the closing Non-Voting Class A share price on May 5, 2018 of $25.01.
2) The numbers in this column are based on the closing Non-Voting Class A share price on May 5, 2018 of $25.01 and assume that 100 percent of target performance measures will be achieved; actual payout will range from 0 percent to 200 percent.
3) The numbers in this column represent the payout value for the fiscal 2016 PSU awards, which vested at 41.63 percent of the target award granted for Mr. Keay, Mr. Gagné and Mr. Potter. Additionally, for Mr. Gagné, the amount in this column for fiscal 2018 is representative of the payment to be paid for the vested PSUs from his special one-time grant of time based PSUs. The payout value for all awards is at $24.94, the VWAP immediately preceding the vesting date.

No NEO exercised stock options in fiscal 2018 or at any previous time.

Under the terms of the Stock Option Plan, at the end of fiscal 2018, 100 percent of the fiscal 2014 Stock Option grant was vested, 75 percent of the fiscal 2015 Stock Option grant was vested, 50 percent of the fiscal 2016 Stock Option grant was vested and 25 percent of the fiscal 2017 Stock Option grant was vested.

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(1)(2)	Non-Equity Incentive Plan – Value Earned During the Year(3)
Michael Medline	$ 233,944	$ 0	$ 1,620,000
Michael Vels	0	0	783,000
Clinton Keay	113,649	106,294	374,544
Lyne Castonguay	107,110	2,567,373	756,000
Simon Gagné	238,038	264,364	668,250
Jason Potter	297,620	178,845	756,000

Note:

1) The amount in this column represents the payout value for the fiscal 2016 PSU awards which vested at 41.63 percent of the target award granted for Mr. Keay, Mr. Gagné and Mr. Potter. Additionally for Mr. Gagné, the amount in this column is the value of the payout to be paid for the vested PSUs from his special one-time grant of time based PSUs. The payout value for all awards is at $24.94, the VWAP immediately preceding the vesting date.
2) The amount in this column for Ms. Castonguay represents the payment made to her from her special one-time grant of PSUs, issued to compensate her for anticipated lost compensation from her previous employment. One half of the special PSUs issued to her vested on January 4, 2018. The value of the payout for the vested PSUs was determined as of January 4, 2018.
3) The amount in this column represents the aggregate of the PSP Payouts.

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

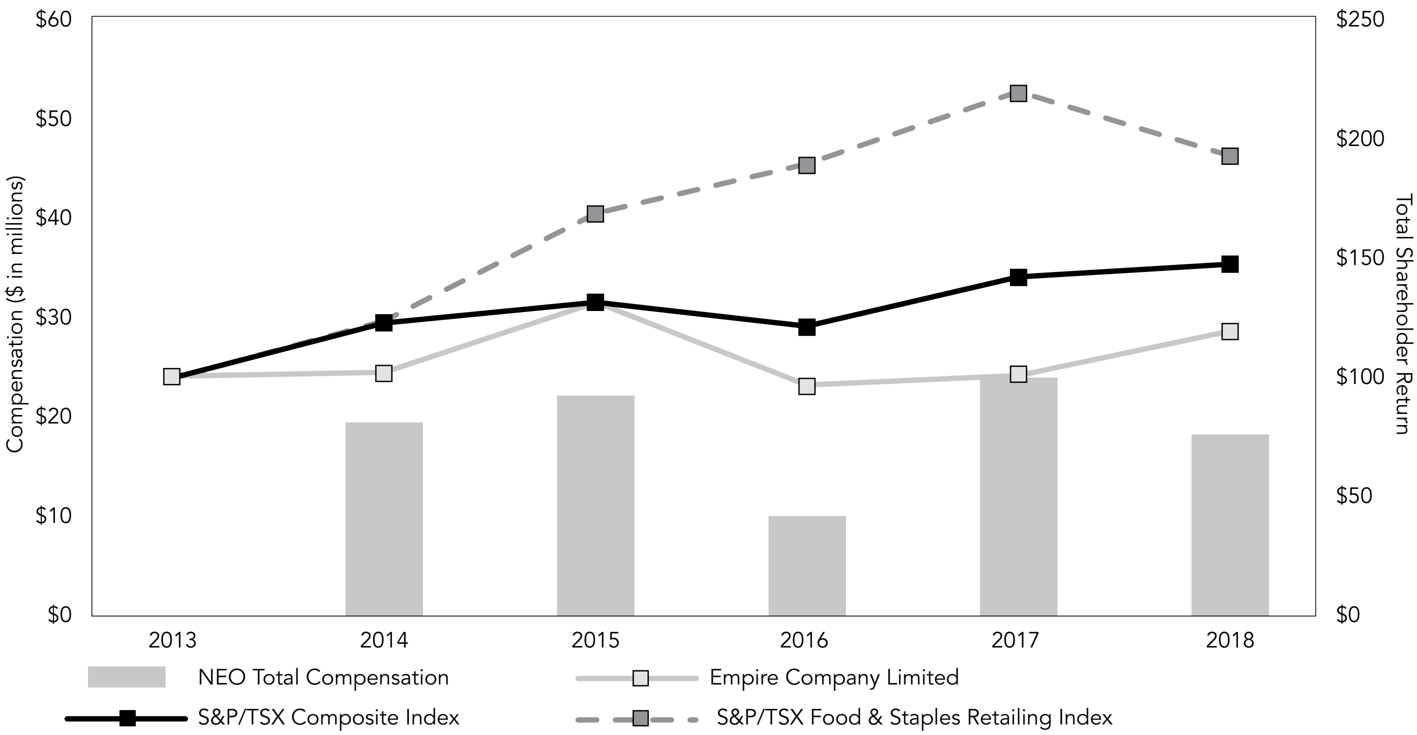
AGGREGATE NUMBER OF SECURITIES AVAILABLE FOR ISSUANCE UNDER ALL COMPENSATION PLANS OF THE COMPANY							
	Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights			Securities Remaining Available for Future Issuance Under Equity Compensation Plans		Total Securities Issuable Under 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	4,686,155	1.7%	$ 22.81	4,731,591	1.7%	9,417,746	3.4%
Equity Compensation Plans Not Approved by Shareholders	nil	nil	nil	nil	nil	nil	nil
Total	4,686,155	1.7%	$ 22.81	4,731,591	1.7%	9,417,746	3.4%

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 4, 2013, 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 5, 2018; 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, as shown in the graph below, is aligned with the trend in the amount of total compensation paid to the NEOs for the five years ended May 5, 2018, 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 3.5 percent compared to the S&P/TSX Composite Index total return of 8.0 percent and 13.9 percent total return for the S&P/TSX Food and Staples Retailing Index over the same period. This graph also shows the Company's total NEO compensation over the same period.

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 2014 and fiscal 2017 each include the total compensation for seven NEOs. For fiscal 2015, the bar and table include $5,007,884 in respect of the Safeway Synergy PSU awards, which in fiscal 2017 were cancelled, so were never paid out. Further details on NEO compensation can be found in the section of this Circular entitled "Compensation of Named Executive Officers".

($ in millions)	May 3, 2014	May 2, 2015	May 7, 2016	May 6, 2017	May 5, 2018
Total NEO Compensation	$ 19.5	$ 22.1	$ 9.9	$ 23.8	$ 18.1

Five-Year Cumulative Total Shareholder Return on $100 Investment

	May 4, 2013	May 3, 2014	May 2, 2015	May 7, 2016	May 6, 2017	May 5, 2018	Compound Annual Growth Over Five Years
Empire Company Limited	$ 100.00	$ 101.50	$ 131.08	$ 96.35	$ 100.39	$ 118.89	3.5%
S&P/TSX Composite Index	$ 100.00	$ 122.41	$ 130.88	$ 120.64	$ 141.13	$ 146.69	8.0%
S&P/TSX Food & Staples Retailing Index	$ 100.00	$ 122.96	$ 168.08	$ 188.73	$ 218.67	$ 192.02	13.9%

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 table below 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 DPSP. 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 5, 2018 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]		Opening Present Value of Defined Benefit Obligation at May 7, 2017[2]	Compensation Change[3]	Non-Compensatory Change[4]	Closing Present Value of Defined Benefits Obligation at May 5, 2018[2]
		At Year-End	At Age 65				
Michael Medline	1.25	$ 23,000	$ 207,000	$ 71,000	$ 263,000	$ (56,000)	$ 278,000
Michael Vels	0.83	10,000	103,000	0	87,000	11,000	98,000
Clinton Keay	29.00	237,000	245,000	2,353,000	(69,000)	132,000	2,416,000
Lyne Castonguay	1.75	20,000	201,000	134,000	146,000	10,000	290,000
Simon Gagné	20.83	186,000	258,000	2,560,000	303,000	69,000	2,932,000
Jason Potter	23.50	257,000	328,000	2,960,000	(28,000)	74,000	3,006,000

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 5, 2018 and the terms of the pension arrangements in effect on May 5, 2018.
2) The Opening Present Value of Defined Benefit Obligation at May 7, 2017 and Closing Present Value of Defined Benefit Obligation at May 5, 2018 were calculated based on the methods and assumptions used to determine year-end pension plan obligations as disclosed in the fiscal 2017 and fiscal 2018 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 2018. It also included the impact of past service recognition under the SERP for new members designated during the year.
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, Clinton Keay, Lyne Castonguay, Simon Gagné and Jason Potter are 11, 9, 40, 18, 29 and 43, respectively.

Empire and Sobeys accrue a liability for amounts owing in respect of the SERP arrangements on an annual basis; however, these benefits are unsecured and unfunded. While the SERP pension benefits are not capped at an absolute level, due to the fact that the calculation of the 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 – Mr. Medline's employment contract contains a provision that allows him to trigger a constructive dismissal in the event a change of control of the Company results in a material adverse change to his role or compensation. The contract does not specify severance arrangements but provides for reasonable notice.

Jason Potter – Mr. Potter ceased to be the Executive Vice President, Operations effective June 5, 2018. His severance arrangements include the following main elements, and are subject to a six month non-competition agreement:

SEVERANCE ELEMENT	MAXIMUM VALUE
Up to two years' salary	$1,120,000
Up to two years' "at target" PSP awards	$840,000
Up to two years' pension plan contributions	$53,000
Additional transition consideration	$500,000

Mr. Potter's vested PSUs and DSUs will be paid out in accordance with the terms of the respective plans. The PSUs are paid out based on the Non-Voting Class A share VWAP for the 5 days prior to May 5, 2018. The DSUs are paid out based on the Non-Voting Class A share VWAP for the 5 days prior to June 28, 2018. Vested stock options may be exercised within 90 days of June 28, 2018; all other stock options will be forfeited.

Section 9.

Indebtedness of Directors, Officers and Employees

Lyne Castonguay, EVP Merchandising, was granted an interest-free bridge financing loan on October 6, 2016, for the purchase of a home to facilitate her relocation from Atlanta, Georgia, to Mississauga, Ontario. The loan is to be repaid on the occurrence of the earlier of (a) the sale of her Georgia home, (b) October 6, 2018, and (c) the termination of her employment for any reason. The Company has mitigated any risk associated with Ms. Castonguay's ability to repay the loan as the loan was secured by a first mortgage on the Mississauga home which was purchased with the proceeds of the loan.

TABLE OF INDEBTEDNESS OF DIRECTORS, SENIOR OFFICERS AND EXECUTIVE OFFICERS

Name and Principal Position	Involvement of Company	Largest Amount Outstanding During Fiscal 2018	Amount Outstanding as at July 19, 2018	Financially Assisted Securities Purchased During Fiscal 2018 (Number of Non-Voting Class A Shares)	Security for Indebtedness as at July 19, 2018 (Number of Non-Voting Class A Shares)
Lyne Castonguay, EVP, Merchandising	Loan	$ 2,000,000	$ 2,000,000	n/a	n/a

The following table sets out the aggregate indebtedness at July 19, 2018 to the Company and its subsidiaries of all the executive officers, directors, employees and former executive officers, directors and employees of the Company or its subsidiaries.

AGGREGATE INDEBTEDNESS

Purpose	Aggregate Indebtedness to the Company or its Subsidiaries	Aggregate Indebtedness to Another Entity Guaranteed or Supported by the Company or its Subsidiaries
Share Purchases	$ 0	nil
Other	2,000,000	nil

Section 10.

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 is $50 million annually for the Company and the other subsidiaries of Empire, collectively. Where a non-indemnifiable claim is advanced against a director or officer, no policy deductible applies. Where the Company grants indemnification for a claim advanced against a director or officer, the Company is responsible to cover the first $100,000 of such claim, or $250,000 in the case of a securities claim. The Company paid an annual premium of $189,028 for this coverage in fiscal 2018.

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. The Company has filed with certain securities regulatory authorities an Annual Information Form, thereby permitting the Company to use the short form prospectus system for the distribution of securities. 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 obtained, without charge, from the SEDAR website (www.sedar.com) or 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 e-mails 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 will, 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 e-mail:	board@empireco.ca	

Section 11.

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 19, 2018

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

i) The role of the board, its committees and its directors; and

ii) 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.

Appendix B – 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, subject to the provisions of applicable statutes and the Memorandum and Articles of Association of the Company.

The Board of Directors ("Board") 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.

Board Composition and Assessment

The Nominating Committee shall have responsibility for the nominating function of the Company by recommending suitable candidates for nominees for election or appointment as directors. This process shall include a determination of the competencies, skills and personal qualities required of new directors in light of opportunities and risks facing the Company.

The Board is responsible for assessing and developing its effectiveness.

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 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 and the Chair of the Corporate Governance Committee.

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.

Retirement Age

In the normal course, a member of the Board who has reached the age of 72 years will not stand for re-election at the next following Annual General Meeting of the shareholders, unless the member is a lineal descendent of John William Sobey. On an exceptional basis, the Corporate Governance Committee of the Board may propose to the Board that a person who would normally not stand for re-election by reason of age be nominated to stand for election as a director for a further year.

The Company shall make full and complete disclosure of its system of corporate governance on an annual basis in its annual report or information circular. The Board, through the Corporate Governance Committee, shall have responsibility for developing the Company's approach to corporate governance issues.

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 C – Selected Information About the Empire Stock Option Plan

The following are additional terms of the Empire 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 and Expiry

Options are not assignable by participants, 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, the option may only be exercised by the participant within 14 days of the date on which the participant ceases to actively perform work at the workplace of the Company, but prior to the option expiry date. Unvested options as at the termination date will be forfeited.
- If, before the option expiry date, the employment of the participant by the Company is terminated by the Company with cause, the option shall expire and terminate simultaneously with the act or event which caused the termination of employment of the participant.
- If, before the expiry of an option, the employment of a participant is terminated for any other reason including by reason of death, disability or retirement, the option may only be exercised by the participant, or in the case of death by the participant's estate, within six months of the effective date of retirement, but prior to the option expiry date.

As permitted by the Stock Option Plan, the HR Committee has otherwise determined the following expiry and vesting terms when granting options, including those to NEOs: on retirement, expiry in 36 months with continued vesting for that period; on resignation, expiry in 30 days with no continued vesting; on termination without cause, expiry in 90 days with no continued vesting; on disability, options continue to vest for one year following the disability date and vested options may only be exercised within three years of the disability date; and on death, the option shall be deemed to be vested on the next vesting date following the date of the death, with expiry six months from such date.

Amendments to the LTIP

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.

Shareholder and Investor Information

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Telephone: (902) 752-8371
Fax: (902) 755-6477
www.empireco.ca

INVESTOR RELATIONS AND INQUIRIES
Shareholders, analysts and investors should direct their financial inquiries or requests to:

E-mail: 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, Québec
H3B 3K3
Telephone: 1-800-387-0825
E-mail: 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 2019

Record Date	Payment Date
July 13, 2018	July 31, 2018
October 15, 2018*	October 31, 2018*
January 15, 2019*	January 31, 2019*
April 15, 2019*	April 30, 2019*

*Subject to approval by the Board of Directors

OUTSTANDING SHARES

As at June 28, 2018	
Non-Voting Class A shares	173,548,969
Class B common shares, voting	98,138,079

STOCK EXCHANGE LISTING
The Toronto Stock Exchange

STOCK SYMBOL
Non-Voting Class A shares – EMP.A

BANKERS
The Bank of Nova Scotia
Bank of Montreal
MUFG Bank, Ltd.
Canadian Imperial Bank of Commerce
National Bank of Canada
Rabobank Nederland
Royal Bank of Canada
The Toronto-Dominion Bank
Caisse Centrale Desjardins

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